

# CORNELL NANYANG

## INSTITUTE OF HOSPITALITY MANAGEMENT



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### **Interactive Distribution Experts Call for Boosted Training and Research in Asia-Pacific**

16 January 2008 (CNI) – SINGAPORE – Pronounced by one of the attendees as the best distribution event he had ever attended, Cornell-Nanyang Institute of Hospitality Management’s first “Thought Leaders in Interactive Distribution” roundtable held last week, brought together a hand-picked gathering of regional industry leaders in Singapore. The event held to further bolster the burgeoning field of Interactive Distribution in the Asia-Pacific region, saw heated debates on topics ranging from how electronic reservations are counted by different hotel chains to the relative strength of local versus international brands in the region.

With each hotel chain present at the roundtable revealing different rules for what constituted an electronic reservation, one Vice President of Distribution and IT questioned whether any of the data on electronic distribution in Asia is accurate. Christine Toguchi, Managing Director, Macro Vision Network Asia noted, “It’s not just a matter of asking how many web bookings are you receiving. It’s also about realising that every hotel group has a different definition of a web booking. So we really need to have consistency when we do research. That was a big eye-opener for me personally.”

The roundtable was held at the Nanyang Executive Centre part of the Nanyang Technological University campus in Singapore from January 10 to 11. Organised by the Cornell Nanyang Institute of Hospitality Management and sponsored by Amadeus and TravelClick, the roundtable assembled industry leaders from across the Asia-Pacific region, who together represented a broad spectrum of distribution functions.

Leading the roundtable discussions were world-renowned educators from the hospitality field, including Dr. Bill Carroll, Senior Lecturer at the Cornell School of Hotel Administration and Associate Professor Kanapaty Pelly Periasamy from NTU. They joined Dr. Judy Siguaw, Dean of the Cornell-Nanyang Institute of Hospitality Management and her team in hosting and facilitating a lively and candid discussion.

#### **Themed discussions**

The participants were divided into groups to facilitate intense discussions on three separate themes. The goal for each group was to identify crucial industry issues. The conclusions reached by each group were then pooled and key findings were presented to the entire roundtable. The first group addressed the theme of ‘Serving Business and Event Needs Interactively’ and included participants from IDeaS, Amadeus Asia, Sabre, and NTU.

One of the major trends in serving business travel needs interactively includes increased fragmentation of content in the industry, a trend which has led to a greater desire for simplicity on the part of travelers,

managers and suppliers alike. Another trend associated with business travel is the rise of interactive tools that have afforded managers and travelers great control of the business travel process.

The development of major integrated resorts and conference facilities has had a big impact on event planners. With the development of aviation hubs in the region still an unfinished picture, the battle to be “Asia’s Las Vegas” for the events industry was still well under way.

Addressing ‘Consumer Shopping and Buying Behaviour’, the second group gathered CEOs from Indo.com, HolidayCity.com, GoMacau, and MacroVision Network. The major change identified was the relatively high usage of mobile devices for travel booking purposes in Asia and how despite this changing trend, infrastructure and security concerns were still preventing final payment by mobile device, in many markets.

The issue of supplier-intermediary relations was a hot topic for the group, who agreed that in many cases the suppliers still depend on intermediaries, despite attempts to go direct. The group addressed the notion that local chains and independent hotels are the dominant players in Asia – a topic that drew intense debate from the roundtable as a whole. WOTIF and C-Trip were conceded to be very powerful regional players, but the hotel chains acknowledged that major concessions were granted to Expedia and Travelocity because of their global dominance for in-bound travelers from the West.

Asian consumers, the group argued, are generally last-minute shoppers for travel, due to work and family priorities. And while social networks increasingly play a part in influencing buying behaviour, personal interactions are still a dominant factor in consumer decision-making in the region.

The next group gathered suppliers from Hyatt International, Shangri-La Hotels and Resorts, Accor Asia-Pacific, Carlson Hotels, and Preferred Hotel Group Asia Pacific to discuss ‘Chains and Properties’ Management of Interactive Distribution’. Key factors affecting management of interactive distribution, included branded versus non-branded growth in the region, as well as the need for distribution strategies based on hotel size, location and tier. Pricing challenges and the relationship with wholesalers was as always a topic of intense debate, as was the challenge of moving business to more profitable channels. The future of mobile technology was also discussed, with one participant declaring it to be the fifth distribution channel.

The group felt that it was important for chains and properties to develop a robust distribution strategy, which could optimise net contributions by channel; reward loyalty, support brand, and display consistent and competitive rates – in particular offering the lowest price on the supplier’s website. Later, the issue of pricing was hotly debated by the entire group, with a range of contrasting and critical opinions. All participants agreed that the major hindrance to rapid progress in advancements for interactive distribution was out-dated, legacy technology systems.

### **Key findings**

Speaking after a lively day’s discussion Cornell University’s Dr. Bill Carroll, whose career has followed over 25 years in the travel industry, discussed some of the key highlights that emerged from the Round-table.

“The first insight is the significant growth of China and India as an internal source market and an external deliverer of business and leisure travellers. That’s enormous. Second is the significance of regional travel management companies and aggregators as distributors. They will drive interactive distribution differently in Asia than anywhere else in the world.”

“Lastly, the desperate need for training and experience at the middle management level for interactive distribution. People need to learn how operate effectively within these channels,” said Dr. Carroll. Ms Toguchi said the lack of training in the industry was affecting a wider range of industry players than first thought. “There has always been a gap in training, especially for the past several years, but I was surprised that the mega-brands are experiencing the same pain as some of the smaller/ regional groups. Obviously this is something that we have to address now.”

Dr. Bill Carroll identified two major factors, when asked how Asia differed from North America as a market. “The most significant difference is the greater number of non-chain hotel properties, and the larger volume of non-luxury guests. The second difference is the penetration of hand-held devices rather than laptops as a way of tuning into interactive travel distribution.

### **The path for students**

Based on the feedback from participants, Dr Carroll had some pertinent advice for students seeking to enter the travel distribution workforce in Asia-Pacific.

“Know your analytics, and be aware of the distribution network and process. Understand the evolution of marketing from media and print, to online and search. Lastly, understand the interaction of the critical systems that manage distribution – property management, centralised reservations systems, intermediary systems, and search.”

Dr Judy A. Siguaw, Dean Cornell-Nanyang Institute of Hospitality Management said that the session would help educators to chart the direction for future research and instruction.

“It helps us to determine what we should be focus on when preparing students for jobs in hospitality distribution. The roundtable helps us to connect with the industry in a way that we just can’t do otherwise – connections which in turn will help our students find jobs in the long term. She said while Asia was a broader canvas in many ways than North America for students and offered many more opportunities.

“It is a much bigger challenge, but from a young person’s stand-point, it is also more exciting. In the US, I think things have become very homogenous. Distribution is far more mature, whereas here you have a whole slew of up-and-coming intermediaries that are taking their place, while all the hotels in the region continue growing so quickly.”

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