Tourism Innovation Challenge for Travel Agents
22 May 2017

Challenge Briefing Session

Singapore TOURISM BOARD

Agenda

1. Address by Ms Choo Huei Miin, Director for Visitor Experience, STB

2. Changes in Travel Landscape
   - Changes in consumer behavior
   - Business models enabled by technology

3. Travel Agents in Singapore
   - Profile and statistics
   - Travel Agent Roadmap and importance of technology pillar

4. Travel Agent Innovation Challenge
   - Design thinking approach and summary of problem statements
   - Working towards the vision
   - Resources for participants

5. Innovation Challenge Details

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Consumers today demand more from their holidays

Increased demand for experiential travel

Travelers are seeking out unique ways to experience a destination through increasingly special interactions with the local community, such as walking tours and off the beaten track experiences
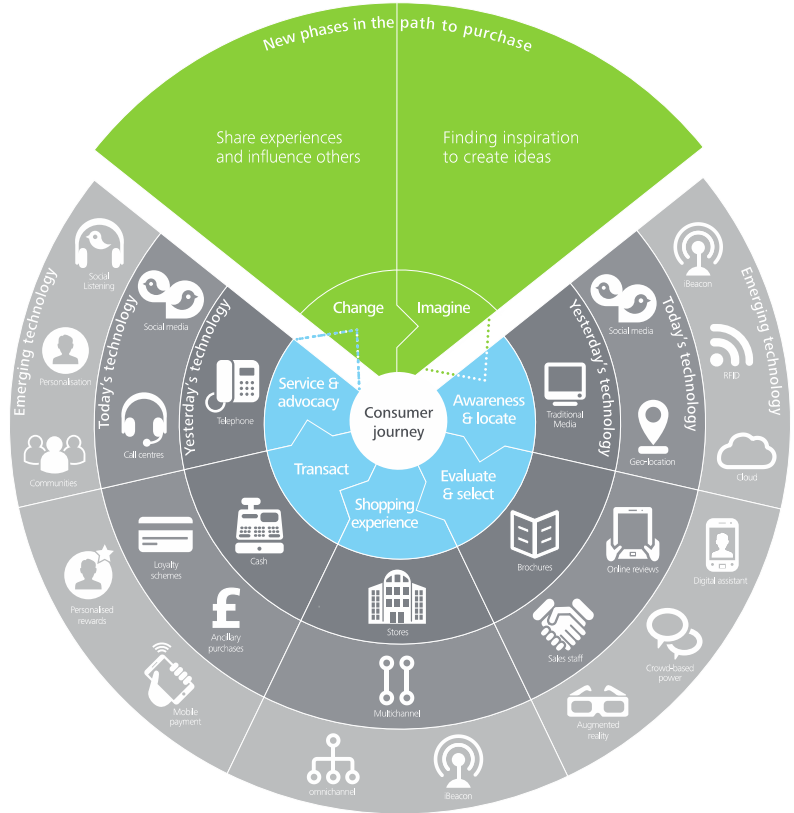
Increased demand for personalisation

Enabled by data, consumers expect travel recommendations to be customised to their travel history and preferences

… and make decisions and bookings differently

Increasingly digital consumer journey

Consumers now have direct access to information and the booking journey is no longer linear

Consumers are empowered by the ability to browse and compare travel products, and the power to share experiences and influence others

Source: Deloitte, Travel Consumer 2015: Engaging the Empowered Holidaymaker

Traditional travel distribution is being transformed

Online Travel Agents (OTAs) are allowing travellers to search, book and confirm their entire trip instantly and independently.

"Worldwide, **digital travel sales expected to grow at 10%** from 2014 to 2019."[1]

"Online booking accounts for 43% of total travel sales in America and 45% in Europe."[1]

"By 2013, there were only about 13,000 travel retail locations in US – a 60% decrease from mid-1990s."[2]

Sources:
1. http://www.economist.com/news/business/21604598-market-booking-travel-online-rapidly-consolidating-sun-sea-and-surfing , 2014
2. http://edition.cnn.com/2013/10/03/travel/travel-agent-survival/, 2013

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Opportunities remain for travel agents to provide value to customers

Optimising the customer's time
Holiday-makers may spend up to 30 hours researching online before booking a trip.

Time-sensitive corporate travellers, families or those on luxury trips with little time for research

Providing expert advice and care
Unique itineraries, visas and aid in contingencies

Travellers on speciality trips such as mountain-climbing, or those travelling with young children and seniors

Giving exclusive access
Offering special experiences that consumers cannot easily get on their own

Travellers looking for unique experiences that are not widely available

How may technology help optimise these opportunities for travel agents to provide greater value to customers?

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Travel agents that have employed good use of technology

Immersive technologies to 'sell' travel	Artificial intelligence to support travel advisors	Data analytics to target customers and personalise travel
Thomas Cook	**Pana**	**TUI Group**
A global travel company with retail stores, tour operators and airlines under its brand	*Personalised, on-demand travel service connecting users with human travel agents via a mobile app who provides assistance from planning to booking a trip*	*A travel and tourism group that owns tour operators, retail stores, hotels, airlines and cruises*
▪ Virtual reality (VR) headsets in retail stores offer 'virtual tour' experience, eg. helicopter ride over Manhattan ▪ Provides a novelty factor while helping customers make choices by first 'experiencing' the destination	▪ A.I and human-powered assistance delivered via chat for a personal concierge experience, targeted at frequent travelers ▪ Encourages customer retention and allows a monthly subscription revenue model	▪ Omni-channel approach tags and collects data across its numerous digital channels which is analysed to create a single customer profile ▪ Enables contextualised marketing and personalised content for deeper and seamless customer engagement

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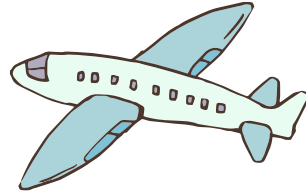4. Travel Agent Innovation Challenge
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Outbound vs. Inbound Travel Agents

Outbound Travel Agents

Assist travellers with all their requirements for travelling out of Singapore

Types of Outbound Travel Agents

- Some leverage on volume or packaged tours
- There are also niche outbound travel agents that specialise in customised travel and bespoke itineraries
- Also includes Travel Management Companies (TMCs) that handle corporate travellers
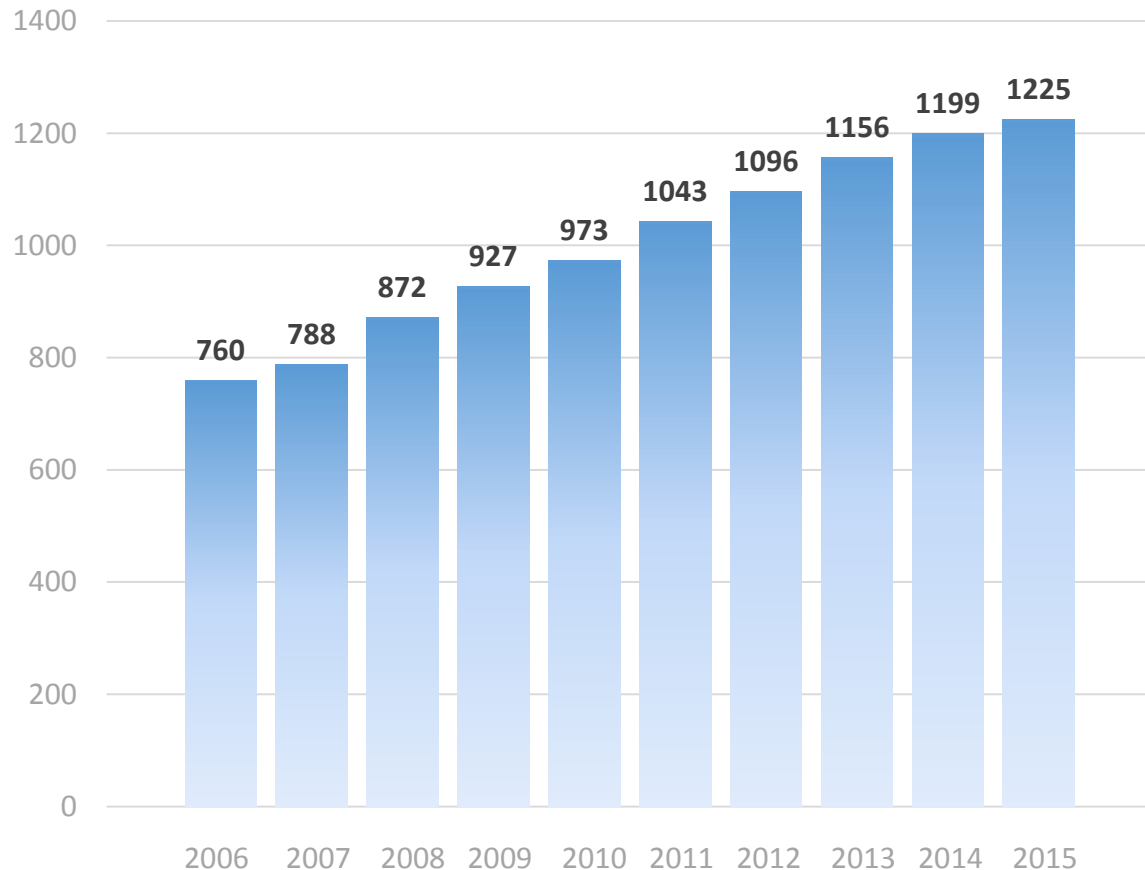
Inbound Travel Agents

Assist overseas travellers with their requirements when they travel into Singapore
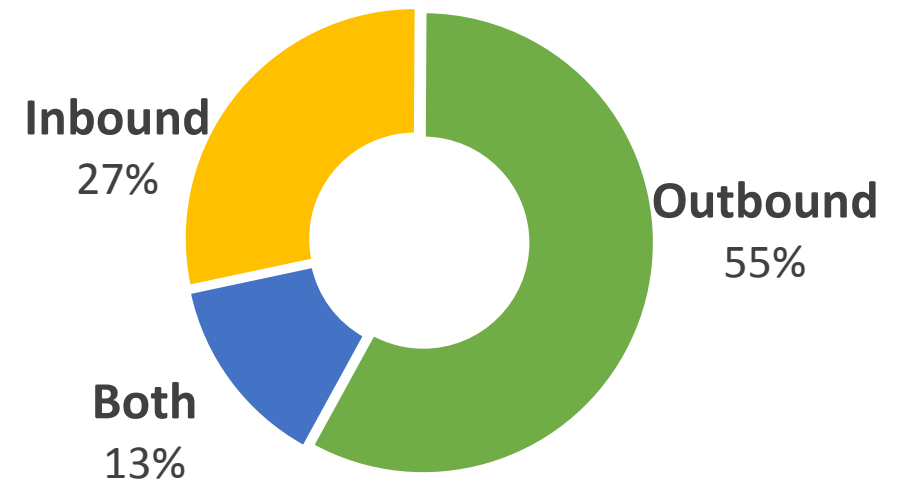
Types of Inbound Travel Agents

- Assists with local hotel, tour and transport arrangements
- Besides liaising with visitors, they also work with fellow travel agents overseas
- Also includes Destination Management Companies (DMCs) DMCs which offer a comprehensive range of ground services e.g. to manage cruise groups, meetings and incentive programmes

Overview of the Industry

No. of Licensed Travel Agents

Year	Value
2006	760
2007	788
2008	872
2009	927
2010	973
2011	1043
2012	1096
2013	1156
2014	1199
2015	1225

Breakdown of Travel Agents by Business Type (2015)

Inbound 27%
Outbound 55%
Both 13%

➢ Majority of Travel Agents (est. 80%) conduct some form of Outbound activity

Note: Classification of Travel Agent types applied for >80% of one business type. I.e. 'Inbound': ≥80% of business is conducted for Inbound, and vice versa for outbound.

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Travel Agents are a core industry

Travel agents can be
Designers of Travel Experience

Experts that consumers turn to in the curation of their travel

A workforce that is professional, creative and always up-to-date

A high-value economic contributor and jobs creator
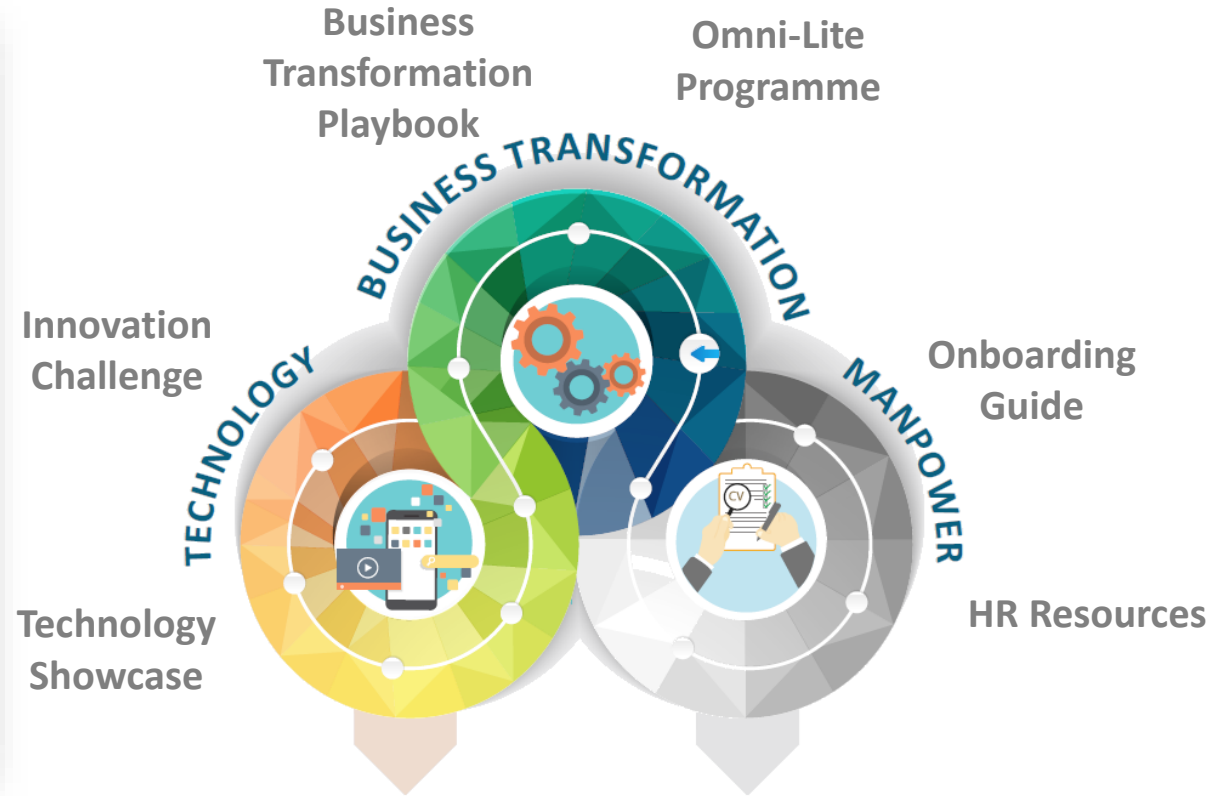
TRAVEL

Go to www.bit.ly/taif2016

Business Transformation Playbook

Omni-Lite Programme

Innovation Challenge

BUSINESS TRANSFORMATION

TECHNOLOGY

MANPOWER

Onboarding Guide

Technology Showcase

HR Resources

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Types of technology travel agents are embracing in their business

Enhance customer experience for better sales conversion	Improve productivity and reduce costs through automation	Provide support for better yield optimisation
Websites (B2B or B2C)	Integrated Front-to-End systems (ERP)	Accounting Systems
Mobile Applications	Product Management System	Data Reporting Systems
Social Media Platforms	Quotation Management systems	Content Aggregators
Customer Relationship Management systems	Reservation Management systems	Online Payment Gateways
Virtual Reality / Augmented Reality tools	Operations Management systems	

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Problem Statements

In-depth interviews with Travel Agents & Customers

Online Surveys

Workshop with Stakeholders

Key Themes	Problem Statements
Strengthen Travel Agents' ability to understand customers' needs and predict preferences	1. HMW enable Travel Agents to know what their target segment is researching on today, so that they can stay up-to-date on customer demands and gain first-hand insights on a destination, so as to create fresh and relevant itineraries
	2. HMW gather and use data to anticipate customer behaviour and preferences so that Travel Agents can better retain customers
Empower Travel Agents with the ability to retain and enhance the 'human touch' when adopting technology	3. HMW enable Travel Agents to co-research and co-create a trip with customers so that the itinerary is personalised while also allowing customers to retain a sense of control in their trip
	4. HMW better connect Travel Agents to their customers at every point in the trip from booking to travelling to post-trip so that they feel taken care of throughout their journey
Enhancing visitor experience	5. HMW enable Travel Agents to leverage on latest technology trends (e.g. Gamification, AR/VR, IoT/wearable), so that they can enhance the delivery of in-destination tour experiences and activities, as well as facilitate the visitor's ease of travel, navigation and transactions

* HMW: How might we…

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Working towards the vision

*Consumer behaviour and technology advancement have
disrupted traditional travel distribution...*

*Technology is an invaluable tool to help travel agents
strengthen their value to customers...*

*In Singapore, travel agents are seeking out such
opportunities and STB is investing resources to help the
industry navigate this journey.*

Travel agents can be
Designers of Travel Experience

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Resources

TRUST
https://trust.yoursingapore.com/trust/

STB Corporate Website
https://www.stb.gov.sg/industries/Travel-Agents/Pages/Overview.aspx

Travel Agent Roadmap Resources
- Travel Agent Roadmap
- Technology Guidebook
- Travel Agents Onboarding Guide

https://bit.ly/taif2016 OR https://www.stb.gov.sg/trade-events/events/Pages/Travel-Agents-Industry-Forum-.aspx

Sharing on Problem Statements by Travel Agents (TAs)

Chan Brothers Travel Pte Ltd

Mr Allen Leng

Director, Corporate Office

Problem Statement 1 & 2 | Strengthen TA's ability to understand customers' needs and predict preferences

Current Situation	• Travellers are becoming more research-savvy and bypassing TAs as the source for travel-related information • FIT market is burgeoning • Customers are increasingly expecting customised itineraries
Problem Statement 1	**How might we enable TAs to know what their target segment is researching on today, so that they can stay up-to-date on customer demands and gain first-hand insights on a destination, so as to create fresh and relevant itineraries**
Problem Statement 2	**How might we gather and use data to anticipate customer behaviour and preferences so that TAs can better retain customers**
Ideal Outcome	• TAs are able to anticipate travel trends today • Customers see TAs as the go-to source for travel-related information • TAs are able to understand what the customer needs and be able to customise offerings to them

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Problem Statement 1 & 2

Strengthen TA's ability to understand customers' needs and predict preferences

CUSTOMERS ARE RESEARCH-SAVVY

Travellers are starting to find travel inspiration online through social media and travel applications like Dayre

With the internet, more travellers are in the know of the travel destinations they are interested in

'My instagram is very travel related... so I can check out **the places I want to go to, who has travelled where'**

Few seek info from TAs through their online site, travel fairs and even less at the brick-and-mortar stores

TRAVEL AGENTS HAVE TO STAY AHEAD OF CUSTOMERS AND CATER TO THEIR NEEDS

TAs note that 'with the internet, customers would do research before purchase'

TAs feel that they need strategies to stay ahead of new product offerings as well as to cater organically to various customer itineraries

The human touch, to spend time with the customer, learn about them and to be able to cater to their needs allows them to build connection and loyalty with their customers. All customers interviewed mentioned the quality service of the TAs as a strong pull factor for engaging them

There is a growing trend of customising itineraries as people's expectations have changed. TAs posit that "it is a matter of (them) being able to evolve the model to largely address the changing behaviour of the consumer." TAs note the increasing trend of having customised itineraries and see creating exclusive experiences as a means to differentiate themselves

'Difficult to sell to someone **more knowledgeable than you'**

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Pegasus Travel Management Pte Ltd
Mr Charles Tan
Managing Director

Problem Statement 3

Current Situation	•	Customers find booking packages through TAs takes away the sense of satisfaction and control they will otherwise have. However, they acknowledge that researching and planning is time-consuming and the amount of information can get overwhelming and may not be reliable.
	•	For TAs, researching and designing the itinerary with the customer will take a few rounds of emails and phone calls especially for customised trips which can take up a longer time.
Problem Statement	**How might we enable TAs to co-research and co-create a trip with customers so that the itinerary is personalised while also allowing customers to retain a sense of control in their trip**	
Ideal Outcome	•	TAs are able to <u>efficiently</u> research and plan an itinerary together with a customer on a single platform, providing recommendations and advise when needed

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Problem Statement 3

| Empower TAs with the ability to retain and enhance the 'human touch' when adopting technology

CUSTOMERS WANT A SAY IN THE TRIP PLANNING

'I think it is **very tiring**... need you to wake up very early... always changing hotel every night... **It's not at your own pace'**

Travellers perceive that TAs do not afford them a sense of control over their own trips

Some feel that itineraries proposed by TAs are very rigid

The importance of being in the know and having a smart purchasing behaviour of customers of today cannot be undermined

Travellers gain a sense of accomplishment from researching and planning their own trips

TAs NEED TO GIVE A SENSE OF CONTROL

Like a designer/ concierge, TAs consider the needs of customers and are able to leverage their expertise to craft a holistic travel experience

'nowadays, even if (the TAs were to) have packages, the customers would still customise it'

'FITs are more savvy, they know what they want'. On top of knowing what they want for their travel, they want to be able to plan and organise it online

...high inefficiencies with manually customising itineraries, due to the many iterations to cater for and other 'considerations to completely customise... (such as) transportation, driver allowance, guide, accommodation for outstationed, the coach etc'

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Problem Statement 4

Current Situation	• Customers acknowledge the value of a TA and using the services of a TA provides them a peace of mind they would otherwise not have if they did not use one. • TAs acknowledge that they need to focus on customer service and emphasise on the personal touch
Problem Statement	**How might we better connect TAs to their customers at every point in the trip from booking to travelling to post-trip so that they feel taken care of throughout their journey.**
Ideal Outcome	• TAs are able to always be on-hand to provide advice and assistance to customers wherever, whenever.

CUSTOMERS VALUE THE CONVENIENCE TAs PROVIDE

Customers value the contact with TAs during their travel

Being experience specialists, TAs are seen as valuable persons-to-contact in the event of an emergency, trip disruption or simply for feedback during the journey

Customers value the added assurance, having contact with their TA during their trip

TAs NEED TO CAPITALISE ON THE HUMAN TOUCH

TAs find that theirs is a high-touch industry and a 'personal touch is still important for the customer experience'

They even **call us during their trip to resolve problems** for them

Technology is to reduce manual tasks or paperwork and streamline the service, so our staff can **spend more time with customers**

TAs are not optimising their involvement and presence at the pinnacle of the trip, ie. when customers are on their trip

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San's Tours & Car Rental

Mr Ang Eu Khoon

Managing Director

Problem Statement 5 | Enhancing visitor experience

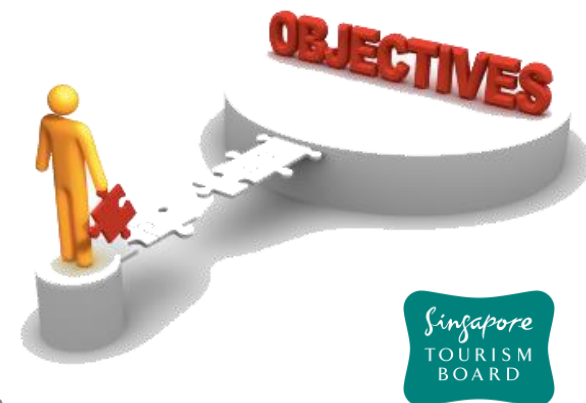|		
	Current Situation	The process of operating tours is time-consuming and involves manual liaison with multiple parties.
	Problem Statement	**How might we enable TAs to leverage on latest technology trends (e.g. Gamification, AR/VR, IoT/wearable), so that they can enhance the delivery of in-destination tour experiences and activities, as well as facilitate the visitor's ease of travel, navigation and transactions**
	Ideal Outcome	TAs are able to streamline the process of operating tours, or deepen connection with a tour's storyline or sites.

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Objectives

- To uncover new ideas through innovative solutions
- To drive productivity outcomes in travel agents and/ or deliver enhanced experiences for customers

Innovation Challenge Process

Call for proposal & Submissions	Evaluation & Shortlisting	Grant Support & Prototype Development	Solution Showcase & Industry Adoption
May – Aug	**Sep – Oct**	**Oct – Apr'18**	**Apr'18 onwards**

Date	Milestones
18 May 2017	Launch of Tourism Innovation Challenge and publication of document on STB's website
22 May 2017 (PM)	Tourism Innovation Challenge briefing session
15 June 2017	Industry Clinic for Participants
17 July 2017	Pre-Qualification submission
27 July 2017 (AM)	Networking Session with TAs
28 August 2017	Deadline for submission of proposals
October 2017	Successful Participants to commence prototyping

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Call for proposal & Submissions | Evaluation & Shortlisting | Grant Support & Prototype Development | Solution Showcase & Industry Adoption

INDUSTRY CLINIC (15 June 2017)
➢ To allow Participants to hear first-hand from TAs about their challenges
➢ Foster collaboration
➢ Open to all (Register by 12 Jun)

- **1 mth**
- **Pre-requisite**

PRE-QUALIFICATION (17 July 2017)
Submission requirement:
➢ 2-page brief proposal
➢ Company background
➢ More details to be shared at the Industry Clinic Session

NETWORKING SESSION (27 Jul 2017, AM)
➢ Qualified Participants to prepare presentation and pitch their proposed solution to TAs
➢ Further engage Pilot Partners

1 mth

SUBMISSION (28 Aug 2017)
➢ Secured a Pilot Partner
➢ Submit full proposal (template on STB website)

Innovation Challenge Proposal

WHAT YOU SHOULD INCLUDE

- Specify the **problem statement**
- Describe the **technology used**
- Include details on the **expected outcomes**
- Describe **plans for prototyping**
- Describe **business model** and **development plans**
- Introduce the **company background** and **track record**
- Provide an **Expression of Interest letter** from Committed Pilot Partner

To submit a Proposal, please complete the **Proposal Submission Template**, which can be found on the Challenge website.

Submission Deadline & Contact

Submission Deadline: **28 August 2017, 1800hrs SGT**

Please submit your Proposal via email to
STB_TAChallenge@stb.gov.sg

For clarifications, you may contact us at this email as well.

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Evaluation Criteria

1. **Strength of Proposal**
   - ❑ Ability to address the problem statement comprehensively and with clear expected outcomes indicated e.g. improved productivity, increased competitiveness, etc.
     Considerations would include:
     - Cost effectiveness for adoption
     - Degree of scalability in industry
   - ❑ Innovativeness of solution and/ or differentiation from existing offerings (e.g. first in the industry)

2. **Company Assessment**
   - ❑ Experience & Skill-sets
   - ❑ Track record
   - ❑ Past projects/ Client references

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We Are <u>NOT</u> Looking For

✖ Replication of off-the-shelf solutions

✖ Consultancy services

✖ Increasing resources (e.g. manpower, time, etc.)

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Grant Support

- Successful Participants will be informed of the results of their proposals by October 2017
- STB will co-fund up to 70% of the qualifying costs for prototype development
- Funding will be disbursed on a reimbursement basis, subject to key milestones and receipt of 3rd party audited documents
- Participant must be an entity registered in Singapore to qualify for funding

Prototype Development

- Development and implementation period could span approximately 6 months

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- Successful prototypes will be showcased at relevant industry platforms, where appropriate.

- STB may work with Successful Participants to scale up the adoption of successful solution proposals to the rest of the TA industry.

Summary

1. **Proposal Submission Deadline**
   - Submit the soft copy of the completed Submission Proposal Template via email, by **Monday, 28 August 2017, 1800hrs SGT**

2. **Industry Clinic**
   - Register interest via email by **Monday, 12 June 2017**

3. **Networking Session**
   - Only open to Participants who have attended the **Industry Clinic**
   - To qualify, Participants should submit information for pre-qualification via email, by **Monday, 17 July 2017, 1800hrs SGT**

4. **For more information**
   - Challenge website – https://www.stb.gov.sg/Pages/Travel-Agent-Innovation-Challenge.aspx
   - Email – STB_TAChallenge@stb.gov.sg

FAQ

Submission of Proposals

1. **May STB introduce me to a travel agent I can work with prior to submission, so that my proposal can be more customised and relevant?**

   - We strongly encourage all Participants to leverage their existing contacts with travel agents, to better understand and contextualise the problem statements for prototyping.
   - The clinics and networking sessions organised by STB however are additional opportunities to learn more about the industry and to connect with travel agents.

2. **How many proposals may I submit?**

   - Each Participant may submit one (1) proposal <u>per problem statement</u> as the lead applicant (whether as an organisation or as a consortium). This is encouraged to ensure that resources are best optimised towards developing a solution well.
   - All companies may participate in both Hotels and Travel Agent Challenges.

FAQ

3. **May I submit proposals on prototypes which I had previously piloted in another travel agent?**

   - No, proposals replicating a prototype without a certain degree of customisation and/ or replicating off-the-shelf solutions, will not be accepted. The customisation is required to ensure a holistic address of the travel agents' industry needs. Should this be found as a replicate, the proposal will not be shortlisted.
   - STB will however, accept proposed solutions used in other industries (such as in hospitals, banks etc.) which have been adapted and/ or customised to the needs of travel agents.

FAQ

Prototyping Stage

4. **Can STB share what datasets will be made available for prototyping? And what type of data do travel agents have now?**

   - STB will not be providing any travel agent data.
   - All Participants may work off the basis that travel agents will be able to provide POS and CRM data. This should be validated with the Committed Pilot Partner.

Thank You

Organiser:

In partnership with:

Supported by:

https://www.stb.gov.sg/Pages/Travel-Agent-Innovation-Challenge.aspx