EXPERIENCE COUNTS: AN UNTAPPED OPPORTUNITY TO DRIVE BUSINESS PERFORMANCE.

How the travel industry can benefit from a focus on customer and employee experience.

2017 Report
Customer centricity in the payments space ain’t new — at least in the world of B2C. In fact, Amazon’s patent for its now-infamous 1-Click checkout, which made the payment experience a whole lot easier, expires this year. Yes, it’s been 20 years.

Combine that with what the likes of Uber are doing, and it’s exciting times for those of us who love seamless payment experiences.

I’ve tried to find a reason why such innovation can’t — or shouldn’t — be achieved in the B2B space. And I can’t. Effective payment processes can be the power behind improving customer experience (CX) and employee experience (EX) for travel intermediaries.

Customer experience leaders stand out. Deliver better operational and financial outcomes. And have stronger customer loyalty and advocacy. That drives growth, profitability and business success. Which is, after all, why we’re all here.

So we partnered with Smith+Co, global leaders in customer experience, to put together some insights on how and why improving CX and EX drives business performance. And then we created an online CX calculator, so you can see the change that those improvements can make to your business.

Anthony Hynes
— Managing Director & CEO
eNett International.

“Let’s go.”
OVERVIEW.

This white paper explores how improvements in CX can drive business performance for travel companies. Using case studies and expert analysis on the benefits of improving both customer experience and employee experience, the insights in this paper are particularly relevant for leaders in the travel industry.

1. Why customer experience is vital in the travel industry.

2. Aligning employee experience to customer experience.

3. The relationship business.

4. Improving the payment process and understanding how it improves CX and EX.

5. Measuring CX.

6. What does it all mean?
KEY FINDINGS.

Organisations who improve customer experience improve their commercial performance. This is underpinned by customer advocacy.

Powering the customer experience requires a holistic view across the Service Profit Chain. This means putting energy into the employee experience to drive an improved customer experience.

The breadth of choice travel companies offer is a key driver of customer experience.

Travel companies need to streamline internal processes that are a barrier to employees providing a strong customer experience. And think across the whole organisation, especially if customer touchpoints are digital.

A payment provider who makes the payments process easier, faster and safer opens up a world of choice and simplifies internal processes.

An effective and efficient payment system can power major improvements in customer experience and employee experience, which in turn drives better business performance.
WHY CUSTOMER EXPERIENCE IS VITAL IN THE TRAVEL INDUSTRY.

Forrester’s The Revenue Impact of Customer Experience report found that just a one-point gain in the CX Index was worth US$175 million in additional revenue to a wireless provider, US$118 million to a luxury automaker, and US$65 million to an upscale hotel chain.

There’s lots of evidence of the measurable benefits of a thought-out, brand-aligned customer experience. And that a holistic focus on the customer experience means your people, processes and technology are aligned to create customer advocacy. Leaders in CX also deliver significantly greater shareholder returns.

Global CX consultants Smith+Co profess that a 5% increase in customer loyalty can produce profit increases between 25–85%.

We’re seeing clear trends in customer expectations and drivers of advocacy in the fast-paced travel industry.

As we become more connected, customers expect a wider choice of travel options and destinations.

Increasingly, travel customers want to step off the beaten path, reinforcing the need for travel companies to provide more listings and supplier options.

Customers still want their experience to be hassle free, even when they seek exotic destinations. And they want to know (and feel) they are safe when processing travel bookings.

So the challenge for travel brands: delivering on your customers’ desire for more choice, while improving your employees’ experience, to deliver sustained improvements in business results.

THE CHANGING FACE OF TRAVEL.

Online travel agents (OTAs) are increasingly the first port of call for customers researching travel options. Global online travel sales have grown rapidly, generating US$530 billion+ in 2015 and tipped to grow to US$760 billion+ by 2019.* We think opportunity is knocking.

Research shows customers are looking for more choice and exotic destinations. Analysis of the number of listings and customer recommendations shows the more listings OTAs have, the more satisfied customers they have. This translates into stronger customer advocacy and better business performance.

With the world becoming more connected, OTAs have a stronger mandate than ever to be an influential and trusted advisor for customers, who consult them long before making a booking or transaction.

But as your CX becomes more seamless and digital, what you do behind the scenes must follow suit. Always keep in mind that wider choice is the energy behind better CX.

Leveraging innovative payment solutions like eNett Virtual Account Numbers (VANs) can power an increase in the number of listings and suppliers, driving customer experience and advocacy, while protecting travel agents from increased risks and costs.

FIGURE 1. THE NUMBER OF OTA LISTINGS DRIVES CUSTOMER ADVOCACY†

N.B. This chart plots real OTAs, which have been anonymised

Ronan Dunne’s sentiment is growing more relevant for business leaders who want to maximise and streamline internal processes.

Exclusive Smith+Co research, along with wider industry studies, shows companies are understanding that to deliver a great customer experience, you first need to create an engaging employee experience.

Enthusing and uniting a workforce isn’t easy. But it is important. Even where direct customer to employee interaction is rare and most engagement is via digital channels and technology assets.

Like it is for OTAs.

The travel industry is a pretty good example of a market where a fusion of digital processes and human touchpoints can be harmonious or problematic.

If a B2B payment process is cumbersome, how does that affect the payer and, subsequently, their travel customer? Slow, inefficient, complex technological solutions or outmoded manual processes are often a problem for travel agents, even though it doesn’t have to be that way.

And with the widely accepted business advocacy formula that is the Service Profit Chain (see page 8) still proving accurate, reshaping the EX is becoming a priority for travel companies.
PART TWO

The Service Profit Chain is a good way for an organisation to take a holistic view of their business, make decisions and focus on things that matter to employees, customers and shareholders. The links in the chain (that’s Figure 2) can be summarised down to:

- Profit and growth are mainly stimulated by customer advocacy and loyalty;
- Advocacy and loyalty is a direct result of customer satisfaction;
- Satisfaction is largely influenced by the value of services provided to customers;
- Value is created by satisfied, loyal and productive employees;
- Employee satisfaction, in turn, is driven by high-quality support systems, tools and processes that allow and motivate employees to deliver results for customers.

It outlines clearly that high levels of internal loyalty have positive effects on customer experience. Case studies show business leaders can increase advocacy with customers and employees by embedding seamless processes for both groups. Using the Service Profit Chain as a guide and brand purpose as the foundation.

"The challenge for many brands is not to become content with just ‘Product’ ‘Price’ ‘Place’ and ‘Promotion’,” Smith+Co Founder and customer experience expert Shaun Smith says, “but to always remember to prioritise their ‘People’. What stands out in brands that were studied is the unusually high levels of attention paid to the employee experience.”

Figure 2 — The links in the Service Profit Chain, Harvard Business Review
Many leading travel brands are discovering the business value of defining a purpose, creating a brand promise, designing a high-level customer experience and setting up an implementation team. One step that should always be considered is the effect on employees, processes and products — and how to align these to deliver the customer experience.

Leaders who place the same priority on EX as they do on CX often power loyalty in both audiences.

When leaders set out to master their customer experience, are all activities throughout the organisation considered? This key foresight often sets high-advocacy brands apart.
PROOF OF REWARD.

Research shows there is a strong link between CX and EX (as shown in Glassdoor ratings) and the resulting level of customer advocacy (Figure 3). Companies like Southwest Airlines, for example, where investment in EX has been researched and documented, often rank very highly in customer advocacy.

EX (and therefore CX) is influenced by your choice of mid office systems and processes. Simpler, faster systems improve EX. And mean less employee time on critical but energy and motivation-sapping mid and back office functions, like payment reconciliation.

That’s where choosing faster, easier, safer payment solutions power better EX. eNett VANs, for example, add momentum to a better CX by automating important but repetitive tasks, such as manual reconciliation of supplier payments, allowing staff to concentrate on more interesting and higher value activities.

FIGURE 3. EMPLOYEE AND CUSTOMER RATINGS OF OTAS ARE CLOSELY LINKED†

N.B. This chart plots real OTAs, which have been anonymised

The Relationship Business.

There’s a balancing act underway in the travel industry. As CX leaders strive to balance the digital experience and the human experience, it’s important to understand that what’s traditionally been seen as a ‘transaction business’ really is more a ‘relationship business’. “Digital innovation should enhance the human experience, not replace it,” says Smith+Co. Leading travel intermediaries are looking to deliver an experience that builds lifetime value for target customers and earns their loyalty.

So how do we do that?

1. Align your people around a defined purpose. This inspires employees, defines culture and ‘anchors’ what the experience looks like.

2. Define the distinctive customer experience and employee experience.

3. Create hallmark experiences for customers and employees around the things customers care about.

4. Streamline processes to make life easier for customers and employees.

5. Align how you measure performance around customer experience.
"BE IN THE RELATIONSHIP RATHER THAN THE TRANSACTION BUSINESS."

That’s the message from Service Profit Chain Institute Director Joe Wheeler.

“Digital, mobile and web technologies have increased the rate of consumer demands and the speed of response they expect from companies. Time has never been a friend to the business person but it is now openly hostile. One problem for many organisations is that when they think about innovation, typically they focus on the product. However, we know that customers form relationships with brands, not products.”

IMPROVING THE PAYMENT PROCESS AND UNDERSTANDING HOW IT IMPROVES CX AND EX.

B2B payment choices influence CX.

Breadth of supplier set.
Travel companies might restrict suppliers (hotels, airlines, etc.) available to a customer to protect against supplier default, reducing customer choice. Something we don’t want to do.

Supplier network management.
The more admin effort you need to manage your supplier network, especially where suppliers are in different locations and use different currencies, the more resources are diverted away from value-add activities.

Flow-on payment impacts.
Your B2B payment choice might limit accepted customer payment methods, which flows on to the customer experience.

Quality of EX.
Employee experience is closely linked to customer experience, and the choice of systems, tools and processes directly impacts employee experience.
The good news is that payment solutions exist to address all these challenges. eNett International creates fast, easy and safe B2B payment solutions that use innovative technology to help travel intermediaries tackle the complexities of B2B travel bookings. eNett VANs simplify the reconciliation process and remove unnecessary payment steps that frustrate third parties in the travel industry. So staff time, effort, and energy can be reallocated to customers.

“For us, the objective was as clear as the industry problem,” eNett Managing Director and CEO Anthony Hynes says.

“We wanted to pioneer innovative B2B payment solutions that reduce risk and facilitate even more travel content, at a lower cost. Easily integrated into existing travel booking workflows, our payment solutions needed to deliver financial, data and efficiency rewards for travel agents and industry suppliers.

“For this to happen, we decided to create a Virtual Account Number, or VAN, which is an automatically generated 16-digit MasterCard number simplifying payments between travel agencies and their suppliers. Because a unique number is used for each new booking or payment transaction, it is a secure way to pay or be paid. VANs protect against fraud and supplier default. Each unique 16-digit VAN has associated payment parameters and is protected by MasterCard’s guarantee. By integrating with agency workflows, eNett VANs also make the entire payments process much quicker and more efficient.”

— Anthony Hynes, Managing Director & CEO eNett International.
IMPROVING PROCESSES FOR EMPLOYEES.

Along with tackling payment issues, behind-the-scenes activity in the dynamic travel industry should be time-efficient to allow employees to focus on adding value for your customers. This customer effort should equally be applied to employees when it comes to transactional processes. Harvard Business Review explains it like this.

“What we call the ‘internal quality of a working environment’ contributes most to employee satisfaction. Internal quality is measured by the feelings that employees have toward their jobs, colleagues, and companies... Although our data is preliminary at best, it points increasingly to the ability and authority of service workers to achieve results for customers.”

“The support team at eNett made the API implementation easy and trouble-free without the need to change our existing systems. Our staff can now use the time saved through automation servicing our customers and growing our business.”

— Roberto Bettinelli, Chief Financial Officer
Ventura, 2016.
Despite the mountain of research, and evidence that suggests to focus on customer experience and employee experience, many executives still don’t commit any significant investment to overall CX management. Compromise is usually the result: an attempt to improve aspects of customer service or product, but little focus on a holistic approach to deliver a consistent and differentiated experience.

But it’s that holistic approach that delivers return on investment.

Just ask the founder of a well-known OTA. After 30 years of travel experience, he decided to take CX to the next level. He worked out a holistic approach was needed. And that existing challenges included employees being ‘set in their ways’ and personalising transactions to form a relationship with the customer. He also saw other travel agents adding value to their CX and knew a ‘sense of intentionality’ had to be adopted to compete.

So he organised training for his staff, who were given insight into the wider CX and taught how to increase advocacy, sales and profitability. The shift in mindset across the company towards CX and a greater focus on the customer drove a double digit increase in sales (ahead of trend) and an increase in profits.

In just six months.

A travel company with annual revenues of US$50m who is ‘doing well’ with their customer experience could generate:

+10% in customer advocacy.

Translating into an increase in revenue to US$67m over five years (+33%).

— eNett CX Calculator.
eNett and Smith+Co have joined forces and developed a CX calculator. It’s an online tool that shows the likely increase in customer loyalty and referral. So you can make the case to internal stakeholders that a better CX and EX lead to a better bottom line.

Our CX calculator can give you a pretty good guide to the likely impact on revenue and profit of investing in CX, and tracks results over time so you have an accurate understanding of the impact of improvements. While no model can ever predict with 100% accuracy, it gives you an evidence-based estimate and makes investing in CX like any other type of capital investment.

“The calculator uses real data from your organisation, like your customer and employee experience ratings. Plus your breadth of content."
— Shaun Smith, Founder Smith+Co.

“Calculate your CX by visiting: www.enett.com/CXCalculator

It then factors in all the likely implementation costs. Finally, it takes the primary direct effects of improved CX and projects the likely impact on revenues. In this way, the model enables you to analyse various ‘what-if’ scenarios and helps you focus your budget and internal resource in the most effective way.”
WHAT DOES IT ALL MEAN?

We’ve gone through the journey of showing how payments can power experience. Now let’s look at the key take outs and how travel companies can drive better business performance by improving their customer experience.

CX, and investment in it, must be a constant priority. If the Service Profit Chain teaches travel business owners and managers anything in today’s dynamic digital world, it has to be that.

Travel brands taking a holistic approach to customer experience, paying particular attention to employee experience, see a return that transcends simply financial rewards.

The payment process plays a crucial role in powering and improving employee experience and customer experience. Put simply, more listings equal happier customers. Better internal processes and systems equal happier employees. Having both in the equation drives better business performance.

72% OF BUSINESSES say that improving customer experience is their top priority.

— Forrester Media Centre, 2016.
WHAT DOES IT ALL MEAN?

Travel company leaders should always keep these questions front of mind. And revisit them when any CX initiative is undertaken.

What are the most time-expensive processes or financial transactions for our team?

Are there daily rituals or essential actions we can streamline to free up staff?

Do we prioritise the implications of the Service Profit Chain?

Which links in the chain can we strengthen?

B2B brands that streamline financial transactions to drive a stress-free experience for their travel clients and employees see holistic customer experience benefits. Intentionality around employee experience positively impacts CX, powering an increase in advocacy and business performance.

B2B activity around transactions and bookings should evolve at the same pace as B2C innovations.

Digital solutions should enhance and ‘free up’ the human experience. With the travel industry becoming an instant platform of varied choice, breadth of choice (that is easy and fast to access) offered by travel agents is a critical element for customers. Customers want more choice. eNett enables travel intermediaries to deliver a better experience to customers by providing maximum choice.

More listings and supplier options drive more customer advocacy. And simpler payment processes and protection from supplier default drives high rate of acceptance of eNett VANS.
The brand purpose needs to sit at the heart of any CX program. Using purpose as a foundation for all intentional investments, management can set culture and actions that complement brand vision. While examining the bigger picture, keep an eye on the daily tasks employees complete.

Travel intermediaries are a key source of influence in the selection and purchase journey. And so have a real opportunity for CX differentiation, even in businesses where most customer interaction occurs via a technology asset, such as the website of an OTA.

Choosing eNett’s faster, easier, safer payment solutions for B2B payments creates momentum for improving and driving CX and EX. For example, eNett VANs enable more listings in more destinations. So more choice for travellers. And eNett automates mid and back office systems. Improving EX.

Improving CX and EX is the energy that powers business-wide benefits on financial, operational and other measurables.

To find out how payments can power your experience, visit: www.enett.com/PowerExperience