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Can Blockchain Embrace The \$200B Millennial Travel Market?



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Most news and media outlets have spent thousands of words breaking down the Millennial generation - the group aged 21 to 35 - and for good reason. As the fastest growing consumer demographic, and one that is spending at a breathtaking pace, businesses in every industry are coveting this high-potential market. Already, the demographic **spends nearly \$600 billion a year**, equivalent to almost a third of all daily-per-person expenditures.

The trend has spread to **almost every major consumer-facing industry**, including the luxury goods market, real estate, technology and retail.

Millennials are also travelling more, even matching retirees as one of the largest demographics spending money on trips and bookings. Some experts have noted the importance of this generation to the travel industry, but it seems that the rest of the sector has been slower to modify their offerings to fit this burgeoning consumer group's demands.

The travel industry has become defined by a few major names at the top of the tree, and a strong centralization of power and processes, which results in disadvantageous prices and deals for consumers alongside fewer choices.

Even trip planning has its challenges thanks to websites like TripAdvisor, which are said to be negatively impacted by their centralization and more archaic monetization model.

In the case of TripAdvisor, its website ranking algorithm **is easily rigged** by companies looking for a boost in foot traffic, something that detracts from Millennial searches for a more personalized recommendation and experiential travel. Moreover, it is far from the only provider with such issues.

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Booking sites like Expedia and Kayak assess fees at every point of their supply chain, charging **disproportionately high rates** and transferring most of the costs to consumers. This increasingly runs counter to the preferences of Millennials, which include more personalized services, experiences over products and added flexibility.

Changing The Millennial Paradigm

While these travel companies tighten their stranglehold on the industry, they also open the door for upstarts to disrupt the market with solutions that are aimed more

directly at Millennials.

The move may seem pointless at first, but if one considers that the current market for Millennial travel is valued at more **\$200 billion annually**, new companies are speaking more directly to generations Y and Z in the hope of taking a larger piece of this rapidly expanding pie.

For many entrepreneurs and potential disruptors in this space, the answer to cracking the Millennial travel market rests in blockchain technology. The decentralized network and immutable ledger system make the technology an ideal partner for the experience and personalized travel Millennials seek, some have posited.

Indeed, more young people are turning back to travel agents - **34% of them in 2016**, according to reports - and blockchain fills the most important checkbox: a human touch to the booking process.

Thanks to their focus on this critical aspect, blockchain-based travel companies are taking advantage of shifting demographics and demand, especially as younger generations **shy away from bigger companies** they believe are too corporatized or profit-driven to care about consumers.

More importantly, blockchain-based solutions match with trends noticed by observers. For instance, **most younger adults** share their travel experiences on social media, and demonstrate stronger loyalty to companies that offer rewards.

Blockchain and related IT of the Distributed Ledger Technology (DLT) is argued to be perfectly positioned to harness these tendencies thanks to increased Peer-to-Peer (P2P) communication and better customer incentivizing methods via tokenization. The technology has already made important progress penetrating the market, with some companies already making a significant splash.

Improving Travel, One Part At A Time

Since travel encompasses more than simply booking flights, blockchain-based start-ups have found success attacking parts of the process, as opposed to offering vertically integrated solutions that centralize all aspects.

For instance, recommendation platform **Cool Cousin** seeks to turn users into de facto travel agents in their cities. Visitors can ask for recommendations and

“Cousins” are incentivized to participate thanks to the platform’s CUZ tokens, letting customers earn rewards for helping others and offering good advice.

For Millennials who report scrolling through several websites before making any travel decision, this unbiased and personal interaction is touted as delivering a more holistic solution.

“Millennials are a time penchant generation that demands quality and this is what we enable in the travel world,” remarked Itai Nagler, CEO of Cool Cousin. “What we’ve learned from amazing services like Netflix and [Spotify](#), is that when you give both - Millennials are the first to adopt and look at it as a dollar well spent”

He added, “Information overload and biased content in the centralized travel market, makes it impossible for travelers to find relevant info. No matter how hard they try to avoid dubious recommendations, much of their vacation time - and dime - is wasted on mediocre places that don’t fit their vibe.”

The executive further noted, “Our cousins are local, they’re in the know, they’re just like you and their main incentive is for you to have a fantastic time in their particular city.”



Cool Cousin

The Cool Cousin founding team, Itamar Weizman, Itay Nagler (CEO), Nadav Saadia, Shachar Cotani and Gil Azrielant[+]

Similarly, U.S.-based Loyyal claims to offer companies enhanced ways to incentivize Millennial travelers by creating “gamified” loyalty platforms (i.e. making things into a kind of game for greater interaction and engagement), as well as expanding the restricted redemption system.

Instead of being forced to spend points with a specific service provider, this blockchain enterprise allows for interoperability and more expansive [rewards plans that improve retention](#), and thus profits.

French blockchain start-up Fizzy meanwhile is aiming to give Millennials who are quickly ditching travel insurance a better method to protect themselves using transparent Ethereum-based smart contracts.

By solving these ancillary problems, Millennials are more likely to participate, and continue spending on travel, it is argued. The goal of blockchain-based companies entering the market is not necessarily to replace existing structures, but rather to fill gaps in services that many of the larger corporations cannot - or simply won't fix.

CryptoCribs, by way of example, is forcing competition with rental giant Airbnb with its P2P home-sharing platform, is accompanied by no commissions, fees or gatekeepers.

And, by tackling such issues, the nascent industry is staking its claim and is creating financial opportunities - not just for the companies creating the services - but for Millennial stakeholders who are willing participants in their ecosystems.

Flash In The Pan Or Emerging Trend?

Like much of the blockchain and crypto industry, there remain skeptics who are unsure whether the technology will really help capture a piece of the Millennial market. Moreover, many believe the [generational impact is blown out of proportion](#). Nevertheless, generations Y and Z represent a massive consumer base, and their purchasing power has already been widely established.

For the travel industry to enhance its services aimed at this growing audience, it would seem logical that it must take bigger steps to adapt to their ways of life and preferences. And, for an industry that earns billions annually from Millennials, better retention rates will ultimately depend on embracing innovative new solutions that solve perceived pain points for this burgeoning generation.

Follow Roger, an ex-FT writer who has penned various investment stories, on [Twitter @AitkenRL](#), [LinkedIn](#), [Forbes](#), [Google+](#). He won a State Street Institutional Press award in 2015.