

BOXEVER + SKIFT PRESENT THE HABITS OF TRAVEL BOOKERS: THE PSYCHOLOGY OF CUSTOMER EXPERIENCE



Smart travel marketers are shifting the way they think about the customer journey and focusing more on the moments that take place after a transaction is made. This report looks at concepts in behavioral science and psychology as it relates to customer experience to help travel brands better understand the minds of their customers.

By Skift Team + Boxever



LOOK BEYOND THE SINGLE TRANSACTION

EXCITE AND DELIGHT CUSTOMERS THROUGHOUT
THEIR JOURNEY

Boxever is a Data Science company with a Customer
Intelligence Cloud For Travel.

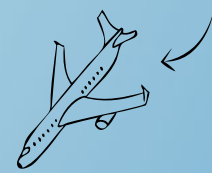
Our real-time, predictive marketing platform provides
actionable insights and delivers unique and personalized
experiences to each customer, across all channels and
stages of the customer journey.



43% OF MILLENNIALS
ARE PART OF A LOYALTY
PROGRAMME



3 OUT OF 4 DOMESTIC
TRIPS TAKEN ARE FOR
LEISURE PURPOSES



31% BOOK A TRIP BASED ON
THEIR OWN PAST EXPERIENCES



ABOUT BOXEVER

Boxever is a Data Science company with a Customer Intelligence Cloud for Travel. Our real-time, predictive marketing platform is a new class of enterprise IT and enables digital transformation within travel organizations. We help airlines and online travel agents (OTAs) deliver personalized, 1:1 marketing experiences to their customers across all channels and at all stages of the customer lifecycle. The company, founded in 2011 in Dublin, is specifically tailored for the needs of the travel industry. It combines big data and predictive analytics into a tightly integrated marketing solution that provides a 360-degree view of the customer. With it, travel companies can develop insights into each customer, customer segments, products,

and channels, and then take action on those insights in the form of personalized communications, including email, mobile, web, display, and more. The solution enables travel retailers to deliver better customer experiences in real time, improve conversions, and drive revenue. The Boxever platform is a multi-tenant platform built in the cloud. Given the SaaS architecture, it takes only weeks – not months or years as with legacy “big data” solutions – for a customer to be up and running and experiencing benefits. Companies like Air New Zealand, TigerAir, Wideroe, and more achieve higher conversion rates, increased revenue, and improved loyalty using Boxever’s platform. Learn more at boxever.com or follow us on Twitter [@Boxever](https://twitter.com/Boxever).



About Boxever **3**

Executive Summary **5**

Customer Experience Goes Beyond the Transaction **6**

Using Novelty and Intermittent Rewards to Build Loyalty **9**

 5 Ways Travel Brands Can Create Surprise and Delight **10**

The Peak-End Rule: How Travelers Remember the Experiences You Create **11**

Insights and Strategies **13**

Further Reading **15**

About Skift **16**

About Skift

Skift is a travel intelligence company that offers news, data, and services to professionals in travel and professional travelers, to help them make smart decisions about travel.

Skift is the business of travel.

Visit skift.com for more.

The Habits of Travel Bookers is a quarterly series focused on the driving factors behind travel purchasing behavior. Missed the other reports? Check them out [here](#).

EXECUTIVE SUMMARY

Over the course of 2015, we've published a series of reports on [The Habits of Travel Bookers](#) to provide marketers a better understanding of their customers while offering some new ideas and insights. To date, we've covered how to battle against shopping cart abandonment, the (somewhat sad) state of American vacation, and a primer on what travel brands can learn from behavioral economics.

The latter topic proved to be of particular interest to the Skift audience, leading us to ask how we could further examine how behavioral psychology could be better implemented in the travel marketer's arsenal.

Our earlier report focused on decision making and leading consumers to the purchase. In this report, we're taking it a step further, going beyond the transaction and deciphering concepts around how behavioral science impacts brand perception and customer experience.

This is the science of understanding your customer's mind.



CUSTOMER EXPERIENCE GOES BEYOND THE TRANSACTION

Marketers like to talk a lot about the customer journey, the pathway from learning about a product or service to the point of purchase.

All too often, this is where they see the journey end. The cleverly designed user interface and well-thought out copy took the customer from the point of interest to the transaction, say a plane ticket or hotel room booked or a car rented. While this is great news for bottom-line marketers and ecommerce specialists tasked with hitting aggressive revenue goals, the invisible finish line imposed on the customer journey represents a short-sightedness in long-term customer engagement. It's certainly not the customer-first mentality that the ever-rising, mammoth travel tech startups are using to build out cult followings. Travel marketers need to shift from *Sell and Forget* to *Continuous Engagement*.



Source: ShopIntegrator

We've all heard of the 80-20 rule (aka the Pareto principle) which states

that 80 percent of your business is generated by 20 percent of your total customer base. Plus, it's 6-7 times more expensive to acquire a new customer than it is to keep a current one.* Cultivating these long-term relationships with customers is essential and it would be smart to remember that by no means do they owe you their loyalty. Travel brands must continually earn it.

It starts with cleverly-designed customer experience.

“Customer experience is 3D chess. It is the aggregate of thousands of micro experiences a customer has with your brand and it presents countless opportunities to engender loyalty. There are myriad variations and outcomes, all of which need to be thought out and stewarded appropriately.”

– *Colin Nagy, Skift Versus Magazine,*

“Customer Experience is the New Customer Service.”

“We approach the notion of customer experience as needing to encompass a couple of things that we think are pretty important,” says Rick Wise, CEO of brand consulting agency Lippincott. “The first is, a holistic and integrated view of the customer journey. By that we mean, one that is viewed from the customer eye as to how they perceive the journey through the purchase and usage of a product. You need to be holistic about it”

Lippincott may be most notably known in travel for the overhaul of Southwest Airlines’ branding. The consultancy led the redesign of Southwest’s logo, the look of the plane’s exterior, and the in-flight materials, adding consistency to the airline’s look and messaging that touches travelers during all aspects of their journey. Wise has been CEO since 2009, employing tactics and methods from behavioral science to aide in the customer experience.

“I look at behavioral science to tell me how people act and how they make decisions. How can I use that to inform the design of an experience? One of the key themes there, is the fact that how we



Source: Southwest Airlines

remember things can be influenced by aspects of that experience. So that has implications for designing the experience, in particular some of the themes around ending strong, building in surprise and looking for opportunities to rewire and reinforce — what you say about your experience by putting into a story arc that the customer can wrap their head around and imprint in their memory positively.”

USING NOVELTY AND INTERMITTENT REWARDS TO BUILD LOYALTY



Source: Huffington Post

For a moment, take off your marketing cap and picture this:

On Monday, you decide to surprise your significant other with a beautiful bouquet of flowers. What's their reaction? A joyous smile and a wave of happiness, of course. Then on Tuesday, a second bouquet. What's the reaction then? Still pretty happy, but slightly less so than the day before, right?

This is the exercise behavioral expert and marketing consultant Jon Levy uses to explain the way humans perceive novelty.

"On the second day, your significant other will still be pretty happy, but less so because they already had that moment yesterday.

Now what happens if you give them flowers every single day for five days in a row, then nothing on day six?" Levy says with a pause. "You've created a new baseline experience and set the expectation for daily flowers."

Once a baseline expectation is set, living up to it becomes an exceedingly tedious task. Worse even, missing the mark can result in a significant other that feels slighted. *What did I do to **not** deserve flowers today?*

Levy continues the exercise. "Now what if you gave [your significant other] a single flower today, then waited a week and gave her a huge bouquet? Then, a few days later, a box of chocolates? Intermittent rewards retain novelty and delight."

For travel brands, giving intermittent rewards to customers — unprompted and without the explicit promise of something in return — will ultimately build loyalty. Surprise and delight moments are cherished and shared.

Wise calls these "signature moments." They are the novel experiences that help brands stand out and differentiate themselves and how they are perceived as unique against competitors. It's a key building block in creating emotional connections; a small token to create long-lasting stories for customers to tell to others.

“When one buys an experience, they seem to be buying themselves a story as well,” said [Dr. Amit Kumar](#), a University of Chicago social psychologist who studies the relationship between money and happiness. “So one way vacations continue to provide hedonic benefits even after they’ve long since passed is because they live on in the stories we tell.”

The novel nature of receiving something unexpected makes customers more interested not only in the product or service, but the brand itself.

5 WAYS TRAVEL BRANDS CAN CREATE SURPRISE AND DELIGHT:

1. Give an occasional freebie like a room/seat upgrades or a discount.
2. Check in with customers during their experience.
3. Send a thank you note.
4. Waive extra charges.
5. Make an effort to personalize communications — remembering a customer’s preference, last experience, or even a birthday goes a long way.



Source: Virgin

SURPRISE AND DELIGHT IN TRAVEL

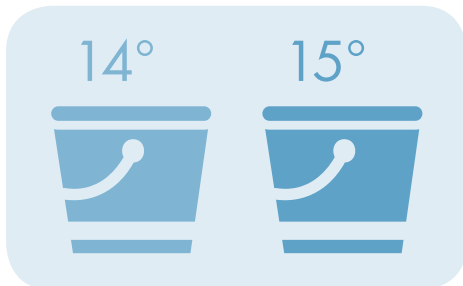
Airlines in particular have been known to create surprise and delight moments.

In 2013, just a few days before Christmas, Canadian airline WestJet sent a purple-suited Santa Claus to greet 250 passengers on two flights en route to Calgary and ask what they wanted for the holidays. When they arrived at their destination, their gifts had arrived in a spectacular surprise moment caught on YouTube. Similarly, Virgin Atlantic brought a Santa on board to surprise flyers with free tablets in 2014.

Of course, these moments are media stunts (the WestJet Santa [video](#) has been viewed over 40 million times), but there are easier and less expensive ways to create these moments.

United has started a surprise and delight initiative offering free upgrades to high-value customers, and Delta has offered a few flyers with discount upgrades to a private jet.

THE PEAK-END RULE: HOW TRAVELERS REMEMBER THE EXPERIENCES YOU CREATE



Icon source: Freepik/flaticon.com

The way the human mind remembers experiences is based on two main biases: the peak and the end.

In 1993, Nobel Prize winning psychologist Daniel Kahneman and

his associates performed an experiment to determine the relationship between the way humans perceive a situation while it's happening versus how they recall it.

Kahneman exposed one group of participants to 14-degree ice water for 30 seconds. He then exposed a second group to 14-degree ice water for 60 seconds, followed by an additional 30 seconds at 15 degrees.

When asked to recall their experiences, participants in the 30-second group rated theirs as more painful than the 90-second group. Why was this? Well, because Kahneman turned up the temperature by one degree for the 90-second group, he ended their experience in a slightly less painful way, causing the participants to perceive the overall event more positively.

This is called the peak end rule. This rule is dictated by the two thought-processing systems we all have:

1. The Experiencing Self, which perceives the pleasure and pain experienced during an event.
2. The Remembering Self, which reminds you whether you felt pain or pleasure after an event has happened. This is the system that controls memories, and is often flawed or exaggerated.

How a traveler remembers a trip, whether it was a great experience or a miserable one, correlates to this concept.

When recalling an experience like a vacation or flight, a traveler does not remember the overall average of the experience. Instead, their memory of the experience is based on the most intense moments (like the joy of a great spa experience or the disappointment of being stuck in a room with a broken air conditioner) and the final moments of the trip.

In the TripBarometer: Psychology of Travel report, TripAdvisor studied the emotions of travelers at different stages of their journeys, asking participants to categorize their feelings as excited, relaxed, or fulfilled.

The study found that the highest level of excitement was found as the traveler arrived at their destination (69%). Often, is the peak (or one of the peaks) of the journey. Guests are greeted with smiles and champagne and given a high-touch, personalized service.

The lowest levels of excitement were experienced while departing (8%) and after getting back home (6%)...the end of the journey.

As a part of the study, hoteliers were asked what steps they took to ensure a positive experience for their guests. Fifty-two percent noted that their top priority was to ensure a smooth booking process, while thirty-six percent said minimize stress leading up to arrival was most important. The final moments of a traveler's journey was not mentioned as a priority.

"The results of the TripBarometer highlight that hoteliers can stand out from the competition by providing unique and enriching experiences. And while it's no surprise that travelers tend to be excited when they book and prepare for a trip, hoteliers are missing an opportunity to capitalize on that excitement and begin building a lasting relationship with their guests. Only a minority of hotels are currently making this a priority, but those who do also tend to receive more repeat guests," said Marc Charron, president, TripAdvisor for Business.

This presents a grand opportunity for travel brands looking to forge long term relationships with their customers. ***How do we make the ending of the trip as exciting as the beginning?***

INSIGHTS AND STRATEGIES



Dave O'Flanagan
CEO, Boxever



We all remember our favorite experiences. The memory will recall two parts of that experience; the highlight and the end point. 31% of people book a trip based on their own past experience. These two statistics would suggest travel brands should be focusing on the complete customer journey. As travel marketers, we need to move beyond the “Look-to-Book” concept where we focus on the customer up to the point of purchase and start seeing the holistic, 360° view of the customer journey. By understanding the science behind what delights particular customers, marketers can craft user journeys, content, and offers that have the best possible opportunity to convert into real dollars both now and in the future. The possibilities to delight are endless but here are a few starting points;

- **Intermittent Rewards** – It’s amazing what a little reward can do to bring a smile. Where customers have interacted with your brand on social media, provided a reward such as a free beverage or better still an upgrade when you next see them in person.

- **Listen** – Give your customer the opportunity to share information about themselves and address this information with a personal touch. If you asked their preference in seat booking, then offer them their preference at check-in. Show them you have taken time to learn what is important to them.
- **Priority** – When a customer shows loyalty, and by loyalty we are talking about lifetime customer value, give them unique benefits. If a sale is coming, don't just give advance notice; let your best customers have early access.
- **Continue the journey** – Make sure to communicate with the customer throughout the journey. Check-In during the experience – a friendly SMS recommending a good restaurant beside their hotel and at the end be sure to ask how they got on. It's the ideal time to offer a little reward to ensure the story sounds better than it may have otherwise been.

In essence, it's about understanding your customer on a 1-1 level and interacting with them as you would with a friend.

Incorporating these techniques can have real impact on the bottom line. Our [Personalization Report](#) showed that 1-1 personalisation can increase sales by 14%. The real power comes when you can act on these insights automatically and at scale. Predictive marketing platforms help collect, analyze, and react to customer behavior in real time, enabling you to delight your consumers, create an exciting customer experience, and drive higher conversion.

FURTHER READING

1. The Habits of Travel Bookers. Skift x Boxever (2015).

<http://skift.com/tag/hotb>

2. "The Happiness Halo: The Unexpected Benefits of Applying Behavioral Science to Experience Design," Lippincott (2015).

http://www.lippincott.com/files/documents/news/LippSP_TheHappinessHalo_20150916-100.pdf

3. "TripBarometer 2014 (Global) – Psychology of Travel Report," TripAdvisor (2014).

<http://www.tripadvisor.com/TripAdvisorInsights/n2580/tripbarometer-2015-global-global-travel-economy#sthash.3LLL9wSc.dpuf>

4. "Thinking, Fast and Slow," Daniel Kahneman (2011).

5. "How to Create a Memorable Brand Experience," Design Council (2015).

<http://www.designcouncil.org.uk/news-opinion/how-create-memorable-brand-experience>

ABOUT SKIFT

Skift is a business information company focused on travel intelligence and offers news, data, and services to professionals in travel and professional travelers, to help them make smart decisions about travel.

Founded in 2012 by media entrepreneur Rafat Ali, Skift is based in New York City and backed by Lerer Ventures, Advancit Capital and other marquee media-tech investors.

Visit skift.com for more.

LIKE WHAT YOU SEE?

Skift's new content studio SkiftX helps brands such as Amadeus, American Express, Egencia, Hilton, Peak Adventure Travel and others create thought leadership in the global travel industry, through trends reports, research, branded content, social media audits and other content marketing initiatives, and helps distribute through its industry marketing platform.

Contact us for more details:

Rafat Ali
Founder & CEO, Skift
ra@skift.com
212-564-5830

