



THE TIDES OF CHANGE

A LOOK AT THE CULTURAL CURRENTS ACTING ON THE TRAVEL INDUSTRY

LOOKING TOWARDS THE FUTURE

Every industry is facing major disruption, and the travel industry is no different. Amongst other things, technological advancements, political and social upheaval, climate change and changing tastes and preferences are shaping the path the industry will take going forward.

We can use culture to understand and predict these industry shifts. After all, humans are herd creatures and much of what we think or do is driven by what is happening in the world around us.

This report provides an introduction to the underlying currents of change that are acting on the travel industry, providing opportunities for the future and challenges to overcome.



Today, Flight Centre Travel Group is one of the world's leading travel retailers and it is with pride that we have successfully ridden the waves of change for the past 45 years.

We were one of the original disruptors of the industry, and to this day operate within our cultural constants of change and growth. Predicting the ever changing market and evolving to meet it has been the secret to our success.

Looking forward, the interesting and revealing results of this report will help us on our journey. While some changes or new developments might seem insignificant at first, they might also bring seismic shifts within the industry. We understand the importance of paying attention to these currents, taking note of the tides of change, and remaining always curious about our customers' current and future needs.

I am confident that in 100 years our company will still be here and continuing to adapt and evolve. We are well equipped with motivated employees and loyal customers – the experience and the means are at our disposal.

I hope you enjoy reading this report.

Regards,

DAVID COOMBES

MANAGING DIRECTOR, FLIGHT CENTRE NZ

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A NOTE ON THE TERMINOLOGY IN THIS REPORT:

This report was produced by TRA for Flight Centre Travel Group.

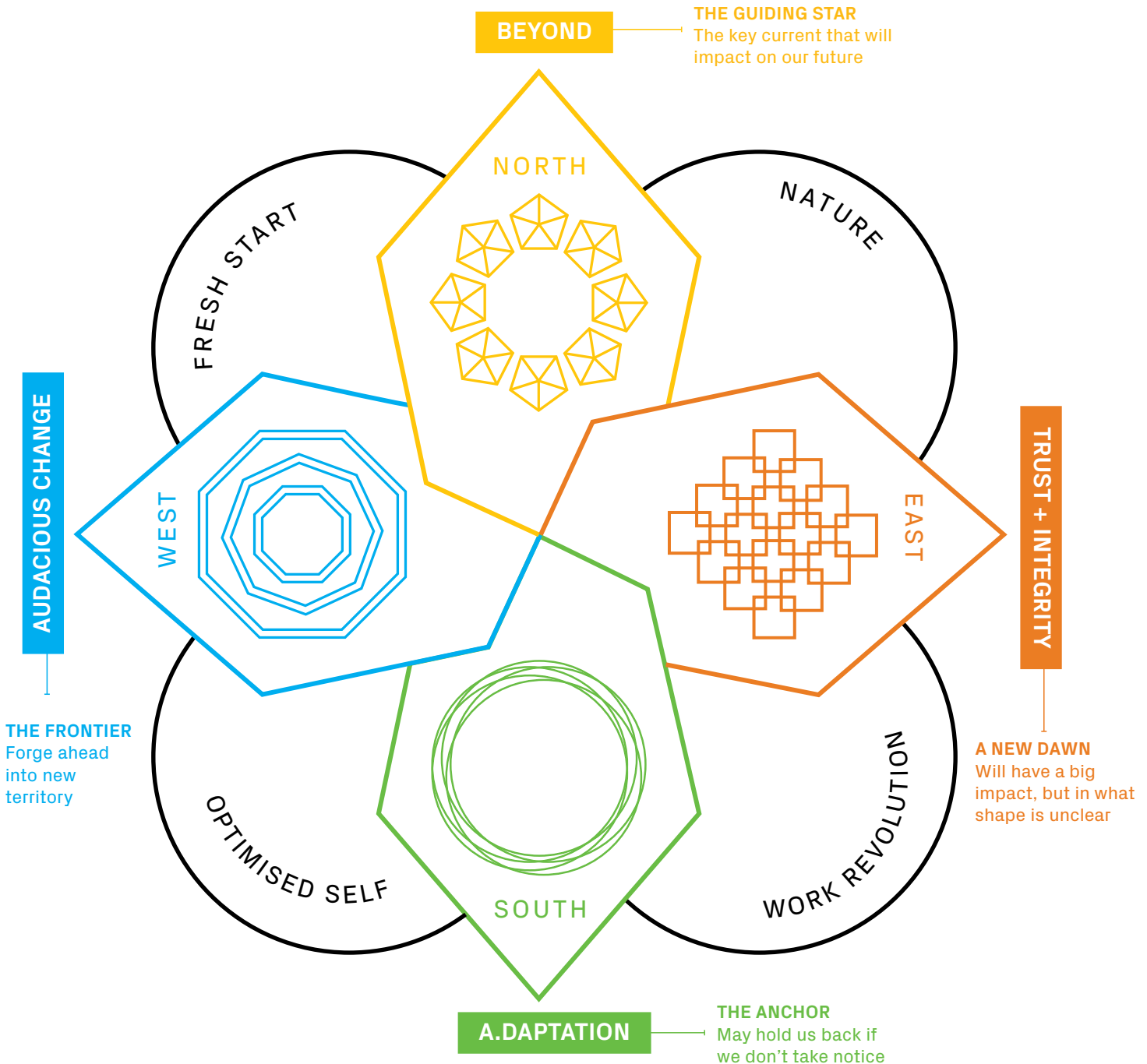
The Cultural Compass and Cultural Currents referred to in this report have been developed by TRA as a way to simplify the broad patterns within New Zealand's culture.

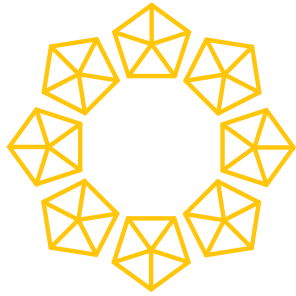
Cultural Currents are long lasting phenomena that influence all areas of daily life. Their application is constantly evolving as our society adjusts to global shifts and changes.

THE CULTURAL COMPASS

This compass helps us navigate and orientate ourselves amongst the swirling tides of change impacting the travel industry.

It tells us which cultural currents will shape the industry now and into the future. The following pages share more detail about each of these currents.





NORTH: THE GUIDING STAR

Beyond is the current we expect to have the greatest impact on the future of the travel industry as people are driven to seek self-betterment through novel travel experiences.

The shift to an experience-oriented culture where people seek more meaningful ways to live life to the fullest.

People are increasingly turning towards experiences rather than material objects as a means of gaining fulfillment. Hungry for inner expansion, we are looking to grow ourselves by gaining new experiences and knowledge.

Travel remains the ultimate way for people to expand their horizons, challenge their beliefs and see the world from a new perspective.

But people now want more than a traditional guidebook holiday. No longer satisfied with being a tourist, people are seeking the insider's view by getting off the beaten track and immersing themselves in cultures different from their own.

Travel for festivals and events is also on the rise as people seek novel and stimulating experiences based around their interests. Opening ourselves up to all that the world has to offer has never been more important.

WORLD VIEW

Although still in development, World View's near-space helium balloons will offer customers views from the stratosphere – an experience that will set you back an expected \$75,000.

MIGRATIONOLOGY

Thailand-based YouTube food vlogger, Mark Wiens, travels with his family to try authentic regional foods around the world, sharing his experiences to his online community of over two million subscribers.

TRANSFORMATIONAL FESTIVALS

Festivals like Burning Man (US), Rainbow Serpent (Aus) and Kiwi Burn (NZ) revolve around community-building and a set of values and ethics that uphold social elements such as inclusiveness, creativity and collaboration.





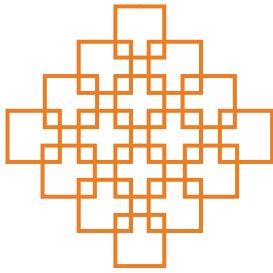
SEAN BERENSON

GM PRODUCT, FLIGHT CENTRE NZ

It used to be that airlines simply got you from A to B, hotels offered a place to rest your weary head, tour companies herded tourists around major sights and cruises gave a sea-level view of the world.

Now our customers are seeking more, they want to be travellers rather than tourists, and the industry has responded accordingly. No longer are cookie cutter packaged holidays the norm. Forward thinking companies are putting the experience at the heart of their offering.

Be it an airline, hotel, cruise liner, tour company, or tourism board, those who prioritise the quality of the experience will thrive in 2019 and beyond.



EAST: A NEW DAWN

While Trust + Integrity is sure to have a big impact on the travel industry, the direction this current will take is less certain. This will become more clear as people's expectations around trust and privacy evolve over the next few years, and the travel industry will need to adapt.

The growing demand for transparent business practices relating to personal data, privacy and security.

Amidst the evolving unknown of data security, decentralisation, privacy and truth in media, trust is becoming all the more important.

People increasingly expect honesty and clarity from the organisations they deal with, both in the organisation's ethos and operations and how they use personal information.

Travellers trust providers with highly sensitive data – passports, credit cards, home addresses and contact information.

Protection of this data will only become more important with people demanding the industry be transparent about how and why their travel data is being stored.

Blockchain technology and biometric systems provide a potential solution to single point of failure vulnerabilities. As these technologies evolve they will ensure that data is secure, and people are given control over what they share and with whom.





SELF-SOVEREIGN IDENTITY (SSI)

In 2018 the World Economic Forum and Accenture published a report exploring the Known Traveller Identity concept in which travellers would retain full control of their biometric data and would interact with passport and visa check points via the Blockchain, making the transition in and out of airports secure and seamless.

TRADING PRIVACY FOR BENEFITS

Mary Meeker's 2018 internet trends report showed that there may still be some work to do before customers are comfortable with sharing their personal data for better customer experiences. The global average sat at only 27%, USA 25%, Australia 17% and the UK 16%, while China indicated that 38% of its citizens were willing.

BIOMETRICS FOR PASSPORT CONTROL

Changi and Sydney airports have been testing biometric authentication protocols such as fingerprint and facial recognition gates in an effort to fast-track traveller's processing time via self-service kiosks.

“ ANDY JACK

GM, FCM TRAVEL SOLUTIONS NZ

The GDPR is the most important change in data privacy regulation in 20 years and there are potentially multiple data security implications for the 190 million business trips that take place annually. Many companies are having to re-learn respect for people's data.

Travel Management Companies are used to working with clients whose businesses demand robust security. GDPR simply formalises the responsibilities many global TMCs, including FCM Travel Solutions, have been practicing for years.

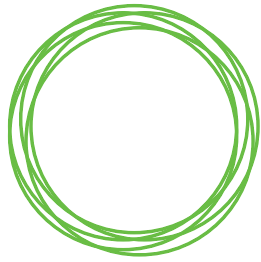
GDPR is just one data law however; more will follow from non-EU countries. The companies that regard the new rules as an extension of business best practice will prevail.

“ NICK QUEALE

GM CORPORATE, FLIGHT CENTRE NZ

The ability of Blockchain technology to securely share a piece of information, currency or data in a transparent and anonymous way is going to revolutionise the world.

The idea that Blockchain technology could be used to store biometric data is particularly exciting for business travellers. Removing privacy concerns around authorities storing data could significantly improve travel through airports, making the entire journey fast and seamless.



SOUTH: THE ANCHOR

The A.daptation current reveals the tensions relating to technological advancement. Emerging expectations around personalisation and customer service may hold the industry back if we don't take them into account. Keeping ahead of technological change becomes a necessity.

The evolution of the connected self as technology becomes essential to how we function.

As we become ever more reliant on technology, seamless experiences become an expectation rather than a preference.

The Internet of Things (IoT) has the potential to transform the entire travel experience. As technology continues to develop, we can expect machine to machine communication to remove roadblocks that slow our passage and give people more time to experience the true benefits of travel.

Virtual and augmented reality open up a new realm of experience from booking a flight, to in-flight

entertainment, and virtual tours of cruise ships, hotel rooms and other aspects of one's journey to help us make better informed travel choices.

But understanding how to apply and integrate these technologies to streamline the travel process whilst retaining the level of personalised service that people demand will continue to be a focus for the travel industry. Augmenting and enhancing customer interactions and experiences to deliver relevant and personalised services will become essential.



AUGMENTED REALITY WAYFINDING

Gatwick airport recently deployed 2,000 beacons that will help travellers navigate the airport by augmented reality wayfinding via the airport app. Other airports globally are testing similar systems to make the navigation of airports easier for travellers.

ALEXA SKILLS AND VOICE CHANNELS

Air New Zealand, Flight Centre, United and Air Canada are currently testing various Alexa skills that enable customers to access deals, get quotes and check flights using voice channels.

SMART BAGGAGE HANDLING

RFID (radio frequency identification) and IoT systems have the potential to bring peace of mind to travellers who can track when their bags enter and exit the plane via an app. These systems can also improve baggage handling systems by providing real-time data and increasing baggage tracking accuracy.



FLIGHT CENTRE®

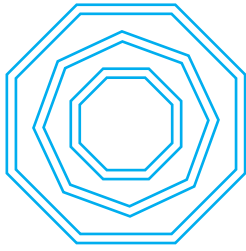
“ SUE MATSON GM RETAIL, FLIGHT CENTRE NZ

Unlike any other travel retailer in New Zealand, Flight Centre's travel expert selection technology integrated into our online booking tool assigns a travel expert to every online booking, providing real life support.

At Flight Centre we recognise that our customers still value and need this human element of our traditional bricks and mortar based model, but also that technology is now an essential part of our lives.

So as other travel companies race to pursue technology-only models, we've focused on understanding the nuances of both, so that we are able to blend offline and online together.

In the future, this blending of AI, cloud-based data and machine learning will continue to develop and will allow us to better predict our customer's needs in real time, and help our people deliver a more personalised, end-to-end customer journey.



WEST: THE FRONTIER

Audacious Change is a territory we can forge ahead into as people demand action from organisations. While many of these change movements are happening at a global scale, we can play a local role in affecting change through transparent practices.

The desire for daring approaches to effect true, transparent and inclusive change in our society.

Conscious consumers are demanding creative solutions to the social, environmental and economic problems our society faces. Sustainable practice is an expectation we now place on businesses and ourselves.

As people seek reassurance that they are making socially responsible travel decisions, responsibility falls on the travel industry to be transparent about their own operations and those of their suppliers.

Travellers will increasingly seek travel experiences that are aligned to their personal expectations – be that through ecotourism, charitable donations or simply choosing hotels and airlines that are environmentally and socially conscious.

Being willing to adapt and change alongside society by providing a range of alternative options related to payment methods, suppliers and social initiatives will empower people to make decisions based on their values.

CRYPTO-FRIENDLY AIRPORTS

Cryptocurrencies offer potential alternative means of payment and reduce the need for currency exchange. Brisbane Airport has partnered with Australian startup TravelByBit to become the first airport to accept cryptocurrency payments for dining and shopping via TravelByBit's payment system.

NO TO PLASTIC

Global movements have driven hotel chains such as Hilton, Marriott, AccorHotels and InterContinental to pledge to reduce plastic by using bulk-size amenity dispensers or phasing out plastic straws to reduce waste and harm to the environment.

AIRPOINTS FOR SCHOOLS

Businesses like Air New Zealand play an active role in community initiatives through their Airpoints for Schools programme which assists schools with their travel costs to support young Kiwis' educational, social, cultural and sporting ambitions.



DAN JACKSON

BRAND LEADER, TRAVEL MONEY NZ

It's unlikely that cryptocurrencies will replace currencies like the dollar or Euro, at least not any time soon. However it does seem inevitable that they will become more commonplace in our day to day lives.

There are a number of players in the travel industry and foreign exchange markets that are dabbling in this space. It's been a slow journey though. Some of these digital currencies have been around for a while, Bitcoin for instance came to light in 2009, yet it still comes as news to many.



JODIE BURNARD

GM MARKETING, FLIGHT CENTRE NZ

Businesses can no longer sit on the sidelines; consumers are expecting them to be proactive and engage with relevant issues.

While Flight Centre is not an attraction owner or tour operator, we do understand our role in the supply chain and the issues that are important to our customers, and we work very hard to ensure we market appropriately, and uphold the four pillars that make up our Responsible Travel Charter.

Global campaigns, including the UN appointing 2017 the International Year of Sustainable Tourism for Development, means the industry can expect a shift in traveller mindset.

Bringing nature back into our lives as we seek equilibrium for the planet and our wellbeing.

As the impact humans are having on our planet is realised, there is a growing tension around wanting to see the world's natural beauty but feeling pressure to do so in a responsible way. Sustainable travel initiatives have become imperative to creating long-lasting positive environmental change.

FLIGHT CENTRE®

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SUE MATSON

GM RETAIL, FLIGHT CENTRE NZ

The harsh realities of climate change have bought to light new lessons for the travel industry around communication during times of crisis. At Flight Centre we have implemented tight processes to deliver timely messages to our customers and we are the only NZ travel retailer to offer a 24/7 helpline. This need for hands-on expertise will continue to prevail and be a key focus for Flight Centre moving forward.

CARBON MANAGEMENT

Air New Zealand and Jetstar allow customers to voluntarily offset their carbon emissions from their flight through the purchase of carbon credits.

CLIMATE CHANGE AND OVER-TOURISM

The International Union of Conservation of Nature (IUCN) curates a red list of heritage sites and species that are at risk of disappearing, or becoming extinct, as a result of climate change or over-tourism impacting global ecosystems.

A re-evaluation of how we work and want to live our lives on the cusp of the fourth industrial revolution.

Pushing back against organisational expectations of overwork and poor work-life balance, people are seeking alternative ways of incorporating work into their lives. The rise of the gig economy and remote working has seen people demand more flexibility and options to work where and when they want.



DAVID COOMBES

MANAGING DIRECTOR, FLIGHT CENTRE NZ

As the world moves towards living more flexibly, we are integrating a flexibility model for own staff. This also spills over into our retail model and the growth of our travel broker offering. Customers want choice on where and how they book travel, they want multiple touch points and they want to transact travel from a variety of places – this could include a local Flight Centre store, but it could also be at a coffee shop, someone's farm house, or from a travel broker's home office. By offering our customers and our people choice in where, how and when they work, it's a win-win for everyone.

RISE OF INDEPENDENT CONTRACTORS

The Travel Institute (US) released a report (*The Changing Face of Travel Agents*) stating that more people are working at home and opting to be independent contractors as this lifestyle allows for more freedom and flexibility.

REMOTE WORKING

Enabled by telecommuting technology, Sydney-based company Appen has 50% of its workforce working remotely around the world – either living overseas or actively travelling.

The optimisation of body, mind and consciousness to maximise what we can enjoy and achieve in life.

People are seeking self-improvement through a holistic approach to wellness that encompasses physical, spiritual, mental and emotional health. Travel provides a necessary break in routine and the opportunity to reconnect with oneself through activities that advance overall health and wellbeing.



TRAVEL[™]
ASSOCIATES



SUE MATSON

GM RETAIL, FLIGHT CENTRE NZ

A new trend with our Travel Associates customers suggests that luxury travellers are increasingly motivated by an internal transformational journey. Motivated by self-reflection and development, transformative travellers seek authentic experiences that reach a deeper emotional level and align with their own personal values, passions and aspirations.

ARNOLD FITNESS EXPO

People are travelling to global events like the Arnold Fitness Expo which bridges multiple disciplines such as body building, fitness modelling, strongman and kettlebell sport. Events like these allow people to meet their favourite athletes, be exposed to the diverse world of fitness and engage with fitness brands and personalities.

WELLNESS RETREATS

Mindfulness, yoga, meditation, forest-bathing and other spiritually-minded retreats offer people a chance to improve their mental and emotional wellbeing in picturesque locations around the world.

The breaking down of traditional notions of what ‘older’ or ‘retired’ look like as our population ages.

Healthier than ever and free from financial and family restrictions, people are using their older years to travel. No longer content with visiting ‘safe’ destinations, seniors are increasingly turning towards adventure holidays as they seek new experiences and challenges.



SEAN BERENSON

GM PRODUCT, FLIGHT CENTRE NZ

Baby Boomers are more active, discerning and confident about travel than the generations before them. For a growing segment there is now a greater appetite for tailored experiential travel. Senior travellers now want to go on food and wine adventures, river cruises, or self-drive journeys where they have the freedom to simply hit cruise control and navigate their own way.

SENIOR GAP YEAR

Aware that many retirees regret not taking a gap year when they were younger, a UK based company searched the country to find a ‘senior gap year adviser’ who would receive an all expenses paid trip around the world to write a guide for future senior travellers.

SOLO FEMALE TRAVELLERS

Research has found that the average age of solo holidaymakers is 57 years old, and solo female travellers outnumber male travellers by almost two to one with Sri Lanka, India and Peru among their most popular destinations.



RIDING THE WAVE

How culture is driving the next generation of travel

These pages will tell you that the travel industry is undergoing massive change. This change is for the better, and holds opportunity for all in the industry if we ride the cultural currents correctly.

We're facing disruption from both inside and outside the industry: travel suppliers are adopting new technologies that make the travel process more efficient, easier and reliable; customers are seeking immersive travel experiences that challenge their status quo; extreme manmade and natural events are driving new demands for safety and security while travelling; and people are calling for greater trust amidst privacy concerns.

In times of uncertainty, travel remains a way for many to connect with themselves and the planet we call home. As we are made increasingly aware of the challenges our world faces, there is a renewed desire to see the natural beauty that surrounds us, experience how others live and better ourselves in the process.

The cultural currents that we've shared in this report demonstrate that the future role of the travel industry is to ensure people get what they want from their travel experiences, on their own terms. And this requires the industry to move forward with a renewed sense of transparency, security and trust.

At Flight Centre we recognise that change is constant. We are committed to staying abreast of the changes as our industry evolves, and in doing so we will continue to open up the world for those who want to see it – where, how and when they want.



This report was produced by TRA for Flight Centre Travel Group.

If you have any questions about the content of this report, please contact Dana Duxfield at Flight Centre NZ dana.duxfield@flightcentre.co.nz or Claire Tutill at TRA claire@tra.co.nz.

About TRA:

Founded in 2007, TRA has since grown to be New Zealand's largest independent insights and data analytics agency. Based in Britomart, Auckland TRA utilises capabilities across analytics, research, strategy, culture and information design to solve complex business problems for its clients. Twice named in the Deloitte Fast50 as one of New Zealand's fastest growing companies, TRA has amassed a client list of New Zealand's largest private and public organisations.

www.tra.co.nz

About Flight Centre Travel Group:

After starting with one shop in the early 1980s, Flight Centre Travel Group (FCTG) has enjoyed remarkable growth to become a \$20 billion business consisting of more than 40 brands. One of the world's largest travel retailer groups, it has company-owned operations in 23 countries and a corporate travel management network that spans more than 90 countries. FCTG was listed on the Australian Securities Exchange in 1995 (ASX: FLT). Flight Centre Travel Group employs more than 19,000 people globally and has a total of almost 2,800 businesses.

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