



notes from “Outlining the Plot”

May 2018

“WE ARE AT THE BRINK OF
RETURN FOR A SERVICE
ORIENTED TRAVEL
INDUSTRY. EFFICIENT
TRANSACTION
PROCESSING WILL ALWAYS
BE IMPORTANT BUT THAT’S
NOT WHERE THE GAME WILL
BE WON AND LOST GOING
FORWARD. IT WILL BE IN
THE SERVICE ARENA.”



[*Ron DiLeo - Advantage Conference 2011, Madrid*]



Ron's 2018 Predictions

- **2011 predictions rang true - and service delivery continues to rule the day**
- **Artificial Intel, Blockchain, NDC, GDPR**
- **Loyalty program evolution**
- **Procurement's diminishing role**
- **Nationalism**
- **Public Private Partnerships**
- **Consolidation**

[RON DILEO - ADVANTAGE CONFERENCE 2018, MIAMI]

What is Machine Learning?

Learn from experience



Learn from experience



Follow instructions



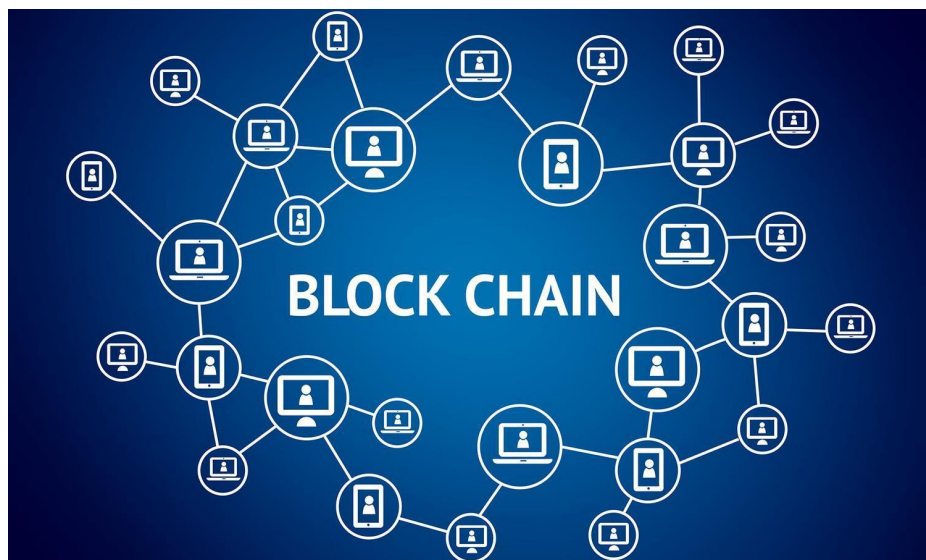
Blockchain, Big Data, Machine Learning and Teenage Sex

- everyone talks about it
- no one really understands how to do it
- everyone thinks everyone else is doing it
- so everyone says they're doing it

Blockchain basically means that with every person there is a sphere of their own peculiarities that defines them. That sphere can be adjusted in its entirety from anywhere within the chain. Machines can affect the entire sphere, technology can affect the entire sphere, behaviour in an emergency can affect the entire sphere. It all happens within the sphere...or blockchain.

NDC enables booking preferences within the Blockchain. NDC tools can be applied by agents or through online booking tools. Commercially, NDC will never replace the power of the GDS but it will enable unique booking attributes. NDC's missing ingredient is sufficient revenue generation attributes. NDC, over time, will position itself as an enabler of booking personal preferences but revenue enablement will determine its level of market penetration.

GDPR - These regs are important but unless you are selling behavioral data it won't much matter to the TMC world. It's important to be aware of GDPR but I wouldn't lay awake at night worrying unless you're selling the information you store.



Watch for **nationalist** tendencies and their effect on open skies. The effects are imminent in the U.S. market where the three primary airlines lobby consistently to minimize middle eastern airlines presence in the U.S. They lever accusations of predatory pricing tied to middle eastern airlines advantage on the price of fuel. The same argument could take place in any market which creates a potential net effect of raising airfares beyond what the market is prepared for. This, in turn, potentially creates a downturn in travel.



Loyalty Programs - New Rules

In order to prosper in today's and emerging loyalty programs you need to "show the love" to your preferred airline, hotel and ground transport company. If you show the love, they'll love you back.

To download a copy of the white-paper please click the following link:

https://docs.wixstatic.com/ugd/f59d0e_daf7110440b2445a8edc9f6d5b1e1d6c.pdf

Or visit the In the Black Group website (www.rondileo-intheblack.com) and click on "Research + Papers" for a complete list of current papers.

In the Black™
a performance consultancy

by Ron DiLeo

Loyalty Programs: An Evolution, Revolution or "Me-volution"?

white paper sponsor: **SIXT**

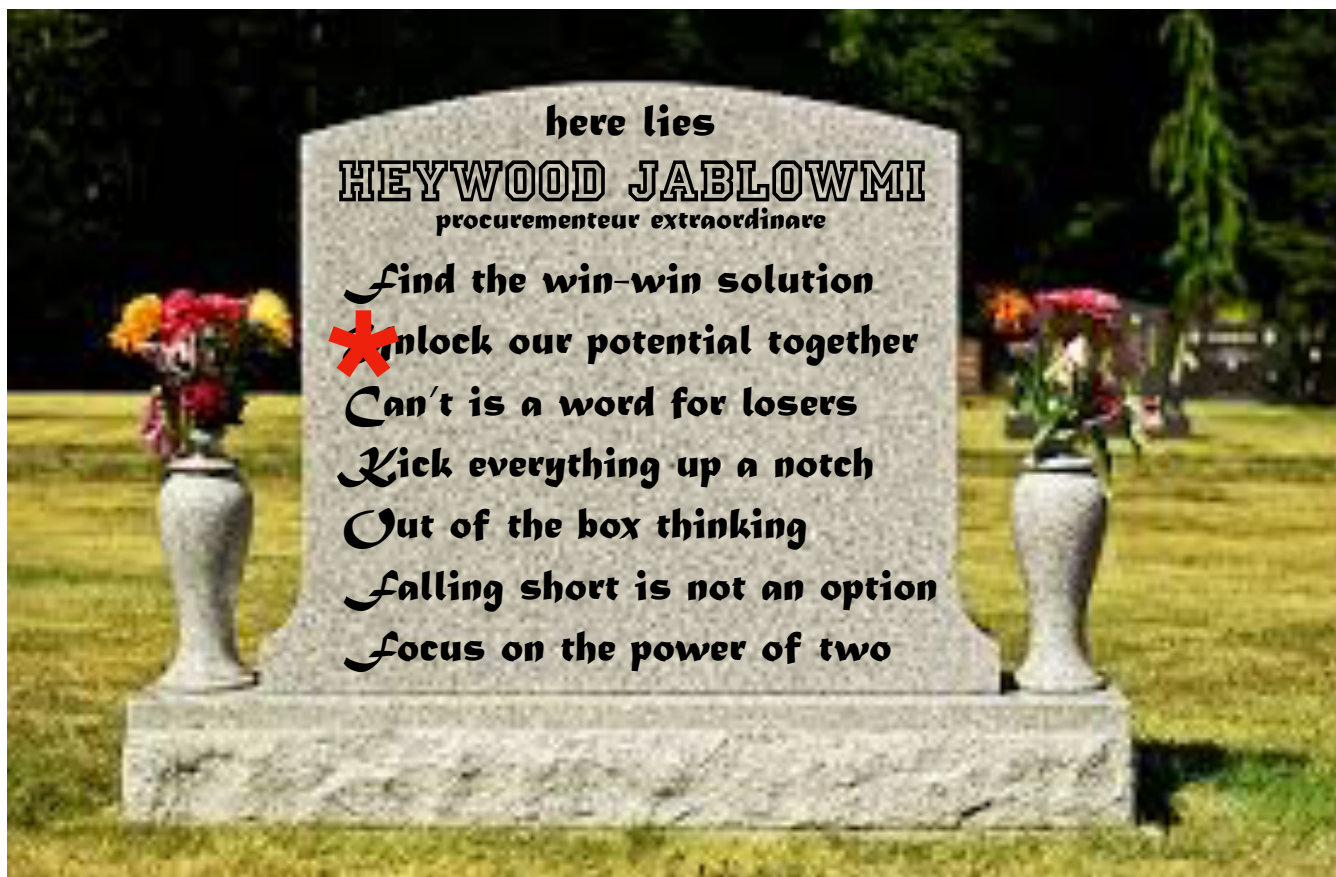
Date: September 28, 2017

EXECUTIVE SUMMARY

It's not uncommon today to read about how airlines and hotels are pulling back on their loyalty programs. This paper explores what may be going on behind the scenes with your favorite airlines and hotels and what may be their thinking in evolving their loyalty programs from those where everyone is treated equally to the programs where some people are treated more equally than others.

Those of us who were in the travel business in the late 1980s will recall when Pan Am was in the beginnings of their final financial tailspin and realized that they had to post their outstanding mileage awards on their ledger as debt. Accordingly, they advised their customers that all mileage awards in excess of twelve months aged would need to be redeemed by a certain date. While this made for a good accounting practice, it effectively pushed a sixty day period where basically most everyone flew for free and accelerated the airlines demise. Around the same time, Braniff Airlines decided to just row their boat ashore and close their doors with no notice, leaving a wake of millions of unclaimed miles and many unhappy loyalists. Clearly, loyalty program points are not like a fine wine that improves with age. But they do make for fine whining when customer expectations fall short.

Clearly, loyalty program management has become much more sophisticated since the Pan Am and Braniff days and it is my belief that loyalty programs are not going away at all. In fact, the benefits and rewards for programs as we know them today are actually improving for true loyalists while fading away for those who believe they can be rewarded for simply showing up. Travel industry suppliers now garner a rich understanding of traveler behavior and have their systems honed to richly reward those who "show the love" versus those looking to be rewarded for simply showing up. What's the point of handing out rewards to people who don't try hard and just show up?



Diminishing Role of Procurement

Procurement departments have made an enduring and indelible mark on travel management. In my opinion (mostly supplier based) if travel suppliers were any more transparent they would be invisible. It's time to embrace the procurement principles we have learned and move on.

“Procurement’s principles are huge and broad reaching. I have learned and respect all of those principles but know not to let the tail wag the dog. I did a great deal of research and wrote a white paper sponsored by roomer.com about hotel RFPs. This piece pretty much summarizes my feelings about how to use procurement principles and how not to let the tail wag the dog. The principles I outline respectfully apply to all aspects of travel procurement...” Ron DiLeo quoted.

Here’s a link to my Roomer sponsored paper:

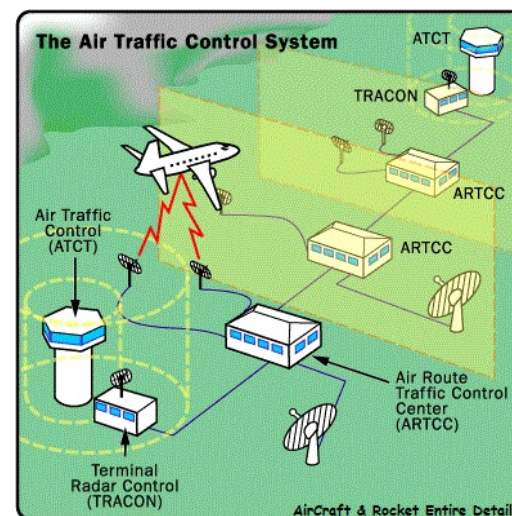
https://docs.wixstatic.com/ugd/f59d0e_19e2739e5a3347c2b6daf40722e7219b.pdf

Elan Musk and Richard Branson are sending rockets into space...



... these are private people bucking the system for something better.

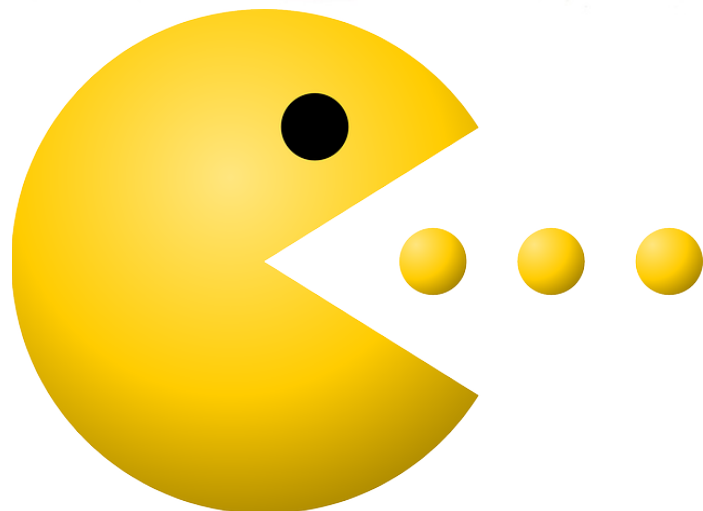
**Is this any more complicated
than Mario or Zelda on
Nintendo?**



**Watch for Public/Private Partnerships to
leverage common sense and easy solutions**

okay, maybe not the Russian ones...





Consolidation

- At least one more mega consolidation forthcoming; maybe two
- Lots of interest amongst private equity and venture capital groups
- More owners exiting that start-ups joining the mix
- TMCs with ICs are less attractive than those wholly owned
- Acquisitions can be more or less tax friendly without affecting purchase cost

Ron DiLeo
In the Black Group
5 Pennsylvania Plaza - 23rd Floor
New York, NY 10001

p: +1.610.945.4069
e: ron@rondileo-intheblack.com