Dear reader,

It is a fact that the global travel industry is one of the, if not the, hardest hit industries in the COVID-19 pandemic. At the peak of the lockdown measures across Europe, several countries experienced a staggering 99% decrease in bookings on popular accommodations sites such as Airbnb, Expedia, and Booking.com compared to 2019. As countries shut their borders to protect their citizens, global tourism came to a complete halt. This hugely impacted the entire tourism ecosystem, resulting in a significant drop of movement and occupancy in the airline and hospitality industries.

Contrary to the hopes of the industry, the traditionally thriving summer period was not spared by the effects of the pandemic. While the numbers did improve compared to the early days of the pandemic, primarily as a result of local tourism activities, they were still significantly below the levels in 2019 as the world adjusted to a “new normal”. However, as new lockdown measures and travel restrictions have been introduced in several European countries in recent weeks, the industry is experiencing another notable decline in bookings.

The big question is—what will tourism look like in 2021 and beyond, and what should be the focus of the airline and hospitality industries?

The values of loyalty in a crisis

In order to determine their focus, it is important for the airline and hospitality industries to understand the impact of COVID-19 on their consumers. To help these industries prepare for the new phase of the pandemic, our Global practice published an article on “The values of loyalty in a crisis for the airline and hospitality industries”, which emphasizes the need for a shift in focus from “serving” to “adding value” for (potentially) loyal consumers. With this thought in mind, the article presents three main insights that are very much relevant in Europe, which we summarize below:

Research showed that the top 2 values of airline and hotel loyal frequent travelers are sharing with others and trying new things. In order to re-engage these travelers in the new normal, the industry should increase their focus on reward and loyalty programs with an emphasis on appealing to these values of sharing (digitally) with others and trying new experiences. We are already seeing some great examples of this, including new offerings such as online travel experiences to a dream destination, monthly subscriptions for hotel-and meeting rooms, staycation travel tours between hotels, walking food tours and providing loyal customers with a significant discount on their next reservation.
As the industry shifts towards the new normal, there is a new value that is of great importance—the feeling of safety. In line with that, the vast majority of airlines and hotels are focusing on making travelers feel as safe as possible through initiatives such as improving their sanitizing and housekeeping procedures, making it mandatory for employees to wear protective equipment, providing travelers with complimentary cleaning products, screening employee and traveler temperatures, and disclosing travelers and employees that have been tested positive for COVID-19.

Finally, as more and more interactions are moving online, airlines and hotels are expected to be more digitally-enabled than ever before, leveraging this digital transformation to surprise and delight their loyal travelers by offering connection points to their friends and family back home. We encourage the industries to find points of differentiation for digital experiences and increasing positive interactions with the brand through initiatives such as making better use of social media to inform and inspire travelers in order to develop stronger relationships, increasing email contact to inform travelers of safety protocols, shifting the online focus towards domestic target groups, and making sure that the website is always up to date with the latest COVID-19 status (i.e. cancellation policies, safe local experiences).

**Staying focused in times of uncertainty**

It is clearly evident that the airline and hotel industries are not sitting and waiting for the pandemic to end, but are proactively adapting their current business models and rethinking how they best can adapt to the changing environment. We are happy to see that the industries continue to invest in making these changes in response to the challenges that they are facing. With the enclosed article on “The values of loyalty in a crisis”, we hope to provide the airline and hospitality industries across the globe with additional insights on how they can best adapt to the new normal and remain focused in these uncertain times.

Do not hesitate to get in touch with me to further discuss the impact of the COVID-19 pandemic on the airline and hospitality industry, the values of loyalty during these times, and how companies can best adapt to the new normal.

Kind regards,

Fleurine Mijinke

Typically delighted by a complimentary beverage in the lobby during check-in, hotel guests of the future might be even more excited to be treated to unlimited hand sanitizer. Let’s face it, the COVID-19 pandemic has heavily impacted the travel and hospitality sectors. Hotel occupancy is down 42% year-over-year (YoY) with roughly 80% of hotel rooms empty. Air travel demand is forecasted to fall 48% for 2020, with a projected loss of $300 billion.

With our present reality looking grim, brands are shifting focus to their action plans coming out of the pandemic. While nobody knows exactly what these new realities will look like, businesses will actively work towards stabilization and recovery, which in travel and hospitality means ensuring that a brand’s most valuable customers return as quickly as possible. It’s too early to base long-term recommendations on current transactional trends and customer actions, so instead we’re monitoring the underlying motivators of human behaviors, actions, and beliefs—their values.

Our proprietary **Values Compass** is built on an algorithm that uses targeted questions to map humans against eight cardinal values: ambition, trying new things, curiosity, belonging, caring for others, control, and learning new things.

Our **recent analysis** explored how values have shifted during the COVID-19 pandemic and found that values are the aggregate of our experiences, are slow to shift, and are therefore a good way to predict people’s long-term behavior. Organizations that can identify, communicate, and act upon a brand purpose that overlaps with the values of their customers will be better positioned to thrive as we enter a new normal.

And why does this matter? Because companies who deliver on human values **Elevate the Human Experience** (EHX™), and EHX™ leaders are twice as likely to outperform their peers in revenue growth over a three-year period. In hospitality, EHX leaders across price tiers captured more than 30 percent higher revenue per average room as compared to low HX performers within their category.

With that in mind, we looked at the values of airline and hotel customers from a snapshot taken June 02, 2019 one year ago—a time that provides an accurate read on baseline core values for customers traveling before this pandemic. Brands can start thinking about how to recapture customers by understanding and appealing to their deeply rooted values. Since these are the travelers that will likely be returning, we set out to learn what they care most about. We specifically looked at frequent travelers who belong to loyalty programs. This group was categorized as those that took 5+ air trips and had 8+ hotel stays, respectively, in the last 12 months rolling back from June 02, 2019.
So, what did we find?

Airline and hotel loyal frequent travelers, who often travel for business, are largely the same group of people and as such have values that mirror each other. Unsurprisingly, we found that both groups of loyal customers have nearly identical values, and in particular aligned with the same top 2 values: sharing with others and trying new things. This group values sharing their experiences and thoughts digitally with others and are also motivated by trying new technology and experiences.

Aligning to values will be a critical ingredient for success as airlines and hotel brands focus on re-engaging their loyal frequent travelers. We believe that an efficient way to do this is through rewards and loyalty programs. As an early response to quell anxiety and maintain loyalty, most brands chose to extend the expiration date on program status, quickly becoming the ubiquitous answer to initial COVID concerns. With the fear of losing status waning, rewards programs and messaging can be re-aligned to what customers truly care about—implementing innovative features that deliver new types of incentives that appeal to their values and reward these customers for their loyalty. Modifications to rewards programs also often require lower investment into organizations’ existing infrastructures, as opposed to complete overhauls reserved for long-term strategic shifts.

Although we believe that core values will hold in the long-term, there is an additional element that cannot be overlooked in helping with the return of these avid travelers as we enter a new normal—the feeling of safety.

In a recent survey, 78% and 87% of frequent hotel and airline travelers, respectively, said that an advance email outlining new cleaning practices would be very or somewhat important in making them feel more comfortable resuming travel and other activities.

Rewards programs have the potential to play a significant role in recovering loyalists. They appeal to travelers’ desire to feel valued and can help brands build trust by enhancing the communication and actions necessary to put customer well-being and safety first. Embracing these tenets, hotels and airlines can take a two-pronged approach—adding loyalty and safety features designed to recapture this loyal customer base during the post-COVID-19 travel ramp-up period, and adding features designed to keep these customers happy once travel settles in to a new normal.

The value of ‘sharing with others’ makes loyal travelers want to share experiences and connect with the people who aren’t with them.

In a post-COVID-19 environment, hotels and airlines will be expected to be more digitally enabled than ever, but can still surprise and delight their travelers by using this digital transformation to offer frequent loyal travelers connection points to their friends and family back home. As travel habits return, this can be a very human point of differentiation—helping organizations foster strong relationships with guests and increase positive interactions with their brand.
Additionally, the value of ‘trying new things’ creates an opportunity for hotels to continue doing what boutiques have done well in the past—offer unique experiences that are tied to the local culture.

Well-educated concierge and desk staff should be ready to help returning guests experience all the location has to offer. This has a compound opportunity to reinvigorate local economies and small businesses in the area and ensure your guests are treated to new experiences they are unlikely to find elsewhere.

Airlines may consider adopting a digitally focused, community-building mindset and structuring reward program applications to be less focused on individual customers. Building on the value of sharing their digital experiences, loyalists are likely to want to share rewards and would potentially be interested in working toward team- or family-based goals and benefits. This approach not only applies to the rebound period, but also the long-term.

But what about frequent travelers who do not yet belong to rewards programs? To further understand broader groups of travelers, we looked at ‘non-loyal’ frequent travelers and found that they too value sharing with others and trying new things. Similar to the loyalists above, this group expects a certain level of safety when returning to travel. When organizations develop strategies around their loyalty members, building features around sharing, trying new things, and improving safety standards and messaging, they will also be appealing to this crucial group of ‘non reward member’ frequent travelers.

Focused reward feature design can play triple duty—bringing loyal customers back quickly, enticing frequent travelers to enroll in rewards programs, and building consistent loyalty by rewarding these customers with perks that meet their values.

So now what?

If there is one thing that’s certain in this uncertain time, it’s that the human experience will likely position organizations to better meet needs and ultimately stand apart from the competition. While it remains to be seen just how long it will take for business to feel ‘usual’ again, when organizations develop strategies to re-engage their most loyal customers they should make an effort to deeply understand their values. Customers will expect to be taken care of and feel safe in the new normal and companies who best deliver on this expectation will be positioned to capture share as travel returns.

Organizations who align their rewards programs with customer values and consistently deliver feelings of security can incite continued loyalty and capture frequent travelers into the reward program and overall brand fold. We believe this values-based approach can help travel and hospitality brands respond, recover, and ultimately thrive in the face of our new realities.

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End notes

1. [https://www.hotelnewsresource.com/article110309.html](https://www.hotelnewsresource.com/article110309.html)

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