

IATA

WEBINAR

12 July 2023

Industry Payments Webinars

**Around the world in
80 ways to pay**



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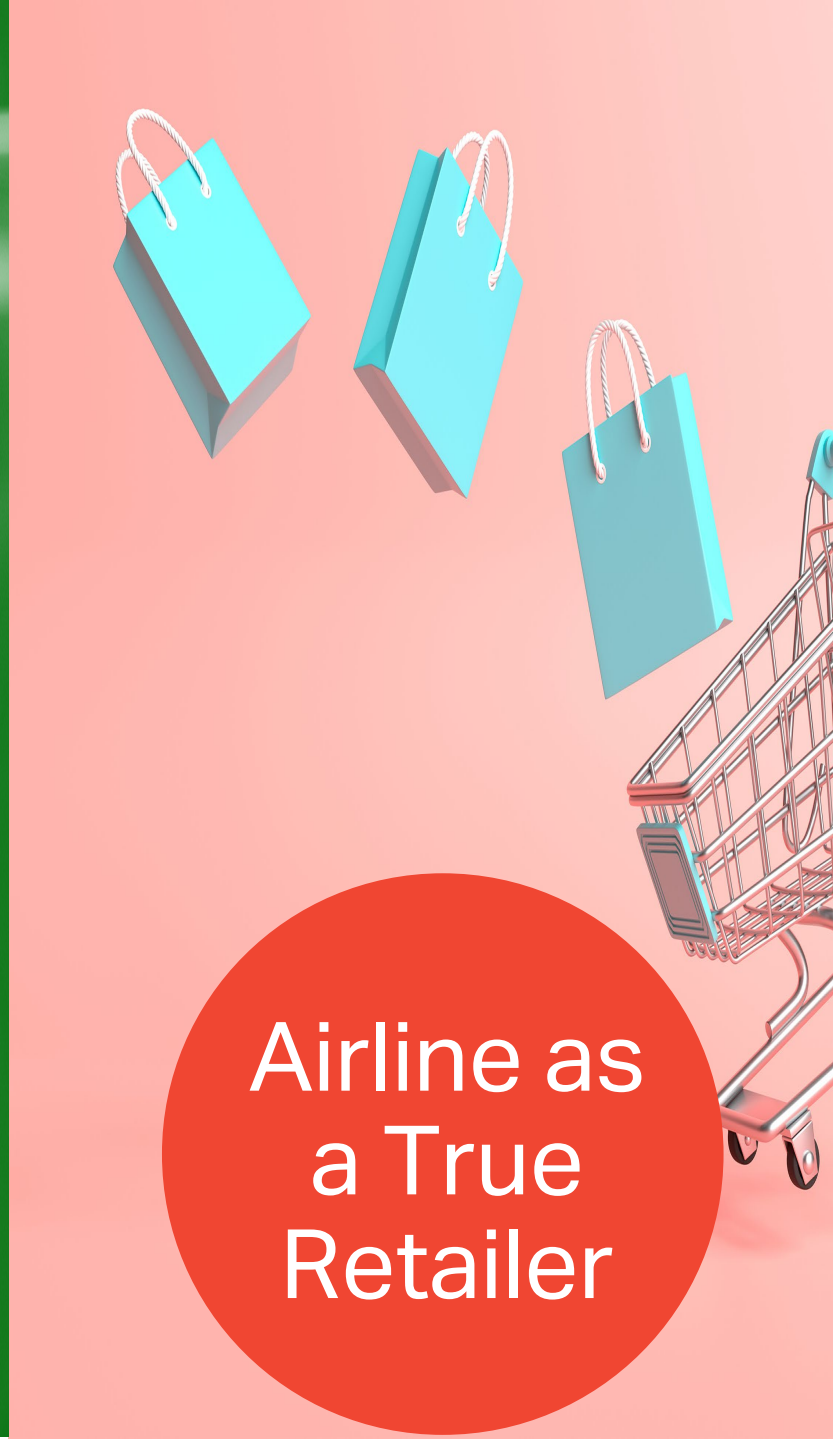




Customer
Experience



Payment



Airline as
a True
Retailer



**edgar,
dunn &**
COMPANY

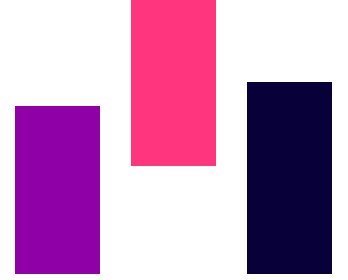
nuvei

**Around the world
in 80 ways to pay**

12th July 2023

Around the world in 80 ways to pay:

An in-depth analysis of global traveler payment preferences



The Research

- **500** participants
- **10** countries
- Top **100** global airlines

The Results

Discover:

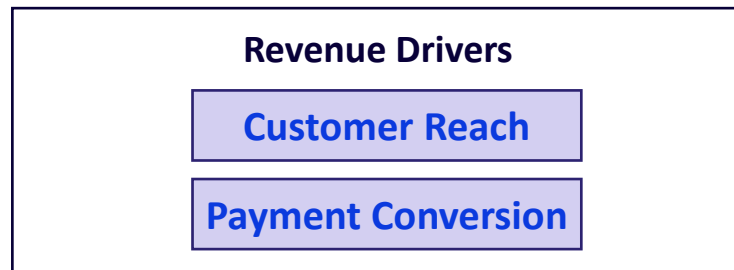
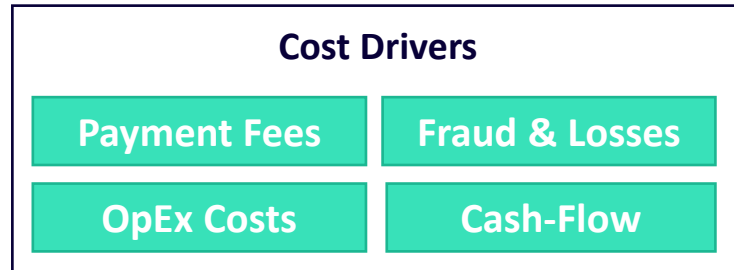
- Which methods consumers prefer when paying for travel online
- How to make your customers feel more secure when paying for travel
- How to improve the overall customer experience in order boost your sales and revenue

Be the first to download a copy of our study



SCAN ME

To support recovery and unlock value creation, having a good understanding of payment-related cost and revenue drivers is crucial



The Travel Payment Study aims to look at the exogenous factors that may drive the above items.
What do customers expect and how do customers react to the payment policies and payment pages that travel providers implemented?
Do travel providers get it right when it comes to meeting customer expectations related to payments?

Poll question 1 – We would like to hear about your airline's focus on cost drivers and/or revenue drivers related to payments

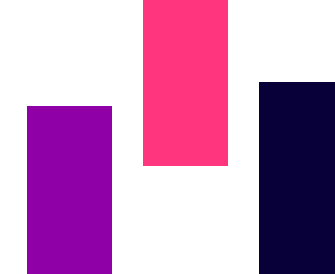
In your company are payments seen as a **growth tool and revenue generator** OR a **cost and tool to enable customers to pay**?

Please select:

- growth tool and revenue generator
- a cost and tool for customers to pay
- all of the above
- none of the above (or other)



Nuvei partnered with Edgar, Dunn & Company (EDC) to undertake a study to understand consumer needs and how airlines / OTAs serve them



Pillar 1. Flexibility

What are consumers' payment needs and how do airlines / OTA respond?

Pillar 2. Convenience

How are travel providers making it easy for their customers?

Pillar 3. Security

How consumers perceive the process of buying travel from a security standpoint?

Pillar 4. Transparency

How consumers' understanding of payment processes and associated payment fees impact travel providers?

To do so, Nuvei and EDC have conducted



Consumer survey

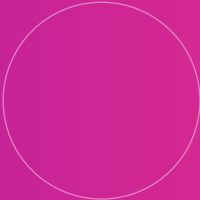
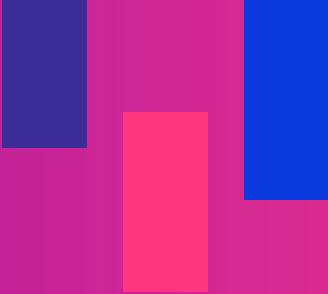
5,000 Respondents
10 Markets





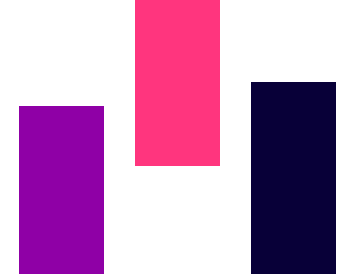
Payment page benchmark

100 Airlines
30 OTAs
Global benchmark

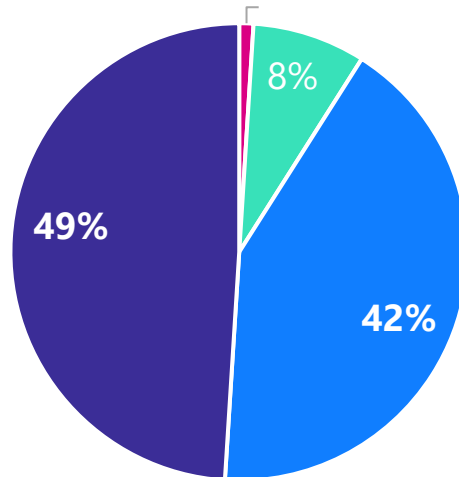


Pillar 1 Flexibility

Choice of preferred currency is key for consumers



Importance to see prices displayed in their preferred currency ?



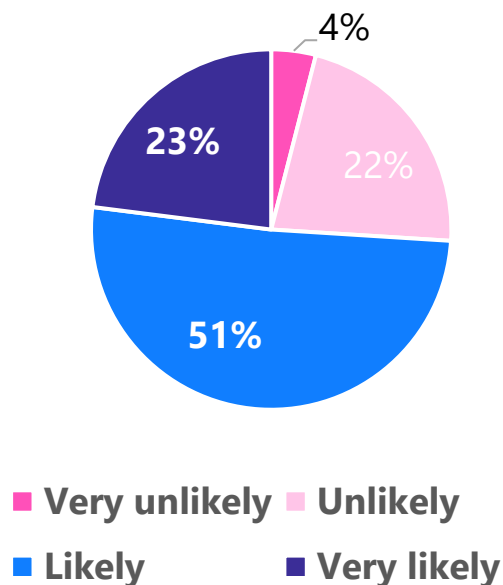
■ Not that relevant ■ Neutral
■ Important ■ Extremely important

- **49%** of surveyed respondents find it extremely important and another 42% find it important to see prices in their preferred currency
- Wide variance across markets: as high as **60% in the USA**, and as low as 22% in Hong-Kong

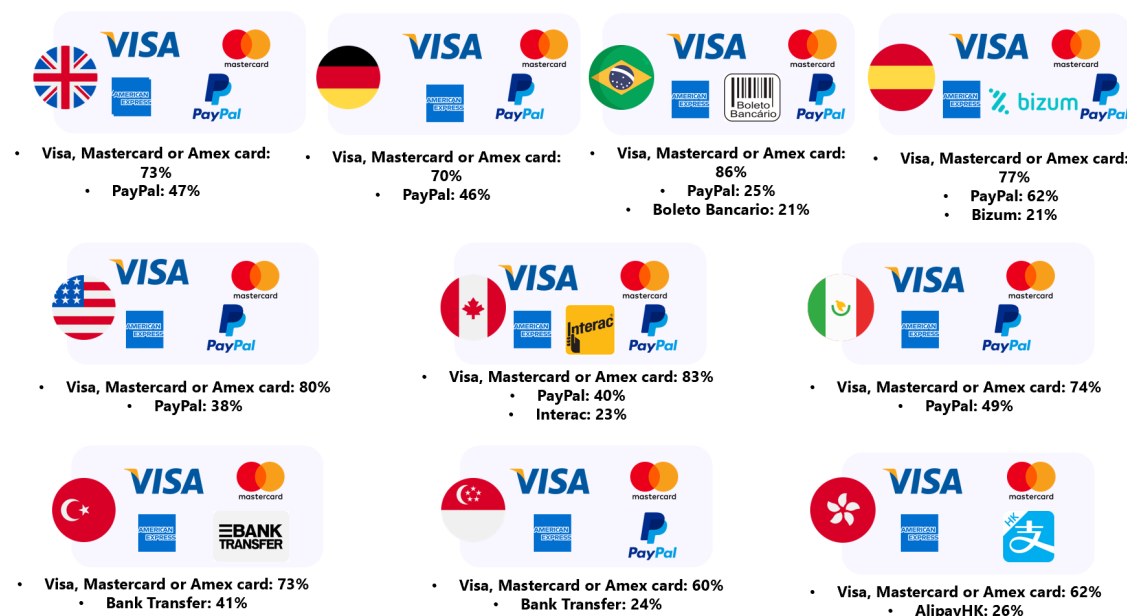
Airlines need to consider options such as **Multi Currency Pricing and/or Dynamic Currency Conversion** to address this key consumer requirement

Missing out customers' preferred payment methods can result in revenue loss for airlines

How likely are you to abandon your shopping if your preferred payment method was not available?



Alternative Payment Methods (APMs) are rapidly gaining popularity among consumers



Airlines can use **payment orchestration platforms** to simplify the integration and management of multiple payment providers, adapt to **local payment methods and currencies**, and **optimize payment performance**. This provides customers with a **better experience** and improves conversion rates, ultimately helping airlines maximize **revenue** and customer **satisfaction**.

Poll question 2 – How do you ensure you are doing the right thing?

What is your main approach to ensure you **meet consumers' payment needs**?

- We collect customer feedback
- We do A / B testing whenever we change our payment page
- We benchmark our competition
- We rely on external advice (e.g., PSP, consultant)
- No idea what you are talking about



BNPL can effectively reduce consumer abandonment at checkout for travel retailers

Over 70% of respondents are likely to use BNPL payment options when making travel purchases

Survey respondents that would likely to use BNPL

71%

Benchmarked airlines that offer the BNPL feature

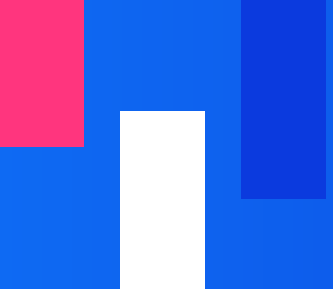
21%

Benchmarked OTAs that offer the BNPL feature

33%

- **31%** of surveyed respondents that fly **once a year** are likely to use BNPL to buy travel. That probability increases to **60%** when it comes to **frequent flyers** (*travelling more than 11 times a year*)
- Out of the **10 markets** we have surveyed, respondents from **Turkey (74%)**, **Hong-Kong (70%)** and **Mexico (70%)** are the most inclined to use BNPL features when buying travel

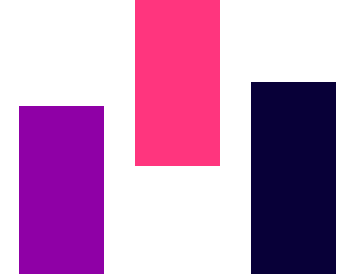
Despite these benefits, the benchmark conducted indicates that **BNPL** has yet to become an **industry standard**, as a potential catalyst which can trigger revenue uplift for specific segments



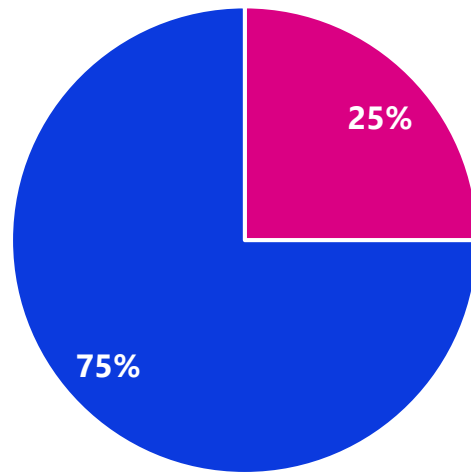
Pillar 2 Convenience



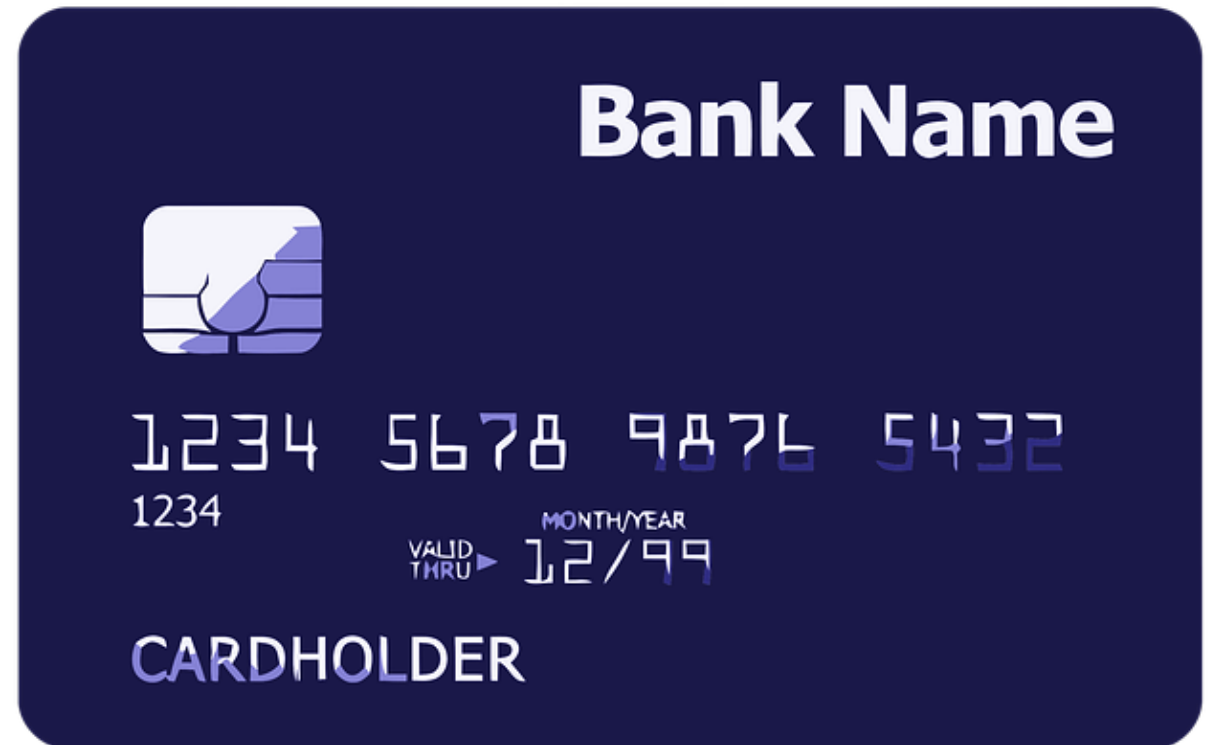
75% of travel consumers have at least experienced once a payment decline on the website of a travel merchant



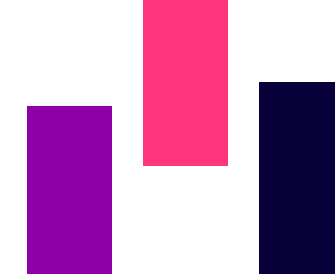
Has your debit or credit card been declined at least once when you tried to make an online payment for travel?



■ Yes ■ No

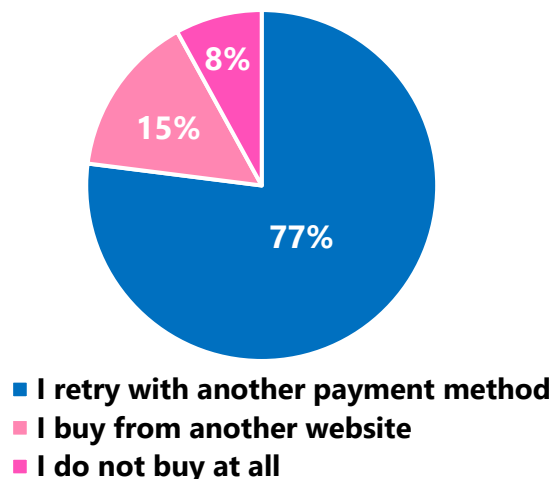


Tracking payment acceptance is crucial for airlines and OTAs to prevent loss of revenue

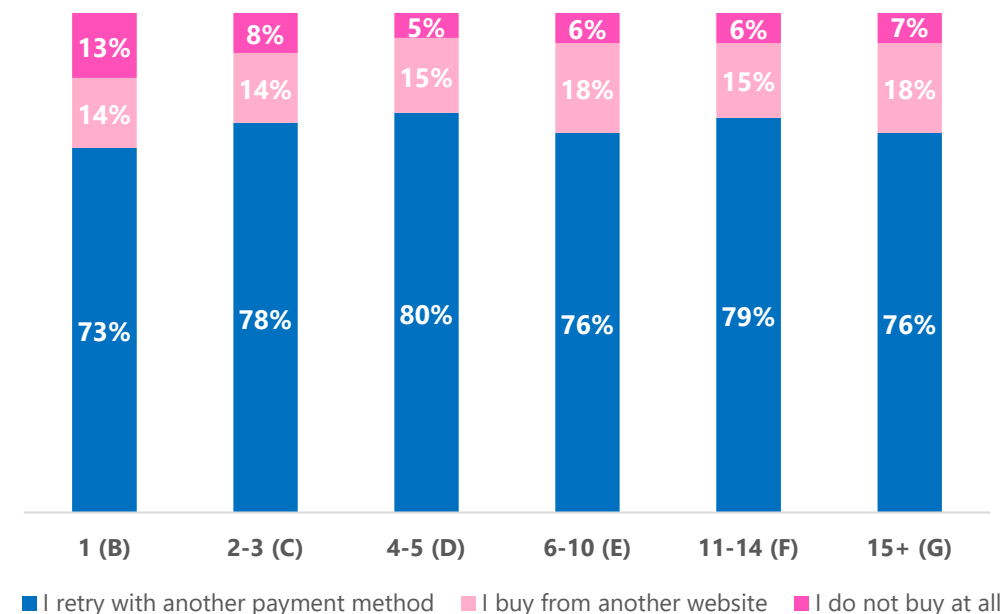


When facing a decline, respondents will either buy from another website (15%) or simply not buy (8%)

If your debit or credit card is being declined when you try to make an online payment for travel, what do you do?

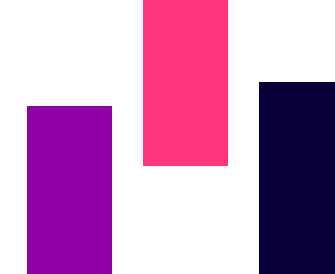


Frequent travellers(15+) are more inclined to buy from another website (18%)



Tracking payment declines (e.g., by country, by issuer) is crucial to maintaining customer satisfaction and maximizing revenue. By monitoring **decline rates** and utilizing **payment provider solutions**, merchants can promptly address any issues, ensuring a **seamless customer experience** and **preventing loss of revenue**

Payment orchestration not only enhances payment acceptance, but also unlocks a range of additional benefits for airlines

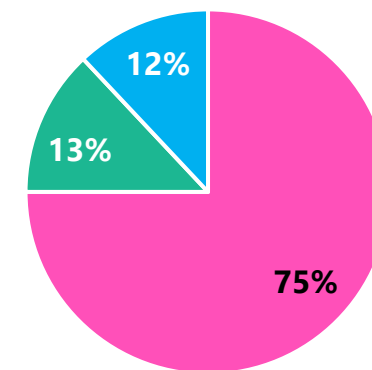


Why airlines seek to leverage payment orchestration

- ✓ **Revenue enhancement** (e.g. increase conversion rates)
- ✓ **Cost reduction** (e.g. smart routing to the most optimised route)
- ✓ **Internal efficiency** (e.g. simplicity, speed, accuracy)
- ✓ **Market reach** (e.g. expand the reach to customers in different regions who have different payment preferences)
- ✓ **Reduces payment-related risks** (e.g. fraud and chargebacks)

The majority of merchants find difficult to manage all their payment providers

Would you like to simplify the management of payment providers?



■ Yes ■ No ■ Not sure / Don't know

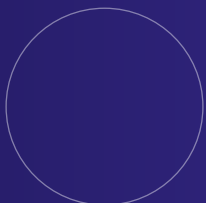
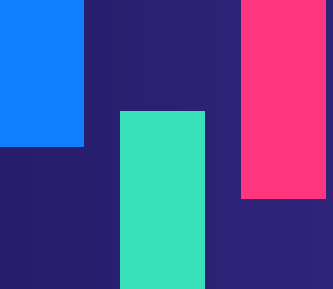
Note: survey conducted in 2022 for the Nuvei / EDC payment orchestration white paper (published in Q1 2023)

Poll question 3 – Have you implemented some form of payment orchestration?

Do you use a **payment orchestration** platform?

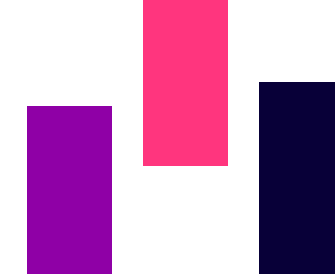
- Yes, it is in place, and it is an internal platform
- Yes, it is in place, and we use a third-party provider
- Not yet, implementation is underway
- Not yet, considering it
- No idea what you are talking about





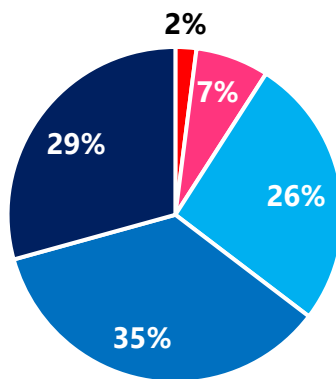
Pillar 3 Security

Leveraging 3D Secure and security icons helps airlines and OTAs mitigate payment security concerns of their customers



64% of customers find it important that 3DS checks are undertaken:

How important is for you that your travel provider systematically conduct a 3D Secure check when you operate a payment on its website?



■ Not important at all ■ Not that relevant ■ Neutral ■ Important ■ Extremely important

- **53%** of online airline customers have **concerns** about **payment security**
- **33%** of customers will **abandon the purchase** process if they have serious **doubts** about payment security
- Less than **50%** of the benchmarked travel merchants display **security icons / logos** from payment providers

Focus on the US and Mexico



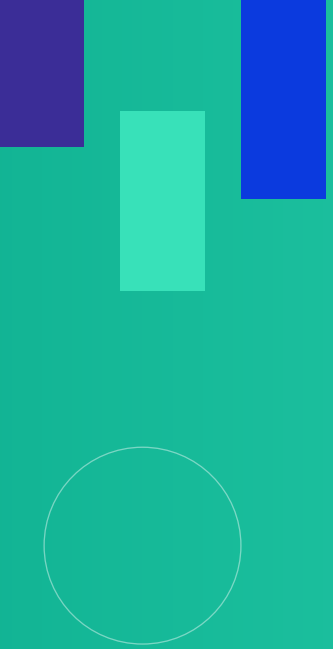
81%



94%

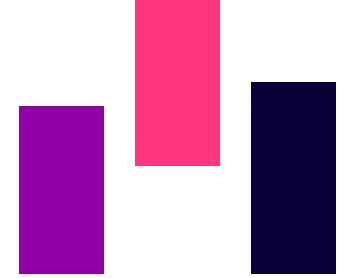
Respondents find 3DS is important
Yet, no regulation in place!

While regulations do not enforce travel merchants to implement 3DS in all markets, **3DS** is becoming an **important feature** for online travel businesses. It is therefore an **asset** travel merchants could **leverage**. Additionally, **displaying payment-related logos and icons on checkout pages** further helps the travel industry **build trust and credibility** among their customers



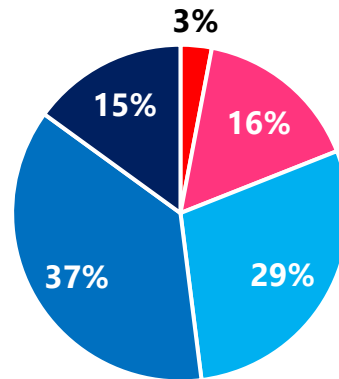
Pillar 4 Transparency

Clear refund and cancellation policies can improve customer satisfaction, reduce levels of chargeback and related dispute management costs, and strengthen compliance



48% of respondents don't find it easy to read refund and cancellation policies on travel provider websites

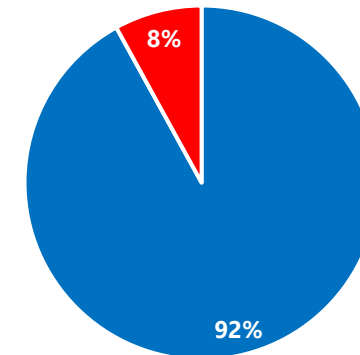
How clear and understandable do you find the refund and cancellation policies when booking travel on a website?



■ Extremely difficult ■ Difficult ■ Neither easy, nor difficult ■ Easy ■ Extremely easy

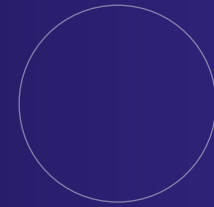
92% of the benchmarked airlines display refund and cancellation policies in the checkout process

Does the website provide information on refund or cancellation policies when making the purchase? Where in the process is the information communicated?



■ Yes ■ No

The large majority of airlines are **displaying** their **refund and cancellation policies**, yet consumers find them **difficult to read**. Best practices to improve clarity of refund policies include the **use of bullet points** and **examples** to let the reader understand how the policies work in practice. Most importantly, the need to keep the **wording** as **simple** as possible is essential, and will contribute to **avoid high level of chargebacks** in case of customer confusion



Next steps

Next steps

Contact us if you have any questions:

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Bilateral presentation to airlines: deep dive by country and/or segment



1-Age category

How age difference triggers contrasting expectations when buying travel?



2-Travel frequency

Do frequent travellers and occasional travellers have the same expectations when buying travel?



3-Country and region

How age difference shapes the expectations of occasional or frequent travellers when buying travel?

Webcast Q & A