

Mobile and Travel Update



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The Impact of Mobile

Planning a Mobile Strategy Today and Tomorrow



Motorola's
DynaTAC 8000X
1985



RIM BlackBerry 850 2002

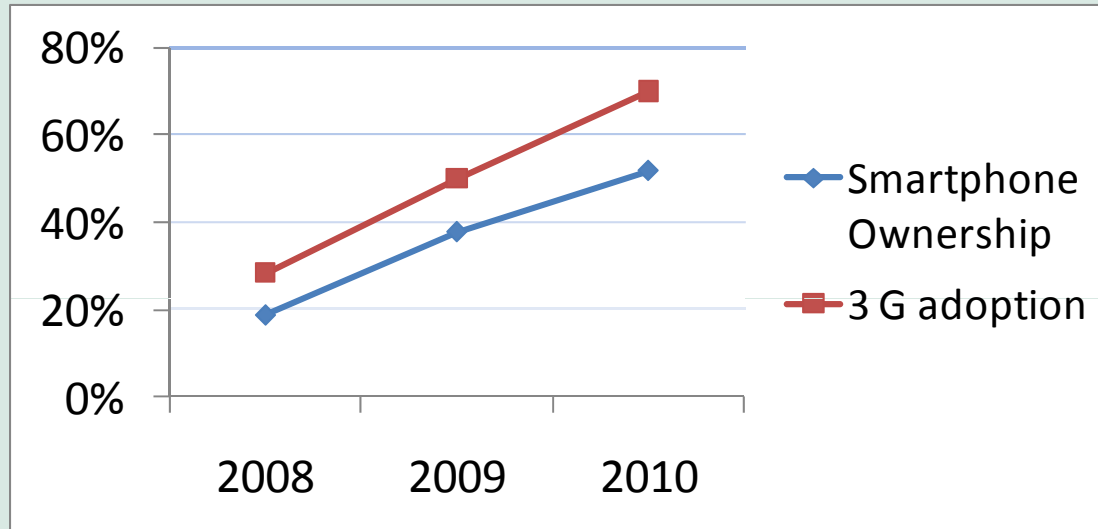


iPhone 3G 2008

- The mobile phone may be the most prolific consumer product ever invented (source: Google).
 - There are currently about 4 billion mobile subscribers in the world, and that number is expected to grow by at least 1 billion in the next few years.
 - Today, mobile phones are more prevalent than cars (about 800 million registered vehicles in the world) and credit cards (only 1.4 billion).
 - While it took 100 years for landline phones to spread to more than 80% of the countries in the world, their wireless descendants did it in 16.
 - Fewer teens are wearing watches now because they use their phones to tell time instead.
- As a result:
 - Travel companies should treat mobile NOT as another channel, but as a new platform that enables different and innovative personal interactions with customers. Travelers need filtered information that is location- and context-sensitive.
 - Today's mobile platforms are highly fragmented, and the near future will see a continuation of this fragmentation. Therefore, travel companies need a multi-faceted strategy.
 - Mobile applications will enable travel companies to reach new levels of operational efficiency, but enhancing the travel experience should be of equal importance.

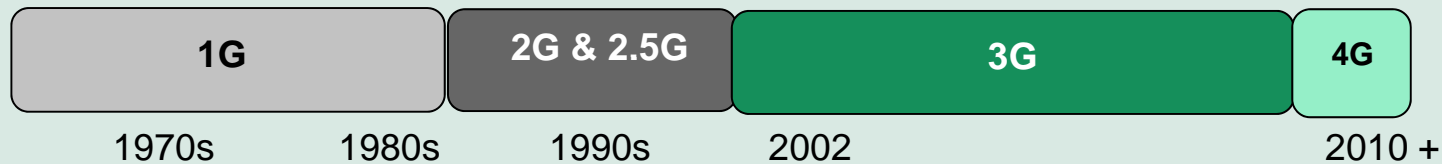


Smartphone and 3G Adoption



Factors Influencing Adoption

- The growth of smartphone and 3G adoption will continue to drive the need for more mobile travel applications
- New 4G networks are being implemented in 2010-2012, improving mobile Web speeds and reliability

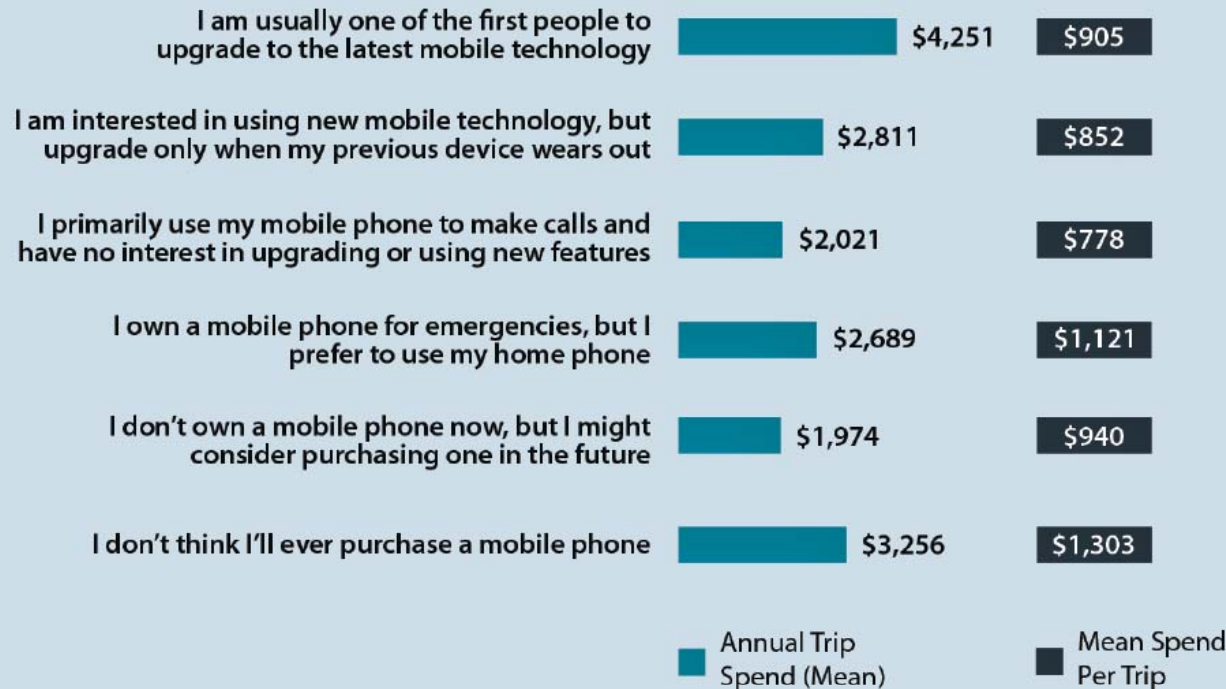


Source: Kelsey Group, comScore, *The Wall Street Journal* and PhoCusWright Inc.



Early Mobile Adopters Spend More on Travel

Mobile Technology Adoption Tendencies and Annual Trip Spend



Questions:

Please indicate the ONE statement that best describes you. *Select one.*

What was the total amount your household spent on travel components (including airline tickets, paid accommodations, car rental, cruise tickets, railway tickets) for travel over 75 miles for your N leisure trips in the past 12 months? *Enter whole number without \$ sign.*

Base: U.S. online travelers (N=639 weighted)

Note: Totals may not add to 100% due to rounding.

Source: PhoCusWright's Consumer Technology Survey Third Edition

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Convergence



Key Trends: Convergence

- Bringing together the mobile phone, digital camera, and MP3 player
- Emerging convergence includes PNDs, mobile wallet, electronic entry and mini-laptop functionality
- Yields new capabilities not found in any single device



Source: PhoCusWright Inc.

The iPhone Effect



The iPhone Effect

- Innovative touchscreen interface
- First practical Web browser
- Change in product definition paradigm – from mobile phone to portable computing device
- Shifted revenue from telcos to device manufacturer
- Introduced immediate distribution of applications through online app store
- Drove copies from all major players (e.g., Nokia, BlackBerry) and set the stage for Google Android



Source: PhoCusWright Inc.

App Stores

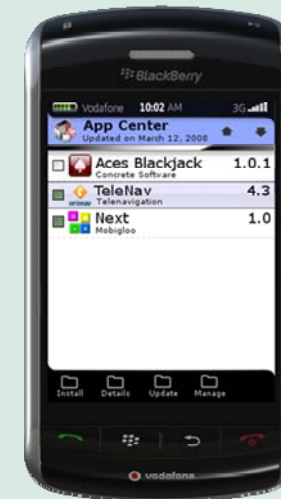
Mobile Stats: App Stores

- With the success of the Apple iPhone App Store, rival device and operating system companies have announced or launched their own app stores:



Key Trends: App Stores

- In May 2009, Apple's App Store listed over 2,000 travel apps, giving the travel category about a 5.4% share (5th largest). When including travel-related apps in other categories (e.g., weather), travel ranks #4.
- Travel companies need to drive the development of location- and situation-centric downloadable travel apps to ensure that third parties don't emerge as new players in the travel distribution chain.



BlackBerry App Center

Source: PhoCusWright Inc.

Airlines: Mobile Travel Key Benefits

Empower Mobile Travelers

- **Information**
 - Schedules
 - Flight details
 - Itinerary
- **Self Service**
 - Seat selection/meal preferences
 - Mobile check-in
 - Itinerary changes
 - Booking
 - Upgrades
- **Context Awareness**
 - Irregular operations/rebooking

Improve Travel Efficiency

- **Traveler Alerts**
 - Flight delay
 - Gate change
 - Strike/weather updates
- **Mobile Boarding Pass**
 - Barcode boarding pass (BCBO)
 - NFC/contactless boarding pass
- **Passenger Location**
 - SMS
 - GPS

Build Ancillary Revenue

- **Upgrades/Add-Ons**
 - Mobile coupons
 - Day-of-travel promotions
- **In-Airport**
 - Mobile coupons
 - Location-based airport offers (opt-in)
- **Bookings**
 - Promotions (time-limited offer)
 - Last-minute deals
 - Hotel/car rental partnerships



Source: PhoCusWright Inc.

Hotels: Mobile Travel Key Benefits

Empower Mobile Travelers

- **Self Service**
 - Changes/cancellations
 - Bookings
- **During Trip**
 - Mobile concierge services (LBS/maps, video, podcast)
 - On-site social networking for conferences or leisure/resorts
- **Guest Services**
 - Reserve spa treatment
 - Request special services

Improve Travel Efficiency

- **Mobile Check-In**
 - Expedite front desk check-in process
 - Full mobile check-in
- **Mobile Checkout**
 - Charges approval
 - Mobile receipt
- **Room Entry**
 - Secure entry via mobile keychain
- **In-Room Controls**
 - Lighting, entertainment, music

Build Ancillary Revenue

- **Upgrades/Add-Ons**
 - Spa treatments/golf
 - Room service/amenities
- **On-Site**
 - Encourage visitors to stay on-site with mobile coupons
 - Facilitate mobile payments for on-site charges
- **Bookings**
 - Promotions (time-limited offer)
 - Last-minute deals
- **Local**
 - Partner with local businesses to offer special deals

Source: PhoCusWright Inc.



Emerging Trends and Device Capabilities



Point-Based Search

Using the mobile phone's accelerometer you point to a building and it automatically retrieves information about what you are viewing (Source: Intelligent Spatial Technologies)



Smart Alerts and Sensor

The mobile device pushes you a personalized alert based on your preferences and location, providing a real-time snapshot of the current-world conditions based on your location



Crowd Sourcing

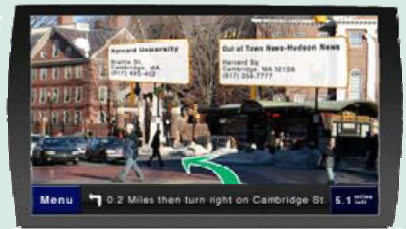
As people post pictures, comments and reviews via their mobile device, a world emerges where people from every corner of the planet are covering their experiences in real time

Key Trends: Device Capabilities

- The mobile phone is being transform into a sensing device that interacts with the real world and augments the travel experience with relevant location-sensitive information incorporating feedback from other travelers



Emerging Trends and Device Capabilities



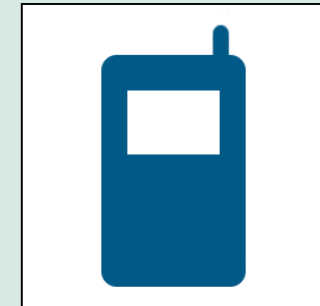
Augmented Reality

Providing enhanced information based on your location and preferences



Trust and Verification

Mobile devices will provide tools and information to empower you to decide what to download, what to see, and what to share



Automatic Updates on Apps and Content

The always on device will deliver updates of applications and prioritize the applications most important for your location and situation

Key Trends: Device Capabilities

- The mobile phone is becoming an intelligent device with the ability to manage content based on the user's preferences and priorities



Thank You!