

Eliminating Friction in Travel Path to Purchase



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Executive summary

India's travel sector has expanded significantly in recent years, driven by higher disposable incomes, innovative subscription models for hotels/airlines, affordable airline fares, emergence of homestays and an increase in travel spends from Tier II and Tier III cities^[1]. Currently, India is positioned as the world's seventh largest travel and tourism economy, with the sector contributing USD234 billion (~9.4 per cent) to the economy^[2]. The rapid penetration of smartphones and the internet, as well as the increasing influence of social media communities and travel bloggers have also led to increased awareness about travel and influences on travel behaviour.

Travel in India has greatly evolved from a yearly vacation plan or a social visit to relatives into a much broader industry. Niche segments of travellers have emerged such as solo travellers, adventure seekers, elderly/retired travellers, eco-tourists and wellness tourists, apart from business travellers whose numbers have increased significantly owing to globalisation. Investment in the travel and tourism sector is expected to rise 6.7 per cent per annum from USD41.6 billion in 2017 to USD57.5 billion in 2022^[3].

Considering this immense potential, airline and hotel brands, along with online travel aggregators (OTAs) are increasingly providing varied options and travel comforts to consumers. To improve travel experiences, brands are leveraging digital technologies such as mobile applications, digital analytics, virtual reality and social media platforms to remain engaged with travellers before, during and after their travels. A global survey by Travel port, rated Indians as the most digital savvy travellers^[4]. Travel website audiences in India accounted for 33 per cent of the country's total digital population^[5] and 76 per cent of them were mobile-only audiences^[6].

With the growing interest in the sector by Indian travellers who are increasingly becoming digital-savvy, it is imperative for brands to provide a seamless experience. To do so, they must invest in understanding consumers, their expectations, likes and dislikes, and identify what might drive them to the competition. In this report, we aim to understand the reasons that lead to dropouts in the path to purchase of airline tickets and hotel bookings, referred to as 'friction', which may lead to a potential loss of revenue for the brands. With reduced attention spans, increased connectivity and acceptance of new technology,

consumers' demands and expectations are high. They expect seamless services with limited effort and at the click of a button, and any deviation from their expectations can cause them to abandon the purchase journey. To understand the path to purchase and friction at different stages of the purchase journey, a random listing study was conducted by Nielsen India on 3,000 respondents to understand the proportion of the population that falls at each stage of the journey, and a further deep-dive study was conducted among 1,012 respondents in the personal travel category across varied demographic and socio-economic groups. KPMG in India also interacted with industry experts to obtain their perspectives on possible solutions to eliminate friction and improve conversion rates.

Our research indicates that:

- *In the airline category, 23 per cent of consumers drop out due to friction, and nearly half of this friction is caused by media*
- *In the hotel category, 32 per cent of consumers drop out due to friction, and nearly half of this friction is caused by media*
- *Mobile platforms are expected to influence about 9 out of 10 airline ticket purchases and hotel bookings by 2022*
- *Facebook is expected to influence nearly half of the mobile-influenced purchases for both the airline and hotel categories by 2022*
- *Mobile-influenced journeys of airline ticket purchases are 24 per cent shorter than offline-influenced journeys*
- *Mobile-influenced journeys of hotel bookings are 19 per cent shorter than offline-influenced journeys*
- *Mobile could help airline brands tap into a potential sales opportunity of ~USD9 billion* by reducing media friction*
- *Mobile could help hotel brands tap into a potential sales opportunity of ~USD2 billion* by reducing media friction*

Sources:

[1] Travelers from Tier 2 and Tier 3 cities are more outbound! Here's how they travel, Business Insider, June 2017

[2] India to add 10 million tourism jobs in the next decade, Economic Times, March 2018

[3] Travel & tourism economic impact 2018 India; World Travel and Tourism Council, 2018

[4] These Are The Most Digitally Savvy Travelers in The World, News18, November 2017

[5] [6] comScore MMX Multi-Platform, February 2018

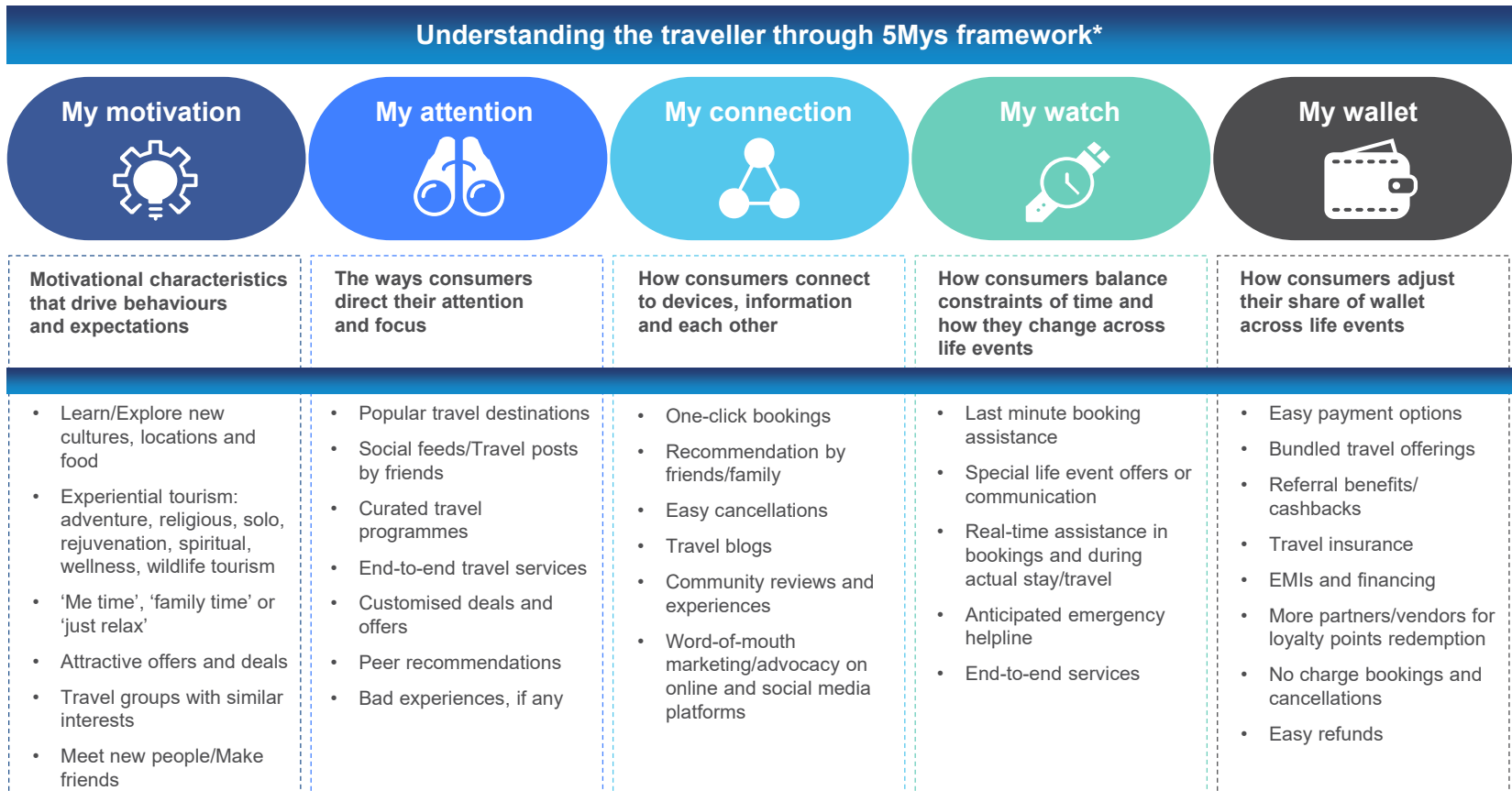
*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity



Understanding the multidimensional consumer

Technology has redefined the manner in which consumers make travel choices. It is becoming increasingly important for the brands to cater to these changing needs with a smooth experience across the entire path to purchase. Understanding the complex underlying drivers of this evolving consumer behaviour has become more important with the acceleration in the disruption caused by the digital age.

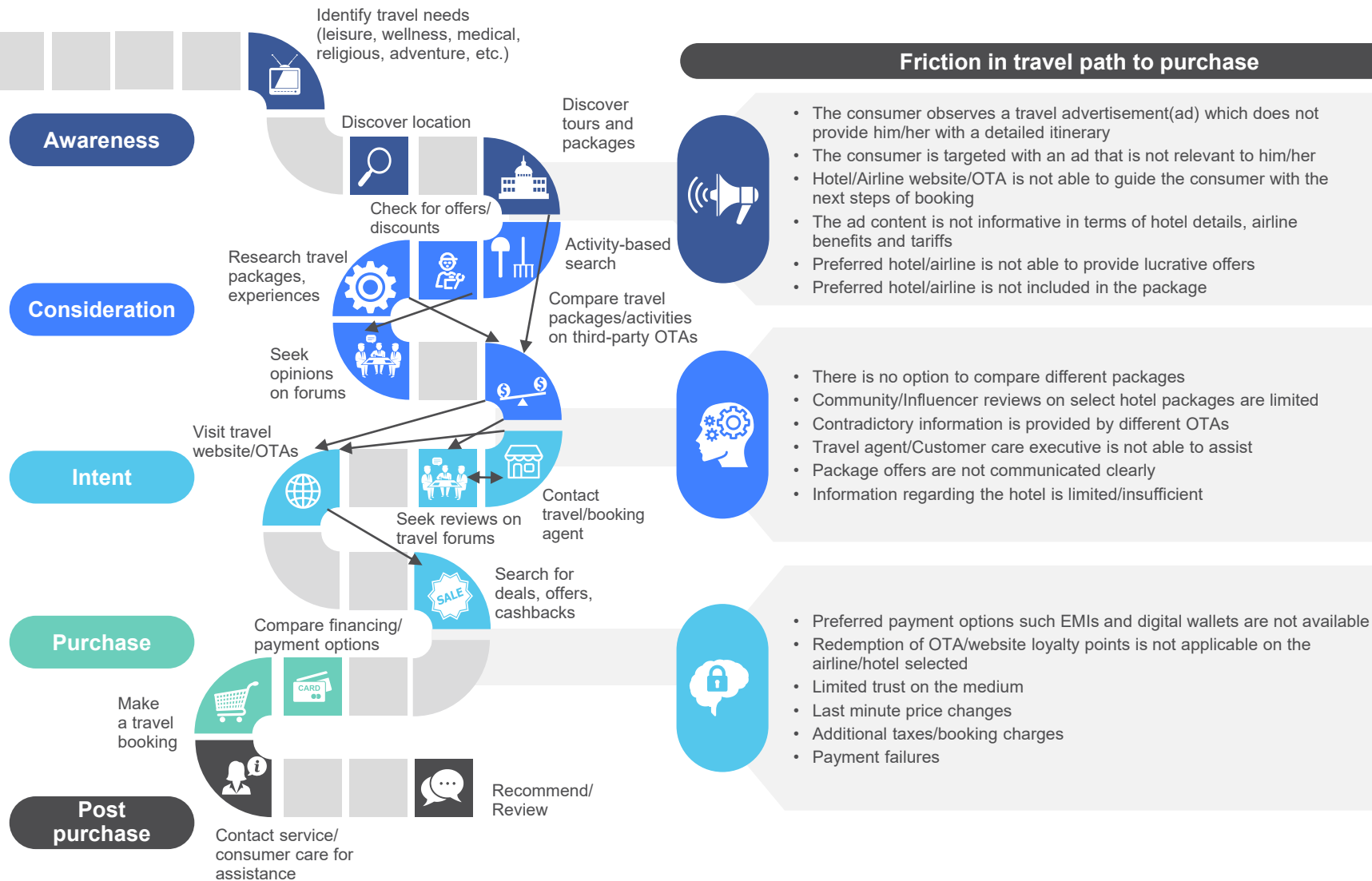
KPMG's 5Mys framework is designed to help identify the real drivers of consumer behaviour, along with the critical trade-offs among purchase decisions across the breadth of the consumer wallet, leading to more targeted and contextualised experiences, products and services that create value for both the consumer and company.



Source:

*Me, my life, my wallet report by KPMG International, November 2017

Decoding friction across purchase stages

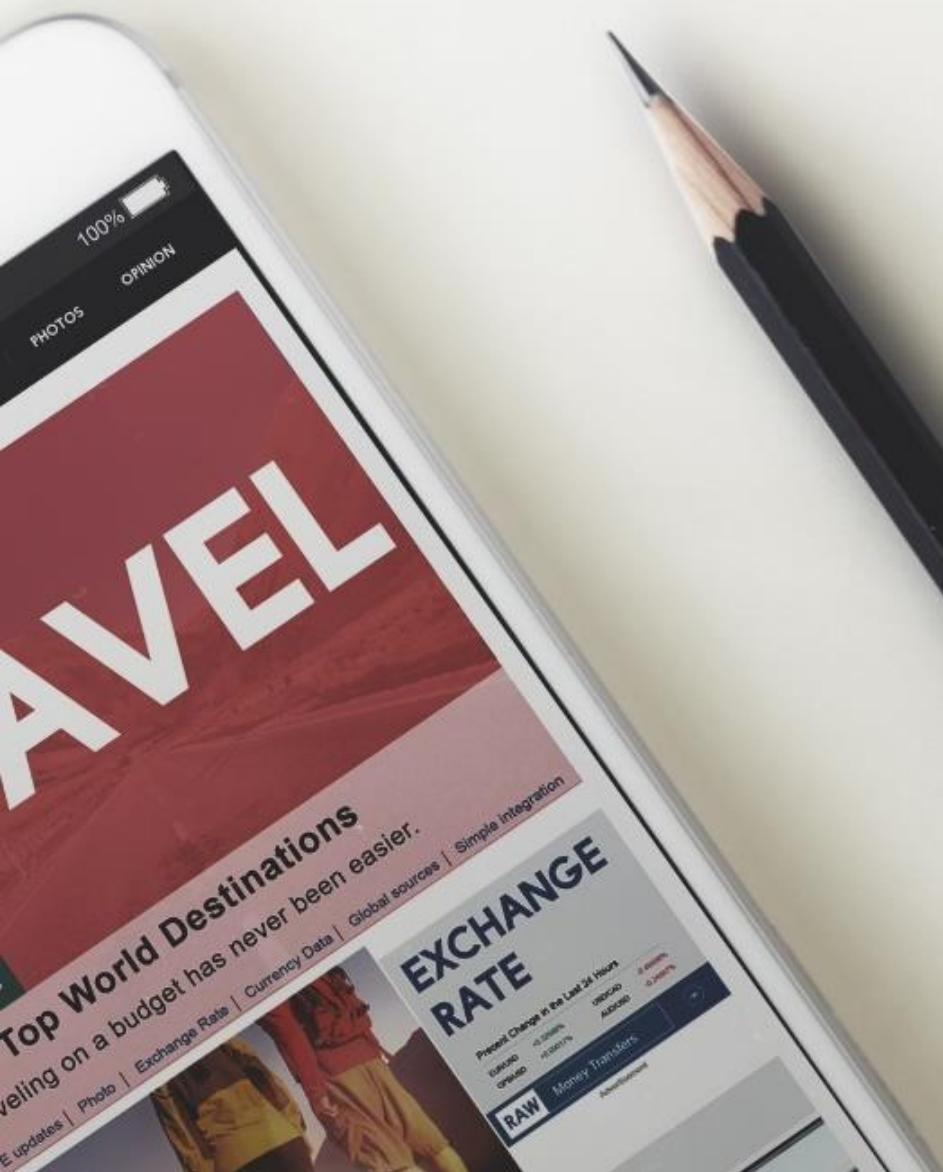




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Friction Decoded — Scope of Opportunity







Understanding and defining friction

The traditional path to purchase is undergoing a transformation with the advent of technology, smartphones and digital assistants, and is expected to be replaced by personalised journeys.

Today's consumer expects and demands convenience, speed, automation and simplicity that were not possible a few years ago. Any unnecessary additional effort, incremental steps or inconvenience that leads the consumers to abandon their purchase journey is defined as 'friction'.

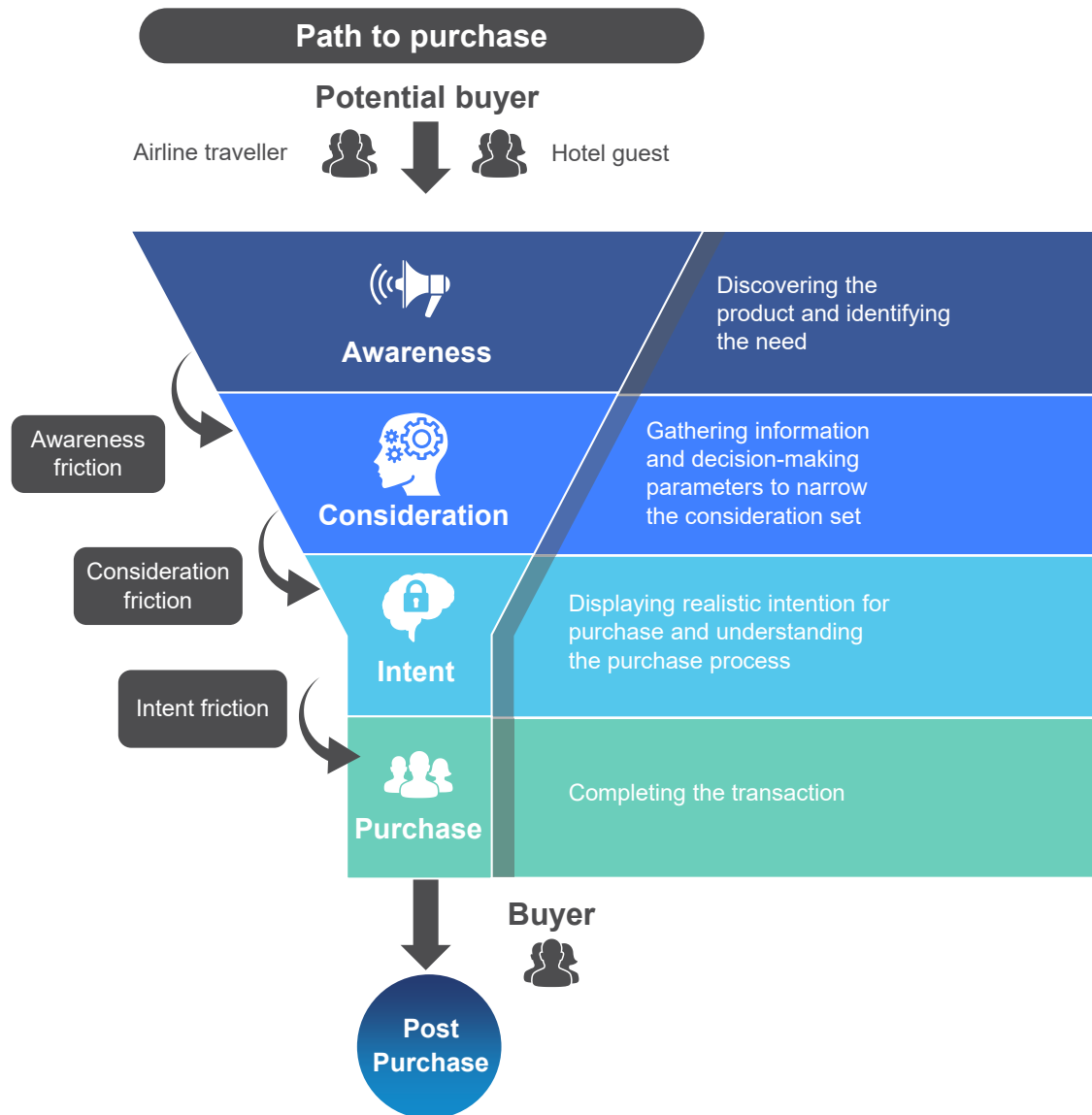
Friction may occur offline or online, and includes subjecting consumers to unnecessarily wait, queue, click, type, tap, add information or fill in forms. On their journey, they may also have to load, buffer, switch channels/windows or hold for service. It can hinder efficiency and impact the consumer experience, adversely affecting the consumer purchase journey. Any friction primarily caused by a media touch-point is defined as 'media friction'.

Research shows that consumer pain points that lead to friction can occur across three main stages of the consumer journey: awareness, consideration and intent. Businesses may be offering friction unknowingly, hindering efficiency and, in turn, the consumer journey.

Awareness friction: Every touchpoint or missing touchpoint that requires the consumers to make any effort to discover a brand.

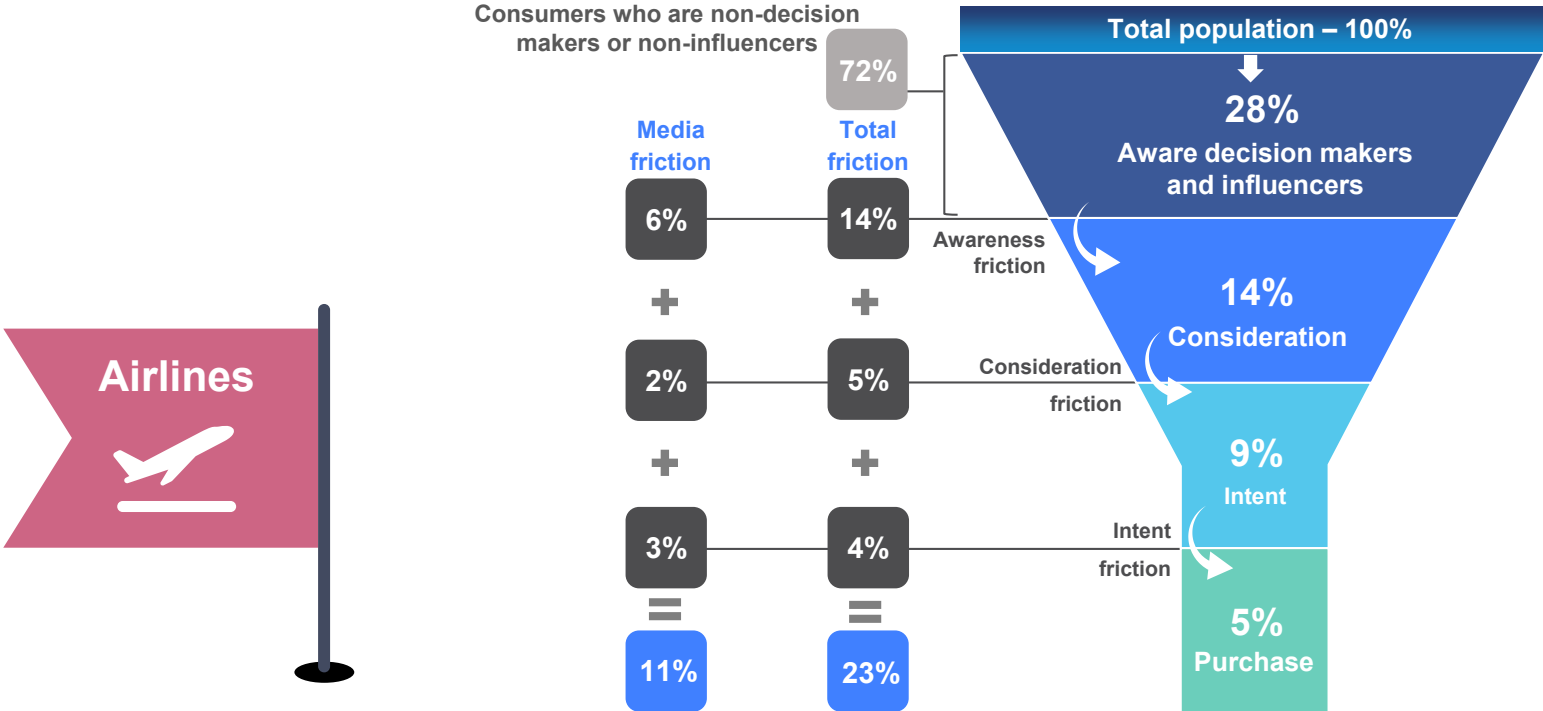
Consideration friction: Every touchpoint or missing touchpoint that requires the consumers to make any effort to consider a brand.

Intent friction: Every touchpoint or missing touchpoint that requires the consumers to make any effort to purchase a brand.



Media friction accounts for nearly half of the total friction in the airline ticket purchase journey

Airline ticket purchase is still a high involvement category, when it comes to personal travel. More than 80 per cent of the total friction is caused at the top of the funnel between the awareness and consideration stages. The study suggests that nearly half of the total friction can be attributed to the media, with more than 50 per cent of media friction experienced at the awareness stage itself. While brands may not be able to completely influence consumers' pain areas, they can definitely help eliminate media friction by influencing the choice of media to facilitate seamless movement in the purchase journey.

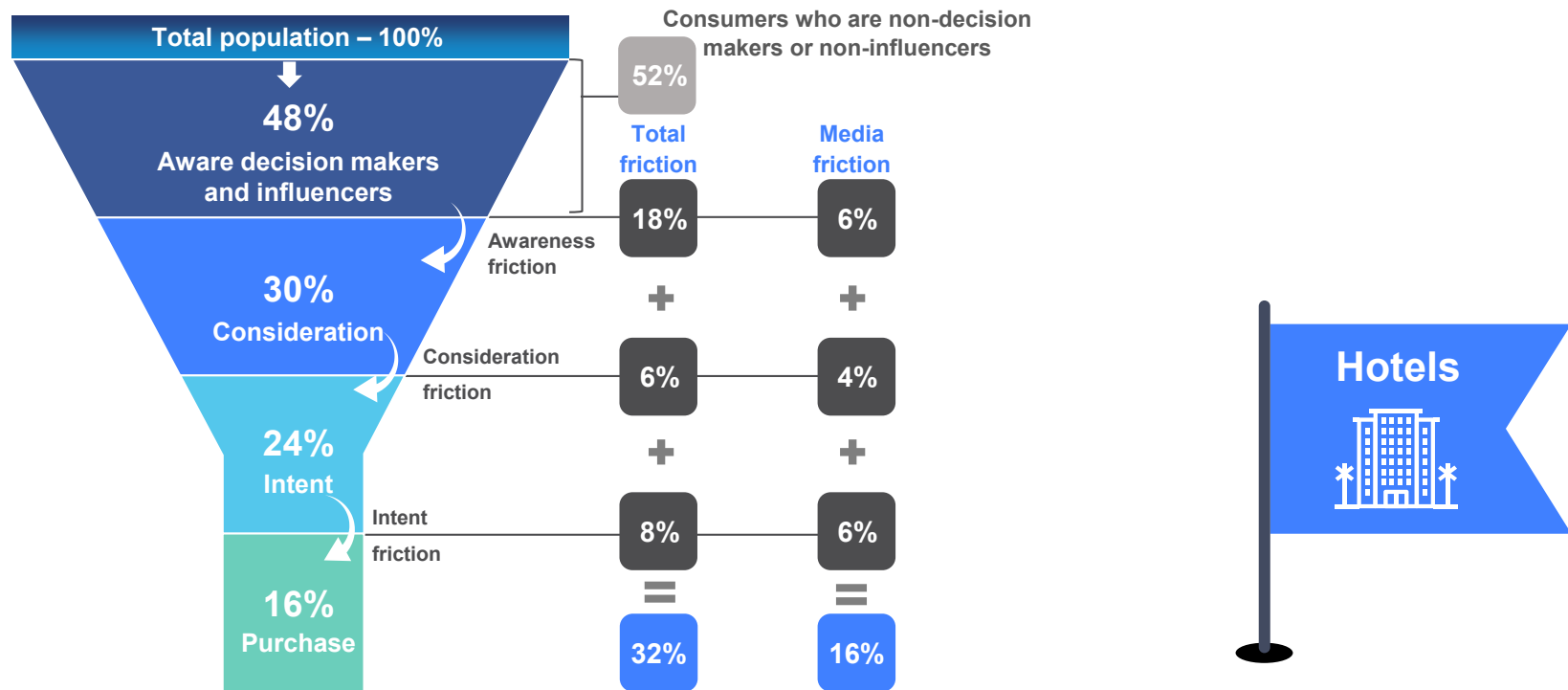


Base = 512

- Deep dive is only among 28% of the population who are aware decision makers for the airline category.
- At the intent stage, only travel agents and online touch-points were evaluated in the media mix to calculate friction.
- Buyers — aware decision makers who have booked/tried to book an airline ticket in the last 6 months for personal travel.
- Considerers — aware decision makers who have considered booking an airline ticket in the last 6 months for personal travel.
- Aware non-considerers — aware decision makers who have not considered booking an airline ticket in the last 6 months for personal travel.

Media friction accounts for half of the total friction in the hotel booking journey

In case of hotel bookings for personal travel, the study suggests that as consumers move further ahead in the purchase journey, the impact of media friction increases. Nearly two-thirds of the friction at the consideration stage and nearly three-fourths of the friction at the intent stage can be attributed to the media. Marketers spend significant dollars re-targeting consumers from the awareness stage to the intent stage, hence losing out consumers at the last stage; i.e. intent stage can severely impact the Return On Investment (ROI).



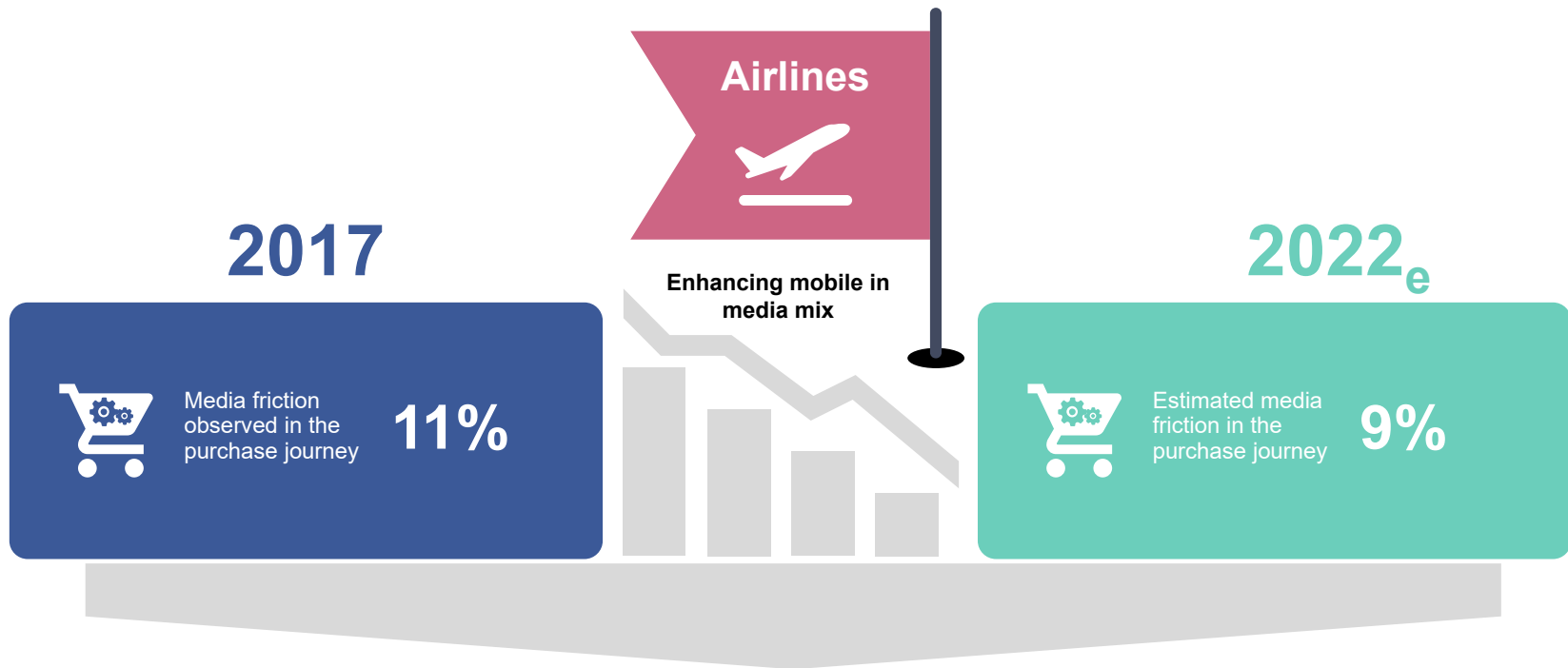
Base = 500

- Deep dive is only among 48% of the population who are aware decision makers for the hotel category.
- At the intent stage, only travel agents and online touch-points were evaluated in the media mix to calculate friction.

- Buyers — aware decision makers who have reserved/tried to reserve a hotel room in the last 6 months for a vacation/personal stay.
- Considerers — aware decision makers who have considered reserving a hotel room in the last 6 months for a vacation/personal stay.
- Aware Non Considerers — aware decision makers who have not considered reserving a hotel room in the last 6 months for a vacation/personal stay.

Mobile can help reduce media friction for airline brands to tap into a potential sales opportunity of ~USD9 billion by 2022

Media friction, which accounts for nearly half of the total friction, can be reduced with a change in the media mix. As per the study, 11 per cent of consumers drop out due to media friction, and enhancing the media mix with mobile can reduce this friction by 2 percentage points. This would help in creating about USD9 billion* revenue opportunity by 2022^[1] for brands in the airline category. Our findings suggest that, by 2022, nearly 9 out of 10 airline ticket purchases are likely to be mobile-influenced^[1]. Enhancing mobile in the media mix is expected to not only facilitate more conversions but also boost the brand's topline growth and enrich the overall consumer experience.



By reducing media friction with mobile, airline brands can tap into a USD9 billion* opportunity

Note: Potential opportunity by KPMG in India is based on the potential reduction in consumer dropout. Modelling for reduction in dropouts is based on the potential friction reduction, which may get impacted due to the usage of mobile-based media.

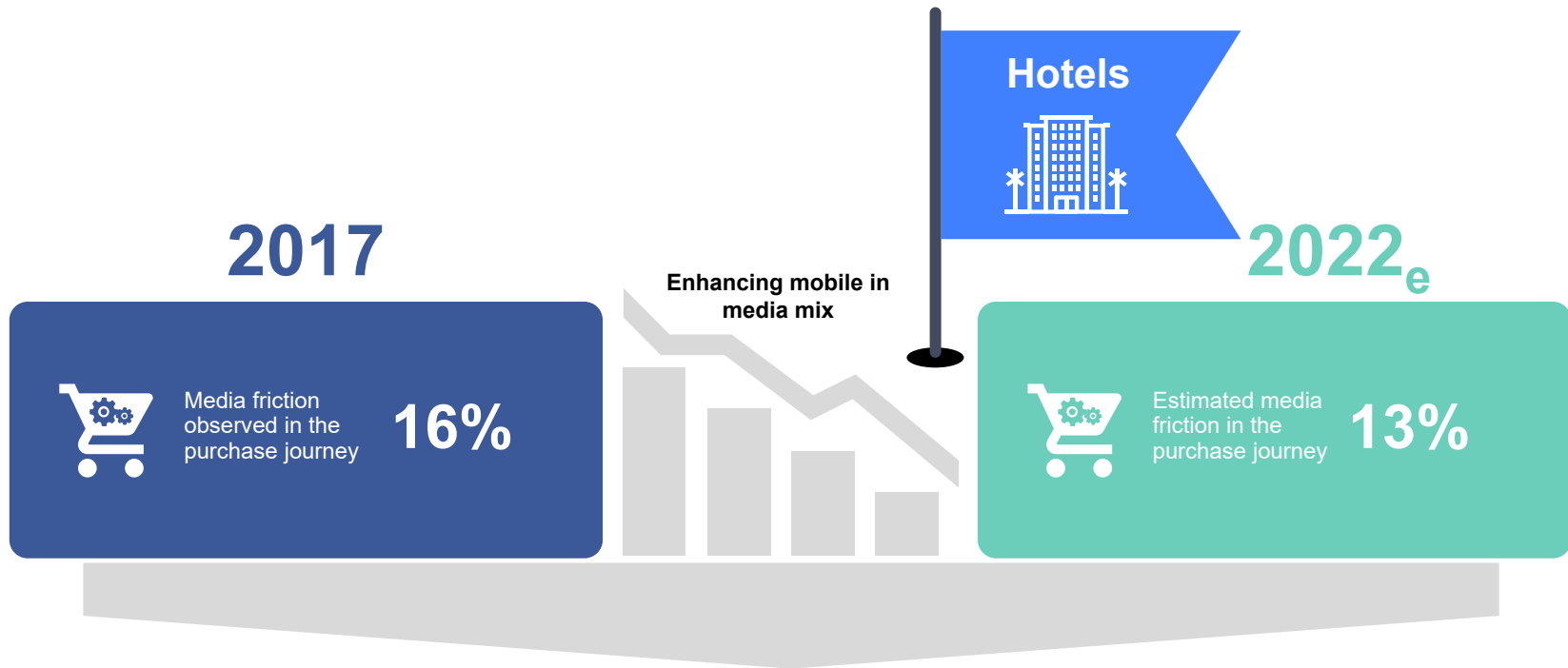
*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

Source:

[1] Aviation sector, Achievements Report, DIPP and MoCA, February 2017; Report of the Committee on a National Air Cargo Community System (ACS), Ministry of Civil Aviation, Government of India, December 2016; Airlines in India, Euromonitor, September 2017; KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

Mobile can help reduce media friction for hotel brands to tap into a potential sales opportunity of ~USD2 billion by 2022

With the app economy gaining prominence, and hotels increasingly encouraging consumers to have direct transactions, the role of mobile in hotel bookings is expected to increase. As per the study, 9 out of 10 bookings in the hotel category are expected to be mobile-influenced by 2022^[1]. Our findings further suggest that in case of hotel bookings, 16 per cent of consumers drop out due to media friction and enhancing the media mix with mobile can reduce this friction by 3 percentage points, leading to a USD2 billion* opportunity for the brand within the category by 2022^[1].



By reducing media friction with mobile, hotel brands can tap into a USD2 billion* opportunity

Note: Potential opportunity by KPMG in India is based on the potential reduction in consumer dropout. Modelling for reduction in dropouts is based on the potential friction reduction, which may get impacted due to the usage of mobile-based media.

*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

Source:

[1] World Travel and Tourism council, India report 2017; KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018



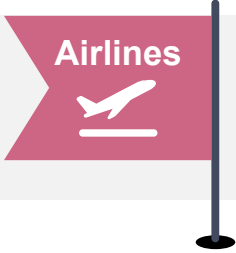
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Friction Mapping — Understanding Friction

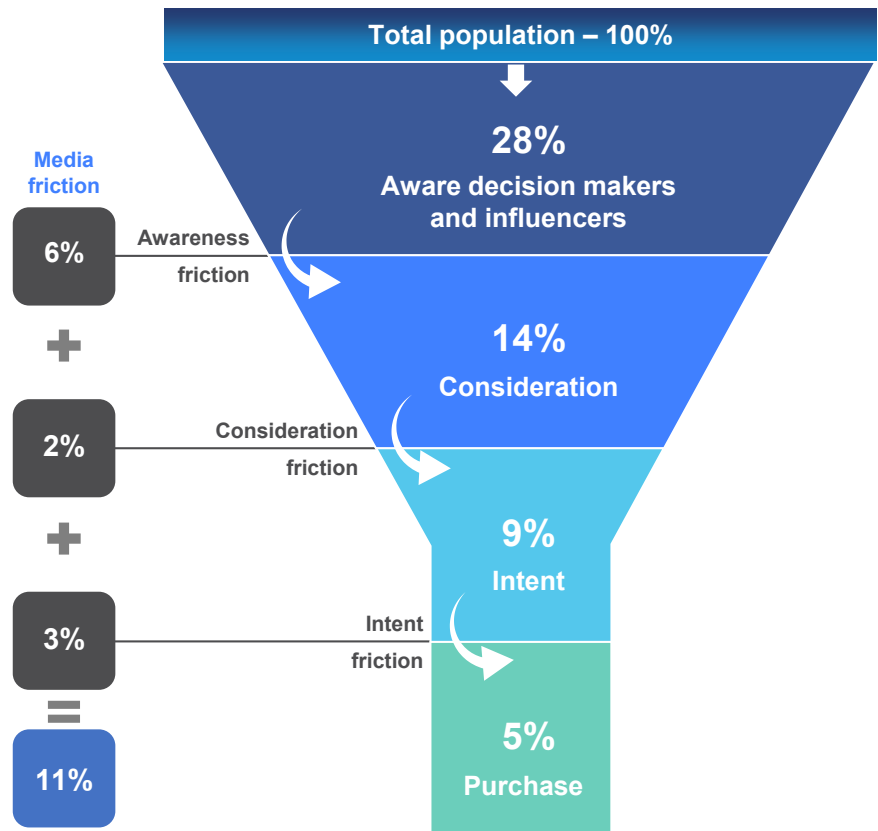
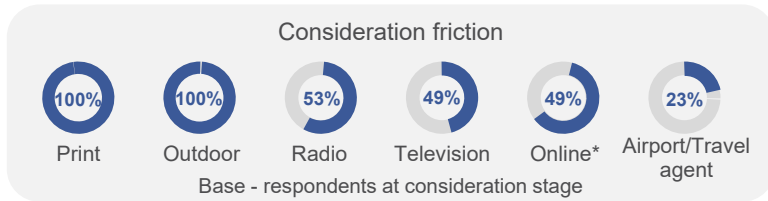


**BOOKING
CONFIRMED**

8 out of 10 respondents face friction with print, outdoor and radio media touchpoints at the top of the funnel for airlines travel booking



More than half of the aware decision makers drop out at the awareness stage owing to static media points such as print, and outdoor. These media touchpoints lead to dissatisfaction due to their inability to provide critical information about the next steps, offers, pricing, terms and conditions. At the consideration stage too, majority of the prospects face friction due to print and outdoor media, and only one-fifth of the aware decision makers end up making a purchase. With more travellers being digitally savvy, they expect more customised information. Traditional media do not effectively cater to their individual needs, leading to dropouts.



Base = 512

Buyers — aware decision makers who have booked/tried to book an airline ticket in the last 6 months for personal travel.

Considerers — aware decision makers who have considered booking an airline ticket in the last 6 months for personal travel.

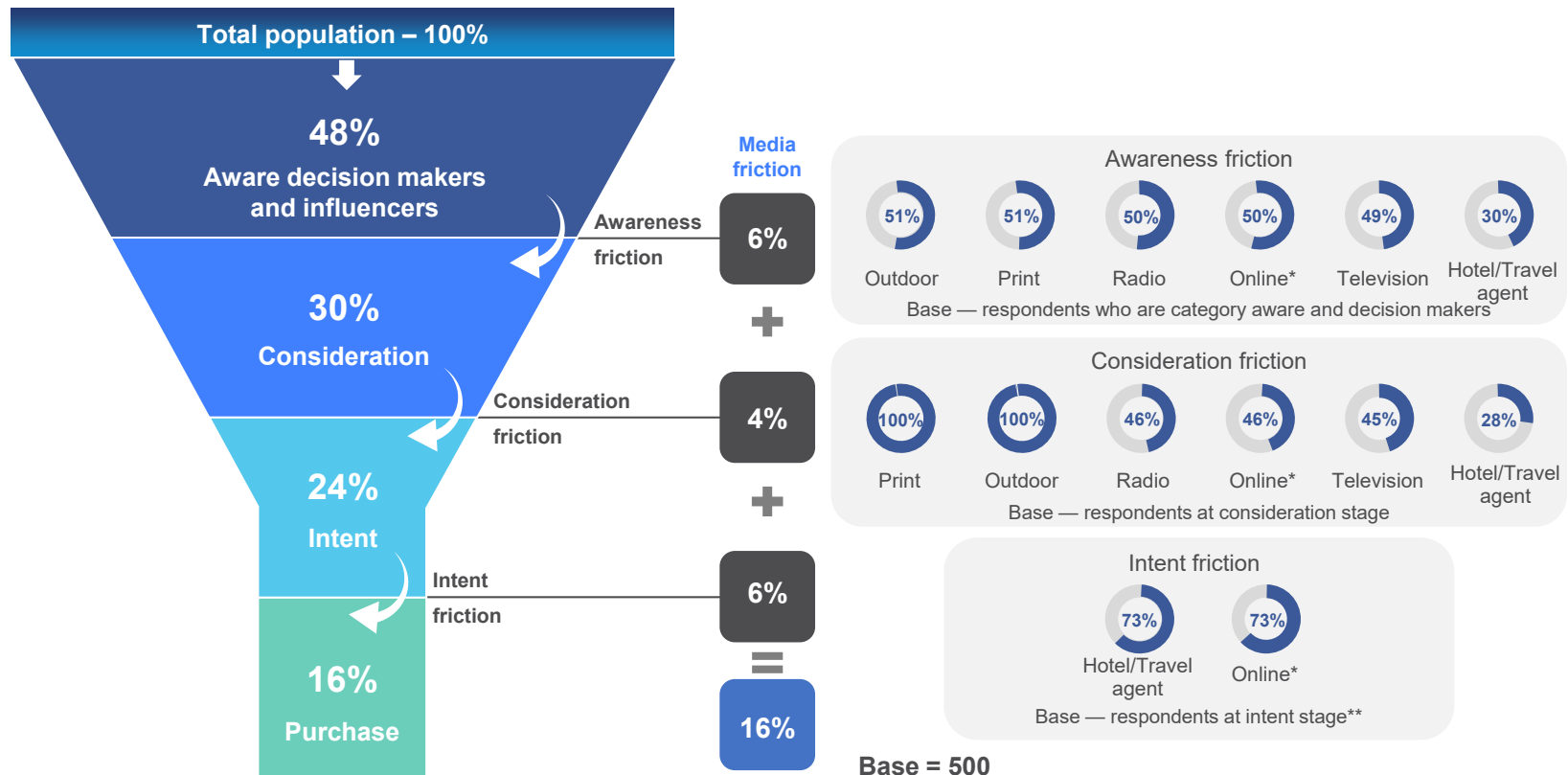
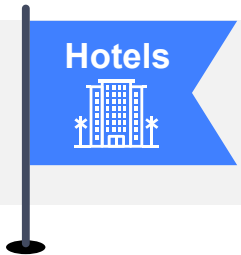
Aware non-considerers — aware decision makers who have not considered booking an airline ticket in the last 6 months for personal travel.

*Online includes the top five media touch points accessed by respondents at their respective stage of the journey.

**At the intent stage, only travel agents and online touch-points were evaluated in the media mix to calculate friction.

Print, outdoor and radio cause dissatisfaction among more than 6 out of 10 respondents in the hotel booking journey

A number of factors are considered while selecting a hotel such as proximity to popular locations/market areas, amenities, reviews, pricing and discounts. Consumers expect information on all aspects of the hotel before making a booking. The study suggests that brands do not highlight these factors while communicating with consumers, leading to a dropout of nearly a third of aware decision makers at the awareness stage itself. Most of the friction at the awareness and consideration stages is observed on print, outdoor and radio. As these media fail to engage with consumers, providing detailed and sequential information on property images, cost comparisons, meal inclusions, etc. helps consumers make an informed decision on hotel bookings.

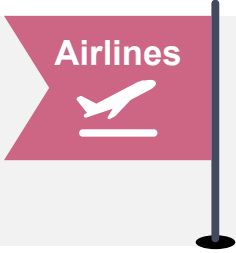


*Online includes the top five media touch points accessed by respondents at their respective stage of the journey.
 **At the intent stage, only travel agent and online touch-points were evaluated in the media mix to calculate friction.

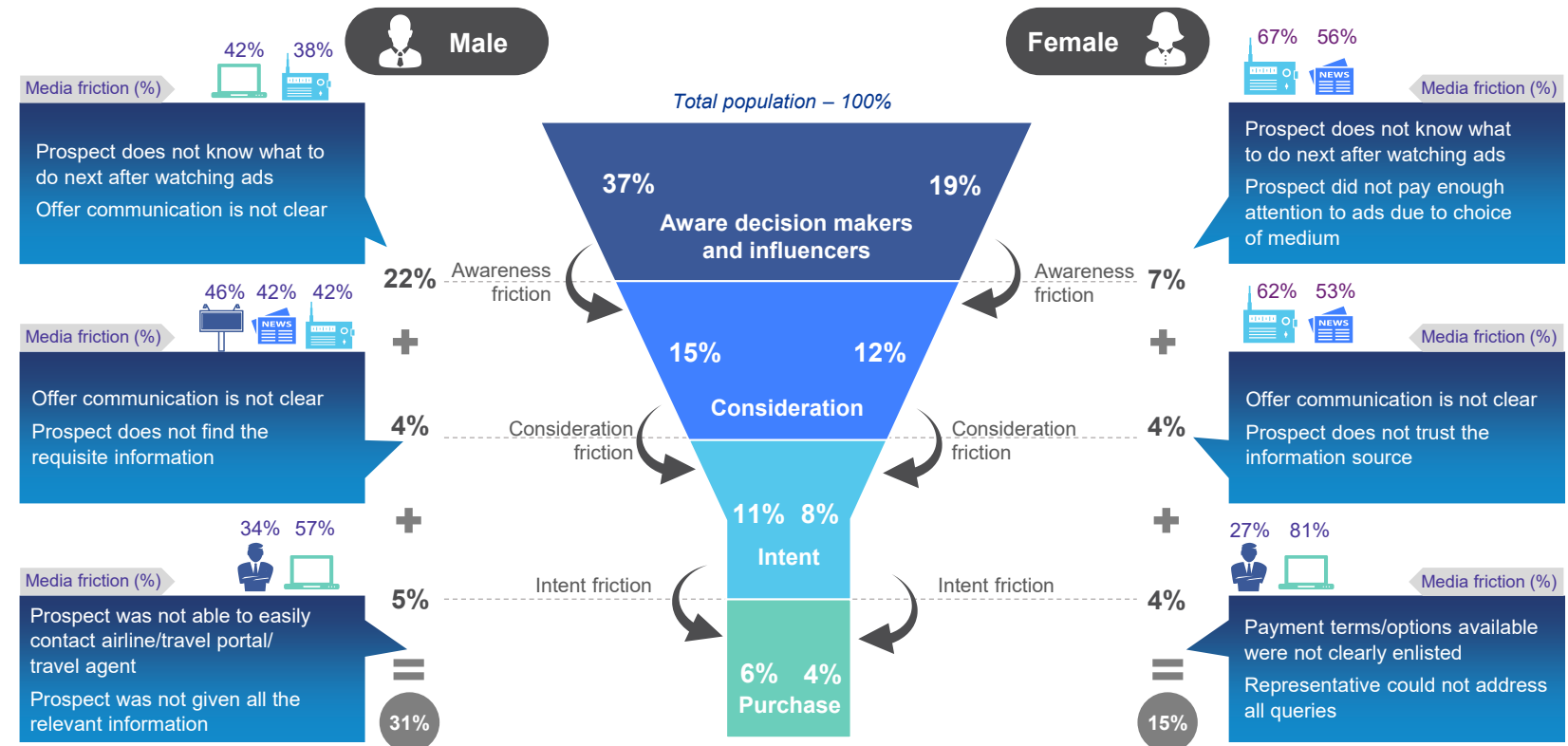
Base = 500

Buyers — aware decision makers who have reserved/tried to reserve a hotel room in the last 6 months for a vacation/personal stay.
 Considerers — aware decision makers who have considered reserving a hotel room in the last 6 months for a vacation/personal stay.
 Aware non considerers — aware decision makers who have not considered reserving a hotel room in the last 6 months for a vacation/personal stay.

Men seek clear offer communication while women require assistance to close sales



Men are twice more likely to enter the purchase funnel than women. However, nearly 70 per cent of men are impacted by the friction at the top of the funnel, leading to dropouts early in the purchase journey. Men who generally plan for family vacations seek information not just about the airlines but also on offers and best deals. Most men believe that offer communications shared by the brand are either not clear or do not capture sufficient details at both, the awareness and consideration stages. Women, on the other hand, seek more information and assistance with the purchase as they are likely to ignore ads on offline media such as print and radio. Brands must be fluid in their approach when targeting both genders to ensure better conversion. For men, investing in media channels that promote content creation and share can help. For women, garnering interest through contextualised communication and engaging ads via the online medium can lead to better conversions.



Legend

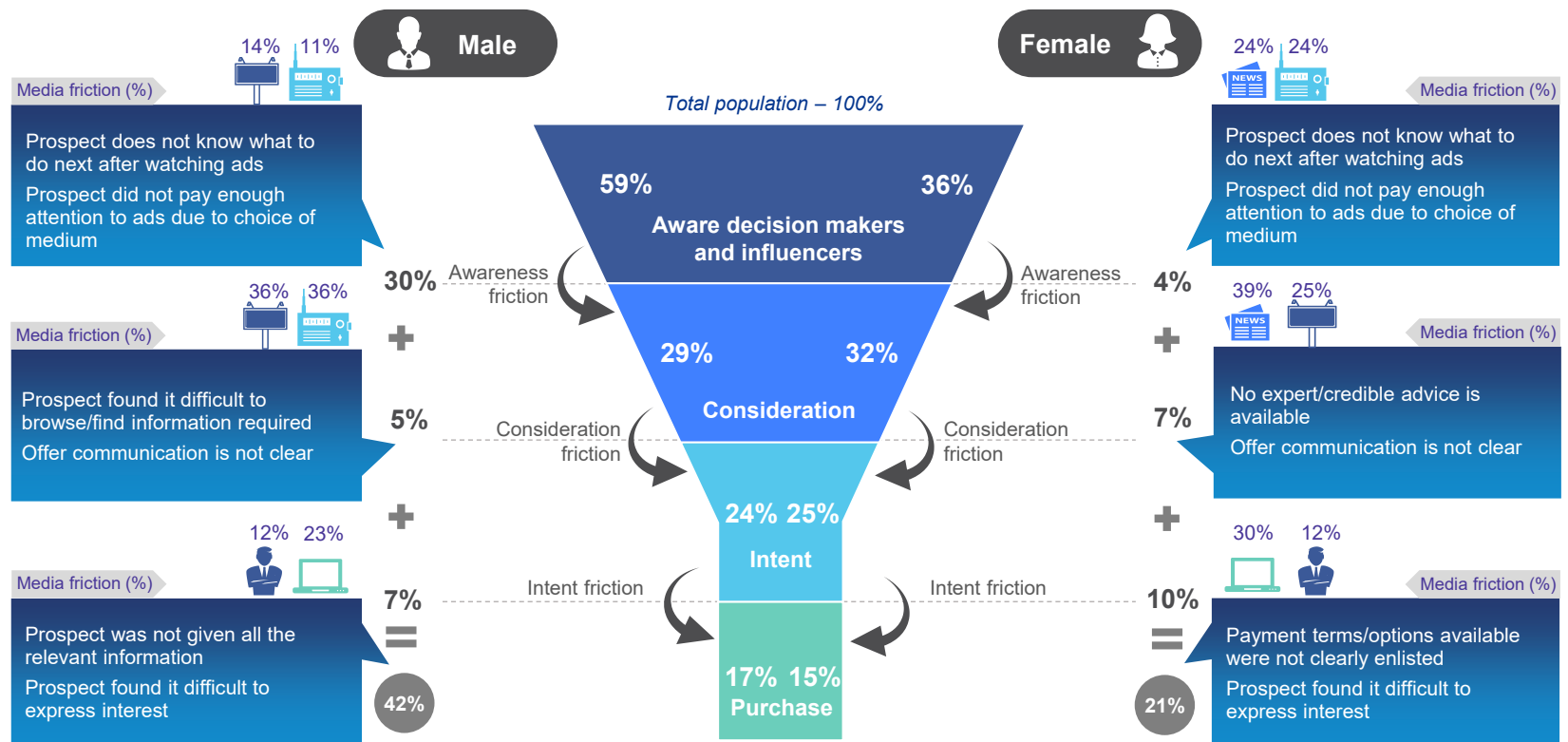
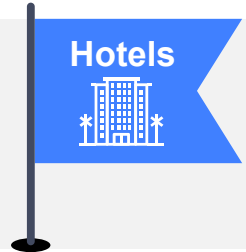
Top friction media points

- Outdoor (Icon: Signpost)
- Print (Icon: Newspaper)
- Radio (Icon: Radio tower)
- Television (Icon: TV set)
- Digital medium (Icon: Laptop)
- Airport/Travel agent (Icon: Person with suitcase)

Note: At the intent stage, only agent and online touch-points were evaluated in the media mix to calculate friction.

Irrelevant ads for men at the top of the funnel and unclear payment terms for women at the bottom of the funnel – top friction areas

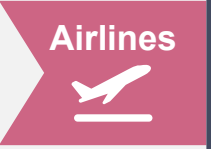
When it comes to the hotel category, men have less resistance to friction than women. At the top of the funnel, both genders tend to ignore ads on offline media and they do not know what to do next. However, over 70 per cent of men drop out due to these friction areas at the awareness stage itself. Towards the end of the purchase journey, men expect more relevant information and leave the purchase funnel as they find it difficult to express interest in the property of their choice. Most women exit the purchase cycle at the last stage due to lack of credible advice, insufficient information, unclear payment terms and offer communication. Thus, for hotel brands, it is important to invest in digital properties, sequential ads and targeted communication to secure consumers' attention. In addition, a focus on chatbots can help resolve prospect queries, thereby leading to better conversions.



Note: At the intent stage, only agents and online touch-points were evaluated in the media mix to calculate friction.



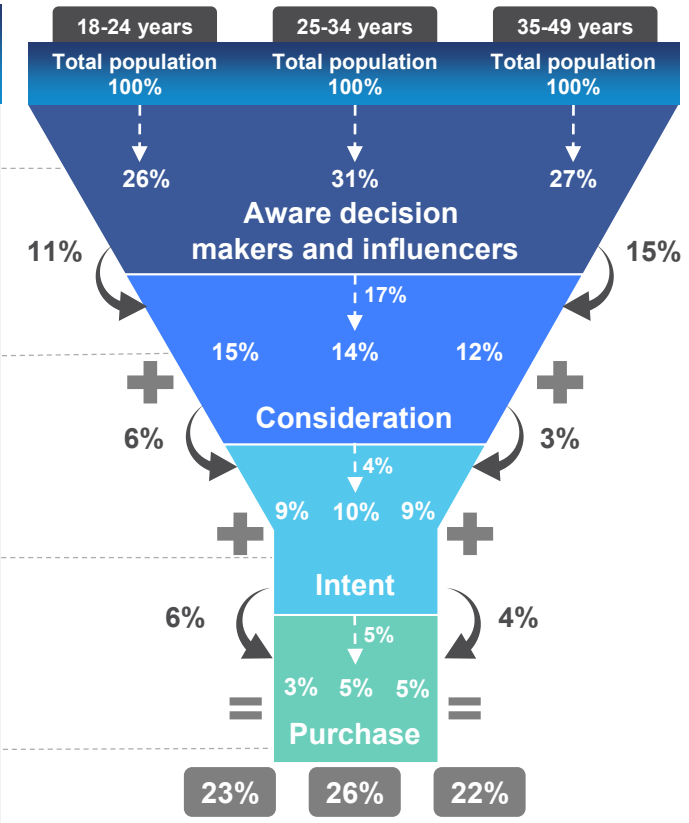
Clear offer communication – common ask of all age groups



Although airline advertising is often targeted towards older age groups, a similar number of potential consumers in the 18-24 year age group also enter and complete the purchase journey. Young prospective travellers (18-24 year age group) are a lucrative customer segment and are characterised by their familiarity with new technologies. Nearly half of the aware decision makers in the 18-24 year age group are lost early in the purchase cycle as they are not guided to the next stage. They also do not pay attention to ads, indicating a clear mismatch between their expectations and ads/message delivered.

More than half of the total friction across all age groups occurs at the top of the funnel. At the consideration stage, prospects seek clarity in the offer communication and find it difficult to trust the information source. By taking advantage of social media, brands can ensure right targeting and can also provide contact centre numbers for better guidance.

Friction points for 18-24 years	Friction points for 25-34 years	Friction points for 35-49 years
<p>Prospect does not know what to do next after watching ads</p> <p>Prospect did not pay enough attention to ads due to choice of medium</p> <p>Media friction (%) 47% 42%</p>	<p>Prospect does not know what to do next after watching ads</p> <p>Prospect did not pay enough attention to ads due to choice of medium</p> <p>Media friction (%) 52% 66%</p>	<p>Prospect does not know what to do next after watching ads</p> <p>Offer communication is not clearly enlisted</p> <p>Media friction (%) 36% 44%</p>
<p>Offer communication is not clear</p> <p>Prospect did not trust the information source</p> <p>Media friction (%) 75% 55%</p>	<p>Offer communication is not clear</p> <p>Prospect did not trust the information source</p> <p>Media friction (%) 47% 47% 59%</p>	<p>Offer communication is not clear</p> <p>Prospect does not find the requisite information</p> <p>Media friction (%) 48% 47%</p>
<p>Prospect found it difficult to contact airline/travel portal/travel agent</p> <p>Prospect found it difficult to express interest</p> <p>Media friction (%) 39% 62%</p>	<p>Payment terms/options available were not clearly enlisted</p> <p>Prospect was not given all the relevant information</p> <p>Media friction (%) 16% 64%</p>	<p>Prospect found it difficult to contact airline/travel portal/travel agent</p> <p>Connectivity issue</p> <p>Media friction (%) 46% 67%</p>



Note: At the intent stage, only agents and online touch-points were evaluated in the media mix to calculate friction.

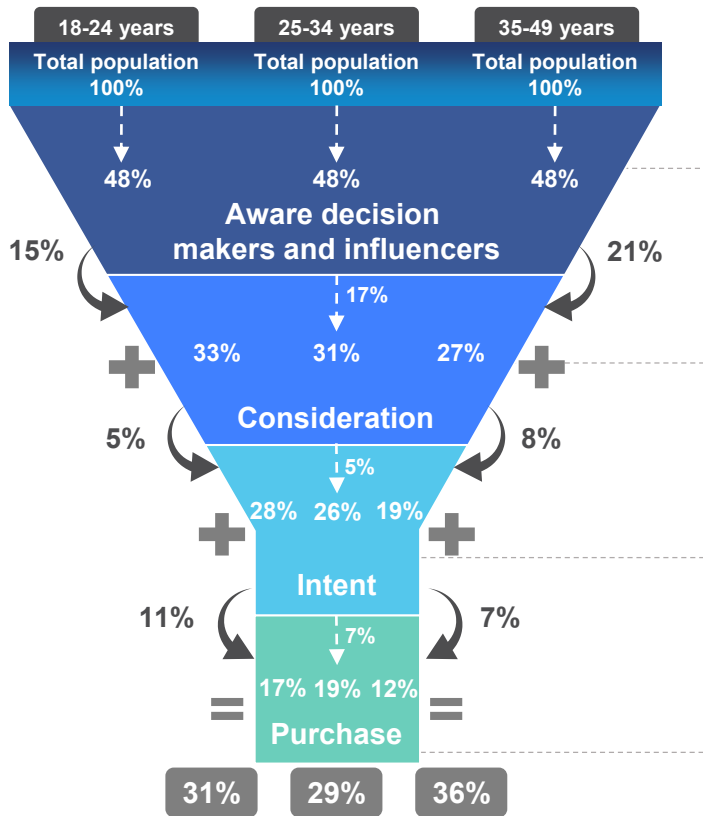
Legend

Top friction media points

- Outdoor
- Print
- Radio
- Television
- Digital medium
- Airport/Travel agent

1 out of 4 consumers from the 18-24 age group drop out at the last leg of the purchase due to a lack of trust

A significant proportion of visitors on travel portals are in the 18-24 year age group. Nearly 36 per cent of the travel information-seeking online audience is in the 18-24 year age group while 38 per cent of the hotel and resort website visitors are from the same age group, which is the highest among various age groups^[1]. This age group travels often and seeks more information throughout the travel purchase journey. Nearly a fourth of the aware decision makers drop out at the last leg of the purchase journey due to trust issues with the medium or lack of transparency in package/costing details. Considering social media's popularity among age group, deep linking with verified social media properties can help allay authenticity concerns.

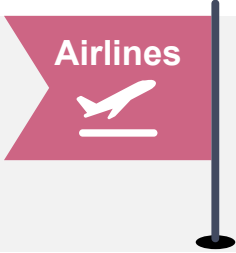


Friction points for 18-24 years	Friction points for 25-34 years	Friction points for 35-49 years
<p>Prospect did not pay enough attention to ads due to choice of medium</p> <p>Prospect does not know what to do next after watching ads</p> <p>30% 16%</p>	<p>Prospect does not know what to do next after watching ads</p> <p>Prospect did not pay enough attention to ads due to choice of medium</p> <p>23% 24%</p>	<p>Prospect does not know what to do next after watching ads</p> <p>Prospect did not pay enough attention to ads due to choice of medium</p> <p>12% 14%</p>
<p>Offer communication is not clear</p> <p>No expert advice/answer is available</p> <p>33% 30%</p>	<p>Prospect did not trust the information source</p> <p>Prospect does not find the requisite information</p> <p>31% 30%</p>	<p>Offer communication is not clear</p> <p>Prospect does not find the requisite information</p> <p>39% 37%</p>
<p>Prospect was not given all the relevant information</p> <p>Trust for the medium is limited</p> <p>3% 16%</p>	<p>Payment terms/options available were not clearly enlisted</p> <p>Prospect was not given all the relevant information</p> <p>13% 28%</p>	<p>Trust for the medium is limited</p> <p>Prospect was not given all the relevant information</p> <p>19% 28%</p>



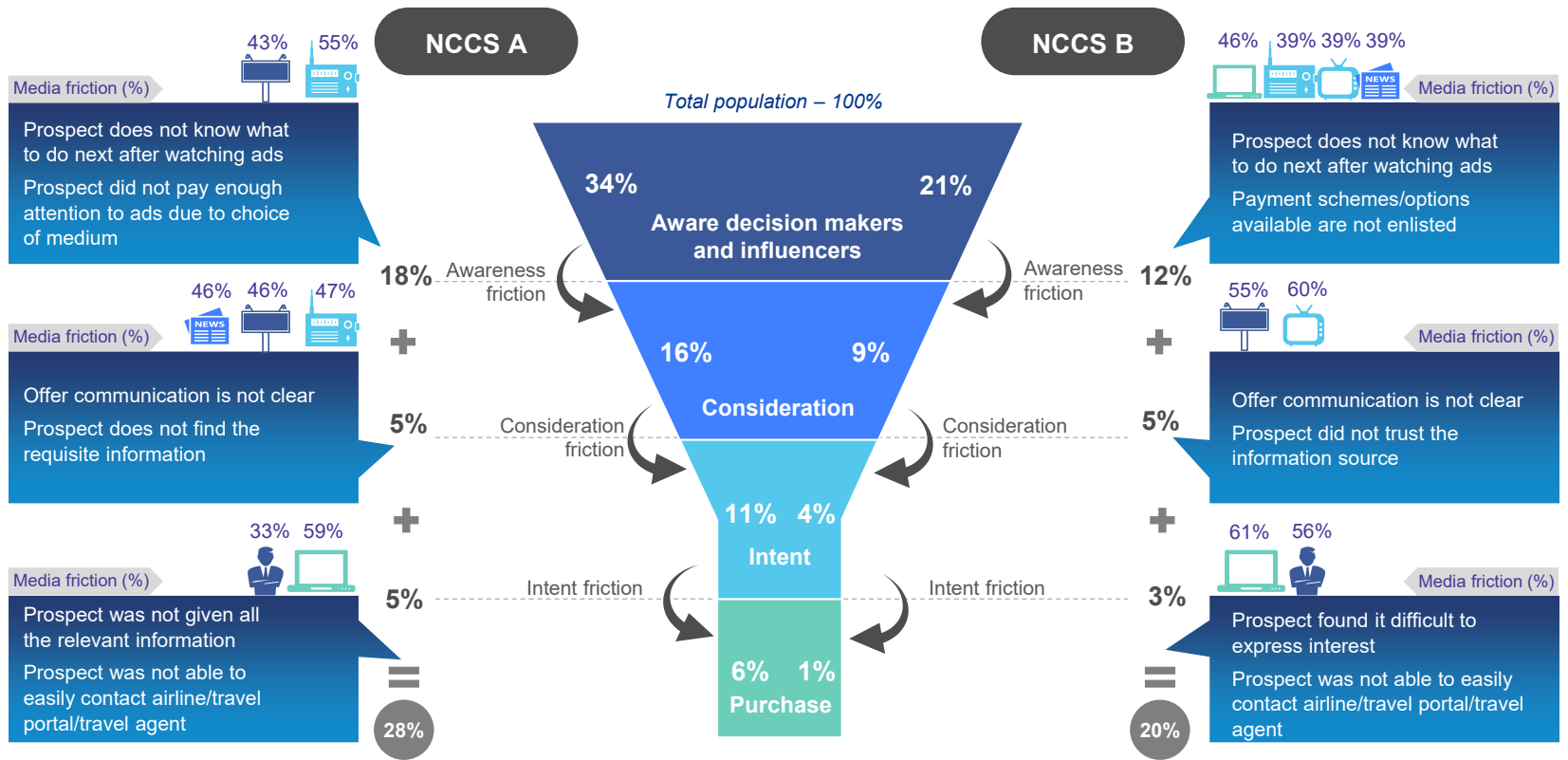
Note: At the intent stage, only agents and online touch-points were evaluated in the media mix to calculate friction.
Sources: [1]comScore MMX Multi-Platform, February 2018

NCCS A consumers require resolution to queries, while NCCS B consumers want easy payment options



Higher disposable incomes and rising living standards have resulted in an increased demand for air travel. An NCCS A prospect is 6X more likely to make an airline ticket purchase than an NCCS B consumer, suggesting households with lower income groups consider alternate travel modes such as roadways and railways.

While friction points faced by NCCS A and NCCS B consumers such as the need for assistance during the purchase journey, clear communication of relevant information and offers were similar across the purchase journey, NCCS B consumers consider a lack of clear highlighting of payment options and schemes as a major friction point while moving from the awareness stage to the consideration stage. With no-frills airlines gaining traction, it is critical for marketers to address this group. NCCS A consumers drop out at the consideration and intent stages due to information gaps related to offer communication, difficulty in finding information and a lack of relevant information.



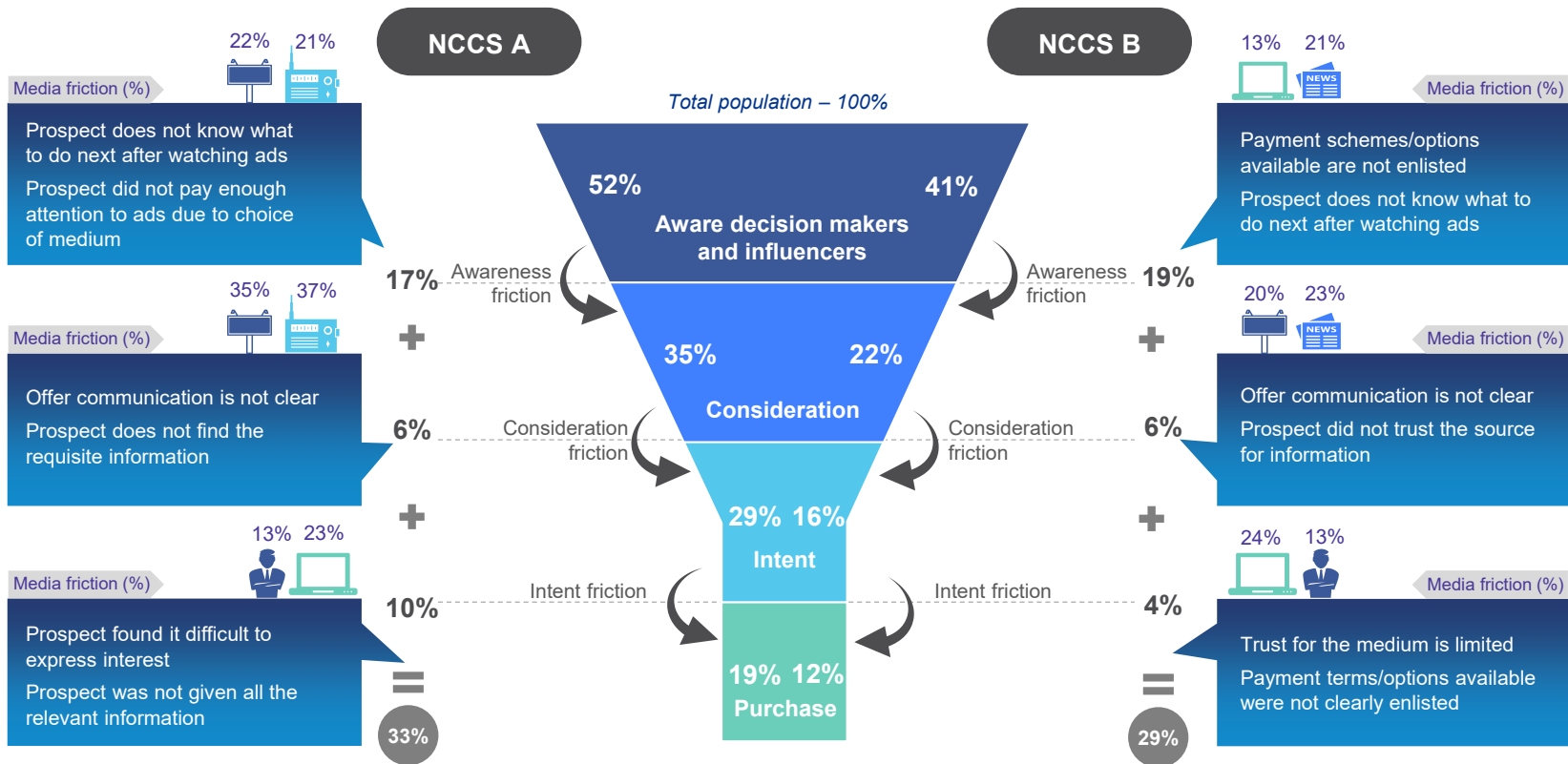
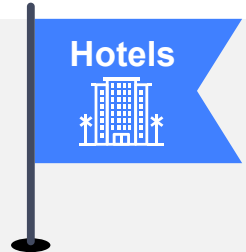
Legend Top friction media points

- Outdoor
- Print
- Radio
- Television
- Digital medium
- Airport/Travel agent

Note: At the intent stage, only agents and online touch-points were evaluated in the media mix to calculate friction.

NCCS A consumers require clear information, while hidden charges and limited trust lead to friction for NCCS B consumers

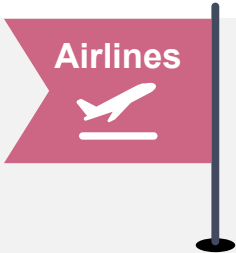
Nearly half of NCCS A consumers are lost at the top of the funnel as they fail to find clear and requisite information on relevant media. NCCS B consumers are as likely to enter the hotel booking purchase journey as NCCS A consumers. NCCS B consumers require adequate purchase assistance across the stages as they face issues related to unclear offers, guidance to move to the next stage, more clarity on payment schemes and options, etc. Although NCCS A consumers have a better propensity to convert, a significant number of NCCS B consumers also enter the purchase journey, making it imperative for the marketers to have relevant targeting for such value conscious consumers, especially as lack of clarity in payment terms and conditions at the top of the funnel leads to major dropouts. Print, outdoor and radio media touchpoints create maximum friction at the consideration stage where prospects seek clarity in communication about the offered deal.



Note: At the intent stage, only agents and online touch-points were evaluated in the media mix to calculate friction.

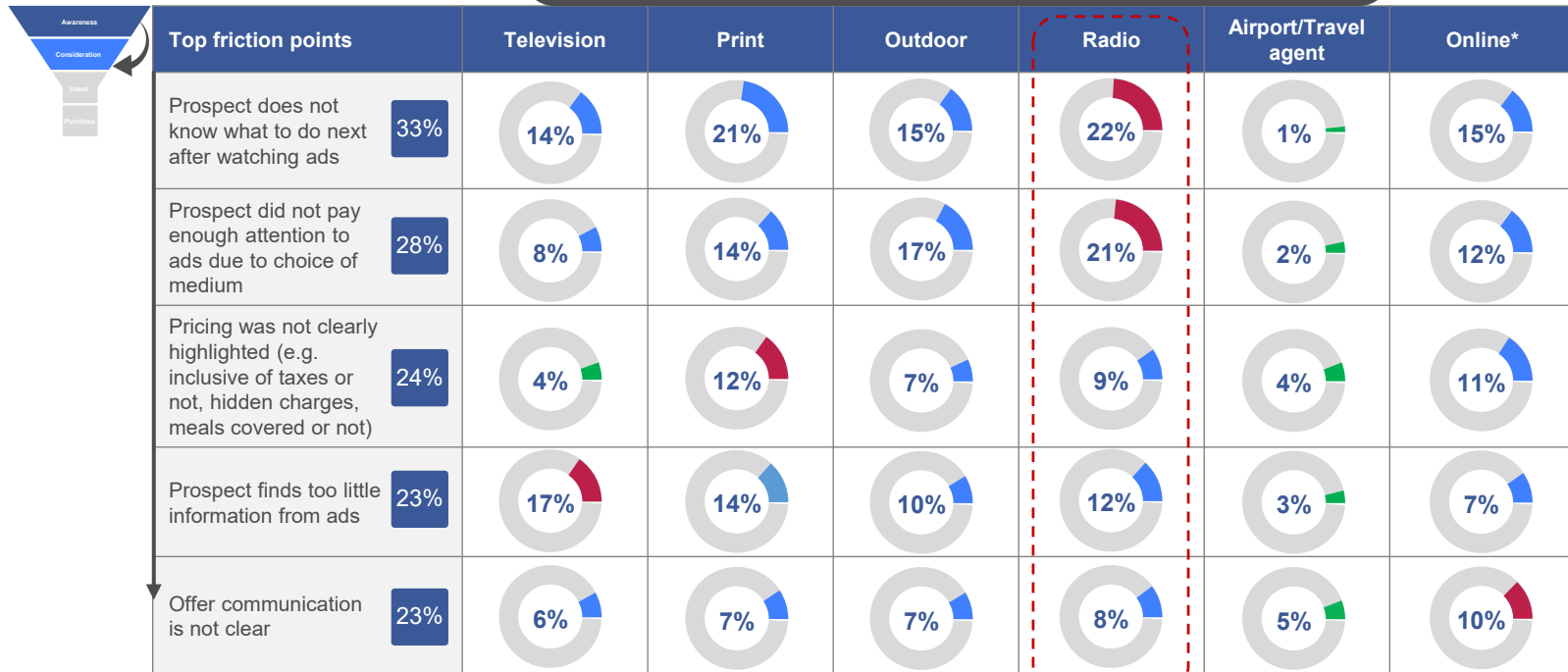


Consumers want clear pricing information at the awareness stage



Conversion can happen at any stage of the funnel. The awareness stage must not only focus on building brand awareness and imagery but should also provide enough information for consumers to move to the next stage of the journey. Significant friction at this stage is caused by traditional media such as print, outdoor and radio. While these media can help expand reach, they do not do enough when it comes to interactivity and providing abundant information. With air travel still being considered an expensive proposition, lack of clear communication on pricing terms and conditions, and cancellation charges lead consumers to drop out from the purchase journey. Brands can therefore focus on communication with sequential storytelling and transparent offers clearly listing out taxes, miscellaneous charges, cancellation policies, etc. Adria Airways, a leading Slovenia based airline, used versatile canvas and ads in carousel format for enhanced brand awareness, leading to ~2x increase in web traffic in 4 months^[1].

Airlines: Awareness friction



% Percentage of respondents experiencing the mentioned friction in respective media touchpoints

Medium causing high friction

Media with the lowest friction for the given friction point

Media with the highest friction for the given friction point

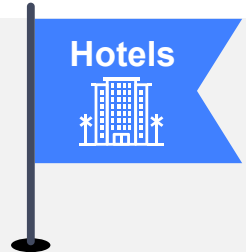
*Online includes the top five media touch points accessed by respondents at their respective stage of the journey.

Source:
[1] Facebook Business Blog

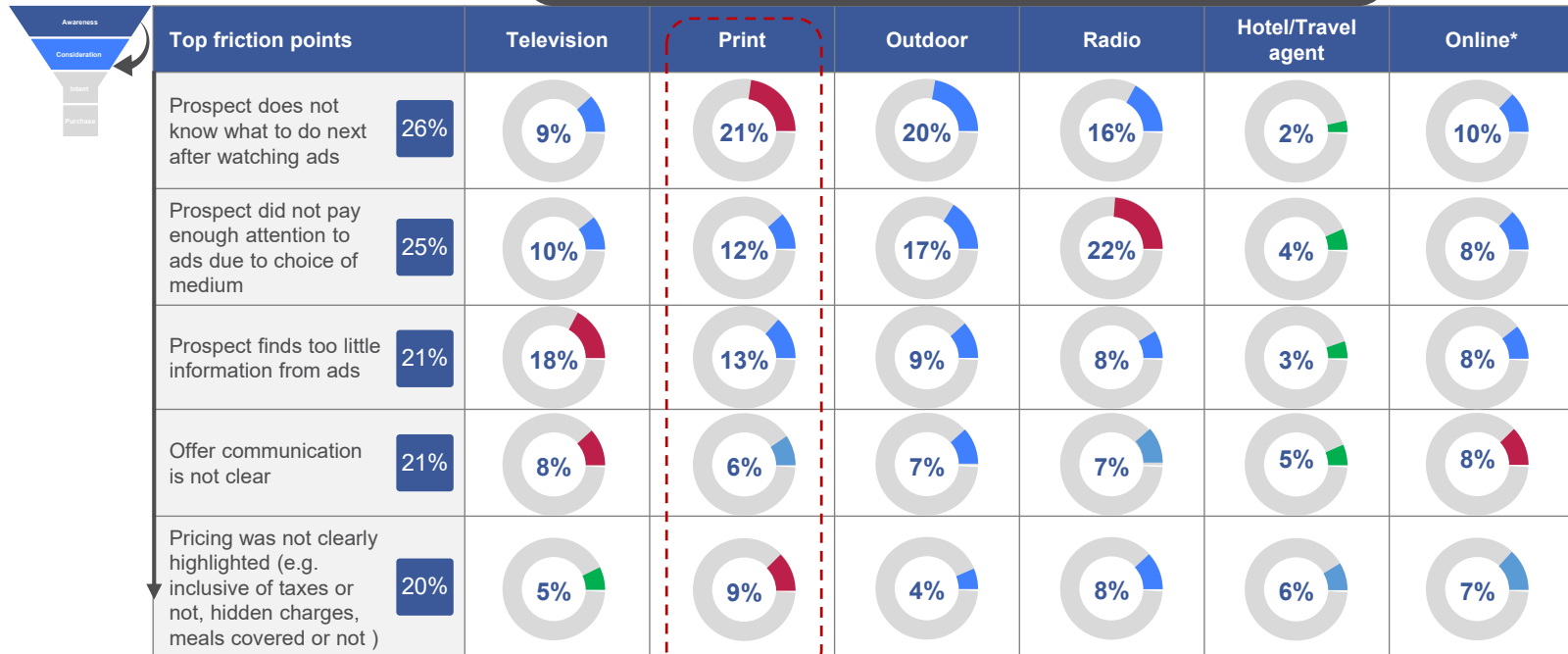
Limited information with no call to action leads to friction at the awareness stage

With the increase in OTAs, consumers are inundated by travel ads. To stand out from the competition and get consumers' attention, brands must not only create visually appealing ads but also guide consumers to the next stage of the journey. Traditional media such as television, print and radio are less efficient in providing detailed information to the consumer and garnering attention. Social media platforms and digital technology such as 360° video can provide engaging information at the top of the funnel.

Marriott Hotels, has used its own in-house content creation studio to create Marriott Traveller^[1], an online travel magazine to provide consumers, engaging content on new locations and travel experiences by influencers, helping them early in their booking journey.



Hotels: Awareness friction



% Percentage of respondents experiencing the mentioned friction in respective media touchpoints

Media with the lowest friction for the given friction point

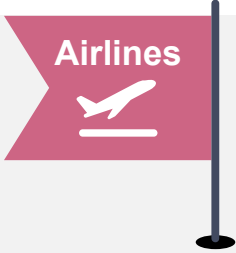
Medium causing high friction

Media with the highest friction for the given friction point

Note: *Online includes the top five media touch points accessed by respondents at their respective stage of the journey.

Source
 [1] Marriott Traveler – A New Travel and Lifestyle Publication Featuring Destination Content – Launches at Traveler.Marriott.Com; Marriot,

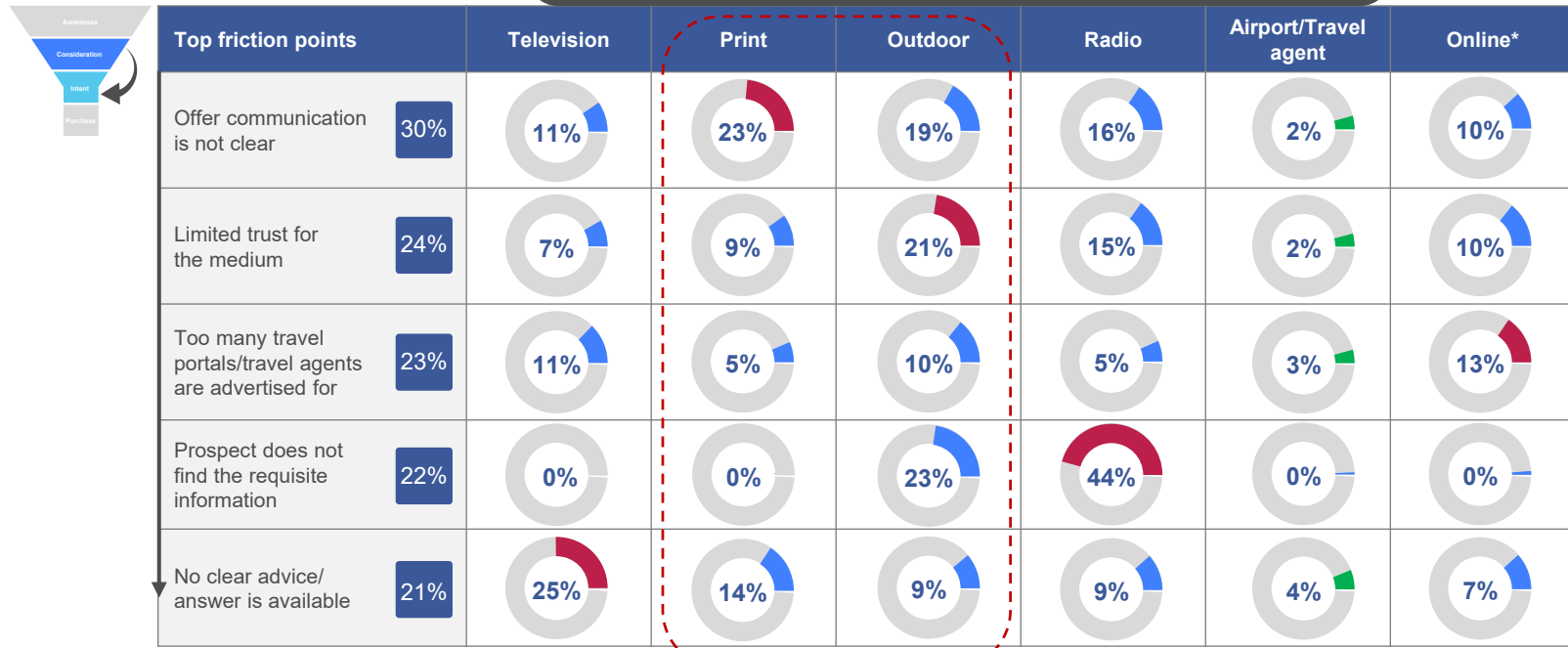
Consumers seek clear and transparent offer communication from trusted sources



With Indian travellers being more digitally savvy, they extensively conduct research online and visit multiple OTA websites to get the best deal before making an airline ticket purchase. To ensure travellers do not move to a competitor brand at this stage, airline brands must focus on transparent pricing and clear offer communication. Highlighting the hidden charges, travel insurance, booking fees, etc. upfront can help gain trust.

Verified web and digital properties can help brands gain consumer trust. In addition, immersive storytelling options along with attractive creative layouts can be leveraged by brands to stand out and break the information clutter. Interactive digital platforms can further help brands better assist consumers with offer communications, helping them make an informed decision. Air New Zealand has devised an artificial intelligence-driven chatbot 'Oscar', which on an average assists with about a thousand queries daily covering more than 380 different topics, and is able to successfully answer about 75 per cent of the queries^[1].

Airlines: Consideration friction



% Percentage of respondents experiencing the mentioned friction in respective media touchpoints

Medium causing high friction

Media with the lowest friction for the given friction point

Media with the highest friction for the given friction point

Note: *Online includes the top five media touch points accessed by respondents at respective stage of the journey.

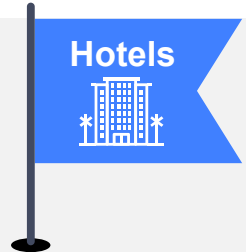
Source:

[1] Air New Zealand's chatterbot Oscar turns one, Air New Zealand, February - 2018

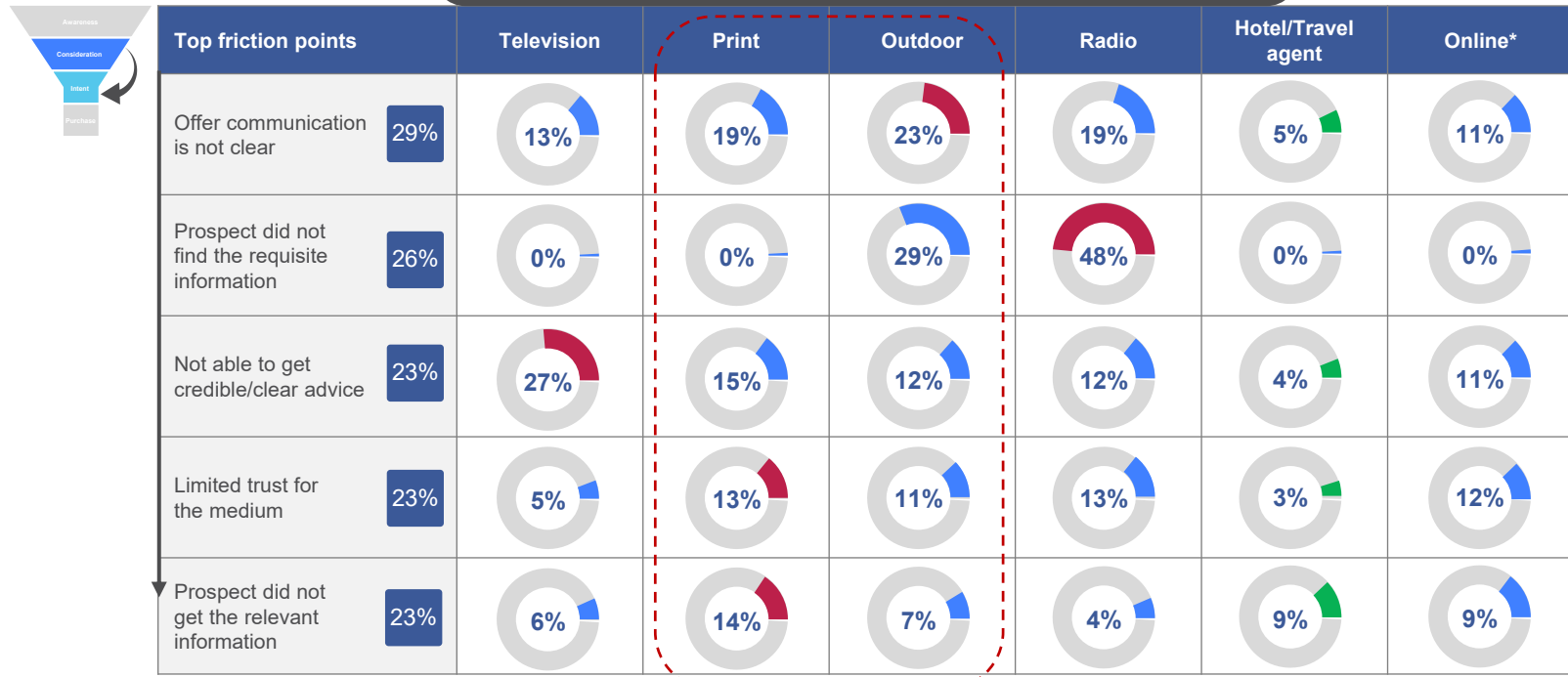
Consumers expect more guidance and sufficient information at the consideration stage

To finalise hotel bookings, people look for multiple options and like to compare various properties based on their services. At the consideration stage, trusted reviews, property images closer to the actual and customised offers with limited or no hidden charges can help brands close the deal. Traditional media at this stage play a limited role in providing relevant/essential information, and difficulty in accessing the information leads to majority of consumers dropping out.

A major Indian OTA employs analytics to create a 360-degree view of the consumer to be able to push targeted discount offers and provide personalised recommendations for flights, hotels, etc. It also monitors all user activity by location, device and other such attributes, and marries it with previously collected data to understand a user's intent of visit — consequently preparing a customised user interface^[1].



Hotels: Consideration friction



% Percentage of respondents experiencing the mentioned friction in their respective media touchpoints

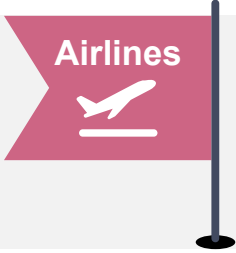
Media with the lowest friction for the given friction point

Media with the highest friction for the given friction point

Medium causing high friction

Note: *Online includes the top five media touch points accessed by respondents at their respective stage of the journey.
 Source: [1] KPMG FICCI-Travel and Hospitality gone digital report, Mar 2018

Not communicating final pricing and payment options can lead to drop outs at the intent stage



Closer to the sale, any dropout can significantly impact the ROI. At the intent stage, consumers drop out if they do not get their preferred payment or financing options. Other issues concerning payments include a lack of integration between the payment systems of banks, mobile wallets and merchants; high cost of digital transactions; and lack of facilitation of foreign currency payments^[1]. In order to ensure conversion, brands can look at providing digital assistance at the point of sales, chatbots on FAQs, Do-it-yourself guides, etc.

It is observed that travel agents are not able to provide relevant information or provide an enhanced engagement experience for closing the purchase; this issue can be addressed by using digital assistants. Enabling agents with digital solutions can help them better cater to consumer queries and complement their set of offerings as they are a trusted medium.

Airlines: Intent friction

	Top friction points	Airport/Travel agent	Online*				
	Payment options were not clearly highlighted	67%	<table border="1"> <tr> <td>Airport/Travel agent</td> <td>33%</td> </tr> <tr> <td>Online*</td> <td>61%</td> </tr> </table>	Airport/Travel agent	33%	Online*	61%
Airport/Travel agent	33%						
Online*	61%						
	Prospect's payment could not be processed	43%	<table border="1"> <tr> <td>Airport/Travel agent</td> <td>33%</td> </tr> <tr> <td>Online*</td> <td>21%</td> </tr> </table>	Airport/Travel agent	33%	Online*	21%
Airport/Travel agent	33%						
Online*	21%						
	Prospect was not given all the relevant information	35%	<table border="1"> <tr> <td>Airport/Travel agent</td> <td>6%</td> </tr> <tr> <td>Online*</td> <td>21%</td> </tr> </table>	Airport/Travel agent	6%	Online*	21%
Airport/Travel agent	6%						
Online*	21%						
	Prospect did not get enough information on payment terms	35%	<table border="1"> <tr> <td>Airport/Travel agent</td> <td>7%</td> </tr> <tr> <td>Online*</td> <td>28%</td> </tr> </table>	Airport/Travel agent	7%	Online*	28%
Airport/Travel agent	7%						
Online*	28%						
	Not able to easily contact/airline/travel portal/travel agent	35%	<table border="1"> <tr> <td>Airport/Travel agent</td> <td>23%</td> </tr> <tr> <td>Online*</td> <td>18%</td> </tr> </table>	Airport/Travel agent	23%	Online*	18%
Airport/Travel agent	23%						
Online*	18%						

Note: *Online includes the top five media touch points accessed by respondents at their respective stage of the journey. At the intent stage, only agents and online touch-points were evaluated in the media mix to calculate friction.

% Percentage of respondents experiencing the mentioned friction in their respective media touchpoints.

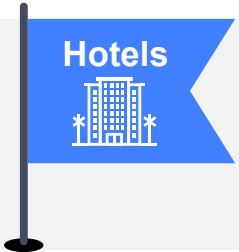
Source:

[1] KPMG FICCI-Travel and Hospitality gone digital report, Mar 2018

No option to make payments and payment failures leads to friction at the intent stage

Lack of dealer empowerment as well as payment processing and flexibility are key concerns for the consumers at the last phase of the journey, especially when it comes to family travel as it requires detailed planning and a substantial expense. Agents can better assist consumers with relevant information and better payment options through digital solutions, which can significantly reduce friction arising from information gaps and relevancy.

Chatbots, virtual assistants and robots are primarily being employed by industry players to enhance consumer experiences and close the last mile information gaps. Shangri La's Mactan Resort and Spa leveraged Facebook's carousel ad format with a clear 'book now' call to action, leading to a 5x increase in room bookings during 2–13 November 2015^[1].



Hotels: Intent friction

		Hotel/Travel agent	Online*	
	Top friction points			
	Payment options were not clearly highlighted	55%	36%	53%
	Does not provide the option to make the transaction	50%	27%	44%
	Payment could not be processed	43%	41%	18%
	Prospect was not given the relevant information	34%	10%	20%
Prospect did not get enough information on payment terms	33%	9%	29%	

Note: *Online includes the top five media touch points accessed by respondents at their respective stage of the journey. At the intent stage, only agents and online touch-points were evaluated in the media mix to calculate friction.

% Percentage of respondents experiencing the mentioned friction in their respective media touchpoints

Source:

[1] Facebook Business Blog

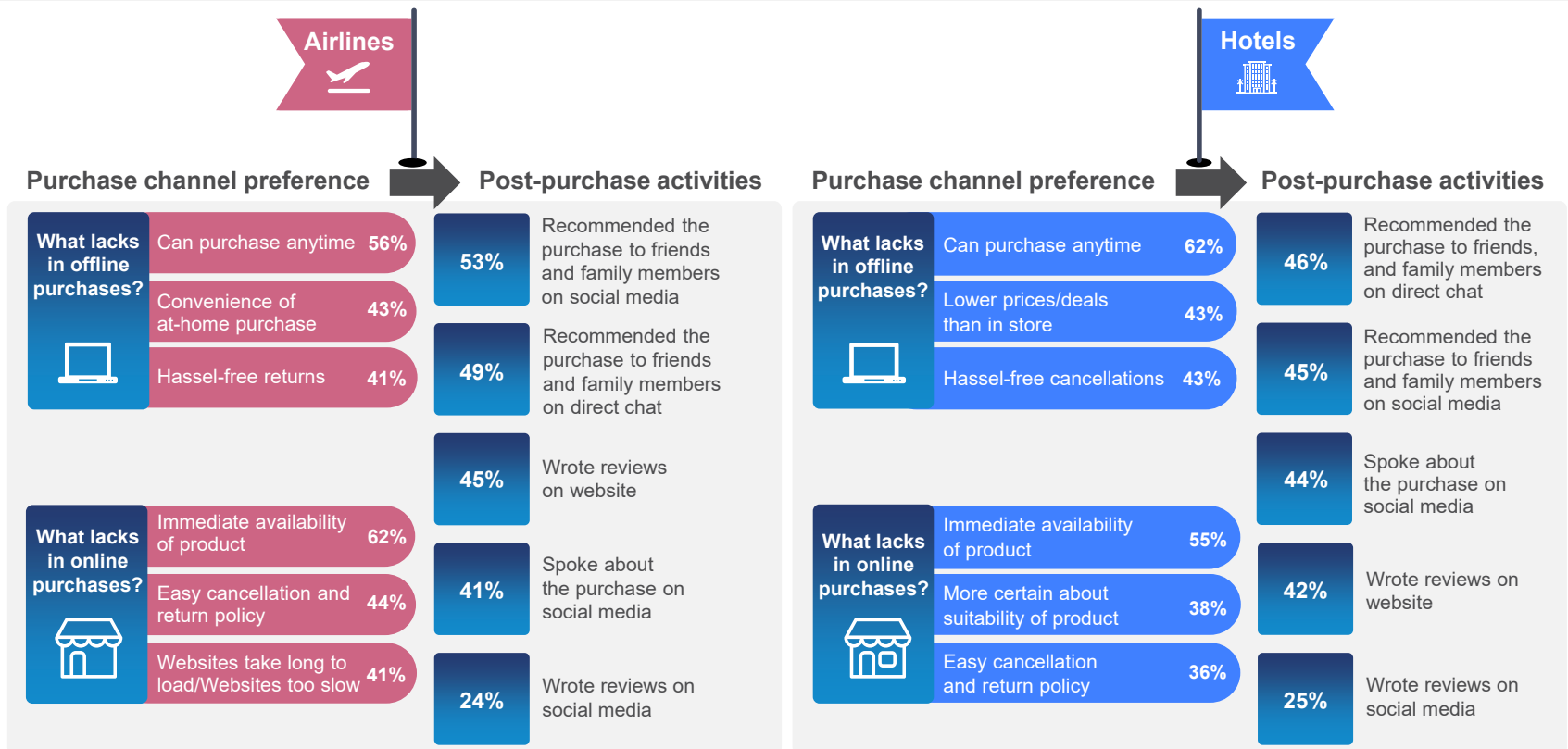
Anytime purchases, deals and easy cancellations drive online hotel bookings and airline ticket purchases

Convenience of at-home purchases anytime, and hassle-free cancellations are the key drivers of online purchases. On the other hand, prospective customers associate offline purchases with immediate redemption, personal relationships with agents and the option to pay cash on service usage e.g. hotel stay.

To enhance online customer experience and increase online revenues, brands can leverage consumer-friendly technology such as AR/VR for simulating airline ambience, digital analytics to share property of interest based on browsing history, mobile-responsive websites and seamless integration with payment gateways for faster transactions.

Aggregator portal Booking.com^[1] provides live updates on booking status such as the number of people viewing a property and similar rooms available, etc., making it easy for the consumers to make an informed decision.

Consumers are more likely to use social media platforms or brand websites to share their experiences and write reviews about them. Businesses must actively engage with consumers after purchase and use the power of social media to spread positive sentiments around the brand and(or) product. Online heavy users represent 20 per cent of the online travel audience; however, they account for 79 per cent of the total time spend on sites^[2]. These audiences have a huge potential to be brand ambassadors.



Sources:

[1] As observed on booking.com portal accessed on 23 August 2018

[2] comScore Segment Matrix, February 2018

BOOK YOUR HOTEL

Destination

Arrival date

Departute date

Search



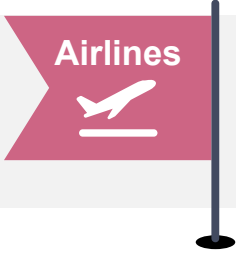
ZERO
FRICTION
FUTURE
by facebook IQ

Friction Busting — Increasing The Sales Opportunity With Mobile

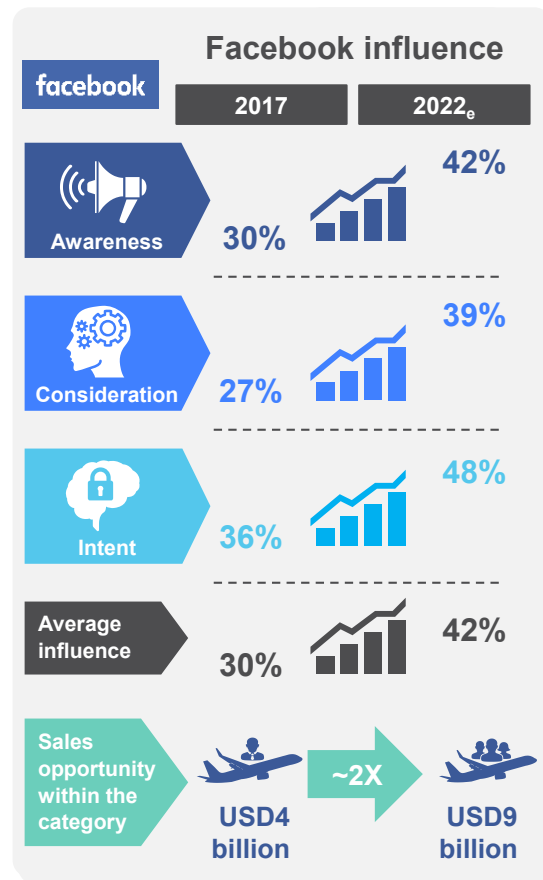
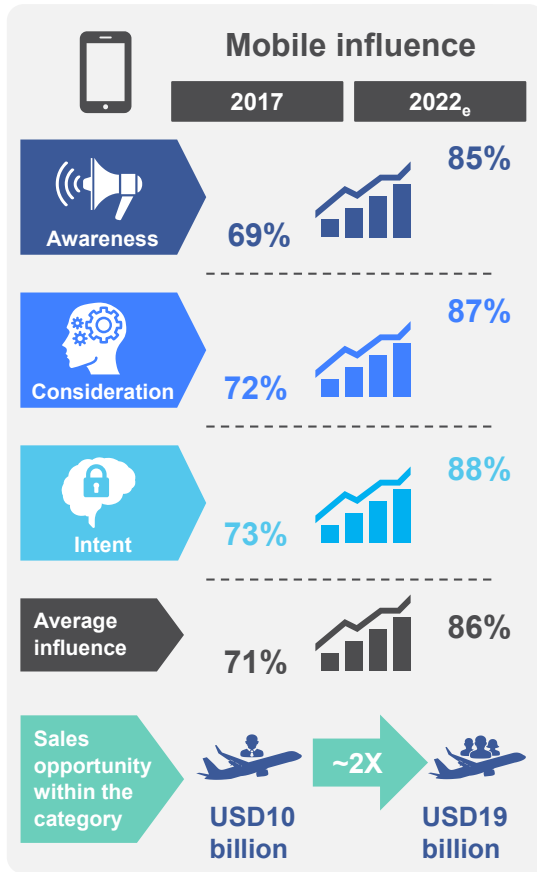




By 2022, mobile is expected to influence about 9 out of 10 purchases for airline tickets



Mobile internet users in India are expected to increase to 677 million by 2022 from 420 million users in 2017^[1]. More than 4 out of 5 airline bookings in 2022 are expected to be mobile-influenced, while nearly 2 out of 5 airline bookings in 2022 are expected to be Facebook-influenced^[2]. This growth is expected to be driven on the backdrop of organic penetration of the internet, digitally savvy travellers, connectivity through social media and digital technologies over the next 5 years. Brands, therefore, have a revenue opportunity worth USD19 billion* to re-look at their marketing strategies and adapt to the fast-evolving mobile-first internet economy of India.



*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity
Sources:

[1] Internet users to touch 420 million by June 2017: IAMAI report, Economic Times, May 2017; Internet users in India expected to reach 500 million by June: IAMAI, Economic Times, Feb 2018; eMarketer Forecasts Strong Growth in Facebook Users in India, eMarketer, June 2017

[2] Aviation sector, Achievements Report, DIPP and MoCA, February 2017; Report of the Committee on a National Air Cargo Community System (ACS), Ministry of Civil Aviation, Government of India, December 2016; Airlines in India, Euromonitor, September 2017; KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

Mobile-influenced journeys are 24 per cent shorter than offline-influenced journeys for the airline category

Before making a purchase decision for airline tickets, consumers need to find the best possible match considering a host of parameters such as arrival/departure time, total travel time, cost and other benefits. Mobile-based platforms through their consumer-friendly interface make it convenient for consumers to navigate and make quick decisions. In addition, with personalised offer targeting, brands through their app-based interfaces are able to provide highly relevant offers and discounts, tempting consumers to book 'right away'. OTAs are increasingly running 'app-only' flash sales, facilitating increased mobile-enabled bookings with a short purchase cycle. Our report suggests that, mobile-influenced purchase journeys are ~24 per cent shorter than offline-influenced* journeys and mobile as a media reduces friction by 5 percentage points as compared to traditional media helping marketers save considerably in consumer acquisition costs.



Mobile lowers friction[#]

Mobile as a media has **5 percentage points** lesser friction than traditional media



Mobile compacts journeys

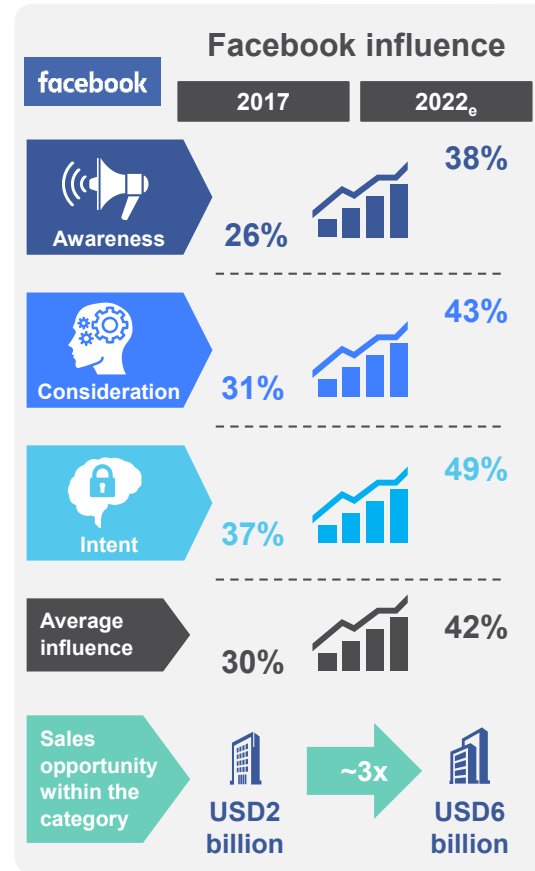
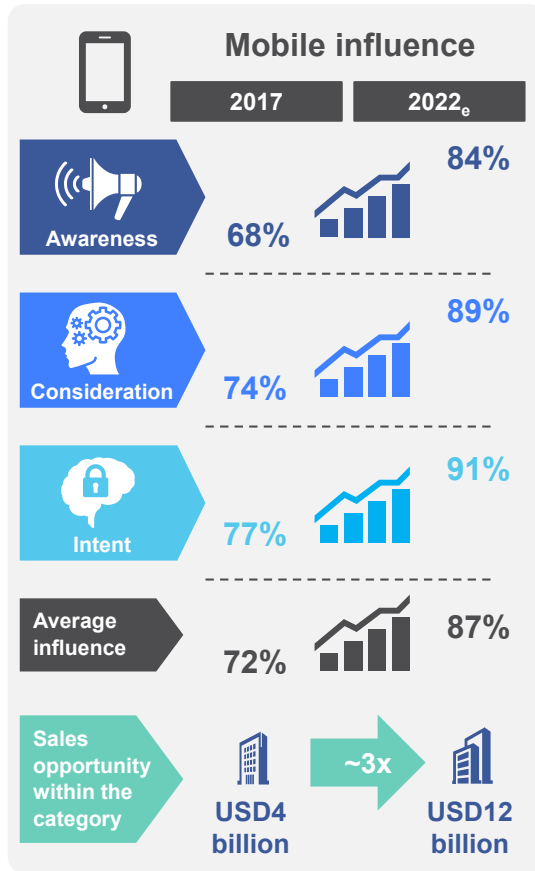
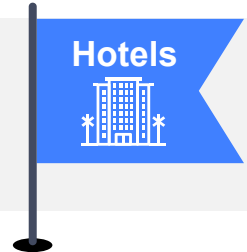
Mobile-influenced journeys are **24 per cent** shorter than offline-influenced* journeys

Note: *Offline influenced journeys involve use of at least one offline medium in the purchase journey

[#]Traditional media comprises of print, television, radio and outdoor. Online includes top five media touch points accessed by respondents at respective stage of the journey. Friction comparison excludes intent stage as offline media has no role to play at that stage

By 2022, mobile is expected to influence about 9 out of 10 hotel bookings

Nearly 90 per cent of hotel bookings in 2022 are expected to be mobile-influenced, while nearly half of the hotel bookings in 2022 are expected to be Facebook-influenced, both nearly three times their current levels^{[1][2]}. This growth is expected to be driven on the backdrop of the swell in the traveller pool from an emerging middle class, niche experience-seeking consumers and increase in OTA bookings through mobiles in the 5 years between 2017 and 2022. Brands, therefore, have a USD12 billion* worth of incentive to re-look at their marketing strategies and adapt to the fast-evolving mobile-first internet economy of India.



*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

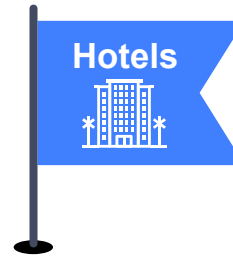
Sources:

[1] Internet users to touch 420 million by June 2017: IAMAI report, Economic Times, May 2017; Internet users in India expected to reach 500 million by June: IAMAI, Economic Times, Feb 2018; eMarketer Forecasts Strong Growth in Facebook Users in India, eMarketer, June 2017

[2] World Travel and Tourism council, India report 2017; KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

Mobile-influenced journeys are 19 per cent shorter than offline-influenced journeys for the hotel category

Our report suggests that, mobile-influenced purchase journeys are ~19 per cent shorter than offline-influenced* journeys and mobile as a media reduces friction by 11 percentage points as compared to traditional media helping marketers save considerably in consumer acquisition costs. In an industry where consumer experience is of critical importance, brands are striving hard to ensure seamless booking. Mobile apps of online aggregators are now one-stop shops for hotel images, services provided, tariffs, terms and conditions and even reviews. Most importantly, hotel queries are answered on the go and consumers are now able to close purchases very quickly owing to easy cancellation policies on mobile apps. With AI-based personal targeting, brands are able to provide relevant offers and discounts, motivating consumers to book 'right away'.



Mobile lowers friction[#]

Mobile as a media has **11 percentage points** lesser friction than traditional media



Mobile compacts journeys

Mobile-influenced journeys are **19 per cent** shorter than offline-influenced* journeys

Note: *Offline influenced journeys involve use of at least one offline medium in the purchase journey

[#]Traditional media comprises of print, television, radio and outdoor. Online includes top five media touch points accessed by respondents at respective stage of the journey. Friction comparison excludes intent stage as offline media has no role to play at that stage



Methodology – friction reduction by enhancing the media mix



Interpret media-related friction individually at each stage of the journey — awareness, consideration and intent



Calculate the potential friction reduction opportunity for areas where mobile can help reduce friction



Calculate the potential opportunity for a brand to reduce friction in future by enhancing mobile in the media mix

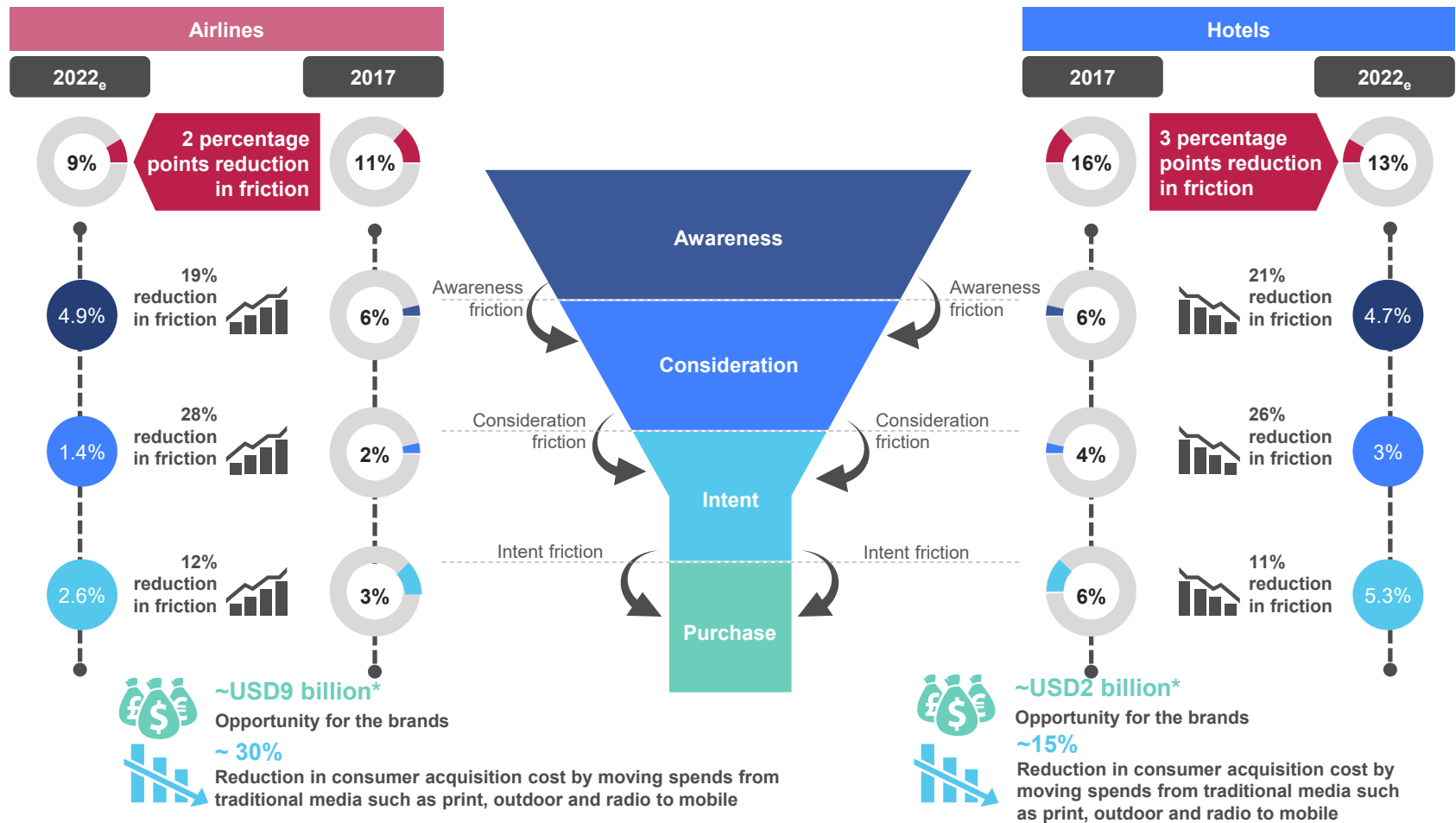


Recommend feasible and scalable approaches on the basis of identified friction areas and technology fitment



Mobile in the media mix can help travel brands tap into ~USD11 billion sales opportunity and reduce average CPA by ~30 per cent and ~15 per cent for the airline and hotel category, respectively

Opportunity of USD9 billion* and USD2 billion* can be generated by replacing less efficient offline media touch-points with mobile-based ad solutions for the airline and hotel categories, respectively. This can create value for airline and hotel industry marketers by reducing their average cost of acquiring consumers (CPA) by up to ~30 per cent and ~15 per cent, respectively.

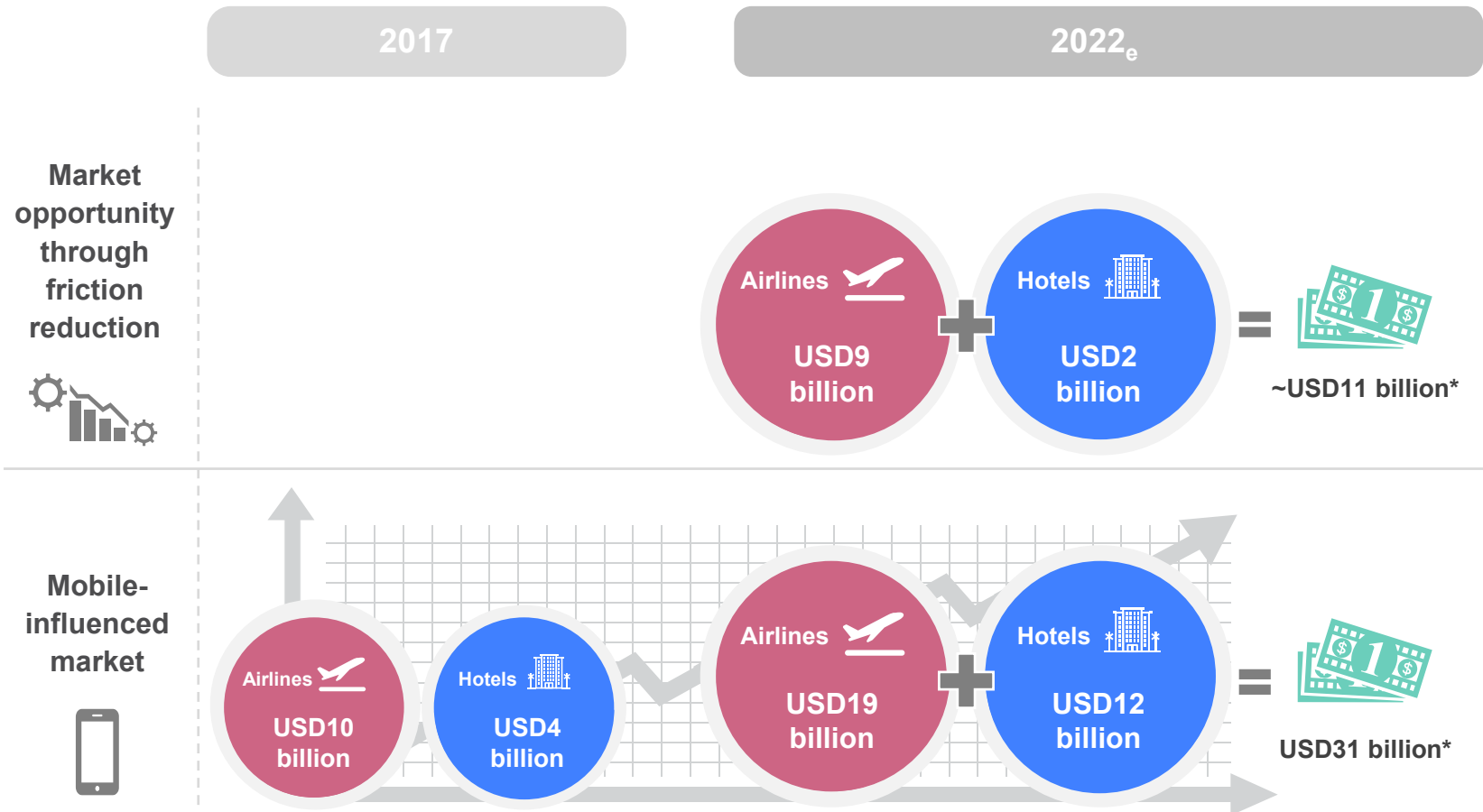


*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

Source: Aviation sector, Achievements Report, DIPP and MoCA, February 2017; Report of the Committee on a National Air Cargo Community System (ACS), Ministry of Civil Aviation, Government of India, December

2016; Airlines in India, Euromonitor, September 2017; KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018 MoCA, International Air Transport Association, IBEF; World Travel and Tourism council, India report 2017;

Mobile-influenced opportunity of about USD42 billion in the travel path to purchase



*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

Ability to provide relevant, dynamic and engaging content, coupled with various targeting options, helps mobile overcome key friction in the purchase journey





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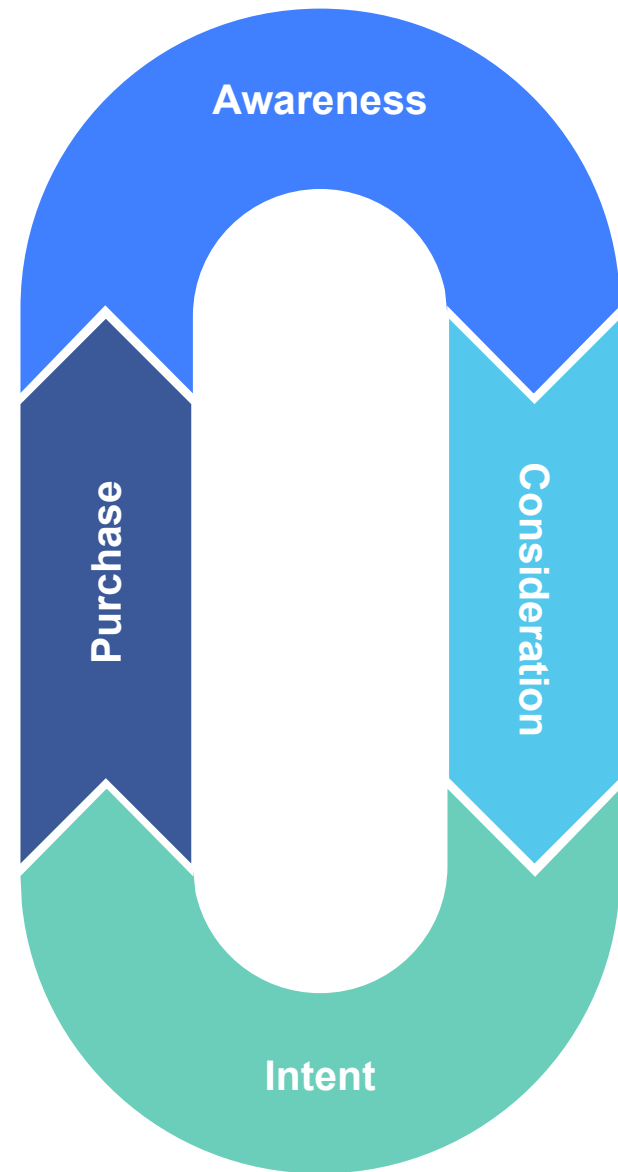
Zero Friction Future — Reimagining The Purchase Journey

Online Booking



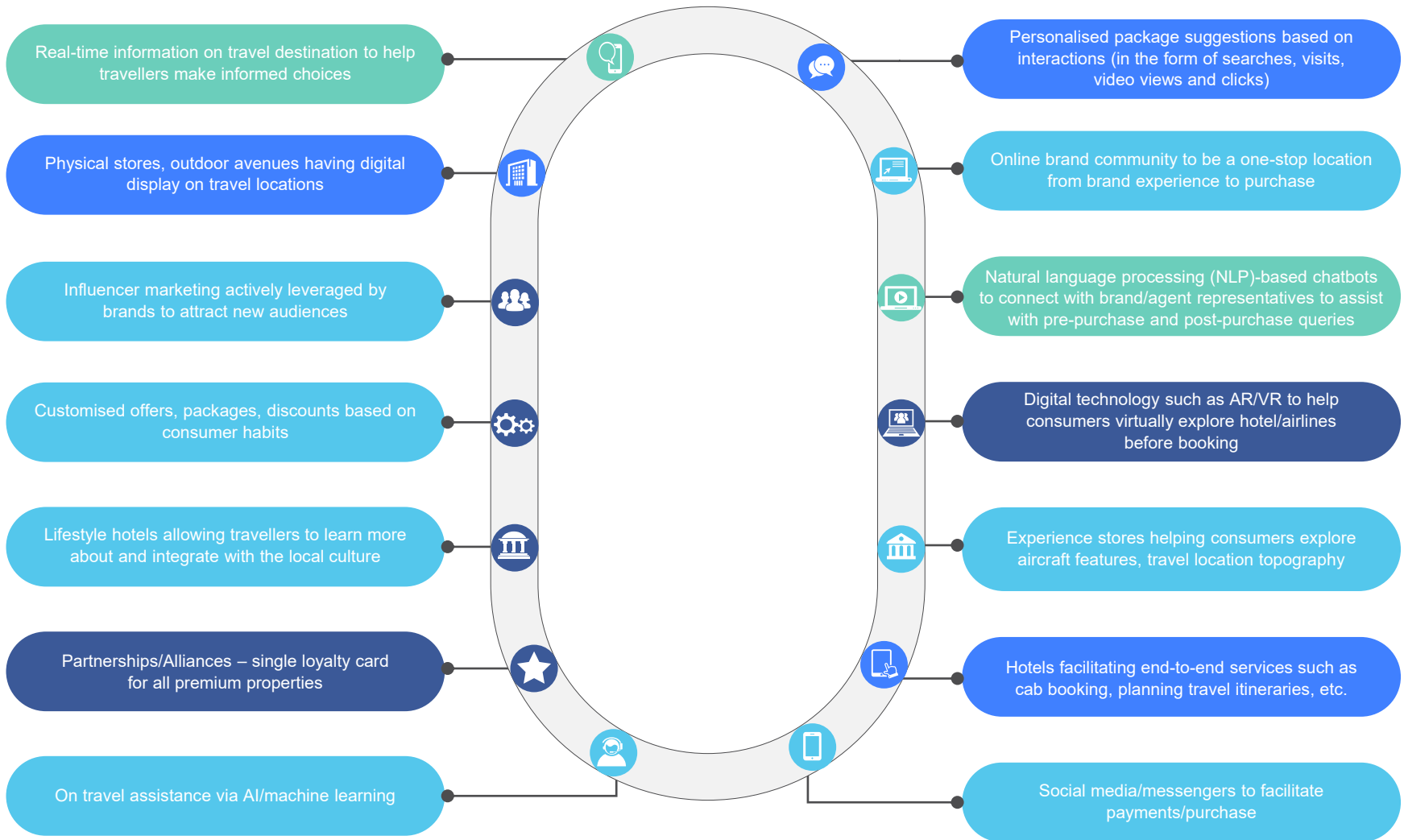
**Mobile will change the
consumer's journeys**

A zero friction future



Reimagining the travel path to purchase for a zero friction future

The future traveller will be spoilt for choices. With rapid growth in aggregators, emergence of new tourist hubs, emerging tech such as AR/VR, machine learning and AI, and increasing influence of social media, the purchase journey will be highly complex, yet convenient. Digitisation will enable travellers to receive personalised offers and the entire journey can be planned with just a few clicks. The future journey is expected to be seamlessly compact and non-linear.



Methodology

The study entails the following approach to gain in-depth understanding of the consumer purchase journey and identify friction areas therein.

Primary research methodology

Primary research was undertaken by Nielsen India to cover the overall purchase journey of a consumer and to understand the friction points at each step of the journey. The study is based on a random listing study on 3000 respondents to understand the proportion of the population that falls at each stage of the journey. A deep-dive study for the travel category was conducted on 1012 respondents split as:

Category	Gender	Age group (years)	NCCS*
Airlines: 512	Male: 539	18-24: 243	NCCS A: 721
		25-34: 422	
Hotels: 500	Female: 473	35-49: 347	NCCS B: 291

Primary interviews

Detailed interviews were conducted with sector experts to understand key industry trends, friction areas, future pathways and outlook.

Secondary research

Detailed secondary research was undertaken to understand the travel industry, market growth and future trends.

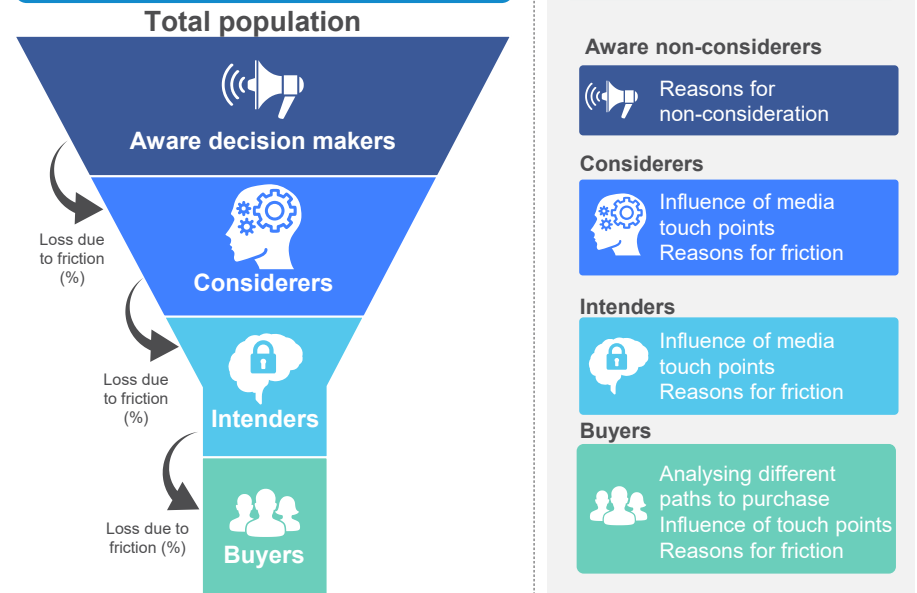
Primary research methodology

Phase 1: Listing

- A listing exercise was conducted on 3000 respondents to better understand the proportion in the universe that falls under each individual cohort at any given time and to derive the size of these cohorts to be applied in the deep-dive phase.
- It captures the incidence of respondents falling under the different cohorts of consumers — buyers, considerers and aware non-considerers.

Phase 2: Deep dive

- Purposive sampling to recruit respondents for each category, and each cohort.
- Each cohort helped provide detailed information at different stages in the purchase journey.



*NCCS — New Consumer Classification System

- Listing exercise conducted to derive the dropouts at each stage of the journey for the categories separately among randomly selected respondents.
- Size of the cohorts from listing was used as weighting inputs for the outputs from the quantitative deep dive.
- Hotels-Buyers-Aware decision makers who have reserved/tried to reserve a hotel room in the last 6 months for a vacation/personal stay.
- Hotels-Considerers-Aware decision makers who have considered reserving a hotel room in the last 6 months for a vacation/personal stay.
- Hotels-Aware Non Considerers-Aware decision makers who have not considered reserving a hotel room in the last 6 months for a vacation/personal stay.
- Airline-Buyers-Aware decision makers who have booked/tried to book an airline ticket in the last 6 months for personal travel.
- Airline-Considerers-Aware decision makers who have considered booking an airline ticket in the last 6 months for personal travel.
- Airline-Aware Non Considerers-Aware decision makers who have not considered booking an airline ticket in the last 6 months for personal travel.

ABOUT KPMG IN INDIA

KPMG in India, a professional services firm, is the Indian member firm affiliated with KPMG International and was established in September 1993. Our professionals leverage the global network of firms, providing detailed knowledge of local laws, regulations, markets and competition. KPMG in India has offices across India in Ahmedabad, Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Jaipur, Kochi, Kolkata, Mumbai, Noida, Pune and Vadodara.

KPMG in India offers services to national and international clients in India across sectors. We strive to provide rapid, performance-based, industry-focussed and technology-enabled services, which reflect a shared knowledge of global and local industries and our experience of the Indian business environment.

ABOUT FACEBOOK

Founded in 2004, Facebook's mission is to give people the power to build community and bring the world closer together. Over 2.2 billion people globally use Facebook every month to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them. Millions of businesses, big and small, use Facebook's apps and services to connect with real people and grow their business.

Rooted in what we've learned from over 2 billion people on our platforms and the 6 million businesses that advertise with us, Facebook IQ provides actionable insights about people, marketing and measurement. We offer studies, tools and resources built to transform how marketers reach people and deliver real results in this cross-channel, multi-device world.

Whether you need inspiration for your next big idea, research on how best to reach the people that matter most, or the latest in ad effectiveness, lean on Facebook IQ for insights and strategies.

ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers watch and buy. Nielsen's Watch segment provides media and advertising clients with Nielsen Total Audience measurement services for all devices on which content — video, audio and text — is consumed. The Buy segment offers consumers, packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen also provides its clients with analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries, covering more than 90 per cent of the world's population. For more information, visit www.nielsen.com



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