



EMBARK: TRAVEL, TECH AND TRUST PODCAST - EPISODE 5

AUDIO TRANSCRIPT

Jonathan Sullivan

Hello everyone. And welcome to the Accenture Embark podcast series, where we talk about travel, technology and trust. Today we have two special guests. So starting with Dave Harvey, who's a Vice President of connecting business at Southwest airlines. Really focusing on the business traveler in the Southwest model.

And Helen Hickson, who is Accenture's executive director of global mobility, focusing on buying business travel for one of the world's largest consumers and business travel. I'm really excited to talk to both of you today, and nice to introduce both of you to each other too.

Helen Hickson

Thanks, Jonathan.

Jonathan Sullivan

I'd like to open with just a reflection. Earlier this week, I was at the IATA AGM and it's easy to say: there were a lot of very mixed opinions on the return of business travel. The return of business travel in different environments, the speed at which it's going to come back. I think everybody's recognized. For the health of aviation, commercial aviation in general, and many of the world's major airlines business travel is a super key component. It both powers, relatively high yields, because we business travelers would never really know when we're having to go and we need to go when we need to go.

And it also helps power some of the leisure business, because those of us who travel a lot, tend to fly again with those whom we traveled for, for business. When we fly for leisure with our families or just to go do things because of the power of the loyalty programs. And we really wanted to talk this through with Southwest, because they've always taken a very different approach to loyalty. And they've had a very different model of serving business travel than many of the major carriers out there. Here we are. So let me just start with you, Helen. And help me set the scene for the rest of this conversation with David. Can you tell us a little bit about what you're seeing from across our network about how the habits of the business traveler are changing and how their values might be changing over the course of the last 18 to 24 months?

Helen Hickson 02:22

Sure.

Thanks, Jonathan. Obviously COVID has really shifted people's priorities and values in a way that it's been faster than perhaps other changes in, in values and priorities that we've seen previously. In reality, we know that business travel will be one of the last segments to recover.

So I think it's key for all the travel providers to think about that end to end experience and keep a finger on the pulse for evolving



customer sentiment and especially related to health. Um, clearly health is one of the important things as me as a provider of a service to, to our internal customers, but also in the industry, across the patch as well. When it comes to travel in particular Accenture's latest consumer research, show some interesting changes here. So we recently conducted a survey of 25,000 people in 22 different countries. One of the, the most surprising findings I think with that, consumers will abandon brands that don't really support their values. And these consumers are now also much more willing to pay extra to support brands that really align with what's important to them in life. So I thought that was an interesting finding, but I think overall... There's really a couple of key motivations that dominate a Traveler's decision making and they brought it down to safety, obviously, environment and flexibility.

And when we look at safety, consumers are rightfully asking the question: are you keeping me as one of your employees safe? Travelers needs additional reassurances when they're resuming traveling and it's how we build trust. Our providers build trust, by continuing to share important information like safety guidelines, cleaning protocols, and, really as a corporate that's that's top of my list still say. I think the other thing that we've seen is looking towards the environment. Being a top subject for some time, but I think it's really coming to the fore and the, the travel industry.

Now, we're asking them to demonstrate how they're promoting, to say the facility. It's one of the most important issues that consumers care about, is that low carbon emission focus. And, as a professional services company, one of our most significant aspects of Accenture's environmental footprint is the greenhouse gas emissions related to our travel program.

We have continually set bigger and bolder environmental goals for reducing our carbon footprint. And as part of our net zero strategy, we've implemented new internal initiatives and tools and playbooks and local policies to help our people make climate smart travel decisions.

Um, we're focusing on the traveler, education and awareness, advocating the use of virtual collaboration, technology, and more sustainable modes of transport.

So, planes to trains for certain routes. That type of thing. And, I suppose through the pandemic, we've been able to meet our client's needs without traveling in the same way. And so I think has people come back to travel, we'll kind of need to continue to provide, tools for our people, to give them transparent insights into their emissions, for example, what's the most sustainable flight.

We've also put in place the carbon calculator tool so that people can really understand the impact that they're having. As well as engaging all of our suppliers and the hotel car rental, um, and taxi industries to reduce emissions as well. So, sustainability is, is really sort of up there in terms of, um, a key focus for us in coming back to travel.

And lastly, flexibility. I think we've all experienced... if you traveled recently. There are more friction points as you go through that traveler experience. And there are often changes to schedules and that type of thing. So ability to switch easily and make changes, I think is something that's high on the list for our travelers as well. But equally looking at how do we try to work together to eliminate some of those frictions, given the fact that we live in a world where, regulations can change overnight or on your way to the airport, or even while you're on the flight. So, we need to help our travelers through that.

Jonathan Sullivan 07:47

Year. Interesting. And Dave, it would be interesting to hear your reaction to that because I think for years, Southwest has been leading both with its approach to flexibility with all of its customers and also leading really in the climate front as well with all of the new aircraft that you



have coming into relatively high-density seating as well. What are you seeing in terms of the changing traveler segments? How are you responding to that?

David Harvey 08:16

It really sets up, well kind of drafting off what Helen said with flexibility. That is our DNA for 50 years. And when you think about no bag fees, no change fees. Know business travelers. Their schedule changes rapidly and you know, an hour before the flight, they may have to make a change or a cancel and that store credit. It's good. We're not going to scoop any of those funds. And then when you really couple that with our point to point network for business travelers, time is money. And they'd rather fly on one segment than connect over a hub. So, they take the guesswork out of it, keep it reliable, get it there on time, clearly there's travelers that like the sitting up front business class lounges, and that's not a part of our overall model, but, giving great service at a low fare and providing all that flexibility.

Um, so what we've really done in COVID the last 18 months has really kind of leaned into that, in double down. And it ties into some of the loyalty points. Jonathan in your opener where, we've extended benefits, we've made it easier for people to achieve things like companion pass, which arguably is the best part, in, in all of travel, getting the different tier qualifying levels.

So, we've got really good reception. We saw a lot of leisure demand this spring and summer. That same pent-up demand is absolutely there on the business side as well. And it looks like that the numbers have kind of tipped over on the fourth wave and we're seeing here after Labor Day a little bit, a nice acceleration and, and we're very optimistic for 2022.

Jonathan Sullivan 10:06

Interesting. And can you tell me a little bit about that companion pass? Because a lot of our listeners are spread all over the world. They may not be familiar with what and how you use business travel to try and drive further leisure and loyalty travel.

David Harvey 10:24

Yes. Just like most all airline programs or some sort of tierings ours is A list and then a list or our program has rapid awards.

The broad program and then A list, A list preferred is the stat, the levels and rapid awards, a quick shout out for that program. It wins most rewarding and top loyalty program, I think, five years running. It's stellar here in the US. But the crown jewel is really a companion pass. If you achieve that. And it's a combination of flying and then also the credit card. You literally get to designate a companion for the full next year. And every time you fly, if they're flying with you, they fly for free it. And we've got people that know it and love it. And their companions are traveling...some of the numbers are pretty astonishing how much travel they're doing, but that's how much they love that benefit.

And we're, we're proud to offer that to our most loyal customers.

Jonathan Sullivan 11:27

That's super interesting.

Helen Hickson 11:29

The flexibility, I think, again, it comes down to that fact that, people appreciate the flexibility, the thought around accommodation. And I think one of the other things I like is that non expiring of points as well, because obviously, this has taken a knock in terms of, kind of people's frequently travel and that type of thing. And so, being able to manage points and having that level of flexibility around it, also is, is a positive in, in those programs,

David Harvey 12:08

A quick application, it's clearly as significant. Others aren't be bopping around with the road warrior loved one, but, when you do accumulate those points and you are ready to travel to



Hawaii or go to Mexico or wherever you're going to go. You're probably going to use points for your primary status member, and then that companion goes for a ride.

They're a family of four, half their airfares already taken care of when they're going to get some much needed RNR.

Jonathan Sullivan 12:37

No, that's great. Then Helen you're right. It's that combination of both flexibility and spontaneity. One of the things that I experienced a lot when I was traveling, so many plans would get canceled. Either the trip came up out of nowhere. You had to take it, or you're delayed on the return and having the ability to flip that the other way, Dave saying: Hey, do you want to come? Um, and that really no incremental costs would have been wonderful.

David Harvey 13:06

Yeah. And if I could highlight just very quickly, one thing that our regular travelers love with our boarding process. So, you take a big business market where we may have 10, 15, 20 flights a day, take Dallas. And to your point right there, Jonathan: meeting gets done early. It falls late. On a lot of other carriers with assigned seating. If you're having to make that swap and you jump on the flight two hours earlier, more than likely you're getting a middle seat.

If you have status with Southwest you board, right after A supporting position, I know not everybody fully understands our boarding. But basically it's A one through 60, then B one through sixty. But if you're boarding at essentially, number 61, you're guaranteed a window or an aisle, even if you made that swap just an hour before the flight. So it's very powerful. It gives a great seat. And it's, it's back to Helen's point of flexibility and spontaneity in the moment.

Jonathan Sullivan 14:08

Wonderful. Now I am curious, Helen also said something around...the increased use of virtual meetings, virtual collaboration. And I'm wondering if that's starting to have a change in

general, not so much on the quantity of flying, because I know that it will that, but it how travelers themselves choose what and when to fly. And the old rule of thumb we had and network planning was 90%. The turnaround requirements and an airline, 90% of the profits improvements could come just by improving the schedule of the airline and the price, because your schedule is your greatest marketing instrument. That's what your business travelers are really choosing. Have you started to see that change? David, have you seen, as people are using more virtual meetings, are they starting to take flights in the middle of the day, less frequently? More flights late at night or early in the morning?

How has the business traveler changing how they travel?

David Harvey 15:12

Yes. The jury is still out. And I think a lot of that...it's the age old question, what's the new norm? And then what's kind of happening right now, just based on the current climate. I would say as the major US carriers have brought their networks back, you're seeing more day trip activity. So kind of short. Shorter duration. So then you ask yourself: is that something that is going to be the new norm and you need to make scheduling changes to accommodate that? And just because the overall business demand is very depressed compared to 2019 numbers, we were actually on a five point month over month sequential gain from March through July, until this latest wave hit, where things kind of flatlined. So we were gaining a lot of ground on the 2019 numbers. But I think the only other thing I would add to the question, Jonathan, when we do a lot of kind of focus group and surveying with all of our buyers, all of our travel managers. And what's clear: there's, people are somewhat done with the virtual platforms and are ready to kind of break bread and look in the whites of each other's eyes, competition and collaboration and new relationships will drive a



lot of that. But there's some interesting findings, if you think about what is the purpose of the meeting, forget if you're doing it virtually or face-to-face.

What's the desired outcome? Are you trying to win business, sell innovate? Is it culture teaming, training? And if you just stack up, okay, I'm going to do this virtually, or I'm going to do this face-to-face knowing face-to-face takes more time. You gotta travel. You gotta get people together. But, the actual results of a meeting on a virtual platform, it does suffice and it is a substitute for certain types of meetings. But there are quite a few important ones that are about growing or delivering results or performance revenue. That the outcome on a virtual platform isn't even close to the face-to-face, the success. Uh, you know, on the virtual platform, people are not showing their image or their videos off, they're multitasking. The list just goes on and on. It's easier to say "No". So I think when people start getting their 2022 numbers and they say: Hey, am I going to, am I going to have a better outcome doing this face-to-face or virtual? I think it's going to be pretty clear.

Jonathan Sullivan 17:54

Uh, I'm curious about that because I think I agree with you. Persuasion and this is an example from two or three weeks ago, I needed to go work with the senior management team at one of our travel clients. And it was really important to be in the room when we have a persuasion job to do across a large group of people. All of the body language, everybody working together is much more powerful to bring a group towards a decision that then before. But I am curious as to how much more business, how much more productivity, you know, the world is starting to see, because we can also do a lot of those meetings that really we're short interactions.

You might've gone somewhere for a day, but only for 30 minutes worth of meeting. And we can do those sort of back-to-back from the comfort of our homes or offices. And as those two play off each other, eventually the

economies would be big enough and business travel would be back. But I'd suspect that business travel in the short and medium term is going to be structurally down for a few years to come. And so we have a much bigger workforce, much bigger economies. Are you saying that technology has somewhat disintermediated travel that way?

David Harvey 19:16

To me, it's a matter of the timing and I think your time horizon that you just laid out is a fair one. I mean, the reality is: travel's definitely going to be down in 2022. It's gonna be a lot better than 2021. This is the business segment. And there there's a lot of firms that are saying: Hey, we're going to be down 25, 50% in 2022. And then that'll roll into 2023. So 2023, if you think about the full year, won't be the year we're all the way back to 2019 levels. But I could see us getting to run rates, kind of key business travel months. Think, May, think October. And I am coming at this more of a us domestic vantage point, the long haul international, and some of the international markets are going to take even longer than what I'm describing.

But I do bet we get into 2023 and you see some run rate in line with 2019. The only other comment I would make there... and I'm traveling every week. The flip is true as well. So you need to get into that. Face-to-face meeting to persuade. So I have to go to LA or New York or wherever I have to go. And then I can block a couple hours to take my virtual calls, because I can take them just as easy sitting at the airport or in an office space remote, then I can sitting in my office. So it almost gives you the best of both worlds. I can go knock out the critical face-to-face and take the virtual meetings on the side. So it does work both ways.

Helen Hickson 21:03

I agree with what Dave said, that sort of Omni connected experiences is what we're



seeing as well. I think, your points also around reasons for travel. I think we will see people being a lot more selective in terms of the business travel that they do, as you say that sort of 30 minute meeting. I think maybe that one, depending on the reason for it, if it's, persuade relationship building, some of those things that absolutely are more in person, I think we'll continue to see those. But will we continue to see the road warrior, Monday to Thursday, just having to turn up, just to be there. I think that has changed for good. And I think there's a benefit to people and their families as a result of that. So, I think we're here to support and make it as digitally enabled and frictionless as we possibly can. And to accommodate the new hybrid, if we see it in events as well, but, they will, I think, continue to be as in-person events come back, perhaps regionally. But that there'll always be a hybrid element to it too, because people have seen how many more participants you can get if you offer an online experience as well. So I think some of these areas have changed for good.

Jonathan Sullivan 22:29

Yes. And Helen, I'd like to bridge into a question for you. You kind of collaborate and manage the demands of the 600,000 of us that from time to time have to travel. What's on the top of your wishlist when you're dealing with travel companies like Southwest or hospitality companies that you really would like to see?

Helen Hickson 22:54

My wishlist has certainly grown since the pandemic. But I think top of mind is really what I said, which was having that frictionlessness experience end to end. There are so many potential points of friction now in that travel experience, how can we digitally enable, use technology to get past some of those friction points and really help people to navigate what is quite a complex environment and some regulations in terms of having to show health information.

All of that has made it a lot more complex out there. Within my group, we're really on a journey to simplify our tools and interactions so that we

can deliver that smooth and omni-connected experience. And, our people really are at the heart of that. We want to make that experience the best that it can possibly be. So I think all of that, and of course health is, is now absolutely paramount and, and keeping people safe, and feeling comfortable through their journey is also really top of my list.

Jonathan Sullivan 24:15

And Dave, what are you hearing from your other business customers. And how is Southwest changing its approach to try and remove some of the friction that was there before and make it easier?

David Harvey 24:28

Yes. It's interesting work. If you think about the traveler base today, it's probably unlike any other where you have everything from traditionalist and baby boomers.

All the way down to millennials and gen Z. And they all have different expectations for shopping and booking... that experience. And then through the airport kind of airport security, boarding the onboard experience. You're someone like Southwest, we're moving half a million people a day, uh, on our network.

And then you throw a pandemic on on top of that, how do you keep your employees and your travelers safe? So it has been almost a Yeoman's work, looking at the overall end-to-end travel journey. And you not only have your long-term plans to try to get it more friction-free more touchless, more self service is a big focus for us, but then how do you also do it in a safe way. And which of these wellness and health provisions we've put in place or are here to stay? With some of the cleanliness and disinfectants and wiping, distancing...versus things, to your point earlier about Jonathan, where you make your money is when the aircraft is in the sky.



So any extra time on the ground puts pressure on your overall cost structure.

So, that's just kind of the backdrop, I think we're a huge investment with our digital platforms. So mobile, you think kiosk at the airport, really innovating and looking at ways, where you can completely self-serve on your backdrop, to just completely get lines out of the equation as best you can in ticketing.

So specifically for the business customer, we've rolled out a lot of new programs, referral programs. We're rolling out new technology, actually, we're right around the corner here, our first, iOS and Android capability where the traveler now... and we invest tens of millions of dollars a year and some of those native platforms, and even though a lot of companies have a strong policy and booking tool. And this is the flow with the TMC. Um, omni-channel booking and servicing is a big focus area for firms, but they don't want it to be a headache for expense reporting and mid office and back office. So we're investing in those native apps.

You can put, in your case, your Accenture corporate ID in there, and then we can kind of flow everything to your mid office and back office. So your travel teams have that seamless experience. Just a little bit of what we've got here in the immediate, and that's going to continue to be a focus for us as we go forward.

Jonathan Sullivan 27:39

I love that idea. That's something that Uber has done for a long time, which is if I want to book this to my corporate account, I just click that and... yes, it all sort of imports them. And I can take care of my expense reporting really quickly. And if I am just thinking about myself, if I were traveling and, and I book it through our agency and then I need to make a change, I've already talked to the airline one. My natural thought is, let me just do that with the airline.

I'm changing on them. And sometimes that's possible sometimes that's not. Sometimes there's an extra fee. Sometimes I remember, sometimes I forget. It's super, super

complicated. If you guys are figuring out how to solve that and make that smooth, me personally, as somebody used to travel a ton, I love it. I think it's great.

David Harvey 28:31

Yeah, that is the focus. Make it easier on the traveler, but don't add friction to your travel team or to your TMC. Make it flow through their normal workflow and process. That is a winning recipe right there.

Jonathan Sullivan 28:47

I wish you the best of luck. I can't wait to fly you again. I'm originally from Texas, but it's been a long time since I have flown on Southwest.

David Harvey 28:55

We'd love to have you looking forward to seeing you in person.

Jonathan Sullivan 28:58

Helen. Thank you so much for joining us today. Is there anything that you'd like to add as we, as we wrap up?

Helen Hickson 29:04

No, just looking forward to the world's getting back to some form of new normal.

Jonathan Sullivan 29:11

Dave. Thanks again. Thanks all for listening to Embark: Travel, Tech and Trust. We do really appreciate you listening in. If you have a minute, please subscribe and, always feel free to reach out to us or our guests. Thank you again.

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