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Travel Tech Trends for 2006

2006 is already shaping up to be a productive year for travel technology. RSS feeds are popping up, venture capital is flowing in, IT departments are seeing projects large and small come to fruition ... and launching new ones. As anyone who has tried in the past to predict when mobile will really take off knows – it isn't always easy to anticipate just when a public-facing technology will reach the much-discussed tipping point. Some technology trends develop at a steady – and predictable pace, while others are hyped to near-extinction before they flourish.

PhoCusWright analysts see several technology trends – some visible, some behind the scenes – being important in 2006. Here are six trends to watch in the coming year.

1 Electronic Snacking

The consumer has developed an insatiable appetite for news, media and music tracks. To accommodate this, technology will play an even greater role behind the scenes in travel e-commerce by encouraging repeat and just-in-time purchases. More products are conforming to the consumers' need for quick "sound bytes" of information, pricing and travel options prior to, during and post travel. For both leisure and corporate travel, its delivery will be driven by technologies that enable consumers to receive travel information and services off the browser.

RSS (Really Simple Syndication), which permits users to subscribe to their choice of content sources across the Web, will continue to spread across the industry and gain traction as more consumers become aware of its potential. Aggregation tools (such as personalized start pages) have the capacity to display summaries of these subscriptions, which update automatically when new information is available. RSS reduces the need for users to search multiple Web sites and will make it easier for travelers to pull only the information that interests them.

As anticipated, suppliers and online travel agencies have launched a number of RSS feeds over the last several months, most of which provide

information on travel deals. More personalized feeds are in the works and will further the customization agenda and add value by providing real-time travel information.

Mobile devices, including phones, PDAs and iPods, will become increasingly important because they are ideal in the short term for receiving discrete bits of information. With more than 500 million people having their first experience this year with mobile phones, it may, in some regions of the world, surpass and leapfrog usage of the Internet. This is because more people have access to mobile phones than computers and these devices are increasingly outfitted with more functions, capabilities and power. Their value in travel will increase exponentially when travelers are able to conduct commerce with them. Travel companies will continue laying the groundwork for u-commerce in 2006. In the meantime, mobile mapping applications, real-time traveler information and a renewed focus on the largely underserved mass of iPod users will rule the day.

The snacking trend translates to increasing interest in Software as a Service (SaaS) in travel companies' IT departments this year, with software-on-demand models providing a potential cost-saving alternative to hosting software in house. Worldspan, for example, in 2005 announced plans to shift its internal customer relationship management, human resources and payroll, and entertainment and travel expense management systems to a software on-demand model. While the idea is not a new one, the model is becoming increasingly viable and spending on software-on-demand should increase significantly.

2 The Web Gets Social; Travel Mingles

Social technologies are the talk of the technorati with blogs, bookmarks and tag clouds popping up across the net. As the Web has grown larger, users have discovered that surfing the net is a lot more productive with a little direction. Social networking makes it possible for people to share information about personal experiences, recommended sites and interesting content. For people planning travel, the ability to tap the experiences and advice of a large network of people could be invaluable, and when those recommendations have already been filtered based on shared interests, perhaps shared friends, the results will be impressive.

On the tagging front, users are exploring a new way to organize information on the Internet intuitively – simply by assigning searchable keywords to images, bookmarks and blogs. The practice has gained popularity on sites like the photo-sharing service Flickr, which was recently acquired by Sunnyvale, Calif.-based Yahoo! Inc., where the majority of images have been tagged by users. Tagging systems are also referred to as "folksonomies," which Wikipedia defines as "a neologism for a practice of collaborative categorization using freely chosen keywords."

In 2006, look for existing travel companies to begin incorporating social technologies into their online strategies. Travel-related social net-

working tools will be hot on travel Web sites this year – and companies will take a close look at how tagging might be used as a differentiator in the hotel realm and in building excitement over travel experience planning. Look for a few social related travel startups as well in the coming year.

3 The Three D's – Dashboards, Data Mining and Dating: Power Shift Toward Consumers

This trend is about leveraging past trip patterns, traveler behaviors and trend data to predict future opportunities for savings (corporate through dashboards) and inspire relevant travel purchases (consumer through data mining). It is about anticipating what information travelers, travel managers or procurement decision makers want to have at their fingertips, what a firm could/should do next to better serve them and delivering on these needs. And, all three are required to strengthen a firm's brand affinity with prospective and current customers and cultivate "customer stickiness."

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To date, travel providers have not effectively responded to travelers' interest in a branded site where information can be shared. This gap has given rise to blogs and online communities that exist throughout the net. Community sharing has become so popular and successful because these venues have helped travelers to visually and compellingly share their experiences with family, friends, colleagues and even strangers. Like on-demand TV, these chat rooms, blogs, social networks, and tagging and bookmarking activities have given travelers control of the experience (shopping, buying and travel) to make 2006 all about wooing the customer and forming a relationship based on shared information, not just purchases (similar to dating).

The challenges for travel companies lie in 1) effectively integrating and utilizing data mining technology, 2) embracing social technologies in a timely manner and 3) reconciling the need to relinquish control and discard outdated models with the ultimate goal of building brand.

Technologists have the opportunity in 2006 to help their organizations establish a plan for bringing all of the pieces together: dovetailing social and data mining tools to forge a new type of relationship with consumers and enabling novel ways of owning their brand within an increasingly consumer operated Web.

4 Alternative Distribution Channels

Cambridge, Mass.-based ITA Software Inc. and Chicago, Ill.-based G2 SwitchWorks Corp. spent 2005 promoting their alternative distribution systems and refining their agent

desktops. The GDSs could be on the losing end. Although the leak will be minor at first, ITA, G2 and others will make progress in building out to suppliers and begin to position themselves to optimize their market-share capture.

ITA's \$100 million influx of capital – whether it's largely earmarked for alternative distribution efforts or not – will further infuse confidence in the company and keep the subject of alternative distribution a viable one.

5 Rich Media

At The PhoCusWright Executive Conference in November 2005, hoteliers continued to express concern about the commoditization of travel, and Michelle Peluso, CEO of Southlake, Tex.-based Travelocity, acknowledged the challenge of finding effective ways for hoteliers to differentiate their product. Rich media has the potential to be a powerful tool and travel companies will begin to capitalize on it.

With broadband penetration on the rise, rich media not only has the potential to differentiate hotel rooms, but enables companies to leverage sound, animation, real-time video and interactive maps to help consumers visualize the travel experience. The novelty of mediocre rich media, however, has worn off. It's unlikely that an overwhelming crop of rich-media product announcements will hit the wires in 2006, but tech departments will be busy behind the scenes addressing the integration, content management and simple division-of-labor challenges that will enable rich media to become a truly valuable tool.

6 X Marks the Spot

Mapping technology has received a great deal of attention in the travel space of late, as more travel companies incorporate interactive maps into their Web sites and mapping APIs inspire technology enthusiasts to create their own custom maps. Mountain View, Calif.-based Google Inc., Yahoo! and Redmond, Wash.-based Microsoft Corp.'s MSN have released mapping application program interfaces (APIs) and Denver, Colo.-based MapQuest Inc. is expected to follow suit – giving companies and individuals the mapping tools they need to create a broad range of mapping mashups.

Web application mashups combine two or more services, often a mapping application and a data source, to create unique maps with overlaid location based information. Maps are popping up that track favorite restaurants and hotels, drink prices, parking spaces and recommended walking tours of various cities. Blogs are appearing that are devoted entirely to tracking the maps that are being created ... a sure sign that this trend is going to be big.

Interactive maps provide an obvious way to organize information about a city or neighborhood and will increasingly become a staple of the trip-planning process. Travel companies should exploit opportunities to incorporate data-rich maps into their own Web sites and take steps to integrate the capability with social technologies in the short term and realtime data sources in the long term. As maps become even more data rich and GPS-enabled mobile devices become the standard, mapping technology will be a goldmine of opportunity in the travel space – before, during and after the trip.

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