TRAVEL TECHNOLOGY initiative
Working Together
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## Push and pull in the dynamic packaging era - a springboard for ferry XML?

***Alan Warburton of Pharos Datacom puts the case for Working Together to reverse the trend and boost UK ferry industry share in the dog fight with the no-frills air sector.***

Today's UK ferry industry is suffering decline and remains fragmented. The loss of volumes over the last few years is overshadowed by soaring no-frills air travel, beating down prices. Ever keener competition with air travel and other ferry operators, particularly on short sea routes, is driving operators towards net pricing, squeezing reseller margins, flexible pricing and finely tuned yield management.

What hope is there to boost ferry traffic in the face of the no-frills air rampage and turn around the UK's declining slice of leisure travellers ?

Many operators are completely focused on their websites, seeing this as the ideal route to market, unfettered by trade channels and cost free. Apart from call centres, they regard this as the only worthwhile channel for success in the e-commerce era; utopia at last.

So confident are they of being in control of their own direct marketing, the trade is increasingly marginalised. And why not ? It is said traditional travel agent business has declined significantly while the traditional tour operator, responsible for body building the ferry holiday over the last quarter of a century, is now slowing too, while in contrast web bookings only get healthier.

But the current decline would indicate the website / call centre combination is not enough to sustain overall industry growth. So what other opportunities and techniques are there for the ferry operator to reverse the trend ?

The opportunities least understood except by the most savvy marketing departments are from trade intermediaries, an assortment of strategic partners and enabling organisations including tour operators, GDS, networks, online agents and dynamic packagers. These partners represent ways to bring ferry product to market through additional propositions. Typically they currently account for around 10% to 25% of revenue, and because distribution in this area is growing, their impact will increase.

If there are these extra opportunities, what are the costs of the rewards of this channel - are intermediaries worth the candle in terms of revenue versus the channel costs?

By their nature, intermediaries are trading partners not suited to using a ferry operator's website; they need full automation of the reservation process, without human intervention. Integration is a fundamental requirement. In short, a ferry operator's website designed for viewing does not enable an intermediary to manage the sale; where a human is meant to be, a computer sits. Trade takes place instead via a Structured Data Interface (SDI), a technical trade channel.

An SDI is a system-to-system messaging technique such as Unicorn, the entrenched SDI protocol for ferry reservations since the late eighties. An estimated 30 of about 65 European ferry operators have Unicorn, complemented by many intermediary partners also 'wired' for Unicorn. This is a sizeable trading pool with a very stable solution, and very attractive to new operators wanting to reach the same buyers. At Pharos to meet this need we offer a service to operators to connect them to the wired community of intermediaries. Why shouldn't the industry continue with Unicorn and make it a benchmark for modern online trading ?

The modern travel industry SDI reservation and distribution protocol is XML messaging, widely adopted globally for a number of travel sectors such as flights, hotels, car hire and soon holiday packages. XML offers overwhelming advantages over Unicorn in terms of costs and simplicity of integration, offering cost reductions

to intermediary partners as well as ferry operators - a sound case for investing in a standard of benefit to all players and, crucially, a liberating mechanism for intermediaries.

But ferry operators in the UK have yet to embrace XML and to dethrone Unicorn.

The cause is not lost on the TTI; they have encouraged operators to create a new de jure XML ferry message standard with their help in the mould of other notable standards achievements like TORIX.
Ironic then, that Pharos is the party to provide the XML message set that has now become the embryonic TTI standard; in the absence of push from the operators, a little from the pull side has

broken (or maybe just cracked) the ice of Unicorn. And as you may have read recently, Pharos was first to implement the new standard together with its client Norfolkline.

So why hasn't it happened, why is such an important travel sector with high ticket product not made easily available through the obvious technical channel ? A clutch of operators is needed to thrash out a consensus on messages that would enable them to sell their product more effectively, offering for instance, best price in one pass, and an exactly identical interface for all via the Internet, to take advantage of online distribution with intermediaries as modern day partners.

Without this industry wide move, buyers are expected to scale the obstacles of diverse connectivity to a variety of individual operators using old technology. As a result the opportunities remain effectively inaccessible to a mass of would be strategic partners and intermediaries - and therefore inaccessible to their suppliers too. Because surely, instead of packaging a ferry component, the intermediary will simply sell a flight instead - its downhill all the way, and this much is evidenced by the prevailing decline.

Fragmentation, so characteristic of the ferry sector, may be an excuse for why we don't have a de facto standard which could have led to an effective standard. A successful TTI standard would paper over the fragmentation from the buyers viewpoint.

In the recent TTI Conference 'Dynamic Packaging' everyone hailed a burgeoning opportunity (needless to say all packagers had both XML acquisition and distribution channels) in on-the-spot packaging of transport plus accommodation. Simply a conventional holiday, but sold in a different way, requiring the packager as the intermediary to acquire all the components interactively.

Is this huge opportunity to be missed by ferry operators - will we see the packagers buying flights instead of ferries? Hopefully operators will seize on the opportunity and the technological key needed to jump on the bandwagon.

For the ferry operator this could mean a reversal of fortunes, and it won't come via their website.