4 Ingredients for Disruption

Online travel trends that will impact the way you think
Stewart Jones
鐘思華

Regional Director, APAC
Rentalcars Connect

- Strategic partnerships division of the world’s largest online car rental agency
- Ground transportation solutions to over 3,000 partners, including over 90 airlines

Mega Event Asia-Pacific
23 -25th August 2017
Uber: Gross bookings for 2016 hit $20 billion but lost $2.8 billion excluding the China business

U.S. ground transport expenses

Source: Certify SpendSmart Reports

Mega Event Asia-Pacific
23 -25th August 2017
Airbnb expected to have 6% of US/EU hotel demand by 2018

Mega Event Asia-Pacific
23 - 25th August 2017

Source: the company

THE WALL STREET JOURNAL.
WeChat can expect to see 900 million monthly active users following this trend.

US$1.2 trillion in 16
What is driving change?

Leisure & business have merged

- Expectations for on-demand, curated experiences and real-time response
- 70% of global population owns a mobile phone
- Growth of social, messaging, video and voice – on average 2 hours per day
- Asia accounts for 63% of global real GDP growth
- China is the biggest outbound tourism spender (with <10% of population traveling abroad)
- 64% of millennials feel financially stressed
- Access vs. ownership, value vs. brand

Sources: Economist Intelligence Unit, Kleiner Perkins 2016 Internet Trends Report, PWC Employee Wellness Survey 2016, Global Web Index
Should airlines worry?

- Yes, but several lessons can be applied
- Four ingredients for disruption
  - Sharing economy based on trust
  - Social platforms and commerce
  - Assistance and personalisation
  - Aggregation and convenience

Mega Event Asia-Pacific
23 - 25th August 2017
Rise of the sharing economy

* Based on online survey of 30,000 consumers in 60 countries
Source: Nielsen
Why should I trust you?
Top US Brands 2016 - Trustworthy

- Johnson & Johnson
- General Mills (Cheerios)
- Google
- Kraft
- Hershey
- Apple
- Kellogg
- Home Depot
- Clorox
- Amazon

“The 3! Horsemen of Tech”

Source: Forbes 2016

Mega Event Asia-Pacific
23-25th August 2017
But it’s all about ‘sharing’ now!

- Trust and transparency go both ways!
- Peer to peer review is centre stage
- It’s the medium of all future ‘trust’ validation
- Where will sharing take us in Travel?
But it’s all about ‘sharing’ now!

- Trust and transparency go both ways!
- Peer to peer review is centre stage
- It’s the medium of all future ‘trust’ validation
- Where will sharing take us in Travel?

Mega Event Asia-Pacific
23 -25th August 2017
Sharing – trust and transparency

- No mainstream model for sharing air travel yet...but...
- Opportunities to share experiences and build trust and transparency
  - Ratings
  - Recommendations
  - Customer service feedback loop

Mega Event Asia-Pacific
23 -25th August 2017
31% of global population are active on social media

- 87% of millennials use social media for travel inspiration
- 76% pick a travel destination based on friends’ recommendations
- 2/3 post to social media at least once a day during their travels

Sources: Global Web Index, Smart Insights

Mega Event Asia-Pacific
23 - 25th August 2017
Social commerce is gaining traction, especially in China

Source: Kleiner Perkins 2016 Internet Trends Report

Mega Event Asia-Pacific
23 -25th August 2017
Social commerce – renting a car using WeChat

- Integrated into WeChat app
- Mobile booking
- One-click payment
- User-generated content & 24/7 support

Mega Event Asia-Pacific
23 – 25th August 2017
Technology is driving personal assistance to next level

- 10-20% of searches are by voice today – expected to be 50% of all searches by 2020
- Rise of virtual assistants
Travel planning assistance and personalisation

Chat app provides on-demand, personal travel service

Artificial intelligence + travel agents

Voice, other channels coming soon

Chat interface

“Bots” learn user preferences

Human touch

Mega Event Asia-Pacific
23 -25th August 2017
Aggregation and convenience

- Overwhelming amount of digital content and exposure (5,000 per day?)
- Dominant platforms act as gateways of commerce and experience (e.g., Google has 65% share of global searches, Naver has dominant position in S Korea)
- Customers go where they can achieve what they want quickly and easily
- And they trust the platforms, putting brands at risk of being bypassed

Source: Yankelovich, Adrenaline, ComScore, NetMarketShare

Mega Event Asia-Pacific
23 -25th August 2017
Google Flights is well positioned; Airbnb is getting started
What can loyalty programs and airlines do?

- Enable sharing and trust building
  - Points/miles
  - In-trip experience
  - Ratings and reviews
  - Recommendations
What can loyalty programs and airlines do?

- Enable sharing and trust building
- Invest in mobile and social channels
  - Travel inspiration & recommendations
  - One-click payments
  - Conversations & real-time support

Mega Event Asia-Pacific
23 - 25th August 2017
What can loyalty programs and airlines do?

- Enable sharing and trust building
- Invest in mobile and social channels
- Use data and technology to provide assistance and personalisation
  - Remove friction
  - Surprise & delight
  - Make it real

Mega Event Asia-Pacific
23 - 25th August 2017
What can loyalty programs and airlines do?

- Enable sharing and trust building
- Invest in mobile and social channels
- Use data and technology to provide assistance and personalisation
- Expect dominant platforms to push travel aggregation and convenience
  - Follow fast
  - Leverage partnerships
- Focus on key customer segments, tailor their experience, and create advocates

Mega Event Asia-Pacific
23 - 25th August 2017
Questions?

Thank you