



Self-Service Nation

By Greenhouse Associates

Technology is making us a society of do-it-yourselfers, and the long-term impact on businesses, consumers, and the government could be huge. Gone are the days when customers complained as their banks coerced them to use cash machines instead of live tellers. It took years for online bill paying to catch on, but now it's accelerating. Orbitz inked a deal last year to become the in-house travel agency for McDonald's Corporation's 400,000 employees. Employees book their own business travel using a customized version of Orbitz's online travel site, which shows preferred providers and rates and allows the company to track employee spending on travel, hotels, and rental cars. And McDonald's is piloting self-service food ordering kiosks in some of its restaurants.

The old adage that computers don't take coffee breaks or sick leave certainly spells economic advantages for vendors. But other drivers are also emerging: the ability to provide a consistent level of service, collect in-depth customer usage data, and upsell effectively (Think of Amazon's "people who bought this book also bought...").

Now that Internet access is nearly ubiquitous, consumers are embracing self-service technology for a variety of reasons, notably control, immediacy, and anytime access. People now recognize the advantages of being able to access information or make purchases directly, rather than relying on intermediaries, and to do so on a 24/7 basis. But self-service technology has some far-reaching implications:

Accelerating Use of Self-Service: As success begets success, more and more self-service applications will become available. Functions previously considered infeasible online because they are too complex or rely heavily on person-to-person contact will become available online. Government agencies are expanding the use of self-service technology for such services as paying traffic tickets and applying for licenses and permits. The IRS reports a 20% increase in the number of families filing income tax returns online so far this year. Even the U.S. Postal Service, not known for embracing technology, has begun offering "Click-N-Ship," a service that allows customers with a PC and credit card to print their own labels with postage.

Organizational Change: The growth of self-service is both the result of and a cause of organizational changes. Large companies started reducing secretarial staffs years ago, and recent online applications have continued the trend as more people schedule their own meetings electronically, handle their own correspondence via email, and make their own travel reservations. More recently, however, technology has also changed the way that certain corporate functions are provided. Purchasing is no longer controlled by a



central authority as many departments have started placing orders with online vendors. Many of these purchases are expensed on individuals' credit cards, and then reimbursed by their employers. Purchasing of information services is also evolving into a more decentralized model. Increasingly, end users do not have to go to centralized corporate libraries for what they need. They can subscribe to online services or, increasingly, use online information services on a pay-as-you-go basis. That's one of the underlying principles of HighBeam Research, an online research service designed for use by individuals, whether they are solo practitioners or part of a large organization.

Changing Relationships Between Customers and Suppliers: The ability to research cars, compare models, and request dealer price quotes online means that consumers arrive at a dealership closer to the point of making a purchase. Dealers may therefore be less important in providing customers information, but more important in handling Internet inquiries, serving educated customers, pricing competitively, and providing after-sales services.

More Interlinking of Disparate Self-Service Functions: While users have embraced self-service, the next generation of applications needs to focus on connecting related sets of information and transactions to boost efficiencies for users. Online travel services, for example, have made strides in keeping track of frequent-flyer programs and customer preferences when booking air travel, rental cars, and hotels. A logical next step would be an automatic link posting airline reservation details in one's calendar. eBay has done a good job of seamlessly integrating PayPal, which it now owns, so that users can easily pay for merchandise with just a few clicks.

More Value Added Services: Some self-service applications, such as electronic bill paying, save time, but often the value of self service lies in other functions, such as being able to generate reports at tax time. Along with basic information retrieval and transactions, self-service sites will offer users more reporting, analysis, alerts, and scheduled transactions.

More Government Mandated Use of Self-Service Technology: Government agencies at the federal, state, and local levels have also become increasingly active users of self-service technology. A decade ago, the SEC implemented EDGAR and started requiring public companies to submit their filings electronically. The IRS has started mandating electronic payments for most business tax filings. While it may be years before the IRS requires individuals to file electronically, it hopes to have 80% of all returns filed electronically by 2007. About 78 million low- and moderate-income Americans (60% of filers) are eligible for a government program providing free web-based tax preparation and filings services, but only about 3 million filers took advantage of the program last year. To help promote it, the IRS has enlisted nearly 20 tax preparation, software, and filings firms, including H&R Block and Intuit, in a program called the Free File Alliance.



Self-service won't kill traditional methods of fetching information and making transactions for a while. Telephone, mail, and in-person channels will persist, but will become less popular as self-service technology becomes more functionally rich, seamless, and personalized. Making a trip to the post office or to the motor vehicles department will be a penalty for those people who don't have access to online technology or insist on clinging to outmoded ways of conducting their business.

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