

TRADE AND TOURISM

Sector focus



CX: a key factor in trade and tourism

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Contents



WHY CUSTOMER EXPERIENCE?.....	3
APPLICATIONS AND BENEFITS FOR COMPANIES.....	6
TRENDS IN CUSTOMER EXPERIENCE	8
IMPACT OF CUSTOMER EXPERIENCE ON PROFESSIONAL PROFILES	9
A FOCUS ON CX	11
SOURCES CONSULTED	12
WEBLIOGRAPHY	12

Why Customer Experience?

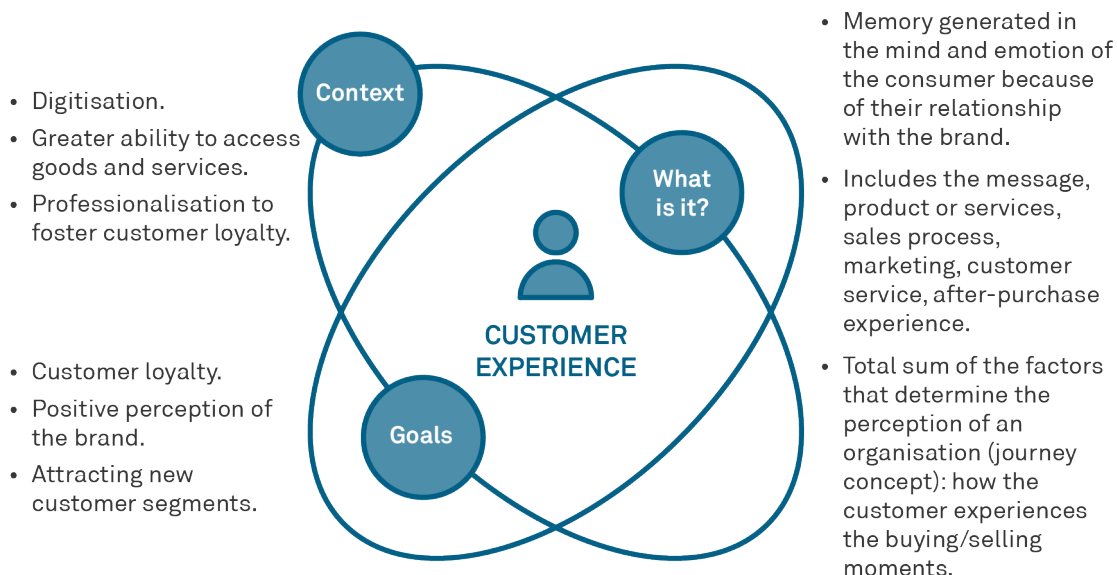
The economy of Barcelona -and, by extension, the Catalan and Spanish economy- has a strong **component in the services sector** and, more specifically, in trade and tourism. In fact, these are two economic sectors that intersect and provide **synergies** in the territories where they meet: a good commercial offer is key to attracting tourists and a tourist destination will always be more attractive -more competitive- if it also has the possibility of incorporating shopping as a leisure activity.

In fact, **strong competition** is being established **between companies in the sector** (travel companies, cruise companies, establishments such as hotel chains or campsites, between traditional trade companies and franchises, as well as shopping centres, among many others) and between tourist and commercial destinations to capture these customer flows. One of the most valuable instruments in the battle for customers is **Customer Experience (CX)**.

The mere fact of purchasing a tourist product or service is considered to be an **experience that begins before the time of purchase**; therefore, it goes beyond the mere act of buying. Customer experience -as a technique and methodology- is intended to model the process of buying and selling from the perspective of the **consumer's relationship with the brand**. The goal is the customer's full satisfaction, so that buying is remembered as a pleasant experience that wants to be repeated. Linking the clientele to one brand or another is the key to the customer experience technique.

Graphically, customer experience would be defined as follows:

Figure 1. Definition of customer experience



Source: Prepared by the authors.

Two possible definitions of customer experience are:

- It is the memory that is generated in the mind of consumers as a result of their relationship with the brand that has offered them a service or product in trade and tourism (although it can be applied to any area of economic activity). Remembrance is built through the **sensations and emotions** of each instant, as stimuli that the mind collects. Customer experience corresponds to the relationship of the mark to the customer before, during and after the purchase and is a further value of the brand. Some authors claim that “**experience is branding**”: the customer’s day to day is what generates a positive or negative reputation on the brand, and it has a clear relationship with marketing and customer service.



- It is all that relates to factors that affect customer perception and feelings about a brand or company. It therefore has the same value both in physical stores and in online commerce and the aim, for both cases, is to provide the customer experience in the best possible way. The key is for the clientele to **live the shopping process as an experience from the first to the last interaction**. Thus, each action counts: the message, products, the sales process, marketing, the experience after the purchase, customer care, etc. A good customer experience allows not only to feel comfortable and satisfied, but also makes it possible to share their experience with others.

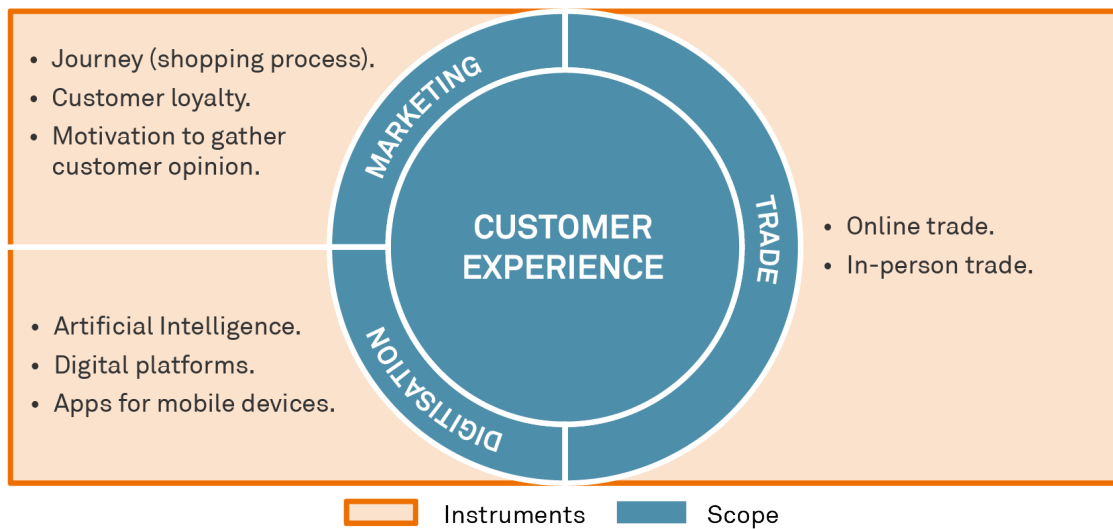
As a conclusion, it is an increasingly used term in **business strategies** and refers to how the clientele perceives a brand depending on the relationship it establishes with it. However, the perception of how these points of contact are experienced is the customer’s and the established relationship’s (duration and intensity of the journey) with the brand and organisation behind it. A key factor here is social media and digital technologies, a critical area in which companies try to control their own narrative.

But why has **customer experience** had a strong entry and is now a key factor in trade, tourism and other economic sectors? In fact, ensuring customer satisfaction is something that has always been done informally or unprofessionally, but as a result of the digital transformation of companies and the new methods of purchasing products (e.g. planning and buying trips from home or online shopping) the competition for taking new customers and keeping the current ones is increased.

In-person shopping and proximity give rise to the effect of a **relatively captive consumers**, who have no alternative but to access the products or services needed from the same supplier or via the same channel. Now, with the consolidation of online shopping, these limitations disappear and the need to ensure customer loyalty -even more- becomes a necessity. This is where ensuring correct customer experience is key and this also leads to professionalisation.

Thus, the dimensions of customer experience would be:

Figure 2. Scope and instruments of Customer Experience



Source: Prepared by the authors.

Applications and benefits for companies

Customer experience allows the improvement of a company's general functions because it applies empathy techniques to put itself in the skin of the current and potential customers and detect **unsatisfied needs**, developing its creativity and applying it to the solution of real business problems. Within the company, however, the challenge for many organisations is to take an approach to carrying out customer experience across departments.

However, when a well-worked customer experience project is created and put in place and there is confidence on the return of the investment that will be obtained in the medium and long term, the company's income grows and the customer base multiplies as its satisfaction improves and fidelity rises. So what is customer experience based on? Firstly, a customer experience strategy must emerge from what customers want and must overcome their expectations. Therefore, an **identification of customer demands** is required in the first place. In addition, a **cross-cutting approach** is needed, since customer experience is not just a matter for the management or a department of the company: the most important thing to take this exercise forward to customers is to involve all the company's sectors and departments through the **Customer Journey Map**, which is the instrument that systematises the different types of interaction between the company and the clientele.

The design of a customer experience strategy must be based on reality: there are currently thousands of products with similar characteristics, thousands of vendors with the same products and conditions. **Differentiation** is therefore the most favourable strategy adopted by the most agile in their relationship with the clientele. Moreover, with the advent and boom of e-commerce, which is making products extremely equal, the critical factor is the **interaction and recommendations made by clientele themselves**.



On this basis, another relevant factor in the application and benefits of the customer experience is that the company needs to **collect the customer’s opinion** and act accordingly: here, the challenge is to measure the customer experience and the appropriate method must be found and applied, such as surveys. However, given that the current customer does not want to spend too much time answering questions, digital technology available makes it easy to leave a comment on personal experience with a product or service.

The challenge, however, is always to interact with the clientele **individually and anonymously** so that they can give us their impressions, emotions and thoughts in relation to the experience they have lived. This is where digital platforms and applications for mobile devices emerge, with a dual objective. Firstly, to make it easier for the client to deliver their opinion. Secondly, to digitise these responses and apply data analysis and artificial intelligence methodologies to improve product offers and customer experience itself.

Figure 3. Differences between Customer Experience and Customer Service

	CX Customer experience	VS	CS Customer service
GOAL	Satisfying the clientele so that they recommend our company’s products.		Making the clientele happy by answering possible questions about the product or service acquired.
HOW IS IT OBTAINED?	Marketing, advertising, commercialisation, product design, store aesthetics and everything that contributes to making an impact on the customer.		Quality care, contact with the customer (e-mail, face-to-face, point of sale, website support).
HOW IS IT ORGANIZED?	Cross-cutting throughout the company, it is a central function that defines the action of all areas of the company.		Customer service department: responding to queries, managing complaints, providing an after-sale service.

Source: Prepared by the authors.

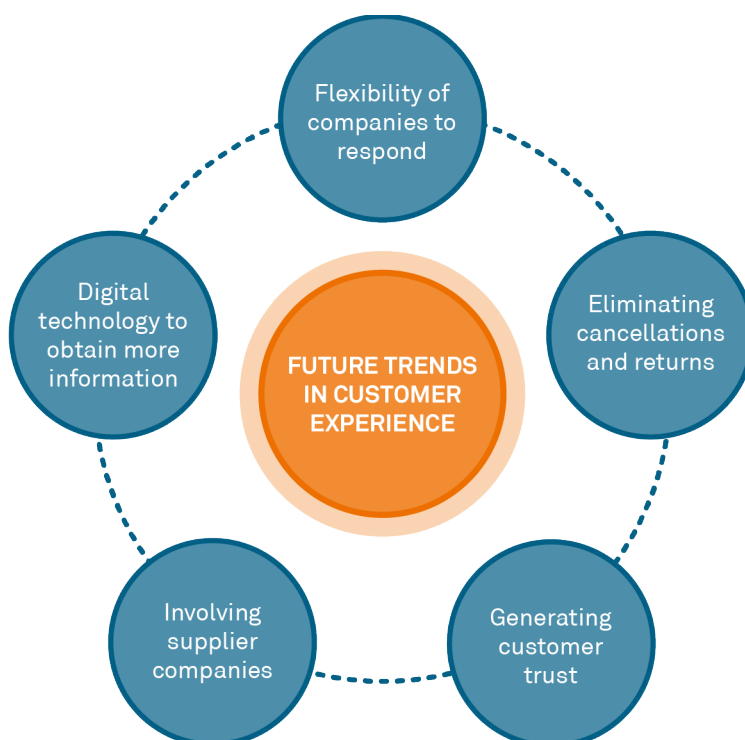
Beyond businesses in the trade and tourism sector, offering a great experience to customers is very **important for any company**. All business models can benefit from improving customer experience: subscription companies can increase retention and reduce abandonment, e-commerce markets can increase personalisation and reduce returns and service companies can obtain recommendations and reduce complaints. In conclusion, putting customers first is always good for any business.

Trends in Customer Experience

There are **five key trade trends** that will boost customer experience and become a source of competitive advantage for companies that take them into account:

- **Technological (digital) resources** will make it easier or more difficult to reach the market, regardless of whether a company sells directly to customers or to intermediary companies (B2C or B2B).
- Through **data**, companies must achieve a vision of the behaviour and demands of their clientele that goes beyond one-dimensionality. This is the only way to achieve a **real vision of the customer's demands**.
- Customer service has evolved and customer experience must relate to **product problems**, but also to what **other providers** deliver to us (general services, logistics or return management).
- Trust is important, and part of that trust concerns compliance with **local laws on data protection and protection of the clientele** that buys our services.
- **Cancellations and returns** are the main destroyer of confidence-building and profit-making for brands in the trade and tourism sector. Risks must be managed properly with a strong focus on **personalisation**.

Figure 4. Future trends in Customer Experience



Source: Prepared by the authors based on the article *The Future of Customer Engagement and Experience*.

Impact of Customer Experience on professional profiles



Customer experience is key in the trade and tourism sector because overall they are already considered as a **purchase of an experience**. Traveling and getting to know places and new cultures are already, in themselves, actions that involve a lived activity, an experience that becomes part of a person's life baggage and that is shared with relatives and friends. Furthermore, in trade, customer experience can be considered a **natural evolution of traditional customer care** and has more to do with large commercial chains and large shopping centres than with small trade. However, small trade can form associations by geographical areas -trade in a municipality, trade in an urban artery, proximity trade in a neighbourhood- and behave like brands that adopt strategies for working on the customer experience.

In addition, **professional profiles** must incorporate the skills linked to the **digitisation process** combined with the most traditional skills in the fields of **marketing, product design** or **customer care**. Some profiles worth highlighting would be the following:



Chief Experience Officer or Customer Experience Manager. Depending on the size of the company and its organisational structure, one or both of these profiles can be found. They are usually integrated into a team that focuses on experience, needs and the impact on the clientele. They ensure customer experience and foster continuous improvements to increase customer satisfaction. They apply service management and delivery to achieve a successful experience and create a customer-centred organisation. They must be able to innovate, to organise and to build on values of a culture of commitment and creativity in order to quickly create solutions and results. Their responsibility is to improve the experience throughout the customer journey. They work closely with retail service teams and external providers (e.g. airlines), and encourage sales through marketing initiatives. They collaborate with operations teams to support new projects and high-profile brand services (e.g. airports and resorts).



CX Data Analyst. As a data analyst, they focus on analysing the data of journeys (route by the different customer profiles in their relationship with the company) through different channels to understand their logic, the assessment made by the clientele, and providing information to drive business change and improve customer experience. They make applications and other digital resources available to the clientele to communicate the assessment of their experience and then use the results of the interaction, presenting the results to the managers of their working team for assessment and decision making. Skills are needed to make any kind of *ad hoc* exploitation of the data the company requires.



IA expert in Travel and Hospitality Industry. Professional profile in the process of consolidation that works for large tourist or commercial enterprises, for urban managers of large tourist destinations or in research groups. This professional carries out applied research by managing a large amount of data related to travel or purchases. They explain and synthesise data from different sources: banking entities through transactions with POS (point of sales terminal), assessment and opinion collection companies from the experience (e.g. Trip Advisor) using scrapping and referenced by postal code, among others. Artificial intelligence techniques make it possible to identify spending profiles and travel profiles as well as to cluster tourists and buyers. They can also work in specialised service companies when analysing CX for other companies.

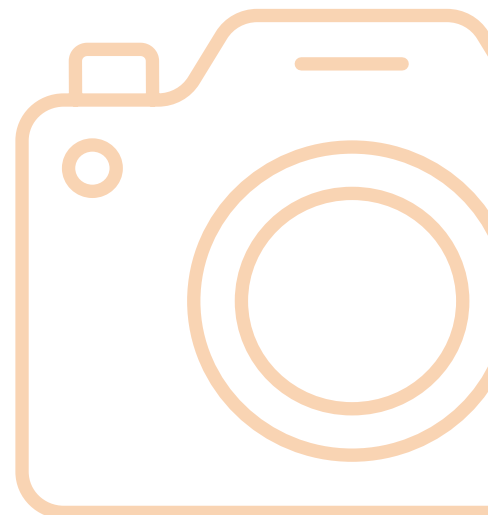
In addition, solid CX professionals must **understand the operation of business logic**, including the roles of each area of a company. They do not necessarily require a deep understanding of areas such as finance or ICT, but do need a broad understanding of how different parts of the business work together. **Experience in teamwork across the organisation** is vital.

A focus on CX

Customer experience is consolidated as the major **factor of business competitiveness** in its relationship not only with customers but also with suppliers. The struggle to capture and retain the clientele is entrenched when shopping channels have become mostly digital (losing a customer is one click away). However, face-to-face buying and selling, which are still present in the trade and tourism sector, also finds in the customer experience a great opportunity to ensure its viability.

From a **knowledge perspective**, customer experience incorporates techniques from data analysis in marketing as well as communication. However, it puts the clientele at the centre of business activity and this entails internal changes, especially in the way they work. Thus, whether in a business-to-business (B2B) or customer-to-customer (B2C) purchase and sale process, the expected customer experience is the result of a coordinated effort and visibility across the chain of providers, supply and marketing.

In fact, customer experience is, in itself, a **source of new economic activity**, especially in the appearance of specific software intended for managing it, in the field of training -since professionals must be qualified- and also by the specific generation of new professional profiles, which will always include professional skills in marketing, communication and business management.



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