



HEDNA's WINTER CONFERENCE FINDS DATA, CUSTOMERS AND TECHNOLOGY TO BE KEY TRENDS FOR THE HOTEL ELECTRONIC DISTRIBUTION INDUSTRY

FORT WORTH, TEXAS, December 9, 2010 – Attendees at HEDNA's Winter Conference discovered how many of the successful companies in the hotel distribution industry are making their distribution strategies profitable. HEDNA's Winter Conference -- "What is your distribution worth" -- was held December 6-8, 2010 at The Omni in Fort Worth, Texas.

There was a lot of positive news for attendees, including the fact that corporate travel is rising, that the mobile channel is gaining strength, voice isn't dead, and new technology approaches are driving the industry forward.

The meeting kicked off with a look at the key distribution trends affecting the industry and the challenges that every decade has faced. One of current trends is that the traditional marketing funnel that allowed companies to control their message no longer exists, said Felix Laboy, president and general manager of Sabre Hospitality Solutions. "There's no direct path now" to reach the consumer, he said. Instead there are "brand mediaries," such as OTAs, review websites and social media that form a complex network between the travel booker and the travel consumer.

How can you stand out in the crowd? One way is by using behavioral targeting, which allows travel bookers to display customized information to reach consumers. Laboy sees behavioral targeting as an evolving trend for website searches.

Embracing social media is a key way to reach customers. "We could never have predicted the explosion of social media," Laboy said. And yes, "you can have meaningful customer engagement via Twitter." Hoteliers need to consider mobile tagging as a way to offer promotions to customers, he said.

There's also some good news – corporate travel is on the rise. Corporate travel is expected to end 2010 with a 15% increase compared to just an 8% rise for online leisure and unmanaged travel, Laboy said.

A new concept called hotel management solutions or HMS will "create an integrated, SaaS-based solution above the property level," said Laboy. The benefits of HMS are streamlined logistics, decreased interface and data incompatibilities, and lower IT personnel and maintenance costs.

Sustainability is another key trend, said Laboy. Not only is sustainability good for the environment, but it also reflects well on a hotel's reputation and resonates well with customers.

Achieving profitability

The Achieving Profitability panel brought together a lively crew of experts to discuss the factors influencing profitability in the near term. The major themes from this panel were data, customers and technology.

Customers are clamoring for more data, according to Ric Leutwyler, COO of Pegasus Solutions and President of Utell. Access to more data is important and that means content. "Content is King, but it is being re-crowned," said Roland Tanner COO of Lanyon. "What's important now is accessing data and using it."

More data and more content require more technology. Yet, consumers may balk at data gathering, despite their desire for more content. Said Leutwyler, "We need to communicate that we are trying to make the experience more personal; it's not Big Brother." Notes Roger Liew, CTO of Orbitz Worldwide, the data needs to be gathered in a non-creepy way.

Frank Reeves, CTO and co-founder of Avvio, agrees that customer recognition is critical. But, he said, there is a difference between saying hello in someone's language and being creepy. "Personalization isn't a dirty word," said Reeves.

But don't count the old ways of gather data as being passé. Linda Kent, senior vice president of Wyndham Hotel Group points out that you can "use local intelligence -- feet on the street -- to start understanding emerging markets like China."

Worth Distributing

During the Q&A Worth Distributing session, Mike Kistner, CEO of Pegasus Solutions, and John Burns, president of Hospitality Technology Consulting, exchanged ideas about the undercurrents in the industry. One message that came through loud and clear was get back to basics.

The key to surviving down times is to find a "solid value proposition and sticking to your core business," said Kistner. It's also important to not devalue your brand in the eyes of the consumer.

Yet, there are a lot of disruptive elements rocking the market. Kistner points out that there's social upheaval in the market – is the guest finding the hotel or is the hotel finding the guest? The answer to that question may be key for any hotelier's strategy. Don't discount the tried and true channels, said Burns, adding that voice remains a viable channel especially for upselling.

What about payment technology? Both Burns and Kistner see a need for an electronic wallet. Quipped Kistner, "Maybe we can sell rooms on iTunes as the payment mechanism is already set up."

Innovation and experimentation are also necessary for growth, but you've got to have a solid foundation, said Kistner. "If you have the foundation, you can then build on your successes. Be willing to take the risk."

The Value of Branding

Who better to speak about branding than Southwest Airlines? Michael Van Houweling, senior director, product and brand marketing for Southwest, noted that "history can benefit you as a brand, but it can also create challenges" and you need to be aware of that. At Southwest, "building the brand has a lot to do with our people" as they are the ones directly connecting with the customer.

Recently, Southwest has focused on its "product quality to attract business traveler," he said. "We have innovated around that customer" to good result, Van Houweling said.

How does branding tie into distribution? At Southwest, distribution has allowed the company to have efficient marketing so it can invest and devote time to branding, he noted.

Industry Update

Kristi White, director of revenue optimization for TRAVELCLICK, sees signs that the hotel industry is rebounding. But not all areas are benefiting from this strength.

ASPAC has seen strong growth this year. However, overbuilding in Abu Dhabi and Dubai are dragging down levels in the Middle East and Africa. Every region except ASPAC saw a rise in September, but a dip in October. ASPAC remained strong in October. ASPAC is one of White's bright spots. She sees that market growing by 10-12% in 2011. Other areas showing strong growth this year are Sao Paulo, Mexico City and Rio de Janeiro.

Looking at ADR by channel, GDS remains the leader followed by voice, branded websites, OTAs and opaque. While voice reservations are down, they are not forgotten, White said. She sees independents are recovering in some markets better than the big brands.

What's in White's crystal ball for 2011? She sees occupancy will increase by 3-5 %, ADR by 4-5% and overall RevPAR by 6-9%. Looking at specific RevPARs, ASPAC will increase 10-14%; Europe, 7-9%; the Americas, 6-9%; and the Middle East and Asia, 3-6%.

HEDNA Reviews 2010; Looks Forward to 2011

Melanie Ryan, HEDNA President and Orbitz Worldwide, sees HEDNA going from strength to strength and building on its 2010 accomplishments. The Association's membership is comprised 53% from North America, 45% from EMEA, and 2% from ASPAC. HEDNA looks to grow its ASPAC base as the market expands.

During the Spring Conference in London, HEDNA held its first Speak Up session, which gave the HEDNA Board of Directors a clear idea of what the membership needed. The key areas for the Association, according to members' feedback, are education, networking, HEDNA as a resource and standards. The Board will do its utmost to see that members' needs are met in these areas.

Ryan announced that the UGI initiative is moving into its next phase. HEDNA will be partnering with HTSIC to move UGI forward. Ryan thanked Laury Behrens of WPS for her work on this valuable initiative.

HEDNA U held a very successful session on December 6 in Fort Worth. Participants learned how hotel electronic distribution evolved, what is involved in a distribution network and how efficient distribution can speed transactions. The "students" also got a chance to develop a social media strategy for a fictional company.

In 2011, HEDNA U will be offered in several locations including Atlanta, Georgia on January 26 (in conjunction with Eye For Travel meeting); London, UK on February 1; Madrid, Spain on March 21, and in Singapore in October (in conjunction with WIT). Other HEDNA U dates will be announced soon.

Ryan also announced that HEDNA will be continuing its webinar series. HEDNA will hold a webinar on "Connectivity" on February 22, which will be hosted by Pegasus. On April 5, there will be a webinar on "Reputation Management," hosted by Amadeus. More topics and dates will be announced during the year.

HEDNA will also be holding its annual conferences in 2011. The Spring Conference will be held in Prague, Czech Republic on June 28-30 and the Winter Conference will be held in Las Vegas, Nevada on December 5-7. The ASPAC Conference meeting dates and location will be announced early in 2011.

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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