End-of-year industry outlook

Next week we welcome a new year and, more importantly, a new decade. Chris Branagan, our Director of Technology, gives us some insights about how the year has been for the industry from a technology perspective and explains what to expect for 2020 in hospitality and tourism.

Are there any non-travel industry technology companies that will have a big impact on the travel industry during 2020?

Out of all the tech giants Salesforce is now the fastest growing and we saw this in 2019. For example this year they bought Tableau and they´ve been very busy taking over many other companies. They are working their way towards offering a full service solution, including both customer acquisition, marketing, analytics and CRM.

Already they are now present in many parts of the travel technology eco-system and this looks set to increase. In 2020 I see more and more travel businesses turning to them to be their technology partner. Watch this space.

As more people book travel online, how is search demand evolving and how many searches does your business now handle daily?

The travel industry 'look-to-book-ratio' – the ratio of how many travel offers a consumer sees Vs making a purchase – has been exponentially growing for a long time now. I´d say that it has more or less doubled every nine months or so consistently for several years.

As a result we are seeing from clients more and more demand for search capacity and now that we are in the cloud we are able to support any level of demand – and now see regularly peaks of up to 4 billion searches a day.

What currently is driving the exponential increase in 'look-to-book-ratios' and demand for search power?

Historically this has been driven simply by the growth in online purchases of travel. But in recent years this has been driven more specifically by the growth in 'hyper-connectivity': everyone is connected to everyone.

Is there a better way to manage the insatiable demand for search data from travel sellers?

As technology improves the cost per search falls, of course, but currently the demand for increased search results means that the travel industry is not benefiting from this cost saving – in fact overall the cost per booking is probably increasing.

At Hotelbeds we are trialing methods of using machine learning to reduce the number of search results required for each request. How does this work? Right now the industry has a 'one-size-fits-all-approach': a search can returns all potential booking options, even though the vast majority of those results are not needed. Our aim is instead to give our clients a 'curated feed' based on their needs, using machine learning tools that look at their prior booking patterns and so on.

We hope to be able to announce more details about this next year and are very excited about this. Not only will this make us more competitive, clients will benefit significantly because processing

search results costs them time, money and resources. In other words clients will see a reduction in costs, quicker search results, and content more relevant too for their end-consumer customers.

How is technology revolutionizing the retail travel agent selling experience?

I think that the Thomas Cook collapse really drove home to many both inside and outside of the travel industry that the high-street retailer still has an important and big part to play in selling holidays – but that there is a very clear dividing line between those doing it well, such as TUI, and those that have failed, with Thomas Cook being the most high-profile example.

What are the successful travel agents and tour operators doing? Embracing technology explains a significant part of their success. In many respects on the surface there is nothing radical about what they are doing. In fact they´re really just using modern techniques for selling, such as using large and multiple screens to help people visualize the experience. It's been a radical change for many though, when you consider that only a few years back many still had the 'green-and-black-terminals' behind the desk (that they wouldn´t let you look at!).

More interestingly though from a technology perspective is what has happened behind the scenes here. The consumer can´t see this, but the technology innovations that have occurred to make sure that the travel agent is able to find the right content at the right price, easily and quickly, have been considerable.

I´m talking about search and filtering options, group booking/payment functions, issuing vouchers, refunds and cancellations, itinerary print-offs, multiple payments, digital after sales service, customer data bases, upselling ancillary services like a transfer, and much more. It's not as glamourous as 'instant bookings via Instagram' or talking about using Alexa as your customer service solution, but these kind of iterative changes will continue to help high-street travel agents differentiate themselves from the big OTAs in 2020.

A few years ago 'cloud' was the buzz word in travel technology circles. Is there much more to say about cloud nowadays?

Many companies perhaps touted their 'cloud' capabilities long before they were really actually in the cloud, so it is still only very recently that many companies really switched to the cloud – and many still have that ahead of them, particularly in the travel sector where many relied on legacy data centre solutions.

This year there has been one big change worth noting though. More and more competitors have matured and this is driving down prices. Cloud costs for travel technology companies can take up a significant part of the IT budget, or even the overall budget, and so reduced costs are good news for everyone – not least for smaller travel technology companies, travel start-ups and, ultimately, for the end-traveller.

And finally, did blockchain realise its full potential for the travel sector during 2019?

Blockchain has once again disappointed in 2019 by failing to gain any kind of significant traction in the travel sector. Why? The simple answer is that whilst its potential uses are clear, no one is finding a cost-effective was to employ those uses yet.

Nonetheless we shouldn´t write it off yet. For decades we laughed at the failure of video phones to become widespread, but look how quickly they have become the choice for so many of us communicating over long-distances.

For example, there could be a very strong case for hotels to use blockchain to be able to confidently manage the distribution of their rates and avoid OTAs using their opaque rates intended for offline channels. At this stage it is not a cost effective solution, but who knows maybe one day it will be?

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