



# HEDNA

Hotel Electronic Distribution Network Association

## *2005 White Paper Series*

### **Executive Summary**

## **Travel Search Engines Redefine Distribution**

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June 2005



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### **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

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## ***EXECUTIVE SUMMARY: TRAVEL SEARCH ENGINES REDEFINE DISTRIBUTION***

Travel search engines are dominating online travel news today. Nearly every newsletter, magazine and even major newspapers such as Wall Street Journal, USA Today and the New York Times, have recently featured articles about these sites and the new entrants who purport to change the face of booking travel online.

The questions often being asked are:

*"What is the purpose of travel search engines?"*

*"What will they do for the consumer?"*

*"Do we really need yet another travel site?"*

A Newsweek article in 2004 began with the following quote:

*"What with Expedia, Travelocity, Orbitz, Priceline, Hotels.com and every airline, hotel chain and car rental place hosting its own site, you would think that the last thing the world needs is another travel destination on the Web. Nevertheless..."*

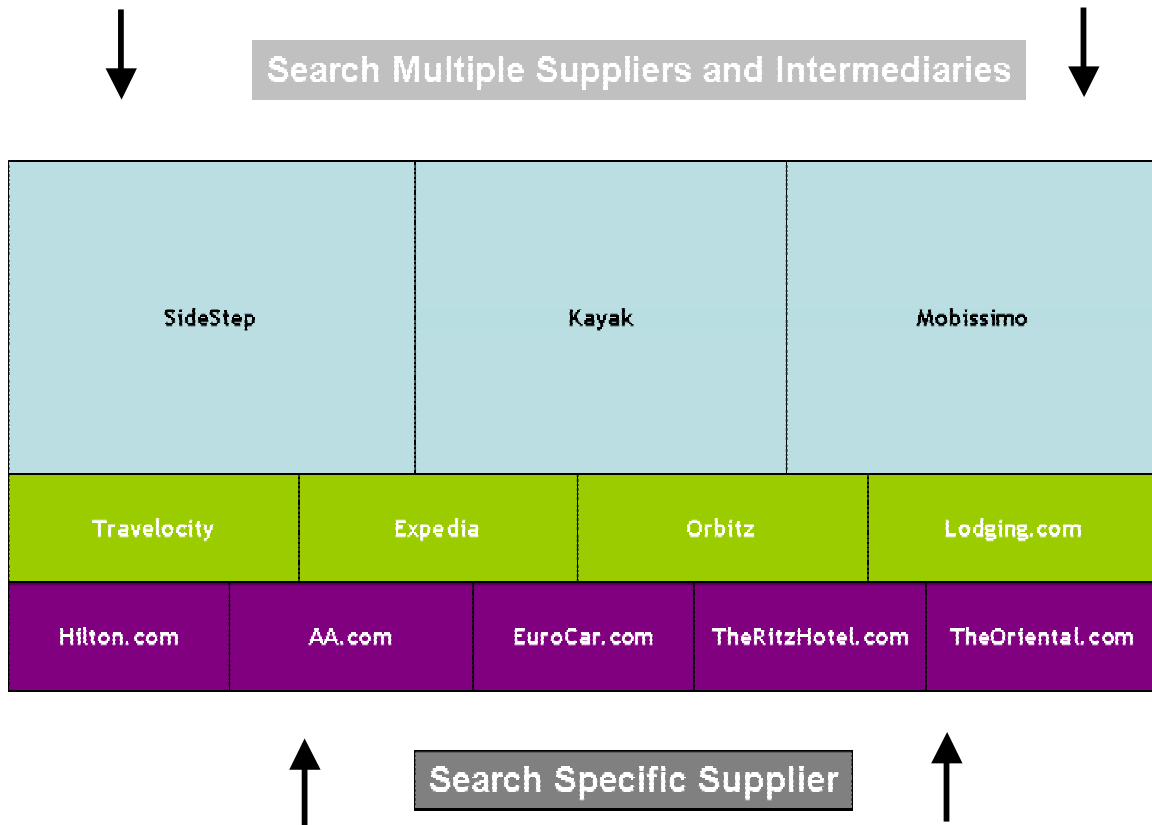
The article went on to introduce Kayak. At the time, the announcement had just been made that Kayak was being developed by former online agency veterans and would be the basis for AOL's new Pinpoint Travel service.

Henry Harteveltdt, vice president of Forrester Research, indicated in his presentation to HEDNA in the May, 2005 meeting in Barcelona, Spain, that travel search is expected to have a significant impact on the future of online travel. He stated *"Search is the next disruptive application, with substantial growth for both general search engines and meta search sites expected."*

Meta travel search engines are often called "travel bots" (as in "robots") or "search engines for search engines." The simple definition is a site or service that searches a range of other travel sites or search engines for the best price or value for a travel product for a consumer.

On meta search sites, travelers have a choice of searching for specific suppliers on their own supplier sites, or via online agencies. The searches go from very specific to very broad depending upon where the buyer chooses to search, as the graphic in Figure 1 explains.

**FIGURE 1 – PROGRESSIVE TRAVEL SEARCH ILLUSTRATION**



Some travel search engines only display rates from a site on a permission-based partnership arrangement. Others, however, actually perform "site scraping", which can be detrimental to the performance of a central reservation system and is a risk to travel booking speed performance. Site scraping is reviewed in more detail in the "Key Challenges and Risks" section of this paper.

Though meta travel search has been a hot topic in the U.S. market, it is also extremely important in other areas of the world. David Boni, director of distribution for Hilton International stated: *"The relevance of meta travel search to EMEA is two-fold. Firstly, the travel industry is more fragmented in EMEA than it is in North America, so competing for screen space and eyeballs is more important and, secondly, in this area, I do not believe that the lag we have seen elsewhere in terms of adoption of Internet behavior between North America and EMEA is going to be as slow. This model and technology is more portable than other Internet phenomena that we have witnessed and it does not require massive or cumbersome local intervention/investment to make it work. I believe it is already a big issue in EMEA."*

For the purposes of the remainder of this white paper, meta travel search engines will be referred to as travel search engines.

### ***WHAT THE WHITE PAPER COVERS***

As a result of the potential for travel search engines to change the distribution playing field, in addition to all the hype and significant press coverage in recent months, HEDNA believes this topic must be explored further for its members, as well as other hotel distribution executives worldwide.

In this paper, travel search engines will be analyzed to determine how they might impact travel, how hotels can better partner with them to be successful and lastly, we will evaluate whether or not they can truly be a competitive alternative to the major online agencies for the consumer.

As the focus of travel search sites is truly the leisure and unmanaged business traveler, we will explore how they attempt to offer that type of consumer the best value in a given market, with the best online experience for their time.

Questions that will be investigated include:

- Do these engines make it easier for the consumer to book travel?
- Are these engines successful at truly finding the best value for the consumer?
- Can they drive more business directly to suppliers?
- Is it important for a hotel company to partner with them? Why?
- Will they truly change or redefine the way consumers book travel?
- Can they compete with large online agencies?
- Will they become one-stop shops for booking travel?
- And more!

### ***BACKGROUND ON THE WHITE PAPER***

In researching this paper, we had the opportunity to interview many key industry executives regarding travel search. Their input was invaluable in the creation of this comprehensive white paper. We would like to acknowledge and thank the following individuals:

**Andrew Assante**, Vice President National Accounts, Expedia

**Beatrice Tarka**, Founder & CEO, Mobissimo

**Chicke Fitzgerald**, Founder & CEO, Solutionz Group International

**David Boni**, Director of Distribution, Hilton International

**Diana Vincent**, Director of Public Relations, Yahoo! FareChase

**Don Smith**, Vice President Hotels, SideStep  
**Drew Patterson**, Director, Kayak  
**Jeff Senior**, Senior Vice President of Sales & Marketing, Fairmont Hotels & Resorts  
**Jimmy Suh**, Vice President of Revenue & Distribution, Kimpton Hotels & Restaurants and President, HEDNA  
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**Terrell B. Jones**, Principle, Essential Ideas, Founder & Former CEO, Travelocity  
**Tiffany Topcik**, Vice President Hotel and Supplier Relations, ABC Corporate Services & Vice President of HEDNA

With the ever-shifting landscape of online travel distribution, it is important that hoteliers understand the changes before they negatively impact RevPAR. Thus all hoteliers must explore the landscape of travel search to determine if it will truly redefine distribution strategies.

HEDNA and the Solutionz Group partnered to educate the hotel industry on a series of topics throughout 2005. This paper is the second 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](http://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](http://www.solutionz.com).



All information is believed to be correct  
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