

McKinsey  
& Company

In partnership with **Skift.**  
RESEARCH

# Rebooting customer experience to bring back the magic of travel

September 2021





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**Glen**  
Lone R

Lone Rock Beach  
accessible primitive  
operation. Restroom.  
recreational vehicle dump  
Entrance and camping fee

**Camping and Day Use**  
Camping and picnicking along the beach is free and safe.





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# Executive summary

The COVID-19 pandemic upended life as we know it, and devastated the travel industry globally. As travel volumes are returning in many parts of the world, customer experience is emerging as the core challenge of the recovery.<sup>1</sup>

In this report, McKinsey & Company and Skift Research assess the current traveler experience and find mixed signals. While surveys and rating analyses show many travelers are satisfied with their experiences—some, surprisingly, more so than before COVID-19—a deeper look at the data reveals troubling undercurrents.

Despite high satisfaction ratings, negative sentiment is on the rise. Furthermore, operational capacity is strained, staffing challenges are widespread, airline complaints are up, rental cars are hard to come by, and hotel amenities and services remain substantially pared down.

Given the seeming contradiction between performance and satisfaction, the true situation may simply be that leisure travelers are happy to be on the road again after a year of being stuck at home. As travel volumes increase and business travelers return, there is potential for a wave of customer dissatisfaction—at a time when loyalty is up for grabs.<sup>2</sup>

Will travel players manage to reboot customer experience before travelers' "honeymoon phase" comes to an end? Or will thinning customer patience shock the system?

## **Customer experience is the core challenge of the recovery**

Whether it's more tailored products, greater digital parity with analog services, or faster turnaround, customer expectations of what great customer experience (CX) looks like have shifted significantly. COVID-19 only accelerated these trends, leaving the travel ecosystem in a game of catch-up.

In this changing landscape, travel companies that prioritize CX can gain loyalty, build resilience, and future-proof their businesses. Yet while travel executives may believe their companies deliver strong CX today, our research indicates there is room for improvement. Common challenges include:

- inconsistency in CX across products, services, and digital
- difficulty predicting customers' sentiment without having to ask them
- time lags in going to market with updates, releases and enhancements

Travel companies are still absorbing COVID-19's financial impact, and investing in CX now may seem too great a burden for many of them. But companies that prioritize CX during a downturn stand to outperform their competition for years to come—as McKinsey research on previous downturns has shown.<sup>3</sup> Indeed, wise

<sup>1</sup> Skift Recovery Index, 2021.

<sup>2</sup> ["US consumer sentiment during the coronavirus crisis, McKinsey survey results,"](#) May 13, 2021, McKinsey.com.

<sup>3</sup> Dago Diedrich, Nicholas Northcote, Tido Röder, and Karolina Sauer-Sidor, ["Strategic resilience during the COVID-19 crisis,"](#) March 2, 2021, McKinsey.com.



investment in CX may be key to the industry's survival, and flourishing, in a post-pandemic world.

#### **What we recommend**

In this report, we set out three key considerations for travel companies aiming to set a new standard for CX.

First, **aim high—and aspire to bring back the magic of travel**. Companies and destinations that raise the bar from mere customer satisfaction to customer delight can create long-lasting emotional connections, and forge relationships with customers that increase the likelihood of return visits.

Second, **look forward—understand your customers better**. Travel companies can develop robust measurement toolkits to keep a pulse on customers' constantly evolving needs and expectations. They will need to make smarter use of the data at their fingertips, mine new approaches such as social sentiment analysis, and move beyond traditional instruments like customer surveys.

Lastly, **move fast—implement insights quicker**. Without a nimble and agile organization, companies may struggle to realize the value of their insights. By working cross-functionally, not only can travel companies put the end-to-end customer perspective in focus, they can also execute on ideas faster. In addition, by iterating with customers and employees during the process, companies can gain valuable qualitative insights and rethink their development timelines.

Whether you are a laggard playing “catch up” or a leader looking to gain additional market share, it will be essential to put renewed focus on CX in the months ahead. Travel companies that fail to do so risk being left behind in the recovery.

**"As travel volumes increase and business travelers return, there is potential for a wave of customer dissatisfaction—at a time when loyalty is up for grabs."**



# Introduction: Customer experience is at a crossroads





The COVID-19 pandemic upended life as we know it, and devastated the travel industry globally. Our 2020 joint research report, “[The travel industry turned upside down](#),” documented this unprecedented impact on the sector.<sup>4</sup>

One year later, we find that the travel sector is bouncing back—yet recovery still has a long way to go.

Tony Capuano, CEO of Marriott International, said, “In April 2020, our worldwide occupancy was at 12 percent and we closed thousands of hotels. We had never seen anything like it in our 94 years of operation, and that’s after surviving wars, economic downturns and terrorist attacks. Today, things are better but recovery varies around the world.”

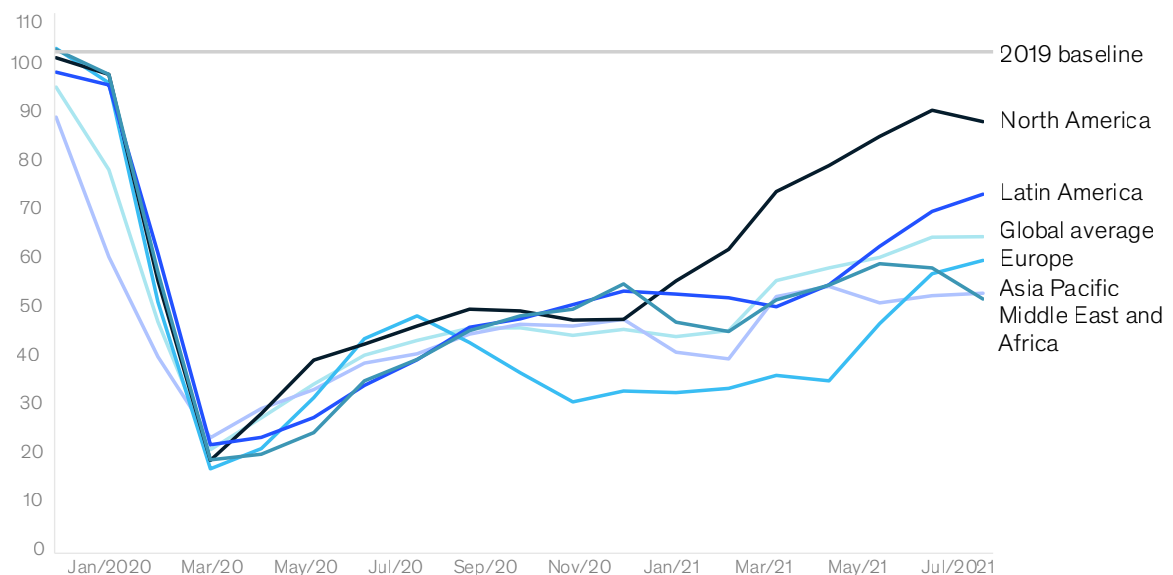
Instead of measuring recovery solely by revenue, the [Skift Recovery Index](#) leverages multiple variables including website visitation, future bookings, ticketing, occupancy, and cancellations. Although 2021 performance has improved considerably over 2020, it is still 35 percent below pre-pandemic levels globally (Exhibit 1).

Different geographies tell vastly different recovery stories as a result of varying travel restrictions, COVID-19 case counts, and the strength of domestic travel markets.<sup>5</sup> In North America, the United States and Mexico are seeing strong recovery performances, with scores of 91 and 99 respectively. In contrast, most Asian countries remain far more cautious in opening their borders, leading to many scores in the 20s; China is an exception to the region with a score of 67.

Exhibit 1

## Different geographies tell vastly different recovery stories.

Travel recovery by region, performance relative to pre-pandemic levels



Source: Skift Research – Skift Recovery Index

<sup>4</sup> Seth Borko, Wouter Geerts, and Haixia Wang, “[The travel industry turned upside down: Insights, analysis, and actions for travel executives](#),” September 22, 2021, McKinsey.com.

<sup>5</sup> Skift Recovery Index, 2021.



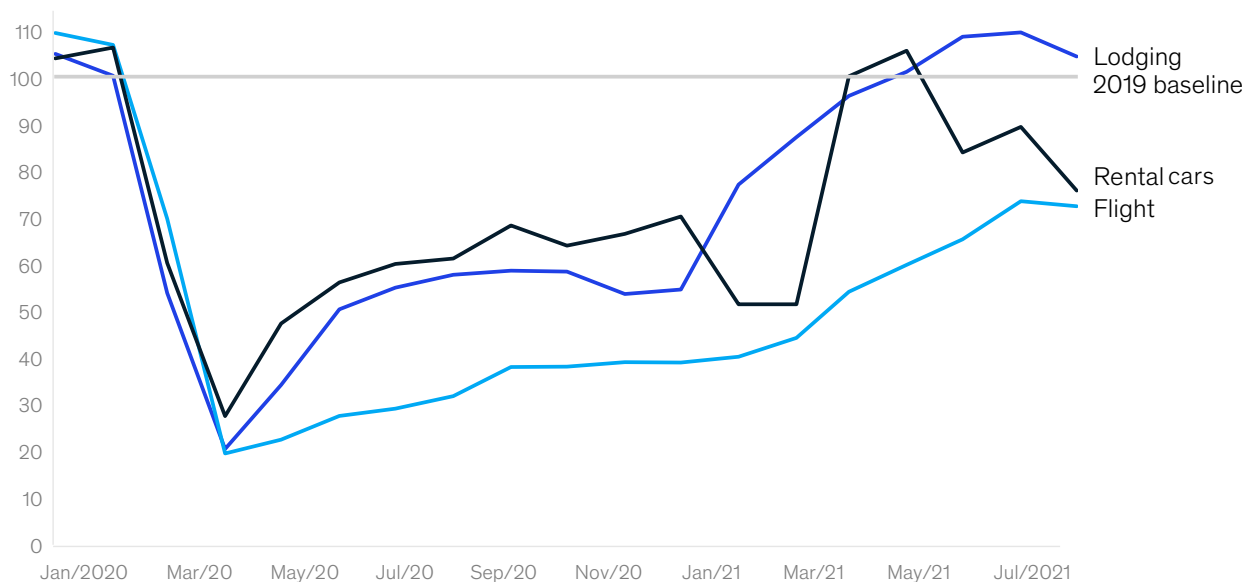
In addition to geographic variations, the recovery also follows different patterns across sectors. In the United States, the lodging industry has outperformed the air and car rental verticals. Short-term rentals saw a major boost at the beginning of the pandemic, but hotels have also seen strong improvement in performance during the first half of 2021.<sup>6</sup> On the other hand, flight volumes remain down considerably with international travel still largely absent, and the car rental space is still struggling with a shortage of supply (Exhibit 2).

China, while closed to international travelers, has seen a strong domestic return in each vertical: Hotel bookings are up 6 percent and domestic air travel is up 8 percent compared to 2019. Airlines have even redeployed fleets from international routes to meet the increased domestic demand.

Exhibit 2

## The lodging sector has recovered faster than air and car rental sectors.

United States recovery by sub-sector, performance relative to pre-pandemic levels



Source: Skift Research – Skift Recovery Index

<sup>6</sup> ibid.



## Mixed signals around the current customer experience

As travel volumes are starting to return in many parts of the world, stories have begun to surface about problematic travel experiences.<sup>7</sup> Has the travel experience in fact gotten worse? The answer is not clear cut.

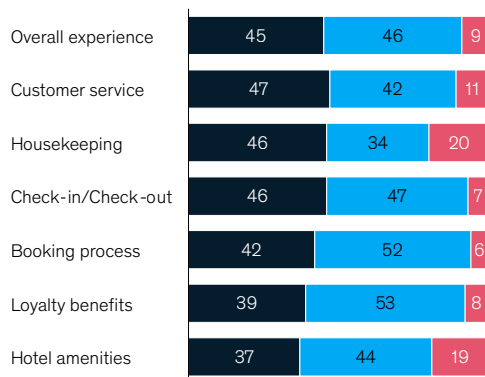
## On the surface, traveler satisfaction does not appear to have declined during the pandemic

Perhaps surprisingly, Skift Research's Traveler Tracker survey found that more than 80 percent of leisure travelers were satisfied with their Summer 2021 flight and hotel experiences—indeed, nearly half rated their trips as better than those they'd experienced pre-COVID-19 (Exhibit 3).<sup>8</sup>

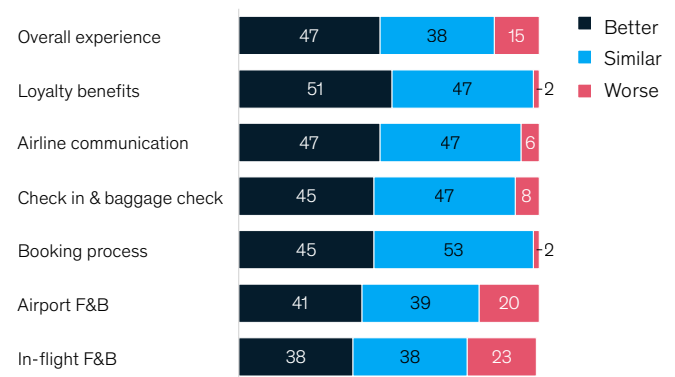
Exhibit 3

### Surprisingly, few leisure travelers said the travel experience declined during the pandemic.

#### Leisure hotel experience compared to pre-pandemic, % of total



#### Leisure airline experience compared to pre-pandemic, % of total



n = 313 for hotel stays; n = 54 for flights

Source: Skift Research U.S. Travel Tracker Survey July 2021

"Perhaps surprisingly, more than 80 percent of leisure travelers were satisfied with their Summer 2021 flight and hotel experiences."

<sup>7</sup> Elaine Glusac, "6 ways to tame airline nightmares," New York Times, August 24, 2021, nytimes.com; Hannah Sampson, "Tourists in Hawaii are driving U-Hauls because rental cars are so expensive," Washington Post, May 3, 2021, washingtonpost.com.

<sup>8</sup> Skift Travel Tracker, July 2021.



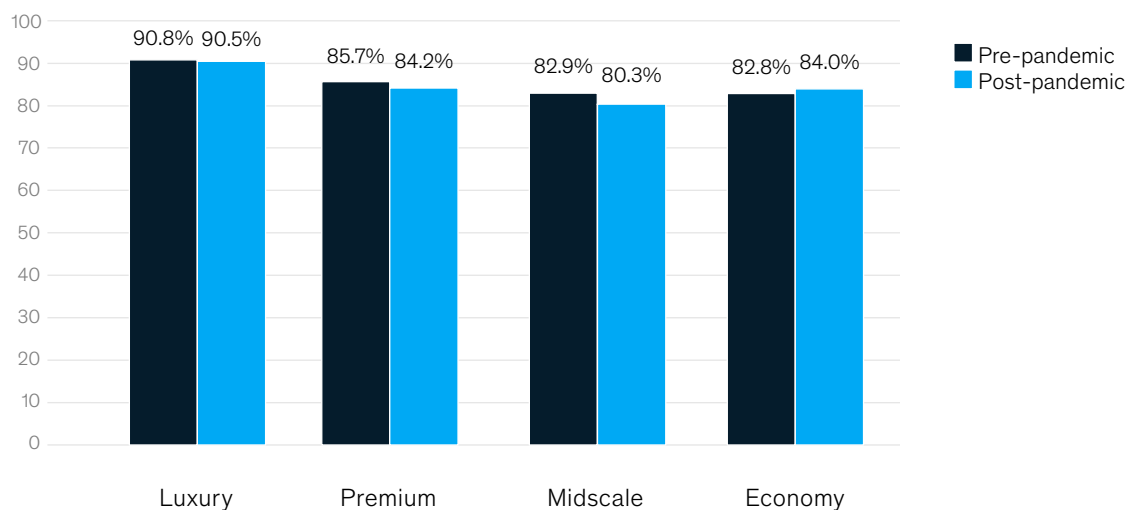
Similarly, a Travelsify analysis of over 60 million hotel guest reviews found minimal changes in review scores across major hotel chain scales and tourist regions (Exhibit 4).<sup>9</sup>

Carl Shepherd, Investor and Co-Founder of HomeAway, adds color to this surprising finding, saying: “Travelers have accepted a level of service that, in the past, I would have thought would have driven people to the door and out on the street. No daily room cleaning in hotels? No problem. Put your trash and used towels outside in the hall? Hell yeah.”

Exhibit 4

### Hotel ratings did not decline during the pandemic.

Worldwide hotel chain guest rating score pre- and post-pandemic, median rating



Source: Travelsify Hotel Brand DNA®, Jan 2018–Dec 2019 and Jan 2020–July 2021, scale 1–100, +63 million guest reviews covering 27,772 hotels from 77 major hotel brand

“Travelers have accepted a level of service that, in the past, I would have thought would have driven people to the door and out on the street.”

-Carl Shepherd,  
Investor and Co-Founder of HomeAway

<sup>9</sup> Travelsify Hotel Brand DNA®, January 2018 to December 2019 and January 2020 to July 2021.



Additionally, a Transparent analysis of vacation rental property ratings found that, while scores dipped at the start of the pandemic, current scores are comparable to 2019 levels (Exhibit 5).<sup>10</sup>

**Despite steady satisfaction ratings, negative sentiment is on the rise**

Travel companies should be wary of relying on the understanding of customers for too long.

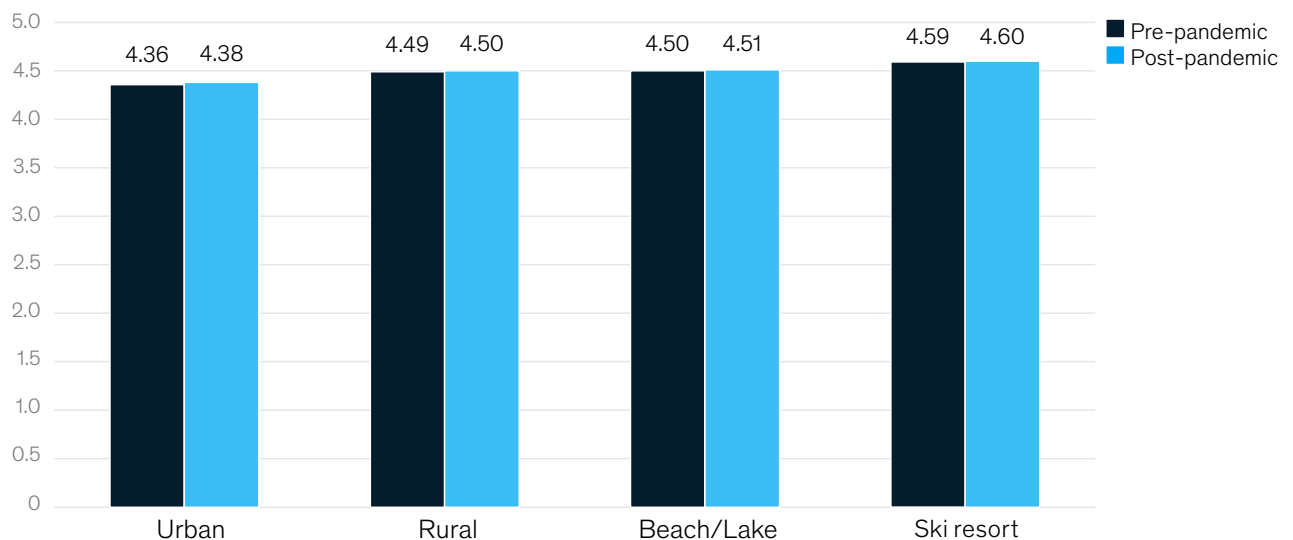
As time passes, travelers may become less willing to lower their expectations and accept sub-par service under the guise of “safety.” We dug deeper and found troubling undercurrents in the current traveler experience.

A sentiment analysis of Tripadvisor reviews from the United States, Europe, and Asia found the emotional intensity of customer reviews increased considerably from 2019 to 2021; specifically, there was a 57 percent increase in the portion of

Exhibit 5

**Vacation rental ratings stayed consistent during the pandemic.**

**Vacation rental review score pre-and post-pandemic, average rating**



Source: Transparent analysis of vacation rental property reviews on Vrbo, Booking.com and Tripadvisor from Jan to Dec 2019 and Apr 2020 to Aug 2021, scale 1–5

<sup>10</sup> Transparent analysis from January to August 2019, 2020 and 2021.

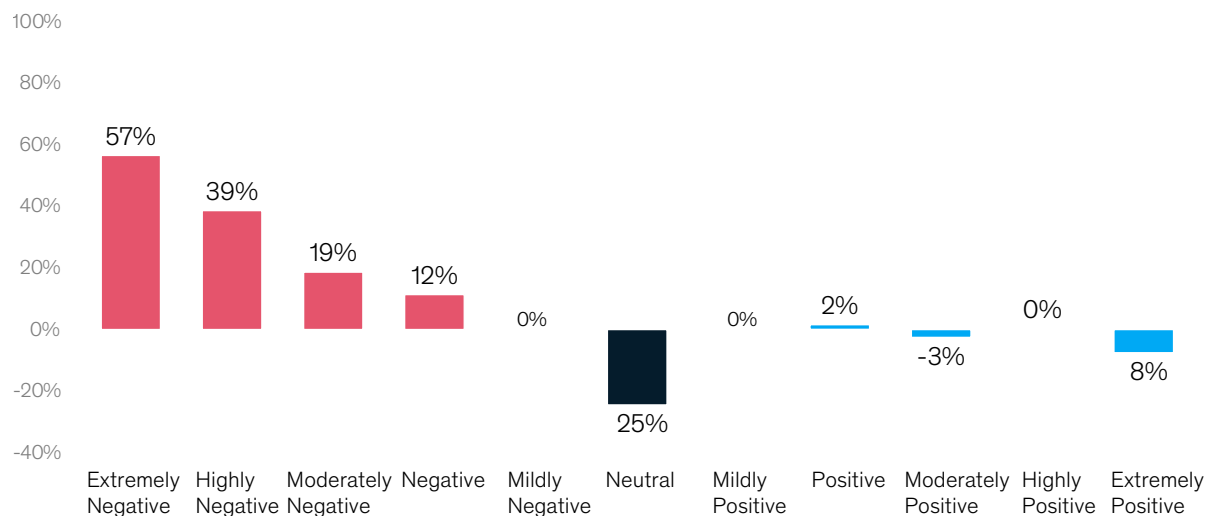


“Extremely Negative” reviews (Exhibit 6). Perhaps unsurprisingly, given the pandemic-induced impacts to hotel operations, the shift in sentiment was driven primarily by more negative views on cleanliness, food standards, and service.

Exhibit 6

**While hotel property ratings may not have declined, hotel customer sentiment has become more intensely negative.**

**Intensity of hotel review sentiment pre- & post-COVID-19, % change**



Source: McKinsey analysis of Tripadvisor reviews of US, European and Asian hotels from 2019 and 2021, n=129,386

**“As time passes, travelers may become less willing to lower their expectations and accept sub-par service under the guise of 'safety'.”**



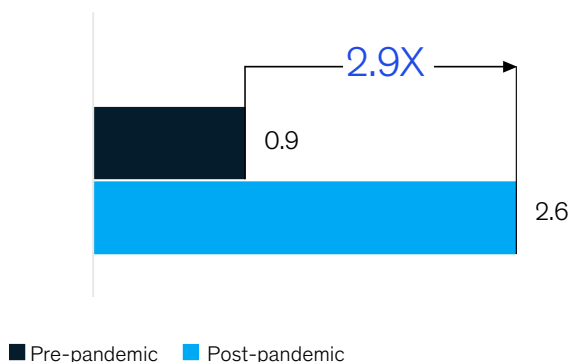
### Despite operational performance improvements, air travel complaints remain double pre-pandemic levels

From 2019 to 2021, US airline flight cancellations declined 27 percent, on time arrivals increased 9 percent, and the portion of mishandled bags declined 30 percent. While US airline operational performance is stronger than ever, the number of complaints against airlines in the United States remains nearly three times that of pre-COVID-19 levels (Exhibit 7).<sup>11</sup>

Exhibit 7

### Despite operational performance improvements, air travel complaints remain nearly three times pre-pandemic levels.

**Air travel complaints comparison,**  
Monthly average, per 100k enplanements



Source: US DOT Air Travel Consumer Report Jan-Jun 2019 & Jan-Jun 2021

Additionally, according to Skyscanner, the share of virtual interlining itineraries is four times pre-COVID-19 levels, indicating that, while capacity is returning, travelers are needing to take more connecting flights.<sup>12</sup> Adam Stewart, Executive Chairman of Sandals Resorts International, told us that his customers “clearly do not want to have a connecting flight.”

### Leisure travelers may be in a “honeymoon phase” as they return to travel

The surprising “satisfaction” and rating findings may be the result of leisure travelers simply being happy to be on the road again.

Adam Stewart of Sandals Resorts International said “80 percent of our customers have confessed that they are more appreciative of travel now than they were pre-pandemic. It almost humbled all of us. It reminded us just how important travel was as a feature of our society and life in our generation.”

### Business travelers, with higher expectations, may not be as understanding

Business travelers have long had a disproportionate impact on airline profits, previously accounting for 55 to 75 percent of profits worldwide despite comprising only 20 to 25 percent of total traveler volumes.<sup>13</sup>

Business travelers typically travel more frequently than leisure travelers, and often have higher expectations; they have long complained at higher rates than leisure travelers, and COVID-19 has only exacerbated this divide. The American Customer Satisfaction Index shows that 38 percent of business passengers complained to the airline, double the rate of leisure travelers.<sup>14</sup>

Particularly as corporate travel volumes return, companies may see a decline in satisfaction.

### There is a potential for a wave of dissatisfied customers at a time when loyalty is up for grab

A McKinsey consumer survey found that customers are twice as likely to try new brands and experiences as a result of COVID-19.<sup>15</sup> In the US, 75 percent of consumers tried a different store, website or brand during the pandemic, with 60 percent expected to integrate these new brands into their post-pandemic lives.<sup>16</sup> And these aren't small-share-of-wallet

<sup>11</sup> McKinsey analysis of US DOT Air Travel Consumer Report April 2019 to May 2021; OTA enplanements calculated using US systemwide embarkment data.

<sup>12</sup> Skyscanner data, August 2021.

<sup>13</sup> Jane Levere, “Best guess on when business travel will recover? It could be years,” New York Times, July 13, 2020, nytimes.com.

<sup>14</sup> American Customer Satisfaction Index, ACSI Travel Report 2020–2021, April 27, 2021, theacsi.org.



changes either; more than 20 percent of Americans switched their primary store or brand during the crisis, with half expecting to stay.<sup>17</sup>

This is particularly important in the travel sector with its strong reliance on loyalty programs. Loyalty leaders grow revenues roughly 2.5 times as fast as their industry peers.<sup>18</sup> Additionally, increasing customer retention rates by 5 percent increases profits by more than 25 percent.<sup>19</sup>

As switching costs decline, now is the time for companies who have maintained their satisfaction and performance levels to reprioritize CX and gain an even greater competitive advantage.

Carl Shepherd, Investor and Co-Founder of HomeAway, said, “This has been the time to invest in technology, to test, refine, test, refine and really work to optimize conversion. Not only do we need every booking we can get during COVID, everyone needs to be optimized to snag market share when travel comes booming back.”

## Millennials are eager to splurge on experiences after months pent up at home

Even during a pandemic, travel continues to be the second most desired activity among respondents (in first place: dining out).<sup>20</sup>

Younger generations have long favored experiences over products, and COVID-19 only accelerated this trend, particularly for high-income earners. Among millennials earning over \$100,000, 82 percent stated that they planned to “splurge/treat themselves” in 2021, compared to only 46 percent of baby boomers (Exhibit 8).

In addition, pent-up savings in the United States in the first quarter of 2021 are three times what they were in 2019, giving US consumers more funds with which to treat themselves.<sup>21</sup> Travel companies can tap into that desire to splurge by offering exceptional experiences.

Exhibit 8

## High-income millennials plan to splurge.

**Expected leisure spend in 2021<sup>1</sup>, % of respondents who plan to treat themselves or splurge**

Generation <sup>2</sup>	Household income			
	Low (<\$50,000/year)	Middle (\$50,000–\$100,000/year)	High (>\$100,000/year)	
Gen Z (18–24 years old)	53	63	66	<div>&lt;30%</div> <div>30–49%</div> <div>50–70%</div> <div>&gt;70%</div>
Millennials (25–40 years old)	50	66	82	
Gen X (41–56 years old)	32	51	65	
Baby boomers (57–75 years old)	29	34	46	

<sup>1</sup> Q: With regard to products and services you will spend money on, do you plan to splurge/treat yourself in 2021? Figures may not sum to 100% because of rounding

<sup>2</sup> Ages by generation as of 2021. Members of Gen Z were born in 1997–2012, millennials in 1981–96, Gen X in 1965–80, and baby boomers in 1946–64. The traditionalist/silent generation is not included, due to a low sample size

Source: McKinsey & Company COVID-19 US Consumer Pulse Survey Feb 8–22, 2021, n = 2,076, sampled and weighted to match the US general population 18+ years

<sup>15</sup> “US consumer sentiment during the coronavirus crisis, McKinsey survey results,” May 13, 2021, McKinsey.com.

<sup>16</sup> “Making loyalty pay,” McKinsey Quarterly, McKinsey.com.

<sup>17</sup> “Five priorities for rapid revenue recovery during COVID-19,” June 9, 2020, McKinsey.com.

<sup>18</sup> Rob Markey, “Are you undervaluing your customers?” Harvard Business Review, Jan-Feb 2020, hbr.org.

<sup>19</sup> Amy Gallo, “The value of keeping the right customers,” Harvard Business Review, October 29, 2014, hbr.org.

<sup>20</sup> Vik Krishnan, Darren Rivas, and Steve Saxon, “A travel boom is looming. But is the industry ready?” July 27, 2021, McKinsey.com.



### **There is value in CX, especially during an economic downturn**

While CX may seem like an expensive proposition, McKinsey research indicates that there is value in CX, especially during an economic downturn. During the 2007–09 recession, companies that outperformed on CX saw three times higher returns for shareholders than CX laggards.<sup>22</sup> During that time, companies that invested strongly ahead of recovery increased their EBITDA by 10 percent, while industry peers that did not lost nearly 15 percent.<sup>23</sup>

Given the potential for a wave of dissatisfied customers at a time when loyalty is up for grabs, we believe travel companies should prioritize CX and build resilience to help future-proof their business.

**This report explores the critical role of CX in the industry at this pivotal moment in time. Travel executives can ask themselves:**

- **Do you believe your customer experience is consistently high across product, service and digital?** Research shows that you can aim higher
- **Do you know the sentiment of your customers without ever having to ask them?** Research shows that you can be more insightful
- **Do you move as fast today as you did when the pandemic first struck?** Research shows that you can move faster
- **Ultimately, how can you be more intentional about unlocking the value of customer experience and bringing back the magic of travel?**

In the current crisis, whether you are a CX laggard playing “catch up” or a CX leader looking to steal additional market share, continued focus on CX is essential. Companies that fail to do so risk being left behind in the recovery.

**"...there is value in customer experience, especially during an economic downturn."**

<sup>21</sup> ["US consumer sentiment and behaviors during the coronavirus crisis,"](#) August 19, 2021, McKinsey.com.

<sup>22</sup> Jon Picoult, "Yes, Virginia, there is a return on customer experience investments," Customer Think, February 6, 2010, [customerthink.com](#); press search.

<sup>23</sup> Diedrich, "Strategic resilience," 2021.



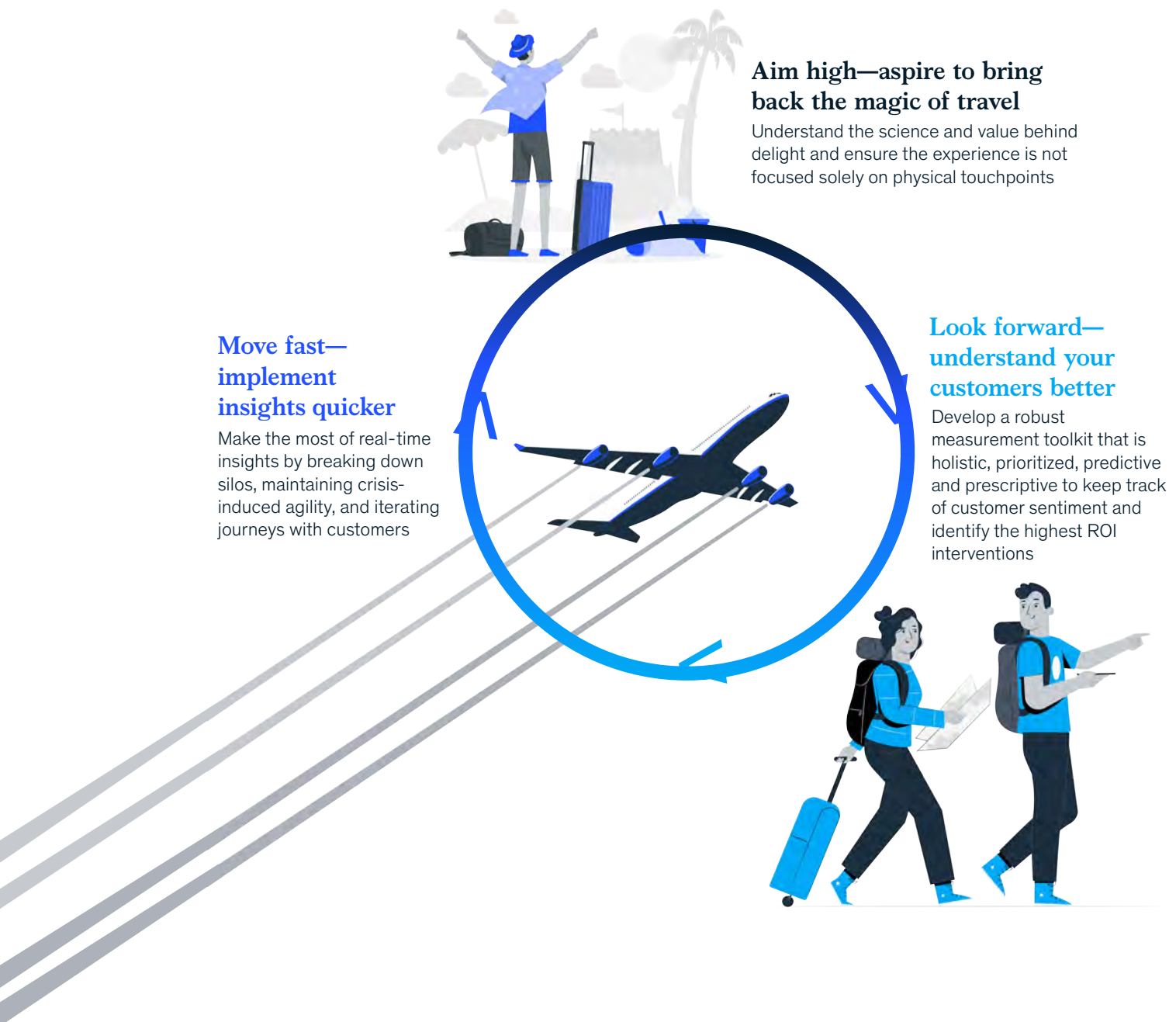
## Three strategies to transform your CX

This report presents three strategies for travel entities to use to transform customer experience during the recovery. First, **aim higher** than your competitors, and aspire to bring back the magic of travel.

Second, **look forward**, using a robust measurement toolkit to understand your customers better. Last, **move fast**, leveraging a nimble, agile organization to implement insights swiftly (Exhibit 9).

Exhibit 9

### Three strategies to leverage CX to get ahead.





**1. Aim high—  
aspire to bring  
back the magic  
of travel**





## **There was a time when travel set the gold standard for CX**

César Ritz, the manager of London's Savoy Hotel in the late 1880s, and later founder of the eponymous hotel chain, made customer service the cornerstone of his hospitality empire. His mandate to employees ("If a diner complains about a dish or the wine, immediately remove it and replace it, no questions asked,") is a very early example of what today we would call "service recovery" as a brand standard.<sup>24</sup>

Once only accessible to the highest echelons of society, the travel industry has since opened up

to all—with a corresponding evolution in concepts of CX across all price points. Take Michael Leven, CEO of Days Inn from 1985 to 1990, who organized his company's management incentives around customer service; employees were rewarded for taking the initiative to help a customer.<sup>25</sup>

This romantic vision of the travel sector is all about building human connections through genuine, face-to-face, host-to-guest interactions. While this remains a core component of hospitality, these interactions are no longer entirely analog, but are increasingly digital.

### *A closer look*

## **Aspirations in action: raising the bar**

### **Connecting travelers with America's outdoor destinations, comfortably**

Visitors to America's outdoors destinations, including its beloved national parks, have historically had two options: camp or stay in no frills accommodations. Under Canvas, which consists of ten resorts near outdoor destinations such as Zion and Yellowstone, set out to redefine how travelers connect with nature.

Matt Gaghen, CEO of Under Canvas said, "At Under Canvas, we connect people to beautiful places and each other by putting them in unique natural settings, but with comfort, through safari-inspired tents with ensuite baths, stylish furnishings, and good food. The magic of travel is central to our business model and can be found in simple things that

connect you to a place, a moment, or someone else, such as evening S'mores around the campfire."

### **Bringing authentic, culturally rich experiences to China's domestic cruise market**

Cruises for Chinese customers have not always been well received: crowded, and including many forced-shopping itineraries.<sup>26</sup> Through surveys and deeper ethnographic research on target cruiser segments, Viking Cruises discovered that customers would rather spend more time on experiential and immersive activities, enjoying the culture of the destination. Viking Cruises aspired to deliver a better product and experience to Chinese customers and took the bold step of reimagining domestic cruising in China.

Wee-Hoon Tan, Vice President for Brand Marketing and Product Development at Viking Cruises China said, "Over the years, Chinese travelers have come to value authentic, culturally rich travel experiences. Therefore, instead of just selecting existing products, we worked alongside local tour operators, local tourism bureaus and travel KOLs [Key Opinion Leaders/Influencers] to design new, better experiences for our guests, both on destination and on the ship."

As a result, Viking Cruises' new positioning is radically different: an upper-premium positioning priced nearly four times what previous cruises achieved in the market.

<sup>24</sup> Blake Morgan, "A global view of 'The customer is always right,'" Forbes, September 24, 2018, forbes.com.  
<sup>25</sup> ibid.

<sup>26</sup> Steve Saxon and Jackey Yu, "Viking Cruises founder Torstein Hagen: How tailoring experiences for Chinese tourists drives growth," March 24, 2020, McKinsey.com.



### **Travel can no longer exist without its digital component**

Even pre-COVID-19, CX was evolving rapidly, with a proliferation of disruptive tech already underway: automation, digital tools, predictive analytics, self-service, and mobile capabilities.<sup>27</sup> A general shift to digital and mobile was taking place, with the hotel sector, for example, offering services like mobile room keys and remote check-ins and -outs.<sup>28</sup> Additionally, customization and personalization were born out of customers desiring individualized treatment—from tailored recommendations to customizable products.

Chris Nassetta, President and CEO of Hilton, said, “The trends we were seeing before the pandemic only accelerated during the last year and a half.” US e-commerce penetration saw ten years of growth in just three months.<sup>29</sup> Even China, which prior to COVID-19 already accounted for 45 percent of the

global e-commerce transactions, saw additional digital penetration.<sup>30</sup>

Susan Anderson, Global Head of Uber for Business, said, “For years we’ve known that a blurring between digital and physical experiences was occurring, but the pandemic really accelerated that shift ... it has forced entire generations to experience how easy and convenient the digital world can actually be. Older folks who might have balked at the idea of downloading apps just a year ago are now relying on digital services to order prescriptions to the home, order food at restaurants via QR codes, and even have weekly groceries brought to the house. In turn, that’s actually putting some healthy pressure on businesses to truly deliver delightful, thoughtful, and helpful experiences to their customer base.”

**"The pandemic... has forced  
entire generations to experience  
how easy and convenient the  
digital world can actually be."**

**-Susan Anderson,  
Global Head of Uber for Business**

<sup>27</sup> Riccardo Boin, Alex Cosmas, and Nina Wittkamp, "[Airline retailing: The value at stake](#)," November 26, 2019, McKinsey.com.

<sup>28</sup> John Attala, "10 ways smart technology is reshaping the hotel industry," Hotel Management, March 26, 2019, hotelmanagement.net.

<sup>29</sup> "[The quickening](#)," McKinsey Quarterly, McKinsey.com.

<sup>30</sup> Nick Leung, Joe Ngai, Jeongmin Seong, and Jonathan Woetzel, "[Fast-forward China: How COVID-19 is accelerating five key trends shaping the Chinese economy](#)," May 6, 2020, McKinsey.com



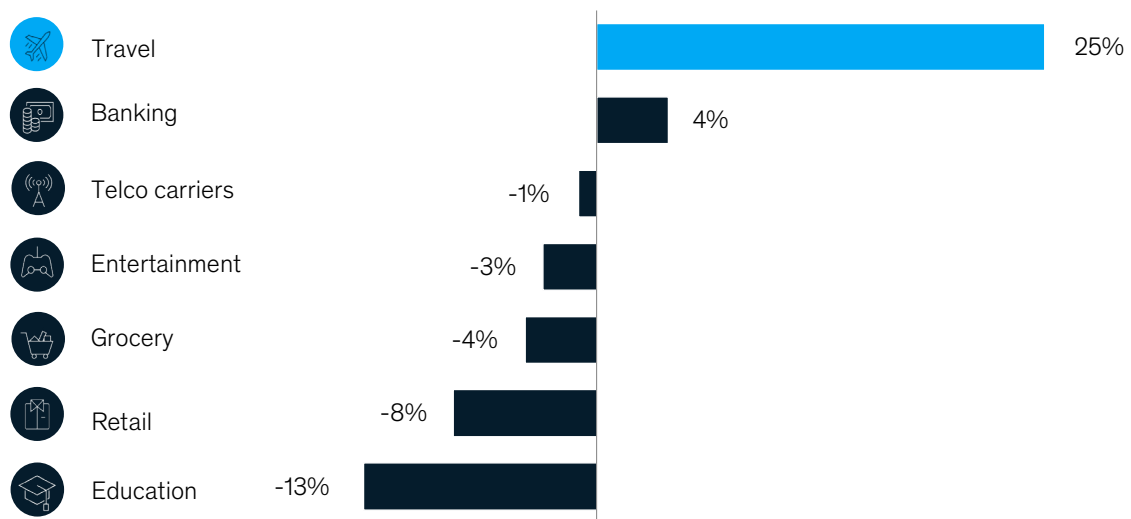
While many industries expect to see dips in digital usage as customers return to in-person options, such as stores or schools, the travel sector has

the highest proportion of respondents planning to continue their digital adoption post-pandemic (Exhibit 10).<sup>31</sup>

Exhibit 10

### Travelers expect to continue using digital services after the pandemic ends.

**Frequency of expected digital usage post-pandemic**, % difference between users who are planning to use digital services more frequently post-pandemic versus those planning to use digital services less frequently



Q: How frequently do you plan to use these digital services when the COVID-19 pandemic is over? || R: More frequently, equally frequently, less frequently  
Difference between users who are planning to use more frequently compared to those that are planning to use it less frequently, holding aside those who said they will use it the same amount

Source: McKinsey & Company Digital Sentiment Index from 24 countries, April 2021, n=2,900

**“The trends we were seeing before the pandemic only accelerated during the last year and a half.”**

**-Chris Nassetta,  
President and CEO of Hilton**

<sup>31</sup> McKinsey Digital Sentiment Index, April 2021.



## Excellence in digital and human service, in parallel

Travel executives should ask themselves if they have equal confidence in all dimensions of the customer experience (physical, service, and digital) (Exhibit 11).

Exhibit 11



### Questions for executives to assess the parity of their customer experience.

- ☐ Do customers rate my products, service and digital offerings equally?
- ☐ Do I invest as much in the digital experience as I do in the service experience?
- ☐ Do I optimize the customer's end-to-end experience across digital and physical touch points?
- ☐ Does my app know more about the customer than my frontline employees?

Travel companies could consider that a customer's last, best experience (regardless of sector) may become their new expectation—and the bar is rising fast. Thus, companies can shift their way of thinking, particularly as new generations bring with them an even greater desire for digital integration.

Pain points in the digital journey that can only be resolved by human intervention can take away from the experience. In addition, if the digital experience is sub-par, difficult to navigate and prone to technical issues, it can have an impact on the customer's opinion overall; 55 percent of respondents who had a negative experience on the website or app reported a notable impact on their opinion of the brand as a whole.<sup>32</sup>

One example of an existing digital pain point can be found in family hotel bookings. Nearly half of travelers booking trips together consider connecting rooms to be important.<sup>33</sup> Families might prefer to book connecting rooms: one with a king bed in one for the parents and another with two queens for the kids. Despite this common preference, many parents struggle to book and confirm connecting rooms online and instead need manual intervention. What seems like a simple digital enhancement for parents continues to remain overlooked by travel companies, creating a sub-par experience.

Hilton is working to fix this trend; Chris Nassetta, President and CEO of Hilton, said, "COVID accelerated some of the trends we were seeing around technology, which reinforced some of the offerings we were already working on. For example, we recently debuted Confirmed Connecting Room, which allows customers to book connecting rooms when they make their reservation—an industry first."

Customer experience aspirations should be set consistently across dimensions. Instead of digital and human service feeling disconnected, travel companies can redefine what excellence looks like, especially combined with their unique predisposition towards emotional connections.

Susan Anderson, Global Head of Uber for Business, said, "You could argue that digital and physical experiences are not a zero-sum game—that when you merge the two the potential impact grows exponentially. That doesn't necessarily mean that everything will be digital from now on, but it does mean that we're never going back to the way things used to be. I believe that coming out of the pandemic we're going to see more meaningful and authentic experiences at the intersection of digital and in-person, like concerts, conferences, travel, and retail. Brands know that the bar has been raised and that people not only want a better experience, but deserve a better one."

<sup>32</sup> Glassbox, "New data reveals the top three friction points in digital customer journeys when booking travel," August 10, 2021, [glassbox.com](https://www.glassbox.com).

<sup>33</sup> Hilton, "Hilton solves longtime travel frustration by introducing confirmed connecting rooms," June 16, 2021, [newsroom.hilton.com](https://newsroom.hilton.com)



## Leveraging the power of an emotional connection

As travel companies challenge themselves to deliver a consistent excellent experience across dimensions, they should be more intentional about how they leverage an emotional connection.

To distinguish themselves, travel brands must sell the way they make their guests feel: well rested in advance of an important meeting; awestruck at a beautiful destination; recharged after a getaway; appreciated after a heartwarming, personal farewell as they disembark from a plane on the way home.

Walt Disney Parks and Resorts are known worldwide for their ability to “create happiness.”<sup>34</sup> They leverage this emotional connection as a selling point, with evocative marketing campaigns like “Year of a million dreams” and “Let the memories begin.”<sup>35</sup>

How can travel companies measure whether the emotional connection is paying off? We believe the answer lies in the science behind delight.

## Aspire to delight, not just satisfy

While satisfaction is critical to customer experience, in many arenas, it has become “table stakes.” This has led travel players to think more deeply about traveler experience, and how they can leave their customers feeling delighted rather than merely satisfied.

While satisfaction is a rational assessment of reality minus expectations, delight is emotional, and is experienced as a result of joy and surprise.<sup>36</sup> How joy and surprise are delivered will vary for each travel entity; for hospitality companies, for example, joy and surprise may show up by anticipating and addressing customer needs before they are expressed through unexpected personalized services. On the other hand, for transportation companies, where service consistency is highly valued, delight interventions may be less frequent, and may be more focused on resolving irregular journey moments, such as during service recovery.

**"To distinguish themselves, travel brands must sell the way they make their guests feel: well rested in advance of an important meeting; awestruck at a beautiful destination; recharged after a getaway; appreciated after a heartwarming, personal farewell as they disembark from a plane on the way home."**

<sup>34</sup> "Customer service 101: Happiness is a purple balloon," Disney Institute, July 13, 2021, [disneyinstitute.com](https://disneyinstitute.com).

<sup>35</sup> The year of a million dreams," D23, [d23.com](https://d23.com); "Let the memories begin," D23, [d23.com](https://d23.com).

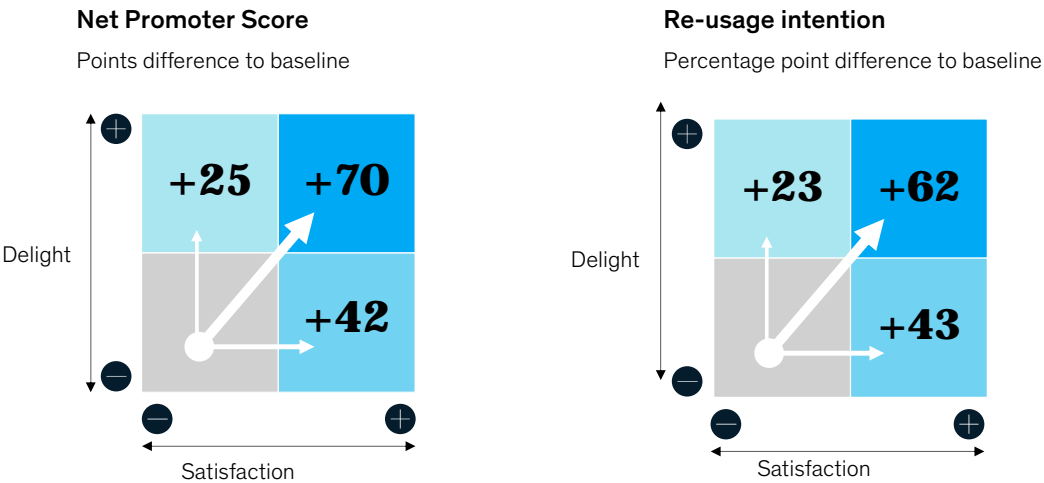
<sup>36</sup> Adapted based on research by Chitturi et al. (2008), Kim et al. (2015), Oliver et al. (1997), and Zeithaml et al. (1996).



One destination developed a model to measure delightful experiences by the intensity of emotive attributes. They found that delight acts as an amplifier for loyalty, adding 28 points of Net Promoter Score (NPS) uplift for visitors who left their trips also feeling delighted, compared to those who left merely satisfied. Interestingly, satisfaction was

found to be critical, as those who were delighted but not satisfied had a 17-point NPS deficit compared to those who were only satisfied (Exhibit 12). Similarly, delight also impacted future return-visit likelihood, and thus future spend. The destination is now able to focus on areas that have the biggest and longest lasting impact on visitor experience.

Exhibit 12  
**Delighting and satisfying visitors contributes to Net Promoter Score (NPS) and loyalty uplift.**



Source: Customer survey, December 2020 to February 2021, n = 2195. Baseline assumes high satisfaction, low delight



## 2. Look forward— understand your customers better





To deliver on ambitious aspirations, travel companies need a deep understanding of their customers. This can be challenging because, as COVID-19 demonstrated, customer needs and expectations are constantly shifting.

During the pandemic, travel companies were forced to test long-held assumptions and rethink their end-to-end business models.

One such long-held assumption was that delivering luxury requires high touch. Travel companies have found that many customers instead prefer control, and wish to decide for themselves where to engage.

Carl Shepherd, Investor and Co-Founder of HomeAway, said, “The assumption that people want high touch service has been blown apart. They don't. So hotels and luxury vacation rentals—4 and 5 star accommodation providers—are going to have to figure out how to convey ‘high end’ without ‘high touch.’”

Travel companies also learned that not all physical touchpoints drive value, as was the case with housekeeping; research showed that many preferred housekeeping on demand or no daily housekeeping, allowing hotels to cut costs.<sup>37</sup>

Another customer need that emerged during the pandemic was flexibility and transparent communication; something that few travelers valued pre-COVID-19 suddenly became a competitive differentiator. Tony Capuano, CEO of Marriott International, said, “During the pandemic, we understood that listening to our customers would be critical so we could continuously adapt to evolving customer behavior. We put significant energy into proactively communicating the on-site hotel experience, so customers would know what to expect around cleaning procedures and availability of services before they arrive.”

How will travel companies continue to monitor shifting needs and expectations in the post-pandemic world? Doing so will likely require a robust measurement toolkit that leverages the right data sources to draw the right insights at the right time.

**“The assumption that people want high touch service has been blown apart. So hotels and luxury vacation rentals are going to have to figure out how to convey ‘high end’ without ‘high touch.’”**

**-Carl Shepherd,  
Investor and Co-Founder of HomeAway**

<sup>37</sup>

“Survey: Frequent travelers cite priorities for hotel stays,” American Hotel and Lodging Association, August 26, 2020, [ahla.com](https://www.ahla.com).



## Build a more robust measurement toolkit by leveraging data at your fingertips

With a mature, proactive and robust CX-measurement system, executives can have greater confidence that decisions are right—for the consumer as well as for the business. It is imperative for travel companies to use leading indicators to look forward rather than lagging indicators to look backwards. The next frontier of measurement is knowing what your customers want and need without asking. Exhibit 13 provides questions that executives can use to assess their measurement toolkit maturity.



Exhibit 13

### Questions for executives to assess their measurement toolkit maturity.

- ☐ Can I measure the majority of my consumers?
- ☐ Can I pinpoint the most impactful touchpoints along the end-to-end journey?
- ☐ Can I anticipate satisfaction and lifetime value?
- ☐ Does the data guide me to interventions that maximize ROI?

## Surveys are no longer enough to be a customer experience leader

One widely used tool for measuring customer experience is the traditional survey. Forrester found that 70 percent of companies rely primarily on surveys to collect CX feedback.<sup>38</sup>

While surveys will continue to be a source of insight, they pose several challenges that may make them less fit for purpose in the modern CX environment:

- **Limited:** A typical survey only reaches 7 percent of customers. Only 13 percent of CX leaders express full confidence in their CX measurement system to provide a representative view of their customers.<sup>39</sup>
- **Reactive:** Surveys are backwards looking. While two out of three leaders ranked the ability to act on CX issues in real-time among their top three priorities, only 13 percent of leaders expressed certainty in their organization's ability to achieve this through existing systems.<sup>40</sup>
- **Ambiguous:** While topline scores like CSAT and NPS may be clear, companies often struggle to determine performance drivers and the root cause of sentiment. Only 16 percent of CX leaders said surveys provided them with enough granular data to address the root causes of issues.<sup>41</sup>
- **Unfocused:** Many companies struggle to extrapolate return on investment (ROI) from traditional surveys alone. Only 4 percent of CX leaders say their system lets them calculate the ROI of CX decisions.<sup>42</sup>

Surveys will continue to provide value, confirming insights and providing refinement, but they may no longer be the sole driver of insights.

<sup>38</sup> Faith Adams and Maxie Schmidt-Subramanian, "The state of CX measurement and VoC programs, 2020," Forrester, May 3, 2021, [forrester.com](https://www.forrester.com).

<sup>39</sup> Rachel Diebner, David Malfara, Kevin Neher, Mike Thompson, and Maxence Vancauwenberghe, "[Prediction: The future of CX](#)," McKinsey Quarterly, February 24, 2021, [McKinsey.com](https://www.mckinsey.com).

<sup>40</sup> *ibid.*

<sup>41</sup> *ibid.*

<sup>42</sup> *ibid.*



The following guidelines may help travel executives assess the quality and maturity of their measurement system.

**Be holistic: Can I measure the majority of consumers?**

What should travel companies leverage for the basis of their CX insights, if not surveys?

Companies can leverage internal and external data already at their fingertips to understand their entire customer base better.

Most travel companies have a wealth of underutilized data through social media, booking and mobile systems, and operational systems. Enhancements in AI, IoT and image processing have opened up insights on elements of the journey not easily nor accurately captured in surveys: wait time for check-in, whether seat selection or preferences were met, whether room keys worked consistently.

As digitization continues, even more data will become available, allowing companies to draw stronger insights and better understand their customers. See the social media sentiment analysis sidebar for additional recommendations.

*A closer look*

**Social media sentiment analysis should be a key tool in every measurement toolkit**

When a customer posts a review or social media post about an interaction with a brand, they are sharing an unsolicited opinion about their experience to an audience of millions; this sentiment in turn can give companies another piece of insight into what is most important to customers through social media sentiment analysis.

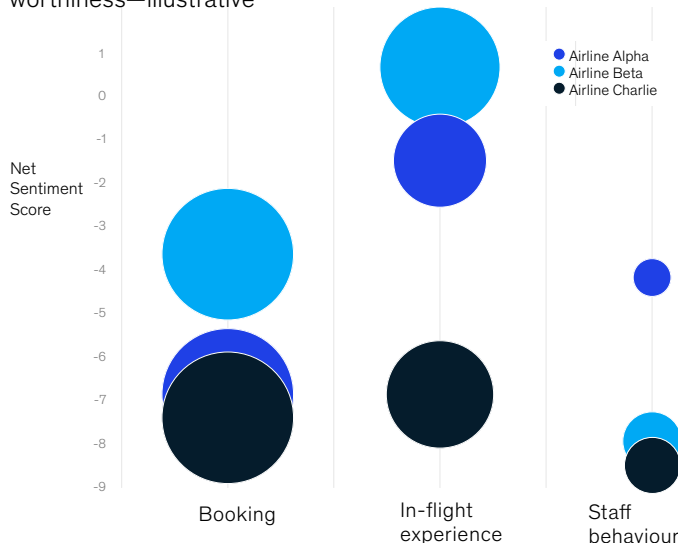
While most B2C companies can benefit from social sentiment analysis, it is particularly helpful for the travel sector. Whether sharing photos or posting trip details, consumers are already engaging online about their travel experiences.

Sentiment analysis goes beyond simply aggregating ratings and reviews; rather it's about providing insight into consumer sentiment, behavior, individual spending and attributes. Such analyses help companies inform how best to leverage an emotional connection with customers and how they stack up against competitors.

Exhibit 14

**Social media sentiment analysis helps assess customer experience and service quality across travel entities.**

**Service quality comparison by airline, relative buzz worthiness—illustrative**



Source: Customer survey, December 2020 to February 2021, n = 2195. Baseline assumes high satisfaction, low delight

Exhibit 14 shows an illustrative service quality comparison in customer importance (size of circle) and net sentiment score (positive/negative) across three aspects of the flight experience. Airline Charlie could improve its experience across the board and prioritize in-flight experience, which is considerably worse than that of its competitors. Airline Alpha could instead focus on improving its booking experience, which is very important to its customers and below its other service-quality parameters. Best of all, the engine did this analysis without ever sending out a survey.



**Be prioritized: Can I pinpoint impactful touch points along the end-to-end journey?**

Now, more than ever, travel companies cannot afford to invest in ineffective CX interventions. Value-driven prioritization helps inform companies where to achieve greatest ROI. This requires understanding which parts of the end-to-end journey matter most.<sup>43</sup>

Chris Nassetta, President and CEO of Hilton, said, “We’re focusing our time and resources on what our guests have told us is most important to them—technology that makes their stay easier, like Digital Key and Confirmed Connecting Room; flexibility in their reservations and of course, safety and security.”

Perhaps counterintuitively, companies may discover that physical touchpoints they previously thought of as critical, such as hotel check-in, don’t create value or aren’t drivers of overall experience satisfaction for many customers. Companies therefore have the potential to reduce interaction and operational costs while maintaining customer satisfaction.

**Be predictive: Can I anticipate satisfaction and lifetime value in real time?**

When a customer’s flight is delayed for the fourth time in a month, a company should not need a survey to know that the customer had a negative experience. Yet disconnected legacy systems can make it difficult to reach such conclusions about individual consumers.

Companies are solving that problem by applying machine learning to large and dispersed data sets, creating predictive models of sentiment and behavior. At the click of a button, companies can get a snapshot of customer experiences across their network. This allows companies to predict satisfaction and proactively intervene and course-correct if necessary.

In addition, by combining spending trends and satisfaction, companies can predict the future spending behavior of each of their customers to better understand loyalty and lifetime value.

**Be prescriptive: Does the data guide me to interventions that maximize ROI?**

Since robust CX systems can generate overwhelming quantities of data, it is essential for them to also be prescriptive. The result might be a system that proactively flags at-risk customers, prescribing corrective actions and giving a business justification for each.

For example, if a customer shows up to a rental car facility to find the car they booked is no longer available, a prescriptive-insights system might recommend a tailored recovery based on the customer’s profile.

Prescriptive data can also help guide strategic long-term decisions. If a company is looking to improve customer satisfaction within a particular segment, the model can recommend which specific areas to target.

<sup>43</sup> ibid.



## Airline case study: Understanding customers more deeply

One company that has successfully implemented all four measurement toolkit principles is Southwest Airlines. Southwest, over its 50 years of operation, has become known for exceptional customer service. Each employee embodies the values and behaviors of “The Southwest Way.” Their vision—to be the world’s most loved, efficient and profitable airline—places service first.

To defend their industry-leading Net Promoter Scores (NPS), Southwest realized they needed to understand their customers better: surveys alone could not provide real-time data, or

uncover hidden drivers of sentiment. To gain a more comprehensive view, Southwest started by combining operations, financial and customer data into one data lake. They developed a predictive-analytics dashboard: incorporating 500 attributes, this dashboard enables Southwest to track customer experience in real time (Exhibit 15). For example, if a flight is delayed substantially, the system provides tailored recovery recommendations to passengers.

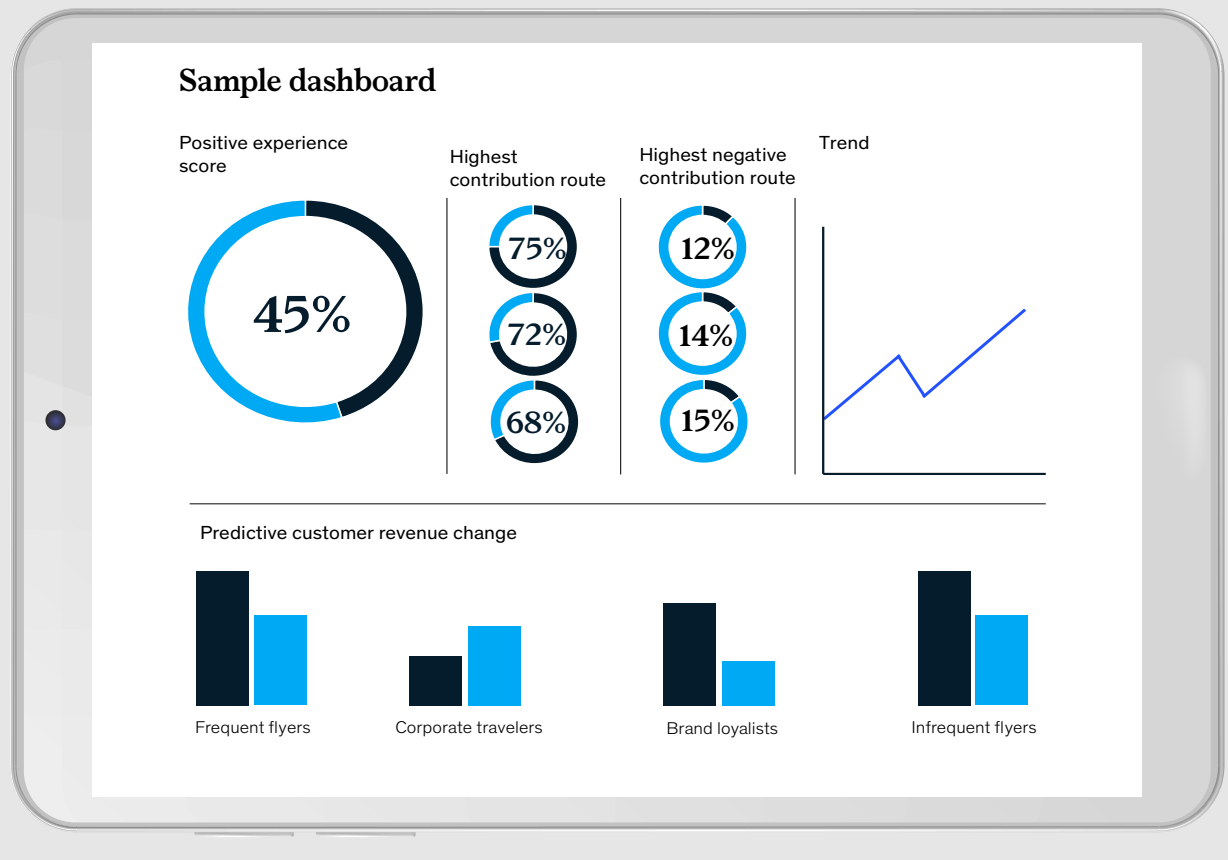
These new capabilities have a number of use cases. For example,

the command center can model the impact a winter storm may have on customer loyalty. Southwest can also use the insights for strategic investment planning and prioritization—calculating, for example, the ROI of improved on-time arrivals along a particular route.

As a result of this effort, Southwest is better equipped to understand patterns and predict customer sentiment, allowing them to deepen their relationship with customers.

Exhibit 15

### Predictive-analytics dashboards enable travel entities to track customer experience in real time.





# 3. Move fast— implement insights quicker





Real-time insights are only impactful if companies can act on them quickly. As more travel companies invest in measurement toolkits and CX systems, the next frontier lies less in the data and insights, and more in the speed at which that data can be put to use. Exhibit 16 provides questions that executives can use to assess their organizational agility and decision-making.

While agility is common in start-ups, it is less common to see in larger travel companies, which have historically utilized more traditional, slower development models (Exhibit 17). However, the pandemic forced companies to move swiftly: Hyatt launched “Work from Hyatt” in just three weeks and the Four Seasons Hotel New York redesigned its processes to house hospital workers within a week.<sup>44</sup>

Travel entities can harness this crisis-induced agility and swift decision making through two primary organizational strategies: breaking down silos, and iterating journeys with customers and employees.

Exhibit 16



### Questions for executives to assess their organizational agility and decision-making.

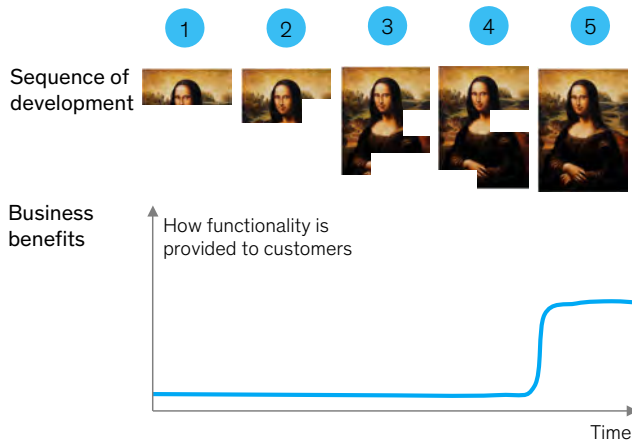
- ☐ Is there a clearly defined decision-making process?
- ☐ Is there real, constructive debate on critical issues?
- ☐ Do decision-makers have clear roles?
- ☐ Are decisions often adhered to?
- ☐ Are you moving as fast as you were when the pandemic first hit?

Exhibit 17

### Agile deployment models get customer experience interventions to customers faster.

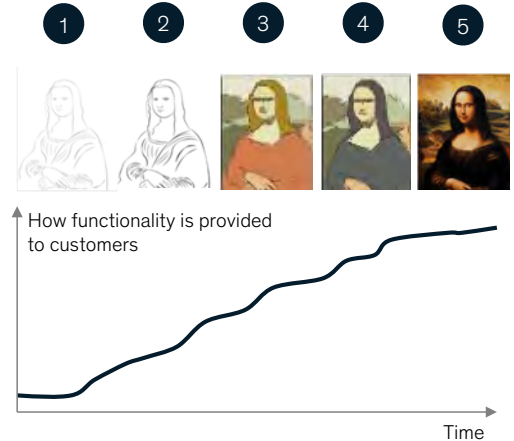
#### Traditional development model

- Traditional model, with multiple stages
- Non-iterative and non-incremental development
- Takes longer to deploy functionality to customers



#### Agile development model

- Agile model, with continuous cycles
- Iterative and incremental development
- Constant feedback and visible progress



Source: McKinsey Organization Practice

<sup>44</sup> Nick Ewen, “5 key takeaways from our conversation with Hyatt’s Chief Commercial Officer,” October 14, 2020, [thePOINTsguy.com](https://thePOINTsguy.com); Four Seasons, “Four Seasons Hotel New York welcomes frontline healthcare heroes amid COVID-19 pandemic,” April 7, 2020, [press.fourseasons.com](https://press.fourseasons.com).



## Break down silos to ensure that bureaucracy does not diminish CX

Customers view their experiences with travel companies across the end-to-end journey, not through specific departments. For this reason, it is important for travel entities to also have an end-to-end perspective and effective working norms across teams. COVID-19 proved that when an organization is aligned, decisions can be well informed and made swiftly. The question for companies now is how to preserve some of this crisis-induced agility.

Well-performing organizations focus on decision making for critical issues through clearly defined cross-functional processes. These processes should ensure that the right stakeholders are involved, appropriate cadence is set, and meetings are well-run to drive effective decision making on cross-cutting initiatives.

When these practices are prioritized, organizations are more than four times as likely to be “winners”, high performing in terms of speed, quality and market performance.<sup>45</sup>

**"COVID-19 proved that when an organization is aligned, decisions can be well informed and made swiftly."**

### *A closer look*

## **Airline case study: Responding to the pandemic and innovating for the future**

One company that has moved quickly to respond to both customer's current and future needs, is Delta Air Lines. For Delta, a commitment to taking care of customers continues to fuel a spirit of innovation that accelerated even during a global pandemic. While responding to the challenges brought on by COVID-19, Delta continued leaning into its plans for the future of travel.

In recent months, Delta has launched efforts to equip most of its domestic mainline fleet with high-speed Wi-Fi by the end of 2022 and outlined its vision for a new era of personalized onboard entertainment—all part of the airline's goal to offer an experience in the air that more closely matches what customers would find at home.

Furthermore, Delta accelerated its airport infrastructure projects at key hubs including New York's LaGuardia Airport and Los Angeles International—advancing those projects up to two years ahead of schedule to ensure a seamless customer experience from curb to claim.

All of this requires cross-company collaboration on a massive scale, bringing together technical engineering and digital expertise alongside a clear brand vision to refocus the company's innovation ethos to deliver customer benefits. Delta's nimble response to obstacles along the road to recovery enables the airline to continue giving customers the confidence to experience the joy of travel.

<sup>45</sup> Iskandar Aminov, Aaron de Smet, Gregor Jost, and David Mendelsohn, "[Decision making in the age of urgency](#)," April 30, 2019, McKinsey.com.



## Get product and service feedback faster by collaborating with customers and frontline employees

While moving swiftly is critical, it is equally important to make sure quality is not lost. One way to do this is to develop new products and services alongside customers and employees.

While tech companies are comfortable with beta testing a product before launch, many other industries, including travel, have been more reluctant. McKinsey research found that 60 percent of companies only tested prototypes internally, rather than with customers.<sup>46</sup> This hesitancy to involve others could be affected by concerns about work-in-progress leaks, or that development timelines will be extended.

### Customer iteration

While it is not widespread, there is precedent for travel players to involve customers in experience design. Hotels often create a refurbished room model that they invite customers to stay in: over sets of feedback, a development team refines and modifies the product to better meet customer needs and expectations. Southwest's Customer Advisory Council, too, allows for sentiment gathering on service or new offerings, directly capturing customers' feedback via panel discussions, webcam sharing sessions and mobile missions.<sup>47</sup>

A continuous iteration cycle, where qualitative customer feedback is collected along the way, can gather important insights on a new offer. The most successful companies share early prototypes externally, limit hours spent perfecting early mock-ups, and continue iteration post-launch.<sup>48</sup> Companies can confirm data insights before significant investments have been made—critical for finance-constrained organizations. In addition, the easier it is for consumers to use the product, the lower the cost to serve. By preventing hitches and addressing queries during the design process, companies can avoid costly interactions down the road.

### Employee iteration

Employees, and particularly frontline employees, can be critical sources of insights during design as they are closest to the customer.

Tony Capuano, CEO of Marriott International, said, "Our founder, J.W. Marriott Sr., often used to say that if you take care of your associates, they will take care of your guests and your guests will keep coming back. That decades-old philosophy still stands. Our on-property associates are an invaluable source for tracking shifting customer needs and desires. They're on the front lines and their feedback is priceless."

**"60 percent of companies only tested prototypes internally, rather than with customers."**

<sup>46</sup> Benedict Sheppard, Hugo Sarrazin, Garen Kouyoumjian, and Fabricio Dore, "[The business value of design](#)," McKinsey Quarterly, October 25, 2018, McKinsey.com.

<sup>47</sup> Southwest, "Customer Advisory Council FAQs," southwestadvisorycouncil.com.

<sup>48</sup> ibid.



Allowing flight attendants to try out a new cabin configuration ensures that designs are optimal for operational use. Housekeeping managers, similarly, can point out which furniture items may complicate room cleaning, adding additional labor hours.

Susan Anderson, Global Head of Uber for Business, said, “I’ve been thoroughly impressed with the team’s ability to not merely “pivot,” but to also crack open a whole new world of users, use cases, and opportunities for Uber. When a team member gets creative and puts together an early pilot program or a new offering based on what they’re hearing from customers directly— that’s when really good work gets done, and when we empower our end users and put them first.”

## Addressing the frontline employee challenges of the travel sector

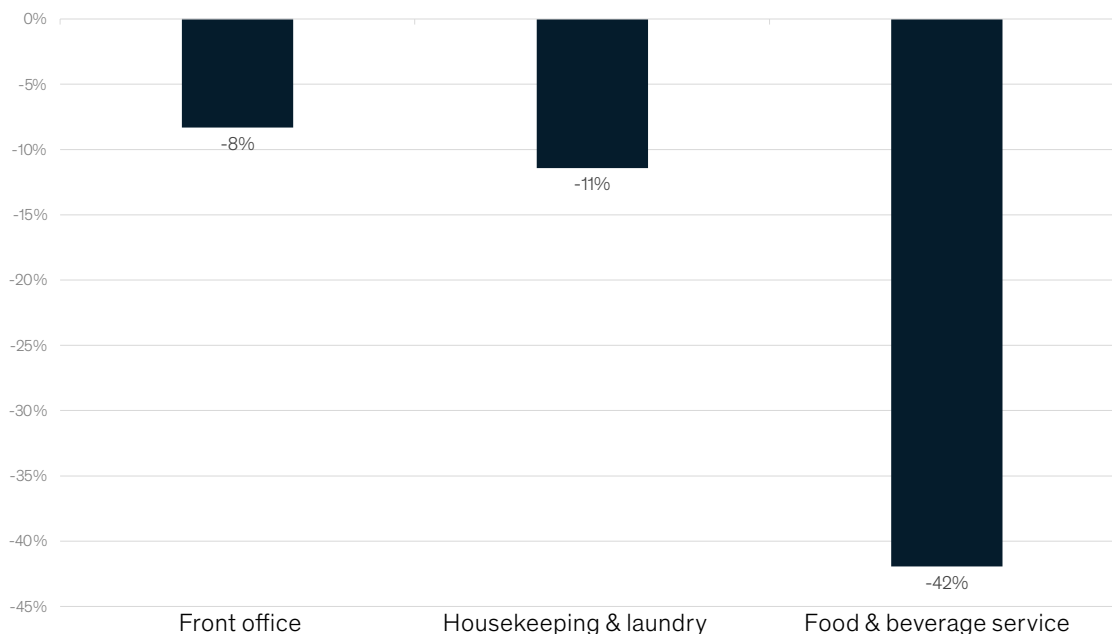
We would be remiss not to acknowledge the current staffing challenges the travel sector faces. Many frontline workers were let go or placed on furlough when the pandemic hit, and the travel industry is still struggling to bring back talent. While some sectors, such as retail, have largely recovered their workforce (98 percent), leisure and hospitality is still down 10 percent of pre-pandemic employment levels.<sup>49</sup>

A HotStats analysis of labor cuts in United States hotels found workforce reductions of 8, 11, and 42 percent across front office, housekeeping and laundry, and food and beverage services, respectively (Exhibit 18).

Exhibit 18

### Hotel workforce levels declined considerably during the pandemic.

**Unites States full-service hotel workforce changes**, % change from 2019 to January -July 2021



Labor cost changes per occupied room (POR), % changes compared to April–December 2019

Source: HotStats

<sup>49</sup> McKinsey analysis of U.S. Bureau of Labor Statistics data for May 2019 and May 2021.



Furthermore, the leisure and hospitality sectors continue to have high quit rates and be on the lower end of weekly earnings (Exhibit 19).<sup>50</sup>

What should travel companies do?

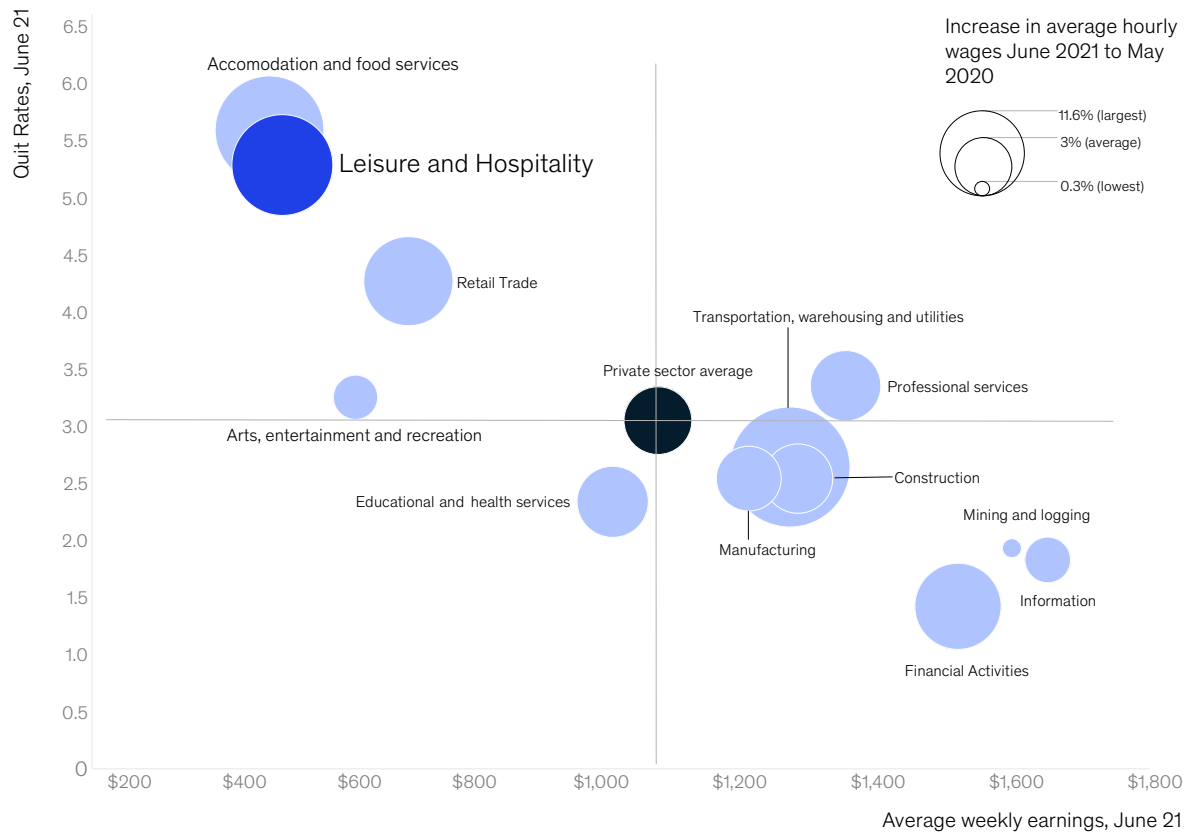
The answer is not solely to increase compensation, as competitors can easily match that and it signals that employee relationships are transactional.<sup>51</sup>

Instead, travel companies can rethink their employee experience, a necessity to attract and retain the talent required to bring back capacity. When this is done well, employees with positive experiences are eight times as likely to stay at their company and show four times higher commitment (deep commitment to long-term success of organizations and willingness to put in extra work and go above and beyond for their company).<sup>52</sup>

Exhibit 19

## Leisure and hospitality sectors have high quit rates and lower than average weekly earnings, compared with other industries.

### Voluntary turnover and wage by industry



Source: US Department of Labor Statistics, June 2021 seasonally adjusted figures

<sup>50</sup> Te-Ping Chen, Heather Haddon and Lauren Weber, "Hotels' and restaurants' rebound summer held back by shortages of everything," Wall Street Journal, June 25, 2021, wsj.com.

<sup>51</sup> Aaron De Smet, Bonnie Dowling, Marino Mugayar-Baldocchi, and Bill Schaninger, "'Great attrition' or 'Great attraction'? The choice is yours," September 8, 2021, McKinsey.com.

<sup>52</sup> McKinsey Employee Experience research, 2020.



After all, the frontline workforce continues to be the face of CX for many travel entities.

#### **Aim high—maintain high employee standards**

- **Ensure that service training is ingrained in the organization;** don't be overly reliant on "tribal knowledge." As the pandemic increased the number of escalated customer situations (the number of unruly passengers is almost five times the 2019 volume), the value of soft skills is more important than ever.<sup>53</sup> By ingrainning service-delivery commitments and soft skills in training, companies can support a consistent delivery across locations and set employees up for success in performing their role. Walmart developed a virtual reality (VR) de-escalation training for their frontline employees during the pandemic, which helped minimize the impact of a viral escalated customer video, and was able to reach 100 percent compliance within weeks using their VR-training delivery methods, ensuring consistency across their stores.<sup>54</sup>

#### **Look forward—understand the needs of your employees**

- **Listen to your employees, not just your customers.** Investing in digital listening posts and employee impact barometers may help surface ongoing needs, allowing for flexible action plans that can be monitored and refined.<sup>55</sup> Many people who join the travel industry as frontline employees view their role as a lifetime engagement, not just a career stepping-stone. Actively soliciting their perspective not only provides institutional knowledge but helps create a better employee experience.<sup>56</sup>

#### **Move together—leadership and employees each have a role to play**

- **Ensure leadership remains empathetic.** COVID-19 has created grief, stress or anxiety in most people.<sup>57</sup> However, the difficulty of social distancing in many frontline travel sector roles has added additional stressors to its frontline workforce. Companies that responded particularly well to the crisis saw four times greater engagement and six times greater positive state of well-being among employees.<sup>58</sup> Leaders can continue to be present, action oriented, empathetic and fully transparent focused on building trust relationships, social cohesion, and individual purpose.
- **Empower the frontline.** Empowering employees to make decisions and trusting them is core to an exceptional employee experience. Famously, the Ritz-Carlton empowers its employees to spend up to \$2,000 to resolve a guest incident without manager approval.<sup>59</sup> Antonia Hock, global head of the Ritz-Carlton Leadership Center, shared, "every employee is a brand ambassador and a client advocate across any business anywhere, anytime."<sup>60</sup>

<sup>53</sup> Federal Aviation Administration, "Unruly passengers," data as of August 23, 2021, [www.faa.gov](http://www.faa.gov).

<sup>54</sup> Kathryn Mayer, "Walmart's solution to teaching workers kindness: virtual reality," Human Resource Executive, July 2, 2021, [hr executive.com](http://hr executive.com); Strivr, "How Walmart infuses kindness into de-escalation training," [strivr.com](http://strivr.com).

<sup>55</sup> McKinsey Organization Practice

<sup>56</sup> Aaron De Smet, Caitlin Hewes, and Leigh Weiss, "[For smarter decisions, empower your employees](#)," September 9, 2020, [McKinsey.com](http://McKinsey.com).

<sup>57</sup> Aaron De Smet, "[Your organization is grieving—here's how you can help](#)," September 17, 2020, [McKinsey.com](http://McKinsey.com).

<sup>58</sup> Jonathan Emmett, Gunnar Schrah, Matt Schrimper, and Alexander Wood, "[COVID-19 and the employee experience: How leaders can seize the moment](#)," June 29, 2020, [McKinsey.com](http://McKinsey.com).

<sup>59</sup> "The power of empowerment," Ritz-Carlton, March 2019, [ritzcarltonleadershipcenter.com](http://ritzcarltonleadershipcenter.com)

<sup>60</sup> Bryan Borzykowski, "How the Ritz-Carlton Leadership Center uses employee engagement to drive customer experience," Forbes, May 7, 2018, [forbes.com](http://forbes.com).



## Who will drive distinctive outcomes?

The time has come for travel companies to rethink their definition of excellent customer experience. The concept is often misunderstood: it is more than a feeling, more than a department, more than a phase in the customer journey. Rather, it is a customer-centric way of doing business, one that requires analytical leadership, cross-functional collaboration, and continuous iteration to deliver great user experience. There is room for travel companies to be creative and revisit the areas that need investment and those that can keep pared-down service. Travel companies can experiment on what truly moves the needle.

As we have seen in this report, many companies have started to transform their underlying mindset, focusing on building long-term relationships to maximize CX impact. There's a shift away from seeing customer problems and feedback as

solely the responsibility of a customer-service department; instead, every employee should feel that addressing customer issues is at the center of what they do. Businesses are also working on seeing customers as individuals with unique needs, tailoring their offerings to micro segments. Instead of simply hearing feedback, many are actively soliciting it, acting upon it, and working to improve offerings.

Travel companies, with their legacy of strong emotional relationships with consumers, have much to gain from fostering excellent CX, aided by the power of modern digital systems to measure impact and predict behavior. Those who fail to take advantage of this moment may risk falling behind. With changing consumer preferences after COVID-19, CX is an area where businesses can shine: building performance uplift, and standing out from the competition—while bringing back the magic of travel for customers.





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