

TRAVEL'S WINNING TICKET

ACHIEVE COMPETITIVE AGILITY





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Online travel agencies—e.g. booking.com, Expedia—hit the scene first, making it easy for consumers to book hotels, flights, cars, cruises and other travel services. Then the likes of Airbnb took advantage of the sharing economy and opened up a worldwide marketplace of accommodations. Forbes estimates the company has reached a \$38 billion valuation, and it's not stopping there.¹ Airbnb is now selling guided tours and experiences—they even offer dinner reservations with the help of platform partner Resy.²

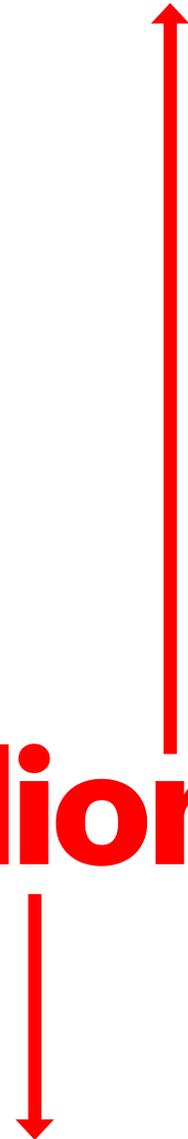
Boundaries continue to blur across aviation, hospitality and travel services, allowing anyone and everyone to be your next competitor. TravelTech startups are wiping out intermediaries and non-traditional players that want to deliver end-to-end experiences can easily play in the space. Even “traditional” players are finding ways to offer more comprehensive travel services. For instance, most airlines now sell rooms, cars and destination services. This is just the beginning of the disruption to come. Businesses need to start adapting now.

The emerging travel ecosystem is a complex and expansive battlefield. Many want to become end to end travel companies, but few have successfully done it. Those that succeed will learn to understand customers’ specific travel preferences—price, convenience, or increasingly sustainability and purpose—and deliver on those expectations.

The travel industry has already experienced the turbulence of disruption—but a new wave is coming and it may shift

US\$100 billion

of value from traditional players to new competitors by 2025.³



Never fly solo

The travel industry has always been platform-based, but it hasn't yet reached the next level of one-click, frictionless travel for consumers. The stakes for easy, convenient and affordable travel are high and most companies are not equipped to meet rising demands without help. Companies in the travel ecosystem must work together to create hyper-relevant offerings that elevate customers' end-to-end travel experiences.

Leaders recognize the shift—64 percent of travel executives surveyed identified their major source of industry disruption as changes in the way customers are serviced.⁴ Whether it's booking hotel rooms, flights, rental cars and other services for leisure travel, customers expect the same level of real-time personalization and convenience that they experience in other industries. For instance, being notified of a flight cancellation and rebooking not only the flight, but also the stay afterwards, should be as easy as ordering an Uber.

There is a bottom-line benefit to removing the friction. More relevant recommendations, and seamless integration with offerings and services before, during and after flights can boost per-passenger revenue by 20 percent in 2025.⁵

More than half of travel companies (57 percent) want to build ecosystems to disrupt their industries, but only 45 percent have the capability and experience.⁶ Companies are interested in developing an overall ecosystem strategy, yet they often want to sit at the center, being the hub that controls it. More often than not, this leads to the launch of platforms that fail to differentiate themselves with consumers and don't lead to the relevant and frictionless experience they are seeking. Instead, successful companies will care less about jockeying for the position of ecosystem leader, and more about creating a unique and relevant value proposition that makes the company indispensable and also delivers value for all players.

Loyalty programs potentially are a first step and a quick and easy way to connect with ecosystem partners to deliver value to customers. For instance, Cathay Pacific overhauled its loyalty program and now offers rewards that members can redeem for travel and lifestyle benefits from numerous partners across several categories—from flights and hotels to insurance, retail and dining.⁷

New technologies such as blockchain make it easier to connect loyalty program data through a single source. Ecosystem partners can allow consumers to earn "currency" that is immediately updated in the user's account. Accenture worked with Cathay Pacific to employ blockchain for its "Unlock More Miles" dining promotion in Hong Kong. The technology allows **Asia Miles** partners and members to earn and manage rewards in real time.⁸

Trust is the ticket

Every travel industry ecosystem participant has a wealth of data about customers and their preferences. Unlocking deep and meaningful insights from this data is the key to delivering value. We surveyed more than 1,200 C-level executives across industries and geographies to understand their ecosystem strategies, capabilities, leadership and investment—and identify ecosystem leaders or “**masters**”. The survey found a vast number (77 percent) of ecosystem masters share data with some restrictions within the ecosystem.⁹

Yet travel industry data is highly sensitive and personal. Just think of all the data a hotel clerk has access to right on their desktop computer

(e.g. social security numbers, passport IDs, credit card information). One breach could immediately compromise the trust of not only customers, but also ecosystem partners.

The Accenture Strategy **Competitive Agility Index** quantifies the impact of trust on a company’s bottom line, and it is significant. The Index uncovered that 54 percent of the 7,030 companies in our analysis, spanning 20 sectors, experienced a material drop in trust.¹⁰ An affected company will experience, on average, a six percent decline in revenue growth and 10 percent decline in EBITDA growth. For a US\$25B travel company, that translates into a loss of US\$1.5B in future revenue.¹¹



This suggests that companies should strive to partner with those businesses that have a strong focus on strategies that promote the ethical use of sensitive personal data, and build and protect stakeholder trust, which Accenture Strategy defines as a consistent experience of competence, integrity, honesty, transparency, commitment, purpose and familiarity.¹² Trust helps build shared value among ecosystem partners.

While collaborating with the right partners is a first step, travel companies must also develop the right capabilities to support data sharing and generate value out of that data. Ecosystem masters build the needed capabilities and competencies by developing talent and prioritizing technology platform selection. Masters (75 percent) consistently develop talent within the ecosystem, which has enabled them to identify and deliver new value propositions—compared to just 36 percent of non-masters.¹³ Sharing talent across (or within) the ecosystem widens and deepens the skills and capabilities available, and hyper-focused teams can work on a specific outcome. For instance, if trust is a top priority, data scientists and cyber security experts can work together to help ensure sensitive consumer data is safeguarded.

Ecosystem masters (64 percent) also recognize the importance of choosing the right technology platform to support the ecosystem, compared to 36 percent of non-masters.¹⁴ They strive to jointly develop mutually beneficial technology platforms that center on trust, commitment and confidence.



Rise up in the travel industry

After years of growth and stability, the travel industry is feeling a new wave of disruption.

Technology is transforming a once-fragmented value chain into a connected ecosystem that delivers the end-to-end experiences consumers crave. Every player in today's travel marketplace must be hyper-relevant, a key contributor to the ecosystem and a powerhouse of trust that delivers value to consumers and other ecosystem players alike.

Here's how:

Know your customer

With increasing amounts of structured and unstructured data and advanced analytics to synthesize it all, companies can gain unprecedented insights into what customers value and are willing to pay for.

Excel at your core

Many businesses are eager to play in “the new” (e.g. digital services, cloud, data security), but to be credible, they must first be brilliant at the core business. For instance, if a customer cannot check into a hotel or flight seamlessly, why would they trust a travel partner to safely manage their entire journey? Perfect the basics before entering new territory—and find partners who are doing the same.

Find your differentiator

The playing field is more crowded than ever. So how will your business make its mark? The travel businesses that stand out will be the ones that have a specific value proposition targeted to customer segments, whether they are seeking exotic luxury travel, affordable family trips, sustainable eco-adventures or pet-friendly travel experiences.

Embrace coopetition

Businesses formerly thought of as competitors can become new “frenemies” that you cooperate with to enhance your value proposition. These ecosystem partners can close gaps within your organization by bringing their strong suits, such as talent, technology and security capabilities.

Build trust proactively

Enhance security using the latest digital tools, be transparent about how data is used and revisit ethical standards. Ecosystem players can set ethical and security standards that go beyond legislation by working together. Everyone will benefit if breaches are thwarted.

Travel is taking off in a new direction.

**Get on board to the ecosystem opportunity quickly
to seize revenue opportunities and surpass customer
expectations like never before.**

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