

The Travel Retailer of the Future

Research Paper



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The Travel Retailer of the Future

Foreword by
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Most travellers between the ages of 20 and 30 years old have never set foot in a physical travel agency before. And why should they? They are digital natives.

Travellers are driving change and forcing providers to evolve their business models to meet new challenges. In response, travel retailers are evolving too and are adopting new ways of interacting with younger generations.

To help our travel retailer customers define their business for the travellers of the future, we've developed some business disruption scenarios in collaboration with The Sustainable Design School (The SDS), based in Nice, France, which uses Design Thinking as a way to approach sustainable innovation.

The Sustainable Design School matches new generations of creative, curious students who are concerned about our planet, with enterprises and industries that are looking for new talent in design and sustainable innovation.

Design Thinking is a methodology used by designers to solve complex problems. A design mindset is not problem-focused; it's focused on solutions and actions which can lead towards creating a preferred future. Design Thinking draws upon logic, imagination, intuition, and systemic reasoning to explore possibilities of what could be and to create desired outcomes that benefit customers.

The objective of our research paper is twofold:

1. To help travel retailers with physical stores attract younger generations who have never been inside a travel agency retail shop before
2. To inspire the travel retail world with innovative ideas and new perspectives



The results of our joint project are definitely an eye-opener. New generations want to be informed and inspired by real experiences — not by glossy brochures with "photoshopped" imagery — and to have full emotional experiences. Most importantly, they want to be in control of their decisions and make smart choices, while having it all at their fingertips.

Based on their research, The Sustainable Design School imagined four innovative concepts that most appeal to Generations Y and Z's way of life:

- **Share & Go:** a mobile app that connects a travel consultant (the TOM, a Travel Organisation Manager) to potential travellers
- **QUA:** a solar-powered capsule that provides a virtual 360-degree immersive experience
- **Take me Along:** a bus van people can hop on/off to help them find the type of vacation that matches their profile. They will enjoy a full physical and virtual journey with a small group of their friends while going from A to B
- **IFTHEA:** a new kind of travel agency experience built around the concept store model

We believe this research paper will catch the interest of leisure travel retailers and online travel retailers alike.

At Amadeus, we can accompany travel retailers on the IT side thanks to our consultancy and innovation team. The future is yours to decide – and this is just the beginning. So, let's shape the future of travel together.

Setting the scene

A new generation of travel stores

When you buy an iPad or an iPhone, do you go to the Apple Store or do you go online?

Some of you may answer online, but many still go to the Apple Store: why?

Because it's a convivial place where you have access to experts who can give you all the information you need before making a purchase. Some stores even organise workshops on specific topics to help you find what you need, and to learn to use their products with ease and efficiency. It's all about enjoying the experience.

This is what some players in the travel industry, mainly retailers, have achieved with their new generation of concept stores. They've redesigned interiors to create a more modern look and feel coupled with new technology.

Experience stores offer a **technological touch** that appeals to a general sense of **lifestyle** by offering merchandise that matches customers' aspirations. They focus on new features including, for example, a cosy interior design, smells and sounds, workshop and conference spaces, food sampling and bookshops. All of these features have a focus on blending a personal and human touch with digital technologies.

It's a growing trend in travel: Thomas Cook's research shows that two-thirds of those who research their holiday online go to travel retail stores, as they still value speaking face-to-face with a travel expert who can help them design a holiday that best suits their needs. TUI has refitted its stores adding digital and interactive screens (exit paper posters!) and more friendly, welcoming areas, in order to appeal to young travellers and help convert them into loyal customers. A French tour operator should reach 120 stores by the end of 2017, versus just 40 last year.

From a purely travel retailer viewpoint, Flight Centre initiated the same move with its "hyper stores", and STA Travel completely refitted its stores to appeal to and inspire younger audiences. Another travel agency based in Madrid also offers a coffee corner, a place for travel conferences, and an exhibition space.

Most interestingly, we've noticed that many of the leisure online travel retailers have also embraced this trend. For instance, in France, a purely online player bought a French tour operator with retail stores. MakeMyTrip, a leading online travel agency in India, is opening physical shops to increase its reach to customers in areas without internet access but with high mobile penetration.

Travellers are embracing this new experience. After Havas Voyage redesigned its retail stores in France, it noticed that seven out of ten people who walked in purchased a trip with its agents, compared to only five out of ten before the refurbishment. In addition, the travel agency's new look attracted 25% new visitors.

Impact on the travel ecosystem

Most people below the age of 30 have never walked into a physical travel agency store before, and getting digital natives to show up in person rather than online takes some innovative thinking. Our joint research with The Sustainable Design School shows that there could be opportunities for online players to strengthen their brand by establishing an offline presence grounded in travel.

To create this paper, we asked The Sustainable Design School to use **scenario planning** to map trends and devise potential pathways to create a picture tailored to our customers' needs.

We strongly believe that travel agencies need to reinvent their in-shop experience and have a future strategy for seamless integration between physical and digital worlds. At Amadeus, we're here to help **shape this future for travel retailers**.

In every sense, the best way to predict the future is simply to create your own.

Source: Amadeus



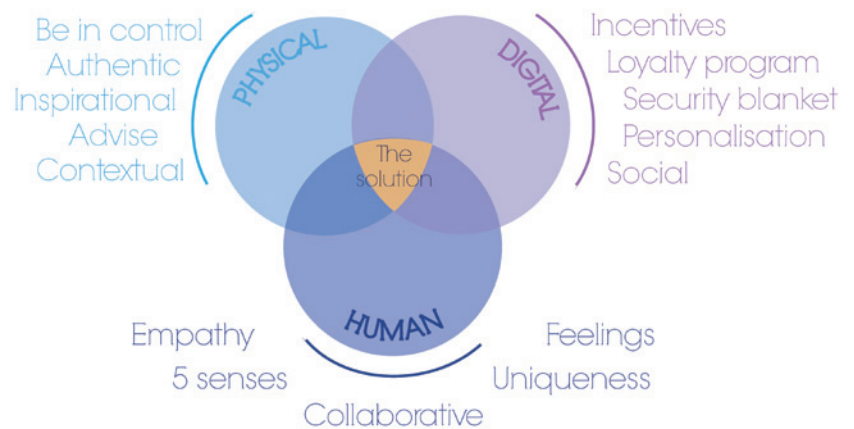
Research Methodology & Approach

Our mission: to take Generations Y and Z to travel agency stores

Generation Z (aged today between 5 and 20 years old) are the adults of tomorrow. The influence that travel companies have now will affect their purchasing behaviour when they have children and even when they become the active seniors that are the bread and butter of today's travel retailers.

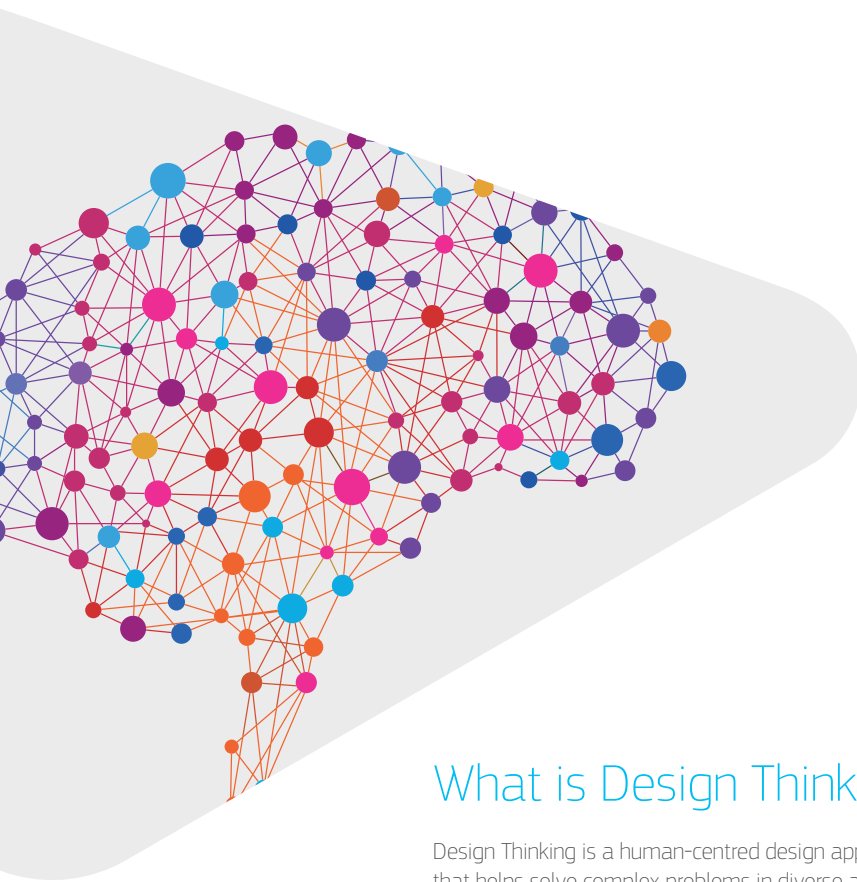
Generations Y and Z are digital natives, but they often miss having a physical and human connection in this digitalised world. This presents an opportunity for innovation.

To help us think outside of the box, Amadeus collaborated with eight students aged between 18 and 22 years old from The Sustainable Design School in Nice, France. As digital natives themselves, they are best positioned to apply a Design Thinking approach to come up with new ways of combining the digital and human aspects of travel retail.



Our Team from The Sustainable Design School





What is Design Thinking?

Design Thinking is a human-centred design approach that helps solve complex problems in diverse areas such as products, services, spaces, systems, business models and strategy. It takes into account the target user's socio-economic group, values, culture and the environment.

Design Thinking values are based on optimism, empathy, collaboration, experience and experimentation. The school focuses on designing sustainable solutions while taking into account technological feasibility, business viability and user desirability.

Most importantly: Design Thinking has been proven to have a positive impact on business.

According to the Design Management Institute, which analyses the performance of US companies committed to Design Thinking, with its DMI* Value Index, 2014 results showed that over the last ten years, design-led companies have maintained significant stock market advantage, outperforming the S&P by an extraordinary 219%**. As an example, two out of the three co-founders of Airbnb are graduates of the Rhode Island School of Design. Starbucks, Nike, 3M and IBM, are also part of this index.

* DMI: Design Maturity Matrix provides a simple mapping tool to measure the maturity of design in any organisation (Microsoft)

** S&P 500: American stock market index based on the market capitalisations of 500 large companies having common stock listed on the NYSE or NASDAQ.

A qualitative study at the starting point of the analysis

The students conducted 30 primary research interviews in French cities and at airports. These results allowed them to create a questionnaire that they posted on social networks, and a total of 500 people throughout Europe completed this online survey. The outcome of this qualitative study was eye-opening.

The sample revealed that:

- 77% of those interviewed had never set foot in a travel agency
- 20% occasionally visited one with their parents when they were younger
- 49% found travel inspiration primarily through their social network
- 32% found travel inspiration mostly from TV reports
- 14% found travel inspiration mostly from websites
- 6% found travel inspiration mostly from magazines
- 57% planned and organised their trip primarily on travel websites, while 43% planned activities by browsing non-travel specific sites on the Internet

An important insight from this generation is that they don't want to look at brochures filled with pretty pictures that don't reflect reality – they prefer to see pictures taken by real people like their peers.

Source: The SDS

Benchmarking current concept stores, not focusing solely on travel

The students came up with an interesting matrix to compare various concept stores.

On the emotional and physical axes are Hyundai Library (a library dedicated to design in Seoul, South Korea, offering access to more than 11,000 books chosen by an international team of curators and critics) and 't Japanese Winkeltje, (a store reflecting Japanese culture, with a bright, modern space and subtle Japanese designs). Although these are not travel companies, they are stores where you can immerse yourself and feel as if you have been transported to a destination through their sensory experience.

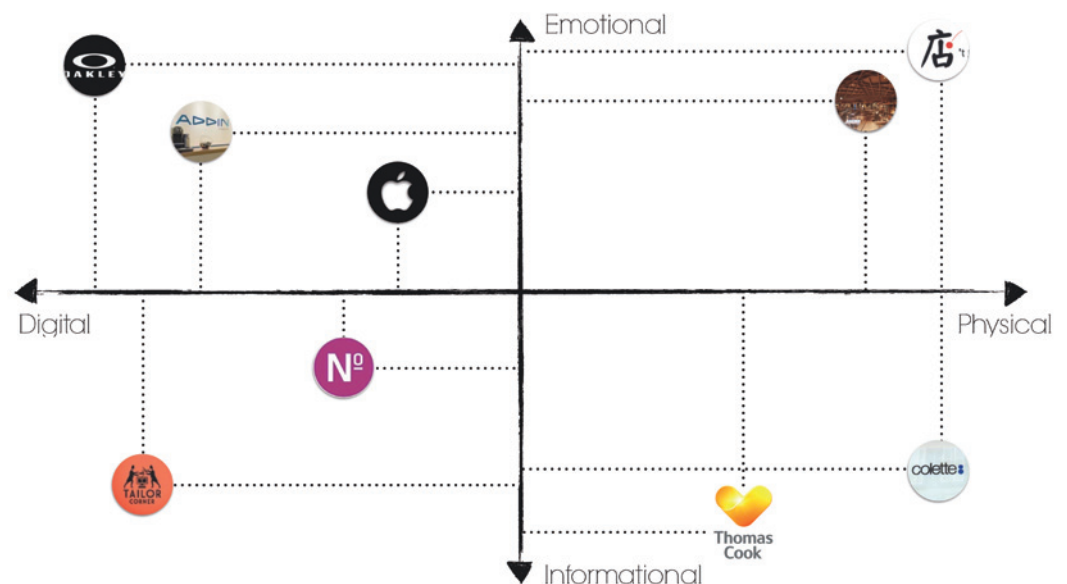
On the physical and informational axes, our design students highlighted Thomas Cook, which focuses on human interaction: its travel consultants don't just sit behind their desk, they greet clients and explore the store with them.

Colette, a renowned trendy fashion concept store in Paris, excels at curating special, high quality design products from around the world and has managed to stay relevant and full of energy, since its debut in 1997. Colette offers a variety of eclectic products such as beauty products, fashion, jewellery as well as food and high tech items. Shopping addicts return frequently in order to follow these new trends.

On the digital and informational axes, Tailor Corner offers tailored suits and shirts at affordable high street prices. Customers can go to the retail shops where expert sales consultants advise them on their choice of suit using its own unique software. Consultants simply enter all the measurements via the application interface, and the clients can then easily create their own personalised suits directly in the

shop or later from their laptop or mobile phones.

This example perfectly illustrates the blend of online and offline services.



Defining and creating our personas

Following their in-depth study, the SDS students created two personas: Victor and Chloé, our target travellers. Both are digital natives and are used to shopping online.

Here are their profiles:

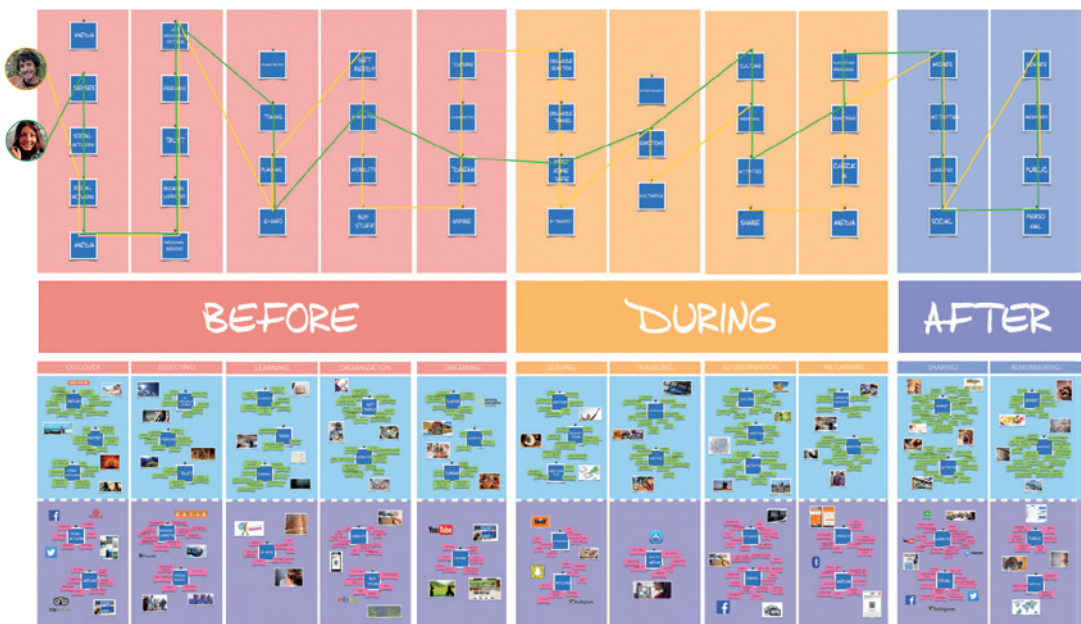
Victor is a 19-year-old who tends to travel with friends to places where he can party in a group.

Chloé is a 25-year-old who is already working full-time. She likes to travel with her best friend. She looks for adventure and is happy to delegate some of her decisions to someone who can give her good advice.



A new travel experience

The students created an experience map for Victor and Chloé, before, during and after travel, highlighting which media they used for inspiration, such as social media, travel websites and/or travel guides.



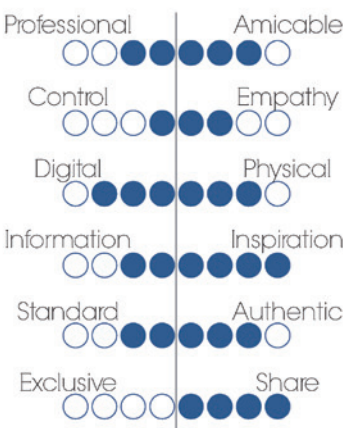
The designer of travel experiences

The study also helped the students define a new kind of travel advisor: **The TOM – aka Travel Organisation Manager**, someone we could also refer to as a "designer of travel experiences". He's passionate, dedicated, reliable, friendly and hyper-connected. You can count on him to give you the right advice as he's from the same generation: of course, he is a digital native as well.



Tom (Travel Organisation Manager), 25 years old, works as a travel advisor in a travel agency. His skills allow him to give useful advice to customers and keep a good and friendly contact with people.

Passionate Social
Authentic Reliable
Service integrator
Friendly Adventurous
Flexible Empathic



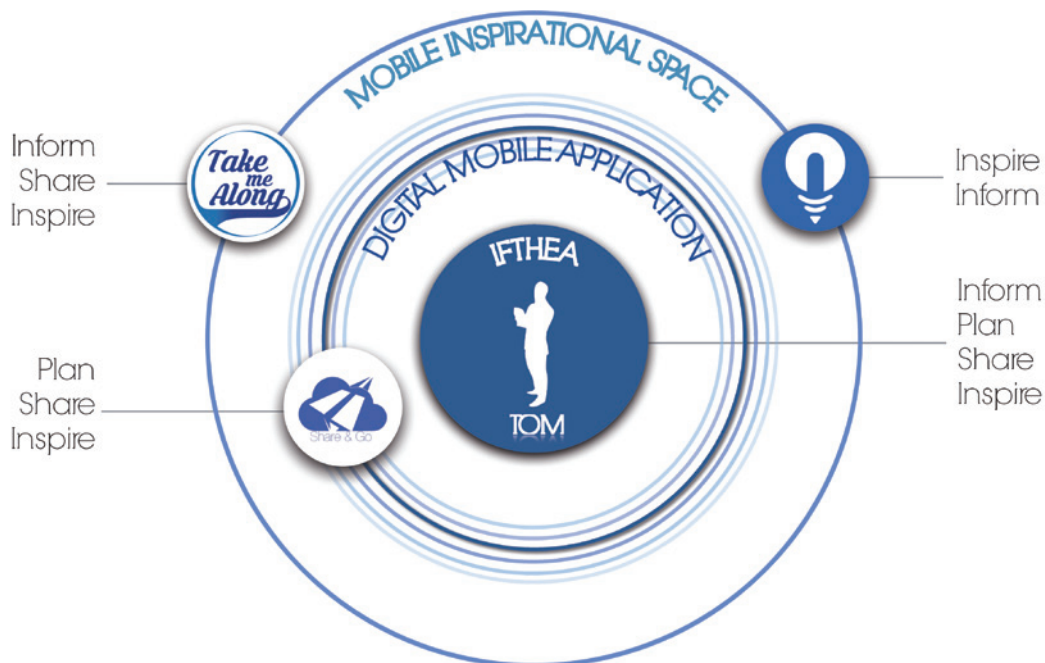
The main insights of this study are that Generations Y and Z want to be inspired, and informed as well as have a full emotional experience. They want to be in control and have a variety of offers to choose from.

They are hyper-connected digital natives but are missing some of the human touch. As a result, our team of students believes that any solution should integrate both digital and physical dimensions.

Key findings and innovative solutions

A travel constellation with four innovative concepts:
Share & Go app, QUA, Take me Along van and IFTHEA

The solution is a constellation with all the stars gravitating around [the Travel Organisation Manager \(TOM\)](#) and [the concept store](#).



In the middle, you have the TOM from the agency named IFTHEA (If the Agency...).

Around it, you have a mobile application called Share & Go, which is the glue between the TOM and the travellers.

Then comes the concept of a mobile inspiration space, which enables the potential travellers and their TOM to meet up at different locations. For example, the TOM could meet students at the library during their lunch break, at a coffee shop near their home, or at any other location that is convenient for them.

This concept is very interesting: Generations Y and Z are less likely to go shopping in the city centre, but they go to parties at their friend's house or study at university. If they don't go to the travel agency, perhaps the travel agency can go to them.



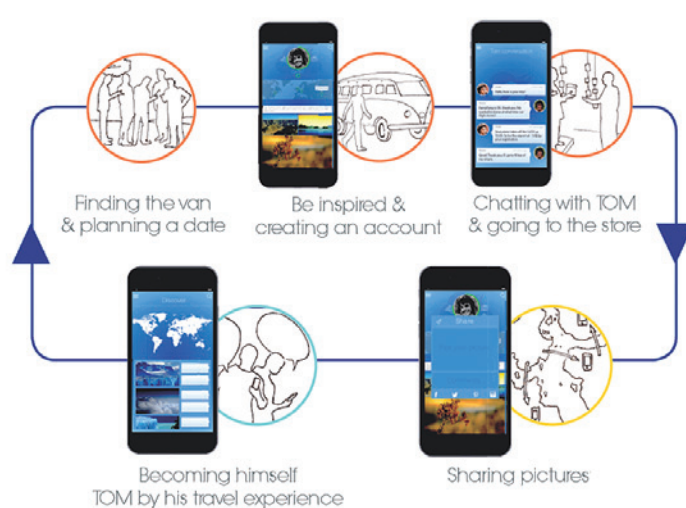
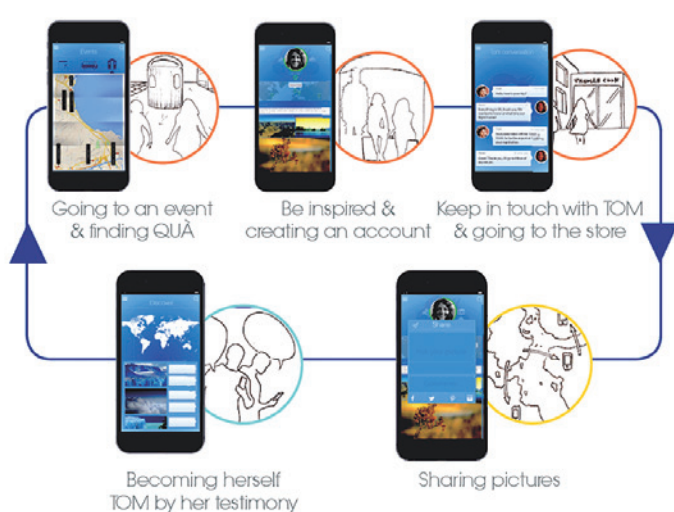


SHARE & GO

Share & Go is the mobile application that links the traveller and the TOM.

It can be downloaded from the mobile inspiration spaces. You can chat with your TOM (face-to-face or virtually) at every stage of your travel. To make this app stickier we'll enable travellers to chat with other members of the community, finding new friends to travel with (the Meetic of travel?!). Travellers can post photos and members can give each other advice.

Once a certain level of advice and badges has been earned, we could imagine that the customer might become a TOM.





QUA

If digital natives don't go to the travel agency, let the travel agency go to them

QUA means "where" in Latin.

The logo shows the picture of an inspiration bubble with the connection symbol at the bottom. Imagine QUA as a tiny travel agency; it's a solar-powered capsule that provides a virtual 360-degree experience, attracting your attention from the street thanks to interactive screens on the outside. The QUA will be located where students are, for example at a concert.

The capsule can fit a maximum of two people and is most suited to Chloé, who prefers to travel with her best friend.

Going further, you can schedule an appointment with your Travel Organisation Manager (TOM), staying connected to continue the experience on the interactive Share & Go app.



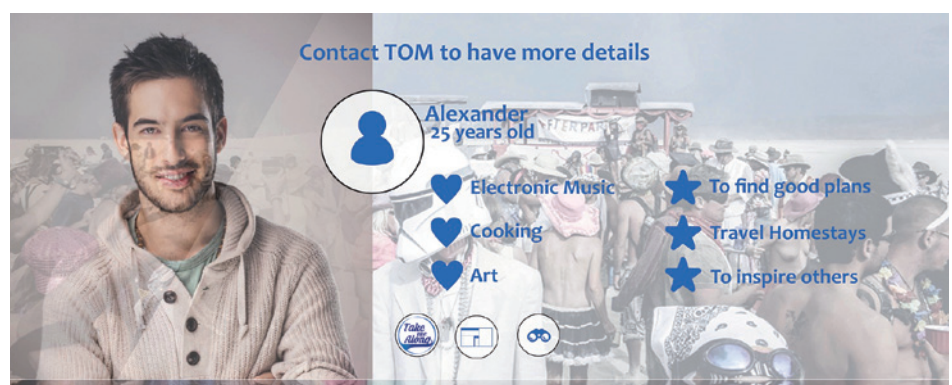


Your next trip starts right here

Picture this: you're at a big concert of an artist you really like; as you step inside the immersive capsule, you discover interactive screens that will inspire you, help you gather information on your chosen destination and even help you find out where and when the next performance will take place. You can even project yourself and live a full immersive experience at designated destinations of your choosing.



So, now that you have this information, all you need to do is connect to someone to help you organise your trip: just choose the Travel Organisation Manager (TOM) you feel the most affinity with and stay connected to continue the experience on the interactive Share & Go app.





TAKE ME ALONG

The **Take me Along** van travels from a university to the nearest train or bus station. As pictured on the logo, you're embarking on an on-the-road journey.

Students gather a group of friends, a maximum of six, and the van will take them on both a physical and virtual journey. It's more suitable for Victor, who's looking to travel with a group of friends. Inside, they discover panoramic screens with different atmospheres. First, they'll be asked to fill in a questionnaire (on screen),

Your travel starts here: Imagine you're at university and are waiting with your friends at the bus stop, when you see this van. You're curious but need to get to the station. The van can take you there, so you decide to use it. Inside, with your friends, you answer a questionnaire that defines which destinations best match your profiles.

The quiz shows that Africa is a great destination for you all. During your journey to the station the screens

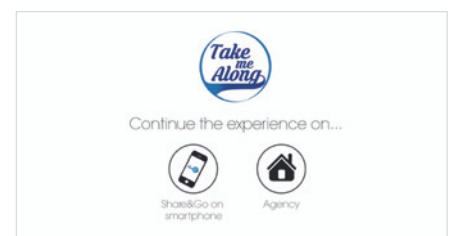
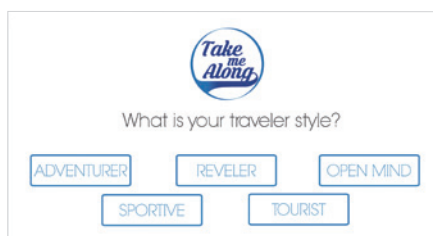


which will help determine their profile, the kind of travellers they are, their preferences etc. The system offers different destinations based on their collective profile; the whole van is synchronised to reflect the destination.

There's information about the destination via various social networks, as well as personalised screens. The Share & Go app ensures they can continue to progress their travel plans with the agency's TOM.

display pictures of Africa, moving at the same pace as the van. You can smell scents that project you into an African safari. It's as if you're already there.

After this remarkable experience, you arrive at the station and are brought back to reality (grey sky, smelly city...). That's when you really need someone to talk to, to help you get going with your travel plans: you can stay connected via the mobile app with your agency buddy, the TOM!





IFTHEA

Imagine a **new agency experience** starting the moment you walk into the store, with interactive screens displaying different destinations. It's as though you're walking on the beach in Hawaii, snorkelling in Australia or skiing in the Alps. Sounds tempting, right?

At the entrance of IFTHEA, you even have video portals (you see three of them on the wall in the picture below) that allow you to chat with people in different parts of the world; for instance, to a TOM in another country or to a group of travellers currently on an elephant trek, simply by using a webcam.

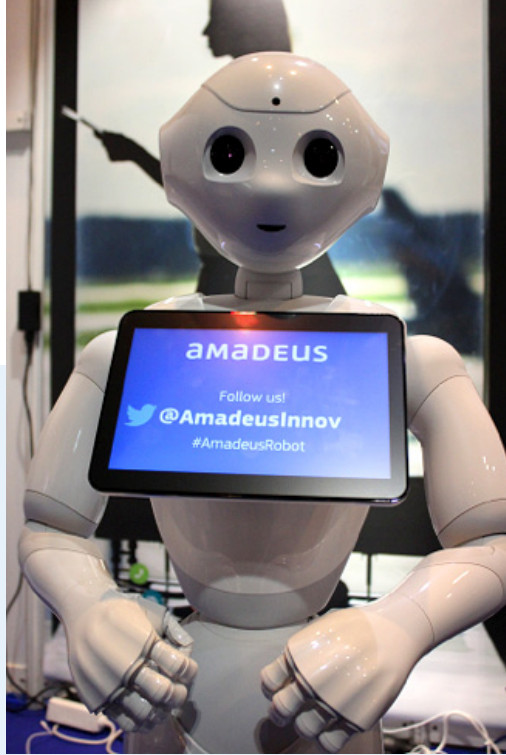


Within the store, you'll find sitting areas, with hammocks for instance, and discover an interactive and sensory library which mixes sight, smell and touch to engage customers in a fun way. With interactive screens, you can share photos and organise your journey with your friends and your TOM, all in a cosy meeting place with coffee or fresh juice.

Like some well-known coffee shops, IFTHEA offers a place where people can relax, meet others, hang out, read books, or even work. There's nothing worse than an empty place, people attract people!

What's more, just like in the van, why not choose your favourite destination as a group, using the tablet. You can even find extra travellers that share your interests to join you on your trip.

In this cosy area, you can discuss your travel with the TOM, who will have access to various ideas on an iPad and will search for the best possible trip.



Travel Retailer of the Future, and beyond

Imagination doesn't stop here and more innovations are already in motion. For example, we'd like to introduce you to **1A-TA**, our own version of C-3PO. He's actually a Pepper humanoid robot designed specifically by **Softbank Robotics** to **interact with human beings**.

For our first experiment, we programmed him to break the ice with customers in a travel agency and start collecting information on their preferences. 1A-TA is able to read and understand people's reactions, allowing him to collect valuable insights for the travel agent.

Our little assistant can not only engage in conversation but also show photos related to destinations such as landscapes, local foods, all kinds of photographs that can help inspire customers and qualify their needs. Our deep learning algorithm processes the information before passing it on to the TOM who can now better target their offers.

Amadeus is evaluating technologies, which may have a huge relevance for tourism and travel in the near future.

For instance, the HoloLens technology from Microsoft, could enable you to view the inside of a plane to choose your seat thanks to mixed reality smart glasses. In hospitality, the Oculus technology, could virtually put you inside a hotel room to get a feel for it prior to booking.



Pascale CARON

Associate Director - Global Consulting & Pre-Sales, Amadeus



Conclusion

The consumer journey is on the brink of momentous change. Today's travellers expect answers that are faster and more relevant to their immediate needs, and they expect to receive them during the whole travel cycle. The travel market itself has changed, shaped by the digital revolution, with innovative technologies, such as chatbots and Artificial Intelligence, already part of people's lives. In such a fast evolving world, many players could be at a crossroads.

So how can traditional travel retailers adapt to new realities and newer generations to stay relevant to the travellers of tomorrow?

Travel retailers now need to rethink their business, to re-invent themselves. They must engage with younger generations in a way that appeals to their lifestyle, and do so throughout the entire travel cycle – from inspiration, planning, during the journey and after it's over – and with a truly collaborative approach.

All of this may sound very futuristic, but at Amadeus we believe that the best way to predict the future is to simply create it, so we're ready to step in and shape the future of travel together.



About The SDS

Located in the Plaine du Var eco-valley, between Nice and Sophia Antipolis, The Sustainable Design School is an international graduate school of design and sustainable innovation at the service of Man. The SDS is also a member of UCA (Université Côte d'Azur), a community of Universities and Institutions.

The SDS has a 5 year Masters programme (called LMD), in Design and Sustainable Innovation, and a 3-year PhD Doctorate Degree in Research and Sustainable Design,

The school was founded by two designers and a renowned naval architect: Patrick le Quément, Maurille Larivière and Marc Van Peteghem.

The SDS follows a "teaching by doing" approach mixed with a blend of competencies and cultures. Design and Sustainable Development projects are presented to the students by large partner companies such as: Amadeus, Accenture, Air Liquide, BMW, Carrefour, Crédit Agricole, Hermès, Michelin, Orange Business Services, L'Oréal, Renault, Sita Suez-Environnement, Schneider Electric, Steelcase and Toyota to name but a few.

The school is a member of the international network CUMULUS Association, involving 280 higher education institutions and design universities across the world. Today, the SDS is part of exchange programmes with China, India, Italy, Canada, Japan, Turkey, Georgia, Chili, Peru, Argentina and the USA.

The Sustainable Design School is the founder of the Fab'Azur Fablab and a partner of TEDxCannes.

The school also offers training in innovation methods and design subjects (e.g. Design Thinking, Frugal Innovation, Open Innovation, Social Innovation).

About Amadeus

We all share the need to explore our world; to see new places, meet new people or be near what's important to us. Travel builds economies, broadens culture and creates connections between societies. Travel powers progress.

Amadeus powers travel. Amadeus' solutions connect travellers to the journeys they want through travel agents, search engines, tour operators, airlines, airports, hotels, cars and railways.

Technology has always been critical to developing global travel, increasing scale and access. Mobile devices, artificial intelligence and data analytics are continuing that evolution, giving people ever more ideas, options and control over their journey.

Amadeus moves with these changes. We have developed our technology in partnership with the travel industry for 30 years. We combine a deep understanding of how people travel with the ability to design and deliver the most complex, trusted, critical systems our customers need.

We develop technology every day, harnessing intelligent use of data, integrating new devices and architectures to deliver personalised and integrated journeys. Our technology ensures transparency, choice and simplicity for travellers and gives our customers the tools to drive growth and efficiency.


We are one company with a global mindset and a local presence wherever our customers need us. We help connect over 1.5 billion people a year to local travel providers in over 190 countries. We are open in how we work, innovating and collaborating with customers and partners to move fast, deliver on new possibilities and solve problems.

Our purpose is to [shape the future of travel](#).

We are passionate in our pursuit of better technology that makes better journeys. We are committed to using technology to help global travel have a positive impact on communities and grow sustainably around the world.

We will succeed by working with our customers to help everyone shape their own journeys, creating value for customers, travellers and society.

amadeus

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