

The Future Of Hotel e-Business

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Opportunities exist for those in the hotel e-business, even during these tough economic times. Attendees at HEDNA's Lisbon Conference learned about the future trends for hotel e-business, how to profit from those trends and how HEDNA members can make a difference as the industry evolves.

Uncertain times call for different strategies. One of the top strategies for hotel e-business is evolving from selling to engaging the customer, points out Henry Harteveltdt, vice president and principal analyst at Forrester Research. Hoteliers need to think more like retailers. "To succeed, hoteliers need to fulfill the experience expected by customers, not just think of them as heads in a bed," says Harteveltdt.

Another strategy is engaging the customer through social computing, which Harteveltdt calls the fifth generation of electronic distribution. "Travel plays a big role in social computing, making social computing a blend of marketing and distribution," he says. He points out that in Europe, online travelers are "more likely to consume than create social computing content."

The sixth generation for electronic distribution is mobile technology. Mobile phones are becoming ubiquitous in many countries. "Travelers are an ideal group for mobile-based services and activities," says Harteveltdt. Frequent travelers are the ones who find the most utility from using mobile services.

How can those in hotel e-business succeed? Harteveltdt says success is through evolution. "To truly engage digital travelers, hotel e-business must evolve from channel to gateway, from single purpose to all encompassing, and from functional to fulfilling," he says.

Getting ready for tomorrow

The hotel electronic distribution industry, or hotel e-business, is "an exciting industry with lots of positive opportunities ahead," Michael Ball, CEO of WORLDHOTELS, told attendees. "We're at a pivotal time. Tomorrow will look very different from today," Ball says.

The "pillars of business and commerce are out of alignment today," observes Ball. From the credit crunch to high energy prices to food prices, changes are happening at a faster pace. The GDPs of India, China and other Asian countries are growing fast while the US and Europe are dropping. Social factors, such as the environment and population, must be part of the travel industry's considerations as it moves forward. Yet despite all of these changes, there are opportunities.

Some of the opportunities center around the five important trends affecting hotel e-business. According to Ball, these trends are: more demanding consumers, more complex distribution channels, changing business models where companies must give more but expect less in return, an emphasis on technology and richer content, and a change in the structure of hotel e-business.

Other opportunities are contained in Ball's "five points to ponder." First, don't let opportunities for the hotel e-business get hijacked again. The industry must do a better job at managing downturns, says Ball. The other points are: strive to simplify, put distribution at the heart of your planning process, recognize the need for capital expenditures on new technology, and add the social agenda to your agenda, before the environmentalists and regulators do it for you.

Ball sees HEDNA members making a difference in several areas including technology, richer content and collective ownership of data. "Collaboration is important in times of an economic downturn," Ball says.

Globalization versus localization

Are globalization and localization competing strategies? No, says Mike Nelson, COO of Orbitz Worldwide. "Any business needs to think about both," he told attendees.

Globalization is here to stay as evidenced by changes in demographics and affluence. For instance, Russia is becoming the biggest European market while India, China and other Asian countries are emerging as important markets, too. In all of these regions, there's a huge rise in an affluent middle class who will be interested in travel.

A globalization strategy needs careful planning, cautions Nelson. "You can't rush into it. You need to give it some thought," he says, noting several examples of faux pas made by major corporations. Don't forget about the local aspects of your strategy. You need to incorporate local and global to be successful, Nelson says.

Changing factors in decision making

Shaping customers expectations is becoming crucial as customers look for an 'experience' rather than just a room. The more compelling the experience for the customer, the more satisfied the customer will be. "Content will replace price as a deciding factor for customers," forecasts Heiko Siebert, vice president distribution at Mövenpick Hotels and Resorts, who participated on the Online Distribution panel.

But who then owns that content and the customers that are attracted by it? Is it the hotel or is it the online service? Siebert strongly believes that his hotel has ownership of its content and customers. But online services feel otherwise. Since this is an area of debate, the panel believes this is an area where HEDNA can make a substantial impact in the industry by developing a solution.

The traveler's experience was very much the focus of the Web 2.0 panel. Consumer generated content, which is more and more in demand, is all about a traveler's experience, explains Marc Charron, managing director Europe for Trip Advisor. This is a great way to match content with traveler's age group and interests. It's also a way to bolster the customer's expectation about what that experience at the hotel will be like.

Charron points out that there's an incredible reluctance by hotels to post consumer generated content, fearing that it will be negative. However, most people that take the time to write have positive comments about their travel experience.

As the day grew to a close the hundreds of delegates from the international community attending the Lisbon Conference seemed to share the perspective that as HEDNA stays on top of major trends and technologies, their membership and collaboration will assist the industry to navigate the seas of change.

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.

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