

Guest Post: I predict a riot! Where travel tech will go in 2016



By Travolution

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If 2015 was any example of how the market is changing both technologically, operationally as well as philosophically, then 2016 should be incredibly interesting. Here are some thoughts regarding the year ahead.

Consolidation

Massive consolidation in the travel industry which began in 2014 accelerated to a fevered pace in 2015.

Sabre Hospitality acquired Trust International, TripAdvisor looked towards the tour space by acquiring Viator. Expedia tried its best to buy almost everything that affected online bookings with the acquisitions of Orbitz and HomeAway and if given the opportunity, there is the possibility that they would have purchased even more. Marriott purchased Starwood while Accor focused on developing their own digital strategy by purchasing Fastbooking.

All of this provides a glimpse into the crystal ball regarding what we should expect for 2016.

The Travel Supply Chain

Tier-one Online Travel Agencies will continue to “verticalize” up and down the supply chain as the lines continue to blur on the distribution front. Expedia, Priceline and TripAdvisor now all possess MetaSearch, OTA and hotel “direct” channels.

In 2016 we will see the industry's focus shift to alternative revenue sources from their old reliable revenue streams such as bookings and advertising: think table reservations, activities and vacation rentals. While some of these ancillary revenue opportunities already exist, you will see an intelligent, integrated offering to deliver a better consumer experience that ultimately drives more revenues.

While travelers are not currently thinking about their dinner reservations while they are booking their hotel or airfare, in a holistic travel sales environment we will see all trip elements converge. The big players will own the customer through the entire trip process.

The Hotel Industry

Large hotel chains are looking for opportunities to get closer to their customers along the decision and booking path -remember they get little to no details when a booking occurs through an OTA.

Average daily rates continue to be at all time highs - yielding impressive numbers on the bottom line, yet hotels continue to see a decline in direct bookings.

The likes of Airbnb, HomeAway and other alternative lodging sites scares the hotel industry, and the growth of this new channel of inventory is expected to continue.

Consolidation and the challenges of integration for the top OTA players should afford the leading hotel and boutique hotels an opportunity to differentiate. Expect more unique and authentic experiences while travelers are in destination: mobile concierge, self-check-in, keyless rooms, smart/eco guest experience and integrated activities.

Alternative Lodging

The threat posed by Airbnb has both suppliers and agents squarely focused, as Airbnb now sells more “nights” than any of the global hotel chains.

OTA's have quickly moved into the vacation rental sector, eg. Expedia acquiring HomeAway. Look for vacation rentals and peer-to-peer marketplaces collaborating with traditional hotel distribution channels, to make strong penetration into the business travel sector.

There is a new business/leisure sector emerging called BLeisure that combines both business travel and leisure travel whereby short leisure trips can be attached at the beginning or end of business travel.

The best way facilitate these trips is to use alternative lodging because of its flexibility. Corporate travel beware as this will become a new wave of employee travel interaction.

Personalisation

Personalisation will remain top of mind in 2016. This is however an elusive target, where does delivering personalised service or offerings start to become invasive? Companies that deliver personalised solutions to the travel industry will have to tread carefully to ensure that they do not become too intrusive.

Most large travel technology companies are looking at personalisation as the next evolution in communication between the traveler and the hotel, airline or destination.

The companies with the most data will ultimately have the best chance at delivering personalized service.

The Big Players

Google, SAP, Oracle and Adobe are all spending to increase their share of a market worth more than 3 billion USD in 2016. Pay close attention to Google who recently stepped into the hotel direct booking business even though at Phocuswright 2015 they stated that they are not in the direct booking business.

Some of the larger enterprise resource planning companies such as Oracle and SAP all have travel and hospitality divisions and they now have seen the light that there is real money to be made in this industry. Expect big things from these companies.

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