COLLABORATION IN THE TRAVEL & TOURISM INDUSTRY
THE NEED FOR GREATER COLLABORATION TO SUSTAIN FUTURE GROWTH

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“Coming together is a beginning, staying together is progress, and working together is success.”

Henry Ford

Imagine a future where you speak into your mobile device “Book return flight Sydney to London, my usual preferences, any of my select hotels for 4 nights and book an Italian restaurant around Kensington on Wednesday for 4 people. Oh, and I will also need a driver each day”. Minutes later you receive a confirmation of your itinerary and before the end of the day all the details have been uploaded into your calendar. Sounds amazing? Sounds challenging? Or a million light years away? What would it take to create a world of travel that is just like this? One thing is for sure, it will never happen if we continue to work in the same way we have for the last decade. But it could be entirely conceivable if we break the rules and start to work differently, just as other industries have. A world of diverse, creative entities working collaboratively on mind-blowing ideas for the evolving traveller – welcome to the Collaboration Economy.

Most of us are told of the value of collaboration from an early age and throughout life learn about the many positive benefits associated with working together. Fast-forward to 2017, where it has never been more of an important time for businesses to stop and reflect on their current success and future ambitions. Amid the many shifts that are taking place now and will continue to unfold, it is crucial that brands have a tight grip on the immediate and long-term horizons.

It is now abundantly clear that consumers are well and truly in the driving seat, are increasingly more demanding and expect nothing but the moon and the stars. This is not something to fear. Even from just the last 12-18 months, we have all witnessed immense creativity spring up in all corners of our lives – the future is less about a handful of big enterprises running the world, but instead, is more about pockets of eclectic, smart and dynamic entities working collectively for the greater good of the consumer. It is when such divergent minds, disciplines and capabilities come together that true magic happens. These future products and services are not going to be created by the existing mature and established corporations that still exist across many industries.

The technology playing field continues to exert significant pressure both culturally and economically, so much so that it is becoming near impossible to predict what’s next. Operating in silos will almost never allow businesses to achieve the dizzy heights of success that are possible when working collaboratively. Globally and industry-wide,
the majority are trying to grow their footprint and stretch their relevance to the consumer, as such, the lines between perceptions of brands, categories or industries further blur, and this is especially true within the travel and tourism sector.

The disruption that has unfolded over the last couple of years is only going to get more intense – for some that intensity will be frightening and for others it will be thrilling. Regardless of where you sit on this continuum, the most important takeout is to avoid ignoring it and instead embrace it. The broader travel industry is healthy and buoyant right now, there are endless trends emerging all the time and the needs of the consumer continues to evolve, whether that is thinking digitally, getting personal or tapping into the growing use of anything AI or VR related – it all boils down to the same conclusion: create experiences for the traveller that go beyond their wildest imagination.

This paper is a sounding of the alarm to all businesses: change is inevitable and is coming at a rapid pace, there really is nowhere to hide and taking the head in the sand approach will not help. In the paper, the argument will be put forward that collaboration is a necessary tool for future success; it will set the context by looking at industry current state of play, opportunities, challenges and propose recommendations to consider for those specifically in the travel and tourism industry. Nobody is saying it will be easy, but after reading this paper you should feel excited about the (undefined) future and what is possible when two good ideas come together, multiply and become great. Do not get left behind and suffer from FOMO, jump on board and let The B Hive pave the way to successful future collaborations.
In 2017, Australia is expected to spend $120+ billion on tourism\(^1\).

**Austrade**

There is no denying that industries and businesses around the world are in a period of unprecedented change and disruption, some winning and some not so fortunate. It is becoming increasingly clear, that in order to generate growth and survive, organisations, no matter what size, must consider a new approach to how they operate, one in which requires a more collaborative mindset.

This paper will explore the travel and tourism industry while also referencing specific sub-sectors that provide examples of how the collaborative economy is unfolding around the world. The paper will go on to link these developments to the vast array of trends impacting brands today, from hotels and personalised services, luxury in airlines to VR on cruise ships and how digital is turning the world of hospitality upside down. Continuing on from this, the paper will paint a picture of the opportunities that can be expected from working collaboratively as well as point out the challenges that lie ahead. Taking a helicopter view of the aforementioned developments and looking at likely predictions, the paper will provide key learnings, recommendations and finally what to expect in the not too distant future – the key premise being that a collaborative working mentality can lead to sustainable growth, profits and long-term success.

### Rules of the Game are Changing

There is nowhere to hide from two of the biggest driving forces we have seen in decades – the era of digitalisation which continues to blow all of our minds, and as if that was not enough, the arrival of a new type of company, those fondly known as the Disruptors such as AirBnB, Amazon, Netflix and Uber to name but a few.

In some respects, it could be said that the travel and tourism industry has kept up with many trends and is often at the forefront of change. Nevertheless, there are a number of industry, traveller and technology trends that are currently colliding causing much disruption to the existing travel ecosystem. Particularly over the last 12 months, there has been a steady growth of new players on the scene, mostly high-tech and data driven such as Zumata (an IBM Watson ecosystem partner that offers hotel booking solutions) and Unboundly (also uses big data to enable travellers to get the best deals on international travel). As we have seen with the likes of AirBnB and Uber, the rules of business are changing, so much so that leading global brands today may not have existed 5 years ago.

The dynamic nature of the travel industry continues to push boundaries, all of which is possible, due in part, to the growing demand for travel especially within emerging markets – no longer just something for a minority, but instead becoming a universal necessity. The travellers of today are complex, unpredictable, highly demanding, completely technology reliant, think mobile first and above all, have eclectic tastes that change from one moment to the next – one size certainly does not fit all any more.
Staying Ahead in the Innovation Race

One of the key elements to a healthy economy that is growing is a buoyant innovation pipeline. Many of the effects of the Fourth Industrial Revolution are being seen more and more – while some may still be stuck in the ‘this is too hard’ mindset, many are realising the opportunities that are widely available to those that are willing to approach business differently. There are broadly two driving forces behind this new normal:

1. The ability to offer customers a much more connected and seamless experience, one which they are expecting, and chances are, getting elsewhere;

2. The rapid growth of new and different digital platforms which continue to shake up the travel sector and disrupt the value chain pre, during and post travel.

Much has been written about how it is possible to generate growth, citing examples of public and private sectors who are increasingly relying on collaborative initiatives. Australia does reasonably well in the global rankings on innovation (slipping from 19th last year to 23rd place in 2017), relative to its size, history and standard of living. However, it seems the Land of Oz is not so great at turning investments into successful innovations – back in 2013 Australia ranked as low as 116 out of 142 nations and there has not been much progress since. Aside from its global position on innovation, the performance is not any better when it comes to collaboration, in fact just a few years ago Australia was ranked 33rd of the OECD league table (which was the bottom). Industry analysts unanimously agree, that without change, Australia will continue to decline and put global trading opportunities at risk, and by doing so, will ultimately impact businesses back on home soil.

Full Steam Ahead for Travel and Tourism

In previous decades, North America and Europe have dominated the travel markets, but this may not be the case for much longer. By 2030, industry experts are predicting strong growth from Africa, Asia and the Middle East. These emerging markets will not only expand, but will also become more attractive destinations to millions of travellers around the world.

Much of the new demand for travel is a result of our evolving demography. Baby boomers remain a dominant slice of the travel pie; and more recently we are seeing a significant surge from Millennials; but possibly more significant is the impact likely to be seen from the growing Middle-Class travel segment and their corresponding rise in incomes. Taking a look at the cruise sector where the momentum is high right now, there is plenty of evidence of significant investment in and developments of vessels themselves. Many ships are getting bigger, some smaller and above all we are seeing how incredibly more high-tech they are becoming. This confidence boost also gives rise to a number of ‘face-lifts’ being undertaken on the inside, such as luxurious interiors created by leading designers, which will undoubtedly go a long way to impress returning passengers. This is not a cheap exercise, one expert suggests the industry will spend in the region of $6.8 billion this year on new ships and further growth is expected in the coming years.

- Predicting 25.3 million people taking a cruise in 2017 globally
- Close to $5 billion of investment being poured into the cruise sector in 2017
- Cruise industry is the fastest growing category in leisure travel
- Global cruise sector estimated to have had a $117 billion economic impact in 2016
- 100 ocean cruise liners are on order (globally) at present
Following great success, it is not uncommon for related or unrelated challenges to emerge. In light of the fact that the cruise industry trends point towards even larger ships in the future, this in turn will lead to a rise in travellers that are descending on ports around major harbours, which could easily lead to problems if the necessary planning and groundwork is not properly carried out, whether dealing with something as simple as disembarkation or more specific relating to onward destinations. If we take Sydney as an example, where the situation has escalated so much that some ships are unable to travel to Australia, one might question how it was even possible to allow this to unfold. Fortunately, for those involved, there has been a working group created who are now charged with delivering a positive outcome in the near future so that trade will not be impacted due to a lack of collaboration on the ground.

**A New Way of Working, Together**

Many argue that the net impact of such dynamic developments is the strong belief that there is an alternative way of doing business, one which is already proving successful, that is, working across industries together. Of course, there are many bumps in the road that come with this kind of thinking, but there are equal, if not more, opportunities that exist in the new collaborative economy. Australia is already on the backfoot due to some of the aforementioned reasons, so it would seem non-sensical to ignore the success stories that have emerged and instead, embrace more collaborative opportunities to work together, especially within travel.

Across the globe, more and more companies are forging new collaborations and expanding existing ones, both inside and outside the boundaries of their own specialisation. As travel players at the edge or outside the ecosystem are drawn in, traditional roles will blur and become less relevant, while at the same time company footprints will grow. This phenomenon, often referred to as **ecosystem convergence**, provides exciting possibilities for new products and services in the future.

A prime example that exists today of a potential candidate for cross collaboration is that of the tours and activities market, one of the travel industries best kept secrets or rather, most under-utilised segment in the overall travel landscape. Businesses such as TourMega, SideStory and Laika (the tinder of the travel world) are crying out to work collectively with industry partners, especially when it comes to all things technological – sooner or later somebody will make a move and quite possibly make a lot of money in the process.

To take full advantage of this converged ecosystem, it is imperative that the travel and tourism industry adopts more collaborative approaches to how they do business. None of this is simple and there are likely to be repercussions from this new approach, whether lost customers or potential partners becoming competitors, all of which is entirely plausible due to the natural fallout from any horizontal or vertical integration seen when companies expand and grow their travel footprint. That said, one thing is for sure, if no change is made, then there is a real risk of stagnation, or worse, extinction.

**QUESTIONS TO ASK YOURSELF**

1. Do you have a collaborative mindset within your organisation?
2. What collaborations do you believe are top priority for your business?
3. Have you considered what impact, if any, further disruption will have on your workforce?
Today’s travel eco-system and new economy is set for more transformation in future years.

Strong macro-economic performance has led to the growth of travel across socio-economic classes. Global citizens have greater freedom to travel from a logistic’s point of view and since travel has become more affordable, is resulting in a rise in the volume of trips. While not unique to the travel industry, nevertheless, we have seen the customer journey evolve considerably and is now more complex than ever making it one of the biggest challenges facing any marketer trying to predict future behaviour across traveller segments.

Taking a broader look at non-travel companies and how they are adapting to consumer expectations and emerging trends can provide incredibly rich insights. Consumer demands transcend categories, industries, borders, on/offline worlds and some of the key global drivers that exist today include personalisation, authenticity, the removal of friction and a world of on-demand functionality that seamlessly works, all the time. That said, in keeping with the theme of this paper, collaboration, what follows are a handful of the trends that seem to be having greater impact.

Influential Trends

Customer Data Takes Centre-Stage

Having an intimate understanding of your customer is perhaps one of the top priorities facing most businesses today. Those that are able to evolve and grow from strength to strength, such as Amazon, are the ones who truly anchor all their business decisions around customer data, and are now so adept that they can even predict what the consumer will want to purchase next and ship it out to them before they have even ordered the product – scary but true.

Emerging technologies bring with them both challenges as well as opportunities and this is true for all industries but especially relevant within travel and tourism, as the key to success, is all about the experience. But nowadays, who is in charge of their experiences, since the world of travel became so fragmented. It is no over-exaggeration to say that many consumers will expect all their travel needs to deliver ‘what I want, when I want it, and where I want it – oh, and I may want it differently tomorrow’.
The explosion of big data and analytics continues to instigate much debate and we constantly hear about brands that are using data science to enhance every touchpoint along the customer journey. **Personalisation** in the travel sector has become one of the critical must-haves that brands continue to try and get right.

Hotels are now well able to confidently welcome returning guests back armed with valuable insights about their individual likes and dislikes; and the latest app technology now means the granularity of detail from data crunching, can be freakishly spot on. At Disney amusement parks, visitors are given MyMagic+ wristbands to wear which allows the system to collect individual data throughout the visit to help tailor services in the future. From Air New Zealand cabin crew using VR to welcome passengers on board knowing what wine they prefer, to bespoke travel planning and predictive selection offered by Trip.com. Across the cruise sector we are also seeing examples of such developments - from robotics on board Costa Cruises to wearables on Carnival Cruise ships.

The travel and tourism industry has fundamentally evolved from being a service industry whose primary goal was to transport people from A to B and if you’re lucky book a room with a suggestion of local food options. Not only are people making the most out of every step of their travels, they are relying on their trips to provide rejuvenation, adventure, fulfillment and knowledge along the way – we are seeing a shift from ticking off places to creating experiences that reflect ‘more of who you are’.

Unsurprisingly, as we try to re-connect or unplug, whichever trend you happen to be following, it all boils down to much the same idea: consumers now place greater value on experiences, hence the newly coined phrase, ‘Experience Economy’.
Within travel the options are virtually endless, where we see brands continue to push hard to satisfy guests by thinking of new ways to surprise and delight: if you are fortunate enough to stay at the Four Seasons in Milan, they will provide your own personal Nike fitness coach. Cruise ships are equally ambitious in their efforts to win passengers over, for example, MRDNTY, offers a new kind of ephemeral experience while out on the ocean, including unique music events. The stunning private island of Song Saa in Cambodia offers the opportunity to fully immerse yourself in nature while having a positive impact on the surrounding habitat.

Travellers Increasingly More Multi-faceted

We are now more connected than ever before, and this is true for all generations. Baby Boomers continue to be cited as perhaps the most travelled generation, driven by two primary factors: amount of time and money available. That said, social dynamics would suggest that the family unit continues to evolve e.g. kids staying at home longer and potentially feeding off their parents’ nest egg. Regardless, this group remains an important segment to travel players.

At the other end of the spectrum, reports suggest that for the first time this year, Millennials will outspend their silver counterparts on travel. They have grown up with travel and it is a significant part of their lives, even if funded by parents. They are not the most tech savvy but they are completely tech dependent. They appreciate help to make their lives easier and they expect unique experiences when they travel. They want to fully embrace the local vibe and be totally immersed into the culture. In the next 5-10 years, this group will become the industry’s core customer base, with some reports suggesting Millennials’ spending on business flights could account for 50% of global travel by 2020³.

Many brands are already tapping into the wider generational changes we are seeing, whether jumping on an existing business model or creating something entirely new. For example, there is a similar AirBnB rental company for the older traveller; while The Hilton Group are vying for attention from the younger generation by partnering with Live Nation to offer the latest in music gigs at their hotels. Unsurprisingly, Virgin Voyages launched with a mission to try and impress the cool Gen Y’rs, claiming to have some of the best innovations the industry has seen, whereas Carnival Vista is tapping into the growth of inter-generational travel by offering something for everyone including a floating brewery, IMAX theatre and even a SkyRide.

Soaring Technological Advancements

The more ‘smart’ our homes become, the more we expect the same level of high-tech wherever we go, and travel is no exception. The speed at which technology is creeping into our lives
is unprecedented, as is the increasingly more important role we place on technology. More recent developments in technology are no longer just drivers of marginal efficiency, they are enablers of seismic innovation and disruption, which can lead to significant success.

As more and more intelligent automation appears in our everyday lives, we are beginning to see the degree to which we will all eventually experience, or better still, benefit from such futuristic technologies. A significant driving force behind many of the latest innovations can be traced back to the growing presence of tech-savvy start-ups who are finding themselves at the boardroom table of many large organisations – welcome to the era of smart innovation which is fueled by a collaborative approach to business. The spread of new digital platforms is shaking up the travel sector and more is still to come, therefore the need to start thinking differently and embracing the new normal (working collaboratively), as part of the recipe for future success.

Across travel there are many examples of technology being utilised to enhance the customer journey and their experience along the way, whether that is through the application of scanning devices at airports to speed up processes or the introduction of robotics to greet travellers. Within the cruise sector, competition is fierce among the cruise liners who are known to invest significant amounts in bringing the latest and greatest to their customers, for example, Royal Caribbean’s VR balconies or super-convenient wristbands now offered to passengers on board, to name but a few.

As mentioned, central to many of the new entrants to travel is data and analytics. This is not particularly new but what is new is that these emerging disruptors are now delivering at scale and across industries – the net result being they have become part of the vernacular of our lives. Awareness and acknowledgement of this phenomenon is not enough anymore, it is now crucial for large, established businesses to realise that future success will depend on some degree of working in collaboration.

**Whole Greater Than Sum of Parts**

As the appetite for travel continues to grow and people’s lives are transformed as a result, we are starting to see early signs of a shift in attitude – travel is no longer a luxury for a privileged few, it is a necessity for all. In conjunction, travel is becoming increasingly complex as consumers expect seamless experiences from start to finish and are becoming highly proficient at jumping from platform to platform in the hope of creating the best travel experience they could possibly imagine.

This competitive pressure can be incredibly demanding and will undoubtedly bring about many adjustments to the existing travel ecosystem, especially for those operating as solo enterprises. That said, we are seeing more and more evidence of actual collaboration initiatives, whether at a brand, industry or consumer level. This is not exactly new,
it has been going on for decades, especially if you think about innovation, but beyond just creating new ideas, this is more about industries coming together and creating elevated experiences across the entire customer journey.

Hotels are notorious for lifting their game when it comes to the wow factor for their guests – at the premium end of the scale, Café Royal offers personal styling and fashion advice from experts in your room; Porsche and Lufthansa have partnered to ensure passengers that have just landed are driven home in style and Netflix is now in bed with Marriot, offering guests endless TV content at the flick of a button in your own room.

The rivalry within the cruise sector has been around for decades among the main players and it feels even more pressing that new and different ways of working together is embraced. There are a number of examples that have emerged within the cruise sector such as Carnival, who makes it possible for guests to volunteer when they travel with Fathom; a growing trend is the arrival of celebrity chefs onboard, Nobuyuki “Nobu” Matsuhisa is widely talked about and finally, it seems passengers will soon feel more at home on their ship of choice than they ever imagined since cruise companies battle it out to secure the most attractive brand partnerships such as Lego, as Bonnie Levengood, Senior Vice President, Marketing, MSC Cruises, explains: “We found that LEGO was this one activity that children of all different cultures understood”.

It is clear from all of these trends that business today is challenging and meeting the ongoing demands of customers even harder, what is more, there is little sign that things are going to ease off in the near future. If anything, the bar will continue to rise. In order to stay in the game (and impact the bottom line in a positive way), businesses must adapt their ways of working and fully embrace the opportunities that are possible with a more collaborative approach.

QUESTIONS TO ASK YOURSELF

1. How will you integrate your system with that of any potential collaborator?
2. How strong is your current pipeline and is your approach future proofed?
3. Do you have an evolving strategy that is mobile first and has the customer at the heart of it?
In case you have been sleeping under a rock for the last 5-10 years, it is tough doing business out there in the global (and increasingly so, local) economy. If it is not shrinking or fracturing, it is being downsized or consolidated and it can seem like there is nowhere to turn in the hope of generating at least some marginal growth. Organic expansion is difficult to come by in most consolidated and established markets, and so many businesses are finding respite in a different way of doing business – cross-pollinisation, scaling up across industries rather than trying to go solo or stay within the confines of the same industry.

There are a plethora of benefits that can be derived from collaborative initiatives, some of the key opportunities include a wider access to talent, expertise, ideas, specialists, as well as greater financial efficiencies, increased productivity, more engaged staff and ultimately a better quality finished product. For the businesses that do embrace this approach, there is an abundance of success stories that demonstrate the many benefits derived from working collectively.

**Everyone’s a Winner**

Acquiring specialist skills, knowledge and materials can come at a very high cost not to mention the time and resources also involved in running a business. One of the main principles of collaboration, is to create a win: win outcome for everyone involved. That said, collaborating with companies that already have the required capabilities can significantly reduce costs and risks (or simply allow the sharing of costs). Additionally, there is the potential for government grants or funding which would be assessed differently depending on the size and profile of the entity applying.

Beyond the hard numbers (which should not be the sole reason for initiating any kind of collaborative agreement), there are likely to be cost savings or upswings on the P&L due to working smarter or where partnership allows for improved financial negotiations. As well as improved productivity levels, there are collaborative opportunities that will help create a better final product or service – this could either lead to an increase in sales or provide an opportunity to increase price.

**Opportunity to Lift Your Game**

One of the more apparent reasons for collaborating is the opportunity it brings in the form of acquiring new skills and resources from external parties, which can only help improve competitive advantage and ultimately productivity. In the case where a company has existing weaknesses internally, collaborative initiatives can often lead to an elevation in industry perception and by doing so overcome any shortfalls.

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**50% of large enterprises in 2018 will partner with industry platforms**

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Another key argument for working collaboratively, is the potential to manifest new perspectives, concepts, practices and technologies; these can be valuable both in themselves, and as sparks to the development of future solutions. Google is often cited as the catalyst of change and true to form, cannot resist playing in the travel arena – more recently it launched GoogleTrips which was built on the insight premise that travellers today get frustrated and bogged down with the finer details of their travel plans, and so GoogleTrips alleviates this pain and does it for you.

**Enhanced Customer Knowledge**

As mentioned, customer centricity is often cited as one of the top priorities in business today, as well as having an appreciation of their needs and frustrations along the customer journey. As new digital platforms continue to emerge across industries, partnering with new, fresh, agile companies makes a lot of sense since they are invariably the gatekeepers of all the customer data. Embarking on any collaboration will require all parties to discuss all available data points and ensure there is complete transparency and all relevant customer data is shared equally – it will only benefit the partnership more if done harmoniously.

It is more likely that such partnerships will lead to a greater depth of customer knowledge, and by doing so will result in multiple opportunities to surprise and delight the traveller. In the future, IoT sensors will make it possible for unrelated travel and hospitality companies to fuse their consumer data-sets together, and through advanced analytics and machine learning, will be able to adapt to consumer behaviour changes in real time.

**Risk of Being Left Behind**

The collaborative economy is not showing any sign of fading into the distance, and so it is imperative that businesses stop their current way of working and embrace the world of collaboration – it seems, most outside of travel have already made the leap. It is more likely that it will continue to grow and evolve, mostly due to how pervasive it has become across industries and geographies, but also because it goes hand in hand with a number of other global megatrends that businesses are experiencing around the world. What unites industries is that everyone is on the same path, one which is focused on success and which comes from delighting customers and over time leads to sustainable profits.

It would be foolish to think all this collaborative thinking is plain sailing. Naturally, with anything new and different, there are bound to be hurdles along the way. And so, despite the many benefits just outlined, it is important to cover off the potential roadblocks that come with working in collaboration with an unknown business.

Qantas AVRO Accelerator Program is a great example of innovative thinking and the need to constantly push the boundaries of current status quo. There is much to learn from such an initiative which will provide Qantas highly sought-after access to some of the brightest emerging Australian talent.

**QUESTIONS TO ASK YOURSELF**

1. What does the current level of skills and capabilities look like in your business?
2. What are the strengths you believe your business can offer to a potential collaboration partner?
3. What would your business benefit from today if it were to consider a collaboration opportunity?
It is no surprise that the lack of collaborative initiatives in Australia, means that businesses are undoubtedly missing out. If Australia continues to operate in the same way in the coming years, there is a danger of seriously putting businesses and their employees at risk. It is our very lack of experience with this new way of working that will ultimately impact future opportunities which are highly desirable right now to help create sustained relationships that support longer-term business growth.

Across industries (but especially within travel and tourism), there are multiple stakeholders with vested interests and so naturally this brings with it a number of challenges, which can often be conflicting. The top challenges are:

“Poor collaboration on innovation is likely to diminish Australia’s ability to participate in many world-first innovations... the capacity for Australian businesses to integrate into higher value-added parts of global value chains is limited.”
A Shift in Mindset is Much Needed

Australia is often depicted as having a culture across both public and private sectors that is risk averse, often closed and lacking in full transparency. Such characteristics, as well as promoting a more individualistic mentality, only works against our nation in the long-run as it can often encourage linear, in-house innovation practices which only ever amount to less than desirable results.

There is no doubt that Australia invests in R&D, and while this alone may have helped in previous years achieve a solid ranking on the Global Innovation Index, it is becoming clear that it takes more than financial investment to achieve and maintain a strong position on the global ranking, if the last 12 months are anything to go by. Earlier this year the annual results were released and Australia unfortunately slipped to 23rd position on the Global Innovation Index published by the OECD.

How has this come about? Culturally, it has been said that businesses down under suffer from short-termism which ultimately affects any collaboration potential. Indications suggest such working practices are rarer and shallower in Australia compared to other similar countries around the world. Industry critics offer a number of reasons for this worrying position - there seems to be a preoccupation with quick fixes and rapid answers, which goes against the thinking behind a more long-term approach to creating new business opportunities; Australia lacks strategic focus; there is an apparent preference for supporting low-risk and low-reward incremental business opportunities as well as a degree of policy uncertainty and instability.

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Source: Insead Straits Times Graphics
**Strong Infrastructure is Critical**

We are travelling more than ever before and all this increased travel is trying to function across outdated systems and the strain is increasingly apparent. Even with modern technologies and the latest innovative tools, we are still not operating in a way which the future of travel will be able to cope with. Even beside the threats of terrorism, just getting passengers through airports and across borders causes much pain, cost and time. All the policies and procedures put in place are working to keep everyone safe, but they are hindering future growth and development, much of which is heavily felt by the airlines since the roll-out of yet more stringent airport security measures.

Looking closer to home, travel and tourism is without doubt, incredibly important to the Australian economy, and within it, cruise is one of the fastest growing sectors, is estimated to be worth in the region of $5 billion. Recent growth for cruise vacations naturally brings with it many economic benefits, but there is another side which is often less widely mentioned, and that is the significant pressure put on the city, especially if the appropriate planning and preparation is not carried out. One of the key pressure points, particularly in Sydney, is that of ports (how many berths available, what size, location and how accessible). Sydney already struggles to cope with ship size as well as volume of ships, hence the need for all relevant parties to collaborate and find collective solutions for the future.

Gaining any headway with regards to making divergent travel infrastructures smooth is not going to be easy. It will require governments to collaborate and work together with the best the private sector has to offer. So that we will be able to sustain the predicted volume of travel in the next decade, some estimate 1.8 billion international travellers, we will need to collectively disrupt the status quo and re-build from the bottom up.

Hypothetically speaking, as we have seen already with the *Shared Economy*, there are many incredibly smart yet simple innovations emerging all the time, based on the key principle of sharing. Is it too far-fetched to imagine a future world where the travel industry operates from a similar platform as that used by Uber? We have already seen this model creep into luxury yachts and there are discussions happening mid 2017 about a new venture called Skyüber, which speaks for itself.

**Seamless Guest Experiences are Paramount**

With the arrival of multiple platforms on the travel scene, there is a growing need to better integrate and overlay all kinds of customer data in order to deliver optimal experiences. When thinking about how to integrate services, the customer journey map is probably a good place to start and in the usual way highlight where any potential friction points may exist. Many learned marketers would stop there, but it is becoming more beneficial to also look out for the ‘moments of truth’ that bring the customer greater satisfaction or simply are just more important steps in their journey. Successful synched services are the ones that offer relevant and useful information. Find out who else your customer is using or interacting with and then devise a **Plan for Transformation**, together, the creation of which will help manifest a win: win experience which travellers are expecting. One example of a brand that thinks creatively and outside the box, is Roam Fitness. They tapped into a universal truth about those travelling, and that is, despite being on the move, they still want to train and incorporate fitness into their daily schedule and so we are now seeing studios popping up in major airports for those wanting a quick workout before boarding their flight.

According to PWC, organisations need to re-think their customer journey maps or run the risk of the consumer bypassing your brand entirely. Just this year, PWC released the findings from a new...
piece of research which highlights how the rules of customer experience need to be re-imagined to compliment more the new ‘intelligent experience economy’ we are now living in’. This includes some minor adjustments such as the customer journey becoming the new value chain but it also calls for more ambitious changes such as embedding AI into the journey map which creates incredible opportunities to enhance the overall experience while at the same time capturing valuable analytics.

Go Big or Go Home

Pressing the reset button now and re-thinking what the solution could look like will ultimately help businesses create unforgettable memories for their guests – which of course is everyone’s end goal. To achieve this will undoubtedly be incredibly challenging if attempting in isolation, hence an agreement to work collaboratively together is highly recommended. While there are pockets of collaboration at a local or regional level, it is likely that most of these efforts can and will only deliver marginal results. Only until there is a more concerted effort to collaborate at a national level will there be any significant impact. Guests live in a seamless world and want to have seamless experiences, it is therefore important that all parties within the industry work collectively to deliver this.

QUESTIONS TO ASK YOURSELF

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<th>What kind of partnerships do you currently have in place with travel and tourism related businesses?</th>
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<td>To what extent have you developed any kind of customer personalisation in your company?</td>
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<td>3</td>
<td>Have you considered bringing expertise into the business in the form of a Think Tank or Incubator?</td>
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“No matter how brilliant your mind or strategy, if you’re playing a solo game, you’ll always lose out to a team.”

Reid Hoffman, LinkedIn

Collaboration is not easy. It can be both broad in nature and diverse in scope. Like most business endeavors, it does not break down cleanly and there is no magic formula or one-size-fits-all solution that will satisfy everyone. Collaborative initiatives are much more than just bolt-on initiatives, and should instead be seen as tools, that once implemented throughout the business, can help to reengineer internal processes, streamline operations, improve overall productivity and ultimately give the guest exactly what they want, when they want it.

There are many initiatives being undertaken by businesses today, some evidently more successful than others. What seems to be abundantly missing are strategic and tactical examples of collaboration. Once businesses take the first step and start to begin thinking about the potential of collaborating, what follows are a number of hands-on suggestions to allow for a smoother transition into this new way of working – of course there are many more but for the purpose of this paper what follows are 4 principles that will help to drive successful industry collaborations:

1. Create a Shared Purpose That Inspires

This needs to be created together but will need someone to provide direction. It is important that the individual objectives are supported and absolutely crucial that everyone understands and agrees with the purpose of the collaboration - especially what is expected of all members. It is likely that success will be achieved to a greater extent if the specifics around deadlines and levels of commitment are discussed and agreed as early as possible. So that everyone taking part in any collaborative initiative can feel the benefits, we believe there is a definite need to establish how each can contribute to future successes. Even just initiating a discussion around what it is that the group can only do collectively that nobody can do on their own can lead to some incredibly powerful visions for the future.

2. Tap into External Resources

The success of any locally led industry collaboration is heavily influenced by the group’s internal knowledge base and ability to effectively capture and deploy the expertise acquired from external partners. The skills required are diverse, but in the main, it is crucial for any member to be able to recognise the value of any external knowledge, be able to make sense of it and ultimately apply it to a specific commercial use. In any collaboration, roles, responsibilities and accountability should be agreed as early as possible and key participants with the right skill sets identified and informed. One of the key events reported on last year was...
the announcement made by AirBnB of their new service, Trips, which was introduced to Australia earlier this year and sees the accommodation juggernaut broaden its footprint in the travel space. This provides yet another wake-up call to incumbent players within the travel industry, that the rules have changed, and this is abundantly clear from a quote made by the CEO, Brian Chesky: “Travel is about the easy escape to magical worlds but in reality, you spend as much time planning the trip as going on the trip. We want to change that.”

3. Foster Mutual Trust and Respect

Much of the success with any collaboration comes down to the level of confidence that partners have with fellow members and the corresponding capabilities they bring as potential solutions. This of course requires a significant amount of trust which is also one of the original founding principles of what makes for effective collaborations. This does not happen overnight and a certain degree of patience is a must, much like dating and relationships before a marriage ceremony. There may be a period of time where it is important to share success stories and provide evidence of actual performance which will ultimately call for a need to share highly confidential information between collaborators – again emphasising the necessity to create a trusting bond between all involved.

4. A Need for Strong Leadership

The quality of any leader involved with collaborative initiatives is a critical ingredient as to the level of success achieved. There are many proven styles which work better or less well when it comes to creating mutually beneficial collaborations, but the one thing that is undeniably required of any leader is the ability to drive change and be a catalyst. Of course, there are other qualities which are also important, not least of having a presence on the ground creating and sustaining commitment to the collaboration through their own actions.

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<th>QUESTIONS TO ASK YOURSELF</th>
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<td>1. What does success look like at an individual company level and for the wider industry?</td>
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<td>2. What timeframe would you expect to put on any collaborative initiative?</td>
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<td>3. What metrics do you think are important to measure by way of understanding effectiveness?</td>
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Digitisation has the potential to unlock $1 trillion of value for the aviation industry over the next decade.10

Robots, super-sonic travel, teleporting and trips to Mars? The high-tech world we currently live in has already seen significant change. It is time to forget relying on complicated and intricate loyalty schemes to secure your customer base, instead businesses within travel and tourism should be focusing on delivering unmatched customer experiences right across the value chain, and quite frankly, beyond. Suffice to say, the future is a little scary but mostly exciting. What follows are some of the main developments relevant to the travel and tourism industry.

**Leisure Travel Becoming an Investment**

We will see more and more people value their leisure travel more as an investment as it connects them with family, friends and once-in-a-lifetime experiences. The experiences that travellers will want to create in the future (and some already do today) will be as much about people and relationships as about particular destinations. This will continue to be a dominant driver over the next decade, especially driven by Millennials. While travel is still not accessible to everyone, we will see in the future more ‘value’ being placed on this leisure time and at some point, the lines between travel and non-travel will be hard to define.

**The Beauty of Synchronicity**

This era of mass convergence does not appear to be slowing down any time soon and we will continue to see the collision of trends and consumer needs especially within travel and tourism - this is certainly a time to be scared but excited at the same time. We know that travellers are faced with increasing sources of information at the same time as having very little time on their hands - so they are going to reward brands that pull other relevant services into their own offerings that will ultimately help enhance their journey whether that be due to convenience, accessibility, functionality or cost. Then, when you factor into this the ever-growing digitalisation of almost everything as well as the need for ‘making every moment count’, the brands that will win over the consumer are the ones that are able to create ‘magic’ at the intersection of time, experience and technology, where everything in their world seamlessly glides from one screen or device to the next. The key message here to any player in the travel game is simple: synchronise as much as you can into one place and you’ll win the hearts (and minds) of the traveller.
Personalisation is the Next Frontier

People want travel that reflects their lives, passions, and distinct needs and will be less willing to accept packaged holidays, standard tours or other cookie-cutter experiences in the future. This is further exacerbated by the fact that most have (or will) become accustomed to highly personalised servicing across all aspects of our lives. So why should travel be any different? What will be evident is just how companies go about it whether through volumes of data or more sophisticated sensors or simply getting better at customer-centricity.

Robots Coming, but the Human-touch Reigns

Industries far and wide, both at home and across the globe are all feeling the pressure of disruption. At the same time, the consumer is feeling the fear of a future full of robots and machinery. However, it is very likely that we will reach a tipping point, where a comfortable balance is achieved between more humanised robotics and real life personal interaction with brands, products and services. No doubt, the future travel experience is going to be both high-tech and high-touch.

Marriott is a great example of a brand that continues to think outside the box and experiment with all kinds of (technology) innovations, many of which are created by a collaboration of some sort. Most will not forget a number of years ago when they launched themselves into the world of VR with the Oculus Rift, designed for newly-wed couples searching for their honeymoon while standing in a booth complete with wind, mist and sound effects. While it continues to dabble in this area, more recently with Samsung, they still remain a strong brand that has all the human touches to make their guests feel at home – it really is possible to bring both worlds together and deliver successful experiences to the customer.

QUESTIONS TO ASK YOURSELF

1. How can you incentivise your customers to encourage them to share their data?
2. What steps need to be taken to help facilitate a smooth transition to an interoperable data system?
3. Have you thought about what international collaborations might benefit your organisation?
“Alone we are smart. Together we are brilliant.”

Steven Anderson

Given today’s level of intensity around change across industries, coupled with the ever-demanding needs of the customer, there has never been a more critical time for businesses to think smarter about how they will continue to keep raising the bar and stay ahead. Within the travel and tourism industry, the key focus for future proofing any business should be around the following three areas.

1. Having the Right Culture

It cannot be stressed enough just how important it is to have the right people in your organisation that are all on the same page. Now is a good time to be thinking about your purpose and the ambitions you have for your business. What are your collective values and do they stand for anything? Do you have the right internal systems and processes that are going to enable your teams to achieve what they need to do? Have you invested enough in talent so that you have the best capabilities in-house or have you decided you will look externally for future expertise? Culture is one of the most important foundational building blocks that will help set you up for future success and equally is one of the biggest contributors to why businesses fail or feel the pressure – one only needs to take a look at what is happening over at Uber HQ of late.

2. The Customer Heart Transplant

To truly take customer-centricity seriously, there needs to be significant changes across any business and one might go as far as to say, there needs to be visible indications that the customer is central to all decision making. There are many success stories of organisations that have literally re-structured their business either based on customer segments or even simply based on priority customers. No matter what decisions are made, the key is to make changes that are always with the customer’s best interest in mind.

Once there have been ‘physical’ changes put in place, then you can start thinking and planning from the point of view of the customer. So many organisations still have an innovation process which either only involves the customer midway through the process, or worse, not until time of launch. If there is no insight behind a potential tension in the customer journey or some need resolved, then it is unlikely any innovative idea taken to market will be positively received.

In case there is any resistance to taking on this approach, then there is much written about the benefits customer-centricity brings to any business. This approach is anchored in the core objective of improving overall customer experience. Just recently it was said that “It is now financially demonstrable that brands that excel in CX perform better in terms of profitably and market competitiveness than those that don’t!”

Final Thoughts
Once there is a deep understanding of the customer and this is reflected in how you communicate with them, that is when the real impact will begin to show through, whether that be in social media, market share or the bottom line.

3. Optimise Your Innovation Pipeline

To make a significant difference and create the kind of impact that brand leaders do, businesses need to reflect this with the level of investment they are prepared to make in their innovation programs. While much has been written about how to innovate on a budget and there are many creative approaches to ensuring the pipeline remains active, there still needs to be a visible sign that senior management are taking innovation seriously. That said, a note of caution: organisations should resist the urge to innovate for the sake of innovating, as ultimately, if it does not serve the customer in any way with regards to their needs or frustrations, you will be left sitting on the shelf.

Aside from dollar commitment, one of the most important aspects of innovation that needs serious consideration is that of internal processes and procedures i.e. how a business is structured to be able to capture ideas. Who is responsible for generating innovative ideas, what frequency and what is the process from start to finish? Right now, there is much to be said for bringing in the experts and having an outsider perspective come into the business to ignite a different way of thinking about your industry and customer – whether this is something on a short-term or ad-hoc basis or whether an incubator style initiative is created, both approaches have proven to be successful for all kinds of businesses.

At the end of the day, it all boils down to one primary goal: future proofing your business today, for tomorrow. Why? The answer is simple, to ensure you are optimising your potential, capitalising on growth opportunities and thinking beyond ‘every man for himself’ which is the old-school approach to business, and shifting to a more ‘one for all and all for one’ way of working.

Facing these discussions can feel incredibly overwhelming and The B Hive spends a lot of time with companies tackling such questions. Over the last few years we created a framework to help us help companies in the travel sector get to where they needed to be in the most efficient way, we call this our Path to Transformation.

To help kick start your collaborative efforts, find out more about joining The B Hive’s Growth Network and the range of member benefits on offer at http://www.thebhive.com.au/growth-innovation/growth-network/

And, for more information about The Path to Transformation or anything else covered in this paper, please contact:

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