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HEDNA PRESENTS NEW STUDY ON UNIQUE GLOBAL IDENTIFIERS AT DECEMBER MEETING

Panels, keynotes highlight areas of industry growth in the near term

NEW ORLEANS, LOUISIANA, December 11, 2008 - Seeking to solve the sometimes confusing systems of identifying entities involved in travel transactions, HEDNA has conducted a study of a new initiative called Unique Global Identifiers (UGI) and its potential impact on the distribution industry. The aim of the UGI initiative is to provide an unique global identifier for every hotel and organization in the sell/stay transaction process. Results of the study were released at HEDNA's Winter Meeting, held December 8-11, 2008 at the Royal Sonesta Hotel in New Orleans, LA.

The study, which was conducted by The Prism Partnership, LLC, found that there's a real need for UGIs. Currently, there are many duplicative efforts for identifying entities involved in the sell/stay transaction process. Implementation of a UGI system would have a great cost savings across the industry, the study says.

The study investigated how such identification systems work in other industries. Among the organizations researched were the American Bankers Association (bank routing numbers) R.R. Bowker LLC (International Standard Book Numbers or ISBNs), and the International Air Transport Association. The study found that successful organizations involved in identifier programs were hybrid organizations that have not-for-profit and for-profit components. The not-for-profit sponsor controls the intellectual property while the for-profit commercial partner is employed by the sponsor to run the program. For example, the American Bankers Association engages Standard and Poor's to run the CUSIP Service Bureau. The study recommends that HEDNA consider a hybrid model for implementing UGIs.

The study also found that the UGI program must be user friendly, fast to use, always available, and extremely reliable. In addition, the UGI process needs to be highly automated, self-service, and contain extensive interfacing capabilities. Neutrality of the program is essential.

The study recommends that the UGI initiative explore a business model that includes fee-based registration and utilization, low cost of acquisition, and variable costs for higher level services. The UGI program should focus initially on the hotel segment and then roll out to other segments of the industry, according to the Prism study.

How to thrive in 2009

The UGI study was just one of the many forward-looking presentations made at HEDNA's Winter Meeting. Keynote speaker Henry Harteveltdt, vice president and principal analyst at Forrester Research, told attendees that despite the economic downturn, hotels can thrive in 2009.

Yes, there are some sobering statistics about travel for fourth quarter 2008 and first quarter 2009, but Harteveltdt believes there are brighter aspects that will balance out the picture in the year ahead. On the sober side, one-quarter of all travelers are retirees who are seeing their nest eggs decline in value. That's one reason why one in four leisure trips in Q4 were canceled. Meanwhile, the drop in the stock market has caused corporate travel to decrease in Q4 2008 and Q1 2009. Harteveltdt expects overall travel to decline three per cent from 2008 to 2009. However, he sees the market turning around in 2010.

There are bright opportunities even during these difficult times. Since Americans view travel as a right, they are getting more creative about using points and other bonuses to enable them to continue to travel. Online travel purchases will continue to rise, says Harteveltdt. There were 66-million online travel purchases made during 2008. In 2009, it's expected online buying will reach 68-million purchases. A whopping \$26-billion of leisure travel is purchased online and \$8-billion of corporate travel is bought online.

Reaping opportunities in the near term means a change in outlook on the part of hotels, he noted. Successful hotels will be merchandizing to travelers, will be creative, and will be willing to take risks. Harteveltdt sees GDSs become GMSs or Global Merchandizing Solutions, enabling cross-selling and up-selling to travelers. Viewing all distribution partners as merchandizing partners will open up opportunities.

A chance to reinvent

Emphasizing the positive also was the theme of the Financial Outlook panel. The panel session noted that challenging times allow companies to reinvent themselves. Kim Priez, vice president of tourism at the New Orleans Convention and Visitors Bureau (CVB), said that the city has survived its hardest time - the aftermath of Hurricane Katrina. The hospitality industry in New Orleans is now right-sized as some companies didn't rebuild following the hurricane.

The benefits of partnering to create a continuum of services for the traveler -

flights, hotel, car rental, theater tickets, etc. -- was one strategy noted by the panelists. Along those lines, Oral Muir, senior director of Global eCommerce Channels at Marriott International, said the company was seeing more multi-use operations where a hotel has condominiums as well as guest rooms and shopping connected to the complex.

Companies are also looking at business in other regions such as Asia, China and South America, to offset downturns in business in the US.

Panelists noted that there was a big difference between the current economic downturn and the downturn following September 11, 2001. After 9/11, companies spiraled down prices into order to keep market share. In 2008, companies are managing revenues in smarter ways and aren't slashing prices.

Both Priez of the New Orleans CVB and Kelly Hart, managing director for Global Accounts at Continental Airlines, emphasized the importance of electronic distribution. Priez said that after Katrina, electronic distribution was a cost effective way to publicize that the city's tourism industry was back in business. Hart mentioned that Continental is relaunching its electronic distribution as a way to distinguish Continental from its competitors.

What about mergers?

Many companies are looking to partner with businesses in Asia and China to leverage those emerging markets. Yet others are deciding that consolidation is a better strategy. Consolidation can help organizations merge technologies as well as business units.

The Consolidation Panel pointed out that there's quite a bit of finesse involved in making a merger successful. Panelists said that third party consultants are helpful in getting companies through the transition from two entities to one. While mergers naturally create an internal focus, panelists cautioned that it's important to maintain your relationship with your customers, too.

Online booking grows

Meanwhile, the Online Meetings panel brought the good news that more and more meeting planners are looking to book online. Meetings are big revenue generators, the panelists pointed out, with meetings of 50 or more people accounting for \$50-billion in revenue. The panelists urged hotels to be more accommodating to this sector's online needs.

Traveling with Google

Google's mission to organize the world's information is certainly having an impact on the travel industry. One-half of all travelers check the Internet for reviews and blogs about destinations and services, says Cindy Goodrich, senior

marketing manager, Travel, for Google, Inc. The company is working to capture existing demand, drive new demand, and enhance customer experience. Goodrich says that 46 percent of Internet users are visiting travel sites online.

Visibility is key for the travel industry. She suggested using videos to pique a traveler's interest in visiting a destination. Goodrich emphasized that it pays to be unique and creative with your advertising to capture the attention of the online audience.

Dale Irvin, known as the Professional Summarizer, gave humorous insights about the meeting during his closing keynote presentation.

In addition to the panels and keynotes, HEDNA's Committees held very effective meetings, updating attendees on their activities. HEDNA's Work Group sessions returned at this meeting, allowing hoteliers to have private, one-on-one discussions with the key distribution agencies.

HEDNA's meeting closed with a Humanitarian Day devoted to helping Habitat for Humanity in New Orleans. Over 35 different companies participated in this volunteer effort. HEDNA would like to thank the volunteers for giving so generously of their time.

HEDNA would also like to thank its conference sponsors ICE Portal and TIG Global for their support.

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.

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