

Unlocking ancillaries and engaging travelers

The art of the possible for NFTs in travel



While travel is making a comeback, travel players are facing headwinds. The industry is still feeling the pressure of low margins and high debt levels.¹ Additionally, uncertainty around demand and customer sentiment remains—and will for the foreseeable future. It's a challenging environment, but one that offers opportunities for travel companies to transform the traveler experience and to unlock new value.

New engagement

New revenue

New possibilities





Long before the pandemic, travel companies have sought to tap into ancillary sales to improve traveler engagement and to create new revenue streams. Today, doing this is more important than ever.

Yet, travel companies struggle to innovate on ancillaries. First, their customer strategy often involves acquiring and targeting customers based on segments rather than on “touchpoint engagement” or loyalty. Second, legacy systems are a common barrier. The reality is that it is often difficult for ecosystem partners to integrate their services into travel companies’ legacy systems.

The era of NFTs in travel

The industry doesn’t have to remain locked into legacy merchandising platforms—and lackluster customer engagement strategies tied to them.

New technologies are driving retail ancillary-led innovation to bring relevant, personalized and easy-to-purchase ancillaries to travelers. It’s a breakthrough opportunity for travel companies to boost ancillary revenue and to engage customers in exciting new ways without massive investments of time and money.

NFTs are one of these new technologies. They can bring travelers’ choices to life through immersive experiences. They make it possible for travel companies to engage travelers by curating and pushing offers relevant to every point of their journey.

NFTs are an emerging key for unlocking ancillary revenues and for transforming customer engagement across travel segments in three fundamental ways.

- 1 Increasing share of wallet**
- 2 Elevating experience**
- 3 Rethinking loyalty**

What are NFTs?

An NFT (or non-fungible token) is a blockchain-based digital certificate that provides ownership of a digital or physical asset. It is trustworthy and easily transferrable. NFTs are impossible to forge and contain distinguishable information about owners and sellers. People can buy and sell NFTs using real currency.

NFT sales hit \$24.9 billion in 2021, a 260-fold increase from 2020.² It is expected that the growing number of crypto users may look to NFTs as an entry point. NFTs are of particular interest to consumer segments such as Gen Z, who seek and value more interactive and personalized experiences. With the growth of virtualized environments, NFTs are well positioned to be avatars and items of value in the [metaverse](#).³

In the travel industry, NFT technology can power unique customer-centered experiences. Think of NFTs as dynamic, compelling digital objects that travelers can discover. They can be dropped into maps, captured in augmented reality, moved into virtual reality, transferred and stored.

NFT Features:

Redeemable

For real world value

Transferable

From person to person, or to businesses, for payments and sharing

Smart

With long-running autonomous threads, NFTs can listen and react to real-world events

Programmable

NFTs can be programmed, updated, changed and run without people. They can move freely, act and live on their own

Auditable

The creation, existence, and authenticity of a token can be verified at any time, through blockchain

Customer-centric experiences:

Gamification

Imagine challenges, missions, squads, winning streaks and much more

AI-powered personalization

Targeting is effective and non-intrusive

5G

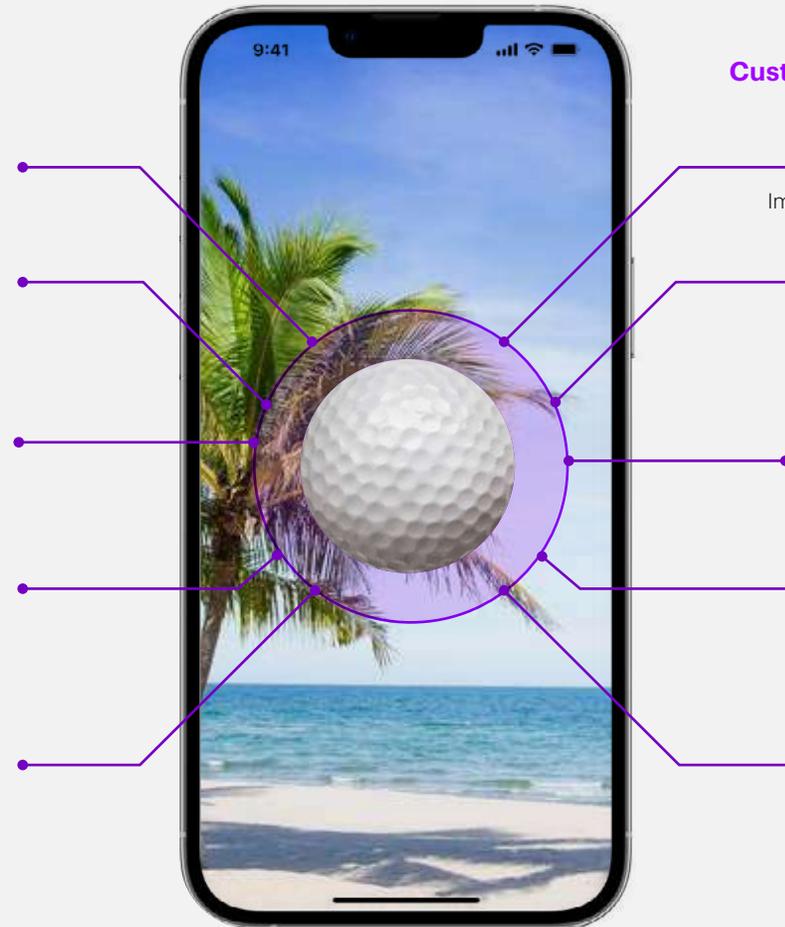
Low latency means richer content and experiences

Augmented reality

AR engages with surroundings to create immersive physical and digital experiences

Geo-targeting

Location services are integrated to offer more relevant and timely content and offers



1

Increasing share of wallet

Using NFTs, travel organizations can tokenize physical products and services to create new digital assets and make them tradeable and independently purchasable.

Collectibles. Travel organizations can use NFTs to create new passive income streams and remarketing opportunities. One way to do this is by activating archives and story worlds to create new collectible products and experiences to connect directly with travelers.

While travel organizations have entered the digital collectibles space, it is still early days. Air Baltic was among the first airlines to launch its own NFT collectible, which includes digital artwork of the Airbus A220-300 and of Latvian cities.⁵ As part of its “Blockchain for Good” initiative, Singapore Airlines (and KrisShop) launched an NFT charity auction for their digital collectibles and exclusive physical goods, such as upcycled trolley carts.⁶

Travel companies could leverage NFT-powered offerings to address customer demand during peak seasons. By tokenizing “seasonal, time-sensitive offerings,” they could address customer experience and top-line ambitions in parallel.

Freemium experiences. Travel companies can provide exclusive content—such as games, music and trial shopping content—as free NFT-based downloads to their loyalty subscribers, who can then interact virtually and trade them (i.e. buy or sell) through real currency.

What’s more, companies have the option to provide preferential rights to their customer base through these NFT collectibles. For example, a hospitality company could offer a special spa token designed exclusively for its loyalty members as a complementary experience with a room reservation.

Royalties. Ownership history is a key element that determines the value of an NFT asset. This creates an opportunity for travel companies to earn royalties on their digital assets from sales in secondary markets. For example, if the primary buyer resells the asset for profit, the original creator of the NFT could receive a royalty payment.



The National Basketball Association’s (NBA) “Top Shots” product is essentially an NFT-based trading card that includes digital content like highlights and artwork. The NBA has realized more than \$230 million in sales from the program.⁴ This is just one example of how a digital asset can become a monetizable tool that provides personalized experiences.

2

Elevating experience

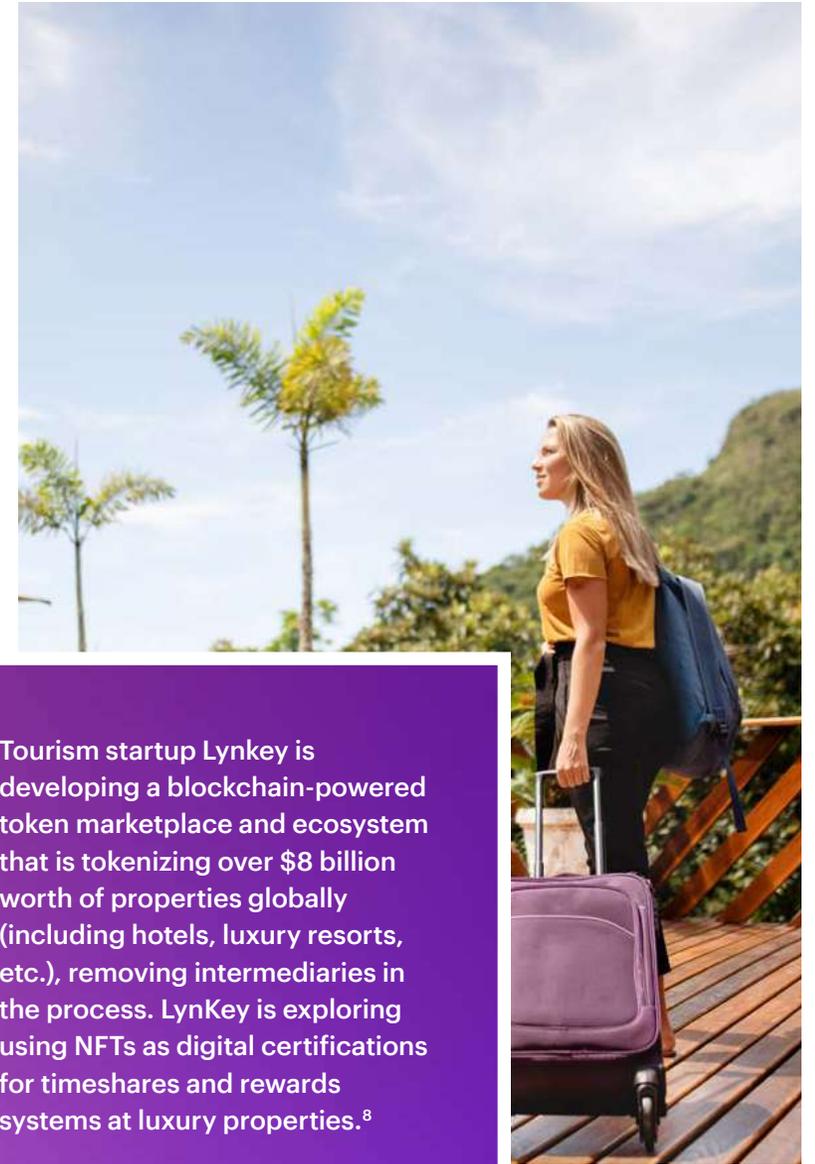
With NFTs, travel companies can propel customer experience to the next level, giving travelers more interactive and personalized ways to engage with brands across multiple touchpoints. This potentially positions NFTs as a must-have for future competitive advantage.

Frictionless transit. NFTs can simplify the travel journey. Air travelers can use NFTs to download their tickets, add bags and transportation transfers and get validated at fast-pass security. Across every step of the way, they get interactive rewards and complementary (and relevant) offers. Similarly, hospitality companies can use NFTs as hotel room keys, combining contactless check-in with creative new ways to engage guests from the moment they enter their premises.

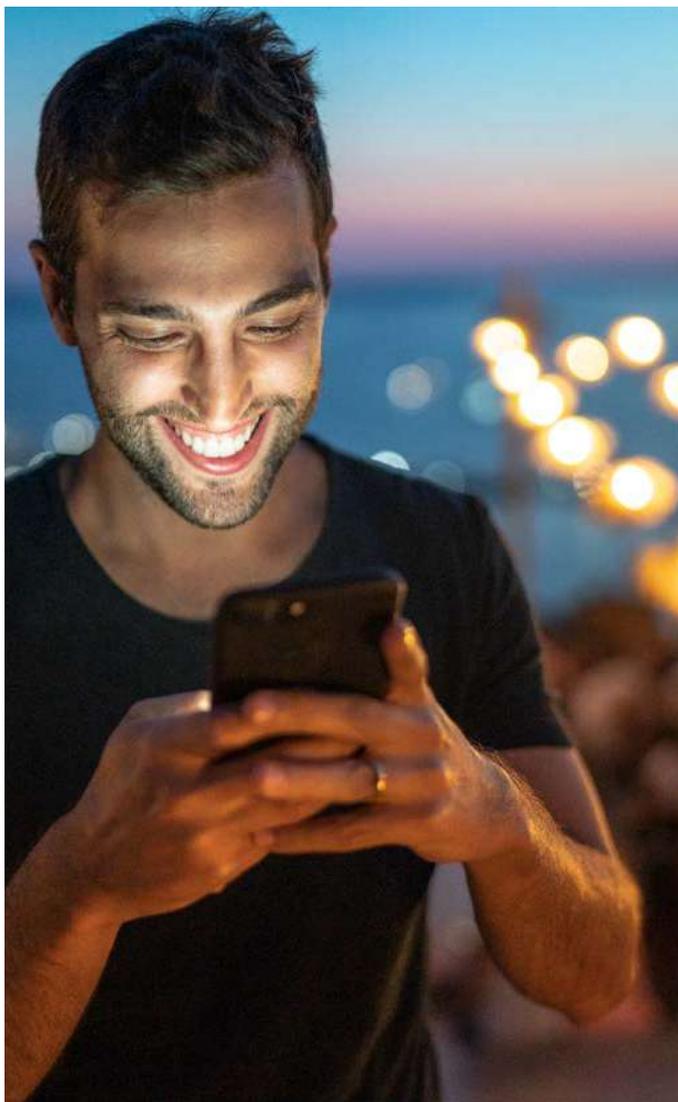
Looking ahead, there’s also an opportunity to tokenize passports and vaccination records, while ensuring a single version of the truth through the use of blockchain. Underpinned by smart contracts, such tokens could enable a more seamless journey for travelers in the coming years.

Gifting. NFTs can be transferred without the need for any intermediaries. As each token is digitally unique, customers can buy goods and services and transfer them without exchange rates, bank accounts or credit cards. Not only is this capability differentiating, but it also provides an excellent way to gift travelers with special offers, perks and experiences.

Incentivizing travel journeys. Travel organizations can use NFTs to incentivize travelers to complete a particular task or journey. After completing the task, travelers are duly rewarded with customized NFTs. For example, someone at an airport could collect a digital “badge” from shopping at a duty-free shop, which unlocks premium lounge access for them and a guest.



Tourism startup Lynkey is developing a blockchain-powered token marketplace and ecosystem that is tokenizing over \$8 billion worth of properties globally (including hotels, luxury resorts, etc.), removing intermediaries in the process. LynKey is exploring using NFTs as digital certifications for timeshares and rewards systems at luxury properties.⁸



Gamification. NFT experiences can enhance marketing campaigns and are already changing the way game experiences are designed. In fact, across industries, organizations are increasingly relying on interactive experience platforms that enable users to enjoy content and play games.

What's more, these experiences can be monetized. Imagine the possibilities. Playing NFT-enabled games, travelers can own virtual assets, interact with brand collectibles, don a familiar avatar or use membership perks to "level-up." It's all part of a "play and earn" design that can be aligned with the brand. It's a fun, informative and unexpected way to engage travelers.

Airdropping for interactive experiences. Airdropping, which involves pushing NFTs to travelers' digital wallets in real time during an interaction, is a great way to help travelers unlock new experiences.

To complement the travel experience, travel brands can explore "open editions." These are NFTs minted in high quantities and offered for purchase to a wide audience. These can be offered as promotions or limited-time-only purchases. Brands can also explore NFTs as rewards. Not only does this approach democratize virtual products, but neither travel companies nor consumers have to manage the complexities of cryptocurrency to participate.

Social media campaigns. Interactive social media campaigns can be designed around NFTs to promote products. For example, Hugo Boss developed a TikTok campaign that enables users to try on NFT jackets in augmented reality. This move was part of the CEO's vision for the company to become a global tech-driven fashion platform. The campaign attracted 3.1 million customer impressions.⁷

Also, travel organizations can use social media channels to build programs around "customer exchange insights." Offering low-value NFTs in exchange for customer feedback is a win-win proposition. Travel companies can use the information they get to personalize offers. Loyal customers enjoy ready-to-use tokens to enhance their experience.

Fractionalized ownership. NFTs offer a unique proposition for customers to divide ownership into smaller fractions. With fractionalized ownership, travelers can own high-value digital assets as potential investments with favorable future appreciation.

Digitalized personalization. Travel organizations can also use NFTs to digitally personalize trips. For instance, travel company CloudKeys introduced a new "personalized" way to enhance the travel experience around Greece. The company is transforming the experience into curated NFTs that can be bought and sold.⁹

3 Rethinking loyalty

In the era of brand-created NFTs, travel organizations can combine NFTs and digital products with special rewards, limited collectibles and exclusive experiences to modernize loyalty programs.

Meaningful loyalty. Simple discounts aren't enough for customers anymore. NFTs can play an exciting role as travel companies look to transform loyalty with programs that go beyond tried earn-and-burn concepts. NFT-based loyalty programs in travel can include the following features:

- First access to new products
- Surprise gifts
- Special "in-person" events
- Exclusive products
- Just-for-you offers
- Seasonal discount codes

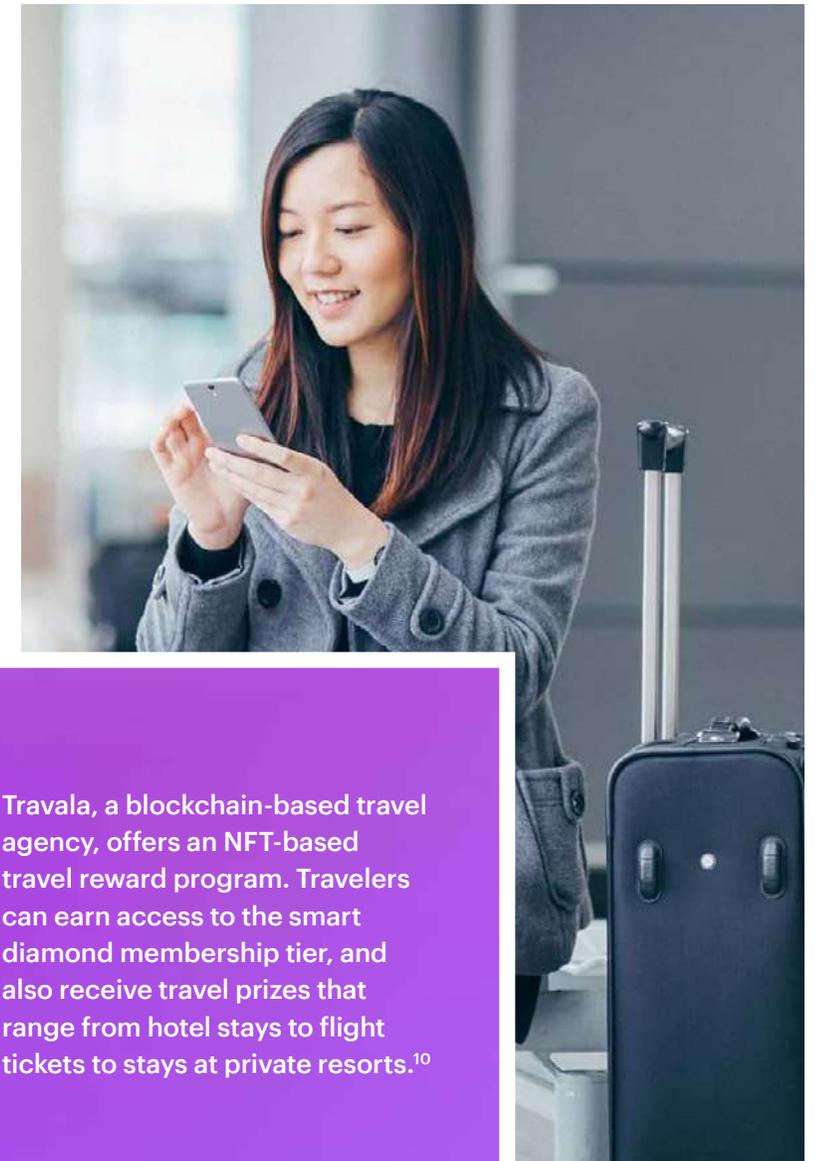
Next generation loyalty card. Travel companies can develop a downloadable, mobile-friendly digital

NFT loyalty card that accumulates points every time travelers interact with the brand.

Intriguing rewards. There is ample potential to curate tokens and develop new rewards and offerings through NFTs. Consider the possibility of an airline promoting a limited number of business-class flights or a hotel promoting invite-only stays for its loyalty members. Travel companies can leverage NFTs to push surprise boxes with curated gifts; in fact, in the future, these boxes could be monetized through a subscription model.

Local customization. NFTs provide the luxury to innovate and redesign loyalty programs with local customization. For example, hotels can customize loyalty by properties and regions, keeping local sentiment in mind and operating under defined governance mechanisms.

Smart contracts. NFT-powered smart contracts can handle back-office management of the fulfill, consume and pay cycle. Travel companies can address revenue reconciliation and settlement through blockchain technology with the added benefits of transparency and traceability. Finally, NFTs can eliminate the need for intermediaries, which can drastically reduce the settlement time for global, cross-border transactions from days to seconds, saving costs and reducing risk.



Travala, a blockchain-based travel agency, offers an NFT-based travel reward program. Travelers can earn access to the smart diamond membership tier, and also receive travel prizes that range from hotel stays to flight tickets to stays at private resorts.¹⁰

Through marketplaces, Travel companies can multiply the potential of NFTs — creating uncorrelated revenue streams and relevant customer interactions.

We are already seeing more and more interoperability across marketplaces that don't just include travel brands' products and services, but also connect travelers to third-party retail offers.

Our Net New Revenue Platform (NNRP) is embedded with an NFT marketplace at its core. Travel companies can offer their own products as well as global and local third-party partner brands, curating and pushing offers to travelers at every point of their journey. They can organize offers against predefined criteria, such as touchpoints, customer segmentation and loyalty. And they can track performance and customer behavior to continually improve targeting and personalization.

New marketplaces

New potential



As part of a pilot program, Accenture worked with Banyan Tree Group's Laguna Phuket Resort to develop an innovative scavenger hunt using NNRP. Guests enjoyed capturing NFTs in augmented reality and discovering parts of the resort they might not otherwise have visited. Prizes included vouchers for massages at the spa, rounds of golf and food and beverages. The resort reported a boost in foot traffic to the facilities targeted and greater guest awareness of services.

The art of the possible has only just begun

Travel companies have tremendous opportunities to use NFT technologies to increase share of wallet, elevate experiences and rethink loyalty. At the rate that technology advances, who knows what possibilities are on the horizon? For travel companies eager to transform ancillaries, it's an excellent time to pursue NFTs. They are the new key for unlocking ancillary revenues and engaging travelers.



References

- 1 Accenture research and analysis
- 2 Elizabeth Howcroft, “NFT Sales Hit \$25 Billion in 2021, but Growth Shows Signs of Slowing,” January 11, 2022 at <https://www.reuters.com/markets/europe/nft-sales-hit-25-billion-2021-growth-shows-signs-slowng-2022-01-10/>
- 3 Accenture, “Accenture Technology Vision 2022: Meet Me in the Metaverse,” <https://www.accenture.com/us-en/insights/technology/technology-trends-2022>
- 4 Jabari Young, “People Have Spent More than \$230 Million Buying and Trading Digital Collectibles of NBA Highlights,” February 28, 2021 at <https://www.cnbc.2021/02/28/230-million-dollars-spent-on-nba-top-shot.html>
- 5 airBaltic Blog, “airBaltic – World’s First Airline to Issue NFTs,” <https://blog.airbaltic.com/airbaltic-worlds-first-airline-to-issue-nfts-kuldiga/> <https://www.loopme.sg/live-post/Xxe2VhStffrEygsx>
- 6 Hugo Boss, “Hugo Boss Gains Largest Social Media Coverage in Fashion Week History With 4 Billion Impressions In 4 Days,” October 11, 2021 at <https://www.prnewswire.com/news-releases/hugo-boss-gains-largest-social-media-coverage-in-fashion-week-history-with-4-billion-impressions-in-4-days-301396383.html>
- 7 LynKey, “Global Tourism Start-Up LynKey Announces Blockchain and NFT Solutions for \$8 Billion of Smart Tourism and Property,” January 7, 2022 at <https://www.prnewswire.com/news-releases/global-tourism-start-up-lynkey-announces-blockchain-and-nft-solutions-for-8-billion-of-smart-tourism-and-property-301456325.html>
- 8 Greek Travel Pages, “CloudKeys Presents Greece’s First Travel NFT Experience,” Jun 28, 2021 at <https://news.gtp.gr/2021/06/28/cloudkeys-presents-greeces-first-travel-nft-experience/>
- 9 Travala.com, “Travala.com Creates a New Generation of Memberships with NFT-Based Travel Program,” December 29, 2021 at <https://blog.travala.com/travala-com-creates-a-new-generation-of-memberships-with-nft-based-travel-program/>

