

BOOKING A FIRST-CLASS CUSTOMER EXPERIENCE

An Interview with Expedia's Glenn Wallace

You need to get out of town, but where do you start? Which one of the online travel agencies is going to give you the best deal? Or do you go directly to the airline and hotel sites? In today's economy, with all the sites competing for fewer travel dollars, you can get a pretty good deal just about anywhere. So which site is going to make it easiest and take the best care of you? Benchmark recently spoke with Expedia Worldwide Vice President of Global Products Glenn Wallace to find out how that site manages to rate consistently in the top tier for customer experience in the online travel world.

Benchmark: By many measures, including Keynote's recent Customer Experience Rankings, Expedia is the top online travel site. What are some of the most important things you've done to get the site where it is today?

Glenn Wallace: I would start with a philosophy or approach to everything we do — the three areas I like to focus on and I like to focus my team on: selection, value, ease of use. I think for any e-commerce customer, if you are hitting those three things well, you will win. So you will see we do some things that maybe hit each of those individually or collectively.

A great example of selection is in the last year we acquired a company in Italy called Venere. Now we have a lot of additional lodging inventory in some areas in Europe. That's an example of something where we've augmented our selection and I certainly think that, online, if you look at Amazon or anywhere else, selection is king. I think travel is the same.

Value is a really important area — and I would distinguish value from price, because I think there are a lot of sites that solely focus on price. If you look at some of the things we do with promotions — supplier-funded offers, our dynamic packaging technology — we deliver value to the customer. In other words, you're getting more for what you pay than somewhere else.

And then ease of use, which is a bit of a catch all. It brings in things like, the quality of the descriptions of the hotel, the quality of the reviews, the quality of pictures — all of those things that enhance how easily you can find the right place to go and stay. I think that is the other important axis.

We focus on those three things. I think that's where it starts.

Benchmark: Those are great guiding principles. How are they specifically implemented on the site? What kinds of changes have you made to the look, feel, and functionality of the site over the past 12 months or so that are pushing you closer toward those things?

Glenn Wallace: It's a combination of things. Let me give you a short list. We rolled out a new hotel user interface and a hotel results page, in all of our 19 points of sale worldwide and saw a good benefit from that, which indicates the customers saw benefit in it. So, that's certainly one. Another one we just announced is "seat guru," that gives seat reviews on our both our seat pinpointer and seat preview tools.

So if you're on British Airways Flight 48 to London, and you're wondering which is a good seat to sit in — well, 62K is pretty good. That's a great example of sharing information to help consumers find the inventory they want.

We also recently rolled out some improved branding and presentation around savings when you buy flight and hotel together. This is something that we actually had quite a bit of consumer research behind. The performance of that exceeded our expectations and is a good example of listening to consumers.

Benchmark: That's a fair number of changes.

Glenn Wallace: When you look at the changes on the Web site, you could say, 'Well oh, okay, that's pretty straight forward and makes sense.' But getting the right pieces of information in the right place for the customer to help them make a decision isn't the easiest thing. To be able to show that this is a far better value for me than buying these items separately — that's pretty powerful.

Another change that we're in the middle of rolling out is, if you select a flight itinerary on the 'details' page, we give you a very, very detailed breakdown of all of the airline service fees that would apply to that specific itinerary.

So rather than sort of a very general, 'hey, American charges \$10 a bag,' we actually say 'Oh, you could be going through American

or United or BA.' We list a complete grid with one axis being the airline and the other axis being the cost of the amenities. Helping the customer crack the code of what it's really going to cost them to fly.

Benchmark: Have you made any specific changes in response to this nasty economic downturn? Travel has taken a pretty big hit. What steps has Expedia taken to keep revenues up?

Glenn Wallace: The answer may or may not be surprising. We've decided to really focus on the traveler, focus on the customer. This is not earnings-related advice, but if you look at our announcement earlier this week (about seat guru), you'll see we had a pretty sharp jump in transactions. I don't think that was just a result of our changes with eliminating some fees, but a real focus on customers — if we help the customers find what they want and have a good trip, everything will follow from that. So basically what's good for the customer is good for Expedia.

Sounds very motherhood and apple pie, but I think if you look back a year or two, you would see everyone in the segment trying to very heavily optimize for revenue, perhaps at the expense of transactions over the long term.

And I think, back to the original three things — selection, value and ease of use — helping the customers with those three things and helping them find what they want and have a good trip and have it be a good deal to them, it's just as simple as that. And I think we believe that, long term, the revenue will follow that.

Benchmark: OK, but you mention eliminating booking and cancellation fees, and just about everyone has done that. You even have a little 'no fees' flag right up by the 'flight' button in the navigation. Is this a temporary response to the market or a permanent change in pricing policy?

Glenn Wallace: Definitely a permanent fixture. We discussed this a lot internally before we made the decision. If you look at reasons for customers to purchase or not purchase from us, and you take that reason away — which is, 'I don't like the fact that you've got booking fees,' — the site experience and the inventory, selection, value, ease of use, become the most important things.

So I would argue that, in terms of customer satisfaction and conversion, once you take away the booking fee, there's nothing to hide behind. And so I think it's also helped bring great focus for us on what we should be doing on the site experience.

Benchmark: Yes, with pricing pretty much at parity, you have to distinguish with customer experience and service. One driver that came to the top in Keynote's recent Customer Experience Rankings for online lodging is the booking process. According

to a recent *New York Times* article, Forrester Research is noting increasing frustration with the travel planning and booking process. Their analyst is quoted as saying "travel is treading water as a category," even as other commerce sites become easier to use.¹ Of the travel sites, though, Expedia enjoys top marks for its booking process. How have you made it easier for customers to complete the reservation process?

Glenn Wallace: I would say, again, a combination of things. So number one, we have a dedicated site optimization team, whose job is to basically stomp out errors that customers might encounter, especially in the purchase part. So we're very focused on things related to sign in, payment, traveler preferences, all of those things. That's one, and you just have to keep focusing on that.

I would also say that, being honest, we're not done yet. If you look at some of the other e-commerce sites outside the travel sector, they've done a much better job of simplifying the process, and I think if you ask industry people we say 'Oh, but travel's harder.' I think we need to stop saying that and make it better.

Obviously, there are areas, particularly with the new landscape of the airline fees, where it is materially more difficult than lodging to both explain to the consumer and collect all of the information.

But there are no sacred cows in how we're approaching this. And we're going to keep pushing on this to make it even easier. This will be one of our big areas for 2010.

Benchmark: You certainly could solidify your leadership in the industry if you made any serious improvements to the booking process.

Glenn Wallace: There's multiple facets to it. The intent is, let's challenge all the assumptions about what you really do need to collect from people pre-purchase, and then also, let's look at what you really need to ensure people will get exactly what they asked for.

Then also, how do you work with suppliers and the industry on that. We're pretty plugged in with suppliers, one, because of our size, and two, because of our breadth of consumers. So we'll often take things back and do our best to homogenize a given situation, but there's obviously a limit.

I think it's all of those things, but at the very least I think we could continue to improve the site experience.

Benchmark: If I could circle back around to something you mentioned earlier, which was about the ways that you've used branding and presentation to address booking the flight and hotel

together. You said it was rather straightforward and has been successful for you. What exactly have you done to convert those flight-only customers to a combo sale?

Glenn Wallace: The piece we recently shipped really helps the customers make a very informed comparison between the price of booking the items separately and the savings they can make by booking them together. Now it's interesting if you take a look at Amazon.com — they have a little 'book together and save.' Also very good marketing, because I don't know if you notice that the savings when you buy them together is the sum of the savings of buying them individually. In other words, at least in the cases I've looked at on Amazon, there's no additional savings.

In the case of flight and hotel on Expedia, there are additional savings. One of the key things that came out of our consumer research is that customers find it difficult to find those things, and then they find it difficult to understand the value proposition. So one area we focused on, which was comparatively a quick win, was to really highlight that savings in an effective way.

We're saying, 'hey you're getting this — these two things that you wanted, but you're saving this much money,' and I think being really clear about that.

And when consumers look at this sort of stuff they say, 'oh that's too good to be true,' but we went through quite a lot of testing on this both with consumers and on the site to arrive at something that performs reasonably well.

Benchmark: Sure, well right on your home page you have a banner that says right now, customers have saved over \$248 million by booking a flight and hotel together. That's pretty impressive. Another thing that seems to be very important to customers now is the rating system. But when I recently booked a hotel room, I didn't see a great number of ratings.

Glenn Wallace: This is going to be another focus area you'll see in 2010. I would also point out that if you look at, for example, our sister company, Trip Advisor, those reviews are unqualified reviews. So there is no way of verifying whether the customers have stayed at that property or not. So it's good information, but customers should bear that in mind. And I think in the spirit of getting things from a variety of sources, you also look at the Expedia reviews. The reason there are numerically fewer is that they're qualified reviews. So we only solicit reviews from someone who's bought a hotel stay from us. So there may be fewer of them, but the hope is they're higher quality. I think the truth is, customers need information from a variety of sources. And I think we're going to improve the branding and discoverability around the reviews to ensure customers understand what they are and who they're from and why they should be important to them.

Benchmark: OK, before we wrap up — looking back at the big picture and realizing that no one can predict what's happening with this economy, but that said, what do you think are the factors that are going to most impact online travel in the next 12 to 24 months? Besides the economy, are any new technologies coming into play, any new developments? What do you see?

Glenn Wallace: It is tough. I mean certainly, I would say if you look at what's happening in the airline industry, the air product is definitely evolving, and we're continuing to do what we can to help the consumers decode that — the air product.

I think the other thing is the challenge of connecting what I would term the low volume-high quality world of social media with the high volume world of e-commerce. It's interesting. If you look at, again, Amazon or some of non-travel e-commerce sector players, look at what they're doing, I think there are a lot of opportunities there. But you need to do it in a way that's very meaningful for the consumer in an end-to-end way across their trip. And I think everyone's still figuring that out — what's going to be really, really meaningful.

Benchmark: What sorts of opportunities do you mean?

Glenn Wallace: Some obvious examples are, Facebook applications — being able to share more of your experience with other people. I think everyone, including suppliers involved in online travel, faces the challenge of how much of a community should I invest in creating versus interoperating with communities that already exist.

It's a challenge because the number of transactions we do every day is astounding, and yet we want to be able to help connect our customers with other customers that may have great advice for them. But I would say beyond this sort of the obvious world of reviewers, I think it is not completely clear yet. It's evolving.

Benchmark: What about mobile? What do you have going on there?

Glenn Wallace: We have released an iPhone itinerary application; it's been out a month or so. It's what I would describe as a nice first baby step in terms of providing critical information about your trip while you're on the road. But we're not done there. Watch the space.

Benchmark: OK, last question, some advice for our readers. I think I know what your answer's going to be from your earlier comments. What are the top three pieces of advice you would offer to other marketers in other high volume, complex transaction industries that would maximize their chances for success?

Glenn Wallace: Selection, value, ease of use. I strongly believe these are the three axes that matter for the customer when they're coming to any site looking to transact. And if you don't address those three things well, you will fail. You cannot fail in any of those three areas.

Benchmark: Agreed, and it certainly seems to be working for Expedia. Thank you for your time, and we'll be keeping an eye on your site. Hopefully to book a vacation soon!

FOOTNOTES

i. "Worst Part of a Trip May Be Booking It on the Web," By Susan Stellin, *New York Times* online, August 3, 2009