

TTI Spring Conference 2002

CRM in Travel

How do we define Customer Relationship Management (CRM)? What constitutes good CRM practice? Which travel businesses should apply CRM? Does CRM help to sell more? Is it even needed?

The TTI Spring conference tackled all these issues, stimulating debate through a roster of speakers comprising representatives of travel companies whose strategies present a strong CRM component, and suppliers of CRM systems to travel and other industries.

Simon Beeching, Managing Director, Wexas International, advanced the view that CRM is, first and foremost, a philosophy which, in order to be effective, must permeate the whole organisation. He stressed that, without a solid customer service infrastructure in place, embarking on a CRM strategy could have disastrous results. Simon warned that one of the most common mistakes of travel companies is to spend more on customer acquisition than retention and re-activation; in fact, he said, the latter deliver much greater returns.

Tour operations also greatly benefit from developing customer relationships efficiently. Steve Dobson, Director of Technical Development, Anite Travel Systems, highlighted the importance of tracking consumer habits and preferences, using these to cross-sell, up-sell and target-market effectively. These objectives may be achieved by ensuring that, once customer data is captured, it is integrated seamlessly across all the other systems used by the organisation, therefore being easily available for consultation whenever needed. A well-planned customer database enables tour operators to make strategic marketing communications' choices based on consumer preferences, Steve said.

Customer Value Management (CVM), rather than CRM, was the focus of a speech by Neale Vickery, Head of Customer Strategy, Thomas Cook Group. CVM is "a culture change supported by skills and systems" with the purpose of delivering specific products

through specific channels to specific customer segments. CVM, according to Neale, requires companies to redesign their strategies to become customer-centric. The basis of this process is consumer knowledge and segmentation, which in turn influences product development. The greatest challenge in the adoption of this plan, he said, is leading customers down to specific groups according to their behaviour and value, whilst maintaining a consistent line of conversation with them throughout their relationship lifetime. Technology plays an important role in the relationship management process; however, any investment in technology must be progressive, and part of an integrated strategy.

Neal Feakin, IT Management Consultant, Saga Holidays, and Deborah Kerr, Account Manager, Genesys Telecommunication Laboratories — Europe Ltd., presented a case study demonstrating how Saga has harnessed Genesys' technology to improve call centre automation. The system currently in place allows Saga staff to quickly identify customers and deal with them appropriately, according to their contact history. The reason and outcome of calls are also recorded, to assist in handling future calls. Introducing this high degree of automation has enabled Saga to reduce average call lengths, while increasing quality of service.

The creation of communities of customers plays a major role in building consumer brand loyalty, said Richard Forsyth, Managing Director, CRM-Forum.com. Richard explained that CRM only has value when it is intended as a customer-managed relationship, where consumers are empowered and are treated as individuals. Organisations must strive to ensure users can identify with their commercial values. Online communities are particularly successful in achieving this purpose, as they are completely 'user-centric': they allow one-to-one user interactions and exchanges of experiences, give easy access to product and ancillary information, whilst giving users the chance to profile themselves. These unique features shift the focus from the transaction to the customer, who perceives the added value and would therefore demonstrate a higher propensity to buy.

Expedia's key to creating customer loyalty, as explained by Nickie Smith, Marketing Director Expedia.co.uk, is to "surprise and delight" its most valuable customers, continuously introducing initiatives to keep their interest alive. Nickie also pointed out that respecting the customers' communications choices is paramount — they are able to decide how often they would like to be contacted, which types of information they would like to receive and in which format. Nickie's advice to companies who plan to introduce CRM: to test a system thoroughly to ensure that it fulfils business requirements and produces the desired return on investment.

Delegate and speaker consensus was that CRM stands for knowing and empowering customers, in order to provide them with better service throughout their buying experience and therefore increasing brand loyalty. However, a valuable point was made on several occasions: beware of investing in an expensive CRM system if your company is not ready for it, as technology can automate existing customer service processes but cannot by itself provide a quick-fix solution.

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