

## **CONFERENCE REPORT**

### **DIGITAL DISTRIBUTION IN TRAVEL**

**London, England, October 2000**

This two-day conference, organised by the International Quality and Productivity Centre (IQPC), explored the features of digital media, defining the impacts of their application to travel distribution. Speakers focused on the potential benefits of cutting edge consumer technology such as Interactive Digital TV (IDTV) and mobile telecommunications for B2C distribution of business and leisure products. Internet distribution was reviewed particularly in the context of customer relationship management (CRM).

Among the speakers on the first day were Peter Shanks, Managing Director of UK Distribution for First Choice, who discussed the significance of a strong 'bricks and clicks' Internet and IDTV presence for tour operators; Dr. Karsten Kärcher, Strategic Account Director at Telewest Communications PLC, who related on IDTV and broadband services, stressing the importance of their role in establishing a managed information and premium shopping mall environment; Mathew Prior, Managing Director of TheFirstResort.com, who debated the role of Internet portals for the distribution of package holidays and supported the concept of partnerships between large brands ('co-opetition') to drive down customer acquisition costs; and finally, Bill James, Ventures and Futures Director of ThomasCook.com, who highlighted the importance of a multi-channel, 'bricks and clicks' retail strategy in order to consolidate market position.

On the second day, speakers included Karen Gee, Director of UK Marketing for eDreams, whose contribution concentrated on the significance of profiling customer types and behaviours for the production of an online CRM strategy; this subject was further delved into by Tim Hughes, Business Development Manager for Expedia, who argued that the key to the successful

management of a CRM database lies in treating customers differently according to their worth to the company. Mobile technology was widely discussed by Patrick Kelly, Principal Consultant for British Telecom, who argued its suitability for the provision of support and information services; this concept was further supported by Dr. Daniela Bourges-Waldegg, Research Assistant at IBM, who reported on a case study featuring an experimental check-in and alert service currently offered by Swissair.

The main conclusions that were drawn from the contributions and subsequent discussions were as follows:

- The Internet marketplace is currently undergoing a period of consolidation, marked by a shift in online players' priorities: from offering the best prices to capturing a valuable customer base by offering non-standard services and added value. Acquisition, however, is not the only issue: customers should be maintained by establishing a psychological hold on them by means of robust branding and constant contact after the purchase.
- IDTV will allow leisure travel businesses to further penetrate the home market in an unobtrusive manner, as a result of the use of traditional TV sets. The creation of 'walled gardens' (i.e. brand communities available to users through the subscription to an IDTV service) will enable the establishment of a controlled commercial environment, enhanced by media-rich content.
- A high-street-only or TV/online-only presence is, by itself, not sufficient to guarantee market penetration and customer satisfaction. The adoption of a 'click-walk-talk' strategy allows travel businesses to establish their brand over a variety of distribution channels, thus creating a seamless customer experience.
- Partnerships and 'co-opetition' between businesses are essential, since they ultimately allow the acquisition of a large customer base and the creation of a CRM database at a lower cost.

- Mobile phone technology is still in its infancy, and is currently unable to carry large amounts of data at high speeds; as such, the information accessible at present via mobile handsets is limited. For these reasons, m-Commerce is currently not viable, except for small transactions. However, the present state of development of the technology is particularly suitable for advertising (for instance increasing awareness of special flight/holiday offers) and support services, which enable users to access timely and geographically relevant information.

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