



# Global Transport Industry Trends

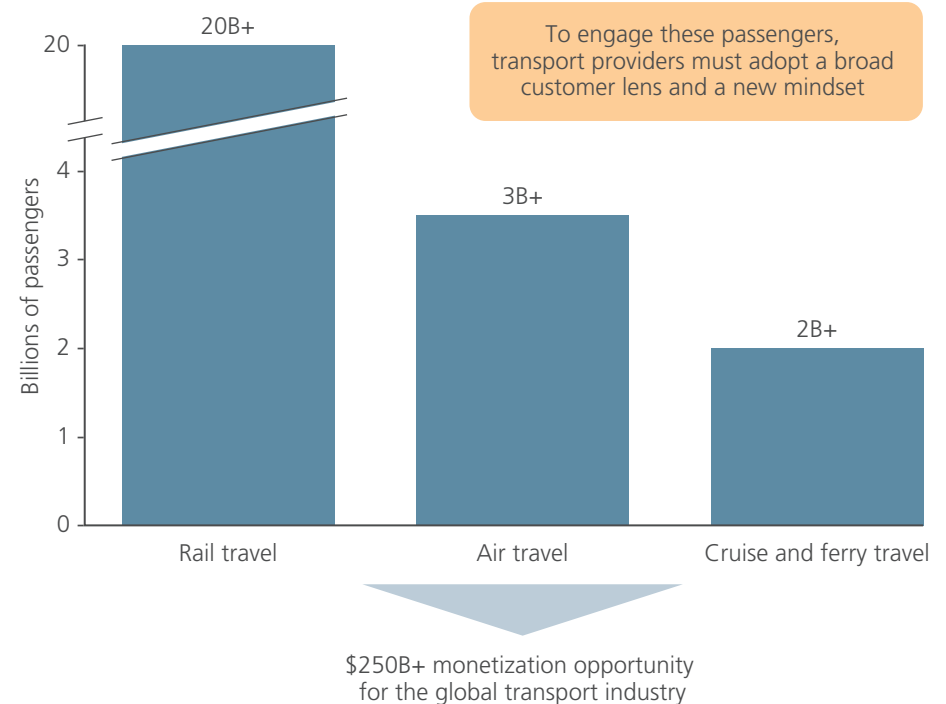
## Global transport's untapped \$250 billion opportunity

Transport providers of all types have a unique opportunity to capitalize on a captive audience of passengers.

These “captive eyeballs” have idle time and, when engaged appropriately, are receptive to offers — specifically when providers can leverage retailer best practices to provide a consistent, personalized customer experience. Furthermore, many travel providers already support the infrastructure that will allow them to make the most of this untapped opportunity.

L.E.K. Consulting examines the changing behaviors of passengers — and reveals how transport providers must act and think differently to best monetize these captive eyeballs.

### How is passenger behavior evolving? ►



Source: L.E.K. analysis

## Today's passengers: Open to personalized offerings

Today's air, rail and cruise/ferry passengers, conditioned by their interactions with retailers, have different expectations from the ones they held in the past.

Yesterday's passengers:

- Were never given a chance to choose
- Were accustomed to a one-size-fits-all approach
- Expected set prices

Today's passengers:

- Expect options during travel
- Appreciate the ability to choose
- Require flexible pricing options
- Value personalized experiences

What are current solutions missing?

Captive passenger travel, by industry  
(2016E)

Instantaneous answers Available  
A seamless experience  
Intuitive Flexible  
"What I want, when I want it"  
Enabled Low commitment  
Easy Connected  
Accessible Know me  
Effortless Rapid  
Instant  
"Hassle-free travel"



Source: L.E.K. survey and analysis  
\*Size represents importance of dimension

What are current solutions missing? ►

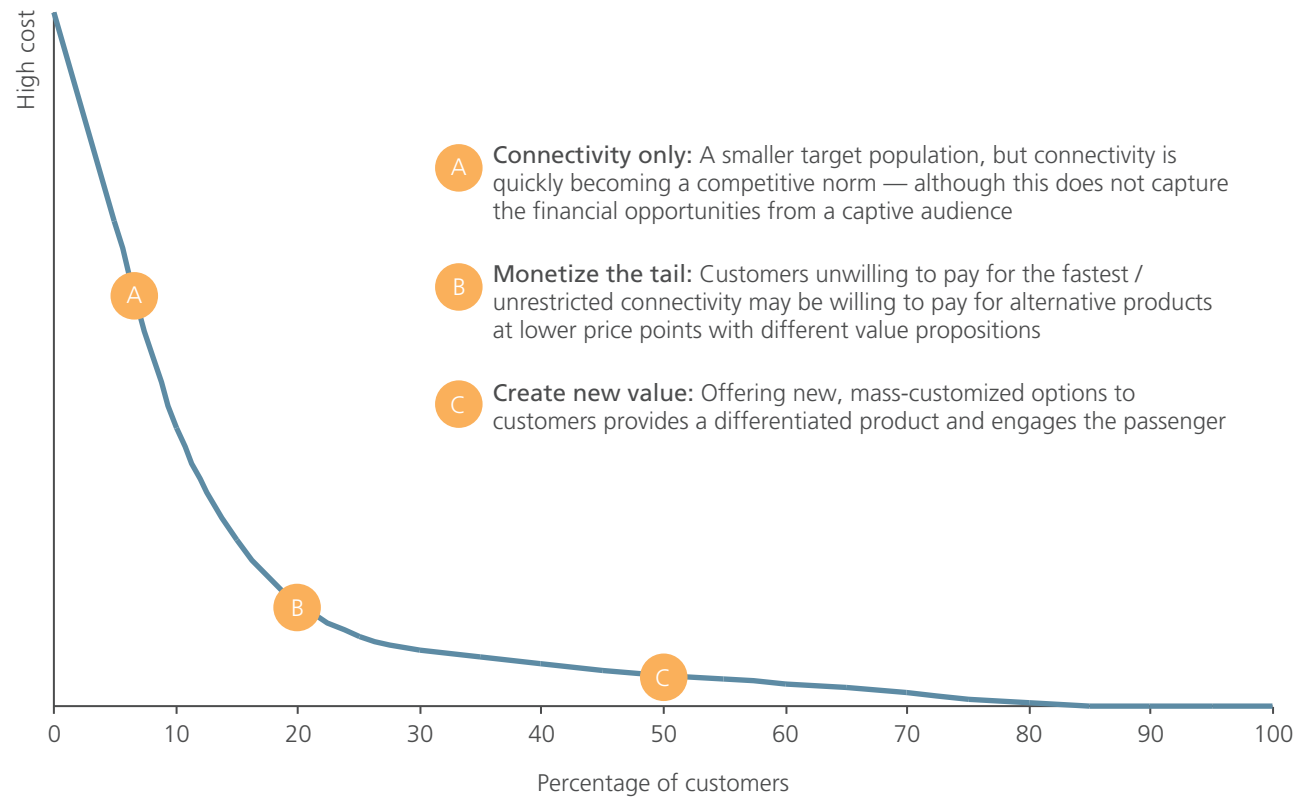
## Are connectivity solutions doing enough? Not really

Many transport providers offer on-the-go Internet access. While this is important, simply providing connectivity to passengers during travel leaves behind a significant missed opportunity.

This broader opportunity combines connectivity with personalized content, which requires an understanding of each passenger's needs in order to achieve optimal impact.

Rather than being conceived as an end product, connectivity should serve as a gateway to customer information — and a way for providers to personalize and further monetize the experience.

Passenger willingness to pay in-transit (illustrative)  
Dollars



Source: L.E.K. analysis

**When do we engage the customer?** ►

## Optimal engagement: Provide the right offers at the right time

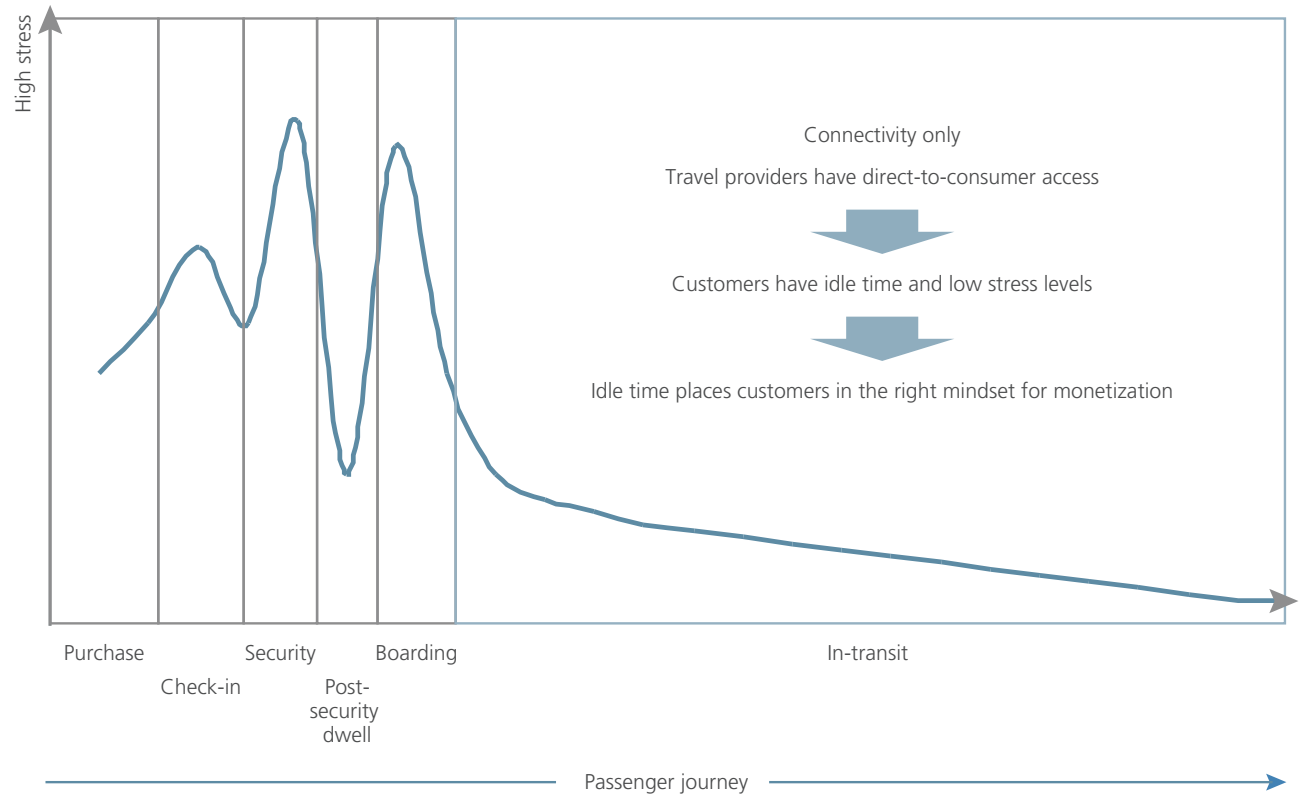
The optimal merchandising strategy is to provide the right offers at the right time.

Travel providers are ideally positioned during the passenger journey, while stress levels are low and passengers are predisposed toward making purchases.

During transit, providers can interact directly with customers, avoiding channel intermediaries that exist in other parts of the journey (e.g., at ticket purchase, boarding).

Transit time differs in nature — air, ferry, rail, etc. — but each transportation format provides unique opportunities, whether during 30 minutes of a commuter’s time every day or six hours of a business traveler’s intercontinental flight.

Passenger journey stress chart  
Stress level



Source: L.E.K. analysis

**How can we personalize the experience?** ►

## The first step in presenting the right offer: Understand passengers' needs

Personalizing the passenger experience requires needs-based segmentation that allows transport providers to truly understand their customers.

Passengers have idle time during transit, but also have different needs based on who they are, the purpose of their travel, and where they are in their journey. Offerings are based on an understanding of these diverse needs and of customers' willingness to pay at various points in their journey.

Travel providers that collect data on customers' preferences and behaviors can use this information to provide targeted and relevant offerings, which will lead to an improved customer experience and additional monetization opportunities.

Examples of passenger segments and needs

		Productivity	Comfort	Etc.
Road warriors		"Frictionless leverage"	"Remember my desires"	"Make travel seamless"
Occasional business		"Enable my work habits"		"Facilitate relaxation"
High-income leisure		"Do it for me"	"Something indulgent"	
Family and package			"Help with the kids"	"Simplify the experience"
Young singles		"Keep me connected"		"Enable my passions"
Visiting friends and relatives			"Streamline my journey"	
Retirees			"Extra room to stretch"	"Reduce my travel worries"

**What could our offerings include?** ►

## Maximizing transport revenue opportunities: Tailor offerings to varying customer needs

With an understanding of their key customer segments, travel providers can customize offerings to maximize engagement.

The depth and breadth of future content opportunities have the potential to far exceed what is available today within most transportation formats.

Providing the right offer, at the right time, to the right passenger increases conversion rates and associated ancillary revenue.

Examples of curated content and monetization opportunities



**How should we merchandise?** ►

## Thinking like retailers: Master customer segmentation and become true 1:1 merchandisers

Winners in the transportation industry will be those that implement a differentiated merchandising strategy to become true 1:1 merchandisers. By leveraging personalized, bundled content and connectivity offerings, providers can successfully monetize their captive eyeballs.

Merchandising

Right offer

Right person

Right time

Right place

Right price



Think like a retailer