



HEDNA

Hotel Electronic Distribution Network Association

2005 White Paper Series

Executive Summary

Hotel Distribution Nirvana: A Multi-Channel Approach

Written by Caryl Helsel and Kathleen Cullen



HEDNA offers this publication for use at the discretion of the individual or company. Please note that because HEDNA offers information to the global travel industry, and because the laws and regulations that apply to each user will vary and may render certain information incorrect or unusable, each company or individual that uses this material does so at its own risk and with the acknowledgment that the company is solely and fully responsible for its use of this material.

HEDNA's Mission

The mission of HEDNA is to increase hotel industry revenues and profitability from electronic distribution channels and to be the foremost travel industry association advancing hotel electronic distribution. This will be done by:

- Optimizing the use of current technology
- Influencing development of current and emerging electronic distribution channels
- Education
- Providing an opportunity for open exchange among members

Hotel Electronic Distribution Network Association

7600 Leesburg Pike, Suite 430
Falls Church, VA 22043 USA
Phone: +1 (703) 970-2070
E-Mail: info@hedna.org
Web: www.hedna.org

© **Hotel Electronic Distribution Network Association (HEDNA) 2005. All rights reserved.**

Hotel Electronic Distribution Network Association (HEDNA) is a corporation organized and operating under the laws of the United States, as well as US state law and US treaties and conventions. HEDNA the sole owner and licensor of the information provided herein and prohibits the copying, unauthorized distribution and other misuse of its information and HEDNA reserves the right to prosecute those who violate this prohibition to the fullest extent of the law.

Executive Summary: Hotel Distribution Nirvana: A Multi-Channel Approach

Multi-channel distribution in the hospitality industry has complicated our successful pricing and selling of hotel rooms, especially in the transparent world of the Internet. Though it is now more complex, we believe we also have more power to capitalize on the opportunities the new world of distribution offers.

As you read this paper, think about what type of player you are in the hotel industry and how you might improve your positioning, no matter what role you assume. Make a commitment to take action on these suggestions – we believe you will ultimately be more successful if you do.

Multi-channel distribution is important because consumers, travel agents and travel managers desire a variety of methods to book hotels. In addition, it is important to identify these channels, what your overall goals are for each channel and what strategies deployed would work best to maximize each channel.

Though many people have differing views on a true definition of multi-channel distribution for hotels, for the purposes of this paper, we are defining it as follows:

A hotel sells a product in different channels, or shelves, to satisfy the need of customers to purchase in a variety of methods. For hotels, this means selling to a guest via the contact center, walk-in, GDS, Internet, wireless device or TV.

Krishnan Menon, executive vice president, global business development of Carlson Marketing said, *“The cost of failing to adopt multi-channel integration is in lost income.”* He cited the case of a large, national retail chain, which he could not name, that had opted not to participate in a US\$43 million project to integrate its point-of-sale system with other systems, a US\$24.5 million project to create a system to allow buying online and picking up in the store, and a US\$6.4 million investment in a loyalty project. The company commissioned a study to find out the consequences of the decisions. That study showed that in three and a half years, the retailer gave up US\$540 million in income as a result of failing to make those investments. Though this is not a hospitality example, we do believe it communicates the phenomenal importance that must be placed on creating and implementing a successful multi-channel strategy.

What the White Paper Covers

To help industry executives prepare to achieve their distribution strategies, we have explored key industry drivers, key opportunities, key challenges and key success factors for multi-channel distribution.

Our research included interviews with several key industry executives to gain their input and experience on this topic. The top issues identified during the research and interviews were:

- Consistent and dynamic management of descriptive, rate and availability content in multiple channels;
- Understanding the complexity of the market place, market segmentation, distribution players and intertwined relationships;
- Having the proper systems in place to accurately assess channel distribution to maximize revenue and profits;
- Driving direct distribution without severely damaging positive intermediary relationships;
- Ensuring all human resources are placed in the right positions for today's environment;
- Providing the training and tools hotel employees need to succeed in the online and offline multi-channel world; and
- Maintaining customer intimacy across all channels.

This paper provides in depth analysis of each of these issues.

Whether you are responsible for setting strategies or the manager overseeing execution and implementation of the strategies, or simply want to further your knowledge in this area this paper explores the issues at all levels.

Background on the White Paper

In writing this paper, we had the opportunity to interview several key industry executives. Their knowledge, experience and input have provided this paper with an additional level of relevance. We would like to acknowledge and thank these following individuals:

Helen Collins, CEO, InnPoints Worldwide

Chicke Fitzgerald, CEO, Solutionz Group International

Linda Kent, Director, Starwood Hotels and Resorts

Kathy Misunas, Former CEO, Sabre, and Executive Consultant

Jimmy Suh, VP, Kimpton Hotels & Restaurants and HEDNA President

Roland Tanner, EVP, Lanyon Inc., Past HEDNA President

Jens Thraenart, Executive Director, Fairmont Hotels & Resorts
Alice Tse, Director, Mandarin Oriental Hotel Group
Michelle Woodley, SVP, IndeCorp, Past HEDNA President

HEDNA and the Solutionz Group partnered together to educate the hotel industry on a series of topics throughout 2005. This paper is the first of six papers to be released throughout the year.

HEDNA is a not-for-profit trade association whose worldwide membership includes over 200 of the most influential companies in the hotel industry. The association was established in 1992 to further the electronic distribution of hotels throughout the world. For more information regarding HEDNA, please visit www.hedna.org.

The Solutionz Group is a business development and strategic consulting group. Caryl Helsel and Kathleen Cullen are the authors of the white paper series and are hospitality industry veterans, as well as past HEDNA President and Vice President respectively. For specific biography information, please visit www.solutionz.com.

All information is believed to be correct
at the time of printing.