

## Technology, Customer Expectations, Environmental Issues Will Drive Near-Term Decision Making For Electronic Distribution

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The speed of technological innovation, growing realities of environmental sustainability and more demanding, value conscious customers are some of the most key near-term decision drivers for the hotel electronic distribution industry. These challenges and their various impacts were examined and debated during the final day of HEDNA's 2008 EMEA Conference, held at the Corinthia Lisboa Hotel.

The next 18 months will be some of the most challenging for the hotel business since 2001 due predominantly to economic concerns and the rapidity of technological evolution, said Dr. Lalia Rach, renowned dean of New York University's Tisch Center for Hospitality, Tourism and Sports Management. The hotel business and the environment in which it functions is changing so fast that now, more than ever, there's a real need for true globality, conductivity and continuity in our industry.

Global tourism is the most positive industry in most countries, Rach said. And increasingly travelers are not only interested in visiting countries such as India, China and the United Arab Emirates, but citizens from what economists now refer to as the 'BRIC bloc' (Brazil, Russia, India and China) are traveling and will travel in incredible numbers. China has in a brief period improved their infrastructure to handle increased tourism and the projected upswing in tourism post-Olympics was the motivation. The next decades will see travelers who are seeking to follow the Silk Road, an ancient trade route, with travel from and to Europe, North America and the Caribbean taking a back seat.

Rach also drove home the point that today's travelers aged 35 and under are not only the next customer base for the hotel industry, but that hoteliers need to understand their motivators and demands. "They view travel as a right, not a treat and often are unable to recall their first airplane flight," she said. In fact, Rach said they have participated in the purchase and decision since their earliest days. They demand your company's loyalty, before they'll return their loyalty to you. They are seeking new travel experiences. They are also extremely focused on sustainability issues and will demand to know what hotel companies are doing to really reduce their carbon footprint. They know when they are being lied to. The 35 and under group is so technologically oriented that they are in part the reason semantic technology innovation is emerging in the very near future.

While there are many bright spots in the hotel industry, there are also a number of serious and dramatic challenges. People will still travel, but will value their vacations more, Rach said. This means the distribution industry must understand how to reach customers. Rach advised hotels to deliver on what you've promised to deliver, don't expect the customer to know the minutiae of the travel business, and be consistent and helpful.

The increasing emphasis on hotels to have customer service as their core value will be the defining factor in who survives she warned. "Saying it is easy, doing it is more difficult," she said. This savvy next generation of hotel guests has amazing radar to spot a phony marketing story. Finally, your team needs to be prepared to market, sell and serve the customer in an increasingly tight economic situation. She challenged the audience to ensure their staff knows how to deal with sales in a tighter market. "When 'c'mon baby let the good times roll!' stops playing are they ready to keep that person's business?" asked Rach.

### **Introducing the Hotel Carbon Index**

Dr. Lalia Rach and Michael Ball, CEO of WORLDHOTELS, both highlighted to the hundreds of HEDNA conference attendees the importance of true and quantifiable environmental sustainability for travelers of all ages and nationalities. It needs to be "a top concern of the hotel industry" emphasized Peter Ducker, CEO of UK-based CarePar. "Business is awake to the issues" around sustainability and cannot underestimate the huge opportunity this provides. He quoted Lee Scott, CEO of Wal-Mart, who said, "sustainability is the single biggest business opportunity of the 21st Century. It will be the next source of competitive advantage."

According to Ducker, there are a number of steps businesses can take to become more sustainable beyond whether a guest washes their towels or sheets. These steps include implementing energy reduction programs, recycling waste, buying and using only recycled products and measuring your sustainability achievements. Telling your customers how you are contributing to the planet's sustainability in a quantifiable manner will become standard.

CarePar, a term cleverly coined in the family of RevPar, has recently developed the "Hotel Carbon Index." The index is a number that measures a hotel or venue's actual carbon emissions per available room per day, per function room per half day or per restaurant per meal, Ducker said. The Hotel Carbon Index is an actual measurement that can be used to certify and verify carbon values. CarePar can help the hotel make this vital data available to a wide range of interested parties who increasingly ask in RFP's for the hotelier's social responsibility policies. In addition, it will assist hotels in identifying areas where costs can be reduced through sustainable practices and can help marketing and distribution channels meet the demand for standards as greening plays an increasingly vital role in operations.

### **GDS perspectives explored**

The GDS partners panel looked at how technology actually impacts future distribution performance. Panelists promised more fixed and structured fields for content being implemented as well as the ability for systems to handle multiple currencies, languages and characters. GDS' continue to "move to enable XML protocols and accept XML content from hotels" who have pushed this technological advancement agenda to the forefront.

According to Tony Kubis, director of hotel relations at Sabre, technological advances "create the paradigm for the right content to appear to the right people at the right time." Efficient exploitation of technology and understanding trends has allowed Sabre to launch an application which will help customers solve travel problems as well as facilitate connections between travelers, proving social connectivity penetrates all layers of the distribution channel.

Increasingly, it is clear that utilization of mobile technology is the platform that will drive innovation for the hotel industry. Whether it is using mobile phones to check in en route from the airport or simply ordering room-service as they step off the plane, mobile technology will enter the realm of the ordinary with extraordinary speed.

What's on the horizon for the GDS? Besides enabling mobile technology, panelists emphasized seamless integration and the incorporation of open technologies drive their strategic vision. Sidebars during breaks showed the constant commitment of HEDNA to work on new solutions.

### **"Push versus pull" content**

The "Direct Connect: Push versus Pull" panel didn't resolve the debate but it did elicit lively discussion among the panelists and resulted in an extensive Q&A audience session.

At issue is whether hotels control content and require vendors to pull data and rates from the hotel's environment or whether the hotel pushes the very same data out to vendors/distributors. Panelists such as Expedia and DerbySoft Co. clearly favor the push strategy while hotels believe pull is the best choice for them.

Pull enables hotels to manage the demand on their size - whether small or large, their reach - regional or global, and their appeal to travelers with specific needs, such as business travelers. They also feel that pull gives them the ability to control content, keep the content up to date and manage brand presentation by giving a consistent look and feel. It also is a strategy that passes technology and implementation expenses back to the seller of the product.

Vendors such as Expedia counter that push is the strategy to use, the OTA's boast their robust technology backbone that enables huge volumes of content to be translated into multiple languages and billions of shopping requests to process within 24 hours, ensuring their customers are able to query the systems of the hotel without taking down the hoteliers' IT infrastructure. The push approach also enables customers to make very complex searches because companies like Expedia have the financial capacity to develop the in-depth tables and database query architecture required as guest searches become more and more specific.

Lively debates and innovative approaches were key to the presentations and discussions on the final day of HEDNA's Lisbon Conference. "HEDNA certainly has put its footprint on the new frontiers of electronic distribution," notes Tiffany Topcik, HEDNA president and senior vice president of Lanyon.

Attendees returned home with a new toolkit of ideas and solutions to current and near-term challenges for the hotel e-business industry and a realistic perspective that increasingly, the inter-relatedness of global economics, various social factors, demographics and burning environmental issues can and will quickly impact existing and future hotel e-distribution strategies.

### **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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