

VIDEOTEX IN TRAVEL
"The TOP Story"

The story of how Thomson Holidays came to choose and implement videotex to take holiday bookings from its travel agents in the UK is one involving some conscious decisions, a lot of determined effort, and a fair slice of chance and indeed luck. For the story to make sense, it is very important to understand some background to Thomson Holidays and the business issues it was facing in the late 1970's and early 1980's which lead to the choice of videotex as the medium for this particular application. The chosen solution and the way in which it was implemented was the next part of the story. The final conclusion is to assess its impact and draw some lessons.

Thomson Tour Operations embracing the brands of Thomson Holidays, Horizon Holidays, Sky Tours, and Portland Holidays is the worlds largest Tour Operator. The carryings in 1989 will be 4.5 million passengers, all from the UK to foreign destinations - 60% of them to Spain and virtually all of them travelling by air. At the time I am talking about in the early 1980's, the business was smaller although still large, carrying around 1-1.5 million passengers and holding about a 20% share of the UK package holiday market. The sales are made almost exclusively through travel agents spread across the UK; they now number some 7,000 compared to the 4,500 then.

There is one important feature of our business that needs to be highlighted. It is basically a flow of information. Beds are contracted from accommodation suppliers and aircraft are chartered from airlines. These are then packaged together with the in-resort transfer and presented to our customers through the travel agent in the form of brochures. The details of these holidays, the holiday inventory, is held centrally and is accessed by the travel agent in response to customer demand. The production of invoices, tickets, flight and rooming lists to the appropriate point at the appropriate time is the next extension of this information flow. The Tour Operator therefore needs to provide information to a very large number of places very quickly, and very accurately. It is of little surprise, therefore, that information technology plays a vital role in the business.

In 1976, driven by these sort of reasons, Thomson Holidays implemented a realtime reservation system for its ten Regional Sales offices. This was a very important forerunner of the videotex system, which was effectively an extension of it from the reservation office to the travel agents office. This system replaced a system of cards representing flight seats and beds and brought a number of very significant benefits to the business. The inventory was now held centrally rather than at the appropriate regional office for each airport e.g. inventory for Glasgow and Edinburgh was held in the Glasgow office. This meant that travel agents could now get very effective alternatives by ringing one regional sales office and we knew exactly the state of our inventory without having to go and count a load of cards. In building this system, we also developed the skills that were to prove invaluable in implementing the videotex system later.

So how did we move to videotex? It arose from an issue that was being extensively debated in the business in the late 1970's. The issue was - should we put our VDU's in travel agents, it was clear that it would cut out the double handling of the agent phoning up the reservation office and our reservation advisor inputting the details. It would also help significantly in our ability to handle peaks which are very severe in our business. We have on a couple of occasions at launch sold over 200,000 holidays in a day! Apart from the debate about should we do it - and there was considerable nervousness about handing our inventory over freely to third parties - was the question of how we should do it. There were three options: putting our own VDU's in the agent, joining the British Airways dominated Travicom system that had been developed for airline bookings mainly for business travellers, or videotex.

Videotex effectively selected itself. We were clear that putting our own VDU's in travel agents was expensive, requiring as it did expensive terminals, leased lines and significant training for the heavily coded system. Travicom had the disadvantage of being owned by one of our major competitors and the negotiations proved so tortuous that time simply dragged on.

So along came videotex in the form of British Telecoms Prestel service. It was picked up quite quickly by the British Travel Trade because videotex was easy to get hold of from the local television rental shop and it was cheap and easy to maintain. It was also a very user friendly piece of technology. Travel companies began to use it to give details of holiday availability and in particular, Sealink provided a cut-price deal for travel agents so that it could provide up to the minute details of ferry loadings. Suddenly, we realised, there were 3,000 travel agents with videotex sets and a basic infra-structure for links between travel agents and tour operators had been provided. At the same time, Thomas Cook, as the largest travel agent in the UK, convened a group of operators and established a set of standards for screen layouts for such systems. Chance was pointing a clear direction.

We therefore decided to go out and build a pilot system called CARS (Computerised Agent Reservation System). This came about as a result of a major board decision: as we expected these type of systems to develop, then we should be one of the early pioneers. The commitment of the Chief Executive on this project was of critical importance.

The pilot system was extremely simple with very limited functions - you could only book holidays and not search for availability. It was also very cheap as we found a supplier who virtually gave us two mini computers to convert the messages from the videotex set in travel agents to a language that our central computer understood. This was sheer luck. Nevertheless, the lessons were invaluable, we knew that travel agents would accept such a system and we knew many of the commercial and technical difficulties that had to be overcome.

As a result, we re-developed the system on the mainframe computer, built our own network providing local nodes in our ten Regional Offices and put together a package of marketing and training for the system that proved irresistible.

Enormous efforts went into the design of the screens as we recognised that we were no longer personally involved in the booking conversation, and the system needed to reflect the Thomson persona. It was in this that the user friendliness and the colour facilities of videotex really came through. We did presentations on the system to all 1700 of the companies representing the 4,500 travel agents with whom we traded. We also trained within a period of six weeks 3,000 travel agency managers and 6,000 staff and until each agent had the required number of people trained, we did not issue them with a password to get into the system. The system went live on October the 4th, 1982 and was an instant success.

The impact was enormous. By the end of the year, virtually all our travel agents were linked and about 50% of the business was coming through the screens. This gradually grew until in late 1986 we felt confident of switching off the phone reservations and making Thomson TOP only.

You can see from the chart alongside the travel agent's perception of our system. From a pre-eminent position prior to the launch of TOP, it had grown to virtual total domination by the mid 1980's. Not only that, when for strategic reasons in 1985 we decided to double the size of the business, we were able to do so relatively painlessly.

If we did not have TOP today, then the additional cost we would be carrying would be somewhere in the region of £25 million per annum. In productivity terms, we trebled the size of the business between 1978 and 1986 and managed to do so with the same number of staff in the UK.

The fact that our competitors were unable to respond effectively for several years gave us significant competitive advantage.

There are some important lessons that can be drawn from our experience. There is clearly a need for the technical infra-structure to support such systems and videotex provided it for us in this case. We provided the critical mass of applications (being the dominant market leader) that made it happen. We would not have achieved this breakthrough had it not been a burning business issue which had the clear commitment of the senior management of the company. Nor would we have succeeded without the commercial and technical skills in partnership within the business. Videotex in a sense was a chance solution, but there is no question in my mind that its low cost, reliability of use and user friendliness were major assets in this success story.

Colin Palmer
18th September 1989

Table 1
Independent Survey of Travel Agents

Which operator has the most efficient viewdata reservations system?

	<u>1981</u>	<u>1985</u>	<u>1987</u>
Thomson	57	79	93
ILG (Intasun)	6	2	7

Which offers the fastest speed of access to their reservations system?

	<u>1981</u>	<u>1985</u>	<u>1987</u>
Thomson	N/A	76	88
ILG (Intasun)	N/A	1	5

Source: Mori
