EXECUTIVE SUMMARY
CX in the Travel & Hospitality Industry

Customer Data & Analytics, Customer Relationship Management, Contact Center, Personalization & Optimization, Customer Data Platforms, Employee Experience, and Customer Insights & Feedback: Market Analysis and Forecasts

Published 4Q 2021

SHERRIL HANSON

Senior Analyst

CLINT WHEELOCK

Managing Director

Section 1

Executive Summary

1.1   Introduction

While all industry sectors have needed to pivot and flex to address the global pandemic, few other industries have had to reinvent their processes and solutions the way the travel & hospitality market has needed to. Constantly evolving restrictions and regulations have made any sort of market recovery in this sector lumpy, at best. The travel & hospitality sector has always needed to walk the line between internal operational and cost efficiencies and personal attention to the guest or traveler. The global COVID-19 pandemic caused many travel & hospitality companies to reassess their priorities and current technology status, focusing on those that will result in even greater efficiencies as they navigate the upcoming recovery, and provide a smooth, friction-free, and positive CX for those traveling.

The customer journey of a traveler can be complicated and leverages many disparate technologies. The process of researching a trip via the wide variety of channels and third-party providers, booking, paying, moving through a transportation hub, and arriving at a destination of choice has a lot of opportunities to rise to the occasion to provide outstanding CX or fall short of expectations. Each touchpoint in that journey is an opportunity to build brand loyalty, trust, and positive emotion. This is both a challenge and an opportunity for implementing CX technologies and services.

This Dash Research report focuses on the software platforms, applications, and services that are offered to travel & hospitality companies to help them achieve excellent CX that leaves travelers feeling safe, satisfied, and eager for a return trip via all the companies that eased their journey. While the industry will take some time to fully rebound, an exploration of CX in this sector demonstrates that it is a market primed to reap the benefits of implementing CX technologies.

1.2   Market drivers

The travel & hospitality CX market is driven by a variety of factors, with an internal need for revenue and profitability increases, and an external need for a smooth and pleasant experience. The market is in a period of transformation, and some of the historic inefficiencies, outdated technology, and low levels of customer service have been even more painfully exposed during the pandemic. However, this leads to opportunity for CX vendors, with several factors indicating cause for optimism as the industry rebounds.

Some of the key drivers pushing the adoption of CX software and services in this market include:

- Demand for omnichannel interactions and self-service

- Changes in the nature of the travel experience and desire for personalization

- Acceleration of contactless and convenience technologies

- Increased communication needs

1.3   Market barriers

The overall travel market is currently constrained by many factors not completely in the industry's control. These include vaccination rates, changing regulations, budget constraints, and the inability to know when the industry will truly stabilize. The trickle-down effect to CX software and services points to a challenging environment.

The key market barriers that are hindering the growth of CX software and services include the following:

- Market uncertainty and budget constraints

- Fragmented and sometimes outdated technology stacks

- Labor shortages and employee burnout

- Consumer concern over health and safety issues

1.4   Market forecast highlights

The CX/customer engagement (CE) market in travel & hospitality will be facing headwinds for quite some time. Dash Research projects that the global market for CX/CE software and services will reach $4.3 billion by 2026, reflecting a 2019-2026 compound annual growth rate (CAGR) of -2.6%. While Dash Research projects year-over-year growth in each year of the 2020-2026 forecast period, it will not be enough to overcome the 35% decline in market size between 2019 and 2020. North America accounts for the largest slice of the forecast, and will generate $2.1 billion in 2026 revenue, showing a negligible CAGR decline (-0.1%) over the forecast period. Across all regions, customer data & analytics ($1.0 billion) and customer relationship management (CRM) ($964 million) will generate the most revenue in the final year of the forecast.

1.5   Dash Research insights

- Providing strong CX can be supported by many technologies and solutions, but this sector must overlay human touch and empathy as nervous travelers return. The industry is starting to break in favor of the customer, implementing technologies and services that allow for a bit of virtual hand holding and demonstrations of compassion as travelers return.

- Vendors of CX technologies will need to be patient as companies are distracted by the large market challenges at hand. Although budgets have been stagnant or declining, the pandemic has given travel & hospitality companies an opportunity to reassess their technology stacks and put plans in place for technology updates, including those involving CX. Many are currently in an information gathering and planning stage. Interest is high, but spending is still low.

- There is currently a disconnect between what consumers expect and what some travel & hospitality companies are capable of delivering due to market and labor shortage constraints.

- Communication is critical, but it needs to be relevant and timely. Matching the appropriate communications to the appropriate time in the customer journey, as well as offering an opportunity to provide feedback, will be important activities as the industry ramps back up.

- The industry is ripe for personalization solutions. Consumers want more tailored options and travel & hospitality companies can use personalization to deepen and expand purchasing behaviors.

- Improving employee experience (EX) will need to be a focus area. Strong EX results in strong CX across all industry segments, but perhaps with not such an obvious causal relationship as in the travel & hospitality industry.

Section 6
Table of Contents

Section 7
Table of Charts and Figures

Section 8

Appendix

8.1   Scope of study

This Dash Research report examines the market issues, drivers, and barriers for CX and CE software platforms, software applications, and services targeting the travel & hospitality industry. This industry includes CX/CE for online and offline travel booking, air/train/hotels, car rental services, recreational vehicle (RV)/campsite booking, and communication. Restaurants and other eating establishments are not included in this study.

8.2   Sources and methodology

Dash Research is an independent market research firm that provides industry participants and stakeholders with an objective, unbiased view of market dynamics and business opportunities within its coverage areas. The firm's industry analysts are dedicated to presenting clear and actionable analysis to support business planning initiatives and go-to-market strategies, utilizing rigorous market research methodologies and without regard for technology hype or special interests including Dash Research's own client relationships. Within its market analysis, Dash Research strives to offer conclusions and recommendations that reflect the most likely path of industry development, even when those views may be contrarian.

The basis of Dash Research's analysis is primary research collected from a variety of sources including industry interviews, vendor briefings, product demonstrations, and quantitative and qualitative market research focused on consumer and business end users. Industry analysts conduct interviews with representative groups of executives, technology practitioners, sales and marketing professionals, industry association personnel, government representatives, investors, consultants, and other industry stakeholders. Analysts are diligent in pursuing interviews with representatives from every part of the value chain in an effort to gain a comprehensive view of current market activity and future plans. Within the firm's surveys and focus groups, respondent samples are carefully selected to ensure that they provide the most accurate possible view of demand dynamics within consumer and business markets, utilizing balanced and representative samples where appropriate and careful screening and qualification criteria in cases where the research topic requires a more targeted group of respondents.

Dash Research's primary research is supplemented by the review and analysis of all secondary information available on the topic being studied, including company news and financial information, technology specifications, product attributes, government and economic data, industry reports and databases from third-party sources, case studies, and reference customers. As applicable, all secondary research sources are appropriately cited within the firm's publications.

All of Dash Research's reports and other publications are carefully reviewed and scrutinized by the firm's senior management team in an effort to ensure that research methodology is sound, all information provided is accurate, analyst assumptions are carefully documented, and conclusions are well-supported by facts. Dash Research is highly responsive to feedback from industry participants and, in the event errors in the firm's research are identified and verified, such errors are corrected promptly.

8.3   Forecast methodology

Dash Research has taken a multifaceted approach to developing its forecast model. A scan of the market was undertaken to identify a market ecosystem consisting of companies serving the travel & hospitality market, including small, medium, and large players, across seven key CX functional areas: contact center; personalization & optimization; customer feedback; customer data & analytics; customer relationship management (CRM); customer data platform (CDP); and employee experience (EX).

Using a combination of company-supplied data (annual reports, press releases, analyst conference calls) and public and subscription-based company databases, an assessment of each company's revenue was captured for the base year of 2019. Further assessments on the amount of revenue that was directly attributed to CX platforms, applications, or services were made, along with an assessment of the revenue level attributable to travel & hospitality customers, which were cross-checked against customer lists, press releases, and industry news reports.

To forecast the potential market value, industry growth rates from several sources were collected, analyzed, and applied as a baseline growth rate for the industry. Then, segment growth rates were calculated by implementing technology adoption growth curves for each region and functional area, taking into account the internal market dynamics and external economic factors that impact the travel & hospitality market.

The forecast is not without limitations; many of the functional areas overlap, and Dash Research's categorization relies not only on vendors' classification, but on an assessment of what the company's products and services actually allow a travel & hospitality company to accomplish. Further, while Dash Research has attempted to capture a wide-ranging and comprehensive ecosystem of companies, the definition of what constitutes CX software and services is highly variable. Dash Research has focused on companies that offer solutions that are clearly focused on CX, as opposed to marketing automation, sales automation, or other related applications.

Dash Research Methodology
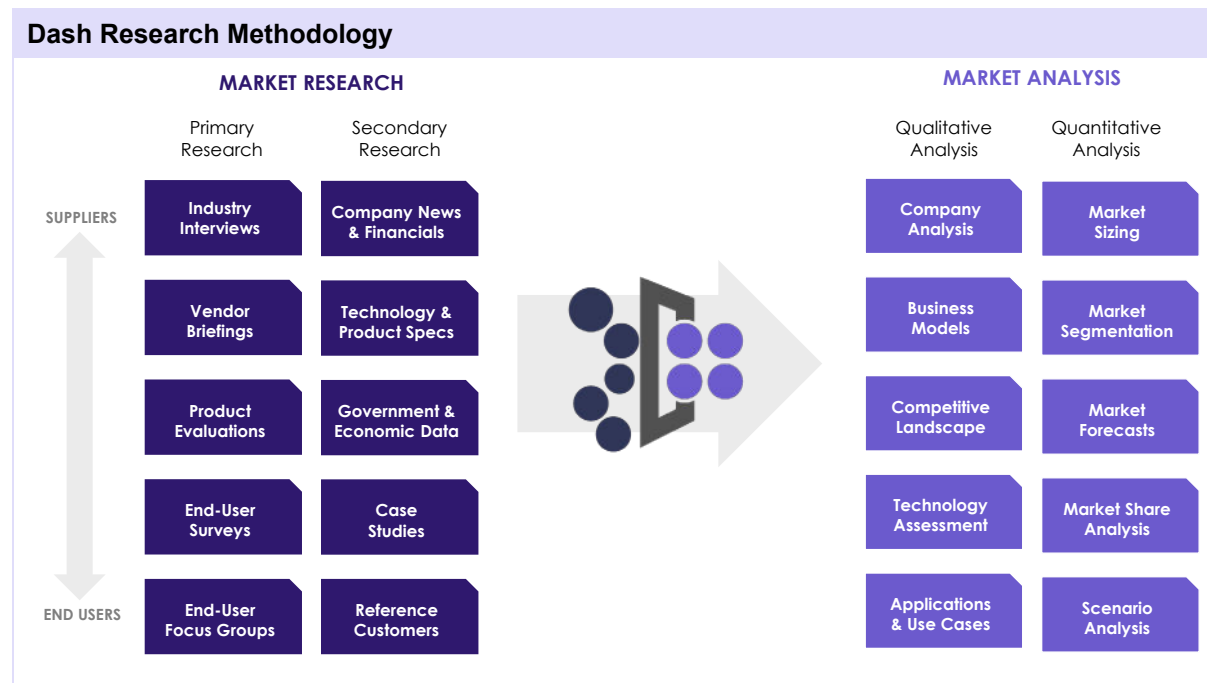
8.4   Copyright notice

This publication is provided by Dash Network LLC dba Dash Research. This publication may be used only as expressly permitted by license from Dash Research and may not otherwise be reproduced, recorded, photocopied, distributed, displayed, modified, extracted, accessed, or used without the express written permission of Dash Research. Notwithstanding the foregoing, Dash Research makes no claim to any government data and other data obtained from public sources found in this publication (whether or not the owners of such data are noted in this publication). If you do not have a license from Dash Research covering this publication, please refrain from accessing or using this publication. Please contact Dash Research to obtain a license to this publication.

Published 4Q 2021