



# Demand Chain Networks: Maximizing Revenue and Customer Retention

P I V O T A L C O R P O R A T I O N

# Business Paper

Converting your business from a supply based company to a responsive, customer centric concern is a major challenge — but no organization can afford to ignore it. This Business Paper analyzes the dynamics of the new demand-led economy and asks how companies should respond to ensure they are identifying revenue opportunities sooner and capitalizing on them faster.

Copyright © February 2001. All rights reserved.

Pivotal is a registered trademark of Pivotal Corporation. All other company and product names are trademarks of their respective owners. Pivotal reserves the right to change the specifications of its products or services at any time.

This Business Paper is for informational purposes only. Pivotal Corporation makes no warranties, express or implied, in this document. This paper was developed from *Chain of Demand* and *Parallel Objectives* from Pivotal Magazine (April 2001).

Pivotal Canada  
Pivotal Corporation  
300-224 West Esplanade  
North Vancouver, BC  
Canada V7M 3M6  
Telephone: (604) 988-9982  
Facsimile: (604) 988-0035

Pivotal USA  
Pivotal Corporation  
Plaza at Yarrow Bay  
10210 N.E. Points Drive  
Building 3, Suite 400  
Kirkland, WA  
USA 98033  
Telephone: (425) 455-4230  
Facsimile: (425) 455-3972

Pivotal Europe  
Pivotal Corporation Limited  
Hamilton House  
111 Marlowes  
Hemel Hempstead  
Herts, HP1 1BB  
United Kingdom  
Telephone: +44 1442 248427  
Facsimile: +44 1442 243012



# CONTENTS

<b>INTRODUCTION</b> .....	<b>2</b>
<b>THE DEMAND-LED ECONOMY</b> .....	<b>2</b>
<b>WHERE SUPPLY AND DEMAND MEET</b> .....	<b>3</b>
<b>PHILOSOPHIES BEHIND DCN</b> .....	<b>3</b>
<b>ACTIVITIES OF DCN</b> .....	<b>4</b>
<b>THEORY IN PRACTICE — INTRAWEST CORPORATION</b> .....	<b>7</b>
<b>CONCLUSION</b> .....	<b>13</b>

## INTRODUCTION

Converting your business from a supply based company to a responsive, customer centric concern is a major challenge — but no organization can afford to ignore it. In this report we analyze the dynamics of the new demand-led economy and asks how companies should respond to the challenges of:

- meeting revenue goals
- protecting and growing their customer base
- addressing global competition
- increasing customer expectations

After this analysis we will look at a Pivotal customer — Intrawest Corporation, who have rebuilt their business structure using the Pivotal Demand Chain Network suite.

## THE DEMAND-LED ECONOMY

The way we picture commercial organizations seems to change every generation or so, and swings between the animate and inanimate. We can go for years thinking of corporations as logical machines, populated by a disciplined breed of corporate animal, but in themselves lifeless. Then the mood changes and life proliferates everywhere. Commercial forms become living organisms that mutate and join forces, and everything becomes fluid.

Current business thinking clearly leans towards the latter of these interpretations; a shift precipitated by experts taking to describe the emerging new economy as evolving life forms stirring in a primeval swamp. No doubt this is partly a reflection of our wider biological and ecological preoccupations, but you certainly know you're back in the realm of the sentient when someone as pragmatic as Bill Gates starts talking about digital nervous systems.

What's compelling about this biological world view is that, although it appears chaotic, gloopy, and formless, we suspect it has a hidden structure yet to be revealed. Most contemporary thinkers have fixed on the customer as the key influence in this evolutionary system. The problem is that there has always been a gap separating this critical entity from the organism that supplies it, and this is the area which has become the focus for business anatomists.

One of the missing links in this chain is customer relationship management (CRM), a business philosophy that puts the client, rather than the product, at the center of an organization's thinking. More recently, customer-centric thinking has evolved further with concepts that study the whole supply equation in the context of demand.

This has generated new business philosophies such as the demand chain network (DCN). This kind of thinking may still be in its infancy, but it is certain to have a dramatic bearing on the overall look and feel of every organization, from its core

structures to its high-level corporate mission. So what kind of philosophy lies behind DCNs? Before we answer this, it is important to look at where supply and demand meet.

**WHERE SUPPLY  
AND DEMAND  
MEET**

Ever since customer relationship management (CRM) began to take root in corporate culture, one specific area has occupied the minds of experts — the flashpoint where the supply and demand chains coincide. From a purely technical standpoint, achieving a seamless flow between the two chains is difficult enough, and numerous studies have shown that few companies have satisfactorily solved the problem. “There’s still a challenge in terms of how (demand chain) information is worked into back-office systems,” says Mark Barratt of Cranfield Institute of Technology, a leading European management school.

This is because of the different qualities inherent to the two streams. In the supply chain, data is predictable, easy categorized and can be tuned to flow down the chain. But the opposite is true of demand chains.

A necessary first step is to rejig management structures. “We need a new discipline: demand chain management,” Thorne claims. Ideally this would incorporate many of the current remits held by marketing, technology and logistics. “What technology makes possible is amazing, but what people do with it is underwhelming, as there are disciplines working at cross-purposes. Integrated applications help, but the links between them and the business model need to be more direct.”

Pivotal chief marketing officer Bob Runge believes the battle is half won, but that there’s more to do. “Bureaucracy used to be a positive word: it came from organizing activities into manageable functions. But this is incongruous with the fluidity and interaction of the new model.”

**PHILOSOPHIES  
BEHIND DCN**

The best way to define DCN is by what it is not. It is not a replacement for the supply chain, an area that has benefited from the vast improvements in both operational prowess and IT expertise in recent years. And, although it takes as its starting point the belief that business processes work back from the customer — not forwards from the producer or service provider — it doesn’t require the complete jettisoning of an organization’s existing supply process. While significant change may be required, the two chains are designed to link together as one.

Bob Runge compares the supply and demand chain systems to the left and right sides of the brain. “The supply chain is the left-hand side, focused on making products in a highly predictable, highly efficient way. The demand chain is the right-hand side counterpoint, focused on customers.” In a healthy organism neither can exist without the other.

**ACTIVITIES  
OF DCN**

This is an important point to take on board. As Professor David Norburn, dean of Imperial College in the UK, notes, there is a tendency in organizations to want to throw out all existing corporate forms whenever any new management theory comes along. “When the bullets are whistling around your head there’s often an urge to replace a thesis with an antithesis. It’s like Hegel’s dialectic — you go from flip to flop, from yin to yang. It is easy to forget that without both these sides, you’re a dead duck — so the demand chain shouldn’t in any way undermine the supply side of the business.”

Most of us are familiar with the components of the supply chain. But what goes to make up its right-sided counterpart? Runge ascribes six main activities, which he calls “the DNA of the demand chain”. Not surprisingly, these are all customer-related interactions, broadly defined as: understanding, engaging, personalizing, transacting, fulfilling and servicing. The demand chain network, he claims, exists “to make customers in new and efficient ways by managing touch-points with them over a variety of different channels. It synchronizes these activities across a collaborative framework of partners so that customers can be recognized, profiled, and provided with the value they need. But there’s a time compression argument to this, as well as a targeting argument.” An effective DCN, he adds, “will help you identify that particular needle you’re after in the haystack, and get you to it quickly.”

But there’s more to the DCN than simply automating existing processes like targeting and segmentation. In fact, the DCN should be seen as an entity in its own right. It is an essential component of the whole customer experience, in which the actual physical offering frequently assumes secondary importance to the way it is delivered, priced, serviced or enhanced. The emerging new model takes a long-term view. Customers no longer pay for a one-off product or service — instead, they collaborate with a series of supply partners in a fruitful relationship that delivers an experience tailored to them over time. A well-executed DCN, therefore, doesn’t just enrich the customer experience, but it becomes that enriched experience in its own right.

Chris Thorne, course director in e-business marketing at Yorke University, sums up: “The DCN and the customer experience are one and the same — the medium is the message. Customer, partner, supplier — they not only link together physically, but also conceptually.”

This amorphous, interactive chain is bound to sound scary to traditional business, which prefers a static view of inter-relationships. But consider the alternative of retaining the fragmented status quo. As former IBM CEO John Akers says: “I’m sick and tired of visiting plants to hear nothing but great things about quality and cycle time, and then visiting customers who tell me their problems.”

### THE SNEEZERS ROUTE TO MARKET

One of the key attributes of the demand chain network is its ability to attract existing and new customers on the experience it offers. “We used to focus on making stuff, now we make ideas,” wrote Seth Godin in his seminal tract *Unleashing the Idea Virus*, released online last year. What interested him particularly was how these ideas could be disseminated in an interactive environment and be used to harness customers. He concluded that “word of mouse” was critical to the process. When choosing what to buy, customers increasingly base their decisions on those of opinion formers or even on hearsay, rather than on traditional means such as advertising. Godin’s own book is a paradigm of this. Since its upload in August 2000, 1 million people have downloaded it — 80 percent of whom were introduced to it by friends or colleagues.

Godin’s stated inspiration was another book that came out last year. In *The Tipping Point*, Malcolm Gladwell investigates how products become crazes. He argues that trends mirror the behavior of diseases. They are spread in the first place by a promiscuous and energetic few, but once they gain hold, they grow exponentially.

This idea of viral marketing isn’t new. What is different, however, is ‘idea merchants’ are beginning to adopt new role model-led methods, particularly in the youth market, to tap into the concept of “cool”. Godin defines these individuals as “sneezers” — individuals with enough credibility to spread the message among a target audience. “Success will come to those marketers who embrace this idea of fads.”

Indeed, despite recent strides in interactive marketing technologies, the gap between how organizations perceive their customers’ needs and what those needs actually are remains as wide as ever. When Robert Kaplan and David Norton, devisors of the *Balanced Scorecard*, investigated the issue, they found that “in as many as 70 percent of companies, you will find executive teams with an inadequate understanding of the customer.” This is hardly surprising, given the supply-based thrust of traditional business — it is as if we have spent decades honing a machine to work superlatively without considering its ultimate purpose. As one old-style industrialist concedes: “Marketing now bears all the hallmarks of abstract art. It costs an arm and a leg, it bears no resemblance to real life — and you’re never quite sure what you’ve got at the end of it.”

Unquestionably, any traditionally back-office focused organization which seeks to redefine itself around the customer experience is likely to be in for a series of upheavals. And these could be profound. “Once you get to know who your customers are — and what their main preoccupations are — your business is likely to change quite radically,” says Runge. Indeed, there have already been several documented instances of organizations jettisoning perfectly profitable strands of business on

discovery that their customers, while distractedly continuing to pay for them, were less than impressed with their experiences.

Whichever way you cut it, taking on board the ethos of a demand chain network is an exercise in playing the long game — both in terms of finding the right organization to support it, and because of the very real impact it can have on balance sheets. This was a fact recognized by many of the first pioneers of customer-centricity. For example, when Hewlett-Packard took the decision to restructure completely along customer-centric lines, it set itself a generous ten-year completion date in order to give itself sufficient leeway to experiment with organizational structures — and to offset any balance-sheet ramifications the sudden shift might have on its short-term profitability.

But few companies operating in the current environment can afford such luxurious time-scales, and for many the pressure is on to bite the bullet. “I don’t think (becoming demand-centric) is an all or nothing proposition. It’s not something that’s going to be required overnight to stay in business, it’s an incremental thing,” says Runge. “But what’s forcing a greater sense of urgency is the instantaneous nature of the Internet, and the customer liberation it brings. The customer is in control as never before. So there is a sense of urgency if you want to maximize your opportunity and minimize the chances of losing advantage.

“One of the undoubted advantages of the supply-based approach, from the point of view of the balance sheet at least, is that it offers greater predictability and potential for manipulation. “Many companies consider their quarterly earnings vital for the maintenance of their share price, so they do a supply chain push towards the end of the quarter to make the perception look better,” explains Imperial College’s Norburn.

And even Runge concedes that the emphasis on the value of lifetime relationships inherent in the DCN model — jam tomorrow, if not today — could be a tricky proposition to sell to investors, particularly given the markets’ conservative mood in the aftermath of the dotcom washout.

“The demand chain isn’t really black and white yet — and might never be. We can’t say we know for sure that if we call a particular customer every week, we’ll get a cake at the end of it — there are no recipes. But there is certainly an intuitive feeling that relationships will lead to better business. It’s soft, sure, but there’s enough there that’s already obvious — for example, knowing who is important to you and who isn’t. It’s vital to know this, but there are actually very few companies that can separate the customers which generate income from those that are costing them,” says Runge. “So there are some obvious first steps to take — what we call the minimum threshold — and companies won’t need to do due diligence to make that first investment.”

Certainly on a practical day-to-day basis, the competitive advantage inherent in an interactive demand chain can be seen at once in some operations. “It’s seeing a prospect come up on the Web, and immediately flagging that to an agent in the call-center for follow-up” says Ian MacFayden of online insurance broker InsLogic.com. “It gets people excited to watch that flow happen. And even customers are astonished that they get a call back within half an hour. We find that the ability to sell is a function of how quickly we get back to somebody: the faster you get back, the more likely you are to consummate the sale.”

But it is in the long term where it is projected that the collaborative strategy inherent in the DCN will pay dividends. Indeed, some commentators maintain that the economic boom of the past decade can be largely attributed to the movement towards interactive, real-time business. And analysts such as Simon Pollard, a vice president of AMR Research, agree: “The search for internal efficiencies has almost reached a plateau but the need to be efficient is still there,” he says. “When (collaboration) works it can result in performance increases of hundreds of percent. Nobody can afford to ignore that kind of opportunity.”

But the real point, concludes Thorne, is that when you collaborate in a network of partners and customers the possibility for reinvention is endless. “If you look at specific industries, say telecoms or software, you find that the process of co-creation of value has the potential to go on and on indefinitely.”

The central role played by the DCN in all this is that it acts as the basic facilitator for each new value proposition or business model. “And being able to create new business models rapidly is maybe the most important attribute of a successful business today.”

**THEORY IN  
PRACTICE —  
INTRAWEST  
CORPORATION**

What does demand chain management mean in practice? Intrawest Corporation, a leading developer and operator of village-centered resorts across North America and owner of several resorts including Whistler/Blackcomb, selected the Pivotal Demand Chain Network solution suite to address their vision of a demand-driven company. At Intrawest, the ability to respond to market and customer demands faster than the competition is critical in an industry where sixty percent of guests do not return to the same destination year after year.

In the realm of leisure, the customer is king — and the more demanding they get, the harder it is to retain them. That’s why ski operator Intrawest has been reconstructing its entire business structure. With its core asset — a mountain — literally fixed in stone, this sector has come under the severest pressure over the past decade to turn its proposition on its head. Where once it was enough to offer eager participants a pair of boots, poles, a couple of strips of greased metal and a lift to carry them up a

hill, the leading operators these days are fighting to define a real customer experience. And what the top organizations are capable of providing today, from their online services to their in-house performance metrics, compares favorably with leading customer-centric businesses across all sectors. This, after all, is an industry that has been in decline since the 1980s. Propped up over the last few years by the unexpected popularity of snowboarding, operators have witnessed a vast change in customer perceptions and expectations, and have had to adapt accordingly. Well known for the relative efficiency of their supply-side operations, the top players have long been focused on understanding the dynamics of demand, taking an enterprise-wide view that incorporates relationships with employees and partners, as well as with customers.

As Matthew Dunn, senior VP and chief information officer at Intrawest, points out, there's been a fundamental shift in the industry's power base: the operators have had firstly to rethink all they do, and then attempt to put their new theories into practice. They haven't found all the answers — indeed, the deeper you delve, the more complex some of the issues become — but they are addressing questions that some industries haven't even begun to ask themselves yet.

Intrawest, in fact, now views itself not solely as a ski operator, but as a broad-based leisure industry business. With interests spanning traditional ski centers, golf resorts and a lucrative real-estate operation, the Canada-based company has pinpointed retention as key to its future growth.

20 years ago, as Dunn explains, ski operators effectively owned access to mountains. Customers were prepared to participate on the providers' terms, accepting a relatively basic service that at times would see them standing in line for an hour simply to get onto a ski lift. Demand was high, opportunities were limited and power lay in the operators' hands.

Nowadays, the dynamics could hardly be more different. Travel is cheaper and easier; customers are better informed of their options; and people's tolerance of inconvenience has been reduced drastically. As Dunn points out, it's not just that customers have a wider choice of ski resorts — more fundamentally, they have a wider choice of leisure activities overall, and if the ski industry doesn't provide the experience they seek, any number of options are available to them. With the Internet providing both information and choice at their fingertips, customers can be lost before the operator even realizes that they were a prospect.

At the same time, the benefits of getting it right are enormous. At one level, customer retention in the ski industry is a tricky concept — skiers will want to return to a good resort, but they're also keen on trying new challenges on new mountains. However,

the upside is that a satisfied customer who returns even years down the line will likely bring friends or family with them, multiplying the benefits to the bottom line. The long-term can be better still — a satisfied, high-income customer is the perfect prospect for purchasing interval ownership of a condominium, or even buying a second home outright. The germ of customer satisfaction may be created in the ski boot rental room, but the ultimate result could be a \$500,000 real estate deal.

In trying to harness this potential, Intrawest has introduced a number of demand-led techniques, all under a broad mission statement to “create a memory for guests and staff, again and again”. The staff element is important, particularly in a business made up from a high percentage of casual labor. Building team loyalty and introducing the concept of creating customer satisfaction isn’t easy, and the company is trialling several initiatives to retain key employees and sustain its culture.

#### **MANAGING THE STAFF EXPERIENCE**

If customers long ago got tired of waiting in line for ski lifts, what’s it like for the employees who have to service them? How do you make a casual winter job sufficiently interesting for the people involved to take notice of — and even care about — the clients they serve?

While most of the focus to date in demand-chain economics has been on servicing the customer, employee satisfaction and retention is creeping up the agenda. “In our early discussions about customer relationship management,” says Intrawest’s Matthew Dunn, “we thought one of the obvious things is to flip the subject around and apply it in-house. If we’ve got a great guy working for us, we shouldn’t just say goodbye when the snow melts — we should say, ‘how about spending the summer with us in Florida?’”

What Intrawest sets out to do is to provide as memorable an experience for the employee as that enjoyed by the customer. As a mission statement, that’s easy enough — in practice, however, it’s a tough and costly task. To begin with, the changes in the ski industry over the past decades have impacted on the people who work in it. It’s no longer enough, for example, to offer a free ski pass as an incentive to work — as with the clients, the staff’s expectations have soared too. At the other end of the scale, the need to create an all-round experience for customers has had a big environmental impact, forcing up the cost of living near resorts. Most employees at one of the company’s oldest sites, for example, now live 60 to 70 miles away, an exodus that a year ago forced the closure of the last live music bar in town.

Faced with big staff shortages, Intrawest has developed a program to sell employees into the corporate philosophy and develop a culture akin to the best of the dotcom start-ups. It insists on giving two weeks’ training to all staff, regardless of their role, focused both on processes and cultural issues. It also offers practical benefits. A big

**MANAGING  
THE CUSTOMER  
EXPERIENCE**

factor in planning for a new resort is catering for employee housing — it's an overhead with no tangible return, but one that the company can't afford to ignore. Ultimately, Intrawest would also like to introduce tailored retention schemes for key employees, although Dunn foresees difficulties: "The hard part will be introducing the process overhead. Will managers write portfolios or just think, 'Well I know he's good'?"

The employee program has had a number of knock-on effects, some of them unexpected. Most positively, the average employee lifecycle for staff at the rental counter is surprisingly high at two and a half seasons. More unexpectedly, the service culture may actually have gone too far. "They get incredibly riled at the notion of a guest not having a positive experience. Ironically, as a result it's almost been a battle to introduce e-commerce, because until it's perfect, they don't want to use it. I have to tell them that we have to live with a few errors. It's almost over-service." Dunn concedes that ultimately there are limits to what the company can proscribe — "being a hotel clerk isn't something someone will do for ever" — but feels strongly that it's worth the investment. "Our line managers pay a lot of attention to it — I think our retention is very good."

The customer, though, remains the linchpin, and success rests first on understanding and predicting what makes them tick, and then creating a collaborative community to deliver it. At an organizational level, that has pushed the company to rebuild its processes, establishing an IT-based infrastructure that pulls together the different strands of the leisure experience. "The resort business is complex because it's a microcosm," says Dunn. "If people are spending weeks of their time in one place, we have to recreate, with a fairly complex value chain of partners, most everything that fits in their daily life in their own town."

The experience begins with basic logistics — such as booking accommodation — and moves through the whole supply chain of providing food and social arrangements, and, of course, the traditional processes of moving them up mountains quickly and efficiently.

Using software from Pivotal, the company started out by realigning its own internal processes and information sources so that data was grouped by customer rather than individual service. This means, for example, that an order for ski boots should be viewed not purely from the inventory perspective — which is fairly elementary — but from the client's. Once Intrawest knows a customer's boot size, it should never have to ask for that data again. "If we put all those things together," says Dunn, "we save our clients' vacation time for things that they want to do, like sliding down the hill." By getting the customer to collaborate in this information-gathering — ideally, while booking rather than during the vacation — the company begins to create a partnership which has tangible benefits to both sides.

Dunn is keen to extend this demand-centric perspective to partners in the supply chain. Can Intrawest, for example, pre-book snow-mobiles for clients through third-party operators, cutting marketing costs and time for the independent providers in exchange for a guarantee that orders will be fulfilled? Can it get to the point where customers, if they choose, can pre-arrange 80 percent of their activities before they arrive on site? The aim is to create a one-stop shop for all services, irrespective of who provides them. In technical terms, the information flow is relatively easily achieved through Web-based ordering — the tough issues, as in any collaborative community, are cultural. “It’s not so much a technical challenge as a relationship and negotiation challenge (with the third parties),” Dunn concedes. “We’ll have to overcome a degree of fear and suspicion.”

*“The Pivotal solution suite allows Intrawest to personally engage our guests over the Internet and in our resorts to provide a level of service that is unmatched in our industry.”*

MATTHEW DUNN  
SENIOR VP AND  
CHIEF INFORMATION OFFICER

Ultimately, each element of the supply chain will have to be refocused on the customer. “Ski operations are notoriously efficient at the supply side because the business is so hard to survive in. The supply side issues are not trivial, but they’re really about the supply of the right action at the right place at the right time. The economics are far more likely to be driven by a more rigid focus on demand.”

In fact, the ultimate example of that kind of demand dynamics is already evident in Intrawest’s profitable real-estate business, where customers pay for a home before it’s constructed. “We sell before there’s ever a shovel in the ground,” remarks Dunn.

Building a community to deliver a memorable customer experience is just the first part of the demand-chain process. The second phase — one pioneered by sectors such as financial services and telcos — is to focus on those customers that are going to generate the biggest profits in the long-term. Here, the more Intrawest experiments, the more apparent are the complexities inherent in this kind of performance measurement. How do you establish that today’s ski boot hirer could be tomorrow’s land purchaser? And how do you begin to understand the dynamics of an activity that, because of its social nature, has ramifications far beyond an individual customer?

In many parts of the financial services industry, a key objective of profitability measurement is to identify and ultimately eliminate lower-return customers, but for Intrawest, the driving forces are different. For one thing, the ski industry needs all the clients it can get. More importantly, Dunn believes that approach is inherently dangerous. “For now, I don’t think we’ve got a good enough grasp of the value of any individual to go into the business of culling them,” he says. “You’ve got to be really careful. One resort on the East Coast did some rudimentary data mining and found a small percentage of guests generated a huge percentage of revenue.” Viewed from a transactional perspective, the temptation would be to gear all its efforts towards this effective minority at the expense of the rest — “but will they stop coming if the other 80 percent of guests aren’t there?” questions Dunn.

Instead, Intrawest is focusing its efforts on communicating more effectively with its top revenue generators, although even here, the task is far from straightforward. At one level, identifying top clients is relatively easy — a \$500,000 condo sale, after all, speaks for itself. “But what’s harder are the ones who generate high value across multiple domains — when it’s not just about one guy, but what sort of network he or she is part of. People do this stuff in packs. The average group size in Vermont is ten or eleven — that’s a shocker. So if we hack off guest A, guests B to L may not come back next year.” As a result, Intrawest is now beginning to re-examine its own perception of the experience it offers. “Understanding the composition of these groups would be such an improvement. I’d argue that we’ve gravitated to building and operating village resorts.”

The e-business element of the Intrawest system is key to improving this level of understanding. Two years’ previously, before Dunn’s tenure, the company had embarked on an ambitious e-commerce project, using a hosted Web service designed to bolt onto its existing in-house systems. The installation, which spread e-business functionality across multiple sites, gave rise to some practical issues, particularly in terms of networking and security. Dunn — who describes the set-up as “big, fat, slow and expensive” — believed that it was more efficient to bring the hosting services in-house and standardize on one platform. It began its rollout with Pivotal e-sales technology, and is now extending the software suite across its demand-chain functions.

One thing Intrawest has learned in the course of these e-business activities is that demanding information from clients over the Web is intrusive — customers can be resentful spending even five minutes answering questions. In contrast, tracking customer behavior as they browse and carry out transactions yields far better results — and since some parts of its website boast an average visitor duration of up to 11 minutes, there’s plenty of data to analyze. By segmenting social groups and assessing data on issues such as the preferred length of vacation, for example, Intrawest can tailor specific packages for popular holiday models.

This process is one of continuing self-improvement: the more Intrawest learns about customer preferences, the more it questions the status quo. Most of its resorts, for example, are geared for single families — but given the average size of the parties who book, should it be making bulk room bookings easier, or even be offering space in mansion houses for large groups? Alternatively, could it weave itself into the social fabric of different groups, helping to plan group holidays by alerting fellow members when one of their associates books a holiday? “These social people-drivers offer the richest opportunities out there as we keep trying to get smarter,” says Dunn.

Getting smarter, in fact, is the key to survival in a business that’s likely to become more and more competitive. Dunn himself is under no illusions about the nature of

the challenge, and concludes with an honest insistence on the necessity of adopting a demand-led philosophy: “No-one needs what we supply — we’re almost purely a marketing entity. There’s a need for leisure time. To create demand and then respond to it — that’s what’s going to keep our business cooking.”

## **C O N C L U S I O N**

Smart companies, such as Intrust Corporation, are realizing that in today's demand-led economy it is critical that they know their customers better.

The opportunity available is to use demand chain networks to change how we communicate, collaborate and share information throughout our business. At Pivotal, we are helping companies use the Internet as a global business network that empowers employees, customers and business partners. This networked approach to doing business means that they can turn on a dime to respond to market, partner and customer demand faster than the competition.

