



CIKLUM x **stripe**

Navigating the Future: Frictionless Travel for Gen Z



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Global Lead for Travel & Leisure



As Global Lead for Travel & Leisure, James ensures potential & existing Stripe customers benefit from improved customer experiences, innovate faster & build more productive operations.

Prior to Stripe, James had 15 years of travel industry experience, including founding & exiting mentoring & peer-to-peer platform start-up, Otolu, and working across the travel industry including hotels, property management, tech, and advising start-ups & Private Equity.

James is a regular passionate speaker in travel, having spoken at Websummit, Phocuswright, Travolution, Mews Unfold, Arival, HEDNA, and many industry webinars and podcasts. His previous industry experience includes Hostmaker, as COO of the short stay property management company that launched Marriott Homes & Villas, plus leading commercial and strategy teams for hotel chains (IHG) and traveltech (Travelport). James is also kept busy as a father of 2 and based in Wimbledon in the UK.

**Danny Jennings**

Head of Customer Experience Service Line



As Global head of Customer Experience at Ciklum, Danny works with our clients to build Product Strategies and digital experiences that beat the competition and win in the market.

Danny has been building products that customers love for the last 15 years across Telco, Martech, Retail, B2B SaaS and Travel. Starting life as a consultant and moving into Head of Product roles in multiple companies, Danny has launched products for household names across the FTSE and generated hundreds of millions in revenue.

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Introduction

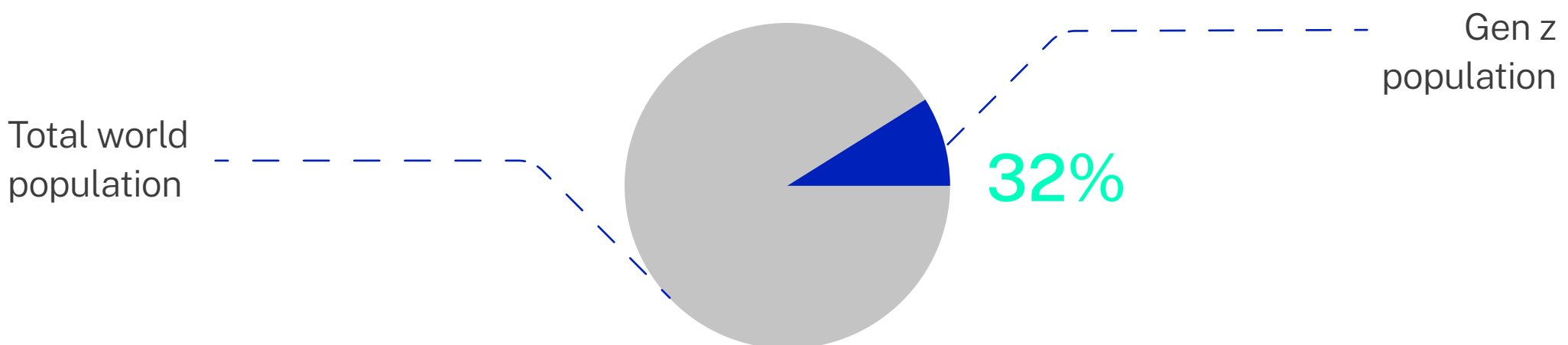
The travel industry is experiencing a major transformation as it begins to return to levels of popularity not seen since before the COVID-19 pandemic. [According to UN Tourism](#), international tourism had returned to 88% of pre-pandemic levels by the end of 2023, and is expected to make a full recovery by the end of 2024.

Much of this strong bounce-back is being fueled by the entrance of Generation Z into the global marketplace. Gen Z is generally regarded as those born between 1997 and 2012, meaning that most of them are now in their teens or early 20's, and therefore are starting to have their own money to spend on travel and holidays. The buying power of this generation cannot be underestimated: they currently make up around 32% of the world's population, [according to Qureos](#); and [Snapchat](#) has found their global buying power is already worth more than \$450 billion -and will only grow in the years to come.

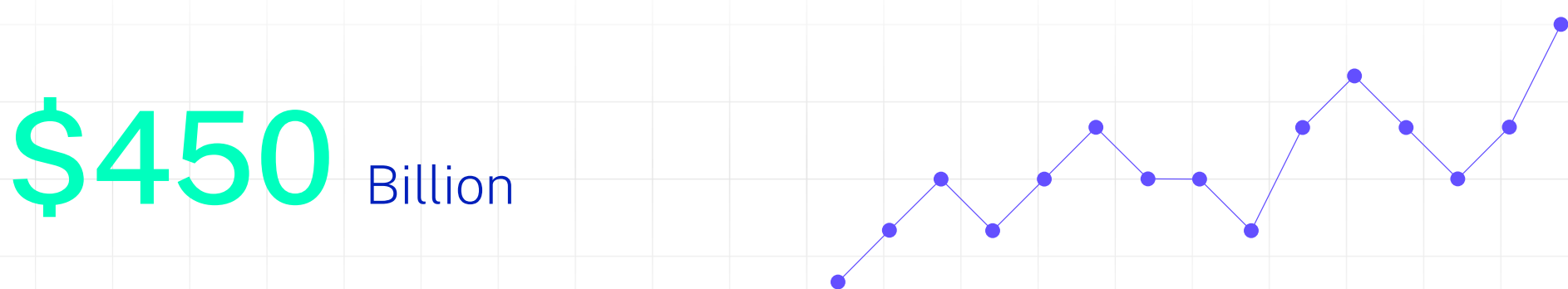
Growth of the travel industry



Rise of population



Buying power of Gen Z



Gen Z is far more digitally native than those that preceded them, and that is driving major changes in what consumers expect from travel companies. In particular, frictionless experiences — meaning smooth, effortless, and uninterrupted interactions throughout the entire customer journey, from initial research to post-trip activities — are increasingly regarded as essential. These experiences, supported by seamless technology (especially for mobile), are crucial not only to meet consumer demand, but also to respond to increased competition from disruptive new players.



This guide explores the brave new world of frictionless travel, and the role that technology and seamless payments have to play within it.

Understanding frictionless travel

First of all, it's important to understand the concept of frictionless travel and how it works in practice. It refers to the idea of making the searching, booking, and traveling experience as seamless and convenient as possible, and tailoring trips to individual preferences with only the bare minimum of human intervention involved. In the main, this means that travelers can manage every part of their trips by themselves using technology like mobile apps.

This is especially important for Gen Z, who place so much emphasis on technology and the internet in their day-to-day lives.

They expect **inspirational travel opportunities**, bookable in an instant and **shareable on social media**, and experiences that reinforce their digital identities, all supported by self-service options across all touchpoints.

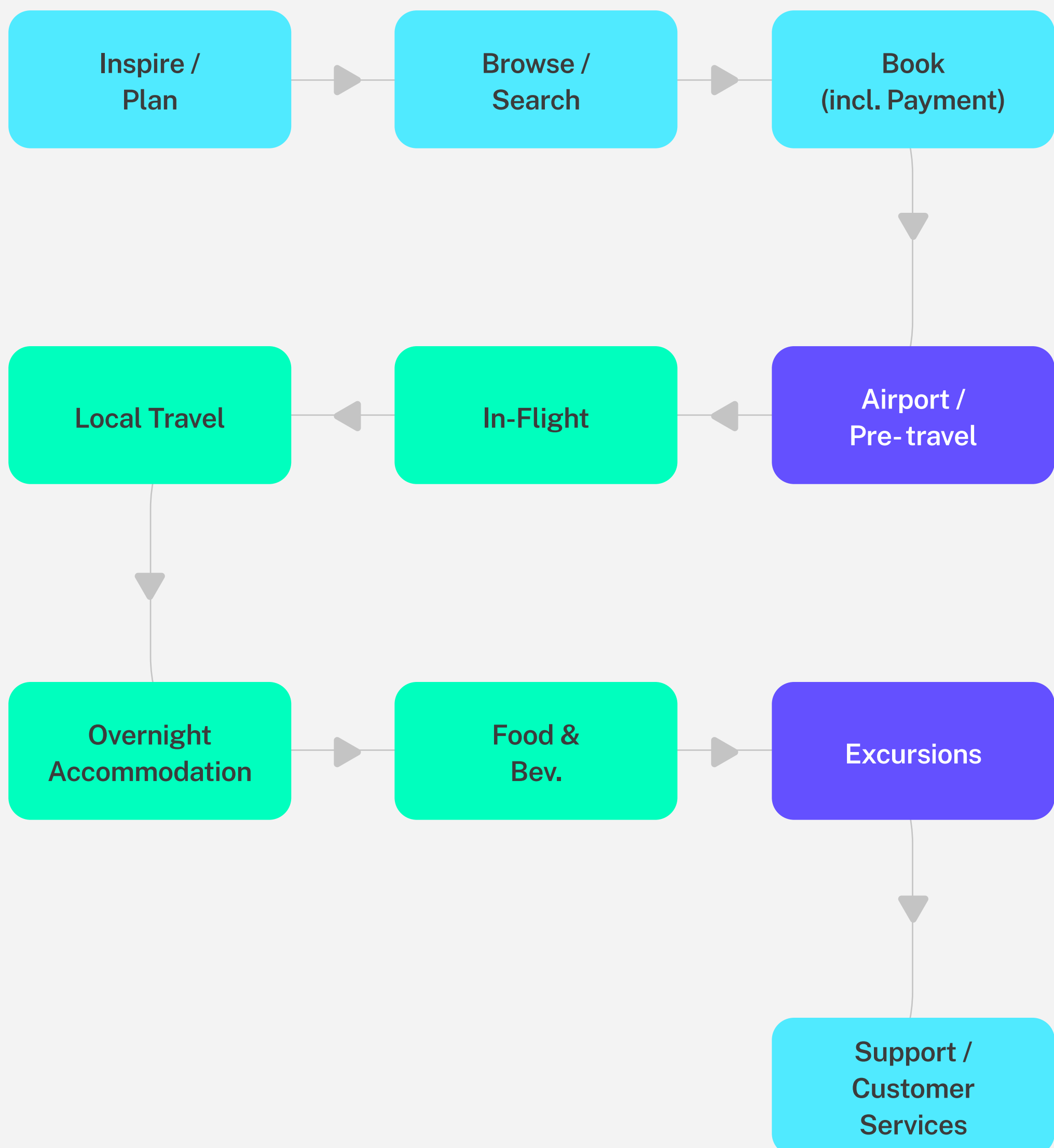
App functionality and integrated technology, developed through **experience engineering**, is key to making that happen.

[According to Morning Consult](#), 52% of Gen Z are already frequent travelers, which is the same as Millennials. However, the same research has found that Gen Z has a lower level of trust in the travel industry than Millennials; this is down to a range of reasons, including a lack of trust in pricing, a lack of clarity around when payments will be taken, or limited recognition of regular and returning customers. This means that travel firms have work to do in delivering experiences that Gen Z can believe in and buy into.

Mapping the customer journey

Technology is already starting to influence every area of the customer journey in travel, and the power of Gen Z is being felt more and more all the time:

Travel Industry Value Stream Map





Inspiration, planning and browsing

38%

of Gen Z use TikTok and Instagram
to research future trips

80%

of Gen Z say they will research and
book trips using their smartphones

The range of motivations for travel has significantly increased, reshaping how people book their trips. For example, Gen Z travelers might see a hotel they like on social media and book it immediately, then consider flights and activities later. Previously, it would have been considered the norm to book flights first and go from there. [According to Travel Weekly](#), 38% of Gen Z use TikTok and Instagram to research future trips, [while 80% of Gen Z](#) say that they will research and book trips using their smartphones.

The advent of artificial intelligence is adding another perspective to the research stage. As well as using augmented and virtual reality to experience places digitally before visiting them in person, more travelers are using AI-powered personalized travel agents to put trips together. This gives Gen Z the best of both worlds: the ability to bundle trips into packages to save money and time, while still feeling like they're calling the shots and organizing their trip independently. In turn, this has massively expanded the range of channels available to Gen Z for seeing, experiencing and booking travel.



Seamless Booking
(Apple Pay/Google Pay)



Payment Method
(Wechat/buy-now-pay-later)



Check-in
(Digital key)



Seamless booking, payment and check-in

Now more than ever, facilitating seamless booking and payment on mobile through digital wallets is essential. This includes one-click checkouts through the likes of Apple Pay or Google Pay, trusted local payment methods in specific countries such as Wechat in China, or buy-now-pay-later options like Klarna in the UK and Europe and Affirm in the US. [According to Raconteur](#), 65% of Gen Z are likely to abandon bookings if they are unable to make them using their preferred payment method.



Self-service check-in and boarding (partly fueled by post-COVID hygiene awareness) is only part of the story: this technology should extend to digital keys at hotels, multi-currency enablement, the ability to see costs and pay in their own currency if they prefer, and self-checkout ([considered a must-have for a third of Gen Z](#)). Building these multifaceted payment systems that deliver the best, more relevant way to pay for each customer can pose a significant challenge from both an internal resource and capability perspective for many travel firms. However, it must be prioritized in order for travel businesses to remain competitive.

There are also now far more opportunities for upselling and cross-selling through individual platforms, including in the post-booking phase, especially if your brand has gained the traveler's trust. For example, travelers who book a hotel through a particular travel firm can then receive other options or transfers, activities, restaurants or tours, and be able to book and pay for them within the same place - creating a curated marketplace. Sending personalized recommendations to travelers as their trip nears can be a powerful tool in grabbing more of their trip spend over time, rather than trying to capture as much of it as possible at the first opportunity.



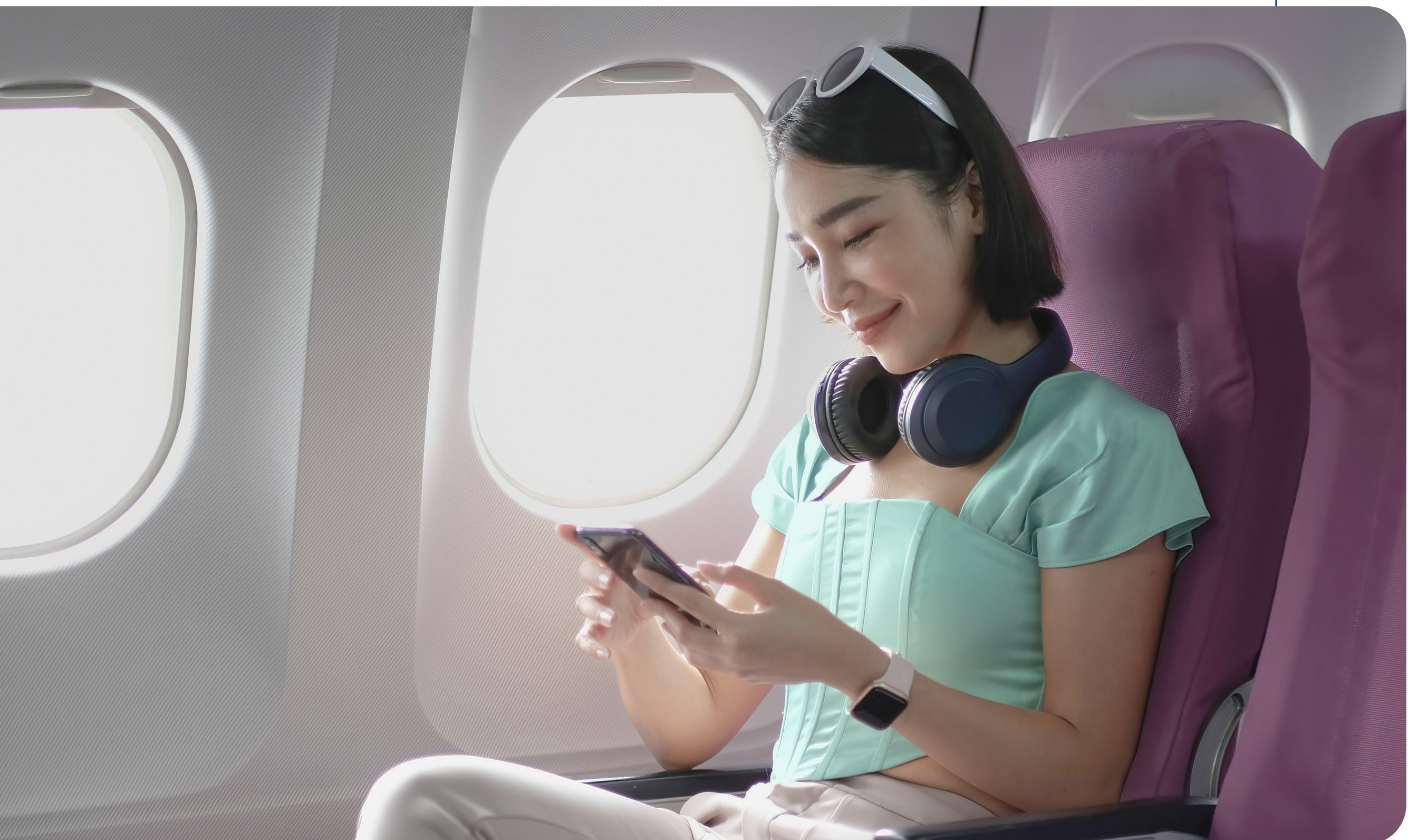
All of this means that more travel companies are now vertically integrating up and down the value chain, delivering integrated app-based experiences across booking, payments, airport lounges and other ancillary services, all in one place.



In-flight experiences

It may seem like the opportunities for technology during flights are limited, but there are still areas for innovation to smooth out the stress of a long journey. For example, ancillary digital services embedded into an app can reduce friction, such as the use of QR code payments for duty-free shopping.

Purchasing opportunities can also be built into seat-back entertainment platforms, including booking activities or services at the arrival airport and destination. And at a time when Gen Z in particular expects the widest possible choice of in-flight entertainment options, using AR, VR and XR can add a level of immersion to entertainment experiences.



Post-trip experiences

The modern travel experience doesn't end the moment a traveler arrives back home. There are many opportunities to generate revenue and build repeat business through strong post-trip experiences.

For example, loyalty schemes that deliver perks and lifestyle choices rather than just points are starting to gain traction. But loyalty often begins just by getting the basics right: remembering payment details and past bookings that make rebooking a fast and easy process can make a real difference when customers plan to travel again. Additionally, a membership program can encourage a greater degree of lock-in on future purchasing and spending.

Facilitating frictionless payments can be especially beneficial, in no small part because it can encourage travelers to make more impulsive purchases. Combined with personalized recommendations for future trips, based on previous bookings and browsing, it makes it far easier to ‘tempt’ customers into planning and booking another trip.



Challenges and considerations

All of those influences that Gen Z is having on the travel buying experience are impacting the technological approach that travel companies are having to take, especially in these three areas:



Security and infrastructure



Loyalty



Payments



Security and infrastructure

Like most other cohorts, Gen Z is increasingly aware and sensitive around the use of their personal data and banking information. This means that fostering a sense of security and trust (even considering biometrics) when booking trips is critical, especially when dealing with foreign vendors and currencies.

This is where global interoperability and robust infrastructure are so important ‘behind the scenes’ in making travelers feel comfortable with the whole experience of their trip. When travelers can book and pay for as much as possible through a single app that they trust and are familiar with, their minds can be set at ease; furthermore, it becomes easier to provide the memorable personal touches that they’re looking for.



Loyalty

Maximizing customer loyalty is becoming more difficult in the Gen Z landscape. Part of this is that the travel marketplace is so competitive, but another factor is that Gen Z wants the widest possible choice of channels for making bookings, including third-party offerings.

Many travel businesses seem to punish Gen Z for using third-party booking options, such as by not providing loyalty rewards if they haven't booked directly, but a more proactive approach is needed. Offering other services post-booking is a chance to introduce the brand and gain more business from a customer in the future, especially if they get to see a frictionless and personalized booking and payment experience that appeals to them.



Payments

Payments are often an area of real friction within purchasing processes, with the payment page seeing one of the largest drop-offs in the booking cycle. Even the slightest hindrance or uncertainty can put consumers off and drive them to seek out competitors that are offering easier experiences. For example, this can be through a lack of digital wallet or installment payment options, or an inability to translate currencies and payment methods to the country of the person booking. Even something like having to take a photo of a new payment card can be intensely frustrating, and lead to travelers losing trust and patience, and revert back to booking through third-party providers.



Credit Cards



Payment Moment



Buy now, Pay later

At the same time, the payments landscape has fractured. A decade ago, debit and credit card payments were king, but now organizations need a 'payment moment' that covers all the options available, including mobile and digital wallets, 'buy now, pay later' offerings and local payment methods specific to a particular country or region. There has been an explosion of these locally-based payment methods in particular, which have achieved widespread adoption - especially by Gen Z, who find them rewarding and convenient to use, especially when they're ingrained within popular apps and platforms.

Major organizations like Apple, Revolut, and Monzo have launched their own payment methods, allowing them to capture more data, increase revenue streams, and engage customers with a wider range of touchpoints. These home-grown payment methods not only appeal to Gen Z by making banking more engaging and personalized, but also enable companies to drive awareness and promote their products in innovative ways. By tapping into already established brand loyalty and ecosystems, these organizations offer an integrated experience within their own products and services, further strengthening their market position and customer relationships.

Building a checkout experience that covers off all the bases is something that Gen Z wants and expects. It gives them a chance to manage their money more easily, allows them to access rewards, and removes the financial stress from booking their next trips.

It can be difficult and time-consuming to put all this in place with the right selection of payment offerings, but technology partners specializing in **dynamic payment** methods can help.

This technology allows payment technology to be integrated into a sales journey, and for different payment methods to be **easily switched** on and off without any coding required.

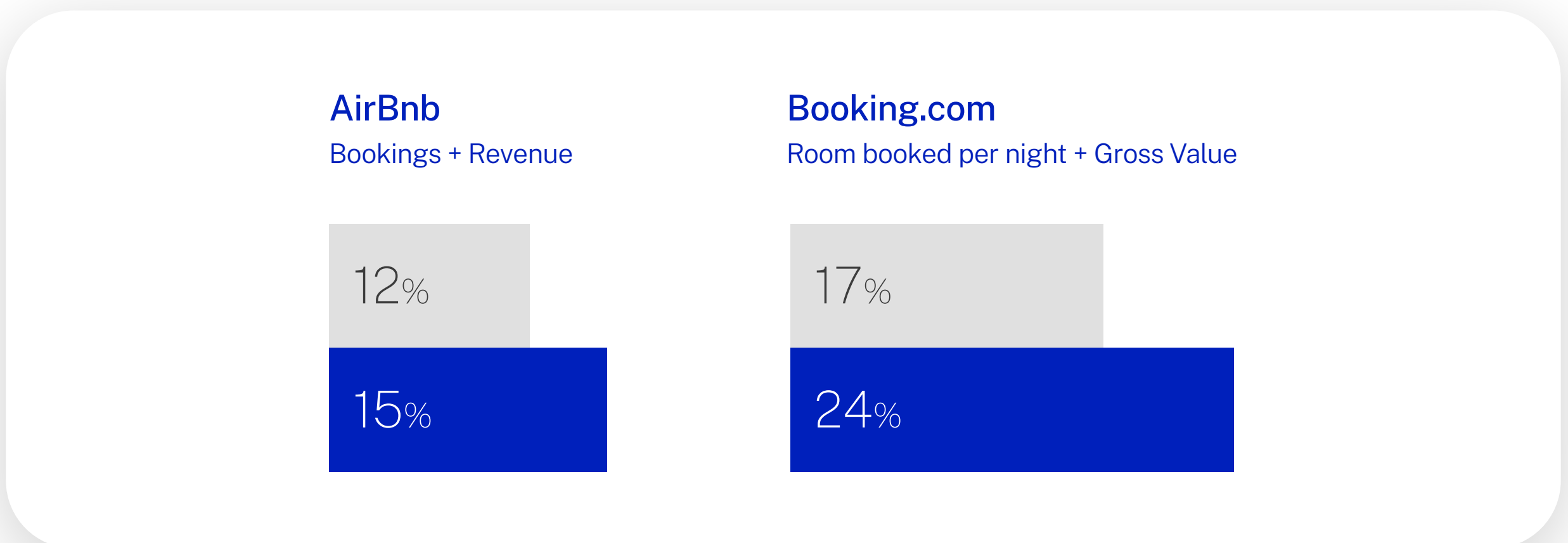
This puts the power of seamless payments into the hands of almost every travel organization.



Disruptors and innovators

It's no coincidence that the brands that are the most recognizable in today's travel marketplace are the ones that have pioneered the best digitally native offerings.

AirBnB and Booking.com are perhaps the first two ports o call when Gen Z book accommodation, and both make it easy to find, book and pay or extra experiences and services through their platform. Furthermore, AirBnB is now adding the ability to book with frictionless payments direct from a customer's bank account. The end results are plain to see: [AirBnB](#) grew bookings by 12% year-on-year in 2023, and revenue 17%; [Booking.com](#) has increased the number of room nights booked by 15% year-on-year, fueling a 24% rise in gross booking value. They have also innovated with the addition of installment payment options, saving preferred methods of payment, and regular pre-travel touchpoints over email and apps.



When it comes to frictionless checkout experiences, many leading travel brands have converged towards a single checkout platform. This means that travelers can purchase from any merchant, and choose from a full range of currencies, payment types and (where appropriate) payment plans. Intuitive, fast user interfaces and integration with global loyalty programs further improves the seamless experience that users receive, while maximizing the choice available to them.

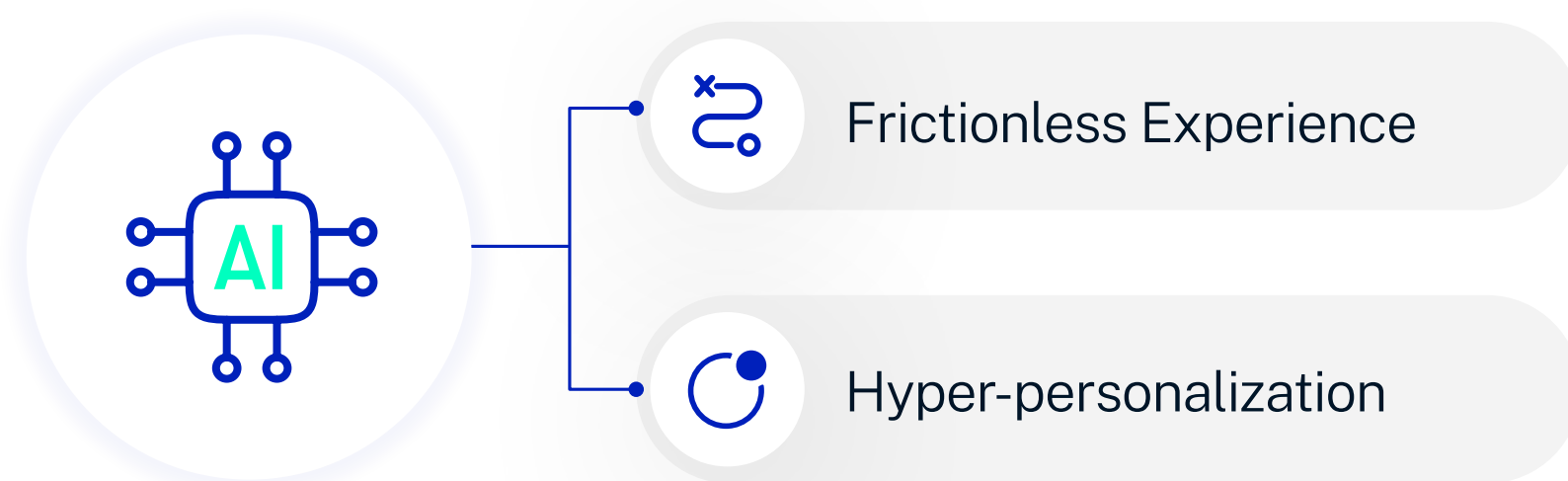


What does the future hold for frictionless travel?

If the present wasn't already exciting enough around frictionless travel, the future is even more tantalizing.

By the end of this decade, it's entirely possible that Generative AI copilots could be an essential tool for curating custom travel experiences, while XR could enable consumers to visualize hotel rooms they want to book. Certainly, AI and smart search functionalities will enable more personalized trip planning, taking into account budget, duration, desired experiences and other personal preferences.

So now is the time for travel firms to take action: enhance frictionless experiences and hyper-personalization leveraging AI, or be outpaced by more agile disruptors. This means seamlessly combining tech-driven convenience with authentic hospitality, in order to meet Gen Z's need to fit in and stand out simultaneously.



In practice, this means Gen Z wants to book travel and related experiences through channels and media that they trust - and therefore payment options that they trust, too. This means more integration, with big travel retailers selling experiences and travel options, and more movement towards super-apps like Uber. Ultimately, travel apps can become an extension of consumers' day-to-day moments, with the purchase funnel becoming embedded into media in much the same way a traditional retail offering is.

About Ciklum + Stripe

As a leader in experience engineering, Ciklum works closely with Stripe, the complete global payments platform, to deliver the technology that makes seamless travel payment systems a practical reality. Allied to our end-to-end expertise in designing and building experiences through technology, this stands us out as an ideal partner for redefining travel offerings and meeting the demands of Generation Z.

With our help, you can reimagine the entire journey from browse and search, all the way through to hotel check-in, activities during the trip, the return journey and post-trip enablement. Our specialist solutions for checkout conversion, dynamic payment methods and mobile optimization are ideal for enabling the frictionless experiences that Gen Z -and all travelers- want and expect.

stripe

Millions of companies — from the world's largest enterprises to the most ambitious startups — use Stripe's financial infrastructure solutions to accept payments, grow revenues, and accelerate new business opportunities, including Airbnb; Uber; Booking.com; 75% of the 2022 Forbes Cloud 100 and many of the largest internet companies, from Amazon to Zoom, Shopify and Doordash. Stripe is a Silicon Valley success story, processing \$1tr, about 1% of global GDP, across 3m+ customers annually, and a leader in payment and financial technology, now ranked among world's most valuable private companies.





Ciklum is a global Experience Engineering firm that stands at the forefront of innovation, blending next-generation product engineering, exceptional customer experiences, and cutting-edge AI. The business revolutionizes the way people live by developing technologies that reimagine, reshape, and redefine the future.

For over 20 years, Ciklum has been a trusted partner to global enterprises and digital disruptors, spearheading the creation of digital solutions that tackle complex corporate challenges while propelling businesses toward accelerated growth and success.

Its global team of over 4,000 highly skilled engineers, experience design specialists and consultants joins forces to engineer technology that paves the way for the future of your business.

If you need to bridge the technological gap between your travel solution and innovative transformation, get in touch with the people that can help you get to where you need to be.

[GET IN TOUCH](#)