"Big Data"
and Travel Management

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INTRODUCTION

Big Data has become a buzz word in the travel industry of late. And if you asked a supplier, an intermediary or a travel buyer what 'Big Data' is, you would likely get three different answers. This paper will shed light on the definitions of Big Data as well as how this may impact Travel Management.

BIG DATA DEFINITION

According to IBM, 'Big Data' means volume, velocity and variety (Wedgewood & Howard, 2013). Which leads to the question, 'of what'? The answer from IBM is that Big Data combines structured data across silos ('systems of record') and combines it with unstructured data from multiple data streams ('systems of engagement'). Systems of record and systems of engagement have an overlap and that provides an opportunity for customer 'insight'.

To clarify, consider online companies and other internet start-up firms (some of which are in travel and ravel related businesses) versus the traditional travel supply chain. New online firms such as Google, Expedia, KAYAK, eBay, etc. gather consumer information that is different from the information commonly used by travel suppliers (airlines, hotels etc.), the Global Distribution Systems (GDSs) and Travel Management Companies (TMCs).

The new online players gather information which is unstructured and unmanaged, such as clickstreams, social network relationships, consumer's likes and dislikes of suppliers and experiences, and the results of their own controlled experiments. Consider for example, that KAYAK makes extensive use of experiments in its website decisions. Every day between 30% and 50% of its users are participating in some type of test. This establishes cause-and-effect relationships that help KAYAK improve features of the site in order to deliver better search results. This 'engagement' information is new, different and collected separately from the structured information used as 'system of record' data by the traditional players. The latter data points are such items as corporate city pairs, its travel spend, the fare classes booked etc. These data points are the mainstay of corporate travel buyers decisions on selecting a TMC for example.

HIGH LEVEL OPPORTUNITY

According to Thomas Davenport Visiting Professor at Harvard Business School, Big Data is arguably the biggest opportunity in a generation for travel businesses to embrace the changing structure of data and to maximize its use. (Davenport, 2013)

To understand a customer's travel experience, a company (whether vendor or buyer) will need to add new forms of data to its repertoire. That is because travel arrangements are discussed online in ratings and blog sites, liked and disliked on social networks, and complained about or praised in call center conversations. The data arrives at a pace much faster than traditional structured data ever did. The continued trend of diminishing storage costs, combined with recent advances in technical platforms, make it cheaper and easier than was ever thought possible to collect, store and ultimately use this data.

That is, as it becomes possible to combine engagement information with systems of record data so it becomes possible to deliver more personalized and up-to-the minute travel experiences. Those travel firms that are able to see this opportunity and develop new products and services accordingly will create a competitive edge for their business.

There are four high level categories where travel related Big Data creates opportunity:
1. Internal Operations
2. Revenue Management
3. Travel Management
4. Distribution

Not each of these areas will apply equally to each travel business; an airline may be more interested in using big data to improve its internal operations than a TMC would be for example. A TMC will be more interested in Travel Management, whereas a GDS is more interested in Distribution, etc.

CONSIDER TRAVEL MANAGEMENT

Over the last few years many suppliers have been upgrading their multi-platform systems. Whereas previously, many large air carriers have been driven by cost cutting in operations, they are now moving to 'traveller experience'. They want to sell ancillaries, make targeted offers, i.e. offer 'personalization'. Consider the rise of airline mobile apps, and new ways of providing service such as KLM's twitter service channel. At the GBTA European conference in November 2014, both Michael O'Leary, CEO of Ryan Air and Sir Timothy Clark, KBE President of Emirates Airline explained how the next 5 years will bear the fruits of their investments in big data. They are taking steps to 'know' their travellers better than ever before. The big carriers will increasingly look to deliver and compete with 'better traveller experiences'.

Such personalization will deliver against 4 traveller expectations: know me, value me, serve me and empower me. And it will all be available via a mobile customer experience. That the big airlines are making investments to personalize their offers, will have impacts among TMCs and Travel buyers.

Certainly the risk to TMCs is that as airlines develop closer ties with the travellers (loyalty cards, targeted offers etc.) so the value of a TMC to a corporate travel buyer will come under scrutiny. The Travel Management Companies will need to find ways to provide value in the supply chain, not only with traditional means (booking and reporting) but also with new information. How will they collect this information? Will the TMCs be able to develop higher levels of collaboration between themselves and their travel buyer customers to allow for more personalised end - traveller experiences? If the TMC provides an online booking tool, can the corporation work with their TMC to capture new data from that and other sources of travel related information for example?

And equally, the risk of the big carrier investments in big data capabilities to the corporate travel buyer will be to their ability to manage travel policy. Will traveller's compliance with corporate policy decline as they are tempted to go 'out of policy' and so diminish the company's ability to manage the associated duty of care. Will it cause new dynamics between travel buyers and their direct supplier relationships and contracts? If so, then consider that travel buyers may want to contain their traveller's online comments about those supplier relationships. Big Data will provide opportunities for higher engagement inside corporations i.e.

between travel buyers and their travellers – use of social media to understand the travel experiences for example. There may also be security implications: if travellers are using public Wi-Fi and browsing entertainment sites, city guides etc., so they may be exposing their device to security risks.

WHAT QUESTIONS SHOULD A TRAVEL MANAGER ASK?

There are already multiple opportunities for travellers to delve into travel related activities for all stages of the trip: pre, during and post trip. The travel manager will be under more pressure to understand and potentially 'manage' each stage accordingly. The end goal of the big carriers may well be to deliver 'better traveller experiences' but the travel manager will still need that to be in policy and in budget.

Buyers can start asking their TMCs where and how they can collaborate. Travel managers should start asking their suppliers what data and analytics are being captured about their travellers. Internally there are questions to ask around how the company will secure its data when travellers browse multiple travel related sites from public Wi-Fi networks on their mobile device? To keep their travellers satisfied with corporate policy, travel managers may start to use social media to connect and test satisfaction with suppliers. Who can build a buyer dashboard?

BUSINESS BENEFITS

The benefits of big data processing remain to be fully realized by most companies. From a travel buyer point of view you can expect new products, services and improved traveller relationships with more personalised and targeted travel experiences.

SUMMARY

Big Data is a real phenomenon and large travel players are investing significant resources in this initiative. As a travel buyer, there will be some meaningful products and services your company can chose from. This paper lays out a simple guide to understand the landscape and how a corporation may begin to work with partners to improve their traveller's experiences.

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