

Staying Afloat: How Ferry Tourism Can Survive and Flourish in the Age of Digital Transformation

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wirecard

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1. Status quo: the ferry tourism industry today

From the Greek islands to the Canary Islands and Scandinavia—there's a huge choice of destinations that can be reached by ferry. And more and more people are using ferries. Each year, the global ferry industry transports around two billion passengers, plus 250 million vehicles

and 32 million trailers on vessels of all sizes.¹ And the forecasts for the coming years are even more promising.

In Germany, current studies reveal that, in the past five years, 39% of the population have made a journey by ferry, including short trips across rivers. In the coming five years, 49% of Germans are already planning to travel by ferry—this translates into 30 million prospective passengers, as well as great potential for the industry as a whole. Destinations such as Scandinavia, Great Britain and Ire-

¹ Interferry: 'Ferry Industry Facts', 2018: <http://www.interferry.com/communications/ferry-industry-facts/>

land, the western Mediterranean, Greece, and the Baltic states are particularly popular.² It's hardly surprising then that shipping companies are responding to this demand. According to reports, 25 large ferries will be launched in Europe within the next three years.³

On a global scale, ferries are used frequently, especially in Japan and North America. In Europe, three regions stand out: the Mediterranean, the Baltic, and the North Sea. These ferry crossings make up a considerable share of global ferry traffic.⁴

Major investment and increasing demand sound good, but is everything really looking that rosy in the ferry tourism industry? Not necessarily, because increasing digitalization is proving to be a challenge in this sector too. According to statistics provided by the VFF (German association of ferry operators and ferry tourism), both the use of and interest in ferry journeys is greatest among young people aged between 18 and 29.⁵ As digital natives, this target group is the most demanding when it comes to digitalization. What's more, competitors, such as low-budget airlines and companies from other sectors entering the transport market, are emerging as the drivers of digitalization in the more traditional ferry industry.

2. Growing expectations and an outdated image

The main reasons people decide to travel by ferry are the possibility to take their own car and the recreational value, because "the vacation begins on board."⁶ "For many passengers, it's not merely about the crossing from port to port — it's more about the whole travel experience. And this is where digitalization can propel the ferry industry into the future," says Florian Solleder, Key Account Manager, Sales Travel & Transport, Wirecard. After all, as well as organizational criteria (price, accessibility, departure times, and route), straightforward booking options and facilities available on board are among the most important selection criteria for a ferry crossing.⁷ Operators can achieve both through technological progress, and a targeted digitalization strategy.

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Ferries are still plagued by an outdated image. They are often associated with spartanly furnished ships with lots of cars and trucks and crowded lower decks, but not with luxury, comfort, or digitalization. Therefore the challenge is to merge the on-shore and on-board experiences and give passengers a seamless travel experience from booking to arrival.

The cruise industry has already spotted these opportunities and taken the lead in digitalization on the water. To create a more modern image and improve customer satisfaction, the ferry industry should follow its example. This sector has already embarked on an image revamp by positioning journeys as enjoyable mini-cruises, ferry cruises, or city tours with entertainment on certain routes. However, there is still a lot of potential, which will be explored below.

3. From just a crossing to a seamless and comfortable travel experience

In addition to improving security and efficiency, digitalization measures can cater to growing customer expectations, because the way customers book trips and consume products and services has changed.

For passengers, digital transformation means a more comfortable journey, from booking to the on-board experience

² Verband der Fährschifffahrt und Fährtouristik e.V. (VFF): 'Marktforschung zu Nachfrage und Interesse im Bereich Fähr-Touristik auf dem deutschen Quellmarkt', 2018.

³ FVW Touristik & Business Travel: 'Fährpassagen bieten stärkeres Potenzial', 2018. <https://www.fvw.de/news/kreuzfahrt/umfrage-ergebnis-faehrpassagen-bieten-staerkeres-potenzial/393/188503/18078>

⁴ European Parliament: 'Research for TRAN Committee – The EU Maritime Transport System: Focus on Ferries', 2016. [http://www.europarl.europa.eu/RegData/etudes/STUD/2016/573423/IPOL_STU\(2016\)573423_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/573423/IPOL_STU(2016)573423_EN.pdf)

⁵ VFF: loc. cit.






⁶ Loc. cit.

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and arrival. Some progress has already been made with mobile tickets and practical booking platforms, although this development is still in its infancy.

Not only passengers but also ferry operators will benefit from well thought-out and targeted digital transformation strategy.

Ferry operators will profit from:

-  More satisfied customers
-  Better competitive edge
-  Accurate data about their customers and their preferences
-  Being able to develop suitable products and services through data analysis
-  The possibility to generate additional revenue

With a cohesive strategy and the right partner, it's not as difficult to offer passengers an omnichannel travel experience as you might expect. The necessary equipment and technologies are, in many cases, already there. They just need to be used.

3.1 Easier to plan and schedule travel

There are many ways in which you can create a passenger-friendly omnichannel travel experience. Let's start by looking at the booking stage, which can be made easier by offering a full package, for example, including the journey

to the port by train or a hotel at the destination. Ferry passengers can also be given a helpful digital plan for their journey: What time does the ferry depart? Where do passengers have to be when? When should the ship arrive? Which route will the ship take? All this information can be provided in real time and tailored to each individual passenger.

For customers, the result is a stress-free and seamless travel experience. They book their tickets for the crossing, arrive at the right wharf on the day of departure, can drive straight to the point of boarding thanks to online check-in, and can then relax in the ferry's café, pool, or casino. Ferry operators can save time and personnel costs, which are, of course, enormous given the number of passengers. For example, every year, three million passengers travel with international ferries through the port of Oslo alone.⁸

3.2 Value-added digital services for passengers

Online check-in makes passengers' journeys even more comfortable. They register their vehicle, including its license plate, in advance, and can then check-in at the port in a matter of seconds thanks to video recognition. Services such as express check in, the booking of certain meals, wellness treatments, or tickets for shows are simple for ferry operators to offer if they have the right technology.

With value-added digital services, passengers can customize their crossing and their journey according to their own tastes. Data collection enables ferry operators to find out which services are popular and which aren't, optimize their processes, and provide offers that fit their guests perfectly. Loyalty programs, as already known from other industries, are also important tools in personalization. On ferries, they can be used not only to increase customer loyalty, for example, with bonus points for regular passengers, but also for exclusive offers or upgrades.

3.3 Shopping made easy with a good payment mix

Digital payment methods enable passengers to enjoy a stress-free time on board the ship. Whether they're in the restaurant, shopping, or in the spa, a variety of both con-

⁸ Oslo Havn: 'Passenger Traffic', 2018. https://www.oslohavn.no/en/passengers/passenger_traffic/

Ferry Payment Solutions

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ventional and modern payment options let passengers pay the way they prefer. From Alipay and Apple Pay to Google Pay and credit cards, a perfect payment mix of both online and point-of-sale creates ideal conditions for additional sales and higher conversion rates.

On Scandinavian routes that go via the Finnish Åland Islands, in particular, on-board shopping plays an important role thanks to tax-free sales. At the Tallink Grupp, a ferry service provider in Scandinavia and the Baltic Sea, restaurant and shop sales represented 56% of revenue in 2017. Ticket sales, in contrast, represented just 25%.⁹

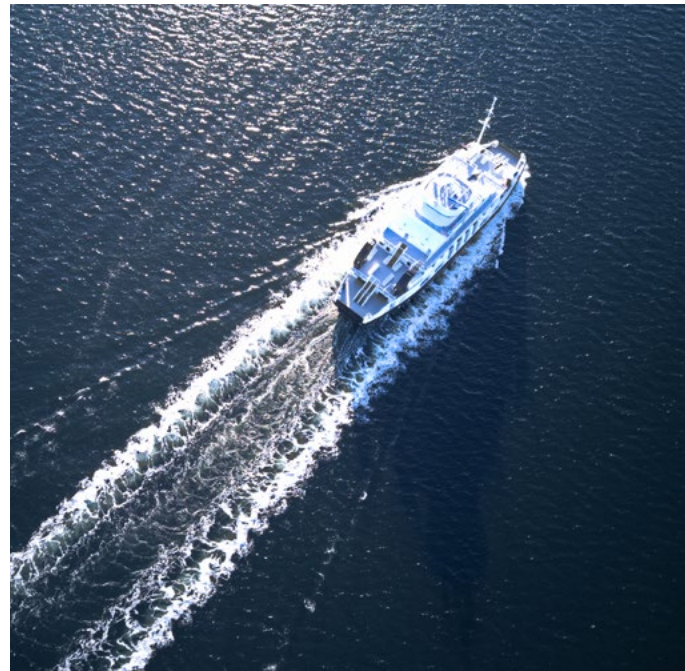
4. Conclusion: more than simply a means of transport, thanks to digitalization

The digitalization wave will hit the ferry sector in the coming years and, in some places, will certainly rock the industry's boat. To cater to changed customer expectations and not be overtaken by competitors, ferry operators and shipping companies must come to grips with the potential of digital transformation.

Conditions are ideal: journeys by ferry are becoming increasingly popular, especially among young people. Current travel trends, such as camping vacations by car, are also contributing to this upturn. "Digitalization of payment processes will simplify ferry passengers' journeys. The customer-centric nature of digital services and innovations makes ferry tourism easier, more comfortable, and more secure for travelers. Strategic digital partnerships help accelerate this transformation, making the ferry market more lucrative and the processes more efficient for operators as well," says Vincent Frontzek, Partner Manager Travel & Mobility, Wirecard.

The ferry industry is in a position to offer its passengers exciting new possibilities. At the same time, it can use digitalization as an opportunity to shake off its old-fashioned image. Instead of just being seen as a means of getting from A to B, ferry tourism can signify comfort and the feeling that a vacation really has begun.

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⁹ Tallink Grupp Presentation, 2018.
<https://www.tallink.com/documents/12397/79131557/Tallink-Grupp-Investors-Company-Presentation-2018-05.pdf/b2fdab9d-fd48-c81a-060d-9f770339c494>

5. Wirecard: partner for the digital transformation

Wirecard offers ferry operators tailored solutions that go far beyond the provision of payment methods. We see ourselves as your reliable partner in digital transformation. Whether you're looking for interfaces to booking systems, payment solutions, or consulting, we have innovative and sustainable solutions that meet the requirements of the ferry industry. What's more, our broad network of transport and mobility partners enables us to provide comprehensive partner management to fulfill more of your needs even more effectively.



Wirecard solutions

- ☑ **From consulting to implementation:**
Together, we find solutions to fit your needs perfectly. Everything is possible: from Wirecard payment solutions for digital payment to valuable consulting services. Trust in our experience in digital transformation and exploit its potential to the full.
- ☑ **The right partner:**
Benefit from even more competence, quality, and innovation through our wide partner network. Whether you're looking for additional services or full-service packages, we're happy to put you in touch with our partners.
- ☑ **Value-added services**
Drive digitalization on your ferries and offer your passengers added value they'll get excited about. Not only will you have satisfied customers and improved sales, but you'll also differentiate yourself from your competitors.
- ☑ **Always one step ahead:**
Wirecard is constantly evolving as a payment service provider. We react rapidly and flexibly to new market requirements and are already taking important steps today to address the challenges of tomorrow.

Ferry Payment Solutions

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About Wirecard

Wirecard AG is a global technology group that supports companies in accepting electronic payments from all sales channels. As a leading independent supplier, the Wirecard Group offers outsourcing and white label solutions for electronic payments. A global platform bundles international payment acceptance and methods with supplementary fraud prevention solutions. With regard to the issuing of own payment instruments in the form of cards or mobile payment solutions, the Wirecard Group provides companies with an end-to-end infrastructure, including the requisite licences for card and account products.

Wirecard (GER:WDI) is one of the world's fastest growing digital platforms in the area of financial commerce. We provide both corporate clients and consumers with a constantly expanding ecosystem of real-time value-add-

ed services built around innovative digital payments by using an integrated B2B2C approach. This ecosystem concentrates on solutions in the areas payment and risk, retail and transaction banking, loyalty and coupon programs in addition to data analytics and conversion rate enhancement across all sales channels (online, mobile, ePOS). Wirecard operates regulated financial institutions in several key markets, in addition to holding issuing and acquiring licenses from all major payment and card networks. Wirecard AG is listed on the Frankfurt Stock Exchange (DAX, TecDAX, ISIN DE0007472060). Visit us on www.wirecard.com, follow us on Twitter @wirecard and on Facebook @wirecardgroup.

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