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ONLINE SERVICE FOR TRAVELLERS

By Vikneswaran Nair

The impact of e-commerce on the travel industry differs significantly with that of its impact on the agency.

The innovation in services, customer satisfaction, product promotion and new product development are some of the aspects that differentiate one agency from another and the impact has been analysed separately.

REDUCED COST
Travel distribution costs are currently the third largest controllable expense for airlines after people and aircraft.

Travel and entertainment represent the third controllable largest cost centre for large corporate customers after people and office space.

Technology is therefore seen as a critical factor in measuring, controlling and reducing these costs. At the same time, new technologies bring added customer value, as new products, new processes and new strategies become possible.

Some of these can be seen in the marketing area; with one-to-one marketing and mass-customisation for example, suppliers now have the ability to understand each customer’s needs, target them individually and deliver custom-made products.

An important impact of e-commerce on the industry as a whole is that there has been tremendous reduction in the variable components of its cost.

With the help of shared infrastructure, the access to and the use of information have become very easy.

IMPROVED SERVICES
Through the use of multimedia information (sound, image, video), customers are able to better understand the products (be it a hotel room, a rental car or beach) without the need for specialised personnel of the travel agency.

This also saves money in terms of printing (quickly outdated), advertising material, handling sales through a phone call and delivering paper tickets.

Once an agency understands a customer’s needs for a specific travel, an online travel agency service could dynamically put together a package of air travel ticket, hotel reservation, car reservation, travellers' cheques, restaurant guide, etc. which would serve these needs.

In the travel industry, for instance, repeat business tourists should see no point in using a traditional travel agency when an automated system can handle a simple request just as well, with the convenience of an automated information and reservation platform accessible anytime.

Gradually, increasingly complex requests will be handled by these systems, and travel agencies will have to find new ways of differentiating themselves.

CUSTOMER FOCUS
It is ultimately the customer whose needs are to be satisfied by the agencies.

Technologies have enabled the travel agencies to focus more on the customers. Supporting a customer focus strategy, technology can help corporations maintain and enhance relations with their customers, for instance memorising their preferences and anticipating their needs or targeting them with specific offers will have greater impact on the customers.

The role of technology in learning about customers is its ability to record every event in the relationship, such as customers asking for information about a product, buying one, requesting customer service, etc.

Throughout all these interactions, either over the phone in person or on-line, the needs of the customer are identified and will feed future marketing efforts.

Technology is seen as a critical factor in measuring, controlling and reducing travel costs.

If we use the example of the online travel agency, its ability to store and remember customer habits (e.g. always flies out of this specific airport, likes window seats and requests vegetarian meals) and particular data (e.g. frequent flyer
numbers, preference for a particular rental car company, etc.) will establish a relationship where the customer feels particularly comfortable in dealing with this particular travel agency.

Moreover, a historical analysis of the data will reveal who are the most profitable customers (usually 20% of a company's customers generate 80% of the benefits) and products, therefore allowing to reduce the scope of products, to focus on the most profitable ones, and extend a product line by adding products likely to cater to the needs of these most profitable customers.

TECHNOLOGY-DRIVEN STRATEGY
The agencies are no longer driven by their sound business plans but the technology-driven plans are in place. They need to look at how these new technologies have offered opportunities for new products.

An example of new product attributes could be knowledge database accessible online, and gathering travel experiences.

Before making a choice for a specific destination, a tourist may be offered to review the database and see (good and bad) recommendations about specific providers in that destination. This database could also support e-mail exchanges between tourists and would create a virtual community of travel enthusiasts.

DISINTER-MEDIATION
Intermediaries have been created by the lack of information and opportunities.

New technologies improve the diffusion of information to everyone, thereby reducing the power of existing intermediaries. Also, as mentioned above, the use of a public-shared infrastructure (such as the Internet) rather than a proprietary network (such as a CRS) removes a strong advantage from the former exclusive users of such a network-the travel agencies.

These agencies will have to provide a different added value service than simply being an information intermediary.

Although disinter-mediation will definitively happen in that industry, re-intermediation will also be seen. This means that customers won’t always find it desirable to go to different providers directly to get information (such as time tables or fares), and compare them but will sometimes pay an intermediary to do this for them.

In other words, they'll need to reduce their search costs. This could be done by a travel agency, but also by an automated agent or, until this technology matures, by a CRS offering direct customer access or a new kind of online travel agency.

The Internet today is home to hundreds of providers (airlines, hotels, travel agents) offering their services directly.

NEW SALES CHANNEL
Until recently, there was no interaction between the advertisement of a travel agency and the tourist.

E-commerce now allows a bi-directional channel wherein the tourist is in a position to plan his/her itinerary by himself/herself and a travel agency can quote for its services.

The Web today supports hundreds of travel agencies, small products suppliers, and other travel destinations.

What it is currently lacking is good navigational support. The travel agents have now started to understand customer needs, select the right information on the Web for them, package and present it attractively before processing their transactions in a secure way.

PRODUCT PROMOTION AND NEW PRODUCT DEVELOPMENT
E-commerce has offered more than one convenient way of promoting travel related services. Such a system provides destination information (on the city or region, good restaurants and museums, required visas), finds the best way to get there (airlines, hotels), and offers to buy multiple products useful for such a trip.

RE-ORGANISATION
In order to avail the opportunity, e-commerce has offered to the travel trade the need to re-organise itself.

It is widely acknowledged today that technology cannot be introduced in an organisation without considering the impact on organisational processes, the corporate culture, and incentives and rewards systems.
It requires a good organisational commitment to successfully run an
electronic commerce system.

It is true that the Web today represents a great way to test some
commercial ideas with a low cost of entry, and thus is a
great equaliser and a real marketplace for innovation. But very
soon a working system would require additional resources in
terms of technology and skills (e.g. professional design, integration
of legacy systems, process integration, etc.)

The experience shows that most systems started by small entrepre-
neurs have been bought by larger
companies, as they needed more
resources to expand.

With large players present in the
market, customers become accus-
tomed to increasingly higher quality
systems. New technologies, such as
the integration of audio and
video, increases the complexity of
developing an online presence.

The cost of such systems is
often an order of magnitude higher
than start-up ones and this
aspect can hardly be ignored by
the agencies.

CONCLUSION
Travel is only one of the industries
that has been strongly affected by
electronic commerce. It belongs to
the service sector where information
processing determines the competi-
tive advantage and e-commerce,
which is based on information pro-
cessing, can help to a great extent
in this area.

Travel agencies may reorganise
themselves to take full advantage of
e-commerce.

While enjoying the benefits
of better customer care, lower
cost of distribution etc, the agen-
cies also face the challenge of
going out of business if they do
not change themselves at the
same rate at which the technol-
ogy is changing.

(from pg 13)

EFFICIENT eGOVERNMENTS

between Government and Citi-
zien (G2C – such as CRM via
Citizen Interaction Centre, tax on-
line, e-voting, etc.) and Govern-
ment and Business (G2B) to
ensure public services are citizen-
and business-centric.

- Deployment. A deployment
strategy should be multi-chan-
nel (In-ternet, interactive infor-
mation kiosks mobile phones,
etc.). With a robust, scalable and
proven solution that covers
G2G, G2E, G2C and G2B, a
government will be able to
transform itself and provide
comprehensive e-government
services to all its citizens.

- E-Government.

By taking this structured
approach to eGovernment trans-
formation - starting with the
technology foundation and im-
proving administrative processes
to alignment with a front-
end portal or service centre -
Asia Pacific governments can
enjoy a robust, scalable, multi-
channel solution that covers tran-
sactions between the govern-
ment and its citizens, business-
es, employees and other govern-
ment agencies.

Ultimately, it is about creating
efficient and accessible eGovern-
ments that are focused on en-
hancing service and citizen
relations and, at the same time,
are managing their budgets and
revenues effectively, especially in
the midst of demanding economic
conditions.

(from pg 21)

STAYING FOCUSED

family building tool. "It is a good way to enhance the rela-
tionships in the family, as we do this process together. At
times, I just like to sit outside and enjoy the greenery."

His other passion includes his love for Balinese styles
as a home concept and has indulged in it to a certain
extent by surrounding himself with some clay pots and
plants that exude this style. Even his limestone pond in
his backyard reflects this passion.

"I also enjoy reading books, magazines and industry
related books or articles. I am a very simple guy as I
don’t surround myself with many things,” he says. His
reading materials are usually books that inspire him to
make changes for the better in his company.

Saying that he likes to play golf, See says that he
took up the sport some two years ago but has some-
how not had the time to play.

"I started playing golf again last year but I got so
busy again and golf got sidelined yet again."

ASPIRATIONS
Growing e-Cop to another level is See's career aspira-
tion, as he hopes to build the company's name and rep-
utation in the Internet security arena.

His personal aspiration is to own a bungalow in five
years time "even though I feel the house we live in now
is too big for us.

"I still want it because I want to surround my-
self with greenery in the form of a big garden with
water elements. I also would also like to have some
dogs such as Beagles or Golden Retrievers in my
dream home."

A wonderful man with great values, See regards chil-
dren as white pieces of paper and what they become
are what parents or people put on them.

"The environment in which children grow up is very
important and that is why I usually tell my wife that we
need to spend more time with the children,” says See.