

THE CONNECTED VISITOR ECONOMY BULLETIN

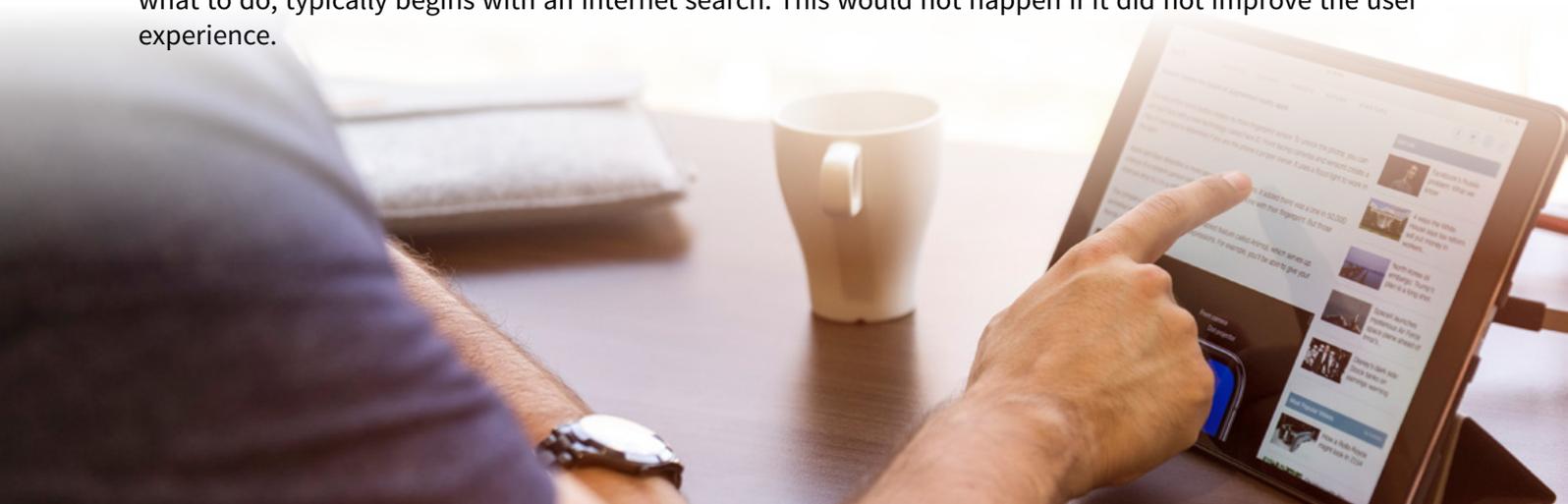


May 2018

HOW SERENDIPITY CAN UNLOCK INNOVATION AND REACH NEW MARKETS

We live in the age of the algorithm. Google searches, products purchased on Amazon.com and offers from loyalty programmes are all based on the use of data to predict what consumers want and need.

Generally, customers have supported this. Globally, the process of deciding where to travel, where to search, what to do, typically begins with an internet search. This would not happen if it did not improve the user experience.



Search results introducing what other consumers purchase and enjoy works for individuals and businesses alike. McKinsey's¹ estimates that 35 percent of Amazon purchases are made based on these recommendations. The American Express Future Travel Trends Survey 2015² noted that 45 percent of travellers reported that they would travel more if more personalised service and experiences were available.

HOWEVER, THE TREND FOR HYPER-PERSONALISATION – AS MANY TRENDS ARE – IS BALANCED BY A COUNTER TREND: THE DESIRE FOR SERENDIPITY.

Seth Stephens-Davidowitz³ and other data scientists have demonstrated that the data trail we leave enables them to know us sometimes better than we know ourselves and to predict our likes and behaviour. It is ushering in a world of **hyper-personalisation**. This can create a challenge for small and medium tourism businesses in marketing (although equally an opportunity in service delivery when it reaches us – the end consumer) as expectations in one field increasingly spill into another.

However, the trend for hyper-personalisation is balanced by a counter trend: *the desire for serendipity*.

We can take advantage of serendipity in two ways by:

- 1 exploring ways to present our experiences to new audiences; and
- 2 bringing that serendipity in house to power businesses

USING SERENDIPITY TO REACH NEW CUSTOMERS

There is no turning back to the days before Google (and other Internet search engines) kick started search via the semantic web to give us really relevant information. In focus groups, customers express nostalgia for the days when the web would lead you to totally chance encounters to amazing information that you could never have thought of.

But the role of algorithms is also reinforcing an important psychological process: the availability cascade⁴ that is the more people see things, the more they want them. When the Internet first emerged, it created a belief in the “Long Tail”⁵ – that many small businesses could grow because they would reach a global audience. However, what has actually happened is that the situation has generally favoured the big winners and the most popular options more than it has favoured individual small producers. This is known as the ‘Winner Takes All’ strategy. There is still a long tail, but it is longer and flatter than we thought according to the Harvard Business Review⁶. For example, the top 10 percent of titles on Quickflix accounted for 48 percent of all rentals, and the top 1 percent accounted for 18 percent (or one in six).

In tourism, that is also evident with a growing challenge of ‘over tourism’. Despite an ever larger array of experiences and destinations opening up, the most popular destinations are ones that most people want to visit.

¹ <https://www.mckinsey.com/industries/retail/our-insights/how-retailers-can-keep-up-with-consumers>

² http://about.americanexpress.com/news/docs/2015x/Amex_Travel_Future_Trends_7-9-15.pdf

³ *Everybody Lies*: Seth Stephens Davidowitz <http://sethsd.com/everybodylies/>

⁴ <https://www.monash.edu/business/marketing/marketing-dictionary/a/availability-cascade>

⁵ Chris Anderson, <http://www.thelongtail.com/>

It is possible for small tourism businesses to overcome this, but it requires a disciplined approach to Semantic SEO marketing, as argued by Bronwyn White⁷.

Algorithms narrow the focus of what people see. This has been most obvious in the political sphere where the same news story can be presented to two people in radically different ways, all of which tend to confirm their existing beliefs. Daniel Kahnmann⁸ refers to this as “confirmation bias”. The Wall Street Journal has created the Red Feed, Blue Feed⁹ to showcase this trend (see Image 1 opposite). This has contributed to the polarisation of political beliefs in many countries. But this can apply in exactly the same way for businesses.



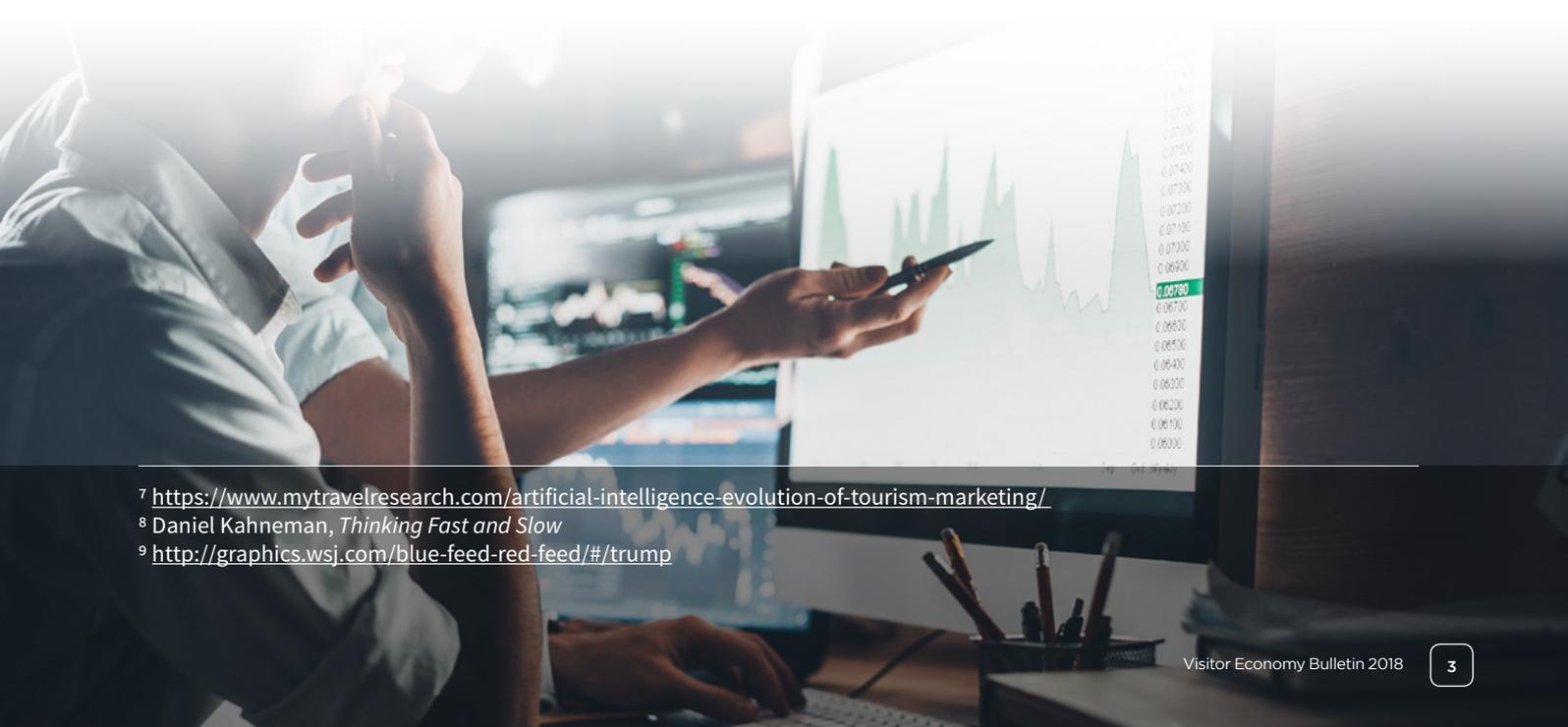
Source: WSJ Red feed, Blue feed

We need to create ways for consumers to find and uncover new experiences if small to medium tourism enterprises are to become resilient and profitable. Let’s look to other industries to see how this could work.

The tech giants are already working on ways to open up a wider variety of new sources. This is good news as, providing we have done semantic SEO marketing properly, it potentially puts us in front of new consumers.

Spotify has created a curated music experience called Serendipity that shows when two people are listening to the same music. The idea is to build a social connection, but this will ultimately also expose users to new information as their connections build a broader profile.

But the best example is **Random**. This is an app created by the founders of Skype that combines search results both from revealed preference in search and from a more random collection of news items that may be of interest.



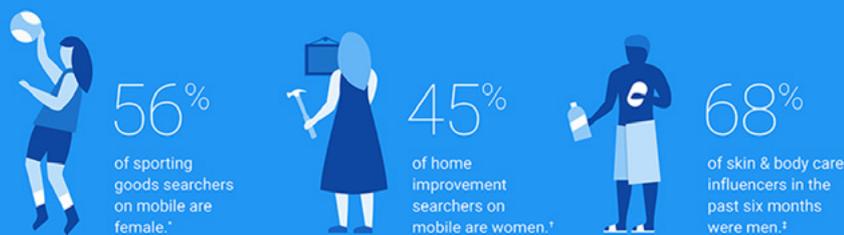
⁷ <https://www.mytravelresearch.com/artificial-intelligence-evolution-of-tourism-marketing/>

⁸ Daniel Kahneman, *Thinking Fast and Slow*

⁹ <http://graphics.wsj.com/blue-feed-red-feed/#/trump>

In addition, there are small practical steps that tourism businesses can take by monitoring their own customers. Many tourism operators have experienced a customer turning out to love their experience and proving to be highly profitable. If your business has experienced this, reflect on what the shared interests or issues were for those consumers and see how you can use your content marketing strategy to reach them. The well-known example of this is intent marketing: according to Google 56 percent of searches for sporting goods are from women and 68 percent of health and beauty products are from men. By understanding users by their intent, rather than their profile, we can reach new markets among people we do not normally think of as our customers.

Potential customers you might be missing:



Source: <https://www.thinkwithgoogle.com/marketing-resources/micro-moments/why-consumer-intent-more-powerful-than-demographics/>

The irony is that this ‘new serendipity’ is often built on the very algorithms that it seeks to avoid.

USING SERENDIPITY TO POWER GROWTH IN OUR BUSINESSES

To a certain extent that is also true for the second way that serendipity can power tourism businesses” the bringing of ‘Planned Serendipity’ to our businesses. This is based on the insight of Thor Muller and Lane Becket¹⁰ that the largest and fastest growing companies on the planet have at their heart an element of luck. They noted that the founders of both Google and Instagram acknowledged the role of luck in their businesses, but sought to understand how those companies were set up to take advantage of that luck.



Muller and Lane describe planned serendipity as the combination of chance and creativity. To make it happen, they identified three core principles of how companies could bring this into their business:

- 1 that they created opportunities where chance could enter their lives (Motion – attending conferences is a great way to do this)
- 2 that they recognised when such an opportunity had arisen (Preparation) and
- 3 that they are willing to take action on the opportunities that matter (Divergence).

They argue that the key way to do this is to work out which of these opportunities are critical to the ‘core purpose’. This was how Jeff Bezos of Amazon was able to seize the opportunity of crowd computing.

And then later they elaborated this further into 8 core skills¹¹ (see Image 2).

¹⁰ More detail can be found in their book *Get Lucky* and you can read a summary here https://www.summary.com/book-reviews/_/Get-Lucky/

¹¹ https://thehappystartupschool.files.wordpress.com/2013/01/refbks_aplus_wiley_lucky-jpeg-scaled1000.jpg



As a first step, be sure that you know what your core purpose is, and make sure you are open to new ideas.

Muller and Becket never suggest that systems and processes are unimportant. They rather suggest that you need to create systems and processes that facilitate planned serendipity. For example, although the Post-it note is considered a 'lucky chance', it came to be because 3M's CEO was open to attending conferences and because their business created ways for employees to explore potential new ideas. Likewise, Google creates opportunities for employees to work on projects beyond their day job. Google Maps is just one example of how this apparently altruistic behaviour proved to be a stunningly effective business tactic.

There is no reason why tourism businesses cannot bring these ideas and principles into their businesses. Rather than (as no doubt many readers are) objecting the practicality of this method, take 20 minutes to consider ways in which you could apply these principles to your business.

One further great tool is to do what WPP (global media group) calls an 'unconference'¹². This is really a form of 'planned serendipity' workshop where employees, staff, boards or stakeholders join to identify a new, engaging or different topic, then work through what the implications might be. Be sure to always include the opportunity to link this back to your core purpose as part of the discussion.

WHAT IS THERE TO LOSE?

In a sector characterised by low margins and challenged significantly by growth, 'hacking' the strategies of high value, fast growth companies could bring a positive change to the business.

Businesses should not fear exploring serendipity. As long as you clearly understand what your core purpose or secret¹³ is, then use serendipity to take your business to the next level.

¹² https://www.huffingtonpost.com/hamish-priest/why-planned-serendipity-m_b_6145908.html

¹³ Peter Thiel, *Zero to One*, see <http://zerotoonebook.com/>

ABOUT THE AUTHOR

Carolyn Childs

Strategist, Futurist, Co-Founder

Carolyn Childs founded MyTravelResearch.com with Bronwyn White to help travel organisations achieve their goals by making insight an accessible & usable foundation for decision-making. Her career spans 30 years and 35+ countries on every inhabited continent including time with Travel Research Centre, the International Air Transport Association (IATA) & heading the Australian travel research vertical for research giant TNS (now TNS Kantar). She is a top-rated speaker including as an annual presenter at the Mumbrella Travel Marketing Summit; has published an e-book on consumers in emerging markets, papers on Indian Outbound Tourism, Luxury Travel & passenger taxes. She is Immediate Past President of TTRA's Asia-Pacific Chapter, a Certified Member of the Market Research Society and has been on the UNWTO Panel of World Tourism experts.

ABOUT MyTravelResearch.com

MyTravelResearch.com is an insights and consulting company established and run by Bronwyn White and Carolyn Childs. They started the company in 2011 because they saw that tourism businesses and destinations were often confused or overwhelmed by research and struggled to apply it to their businesses.

MyTravelResearch.com provides custom research, strategy and marketing consulting – and people love it. But through the pioneering membership approach and crowd-sourced Insights to Action products like Visiting Friends and Relatives Research, they provide cost effective, 'always on' insight and marketing advice to support your business that could unlock more than AU\$30,000 dollars a year in value for you.

Disclaimer

All rights reserved. No part of this publication may be reproduced in any form or by any electronic or mechanical means, including information storage and retrieval systems, without permission in writing from authorised personnel from the Pacific Asia Travel Association (PATA), except by accredited media who may quote brief passages in an article with appropriate sourcing to PATA.

This publication is intended to provide accurate information and includes material from sources considered to be reliable. It is provided with the understanding that the Pacific Asia Travel Association, a not-for-profit organisation and the author are not rendering any professional services, disclaim any warranty concerning information provided, assume no liability for advertising claims and reserve the right to accept or reject any advertising.

Statements and opinions expressed in this publication do not necessarily represent those of PATA, which assumes no responsibility for editorial content. The author and PATA welcome suggestions for corrections or changes. Please contact the Strategic Intelligence Centre at sic@PATA.org.

Visitor Economy Bulletin is published ten times per year.

May 2018 Edition

Author: **Carolyn Childs**

Design & Layout: **Thanaporn Sae-Lee, PATA**

MyTravelResearch.com[®]



A PATAcademy-HCD Workshop

“ONLINE VIDEO MARKETING”

How to create engaging online video campaigns for brand-building and sales

June 25-26, 2018

*PATA Engagement Hub
Bangkok, Thailand*

To stay competitive, marketers are turning to video to broaden their reach, boost conversions and stand out. As this captivating visual medium continues to flourish, brands and marketers of all stripes are beginning to recognize how important it is to include video in their digital marketing mix.

Meanwhile, digital branding campaigns are becoming increasingly effective as the ability to track and understand user's browsing behavior continues to advance. Marketers can now apply their understanding of digital marketing tools to distribute their videos across various platforms to get them discovered by the right audience.

Using interactive learning approaches and hands-on assignments, this PATAcademy-HCD workshop examines the challenges and opportunities presented by video marketing and digital marketing platforms, led by two international experts in video storytelling and digital marketing:



Day 1: 'Storytelling Through Video Marketing'
Anthony Copping, Founder CEO, Binumi

Anthony Copping has a background in international media, working as a producer and presenter of documentary films - particularly relating to remote and vanishing cultures. Anthony undertook over 50 expeditions which culminated in a TV series aired globally in 2004 by National Geographic who called it “the most dangerous expedition for music in history.”



Day 2: 'Online Video Campaigns for High Impact'
Vi Oparad, Country Manager, StoreHub

Vi has been in Brand Marketing and Ad Tech career for almost 10 years. At Unilever, she worked on Vaseline and Dove, before becoming a Brand Manager for Omo. Vi discovered the fascinating world of the digital marketing while studying an MBA at MIT Sloan School of Management. Vi joined Google and subsequently Facebook in Singapore and Thailand where she used her marketing background to help hundreds of advertisers build their businesses online.

SPECIAL PROMO

1. First 10 participants to register will receive a complimentary one-year Binumi subscription, valued at USD \$1000.
2. All other participants will receive 12-month subscription for the price of 6 months, valued at USD\$500

REGISTER TODAY AT

PATA.org/patacademy-hcd-june

PATA PREMIER PARTNER



PATA PREMIER MEDIA PARTNER



PATA STRATEGIC PARTNERS



PATA PREFERRED PARTNERS



MEDIA PARTNER



PATA ALLIANCE PARTNER



PATA GOLD AWARDS SPONSOR



澳門特別行政區政府旅遊局
DIRECÇÃO DOS SERVIÇOS DE TURISMO
MACAO GOVERNMENT TOURISM OFFICE



PATA.HQ

PATA_HQ