"Analytics has to support innovation. Right now, the industry as a whole has some huge challenges – how do you prevent hotel rooms from becoming a commodity? It can't all just be loyalty programs. We have fixed, perishable inventory. If you don't sell a room that night, it's gone forever. So how do we get smarter about reaching the customer, letting the customer buy the way they want to buy, making the process more experience-based versus cookie-cutter?"

Dexter Wood, Senior Vice President of Business and Investment Analytics Hilton Worldwide

The Analytics Mandate: Path to Innovation in the Hospitality, Travel and Transportation Industry

Incorporating analytics within business processes for decision making is not new. In the early 1980s, airlines began adopting yield management systems to maximize profit or revenue by managing price and inventory availability.

During the 20 years that followed, hotels, cruise lines and car rental agencies began using revenue management systems to forecast demand and optimize inventory offerings by price and length of stay (or rental). With the advent of price optimization software, travel and transportation organizations are now able to optimize prices based on demand.
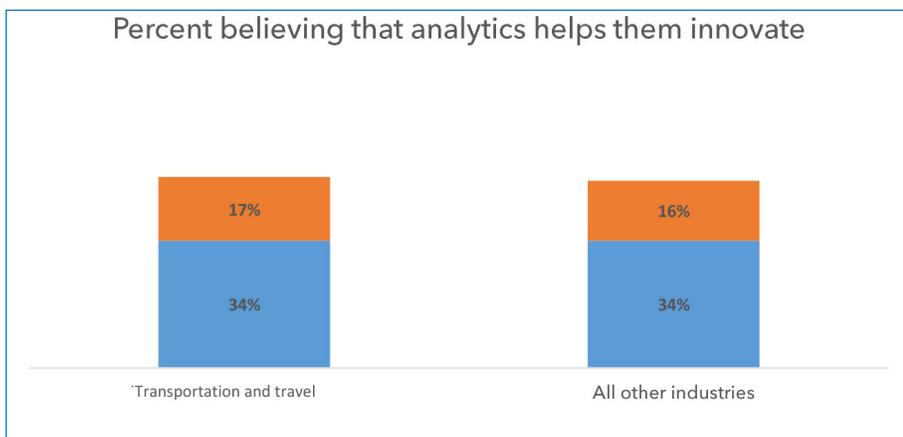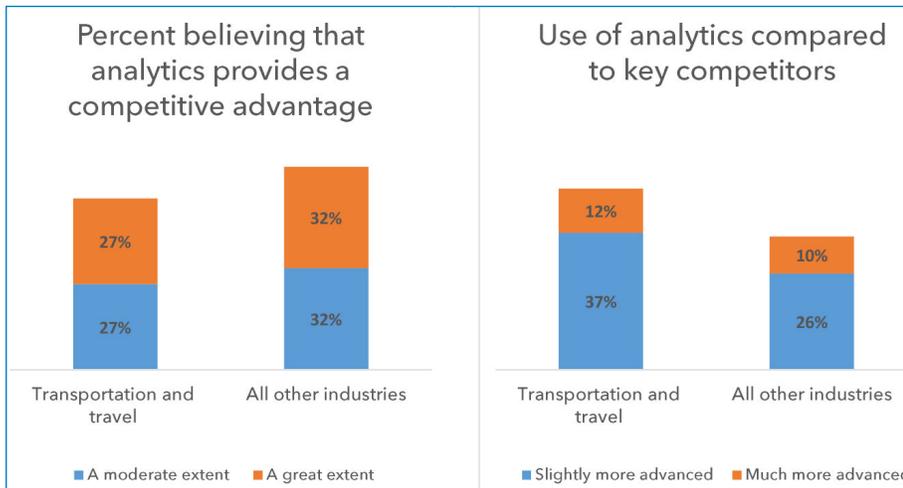
While price is certainly a critical factor in the consumer's buying decision, pricing alone does not guarantee purchase. Other factors such as convenience, past experiences, amenities, social media comments (ratings and reviews), and loyalty and reward points play a part.

For continued success, the industry needs to expand analytic usage for a deeper understanding of customers, preferences, brand perception and digital behavior.

Find the best path to competitive advantage

Since the 2007 publication of Tom Davenport's book *Competing on Analytics*, the adoption and use of analytics has burgeoned across all industries as more organizations turn to their data to gain an edge. In fact, research from MIT Sloan Management Review and SAS indicates that two-thirds of businesses believe that business analytics creates a competitive advantage in their organizations, and 52 percent agree that analytics has helped their organizations to innovate.

More than half (54 percent) of the survey respondents in the hospitality, travel and transportation industry agree that analytics enables them to be more competitive. Nearly the same percentage (49 percent) believe their organization's use of analytics exceeds that of competitors, while only 36 percent of respondents from other industries make the same claim.

MITSloan
Management Review

§sas
THE POWER TO KNOW®

Percent believing that analytics provides a competitive advantage

Transportation and travel	All other industries
27% (A great extent)	32% (A great extent)
27% (A moderate extent)	32% (A moderate extent)

■ A moderate extent ■ A great extent

Use of analytics compared to key competitors

Transportation and travel	All other industries
12% (Much more advanced)	10% (Much more advanced)
37% (Slightly more advanced)	26% (Slightly more advanced)

■ Slightly more advanced ■ Much more advanced

Percent believing that analytics helps them innovate

Transportation and travel	All other industries
17%	16%
34%	34%

Opportunities to innovate

Like other industries, hospitality, travel and transportation organizations recognize the important relationship between analytics usage and innovation. More than half of respondents (51 percent) agree that analytics has improved their organization's ability to innovate – a response that is similar to other industries (50 percent).

Despite success in using analytics to innovate, nearly all (nine out of 10 respondents) believe their organizations need to increase their use of analytics to make better decisions. In leading organizations, senior management is pushing for a more data-driven culture.
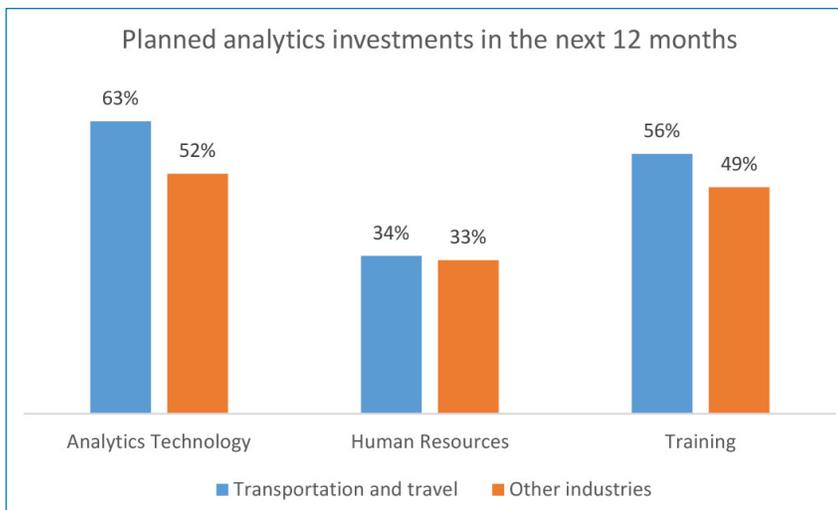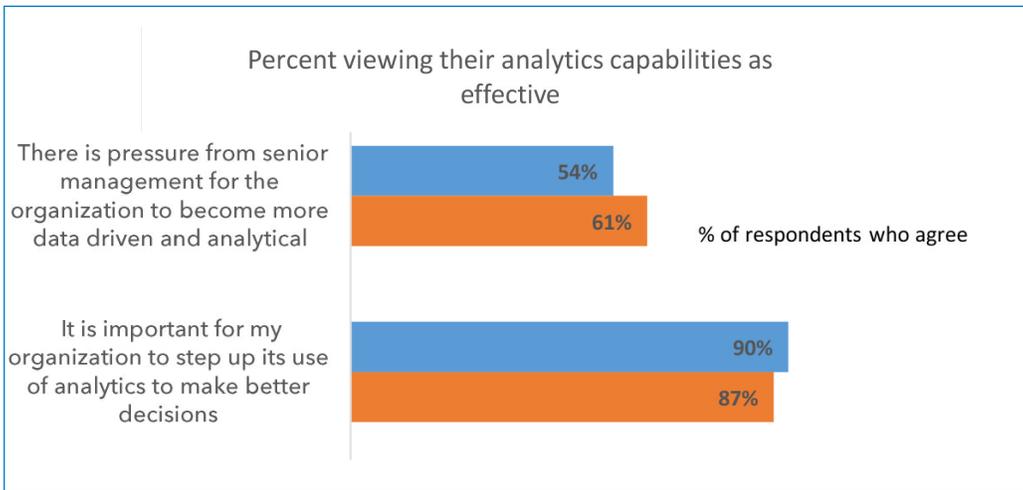
The path forward

Over the next 12 months, the primary investment in analytics by the hospitality, travel and transportation industry will be on analytics technology, followed closely by enhancing the analytics expertise of their employees.

Hospitality, travel and transportation organizations will want to continue to invest in analytics as they look at customer data holistically from website to marketing to loyalty programs.

Analytics helps attract new customers as well as retain existing ones because it can help answer questions such as, "Are we optimizing our revenues across all offerings?" and "What offers will be most appealing for a particular customer type?"

The Analytics Mandate report

To read more about the transformative power of data and the characteristics of companies using analytics for innovation and competitive advantage, read the full MIT Sloan Management Review report sas.com/MandateTravel.

Percent viewing their analytics capabilities as effective

There is pressure from senior management for the organization to become more data driven and analytical
- 54%
- 61%

% of respondents who agree

It is important for my organization to step up its use of analytics to make better decisions
- 90%
- 87%

Planned analytics investments in the next 12 months

	Transportation and travel	Other industries
Analytics Technology	63%	52%
Human Resources	34%	33%
Training	56%	49%

■ Transportation and travel ■ Other industries

How SAS can help

SAS has helped organizations transform large amounts of data into usable information. Why is this so important? Because data – both structured and unstructured – is streaming into businesses at unprecedented speed, and organizations not using analytics are missing opportunities to maximize revenue growth and minimize costs.

Big data is complex and unwieldy. And the new approaches being developed to store big data are not necessarily intuitive. Helping businesses succeed in today's complex data world is where SAS differentiates itself as the leader in business analytics.

With an extensive suite of analytics solutions and services, SAS makes it easier to solve complex business problems to help you achieve sustainable growth and anticipate changes in advance. Using these capabilities, SAS is helping businesses succeed on all fronts. SAS develops software based on a deep and broad industry focus so hospitality, travel and transportation organizations can:

- Develop marketing campaigns.
- Set demand-based price strategies.
- Forecast and manage inventories.
- Perform asset maintenance and root-cause analysis.
- Generate financial reports.

Within this dynamic business environment, SAS is proud to help you compete and win with enterprise analytics solutions and services.

Learn more at: sas.com/en_us/industry/travel-transportation.html.