

CONFERENCE SUMMARY

INTERACTIVE TV FOR TRAVEL

The Berners Hotel, London, 26th-27th April 2001

The two-day conference, entitled 'Interactive TV for Travel' and organised by the International Quality and Productivity Centre, concentrated on exploring the present and future of interactive digital television and its impact on the travel industry.

On the first day of the conference the audience was introduced to the concept of iTV. The speakers widely examined the advantages and disadvantages of distributing travel through iTV and discussed the challenges posed by this new distribution medium for travel content providers.

Among the speakers were James Wildman, Director of Commercial Development at Telewest Flextech, who noted that the UK is leading the European digital revolution. He also explored the functionality of iTV and emphasised the suitability of the medium for travel distribution. Jane Lightbown, Commercial Executive for NTL, discussed this in more detail, stressing that the acquisition of new technologies such as iTV is a learning experience, a trial and error process that requires large investments from travel companies. However, she concluded that, ultimately, adopting these technologies is vital, in order to avoid competitive disadvantage. Gary Wardrope, Commercial Director of Landmark Travel Channel, discussed the convergence of TV and PC technologies, which enables the creation of new products and services for the travel industry. He predicted that broadband access, ADSL, would be the winner in the long term. Moreover, he argued that t-commerce would truly take off once ADSL becomes affordable for the consumer.

The challenges that travel agents face with the emergence of iTV was examined by Graham Cook, Head of Online Partnerships, m-commerce and Interactive TV, at Thomascook.com. He stressed the significance of brand recognition, creating loyalty in the virtual world and the importance of perceiving iTV as a complementary distribution channel supporting 'clicks and mortar' as well as all the other multi-channel distribution strategies that travel companies

utilise. Nishma Patel, Director of Sales at Teletext, provided an interesting case study on Teletext's multi-channel distribution strategy and highlighted the need to provide solid content, wide-ranging choice, competitive prices, convenience and confidence when distributing products through iTV. Matthew Barnes, Managing Director of Digital Impact UK LTD (in the future di3) gave the final speech on the first day. He discussed the impacts of multi-channel architecture, referring to technologies which can deliver e-commerce capabilities to different iTV platforms and to other electronic devices. He emphasised that the travel content providers need to acquire multi-channel architecture, as this is likely to become cost-effective in the long term.

Speakers later participated in a panel session, which raised several interesting issues related to iTV. Jonathan Kay, Managing Director of AllGoHere stressed the importance and suitability of iTV for disabled people and argued how this market still remains unrecognised by the travel industry. Tracy Swedlow, President of Interactive TV Today, examined the possibility of providing something tangible for the consumers purchasing travel products through iTV, in order to enhance the experience, add value and build consumer loyalty.

Richard Thompson, Commercial Director of TV Travel Shop, started the second day of the conference by providing a more objective perception on iTV and its future capabilities. He acknowledged that iTV may have a successful future; however, he stressed that there are still many barriers to be overcome. While people may subscribe to digital television services, they will not necessarily use the interactive shopping capabilities of the channel. He also discussed the need for developing 'ultimate travel destinations', where consumers can buy travel and other related products, such as books and clothing. Moreover, he discussed the need for iTV to provide yield for tour operators and move away from selling mainly distressed stock. Ed Whiting, Managing Director at Digital Travel Services, noted that although iTV enables video on demand applications, the cost of producing such content should be sustainable for travel content providers, as this needs to be updated on a regular basis.

Olivier Dombey, Senior Partner for Partners in Marketing, compared the Internet to iTV and argued that the latter will require a longer 'learning curve', in terms of defining which content and services are most suitable for this medium. He also stressed that content providers must concentrate on empowering customers and developing consumer-centric business

models in order to avoid poor customer service, which has led to the demise of many Internet travel sites. Bill Scott, Lead Solution Principal for IBM Global Services, gave a comprehensive presentation on different iTV Technologies. He argued that these technologies would be standardised eventually. The final speech of the second day was by Dean Wilson, CEO of On Digital, who argued that iTV is an effective advertising medium that will also drive sales to the other distribution channels of participating travel companies

The second panel session looked into the future of iTV. It was mutually agreed that CRM and personalisation of content are missed opportunities that pose a challenge for the content providers. It was perceived as absolutely critical that CRM technology is integrated across multiple platforms. The panel also argued whether iTV would become an 'elitist' platform, as only the companies with recognised brands and required capital can access the different platforms, therefore offering less choice for the consumer. The need for niche operators to build partnerships and co-operations was perceived as a necessary condition for success, as they may lack the capital required to acquire iTV technologies.

The key issue arising from this conference is that iTV is perceived as a complementary distribution channel supporting the companies' 'clicks and mortar' distribution strategies. It was recognised that iTV is still in its infancy and the companies are currently learning how to maximise the benefits of the medium. T-commerce enabled by iTV relies on consumer interaction; therefore, travel content providers should not underestimate the importance of developing innovative ways to induce consumers to use interactive services. By doing so, they may guarantee higher returns on investment, which are currently low on iTV.

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