



*Phocuswright White Paper*

# Influencing Travelers in the New Digital Funnel

**aMADEUS<sup>®</sup>**

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Phocuswright<sup>?</sup>

Phocuswright thanks **Amadeus IT Group** for  
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Without their active support, this research would not have been possible.

The logo for Amadeus, featuring the word "aMADEUS" in a blue, sans-serif font. The letter "a" is lowercase, while "MADEUS" is uppercase. A registered trademark symbol (®) is located at the top right of the "S".

Amadeus is a leading provider of advanced technology solutions for the global travel industry. Customer groups include travel providers (e.g. airlines, hotels, rail and ferry operators, etc.), travel sellers (travel agencies and websites), and travel buyers (corporations and travel management companies).

The Amadeus group employs around 10,000 people worldwide. Amadeus has central sites in Madrid (corporate headquarters), Nice (development) and Erding (operations – data processing center) and regional offices and centers in Boston, Dallas, Miami, Buenos Aires, Bangkok and Dubai. At a market level, Amadeus maintains customer operations through 71 local Amadeus Commercial Organizations covering 195 countries.

To find out more about Amadeus please visit [www.amadeus.com](http://www.amadeus.com).

## Foreword

# Create the Perfect Leisure Trip for Online Shoppers



Foreword by Sébastien Gibergues,  
Head of Leisure and Online, Global Customer Group, Amadeus IT Group

In a world where the online shopping conversion funnel is no longer linear but has become more complex, changes are underway. As online shoppers surf the funnel in many ways, through different channels and devices, new methods of attracting and retaining online end consumers are emerging.

This research unlocks new opportunities for online travel retailers to target the end consumers and monetise their cross-channel shopping behaviour.

## The Intermediary's Advantage and Key Drivers

Online players that provide comparative shopping options on multiple suppliers, enriched with merchandising content, are likely to become the preferred one-stop shops. Online consumers value the ability to search for the best deals, identify products relevant to them and compare offers with transparency. This will definitely allow online retailers to continue building their value propositions for the end consumer, helping them make informed purchase decisions while offering an efficient distribution channel for suppliers willing to promote their differentiated products to the global travel market.

## What Will it Take to Be Travelers' First Choice?

When it comes to search and shopping, the lines between online travel agencies (OTAs) and meta-search are blurring. As travel media companies gain popularity, opportunities to influence travelers arise for them as well. It is key to consider the influential factors online shoppers value beyond best price, such as a great user experience, clear offers, associated functionalities and services.

There is no doubt that the global mobile shift will have a fundamental impact on the travel supply chain, affecting both traffic acquisition practices and the role of intermediaries. Some OTAs have already adopted a mobile-first strategy, and more evolution is likely to take place as users start to favour complementary content to air that will enrich their experiences on the go. This is key for mobile, as device choice influences channel selection.

## The Next Big Thing in Online Travel

As travelers are leading the way in a multi-channel, multi-device environment, new ways of influencing the online travel shopper are emerging. Improved user experience, mobile, merchandising, user-generated content, post-purchase services and more could be the next key loyalty drivers that matter most to online shoppers, and not just to the most experienced users – thus bringing value to their own travel experiences.

At Amadeus, we have the technology, functionality and content ready to support this evolution and shape the future of your online travel business.

***Are you ready? Enjoy your reading.***

### **About Phocuswright**

Phocuswright is the travel industry research authority on how travelers, suppliers and intermediaries connect. Independent, rigorous and unbiased, Phocuswright fosters smart strategic planning, tactical decision-making and organizational effectiveness.

Phocuswright delivers qualitative and quantitative research on the evolving dynamics that influence travel, tourism and hospitality distribution. Our marketplace intelligence is the industry standard for segmentation, sizing, forecasting, trends, analysis and consumer travel planning behavior. Every day around the world, senior executives, marketers, strategists and research professionals from all segments of the industry value chain use Phocuswright research for competitive advantage.

To complement its primary research in North and Latin America, Europe and Asia, Phocuswright produces several high-profile conferences in the United States and Europe, and partners with conferences in China and Singapore. Industry leaders and company analysts bring this intelligence to life by debating issues, sharing ideas and defining the ever-evolving reality of travel commerce.

The company is headquartered in the United States with Asia Pacific operations based in India and local analysts on five continents.

Phocuswright is a wholly owned subsidiary of Northstar Travel Media, LLC.

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# Influencing Travelers in the New Digital Funnel

Written by Cathy Schetzina Walsh and researched by Marcello Gasdia

## Introduction

From the time a traveler begins dreaming about an upcoming vacation to the day of departure and beyond, travel companies have more opportunities to influence purchase decisions than ever before. Yet as mobile device adoption increases worldwide and social media continues to evolve, the search-shop-buy process is undergoing profound change.

With multiple devices and shopping channels at their disposal, today's travelers are bombarded with choices at every stage of the travel-planning process. Numerous travel websites and apps vie for their attention, and, in traveler reviews and social networks, opinions and influencers abound. With so many potential paths from the top of the funnel to the "Buy" button, the travel-planning journey is often a circuitous one.

Travelers across markets are experimenting with new devices, channels and online features in the quest to design the perfect trip. The resulting shifts in consumer behavior are shaking up the competitive landscape, creating fresh opportunities and challenges for online travel players seeking to attract and retain customers.

This white paper provides an overview of the changes taking place in the digital travel funnel and presents key findings from a major Phocuswright research project focused on how travelers across eight markets traverse the online search-shop-buy process. Based on a comprehensive online survey, the findings provide insight into travel-planning behavior based on respondents' last leisure trips. The research tracks smartphone and tablet adoption and highlights drivers and assumptions underlying traveler shopping and booking decisions.

## Research Highlights

- Device dynamics vary across markets. In mature markets such as the U.S. and U.K., PC usage for travel shopping is declining as travelers shift to mobile. Mobile travel shopping is highest, however, in some emerging markets, including China (53%) and Brazil (27%).
- OTAs rule on mobile. Intermediaries trump supplier websites for online shopping, and their advantage is even greater among mobile shoppers. In the U.S., for example, flight shoppers who compared flight options via smartphone when planning their last leisure trips were three times as likely to do so via an OTA as a supplier website.
- Metasearch wields increasing influence ... but travelers still don't "get it." Metasearch engines rival OTAs for flight shopping in some markets, but travelers don't always understand the newcomers' value proposition. In most markets, OTAs'

capture the highest ratings for having the most hotel and flight options as well as having the best prices.

## The Big Picture

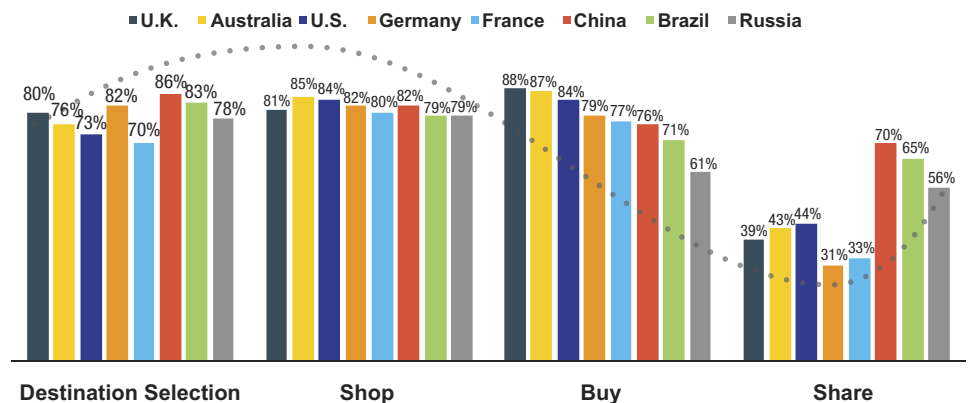
From emerging online travel markets such as China and Brazil to mature markets like the U.S. and U.K., the Internet plays a dominant role in travel planning. While market differences yield variations in online travel penetration and consumer behavior, the online travel planning cycle tends to follow a consistent curve.

Across markets, online usage is high at the top of the funnel, with travelers commonly turning to online channels when choosing a destination. But reliance on online sources generally peaks in the shopping phase, as travelers turn to travel websites/apps and search engines to compare and choose travel products (see Figure 1). In many travel markets, online usage then tapers off slightly in the booking phase, as some travelers shift to offline sources to complete their transactions.

It is in the booking phase that the differences between emerging and mature markets become more evident. In Russia, for example, 79% of leisure travelers shopped online in the past 12 months, while just 61% purchased travel products online. In contrast, among leisure travelers in the U.K., Australia and the U.S., online penetration remained in the 80-90% range across both the shopping and booking phases. Even in markets where traditional, offline booking channels remain popular, however, online shopping channels often wield significant influence over travel purchase decisions.

The rise of social networking and mobile devices occurred at a time when many online travel markets worldwide were still developing. As a result, the unique demographic features of some emerging markets have caused social and mobile adoption to exceed that

**FIGURE 1: Search-Shop-Buy-Share Online Penetration (All Devices)**



Question: Which of the following, if any, have you done online (via desktop or laptop computer, tablet or smartphone) for your leisure travel in the past 12 months. Select all that apply.

Base: Leisure travelers: U.S.: (N=1,003); U.K.: (N=1,008); AUS: (N=1,011); FRA: (N=1,007); GER: (N=1,007); RUS: (N=995); CHN: (N=1,073); BRA: (N=1,000)

Note: Totals may not add to 100% due to rounding.

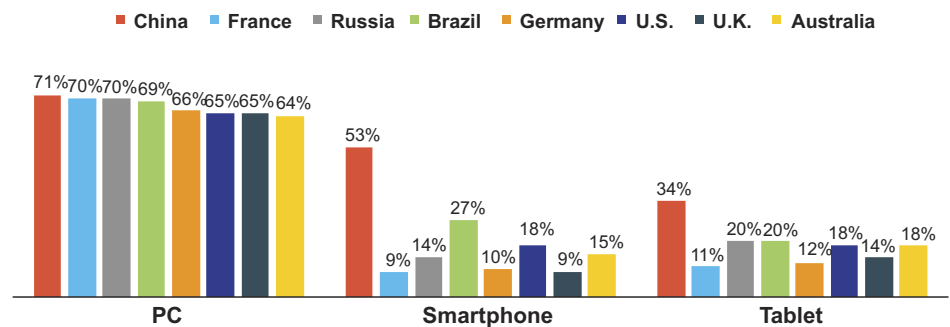
Source: Phocuswright's Search, Shop, Buy: The New Digital Funnel

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in more mature online markets. In China, Russia and Brazil, for example, the online travel population tends to be young and tech-savvy, leading to an above-average incidence of travel sharing, as well as mobile adoption.

Usage of smartphones and tablets for leisure travel planning is growing rapidly world-wide. As with online sharing, mobile travel planning is highest in emerging markets. More than half of Chinese leisure travelers and 27% of Brazilian leisure travelers shopped for their last leisure trips via smartphone. Of course, laptop/desktop computers continue to play a dominant role in travel shopping; 60-70% of travelers across markets shopped for their last trips via PC. However, in the most mature markets, PC usage is beginning to decline as some travelers choose to rely instead on mobile devices (see Figure 2). In the U.S., for example, PC usage (65%) is down from previous years, but smartphone and tablet usage is strong at 18%.

**FIGURE 2: Devices Used to Shop**



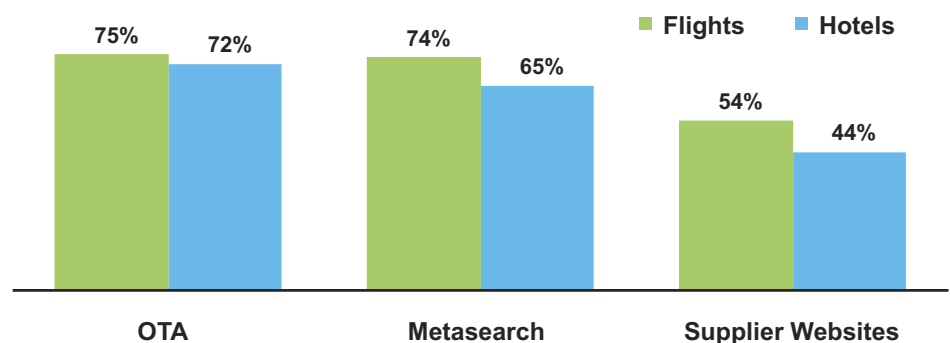
Question: What sources of information do you recall using to compare and choose leisure travel prices and products, such as airline tickets or hotel rooms? Select all that apply.

Base: Leisure travelers: U.S.: (N=1,003); U.K.: (N=1,008); AUS: (N=1,011); FRA: (N=1,007); GER: (N=1,007); RUS: (N=995); CHN: (N=1,073); BRA: (N=1,000)

Source: Phocuswright's Search, Shop, Buy: The New Digital Funnel

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**FIGURE 3: Online Shopping Channels: Flights & Hotels (U.S. Only)**



Question: Which of the following travel websites or apps did you use to shop for flight(s)? Please indicate if you used each website on your desktop computer, smartphone or tablet. Select all that apply.

Base: Online flight shoppers (N=440)

Source: Phocuswright's Search, Shop, Buy: The New Digital Funnel

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While travel suppliers have worked hard in recent years to build strong customer relationships and drive direct bookings, intermediaries wield significant influence in the shopping phase. In the U.S., for example, travelers are much more likely to shop via intermediaries than supplier websites (see Figure 3). Airlines have been more successful than hotels at driving supplier-direct shopping, thanks in part to ancillary offerings and branded fares that are only beginning to become available via OTAs. However, when shopping for their last leisure trips, both flight and hotel shoppers overwhelmingly relied on intermediaries. In addition to OTAs, metasearch engines have emerged as an increasingly powerful middleman. For flight shopping, travelers were nearly equally likely to shop for their last trips via metasearch engine versus OTAs, with roughly three quarters doing so, respectively.

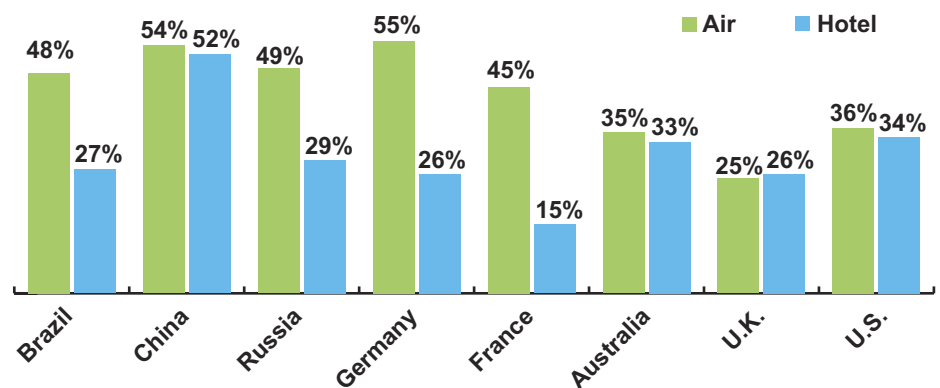
## New Devices, Changing Channels

Not long ago, travelers seeking to shop online did so solely via personal computer, and travel companies competed within a relatively simple, singular online travel marketplace. Today, a traveler may shift between a smartphone, tablet and desktop/laptop computer in the course of planning a single trip. Not only does device choice matter to the user experience, it plays a key role in influencing channel selection.

### Mobile Travel Adoption

Reliance on mobile devices for travel shopping is growing alongside rising adoption, making mobile an increasingly important strategic factor. In Brazil, for example, just 20% of leisure travelers overall shopped via tablet when planning their last leisure trips. But among online flight shoppers who own tablets, nearly half used their devices to shop for air travel (see Figure 4).

**FIGURE 4: Flight and Hotel Shopping via Tablet (Tablet Owners Only)**



Question: Which of the following travel websites or apps did you use to shop for flight(s)? Please indicate if you used each website on your desktop computer, smartphone or tablet. Select all that apply.  
 Base: Online flight shoppers: U.S.: (N=440); U.K.: (N=393); AUS: (N=574); FRA: (N=359); GER: (N=394); RUS: (N=365); CHN: (N=603); BRA: (N=560). Online hotel shoppers: U.S.: (N=578); U.K.: (N=482); AUS: (N=589); FRA: (N=476); GER: (N=414); RUS: (N=419); CHN: (N=777); BRA: (N=589) \*Smartphone and tablet are based on only those who own the devices.  
 Source: Phocuswright's Search, Shop, Buy: The New Digital Funnel  
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In many markets, travelers are more likely to use mobile devices when shopping for flights than hotels. Among French tablet owners, for example, just 45% who shopped for flights online did so via tablet, compared to 15% of online hotel shoppers. The simplicity of flight shopping is particularly well-suited to mobile. In contrast, although last-minute hotel shoppers often rely on their mobile devices, travelers planning longer, more complex trips often opt to access traveler reviews, maps and rich media via PCs before making hotel purchase decisions.

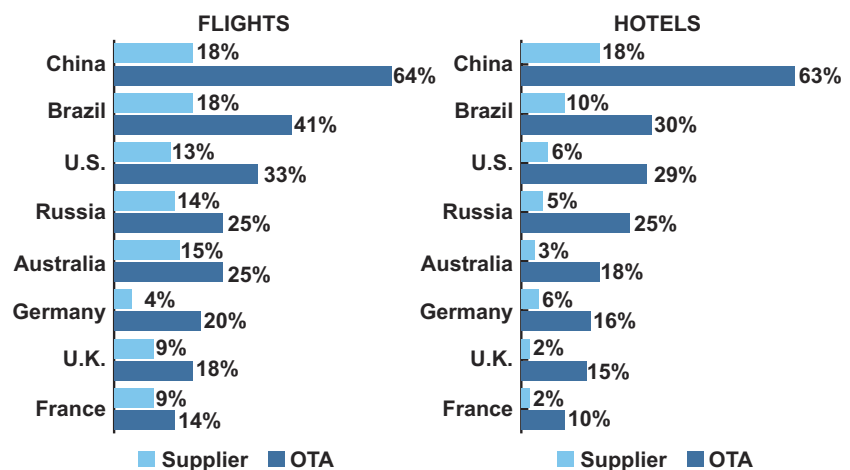
### The Intermediary Advantage

When travelers shop via mobile devices, the ability to easily and efficiently compare travel products is paramount. As a result, intermediaries wield significant power to influence mobile shoppers' travel purchase decisions. Many intermediaries have invested heavily in mobile, and OTAs' lead among mobile shoppers is substantial, particularly among hotel shoppers.

When planning their last leisure trips, U.S. smartphone owners who shopped via smartphone for hotels were three times as likely to use OTAs versus supplier websites/apps (see Figure 5). In most other markets, where hotel supply is more fragmented compared to the U.S., the preference for OTAs when shopping via smartphone was even stronger. Just 2% of German travelers, for example, shopped via hotel websites/apps, compared to 15% who shopped via OTAs. Airlines fared better among smartphone users, but flight shoppers still showed a strong preference for OTAs.

In markets dominated by small, independent hotels or for any supplier who lacks a well-designed mobile website/app, OTAs have played a valuable role in aggregating mobile demand. However, over the long term, airlines and hotels that fail to invest in mobile will cede influence to intermediaries.

**FIGURE 5: Flight and Hotel Shopping Via Smartphone (Smartphone Owners)**

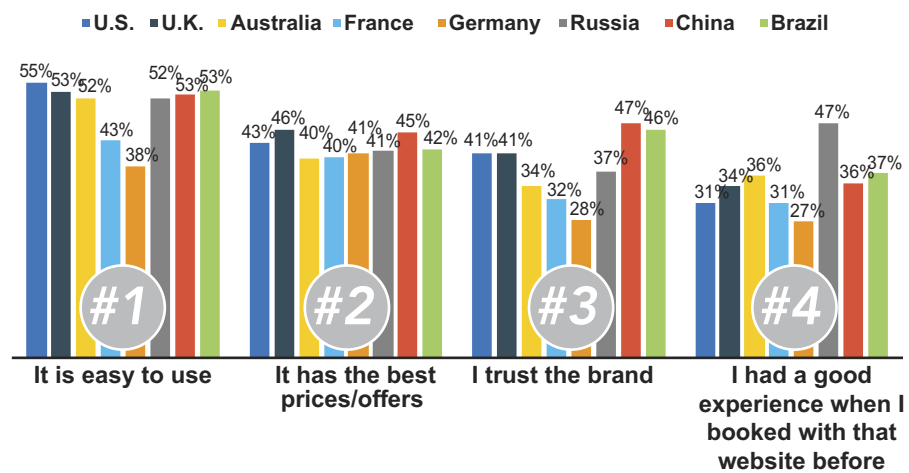


Question: Which of the following travel websites or apps did you use to shop for flight(s)? Please indicate if you used each website on your desktop computer, smartphone or tablet. Select all that apply.  
 Base: Online flight shoppers: U.S.: (N=440); U.K.: (N=393); AUS: (N=574); FRA: (N=359); GER: (N=394); RUS: (N=365); CHN: (N=603); BRA: (N=560). Online hotel shoppers: U.S.: (N=578); U.K.: (N=482); AUS: (N=589); FRA: (N=476); GER: (N=414); RUS: (N=419); CHN: (N=777); BRA: (N=589) \*Smartphone and tablet are based on only those who own the devices.  
 Source: Phocuswright's Search, Shop, Buy: The New Digital Funnel  
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## Influencing Website and Product Selection

When shopping for travel products, travelers have a broad range of travel websites and apps competing for their attention. So which factors are most important in influencing brand selection? Among online hotel shoppers, ease of use is the most commonly cited driver for choosing a specific website across most markets (see Figure 6). Because hotel selection is often a more complex undertaking compared to flight shopping, travelers seeking the perfect accommodation place a high premium on an easy-to-use interface. Price was the second-most common factor among hotel shoppers, followed by brand trust and a previous positive experience.

**FIGURE 6: Top Drivers of Hotel Website Selection**



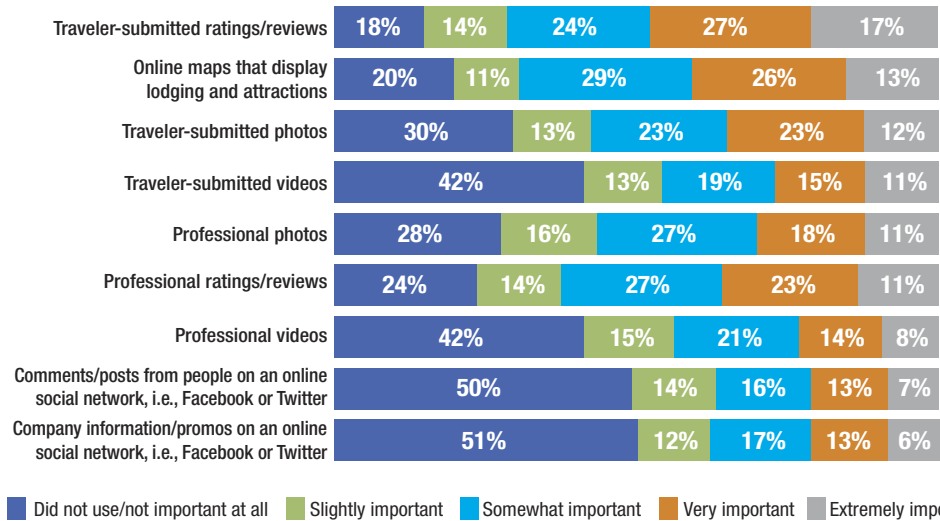
Question: Why did you choose the particular website(s) or app(s) you used to shop for this flight? Select all that apply.  
 Base: Online hotel shoppers: U.S.: (N=578); U.K.: (N=482); AUS: (N=589); FRA: (N=476); GER: (N=414); RUS: (N=419); CHN: (N=777); BRA: (N=589)  
 Source: Phocuswright's Search, Shop, Buy: The New Digital Funnel  
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When shopping for hotels, travelers often wish to research prospective hotels' quality, location and amenities. Many rely on online features including traveler reviews, maps and rich media to do so. Among U.S. travelers, traveler-submitted ratings and reviews rank as the most important feature when choosing a specific hotel or accommodation type, with 44% of hotel bookers rating user reviews as very or extremely important (see Figure 7).

In addition to the advice of other travelers, when it comes to choosing accommodations, seeing is believing. Hotel shoppers place high value on visuals that provide information about location and a view of the property and surrounding areas. Online maps that display lodging and attractions are the second-most influential feature, with 39% of U.S. hotel shoppers rating them very/extremely important. Rich media also plays a key role, and many travelers place a higher value on traveler-submitted photos/videos than they do on those that come from professional sources.

Customer acquisition is a challenge and a significant expense for travel companies, making it crucial to drive repeat purchases from existing customers. While fostering

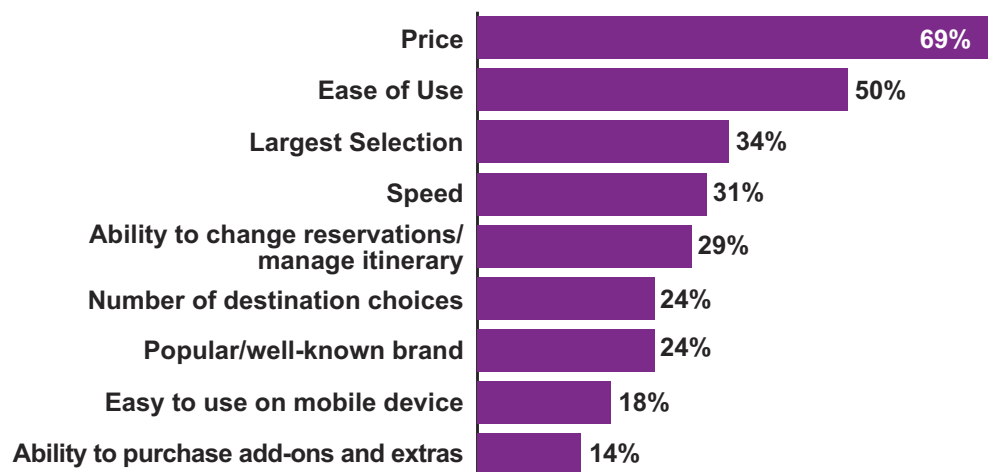
**FIGURE 7: Importance of Online Features: Hotels (U.S. Only)**



Question: How important were each of the following online features in helping you choose which hotel or type of accommodation to book? Please rate each on a scale of 1 to 5, from "did not use/not important at all" to "extremely important."  
 Base: U.S. hotel bookers (N=777). Note: Totals may not add to 100% due to rounding.  
 Source: Phocuswright's Search, Shop, Buy: The New Digital Funnel  
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brand loyalty is an important goal, price often has the biggest influence on website selection. When asked what factors might influence them to return to a particular travel website more than once to book flights, seven in 10 leisure travelers cited price (see Figure 8). Ease of use was the second-most commonly cited factor (50%), highlighting the

**FIGURE 8: Reasons to Return to Travel Websites to Book Flights (U.S. Only)**



Question: What factors might influence you to return to a particular travel website more than once to book flights?  
 Base: Leisure travelers: U.S.: (N=1003)  
 Source: Phocuswright's Search, Shop, Buy: The New Digital Funnel  
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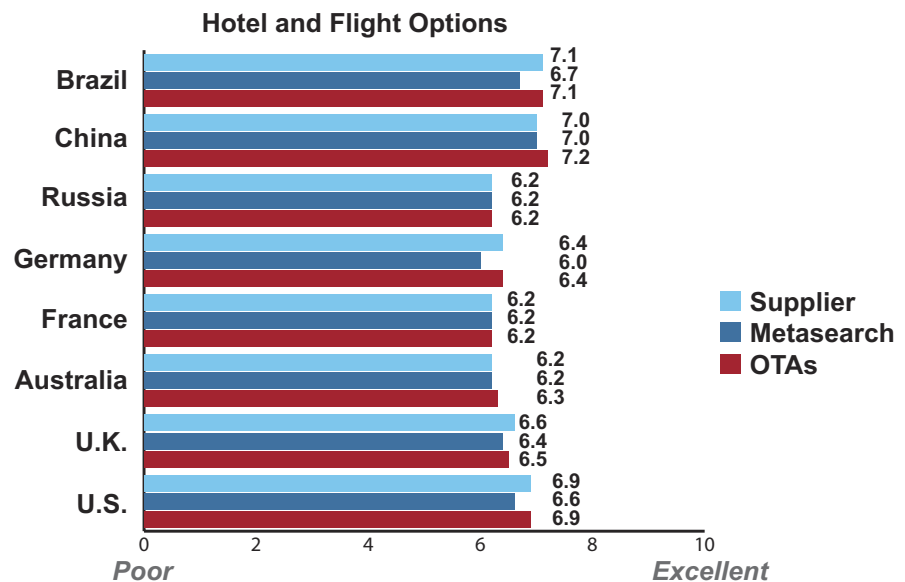
importance of investing in a usable and well-designed interface. Other factors that may influence U.S. leisure travelers to book flights on the same website more than once include a large product selection (34%), speed (31%) and the ability to change reservations and manage their itineraries (29%).

## Metasearch Rising

The online travel marketplace has created unprecedented transparency and empowered consumers to quickly compare and sort a vast universe of travel products and options. Inspired by their newfound power, consumers have flocked to tools they feel will enable them to surface the best travel deals as efficiently as possible. In recent years, metasearch engines have emerged as an increasingly popular type of intermediary. Although metasearch adoption rivals OTAs in some markets, however, there are signs that many travelers still don't fully understand the newcomers' value proposition.

For example, while metasearch websites' key offering is the ability to compare products across multiple websites, travelers in most markets rated OTAs the highest (see Figure 9). In fact, in some markets, including the U.S., U.K. and Germany, travelers rated suppliers higher than metasearch websites for hotel and flight options.

**FIGURE 9: OTAs vs. Metasearch**



Question: Below is a list of popular travel websites. On a scale from 1 to 10, where 1 is "Poor" and 10 is "Excellent," please rate each on the following five attributes. If you are not familiar with a particular website, please enter 0.

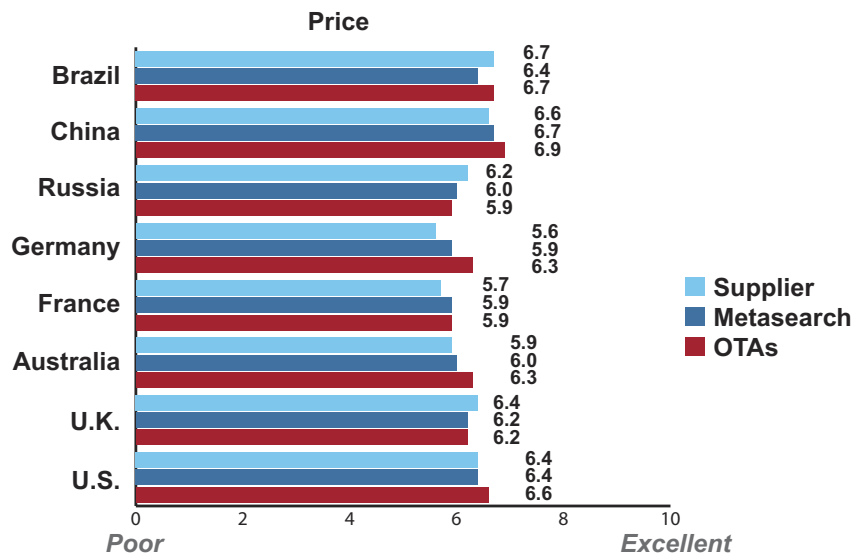
Base: Leisure travelers: U.S.: (N=1,003); U.K.: (N=1,008); AUS: (N=1,011); FRA: (N=1,007); GER: (N=1,007); RUS: (N=995); CHN: (N=1,073); BRA: (N=1,000)

Source: Phocuswright's Search, Shop, Buy: The New Digital Funnel

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Travelers across markets also disagree about which channel offers the best prices. In China, Germany and the U.S., travelers give the highest marks to OTAs, while travelers in Russia and the U.K. rate suppliers highest in terms of price (see Figure 10). Metasearch websites, which are designed to surface the lowest prices across OTAs and supplier websites, receive middling marks across the board.

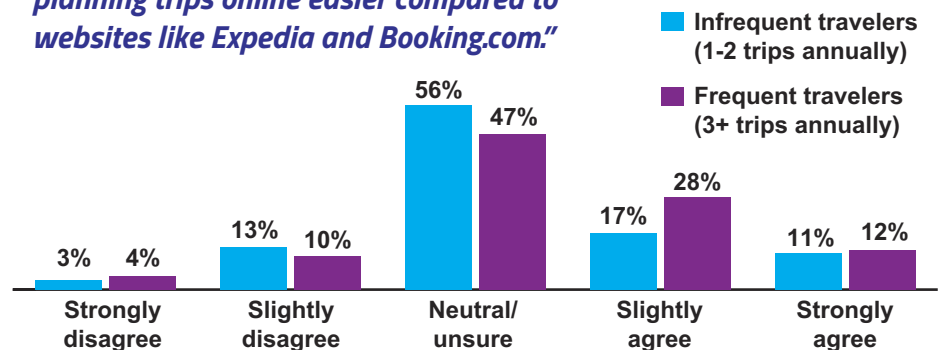
**FIGURE 10: OTAs vs. Metasearch**



Question: Below is a list of popular travel websites. On a scale from 1 to 10, where 1 is "Poor" and 10 is "Excellent," please rate each on the following five attributes. If you are not familiar with a particular website, please enter 0.  
 Base: Leisure travelers: U.S.: (N=1,003); U.K.: (N=1,008); AUS: (N=1,011); FRA: (N=1,007); GER: (N=1,007); RUS: (N=995); CHN: (N=1,073); BRA: (N=1,000)  
 Source: Phocuswright's Search, Shop, Buy: The New Digital Funnel  
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**FIGURE 11: OTAs vs. Metasearch: Ease of Use**

*"Websites like Kayak and Trivago make planning trips online easier compared to websites like Expedia and Booking.com."*



Question: What factors might influence you to return to a particular travel website more than once to book flights?  
 Base: Leisure travelers: U.S.: (N=1,003)  
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As a newer addition to the online travel marketplace, metasearch websites likely have weaker brand recognition compared to suppliers and OTAs. But there are signs that the influence of metasearch will continue to grow. When asked whether they agreed with the statement, “Websites like Kayak and Trivago make planning trips online easier compared to websites like Expedia and Booking.com,” many travelers were neutral or unsure (See Figure 11). However, among travelers who took three or more trips annually, 40% indicated that they slightly or strongly agreed, compared to just 28% of infrequent travelers (1-2 trips annually). Frequent travelers, who tend to be more experienced and, often, higher-value travelers, are also more likely to appreciate the benefits offered by metasearch engines.

## Conclusion

The new digital funnel is arguably a lot more complex than it used to be. But while the path from inspiration to booking may not be a simple one, today’s travel companies have unprecedented opportunities to engage and influence travelers. As mobile adoption continues to grow, device choice is likely to play a key role in swaying channel selection. Metasearch may be just one of the technology-driven disruptors to come. But the gold standard in influencing travelers remains simple: Give the people what they want. The travel brands that win in the years to come will be those that succeed in delivering the services travelers seek at the moment they are seeking them.

## Methodology

This white paper is based on findings from Phocuswright’s Special Project, Search, Shop, Buy: The New Digital Funnel. Phocuswright fielded an online consumer survey between December 12-17, 2014, through Global Market Insight, Inc., in eight countries targeting the general adult populations who have Internet access and travel for leisure.

To qualify for participation in the study, respondents had to indicate they had taken at least one leisure trip at least 75 miles from home in the past 12 months that included paid lodging and/or air and/or rail travel (rail not required in all markets). An additional screener required consumers to have played an active role in planning their leisure trips, and go online to research travel destinations and/or shop or book travel and/or share their travel experiences. Qualifying respondents are referred to as “leisure travelers.” Responses are weighted to represent the adult online population that travels for leisure.

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