4 Ingredients for Disruption

Online travel trends that will impact the way you think

Fraser Ellacott, Managing Director

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Introductions – Fraser Ellacott

Managing Director
Rentalcars Connect

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Previously:
BRITISH AIRWAYS
First Choice
Thomson Cruises
TUI

Strategic partnerships division of the world’s largest online car rental agency

Ground transportation solutions to over 3,000 partners, including over 85 airlines

Packaged and standalone sales
Uber: Gross bookings for 2016 hit $20 billion but lost $2.8 billion excluding the China business.
Airbnb expected to have 6% of US/EU hotel demand by 2018

Nights Booked
100 million

Revenue
$1.0 billion
2015 est.
$900 million

Source: the company

THE WALL STREET JOURNAL.
WeChat can expect to see 900 million monthly active users following this trend.
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 personalization
  - Aggregation and convenience

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Rise of the sharing economy

* Based on online survey of 30,000 consumers in 60 countries
Source: Nielsen
Why should I trust you?

Customer Review Transparency

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Top US Brands 2016 - Trustworthy

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

Source: Forbes 2016

“3!r Horsemen of Tech”
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?
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

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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
Social commerce is gaining traction, especially in China

Source: Kleiner Perkins 2016 Internet Trends Report
Social commerce – renting a car using WeChat

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

Digital Assistants - Always at Your Service
Estimated number of users of virtual digital assistants worldwide*

* e.g. Cortana, Siri, Alexa and Google Now; figures do not include enterprise usage
Source: Tractica

Will it rain on Sunday?

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Travel planning assistance and personalisation

**lola**

- Chat app provides on-demand, personal travel service
- Artificial intelligence + travel agents
- Voice, other channels coming soon

"Bots" learn user preferences

Chat interface

Human touch

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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)
- 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

“Middle Aged Man in Lycra”

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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

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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

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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 personalization
  - Remove friction
  - Surprise & delight
  - Make it real
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 personalization
- Expect dominant platforms to push travel aggregation and convenience
  - Follow fast
  - Leverage partnerships
- Focus on key customer segments, tailor their experience, and create advocates

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Questions?

Thank you