

Customer Focused Online Travel Distribution for the 21st Century

A Summary Overview by

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If we accept the premise that the starting point is what the customer perceives as value (as desirable and good and worth spending their money on to obtain), then focusing on providing that value is the most important thing we can do. In many cases this will force certain companies to reconsider their stance regarding “channel conflict” in order to better provide what customers really want. Truly customer-centered organizations will find new ways to reconcile what was perceived by consumers as “conflicting” into a new sense that there is benefit in “complementarity”; blindly adhering to old ways will end up costing too much and will result in competitors getting your business because they managed to overcome those traditional barriers and you didn’t. Sometimes it just takes courage to see what happens if new ways are tried. Which is the greater risk? Disrupting distributor relationships? Or losing potential customers by not giving them what they want, when they want it, and how they want it?

More and more now travel consumers expect that they should be able to research online as much as the wish, day or night, right up to the point that they feel comfortably knowledgeable, discerning, and ready to make decisions. Those same people also expect to be able to purchase /transact / consummate, day or night, based on that knowledge. Confirmation of transactions and reservation detail should be immediate and easy to understand in order that the interaction is positively reinforcing. 24x7 service and delivery is becoming the norm; those who fail to serve their customers in this way will inevitably fail over the long-term.

The maxim is true - “Give the customer what they want, or somebody else will.” Assimilating product knowledge and establishing a readiness to purchase are inseparable; we must try hard to cement the need in the customer’s mind in order to prepare them to buy. Well tailored product merchandising is crucial, perhaps even more than ever before, because of the increasing role of human-to-computer interactions in sales processes; virtual interactions substitute now for what only a short while ago were almost exclusively human-to-human interactions.

Key Success Factors in the Marketplace:

The long-term success stories in the travel industry will be those who figure out how to serve their customers better at the same time as they learn how to decrease actual interpersonal interaction. On the surface this may seem to be counter-intuitive, but it really isn't. There is an expression used by experts in interaction design to the effect "*On the web, the user experience IS the brand.*" We all need to try hard to truly assimilate that into our thinking; to the degree we do, our businesses become more successful on the web; to the degree that we don't, we may be doing ourselves more harm than good. In addition to presenting customers with better information and easier transaction capabilities it is essential that we not forget about usability. It is important to simplify product selection while reinforcing customers' confidence that they are making informed decisions. The organization and emphasis in the user interface make the difference between those experiences that are "intuitive" and those that are "frustrating". Clearly, frustrating experiences are less likely to succeed because they directly oppose the sensitivity we want to convey regarding our focus on customers' needs. In order for transaction-focused systems to work as well as they should online, there needs to be quite some effort invested in refining usability so that it is as streamlined and as "intuitive" as it can be. Customers readily adapt to new capabilities when they offer recognizable benefits and it is clear to them how they work, where they are, and why they are there. We refer to this idea with "People just love to use things that work right."

Let us shift attention now on how two key sectors of the travel marketplace would benefit from adopting more customer-centric service philosophies.

Destination Marketing Organizations (DMO):

DMO face a particular challenge in transforming their legacy of processes to be more customer focused. It dredges up the old and often still unsettled debate over the issue of DMO involvement in commerce. Traditionally these entities, at the national, regional and local levels, have mostly interpreted their mission as limited to providing information and marketing of the destination; they were to remain at arm's length from commerce and leave it to the private sector. Our arguments to this point suggest that we need to extend the role of the DMO into deeper product merchandising and more completely set the stage for customers to develop their "need" for specific destination products. Consumers have a great appetite for detailed and high-quality information about the products they would buy. DMO must serve this primary need by carefully presenting information about destination products in ways that lead consumers through the vacation planning process cycle we refer to as "*Dream, Learn, Plan, Go*"; these are the steps that take place in the minds of the consumers as they proceed from the earliest stages of concept to complete realization of their vacation. Inevitably there are critical gaps in the process that impede realization of the goal.

To successfully bridge those gaps, especially between the “Plan” and “Go” stages, requires a comprehensive view of the DMO marketing process and the current methods by which customers purchase vacation travel to their destination. From that view we can see these discontinuities, and even if they are small they contribute to failure of marketing programs. To correct or compensate for these shortcomings efficiently requires specific know how of not only the marketplace but also mastery of the right web-based techniques. The scope of those solutions varies but sometimes, small “fixes” have large influences in improving the outcome of marketing campaigns and the some times large investments already made in them.

Occasionally DMO will need to build new platforms or put new technologies into place in order to accommodate the needs of its commercial partners so that they are better able to “provide the customer with the right products at the right time and in the way they want it delivered.” It is very important to know, however, that as often as not smaller-scale “bridge” solutions may save the day because they are quick to implement and much more economical than re-engineering a major project would be. All that is required to take advantage of such “bridge” solutions is a slightly more savvy appreciation of the possible alternatives. In a word - “It’s not rocket science.”

In today’s world of tight budgets and increased competition among destinations, DMO can no longer afford to think of themselves as just “interested bystanders” and only offer superficial support and incentives to the commercial sector. DMO must become active participants and assist directly by providing better targeted support for destination commerce – even if that commerce is restricted exclusively to the private sector. Again, small adjustments can sometimes lead to large results. Such approaches help to maximize the returns on their marketing investments that have already been spent, and they demonstrate to funding sponsors how DMO budgets are being used wisely and effectively. Just think, “Bridge”; it is a perfect metaphor to visualize the best way to approach creating solutions.

Leisure Travel Providers:

Intermediaries need to transform their operations to be more customer-centric than product-centric. The goal, of course, is profitable sales, but with the commoditization of products we have seen over the last few years, competitive advantages are only now evolving to better service by more directly appealing to the sensibilities, aesthetics, and individual preferences of customers. We have seen the roles of tour operators, vacation product suppliers, and travel agents change radically over the last few years. Online travel agents such as Expedia, Travelocity and Orbitz empower travel consumers with direct capabilities they can manage themselves, i.e., air, hotel and car/rail.

The need for traditional intermediaries and “middlemen” is decreasing, but there will continue to be a place for those who are able to compete by delivering added value in the form of extraordinary, personalized, and reassuring customer service.

As travel products are perceived more and more to be commodities, supplier competition based on pricing will prevail. It will be an unfortunate state of affairs if the industry of qualified helpers and facilitators were to become a thing of the past. The details of their roles may change but the value-add of their assistance will continue. Better customer service and creatively focusing on customer needs is the path to survival, but for many it will be a rocky and challenging course. Well-heeled companies have taken dominant positions in the travel marketplace, especially online. Transaction volumes are high and these result in high cash flows. In order to sustain their market leadership advantage they too will be obliged to give the customers more of what they want beyond cheap tickets.

The next stage of consumer empowerment is in giving consumers the ability to configure all aspects of their vacation travel needs as an interrelated whole. For transaction-focused companies the next new levels of giving the customers what they want will be letting consumers select all of their preferences by “self / dynamic packaging”. Today this is still a technological challenge. But interoperability problems are being solved and customer-optimized travel is already available, though in a limited fashion. Pre-packaged vacation offerings will continue to exist but they are already diminishing in their importance in the minds of vacation travel consumers, as they do not offer the desired flexibility of the new varieties. Soon, dynamic packaging capabilities will determine success or failure.

The mantra continues to be “*give the customers what they want or someone else will.*” The technology challenges of comprehensive dynamic packaging are rapidly becoming thing of the past. It is important to appreciate that the reason that it will come about is because consumers are becoming ready to insist on having these capabilities. It is almost here in the ways that we had envisioned it becoming. Competitive advantage will go to those who are involved in bringing it about, and to those whose information and products are in suitable formats that favor the re-combination of trip components into multiple, flexible itinerary configurations.

The only long-term formula for success is to totally focus on what customers really want and then provide that as well as we are able. The whole travel industry is becoming increasingly customer focused. Wisdom involves seeing the trend of change and then adapting to it rather than opposing it.

About netStrategic

netStrategic LLC was formed by Level9 and bühlerworks in September 2002 to assist travel organizations in e-business development, online marketing and destination merchandising to travelers from the Americas, Europe and Asia.

We combine a full-service design and development firm with wide-ranging, global experience in destination marketing, the airline sector, retail travel and wholesale tour operations as well as in the fastest growing e-commerce segment - online travel. We are one of the very few strategic consulting and interaction design firms qualified to develop definitive and truly innovative online destination marketing systems (DMS).

netStrategic provides customer-focused, integrated, online business solutions with an emphasis on the leisure travel industry. We specialize in optimizing the web delivery channel for travel destinations and leisure travel companies by innovative communication of their key attributes and effective systems integration and connectivity solutions.

About the author

Joe Bühler, CEO of netStrategic LLC, has been involved in travel and tourism since graduating from Business School in Zurich, Switzerland. He has gained his wide-ranging, global experience in destination marketing, the airline industry, retail travel and wholesale tour operations as well as in the fastest growing e-commerce segment - online travel. Joe has held key executive positions in Japan, Canada, the United Kingdom and in the United States.

Previously he was EVP Business Development & Strategic Alliances of EuroVacations.com - the online travel unit of Rail Europe Group - and the first company to offer fully custom-designed, dynamic vacation packages for independent travelers online.

Prior to that Bühler worked for Switzerland Tourism, the national destination marketing organization (DMO) for one of the top 15 global tourism destinations. During his extensive career he was responsible for their operations in North America, the United Kingdom & Ireland, Canada and Japan & South East Asia, where he established the first presence of the DMO in that region, with an office in Tokyo, Japan.

Joe was elected Chairman of the market operations groups of the European Travel Commission (ETC) both in Japan and in the United States and also served as Vice Chairman of the Alliance of Canadian Travel Agencies (ACTA).