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Wireless in Travel and Hospitality: Hype or Necessity?

| By Max Starkov

The media hype surrounding the mobile Internet is astounding. Articles, commentaries and reports on wireless applications, WAP, 2.5G, 3G, Bluetooth and Wi-Fi are all over the print and online media. Getting confused? What are the implications of the mobile Internet, next generation wireless technologies and m-Commerce in the travel and hospitality space? What is the true meaning of these emerging technologies for the travel suppliers and buyers?

One of the reasons for the media hype and investors' excitement is that the market for mobile Internet devices and services has enormous potential and is widely expected to explode in the next 18 to 48 months. WAP-enabled mobile phones are believed to play crucial role in the proliferation of the mobile Internet. After all, your wallet, your watch and your mobile phone are the three things you are most likely to take with you anytime you leave your home. Nokia estimates the global mobile phone unit sales to exceed 450 million in 2001, most of them WAP-enabled handsets. There will be 1 billion handsets in use worldwide in 2002. Around the world more people will use their mobile phones than PCs to access the Web because mobile phones are cheaper and easy to carry around ("constant presence"). By 2002, IDC estimates there will be more wireless devices than wired devices accessing the Web (750 million vs. 600 million). WAP-enabled phones will reach 1.3 billion by 2004, from less than 100 million in 2000.

The penetration of mobile data services is expected to be equally dramatic. Currently there are approximately 4 million wireless data subscribers in the U.S., but this number will grow with the introduction of better applications and services, faster Internet access and handsets with improved functionality. The penetration rate of mobile data users in the U.S. will grow from 7% in 2000 to 44% in 2003 and will reach 83% by 2005 (ARC Group). Japan and Western Europe expect even higher rates of 90% and 91% respectively.

NTT DoCoMo's i-mode service in Japan, a true mobile Internet pioneer, provides an excellent "prove of concept" in this respect. This service already offers voice and packet data communications to over 27 million users and is adding 50,000 new subscribers a day.

Another interesting phenomenon is the wildly popular instant text messaging (SMS) in Europe: over 1 billion SMS messages are sent via cell phones each month. In North America, RIM's Blackberry PIM devices have become the wireless gadget of choice among employees. RIM can hardly meet demand and will be shipping 6 million units this year.

Not Your Ordinary Internet

The definition of the mobile Internet is quite simply the use of wireless technologies to access the Web and network-based information from mobile devices, such as handhelds, mobile phones (WAP-enabled), notebooks and new emerging devices, including auto PCs and personal information management (PIM) devices. The promise of "immediate, anywhere and anytime" Web access, location-based and personalized services are the key advantages of the mobile Internet.

But the mobile Internet will not be a simple wireless access to the conventional Internet. It will not succeed if it merely tries to duplicate the traditional Web. Many online services that simply "translated" their websites for wireless use failed to achieve any significant usage. This includes some major travel services and travel suppliers. Slow speed, primitive phone browsers, small displays, limited data-input capability (e.g. type keywords in a search), multi-step booking and information retrieval process are some of the factors. Experts claim that your wireless service loses 50% of the potential customers each time they are required to push a button on their mobile devices. How many keys do you have to press to make a simple airline reservation? One such existing online travel service that I know requires 38.

Although many of the pioneering mobile applications are consumer oriented, i.e. B2C, such as the i-mode service in Japan, the mobile Internet will really take off with the introduction of B2B and B2E (business-to-employee) applications. Business applications for the mobile Internet will include many of the consumer applications like location-based services, PIM, instant messaging plus a number of services that improve employee productivity and interaction between employees "on the move" and corporate headquarters, automate business processes, enhance CRM and sales, eProcurement, etc.

Location + Personalization = "Killer" Applications

If the mobile Internet means location + personalization, then this nicely coincides with the very definition of what travel is all about: location + personalized customer service. The mobile Internet demands an entirely new breed of applications that take full advantage of the unique characteristics of the wireless environment and the fact that these applications are delivered via a very personal device (e.g. your cell phone). Some of the "killer" applications for the mobile Internet include: time and location sensitive services; short, interactive, instant applications; highly personalized services; "always on" services; PIM applications; instant notifications, email and messaging; entertainment during "dead" time (commuting, etc) and voice-browsing applications.

What are the "killer" applications for the travel and hospitality space? What are these unique wireless services that will allow travel companies to take full advantage of this new travel-friendly technology? I believe that the following mobile Internet characteristics, services and applications will make the biggest impact in the travel and hospitality verticals.

Location-based services

These services are based on the unique ability of the mobile Internet device to determine its exact location by using GPS and then use that knowledge to perform functions based on the concrete geographical information. For example, a traveler approaching New York City can obtain from the CVB's wireless directory information on the city's main tourist attractions, Broadway shows, ticket availability, unscheduled events, hotel information and availability, and make reservations by pushing a button on his handset or auto PC. Or while in the Village can search for the nearest Italian restaurants, review Zagat's ratings and then select a place from a list of 5-10 restaurants in the vicinity, and make an instant reservation. DoCoMo already provides this service in Japan in partnership with Zagat Survey, LLC.

Wireless recommendation engines focused on local services, on the "last mile", on "what to do while already there" will be one of the hot applications. Location-based services will become a great marketing tool in the hands of pro-active DMOs (Destination Marketing Organizations), resorts, hotel and restaurant chains, and tourist vendors.

Presence-based Services

These services will allow the traveler to perform functions only relevant to the location he or she is in. Good examples are large hotels, beach resorts, airports, and theme parks. While on the beach, a hotel guest may be notified of a new unscheduled performance, cancellation of an event, or of a special promotion (2-for-1 seafood buffet). A passenger at an airport may be alerted of a flight delay, a gate change, etc. In a theme park visitors can check wait times for the rides. These services will not only provide useful information to your guests, passengers and customers but will allow good marketers to sell auxiliary services and do ad-hoc promotions.

Subsets of this category, the proximity-based services are most often wireless solutions that enhance customer service. These services rely primarily on short-range wireless technology such as Bluetooth. Good examples are airport applications for curbside check-in, rental car returns tracking devices and hospitality check-in/check out kiosks during peak hours. Roving Planet, CO offers innovative Bluetooth-based proximity services for airports and airlines.

Personalized Services

Wireless services should be based on the premise that mobile devices are constantly present, always on and usually used by only one person. The ability of travel suppliers to personalize the service and convince customers that this is their service, will separate the winners from the losers in this new wireless world. eCRM will rule the mobile Internet. Custom-tailored travel

services and offerings, based on knowing your customers, matching customer preferences (correlation techniques), predictive behavioral techniques (collaborative filtering) are only part of personalization. Data security, privacy concerns, non-invasive applications, opt-in/opt-out functionality, etc go hand in hand with personalization and will become very important issues.

Due to the mobile devices' limited functionality for data input, service providers are required to store accurate customer profiles on their servers that are accessible by a click of a button or to subscribe to specialized m-Commerce digital wallet services. For example, the hotel frequent guest ID number (which can be stored on the handset) should be sufficient to pull up all customer data and preferences needed for a hotel booking. The location, dates and number of rooms, all selected from easy to use drop-down lists and monthly calendars should be the only missing parameters. Action Engine Corp., WA already offers its version of intelligent technology that eliminates the "browsing and searching" associated with the Web, which has great potential for wireless booking engines and travel transaction applications.

Instant Access and Impulse-driven Demand

Instant access to wireless services is a very important characteristic of the mobile Internet. The benefits of "anytime, anywhere" access to the wireless Web greatly outweighs some of the disadvantages of the mobile devices, such as small displays, limited browsing capability, etc. Your mobile device is always with you, always on. You don't need to dial-up. But that's not all. Your mobile device allows you to do things spontaneously, i.e. to access info the second you decide you need one, to check available flights or hotels the moment you decide to go someplace. This capability can be exploited by smart travel marketers who understand that impulse buying requires their services to be always on, always available by pushing as few buttons as possible.

Time Sensitive Applications

Your mobile device allows you to receive immediately and 24/7 any important, time-sensitive information. These so-called "push" notifications include flight delays, meeting schedule changes, weather alerts, etc. In the same time you are able to send time-sensitive messages to your employer, to alert that you are running late, etc. In an ideal "hyper-connectivity" scenario, an airline alert about your one-hour flight delay should automatically trigger a series of previously disconnected events: an instant notification is sent to your client to reschedule the meeting; to your employer; to the limo service to pick you up an hour later; to the car rental company and hotel in your arrival destination. Delta Airlines, for example, is investing close to \$1 billion in its DNS project to be able to deliver timely and consistent data to customers, employees and partners, including via wireless applications.

Targeted Info Requests

These "pull" applications will be of great value to consumers. "Find me a French restaurant", "Fly me to Orlando", "Book me a hotel in New York" are just some of the examples. These "I want it now"-type of targeted customer info requests will require travel and hospitality suppliers to develop "one-push-button-away" interactive and instant wireless applications.

Voice-browsing applications

With 2.5G and 3G around the corner, a new type of voice-to-Web, Web-to-voice, text-to-voice and voice-to-text applications will become integral part of using your mobile device. Hear your emails, dictate a new email or text-message, make a restaurant reservation by pushing a button, which triggers a Web-to-phone application, receive a voice message about a flight delay, triggered by an email from your airline. IBM recently launched its VoiceXML software developer toolkit. The opportunities are infinite.

Emerging Wireless Applications for Travel and Hospitality

Here is a review of some of the emerging "hot" applications and services in various travel and hospitality segments.

Air Travel:

Airport customer service, usually based on short-range wireless technology such as Bluetooth: curbside check-in, portable check-in devices to ease long lines at check-in counters during peak hours, wireless LAN devices to inform baggage handlers of gate changes and flight delays, baggage area tag verification devices, etc.

Airline "push" notifications via email or Web-to-voice based on triggered events: flight delays and cancellations, weather alerts, gate change, customer interactions ("Happy Birthday, anyone?"), as well as WAP-enabled "low-touch" wireless self-booking engines that require minimum data input.

Hospitality:

Proximity-based services focused on customer service were meant for hospitality. These are Bluetooth-based portable devices and temporary kiosks for instant hotel check-in/check-out to ease front desk congestion during peak hours, temporary information/ticket kiosks for entertainment events, temporary registration desks for conventions and meetings, devices for instant interaction with employees in large hotels and resorts.

Wireless Internet Access is another application that is becoming popular. The technology most often used is Wi-Fi (802.11b) wireless LAN, installed in conference rooms, hotel rooms, hotel lobbies, in the pool area and other open areas. Your business clients can now relax at the pool and send email to the office. The Four Seasons Hotels just completed installation in all of their 56 resorts worldwide. Wyndham also offers Wi-Fi access. Many meeting planners already prefer Wi-Fi enabled hotels.

Presence-based "push" notifications for weather developments, hotel promotions, customer interactions, location-based "pull" applications that allows travelers to obtain hotel directions, as well as WAP-enabled "low-touch" wireless self-booking engines that require minimum data input, are only some of a variety of emerging applications in this sector.

Corporate Travel:

WLANS - About 50 percent of all U.S. enterprises are in the process of installing wireless LANs, and approximately 20% of large businesses already have WLANS, according to Gartner, Inc. This is creating tremendous opportunities for wireless B2E (business-to-employee) applications, including corporate travel management, self-booking systems, T&E, "push" notifications, "pull" info requests, etc. WLANS will definitely accelerate the proliferation of mobile devices and adoption rate of wireless services.

WAP-enabled wireless self-booking engines that incorporate features like corporate travel policy, employee profiles, negotiated rates, preferred suppliers and T&E expense reporting functionality in a very light, user-friendly package and require minimum data input.

Wireless devices such as Blackberry PIM devices, WAP-enabled phones, Bluetooth and Wi-Fi enabled laptops that allow the business traveler to use location-based and presence-based services and interact with the company, department and other employees.

Conventions and Meetings:

Location-based and presence-based services will play a major role in this segment.

Wireless Recommendation engines will alleviate the destination management efforts. Temporary wireless registration kiosks will ease lines at conference registration counters. Wi-Fi wireless LANs will provide high speed Internet access to all attendees in the conference rooms and open areas. "Push" notifications will alert participants about agenda changes and conference related news that need immediate attention, while "pull" info requests will keep attendees informed about the conference agenda, speakers, workshops, receptions and entertainment events.

CVBs and DMOs:

These destination marketing organizations can utilize location-based and presence-based wireless services to the fullest. Wireless recommendation engines can provide better information, in-depth entertainment and nightlife content, instant hotel, restaurant and event information, availability and reservation. These services can reduce cost by eliminating information centers and kiosks and staff reduction, savings from print, etc. On the other hand, the CVBs can generate revenues from referral fees or booking fees for reservations via the CVB wireless service.

Conclusion

Total customer satisfaction should be the ultimate goal of any wireless initiative. The mobile Internet strategy of any travel service provider should become an integral part of the company's comprehensive eBusiness Strategy and incorporated within its main components: eDistribution, eCRM, eKnowledge and eProcurement.

Glossary of Terms:

WAP (Wireless Application Protocol: the de-facto standard for delivering features like email and text messaging over wireless networks.

2.5G: "transitional" generation cellular telephone system (GPRS software upgrade over the GSM platform). Its rollout is expected over the next 6 months in Europe and over the next 12 months in the U.S. This technology offers data rates of up to 53 Kb per second. 2.5G services will be widely available in the U.S. by 2003. 2.5G delivers many of the 3G capabilities at fraction of the cost, but supports lower data speeds.

3G: third generation cellular telephone system. 3G supports speeds of 384Kbps up to 1.5 Mbps and higher. In the U.S. 3G rollout is not expected on a large scale until 2005, though Verizon Wireless announced recently that it would be 3G-ready shortly in the New York Metro area. NTT DoCoMo, the largest wireless ISP in Japan (I-mode), is planning a full commercial launch of its 3G service on October 1, 2001.

4G: fourth generation cellular telephone system. It delivers speeds up to 100 times faster than 3G. Expected rollouts begin after 2006.

Wi-Fi: this wireless local area network (WLAN) technology provides high-speed Internet access (20 times faster than a 56K modem) and LAN connectivity over distances of under 500 feet (150 meters), usually within one building. Wi-Fi, also known as IEEE standard 802.11b and supported by 70 manufacturers, is one of the two standards fighting for market share. The other one is HomeRF (Home Radio Frequency), supported by 80 manufacturers. Both standards operate in the unlicensed 2.4 GHz band. Wi-Fi has certain advantages over HomeRF, including higher data rates (up to 11Mbps), longer range and wider corporate acceptance.

Bluetooth: a short-range wireless network, also called Wireless Personal Area Network (WPAN). It uses the unlicensed 2.4 GHz radio band and works normally within a 30-foot radius (10 meters) at speeds of up to 64Kbps. This technology is supported by over 1000 manufacturers. It allows Bluetooth-enabled devices to communicate with each other in a wireless manner: handheld to handheld, PDA to PDA, handheld to PDA, PCs to peripherals, PDAs and handhelds, etc. When manufacturers begin incorporating Bluetooth into their products (same as USB ports), this technology should prove to be popular at home and in the office.

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Max Starkov is Chief eBusiness Strategist and Jason Price is EVP at Hospitality eBusiness Strategies (HeBS), the industry's leading Internet marketing strategy consulting firm for the hospitality vertical, is based in New York City (www.hospitalityebusiness.com). HeBS has pioneered many of the "best practices" in hotel Internet marketing and direct online distribution. The firm specializes in helping hoteliers build their direct Internet marketing and distribution strategy, boost the hotel Internet marketing presence, establish interactive relationships with their customers, and significantly increase direct online bookings and ROIs.

A diverse client portfolio of over 500 top tier major hotel brands, luxury and boutique hotel brands, resorts and casinos, hotel management companies, franchisees and independents, and CVBs has sought and successfully taken advantage of the firm hospitality Internet marketing expertise. Contact HeBS consultants at (212)752-8186 or info@hospitalityebusiness.com.