

Online transactions are critical to growing the ASPAC Market

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Tapping the e-commerce market is key to reaching the tech savvy Asia-Pacific electronic distribution market, experts told attendees at HEDNA's ASPAC Meeting, held 9 July 2008 at the InterContinental Hong Kong.

Many countries fall under the classification of "technology optimists," including metropolitan China, India, Australia, South Korea and Japan, says Henry Harteveltdt, vice president and principal analyst at Forrester Research. Technology is appreciated for the beneficial role it plays in how residents in these countries run their lives.

Since leisure travel is pervasive and 99% of ASPAC travelers are online, the region is a ready made market to engage potential customers in a digital travel experience, notes Harteveltdt.

Perhaps more so than in other regions, social computing plays a huge role in the ASPAC region. Social computing is a critical component in e-business strategy in this area. Harteveltdt points out that social computing's reach and influence extends beyond commerce to connect business-to-consumer and consumer-to-consumer experiences. "Travel plays a big role in social computing, making social computing a blend of marketing and distribution," he says.

Compared to the US, ASPAC consumers are much more engaged in the Web and social computing. Harteveltdt says that in the Asia-Pacific region, 3-4 users in 10 are creating content on the Web. In the US, that ratio is only 1 in 10. In addition, 7 in 10 in the ASPAC region are spectators versus 4 in 10 in the US. "ASPAC is highly engaged," he says.

Mobile technology is a key component that supports productivity and immediacy. Mobile phones are becoming ubiquitous in many countries. "Travelers are an ideal group for mobile-based services and activities," says Harteveltdt. To succeed in e-business, companies must evolve, Harteveltdt says. "To truly engage digital travelers, e-business must evolve from channel to gateway, from single purpose to all encompassing, and from functional to fulfilling."

Rise of electronic booking Online travel research is growing in the Asia-Pacific region but use of online transactions vary between countries, attendees learned during the Emerging Issues Panel session.

For instance, in India about 50% of transactions are now done online. In China, extensive research being done on the Internet via search engines and portals, but booking isn't being done online yet.

That is set to change, the panelists said, pointing out that hotel business-to-consumer sites are getting 24% of bookings. Still, traditional travel agents remain very engaged, driving 17% of bookings. One growing area is the online travel agency.

These agencies are some of the best run companies in China, panelists said, noting that it's still very inexpensive to build a brand in China. But some areas still need work.

There are more direct channels and better payment solutions, although panelists pointed out that this area that could use more innovation and see costs reduced. Other issues affecting electronic distribution in China are varying professionalism, the lack of standardization, click fraud, lack of knowledge of complete distribution tools, tracking/monitoring issues, pricing and emerging consumer advocacy.

Future of GDS in the region

The GDS Futureview panel looked at the increased adoption of GDS in the ASPAC region. Panelists pointed out that the industry is now offering seamless solutions, multimedia, geocoding, dynamic access, payment solutions, commission processing and collections, and ability to send content to client via email/PDA. All of these factors are helping to grow the use of GDS.

But challenges remain. Panelists said that travel agent education is a critical and key component for all GDS. As air commissions are eliminated, panelists said they're seeing a spike in hotel bookings in ASPAC, as has happened in other regions of the world. To capture this change, GDS companies are partnering with hotels to reach out to travel agents and offer training. If GDS wants to build a sustainable culture, then training is the key.

New education subcommittee launched Recognizing that training is critical for success of electronic distribution in the region, HEDNA is launching an Education and Training Subcommittee for ASPAC. Over the next several months, the Subcommittee will identify the training needs in the region. One potential goal for the Subcommittee is to create course offerings to help solve some of the e-commerce training gaps that are holding the region back.

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