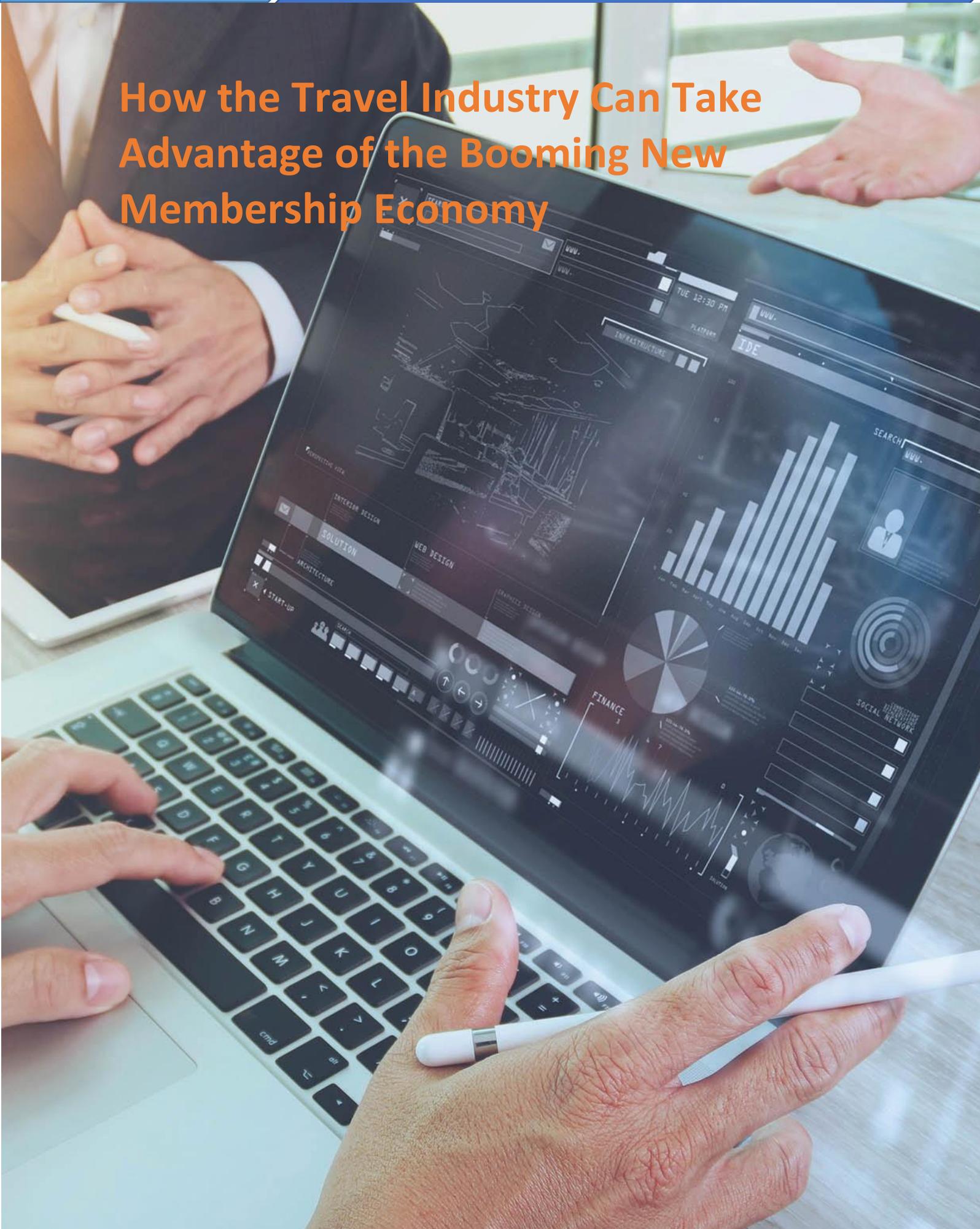


# How the Travel Industry Can Take Advantage of the Booming New Membership Economy



## Introduction

In the last decade, the membership economy has witnessed a drastic boost. It is no longer limited to premium clubs and societies. Individuals belonging to different domains can take the benefit of membership-driven companies. It allows a consumer to save money and only pay for the subscribed services. In this way, this limits their spending while fulfilling their requirements.

With this boom, various industries are taking its benefit by targeting their audience in different ways. There is already a wide availability of subscription-based companies in entertainment, food, leisure, and more. Just like other industries, travel companies can also take the advantage of the booming membership-driven economy and gain more leads.

The document will feature how travel companies can acquire more customers by including a membership plan. By targeting their audience that is already familiar with the subscription-based culture, they can gain profitable results. Furthermore, numerous advantages of this integration, setbacks, and its future scope will also be discussed in a comprehensive manner.

## Boom in the New Membership Economy

The membership-driven economy is currently going through a change. It has led to the development of multi-billion dollar companies like Amazon, Netflix, Ipsy, and more. Furthermore, it is expected that the subscription-based industry will cross the milestone of \$100 billion by 2020 ([source](#)).

Just like other industries, it is the role and nature of the customers that has resulted in the growth of the current membership economy. The recent takeover of the Dollar Shave Club by Unilever for \$1 billion only proves how far emerging membership-based companies have come ([source](#)).

## What resulted in the rise of the membership economy?

One of the most evident factors that resulted in the rise of the subscription-based companies is the range of value-added services that are provided to the consumer. Furthermore, it makes the subscribers feel exclusive by paying for the respective services. Here are some other factors that resulted in the growth of membership economy:

- It takes advantage of human psychology while making customers feel privileged. The subscribers feel as if they are a part of an inner circle while accessing premium features.
- It provides an opportunity to have a recurring revenue instead of getting a one-time yearly payment.
- The subscription also lets various companies build a long-term relationship with their subscribers.
- Users are able to save money while paying for the kind of services that they want. This eliminates extra expenses.

- With competitive prices and several options, customers are able to make the most of the subscription.
- The age-old product (and service) economy became outdated with the lack of innovation. What delighted the consumers initially became a basic need over time. According to the [Kano Model](#), this resulted in unsatisfied customers.

### Role of consumers in the subscription economy

Needless to say, it is the overall behavior of the consumers that drive the marketing as well as the operational wing for any subscription-based company. By tapping the needs of its consumers, membership companies can easily attain profitable results. For instance, Dr. Squatch became one of the leading subscription-based companies for men with a whopping 300% gain in its market ([source](#)). In order to excel and meet the set deliverables, a company should focus on these questions:

- What is the target consumer base of the membership company with respect to age, gender, education, regional area, occupation, and more?
- Is the pricing for the provided membership feasible and aligned with other competitors?
- How many active monthly subscribers does the company need to drive its basic operational cost?
- How will the company gain more subscribers and target leads related to inbound and outbound marketing?
- What value-added services can the organization provide that are exclusive in nature?
- What is the long-term plan for the company?
- In what way will the customer satisfaction be evaluated?
- What measures will the company implement to retain subscribers?

Without having a pool of happy consumers, no membership-driven company can attain its desired results. Therefore, an effort needs to be made to strive for complete customer satisfaction, leading to the retention of subscribers.

By analyzing the behavior of its customers, a travel company can certainly set a leading example in the current membership-driven economy.

### The Current Scenario of the Travel industry

Presently, the travel and tourism industry are considered one of the biggest sectors in the world with a total GDP of over \$7.6 trillion. This comprises of an estimated 10% of the global economy. Additionally, it also provides employment to over 292 million people. Therefore, one in every ten working professionals is associated with the travel industry ([source](#)).

## Evolution of the travel industry

Since it is an emerging industry, it has a long way to go and will only witness an evident growth in the next decade. To attain more consumers, most of the travel-based companies are focusing on their online presence. It has been noted that 50% of travel plans are initiated through mobile searches ([source](#)). Below are some other noted factors that have resulted in the evolution of the travel industry as an online force.

- Over 70% of travelers use their smartphones to initiate a booking ([source](#)).
- Around 30% of mobile searches done on Google are related to a location ([source](#)).
- The revenue from online tours will cross \$20 billion in 2020 by experiencing a three times rise in the present business ([source](#)).
- 60% of the major travel companies allow online booking with their websites optimized for mobile devices ([source](#)).
- More than 148 million people make their bookings online, which is around 57% of the total travel bookings made in a year ([source](#)).

## Various setbacks the industry is facing

Even though the travel and tourism industry are witnessing a rapid growth, they are also facing a few challenges. From an ever-changing customer mindset to stringent government policies, the industry needs to resolve a few issues in order to reach its achievable potential.

- Most customers want instant online solutions and dedicated customer service. However, not every travel-based company is able to provide unparalleled support to its customers.
- It has become extremely difficult for small-scale and new businesses to emerge. For instance, around 49% of customers won't book a hotel that has no prior reviews ([source](#)). This makes it quite difficult for new businesses to attract long-term leads.
- Currently, the tourism industry is heavily taxed in many countries, which minimizes the scope for scalability.
- Consumers like to get personalized treatment. With the lack of customization, most of the travel companies are not able to meet their customer needs.

These are only a handful of challenges that the travel and tourism industry is facing. Nevertheless, most of these obstacles can be resolved by utilizing the present subscription-based culture. It allows consumers to have a customized experience in a budget and lets travel companies gain more long-term leads.

## Integration of Membership Economy with the Travel industry

The membership economy is no longer limited to a handful of sectors. As consumers are getting accustomed to the subscription-based culture, they are welcoming the concept in other sectors as well. At the same time, various setbacks and challenges that the travel sector is facing presently can be resolved by taking the assistance of the membership economy.

After attaining a seamless integration of the membership culture in the travel sector, various service providers as well as customers can enjoy numerous benefits. Since traveling is a universal phenomenon that is gradually becoming a necessity, it allows different sectors to reach out to their audience in a seamless manner.

### How can the membership economy be integrated with the travel industry?

Just like entertainment or lifestyle industries have created a significant subscription-based culture, the same can be applied to the travel industry. This is achieved by creating exclusive travel clubs. After getting the premium membership of a reputed travel club, users are able to access its exclusive features. Some of these benefits include airport lounge access, customer assistance, medical support, hotel discounts, and more.

The business model is quite similar to other subscription-based companies. After getting a paid membership of the club, users are able to use different kinds of travel benefits. Instead of paying for these services individually, they can access it all in one place. This saves their time, effort, and money while giving travel clubs an opportunity to grow at the same time. In the end, it becomes a win-win situation for everyone.

### Factors associated with the integration of these services

While integrating a membership model in a travel company, many factors need to be considered. Some of the major things that travel club owners should keep in mind include:

- The membership economy might be a relatively new concept in travel, but it has already proven extremely beneficial in other sectors. The integration allows the travel industry to tap an emerging marketplace and consumers who are already familiar with the subscription-based culture.
- Since millennials and generation Z forms a significant percentage of consumers in the subscription economy, travel clubs need to run targeted campaigns for a younger audience with an impressive online presence.
- Customer service is the key to win over millennials. It has been observed that over 74% of millennials switch to a different provider if they are not happy with the customer service ([source](#)). Therefore, travel clubs need to maintain an excellent customer support to win over their subscribers.

- Millennials are extremely loyal to the brands of their choice as well. For instance, 58% of millennials will stick to the same brand no matter what ([source](#)). Therefore, if the travel club is able to meet the demands of its members, then it can lead to long-term customer retention.
- While integrating both the services together, companies should focus on its loyalty programs and reward points. The loyalty program subscription has seen an increase of 30% in the last few years ([source](#)). Therefore, companies can win over their audience by providing useful loyalty points.
- Besides focusing on millennials and generation Z, travel companies should also provide attractive plans for grandparents and parents who like to plan family vacations. It is also a booming market and will certainly help travel clubs to get more subscribers.
- Corporate travel is another growing sector that should be targeted by travel clubs. Companies should also have attractive offers for solo travelers and young entrepreneurs.
- Most of the people get a paid subscription to get exclusive benefits. Therefore, companies should provide unique and exclusive services to its members on a regular basis. Provide personalized solutions to customers and let them customize their travel plans on the go.

By keeping these factors in mind, travel companies can take the benefit of the present membership-driven economy and attain productive results.

### Travel club integration for subscription companies

To provide a seamless integration of travel-based companies with the membership economy, a handful of travel club platform solutions have emerged in the last few years. Since they provide white label travel club solutions, it becomes easier for any company to build and manage its own travel club in an effortless manner.

There are B2B travel club solution providers which help in the development of a subscription-based platform for a travel company. For instance, [Custom Travel Solutions](#) provides an end to end travel club deployment and marketing services for [subscription companies](#).

These travel club solutions provide a wide range of benefits like member's only hotel rates, baggage rebate, global discounts, local deals, personal assistance, and more. Furthermore, it provides legal and medical services while traveling. There are also premium benefits like airport lounge access, currency exchange, car rentals, etc. that are focused on corporate travel.

In this way, any subscription-based company can include these exclusive benefits and create its own travel club. This can help them expand their reach and gain more leads by providing various travel benefits.

## Advantages of Integrating Membership Economy with the Travel Industry

After integrating the membership economy with the travel industry, companies can attain plenty of benefits. Following are some of the prominent advantages:

- According to a [recent study](#), humans get more happiness while experiencing something (like traveling) instead of purchasing a material item. This further solidifies the vital importance of activities like traveling in today's fast-paced world.
- By using a travel club platform, users can customize their trips and plan their vacation without any third-party assistance. It has been observed that around 69% of travelers are loyal to brands that allow them to customize their vacations ([source](#)). As travel clubs provide a seamless way to personalize trips, it attracts a lot of subscribers.
- Even if a company is not entirely related to travel, it can create its own travel benefit programs to get more leads. Traveling has universal appeal and is loved by all kinds of customers. Therefore, it lets companies add a differentiating offer.
- According to a recent report, around 43% of business trips turn into a leisure vacation as well ([source](#)). This can be enabled by integrating a travel benefit program with corporate traveling.
- Most consumers look for value-added services while subscribing to any loyalty program. By including premium travel benefits, companies can win over their members and attain better customer satisfaction.
- The total number of subscribers in the travel and hospitality sector can reach to a figure of 1.1 billion ([source](#)). This gives travel clubs a remarkable opportunity to utilize this prominent customer base to generate leads.
- It also leads to customer retention and fulfillment. If a travel club benefit program performs exceptionally, then it can convert its members to brand ambassadors on its own.
- Since the subscription-based culture is not a new one, travel clubs don't need to educate their audience or create their market from scratch. It requires minimum effort to integrate the membership economy with the travel industry.
- Most of the travelers don't mind spending more if their requirements are getting fulfilled on time. This gives an excellent opportunity for travel clubs to gain popularity by providing premium benefits to travelers at an affordable rate.
- Members are given access to numerous exclusive benefits, providing them a personalized solution.
- Instead of spending time and effort reading reviews and customer feedback, members are given an access to pre-selected choices regarding their accommodation, tours, activities, etc. This helps them plan a memorable vacation in seconds.

With so many benefits, the integration of the membership economy with the travel industry can yield profitable results. However, companies need to focus on many details to provide unmatched customer satisfaction. They can also take the assistance of a travel club solutions provider to fulfill their requirements.

## Future Scope

The travel and tourism industry has a strong potential to grow in the next decade. Since customers like to access advanced features, the subscription economy provides an ideal solution for the travel industry to grow.

The integration can already solve several problems related to customer service, document approvals, currency exchange, premium services, and more. Most of the setbacks that are faced by the travel industry can be resolved by integrating a membership-driven travel club platform.

For instance, a dedicated travel club platform can help companies provide personalized solutions to its customers. It allows users to collect reward points and use them to access travel benefits. Furthermore, the hassle of going through the approval of travel documents like visas and passports can be resolved by involving a specialized third-party solution.

By running social media campaigns, it can easily reach out to its audience. The travel club has a centralized management system that can be accessed remotely as well.

All of this can be done by taking the assistance of a white label travel club fulfillment company. It provides end to end solutions for various companies to develop and manage their travel club without facing any unwanted setback.

## About Custom Travel Solutions

[Custom Travel Solutions](#) is a leading e-commerce travel industry solutions provider with over 100 years of combined experience in the Travel Industry domain. Custom Travel Solutions provides travel club solutions, travel benefit programs, white label booking engines, aggregated travel APIs, travel fulfillment, travel licensing, travel customer service and closed user group inventory as well as a full array of consultative services to companies all over the world.

[Custom Travel Solutions](#) was developed to address the need of increasing loyalty for organizations and their constituents. Travel is the great equalizer, it's the thing all people want more of. At Custom Travel Solutions, we set out to fulfil that need by offering organizations a turn-key white label system of having their own travel club that they can then share with their customers/members/associates. We've created a robust platform that allows for full integration with a bespoke set of benefits that meet each customer's needs. The platform is built on the latest technology, housed on Amazon's Web Servers (AWS) for total scalability and uptime.