

## Top Trends Impacting the Travel Industry Revealed at HEDNA's December Conference

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Attendees at HEDNA's December Conference, held December 3-5 in Phoenix, Arizona, discovered the top trends facing the hotel distribution industry and how to benefit from them.

Kicking off the meeting was the keynote address by Henry Harteveltdt, vice president and principal analyst at Forrester Research. His theme was "when you're relevant and desirable, engagement is possible." How can the travel industry be relevant and desirable? One way is to understand the customer as a whole person, says Harteveltdt. For instance, travelers tend to be more financial confident than non-travelers. This outlook is exemplified by the fact that travelers don't expect to cut back on travel in 2008, nor do they intend to look for lesser quality accommodations.

However, Harteveltdt sees the industry as moving backwards when it comes to meeting travelers' expectations. His research shows that "43 per cent believe travel Websites shopping experiences have become less useful, 15 per cent feel the Internet doesn't help them save money and 11 per cent of US online leisure hotel guests say it's more difficult to shop for travel online now than when they started."

While 47 per cent of travelers are happy to fill out user profile forms, more than half of those travelers say they're not happy with the benefits received. Travel companies need to do a better job of mining the data that is compiled. Instead of presenting tailored information to guests, "we send guests into information comas, instead of helping them," Harteveltdt says.

Most travelers using online services are "fed up," Harteveltdt says and "would use a good offline travel agent if they could find one." Further, "21 per cent feel they can find the best travel information using offline resources."

How can the travel industry make the experience more user friendly? Harteveltdt advises that "we need to make online booking easier, be clear instead of confusing, reflect customer preferences, do a better job providing content and make it easier for guests to reach us" and vice versa. "We need to meet travelers on their terms, with tools that matter, to (re-)engage them," Harteveltdt says.

### **Engaging the customer**

Efforts to reach customers have grown from using the telephone to flooding the Internet with information, says Mike Kistner, chief operating officer of Pegasus Solutions. Hotels began launching their own Websites, trying to "integrate guest information and desires into the experience. We started to add value," he says.

When the online travel agent (OTA) Websites were started, many thought it would be the demise of traditional travel agents. As the online sites drove traffic to the hotels, a question about who owned the customer arose -- who's guest is this? Is it the OTA's or is it the hotel's? Interestingly, the answer is the OTA.

Despite all the online offerings, travelers are using more voice bookings. In fact, voice bookings are on the rise, says Kistner. Perhaps it's due to a more personalized feeling that the traveler gets when booking over the phone.

Personalization is key and may lead to the next disruptive change in the market. Kistner predicts that the personalization people receive from social networks will change the customers' expectations of the travel market and how it caters to them.

### **Does Brand.com rule?**

The success of individual or hotel group Websites has led to the idea that "Brand.com" Websites will replace everything - voice, GDS, OTAs. But will it?

John Burns, CHA owner of Hospitality Technology Consulting, sees all the channels are being important. Yes, consumers are comfortable shopping online. Yet, Burns sees voice as a growing and preferred booking channel, especially in the next decade. From the hotelier's viewpoint, voice has its advantages, since it's an excellent opportunity to up-sell products and services to the customer.

### **The issue of payment**

Once you have the customer's interest and commitment, how will the customer pay for the services? If you think it will be only via credit card, please think again. Mike Carlo, business development manager for Global Collect, says that up to 56 per cent of online shoppers don't have a credit card. In addition, payment habits differ depending on the culture - Europeans use a different mix of payments than those in Asia.

Carlo says that the more methods a hotel accepts, the better the sales conversion rate. For instance, if a hotel accepts only one method of payment, the conversion rate is just 60 per cent. But that conversion rate rises to 82 per cent if the hotel uses four or more payment methods. Those methods can be regional credit cards, bank transfer, direct debit, E-wallets, cash and checks.

## Commissions remain a thorny issue

Another type of payment that needs to be addressed is travel agency commissions. According to Cynthia Castillo, head of hospitality distribution projects at Amadeus IT Group, the number one travel agency obstacle is commission recovery. To help overcome this problem, Amadeus introduced its Worldwide Commission Manager this year. The Manager is a platform that agencies can use to track and manage commission payments. To date, nearly 50 hotel chains have signed up to use the product.

Speedy payment does have its advantages. "When commissions are paid promptly, more hotel bookings will be done by travel agents," Castillo says.

Processing payments efficiently is key, says Angela Ybarra, commercial vice president for Worldwide Payment Systems. Suppliers face challenges in processing commissions including small payment amounts, high banking costs and payment reconciliation. Using services to help process commissions can surmount these challenges and improve business relationships.

## Looking at trends

What can the travel industry learn from the real estate industry about online sales and presence? Quite a lot, according to Spencer Rascoff, chief financial officer of Zillow.com. Zillow.com has listings of almost every property that exists in the US, allowing customers to view properties and make comparisons easily. Zillow.com is akin to Trip Advisor in that the Website doesn't perform any transactions. Its revenue comes from advertising.

Would this work for hotels? Rascoff thinks that hotels should be looking at putting advertising on their Websites, which could generate additional revenue for the hotels.

Rascoff also believes in leveraging the power of the Internet but courting real estate bloggers. When Zillow.com began, it made a point of contacting the top 10-20 influential bloggers in real estate. He sees bloggers having potentially huge impact in the travel business.

Moving the travel industry forward is a trend that influences the work of the three main travel associations. Hotel Technology Next Generation (HTNG), Open Travel Alliance and HEDNA. The association panel - Douglas Rice, executive vice president and CEO of HTNG, Valyn Perini, executive director of Open Travel Alliance, and Edward Perry, secretary of HEDNA - discussed how the three associations can work together to assist members in utilizing distribution technology.

Social trends that affect distribution are increasingly important to the success of the travel business, says Daniel Levine, founder of Avant-Guide. Once you've identified that there is a trend, it means the demand already exists. All you need to do is discover how to tap into the market.

Levine sees five key trends - personalization, targeted segmentation, mobile lifestyles, lifestyle visibility and life-easers. All these trends speak to addressing the needs of the customer and making life easier. Whether it be personalized digital versions of ads, better communication via PDAs or appealing to individual lifestyles, these trends will be impacting the travel industry and how it chooses to interact with its customers.

## About HEDNA

The Hotel Electronic Distribution Network Association (HEDNA) is a not-for-profit trade association whose worldwide membership includes executives and managers from over 200 of the most influential companies in the hotel distribution industry. Founded in 1991, all of HEDNA's activities are intended to stimulate the booking of hotel rooms through the use of GDS, the Internet and other electronic means. HEDNA brings all segments of the hotel industry together to evolve systems and services into electronic distribution that is easy and efficient. Additional information on HEDNA is available by calling +1 202-204-8400 or by visiting [www.hedna.org](http://www.hedna.org).

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