

## The Perfect Storm: Search, Shop, Buy Part 1 - By Philip C. Wolf

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The successful theme of last year's PhoCusWright Conference, 'Braving the Long Tail,' and 'Travel 2.0 Confronts the Establishment' the year before, set the stage for the storm that is now brewing in the online travel space.

The theme of this year's Center Stage at The PhoCusWright Conference is 'The Perfect Storm: Search, Shop, Buy.' We will cast a Hollywood-sized spotlight on three dynamic forces in online travel that are combining to impact our industry in unprecedented ways.

With the Travel 2.0 floodgates open and a Long Tail economy in full gear, a plethora of searching and shopping tools continue to evolve, making it easier than ever for travelers to plan the perfect trip - or rather, the perfect trips. Travelers visiting many different sites create numerous customer touchpoints, often obscuring the point of sale. The growth of ad- and referral-based revenue is challenging the dominance of traditional bookings-driven business models. Hybrid business models are appearing, with suppliers and intermediaries alike mixing and matching their offerings to assume new roles in the search-shop-buy process.

These new ways of searching, shopping and buying in turn spawn significant shifts in monetization. The transaction itself is no longer the whole story, as innovation in search and shopping tools have made these once-minimized parts of the process much more influential, especially in an uncertain economy. New types of intermediaries are bringing every stage of the travel value chain online, attracting travelers with tools and services they can use before, during and after their trips. Social networking, collaborative exchange and data flows have become mainstream overnight.

Not only are these 'new intermediaries' facilitating contact between travelers and travel companies, but they are making it possible for travelers to share photos, memories and advice with other travelers. The alleged 'leveling of the playing field' that was supposed to have occurred in the 1.0 world, and then again in the 2.0 era, is finally coming into its own, with power now shared between travel sites and travelers.

### **THE PERFECT STORM**

A phrase popularized by Sebastian Junger in his book of the same name, a perfect storm is formed when several events occur simultaneously, which, taken individually, would be far less powerful than the result of their combination. Unlike the meteorological storm, this digital one is strengthened by new rounds of intense innovation giving rise to a positive, advancing force that holds great promise for travel, tourism and hospitality.

With 'The Perfect Storm,' PhoCusWright once again uses a new expression to illustrate a pivotal episode in the evolution of global travel sales, marketing and distribution.

Where to buy. What to buy...an important distinction, especially considering that travel, tourism and hospitality is the world's largest industry, responsible for 8% of worldwide employment, 9% of capital investment and 10% of global GDP. In fact, millions of citizens will leave their borders for the very first time this year. What is your strategy to get them for customers?

The Perfect Storm summarizes that the global travel distribution landscape is a free-for-all like never before. Strategies must be recalibrated to account for a complete makeover of roles on the industry's value chain.

### **THE PERFECT OPPORTUNITY**

This Perfect Storm affords unprecedented opportunities, provided companies do three things:

1. exploit fantastic advancements in technology and momentum,
2. avoid skills-focused decision making and business model preservation, and
3. rededicate their business to solving big problems for customers

Excellent leadership in our industry is defined by those who actually fuel the storm, and in turn their own cause, by aligning their businesses with the contributing forces. This is the whole point of the 'perfect storm' metaphor, so let us repeat: Excellent leadership in our industry is defined by those who actually fuel the storm, and in turn their own cause, by aligning their businesses with the contributing forces.

As with prior travel industry transformations, aggressors will seize the moment by riding the waves, catching the wind and rising with the tide, they represent our marketplace change agents. Laggards, on the other hand, will batten down the hatches, get to dry land and assess damages afterwards. New winners and losers will emerge, once again.

It's a fascinating phenomenon: the continuous challenge new entrants pose to the very companies who themselves challenged the status quo just a short cycle prior.

Stay tuned to find out how the 'search, shop, buy' process is blurring, get real industry examples of Perfect Storm companies, and hear more about [The PhoCusWright Conference](#).

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