

2

The Financial and Behavioral Impacts of Customer Service

'At Your Service' Spotlight: Andrew Dunn, Scott Dunn Travel



Photo Courtesy of Scott Dunn Travel

A British luxury travel company has spent over 25 years wowing its customers. From its first ski season when the owner personally drove to France with huge supplies of bacon to perfect its English breakfasts, Scott Dunn has gone the extra mile for service and for quality. 'From day one we wanted to be the best,' says founder Andrew Dunn. The company was established in 1986 initially as a ski chalet business, operating out of two chalets in Verbier, Switzerland. Despite first year losses, 22-year-old Dunn ploughed on,

opening up chalets in neighboring resorts and differentiating on comforts such as down duvets and morning tea in bed. Launching his London office in 1988, he provided his own staff and British nannies for his Swiss and French properties, establishing a benchmark for Alpine chalet holidays with his emphasis on opulence and personal service. Up until then, most competitors had provided quaint but adequate accommodation, basic catering, and very low-budget wines.

When Giles Tonner joined the Scott Dunn team in the 1990s, worldwide tailor-made adventure holidays were added to the mix – this was soft adventure without compromising comfort. Seeing a bigger profit margin in high-end travel, Dunn also added long-haul luxury and Mediterranean villas with private chefs, hosts, nannies and exclusive children's clubs. He was following the advice of his grandmother who told him when he started his business: 'Andrew, you never want to be selling the cheapest – people will always pay for the best'.

A graduate in Psychology and Biology from Oxford Brookes University, Dunn has always been astute in consumer behavior. 'I was acutely aware that a guest is not just a single purchase; they are a multiple purchase and there's potentially a lifetime journey with them.' He looks to woo each customer early on and retain them through the different phases of their lives: marriage, parenthood and beyond. 'It's a massive responsibility because if you screw up it's not just that booking you are going to lose; you've probably lost another six bookings over the next couple of years,' he says. His education helped out with recruitment and training, too. 'I've always had a knack for finding the right people to work for me. It's a question of whether I like an individual and a lot about chemistry. I need to know "do they care" and "do they want to give the guests the best experience possible" or do they just want to travel the globe,' says Dunn. Unlike many travel companies, he retains a strong base of year-round staff in order to ensure consistency and high standards with a permanent management team in the UK and seasonal workers in resort – around a third of whom return year round.

Dunn also employs consultants to scope out destinations in Africa, Asia-Pacific, Europe, India, Arabia, Latin America, the Caribbean and South Pacific. They then write Travelogs for the company website about their experiences and also work as advisors to potential customers. 'What makes us different is that nothing is too much trouble,' explains Dunn. 'That mantra is just as important today as it was 25 years ago. If you worry and you care and you want your guests to have a good time, then they will.' The Scott Dunn website promises to craft something special for each customer. This type of one-on-one service has led to more than 70% repeat business through loyalty and referral. The Scott Dunn service philosophy includes unexpected acts of kindness (U.A.K.s) – a term Dunn coined – for guests, and there's a behind-scenes budget for this. The price tag of such extras is never questioned. 'We obviously try to mitigate costs as much as we can but nothing that would affect a guest. If you're part of the DNA of the company, you understand the importance of the guest,' Dunn asserts.

It has not been easy weathering two economic slumps during Scott Dunn's years in business. But, quick to react to external pressures, Dunn circumvented disaster early in his career when the 1992 recession compromised his company. He reached out to a dozen new investors by offering both a 1% share in the company as well as free holidays. Profits grew 20% year-on-year between 1992 and 2008 and potential dangers from the 2008 recession were averted by cutting back on quantity rather than quality, reducing the amount of accommodation offered and securing more performance-linked contracts. By 2011 profits had soared again with sales of \$40 million, zero debt and seven-figure profits from the 10,000 yearly holidaymakers who average more than \$19,000 per booking. The business continued to grow, with Scott Dunn taking a majority stake in rival Imagine Travel in 2013. By 2014 revenues were up to about \$100 million a year, with annual profits of around \$9 million, attracting the interest of equity investors. That same year, Inflection Private Equity took a majority stake in the company, reportedly for over \$100 million.

One thing in his favor, particularly during economic downturns, is that the high-spending clientele is relatively recession-proof: 'When we're negotiating our rates (with chalets, hotel rooms), we explain to the resorts that they will want our guests rather than someone booking on Expedia, for example, as they are going to spend more and be more value. They're buying a caliber of guest who is not afraid to spend.' When asked how Scott Dunn has outlived many competitors over the past quarter century, Dunn explains: 'We've been consistent; we've always undersold and over-delivered and provided you do that, you manage people's expectations and they wax lyrical as you exceed their expectations. It's then all about having the right people working with you.' He also thinks too many travel companies focus on the bottom line rather than on keeping customers: 'they are too busy counting beans.'

In 2010, Dunn expanded his senior management by recruiting a chairman, Clive Beharrell, and a managing director, Simon Russell, who brought a wealth of experience from working for Thomas Cook and British Airways Holidays. Dunn remains the ideas person, also in charge of guest loyalty and brand enhancement.

In 2011 Scott Dunn was voted Favorite Specialist Tour Operator in Condé Nast Traveller Readers' Travel Awards. Scores were particularly high in relation to reliability, staff and service. 'We call it guest service rather than customer service,' insists Dunn. He thinks his style of exemplary service is why Scott Dunn has survived while other 'young pretenders' have failed. Dunn says the award will give the company 'collateral for the next 12 months or so' for marketing, advertising and online clout. But he also rates highly the value of good press. 'PR is very important for us, more so than advertising,' he says. A recent coup was a three-page feature story in *The Sunday Times* Saturday Travel section. 'It helps us create that warm, fuzzy feeling,' explains Dunn.

After stepping back from the day to day running of the business, Dunn is now Lifetime President and is supporting the board in a non-executive capacity with the development