

# HEDNA INSIGHTS

SUMMER 2008

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### ONLINE TRANSACTIONS ARE CRITICAL TO GROWING THE ASPAC MARKET

HEDNA launches education  
subcommittee to serve region

Recognizing that training is critical for success of electronic distribution in the region, HEDNA is launching an Education and Training Subcommittee for ASPAC.

The decision to start the subcommittee was announced at the recent ASPAC meeting, held 9 July 2008 at the InterContinental Hong Kong. HEDNA is responding to a need expressed by many attendees.

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.

#### Importance of e-commerce

Tapping the e-commerce market is

## Driving Change Around the World

I've just returned to Chicago following HEDNA's very successful ASPAC conference, held on July 9 at the InterContinental Hong Kong. The meeting focused on the increasing importance of the ASPAC region and how HEDNA can help drive changes to promote further growth in the electronic distribution industry.

"Asia Rising" was this year's theme and reflected how the region certainly is escalating at a record pace! It was fascinating to learn that 99% of ASPAC travelers are online and that social computing is a major part of e-commerce strategy in this region - more so than in the Western Hemisphere. Yet online bookings are slowly increasing due to several issues such as the need for more direct channels and better payment systems. These are areas where HEDNA can assist in improving the business climate.

HEDNA's ASPAC Working Group is tasked with facilitating change in the region beyond our yearly meeting. This group - headed by Board representative, Puneet Mahindroo of Taj Hotels & Resorts - understands the challenges and is eager to make a difference. The team of six ASPAC leaders meets on a monthly basis to identify issues impacting that region. During the conference, we established a subcommittee focusing on the education and training needs of distribution professionals. This will be a huge step forward for HEDNA and the ASPAC region, enabling implementation and adoption of electronic distribution at a faster pace. We are very pleased to be of service to the industry in this manner.

HEDNA's upcoming conference will be in New Orleans on December 8-11, taking place at the Royal Sonesta Hotel. HEDNA's priority continues to focus on educational efforts and networking. The latest trends and statistics, as identified by Forrester Research, will be shared by Henry Harteveltdt, providing up to the minute insights on our

key to reaching the tech savvy Asia-Pacific electronic distribution market, experts told attendees at HEDNA's ASPAC Meeting

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."

quickly changing economy and consumers. There are many new innovations from Google and Rob Torres will be sharing the latest developments and how they can benefit your business. And there's a special appearance by Dale Irvin, aka The Professional Summarizer, for a humorous look into distribution.

The HEDNA Board of Directors has heard your feedback and with that we are re-introducing Working Group sessions with each of the GDS and key online agencies. It is your opportunity to speak candidly and directly with these channels and openly discuss strategies, process improvements or challenges in a closed-door forum. We believe it will bring a significant return to the time spent at the HEDNA conference and it's our intent that attendees will be engaged with a slew of tips, strategies and information that can be put into action right away. These Working Groups are in addition to the committee meetings focusing on Emerging Issues, Payment Systems, Group and Meetings Online, Content and the Unique Global Identifier (UGI) initiative. HEDNA continues to be THE most impactful way for your company to be engaged in the development of electronic distribution and influence standard business practices.

While in New Orleans, HEDNA members will get a chance of a lifetime to make a difference to the people who were so devastated by Hurricanes Katrina and Rita. On December 11, volunteers will work with Habitat for Humanity on a local New Orleans project. Won't you take time out to help this community which is still so in need of assistance? The Board of Directors highly encourages you to join us in this very worthwhile cause. And remember to pack work clothes!

Warmest regards,  
Tiffany

## Future Trends for Hotel e-Business Revealed at HEDNA's Lisbon Conference

Uncertain times call for different strategies. One of the top strategies for the hotel e-business is evolving from selling to engaging the customer, points out Henry Harteveltdt, vice president and principal analyst at Forrester Research. Hoteliers need to think more like retailers. "To succeed hoteliers need to fulfill the experience expected by customers, not just think of them as heads in a bed," says Harteveltdt.

Another strategy is engaging the customer through social computing, which Harteveltdt calls the fifth generation of electronic distribution. "Travel plays a big role in social computing, making social computing a blend of marketing and distribution," he says. He points out that in Europe, online travelers are "more likely to consume than create social computing content."

The sixth generation for electronic distribution is mobile technology. Mobile phones are becoming ubiquitous in many countries. "Travelers are an ideal group for mobile-based services and activities," says

## 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

Harteveldt. Frequent travelers are the ones who find the most utility from using mobile services.

How can those in the hotel e-business succeed? Harteveldt says success is through evolution. "To truly engage digital travelers, e-business must evolve from channel to gateway, from single purpose to all encompassing, and from functional to fulfilling," he says.

## Getting ready for tomorrow

The hotel electronic distribution industry, or hotel e-business, is "an exciting industry with lots of positive opportunities ahead," Michael Ball, CEO of WORLDHOTELS, told attendees. "We're at a pivotal time. Tomorrow will look very different from today," Ball says.

The "pillars of business and commerce are out of alignment today," observes Ball. From the credit crunch to high energy prices to food prices, changes are happening at a faster pace. The GDPs of India, China and other Asian countries are growing fast while the US and Europe are dropping. Social factors, such as the environment and population, must be part of the travel industry's considerations as it moves forward. Yet despite all of these changes, there are opportunities.

Some of the opportunities center around the five important trends affecting hotel e-business. According to Ball, these trends are: more demanding consumers; more complex distribution channels; changing business models where companies must give more but expect less in return; an emphasis on technology and richer content; and a change in the structure of the hotel e-business.

Other opportunities are contained in Ball's "five points to ponder." First, don't let opportunities for the hotel e-business get hijacked again. The industry must do a better job at managing downturns, says Ball. The other points are: strive to simplify; put distribution at the heart of your planning process; recognize the need for capital expenditures on new technology; and add the social agenda to your agenda, before the environmentalists and regulators do it for you.

Ball sees HEDNA members making a difference in several areas including technology, richer content and collective ownership of data. "Collaboration is important in times of an economic downturn," Ball says.

## Globalization versus localization

Are globalization and localization competing strategies? No, says Mike Nelson, COO of Orbitz Worldwide. "Any business needs to think about both," he told attendees.

Globalization is here to stay as evidenced by changes in demographics and affluence. For instance, Russia is becoming the biggest European market while India, China and other Asian countries are emerging as important markets, too. In all of these regions, there's a

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.

Please scroll down for ASPAC photos.

### Thanks to Our ASPAC Conference Partners



The Next-Generation GDS



### Welcome to HEDNA's New Members

Cyber Operations Inc.

EHBOX

Moneydirect

Vibe Agent

Join Us in  
New Orleans on  
Dec. 8-11, 2008!

We're excited about HEDNA's outstanding agenda being planned for the New Orleans meeting to be held at the Royal Sonesta Hotel on December 8-11, 2008!

huge rise in an affluent middle class who will be interested in travel.

A globalization strategy needs careful planning, cautions Nelson. "You can't rush into it. You need to give it some thought," he says, noting several examples of faux pas made by major corporations. Don't forget about the local aspects of your strategy. You need to incorporate local and global to be successful, Nelson says.

### Changing factors in decision making

Shaping customers expectations is becoming crucial as customers look for an 'experience' rather than just a room. The more compelling the experience for the customer, the more satisfied the customer will be. "Content will replace price as a deciding factor for customers," forecasts Heiko Siebert, vice president distribution at Mövenpick Hotels and Resorts, who participated on the Online Distribution panel.

But who then owns that content and the customers that are attracted by it? Is it the hotel or is it the online service? Siebert strongly believes that his hotel has ownership of its content and customers. But online services feel otherwise. Since this is an area of debate, the panel believes this is an area where HEDNA can make a substantial impact in the industry by developing a solution.

The travelers' experience was very much the focus of the Web 2.0 panel. Consumer generated content, which is more and more in demand, is all about a traveler's experience, explains Marc Charron, managing director Europe for Trip Advisor. This is a great way to match content with traveler's age group and interests. It's also a way to bolster the customer's expectation about what that experience at the hotel will be like.

Charron points out that there's an incredible reluctance by hotels to post consumer generated content, fearing that it will be negative. However, most people that take the time to write have positive comments about their travel experience.

### Near-term decision drivers

Technology innovations, environmental sustainability and more demand customers are all near-term decision drivers for the hotel electronic distribution industry.

The next 18 months will be challenging for the hotel business due to economic concerns and technology changes, says Dr. Lalia Rach, dean of New York University's Tisch Center for Hospitality, Tourism and Sports Management. The hotel business is changing fast, she says, pointing out that there's a real need for more globality, conductivity and continuity in the industry.

Global tourism is the most positive industry in most countries, Rach says. More travelers are interested in visiting countries such as India, China and Dubai. China has improved infrastructure to handle increased tourism. Obviously, there's an upswing in tourism tied to the Olympic Games, but travelers are also seeking to

We are especially pleased that the popular **Work Group sessions will be offered** in New Orleans. These sessions give attendees the opportunity for one-on-one discussions with specific vendor.

In addition, the New Orleans meeting sessions are designed to provide strategies, tips and plans for action that attendees can use in their own jobs. Attendees will return home armed with information and actionable ideas that they can put to use right away!

Opening keynote speaker Henry Harteveltdt will reveal the results of his latest case study on Web 3.0. Don't miss Henry's keen observations on this important topic!

Dale Irvin, aka The Professional Summarizer, will be our closing keynote speaker. Get ready to laugh as this consummate comedian delivers his take on HEDNA's meeting. Stand up comedy has never been so meaningful as when Dale delivers his laughter therapy!

Don't forget to sign up for our Tech Showcase, which enables you to disseminate information about your services and products to an interested audience.

Have you committed to sponsoring an event yet? Sponsorship opportunities are still available! Organizations that support and are involved with HEDNA demonstrate their commitment to the industry and to moving forward hotel electronic distribution. In addition, they gain recognition and prestige among HEDNA members.

We've planned a festive evening networking event on Tuesday that everyone will enjoy!

## Giving back to the New Orleans Community

HEDNA is pleased to be sponsoring a Humanitarian Day on December 11. HEDNA is volunteering to work with Habitat for Humanity in New Orleans as a way of giving back to communities in need. Won't you join your fellow HEDNA members in

follow the Silk Road, an ancient trade route. Meanwhile, Indian and Chinese tourists are equally interested in travel outside their countries.

Travelers aged 35 and under continue to be a growing customer base for the hotel industry. But these travelers are also very demanding. They view travel as a right, not a treat, Rach says. They demand your company's loyalty, before they'll return their loyalty to you. They are seeking new travel experiences. They are also focused on sustainability issues and will want to know what companies are doing to reduce their carbon footprint. The 35 and under group is very technologically oriented and will welcome the semantic technology innovations coming in the near future.

While there are many bright spots in the hotel industry, there are also a number of big challenges, thanks to the economic downturn in many countries. People will still travel, but will value their vacations more, Rach says. This means the hotel industry must reach out to customers. Rach advises hotels to deliver on what you've promised to the customer, don't expect the customer to know the minutiae of the travel business, and be consistent and helpful to the customer.

Rach says that there's an increasing emphasis on hotels to have customer service as a core value. "Saying it is easy, doing it is more difficult," she says. Finally, your company needs to be prepared to market, sell and serve the customer in order to keep that person's business, advises Rach.

## Introducing the Carbon Hotel Index

As both Dr. Lalia Rach and Michael Ball, CEO of WORLDHOTELS, have discussed, environmental sustainability is a top concern of travelers. It also needs to be a top concern of the hotel industry. Peter Ducker, CEO of UK-based CarePar, told attendees that "business is awake to the issues" around sustainability. It's also a huge opportunity. He quoted Lee Scott, CEO of Wal-Mart, who said, "sustainability is the single biggest business opportunity of the 21st Century...it will be the next source of competitive advantage."

There are a number of steps business can take to become more sustainable, such as reducing energy consumption and waste, buying and using recycled products, develop a sustainable product offering, measuring your sustainability achievements, and telling your customers how you are contributing to the planet's sustainability.

CarePar, in conjunction with a number of partners such as The Carbon Consultancy, Lanyon, and Carbon Responsible, has developed the Hotel Carbon Index. The index measures hotels and venues' carbon emissions per available room per day or function room per half day, Ducker says. The Hotel Carbon Index is a measurement that can be used to certify and verify carbon values and makes the data available to a wide range of interested parties such as customers, stakeholders and shareholders. In addition, it will assist

volunteering your time on this important day?

hotels in identifying areas where costs can be reduced through sustainable practices.

Enabling technology to provide more

Information is key to driving business decisions. Two panels looked at how technology is enabling the hotel electronic distribution industry to make better decisions and build better marketing programs.

The GDS partners panel looked at how technology will improve GDS performance in the future. The panelist see more fixed and structured fields for content being implemented as well as enabling the system to handle multiple currencies and languages. GDS is also moving to enable XML protocols and accept XML content.

Technology can be extremely empowering for the hotel electronic distribution industry. According to Tony Kubis, director of hotel relations at Sabre, technology "creates the paradigm for the right content to appear to the right people at the right time." For instance, Sabre is launching a site called Qblis, which will help customers solve travel problems as well as facilitate travelers to make connections with each other.

All of the GDS panelists are looking at how to utilize mobile technology. They are looking at using mobile phones to check in hotel customers and to upsell non-room services such as spa and tee times and enabling travelers to order room service as soon as they step off the plane.

What's on the horizon for GDS? Besides enabling mobile technology, the panelist envision a seamless and integrated platform and incorporation of open technologies.

Push versus pull content

The Direct Connect: Push versus Pull panel didn't resolve the debate on which is the better strategy. But it did elicit lively discussion among the panelists.

At issue is whether hotels control content and pull data and people to the hotel's website or whether the hotel pushes the data out to other vendors. Vendors such as Expedia and DerbySoft Co. favor the push strategy while hotels believe pull is the best choice for them.

Pull enables hotels to capitalize on their size - whether small or large; their reach - regional or global; and their appeal to travelers with specific needs, such as business travelers. The hotels felt that pull gives them the ability to control content, keep the content up to date and present a consistent look and feel.

Vendors such as Expedia counter that push is the strategy to use since a company like Expedia has a robust technology backbone that enables content to be translated into multiple languages. The technology also enables customers to make very complex searches.

Lively debates and innovative approaches were key to

the presentations and discussions at HEDNA's Lisbon Conference. "HEDNA certainly has put its footprint in the new frontiers of electronic distribution," notes Tiffany Topcik, HEDNA president and vice president of Lanyon. Attendees traveled home with a new toolkit of ideas and solutions to current and near-term challenges for the hotel e-business industry.

Opportunities exist for those in the hotel e-business, even during these tough economic times. Attendees at HEDNA's Lisbon Conference learned about the future trends for hotel e-business, how to profit from those trends and how HEDNA members can make a difference as the industry evolves.

## HEDNA Committee Updates

HEDNA's Committees have been working hard on a number of projects. Here's the latest news on the Committees' progress:

**Credit Card Verification and Validation Committee** - info to come

**Emerging Issues Committee**-Chair: Duane Overgaard, Sabre

This Committee has been working on a number of issues including Transitional Request and Multiple Representation.

Transitional Request concerns a property switching from one GDS provider to another. The Transitional Request procedure calls for a property to facilitate representation under both the current chain code and under the new chain code for a maximum time period of 30 business days. The Committee points out the following best practices to maximize the effectiveness of the Transitional Request process:

- Hotels will have new GDS Property Numbers so it is advisable to take the following actions:
  - o Develop a communication plan and appropriate documents to advise clients who utilize front end systems that either have local databases or need to have information updated to effectively position the property. These include: Corporate Accounts that may utilize a Corporate Booking Tool, to ensure any preferencing, mapping, or offline directories are appropriately updated; TMCs or Travel Agencies to ensure any preferencing, mapping, or offline directories are appropriately updated; Update any sales collateral with the new property number in addition to the new chain code.
- Rates will not be able to be 'cloned' or copied since there will be a new property number, the rates will have to be rebuilt and re-linked in each GDS.
- Ensure the length of the transitional period is

substantial enough to warrant the above mentioned efforts.

Multiple Representation concerns a GDS notifying suppliers when a property is found to be represented on more than one system. The Committee would like to see the GDS notify the losing supplier when a switch request is received. In addition, the Committee would like to see the GDS using email as the primary method of communication instead of queues.

#### **Group Committee - Co-chair: John Arenas, Worktopia**

The Group Committee is moving ahead with exploration of standards for automation of yield management for groups, including both meeting space and group room-nights. The Committee's recently published tool kit -- "Enabling the Online Marketplace for Groups and Meetings" -- is a very helpful guide for hospitality companies. The tool kit enables them to understand the technology and the expectation of end users as well as the technical, operational and other policy considerations inherent in moving to online marketing for groups and meetings.

#### **Tour Committee - Co-Chair: Nancy Little, InterContinental Hotels Group**

The HEDNA Tour Committee was formed initially in 2004 to discuss the implications of automating the FIT market segment to the hotel industry.

After reviewing the cost/benefit of FIT automation to the hotel industry, the Tour Committee decided to reach out to the tour operator community, and survey their current automation practices, issues and concerns, with a survey being sent out to members of the National Tour Association (NTA) and the European Tour Operators' Association. (ETOA)

In May 2008, the HEDNA Tour Committee partnered together with the United States Tour Operator Association (USTOA), to establish an important dialogue of FIT automation, with the inclusion of hotel companies, tour operators and technology solutions. Due to the excellent interest and commitment of the participants, the Tour Committee and USTOA have decided to continue their joint efforts and work toward the following goals:

\*Provide educational materials about automation to members of the Tour Committee, such as an automation glossary, on the HEDNA website, [www.hedna.org](http://www.hedna.org)

\*Creation of a white paper of how to conduct an ROI and due diligence of automating the FIT segment

\*Provide an educational session to the Tour Operator on

the basic elements of automation, the processes, the benefits and associated implications

\*Setting up standardization of room and bedding types within the industry to facilitate automaton

\*Creation of standard XML schemas in conjunction with the Open Travel Alliance (OTA)

**UGI Committee - Co-Chair: Laury Behrens of WPS**

The Committee has some exciting news on the Unique Global Identifiers (UGIs) for the hospitality industry, according to Behrens.

Based on the results from a census survey sent out to the HEDNA community and the UGI committee session in Lisbon, the HEDNA Board has approved funding to move forward with a market study that will research, both inside and outside the industry, the methods to quickly and efficiently advance the deployment and adoption of UGIs. A Request For Quote (RFQ) has been sent out to all HEDNA Allied members. The UGI Committee hopes to present the study's findings at the New Orleans conference.

UGIs can greatly assist by providing intelligence in solving the age old problem of identify and translating all the entities attached to a electronic transactions. All preliminary studies and analysis demonstrate that UGIs are a critical catalyst to the future of our industry and it has been re-confirmed that the critical success factor for UGIs still remains quick adoption by all players and technologies.

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