



Google & Compete Present:
Travel Shopping in Today's Economy

January 14, 2009

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2 Travel Category Online Growth Trends

3 Shifts in How Consumers Research Travel

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Overview & Methodology

Overview

The purpose of this study is to measure shifts in how consumers have shopped for travel as the economy has weakened and to understand the outlook that consumers have for travel in 2009.

Specifically, this study seeks to identify if there have been notable changes in consumer behavior while travel shopping and, if so, what the implications are for travel marketers.

Methodology

- Clickstream Analysis
 - Conducted on Compete's proprietary U.S. consumer panel
 - Timeframe: January 2007 through November 2008
 - Focus on Sep, Oct, Nov comparisons between 2007 and 2008
 - Behavior studied across hundreds of travel websites
 - Sample size of 172,000 online travel researchers passively studied
 - Population: Groups of panelists who either conducted online travel research in both 2007 and 2008, or conducted online travel bookings in both 2007 and 2008
- Survey
 - Compete invited consumers who had either traveled for leisure purposes in the prior 6 months, or intended to do so within the next 6 months
 - Fielded 12/5/08 – 12/10/08
 - Sample size = 1,156

Two key terms we will be using today

Researcher

A consumer who looked at information on a travel eCommerce website (supplier or Online Travel Agency), but did not necessarily make an online travel purchase.

Booker

A consumer who specifically completed an online purchase on a travel eCommerce website (supplier or Online Travel Agency). **Bookers are a subset of Researchers.**

Bookers and Researchers are measured as individual consumers. A consumer may have researched and/or booked multiple times, yet will only be counted once.

Key Findings

Despite recent weakness, there are reasons for optimism:

Growth has slowed, but online travel activity is in line with 2007 levels.

Consumers researching travel online continue to do so thoroughly.

Many travel sellers are maintaining strong online performance levels.

Most consumers plan to travel as much in 2009 as in 2008, if not more.

Marketers have opportunities to connect with their target audiences.

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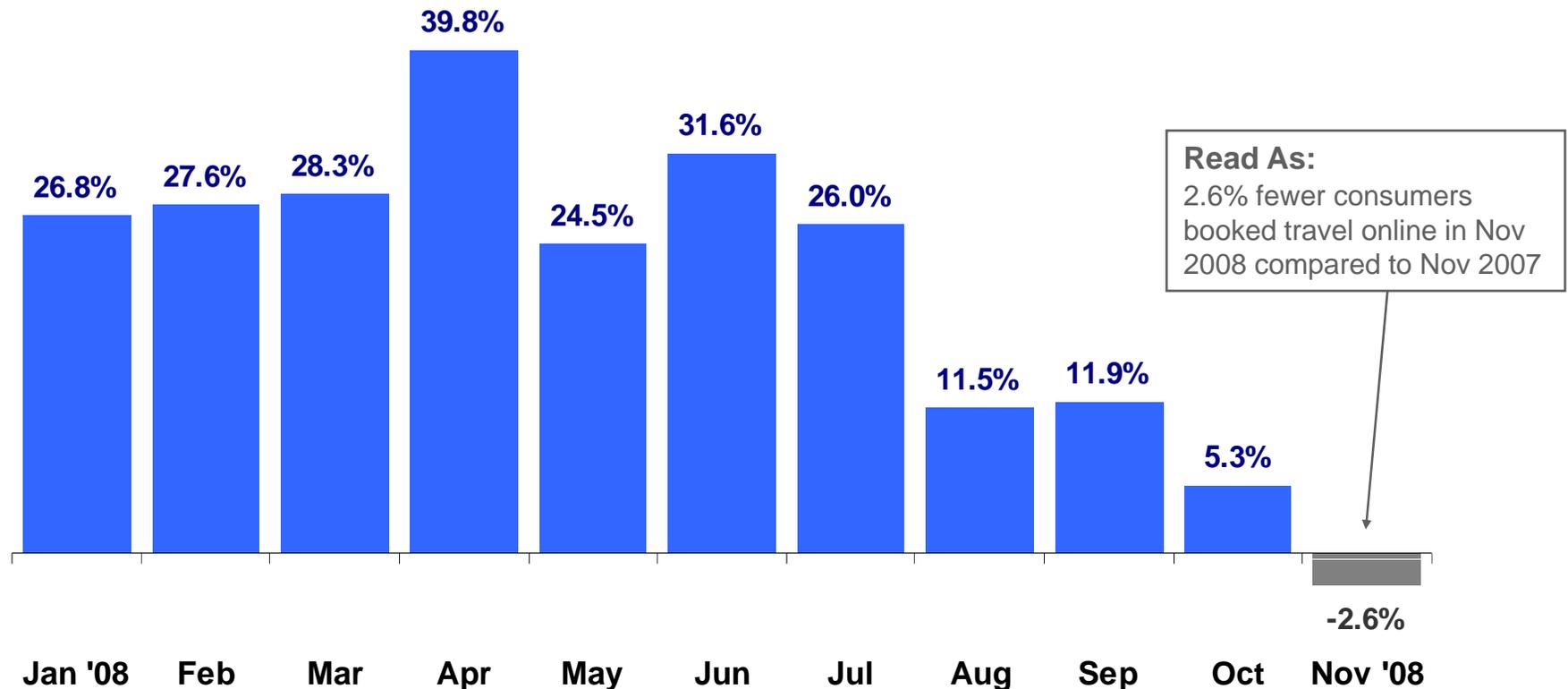
6 Question & Answer

Online travel is now back to levels seen in 2007

- Reality of today's market: Online travel has weakened
- 2008 had been up 25%+ from year before until July

Change in Online Travel Bookers

(% change from 2007 to 2008 in online travel bookers)

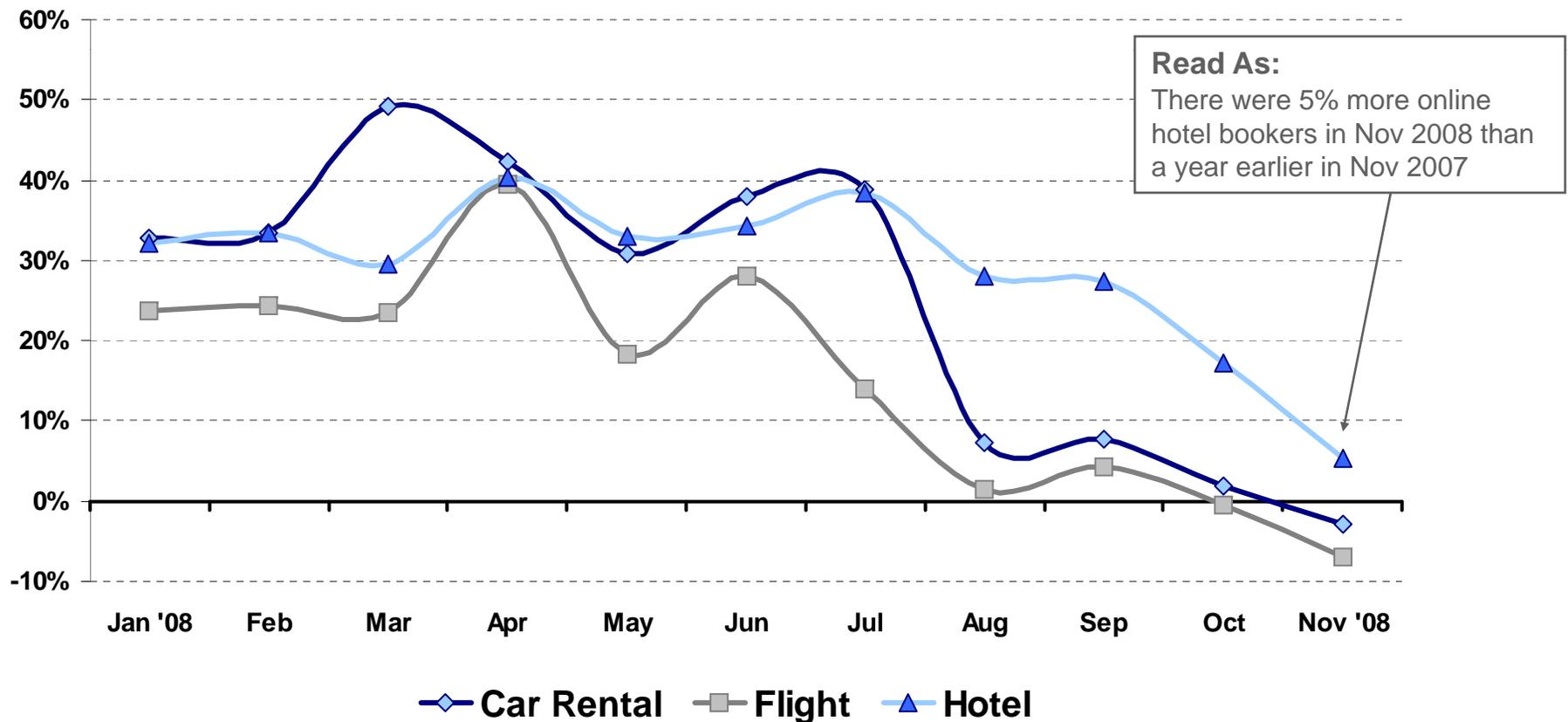


Air, Hotel, and Car Rental all following a similar trend

- Each category now within 5 points of 2007 levels
- Hotel holding on the best

Change in Online Travel Bookers

(% change from 2007 to 2008 in online travel bookers)

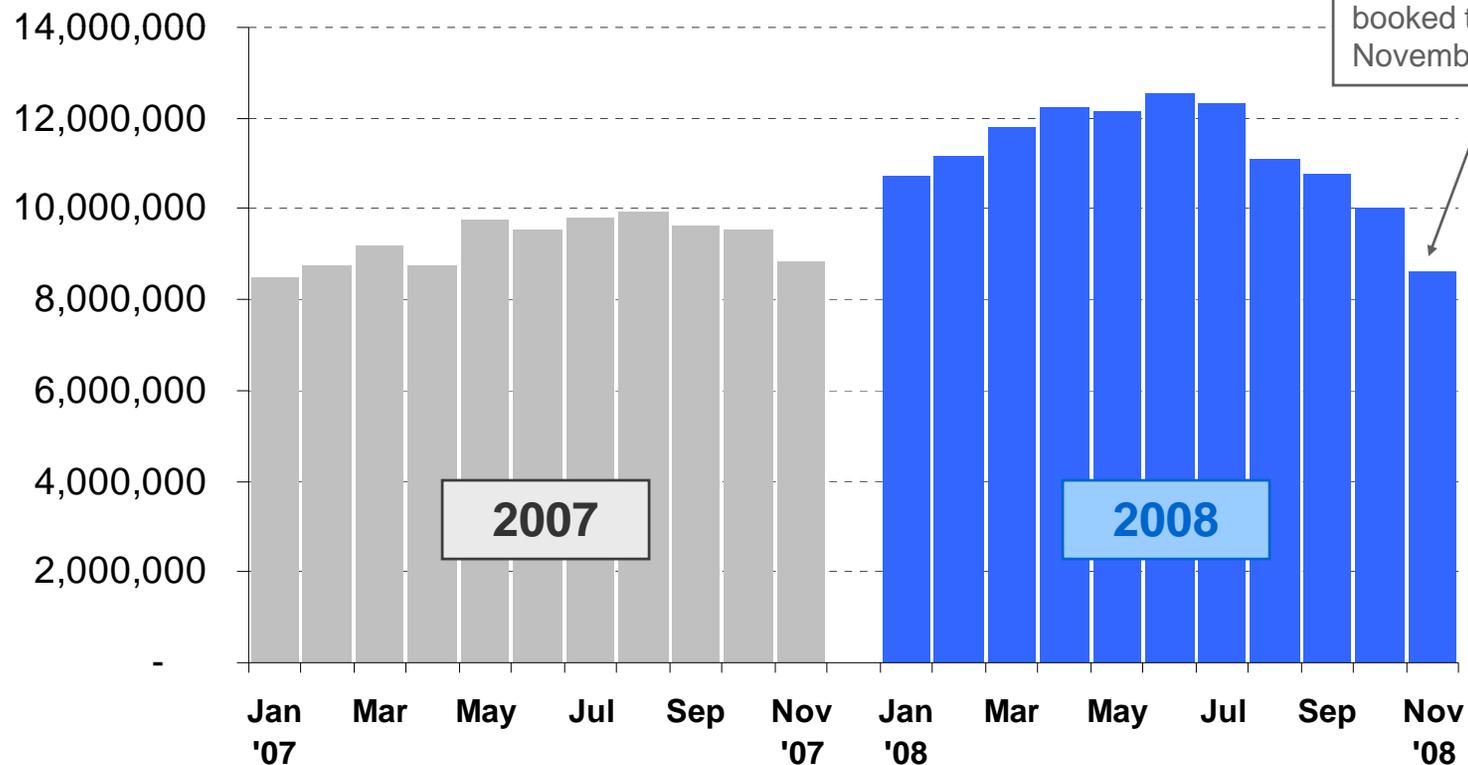


Still a huge number of online bookers at play each month

- 30% decline from peak levels in 2008 was sharp and sudden
- Online travel bookers now in line with 2007 levels

Online Travel Bookers

(Volume of US consumers completing an online hotel, air, car, or package booking)



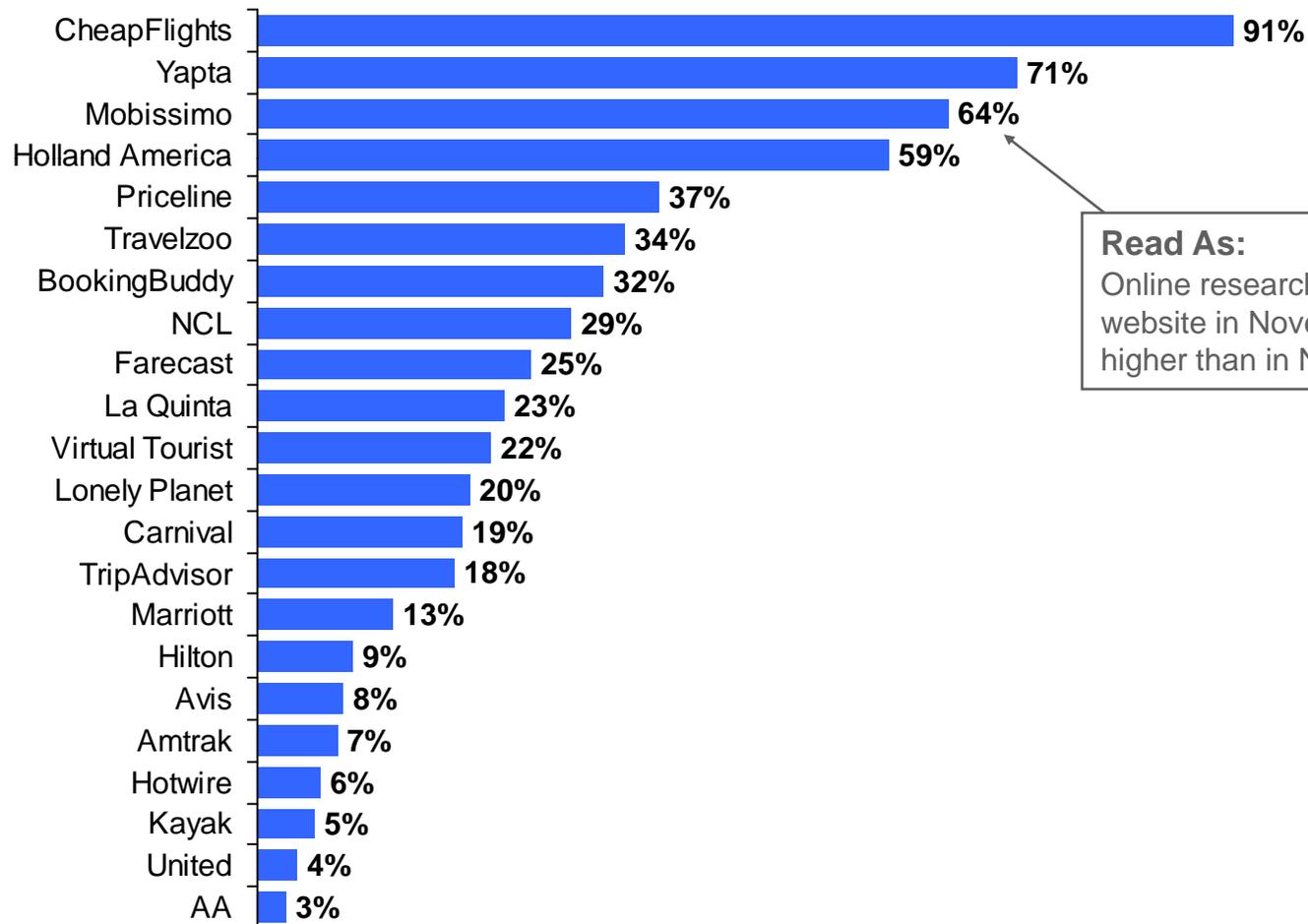
Read As:
8.6 million U.S. consumers
booked travel online in
November 2008

And many individual brands are growing their audiences

- Despite downturn, every travel sub-category still has winners

Growth in Online Researchers

(% change from Nov '07 to Nov '08 in website traffic)



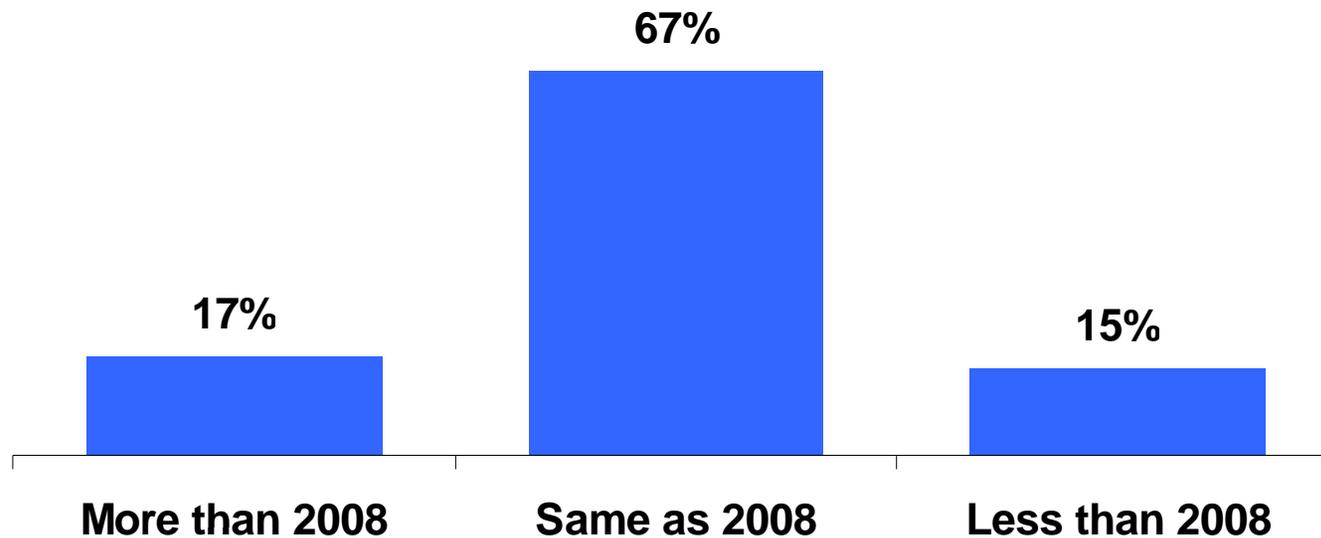
Read As:
Online researchers on the Mobissimo website in November 2008 were 64% higher than in November 2007

85% of consumers plan to travel the same or more in '09

- Only 15% plan to cut back on travel

How much do you plan to travel for personal/leisure in 2009?

(n=881 consumers who use the Internet to research travel)



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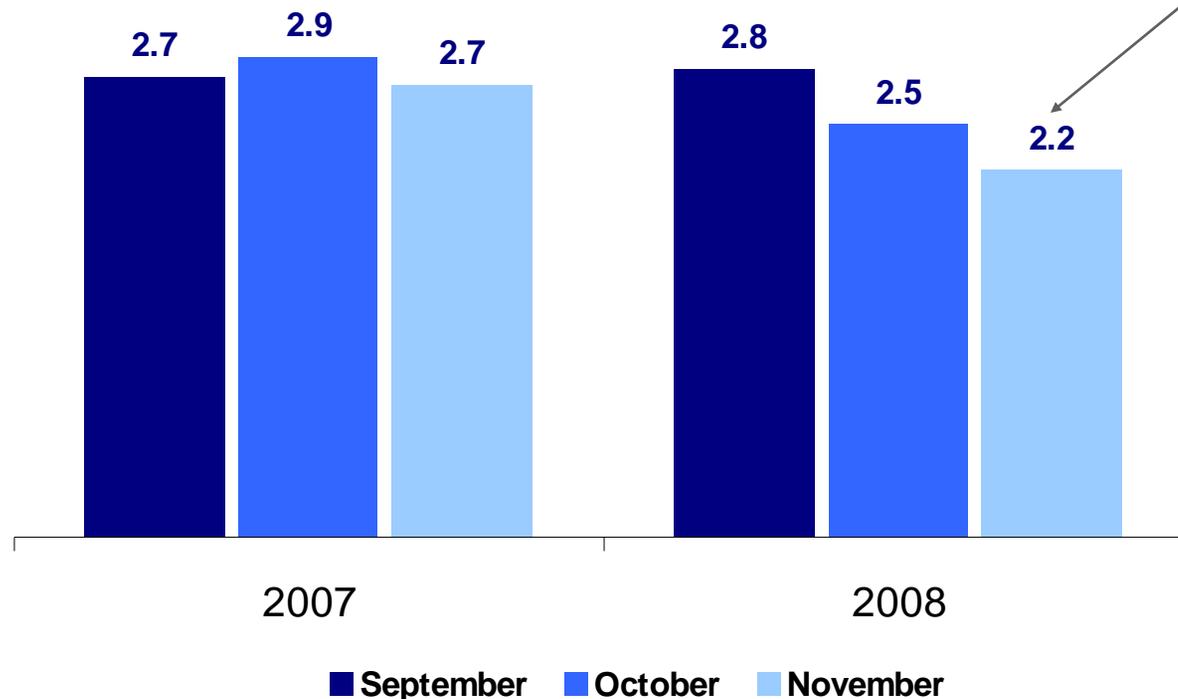
6 Question & Answer

RESEARCHERS are visiting fewer travel sites...

- Researchers visited nearly 3 sites in '07; same people now closer to 2 sites
- This recent decline may be temporary

Travel Retail Sites Visited Per Researcher

(sites visited among those who researched in both 2007 and 2008)



Read As:

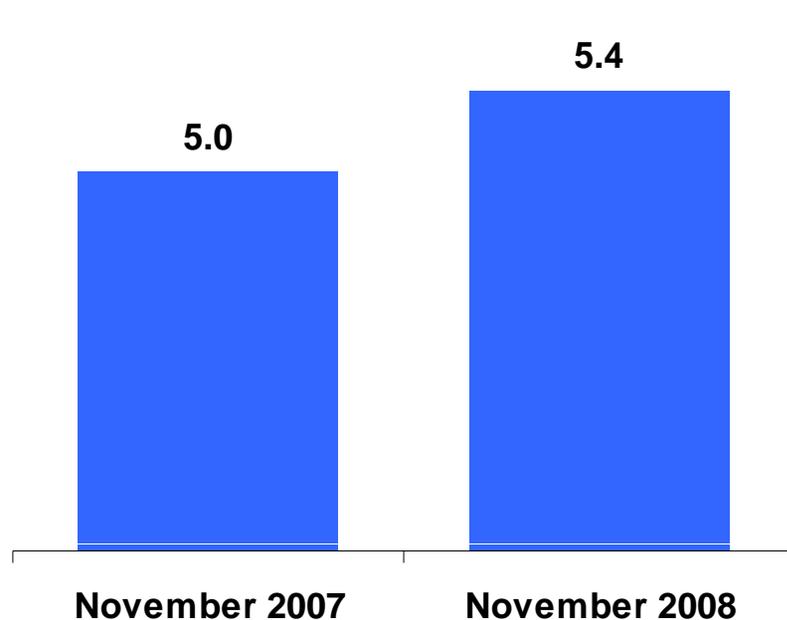
Consumers who researched travel online in both Nov 2007 and Nov 2008 visited 2.2 sites on average in Nov 2008

...Yet BOOKERS are increasingly active

- The average booker is visiting more retail travel sites
- Higher share of bookers have heavy activity (10+ sites)

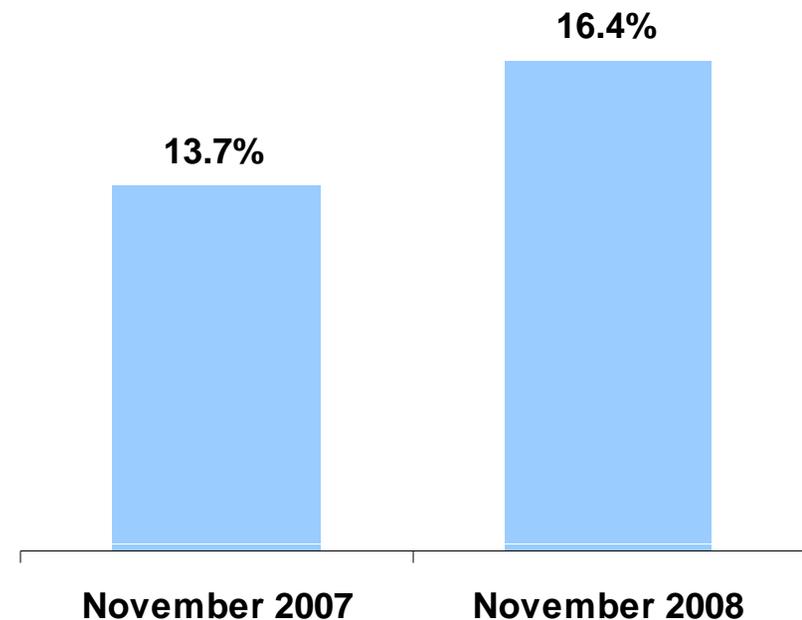
Travel Retail Sites Visited Per Booker

(# of travel retail sites shopped in 30 days before booking)



% of Bookers Visiting 10+ Sites

(% of travel bookers visiting 10+ unique travel retailers)

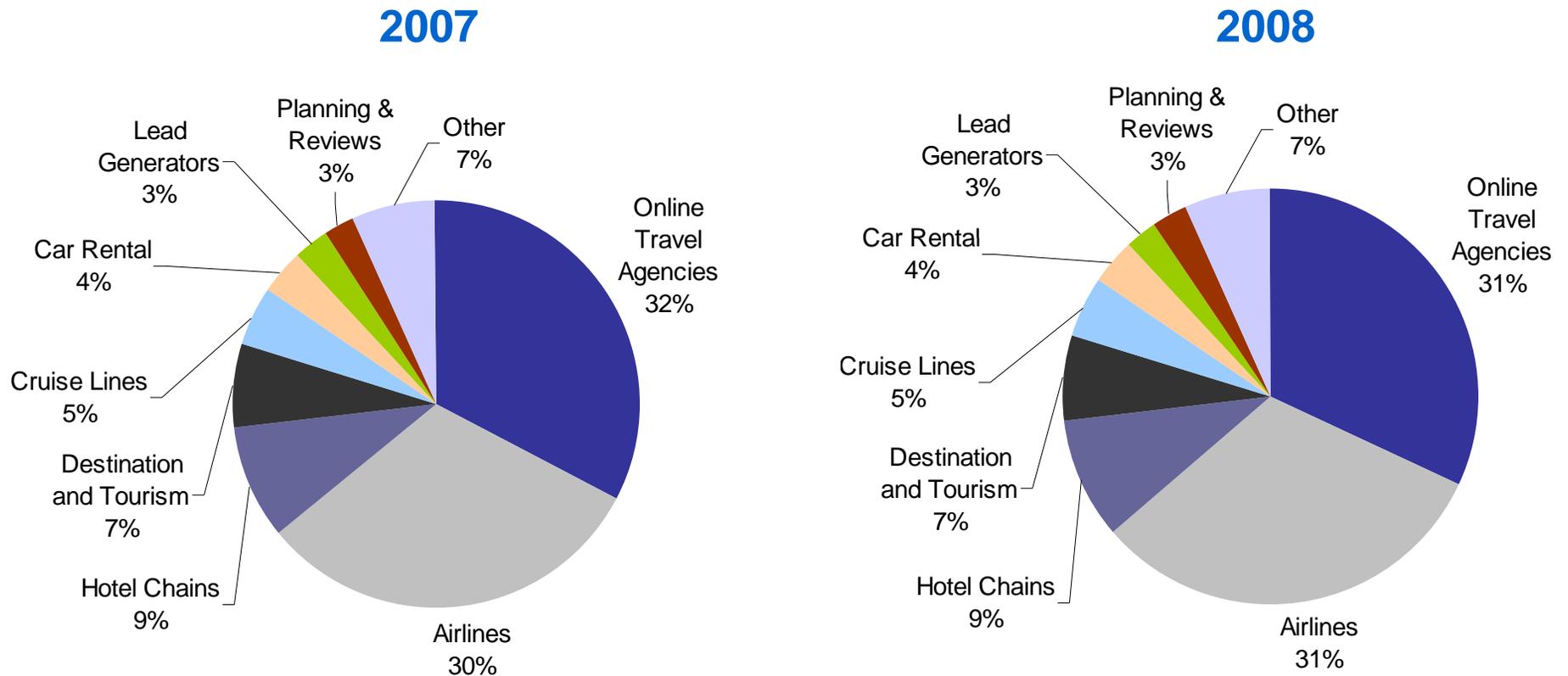


Consumers' mix of travel research has been stable

- Majority of activity still takes place with OTA's, airlines, and hotels

Distribution of Travel Research

(% of researchers' total time spent in each group, Sep-Nov '07 vs '08)

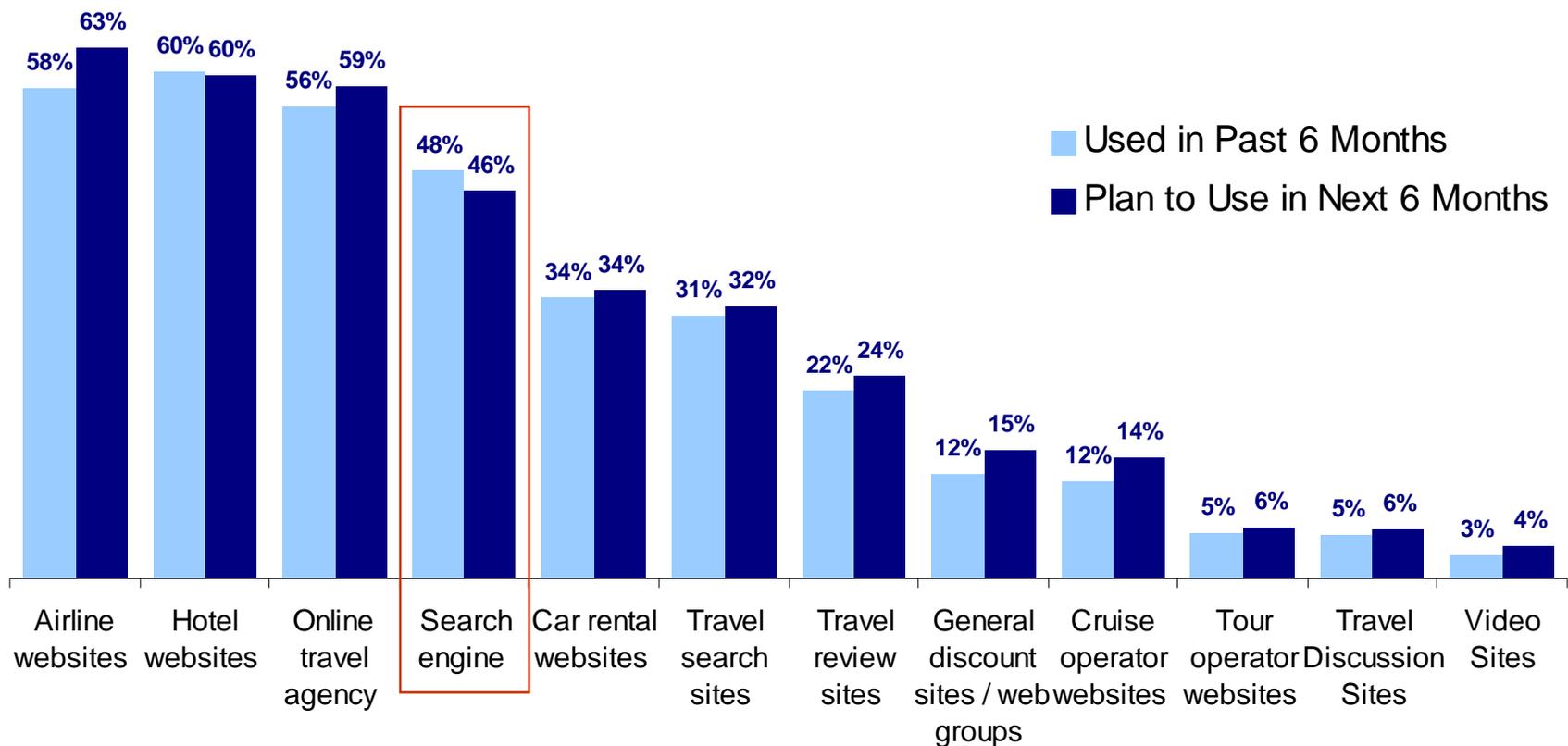


Additionally, consumers plan to stick with these websites

- Most expect to use Supplier and OTA sites predominantly
- Nearly half expect to use search

Which did you / will you use for travel planning?

(n=1,046 recent leisure travelers and n=1,042 expecting to leisure travel in next 6 months)

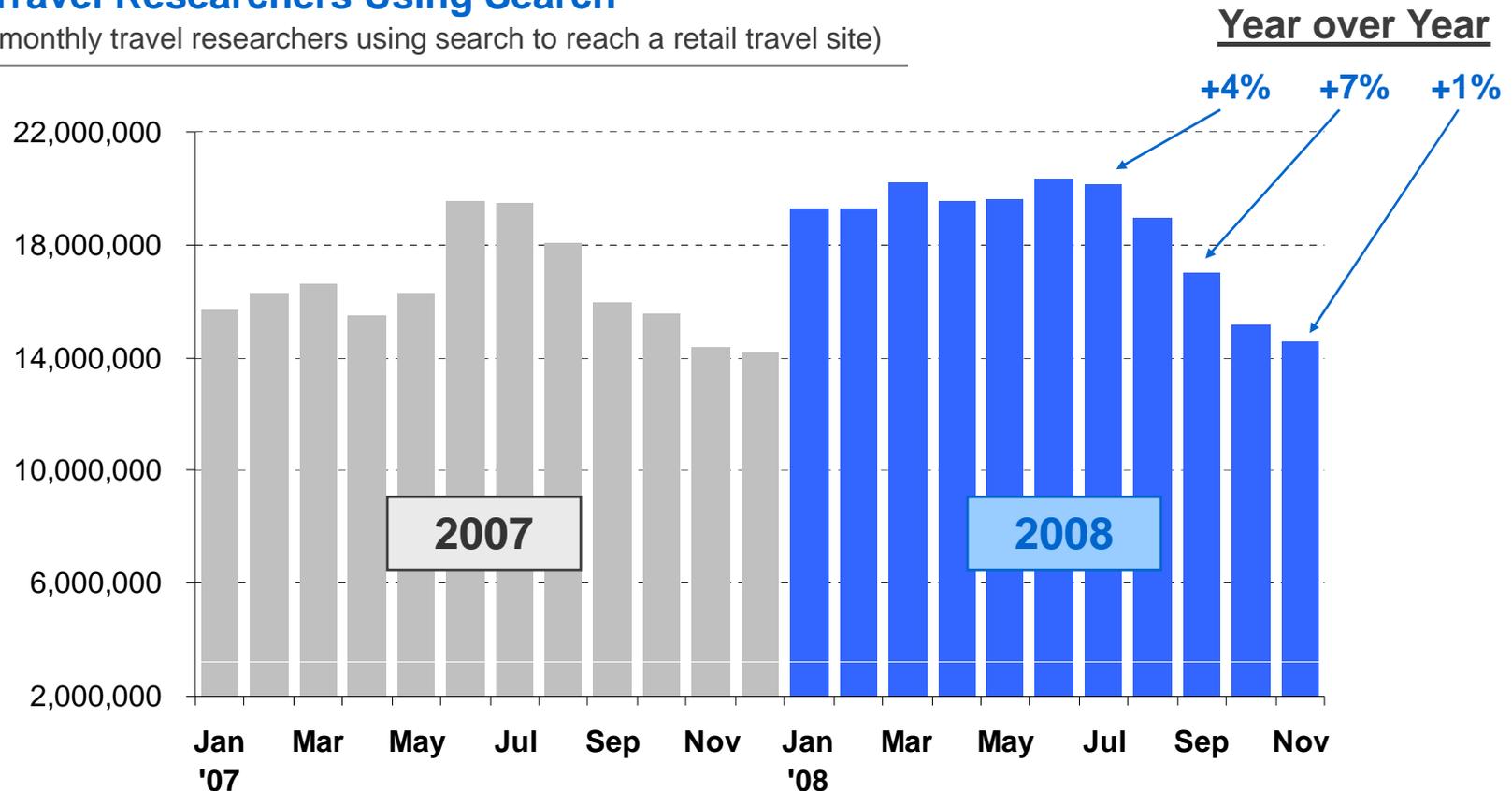


Researchers using search have not declined

- 15 million researchers use search to reach travel sites monthly
- Holding positive year over year

Travel Researchers Using Search

(monthly travel researchers using search to reach a retail travel site)

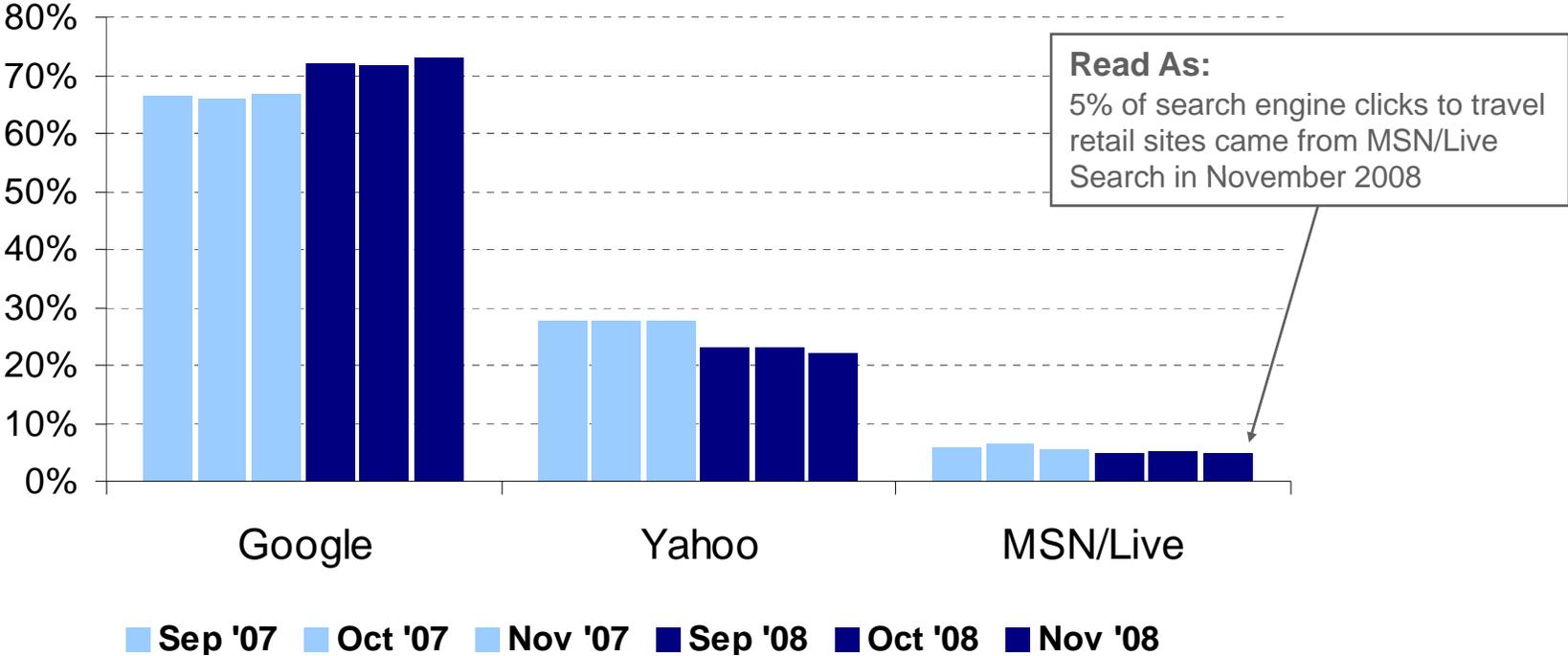


The mix of search referrals is relatively stable

- Over 70% sourced from Google, 20% from Yahoo

Travel Search Referral Mix

(% breakdown of search referrals to travel retailers from each engine)

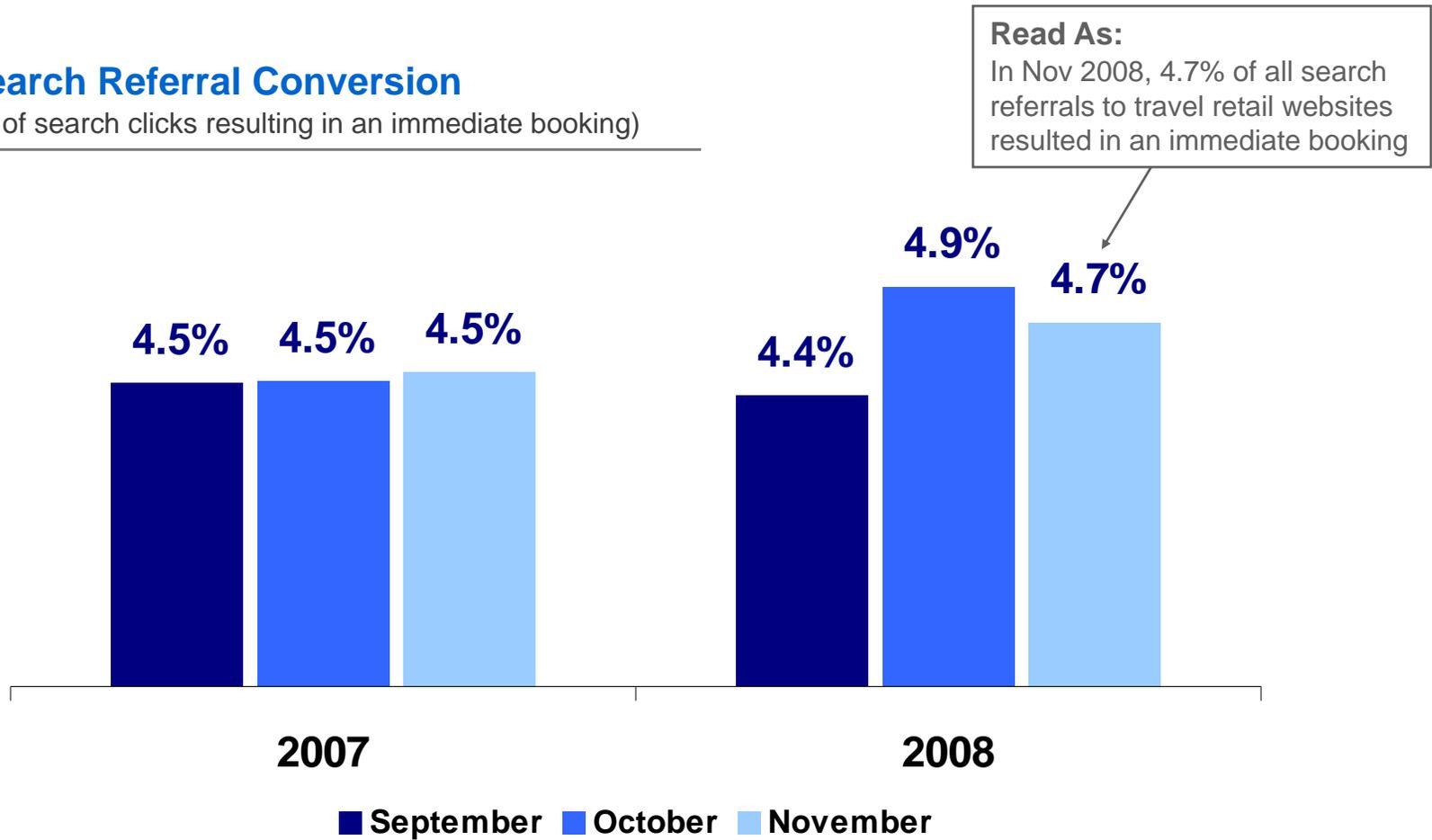


Search is still as good an investment as ever

- Search conversion rates are up slightly from 2007

Search Referral Conversion

(% of search clicks resulting in an immediate booking)



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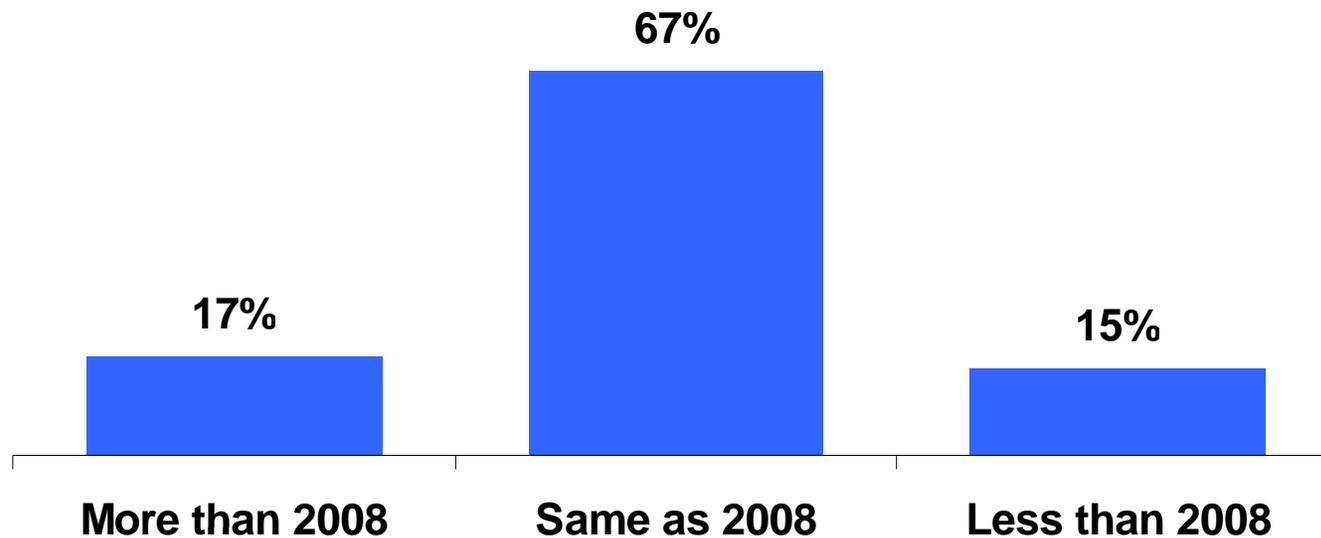
6 Question & Answer

Revisited: Consumers expect similar travel levels in 2009

- Only 15% plan to cut back

How much do you plan to travel for personal/leisure in 2009?

(n=881 consumers who use the Internet to research travel)

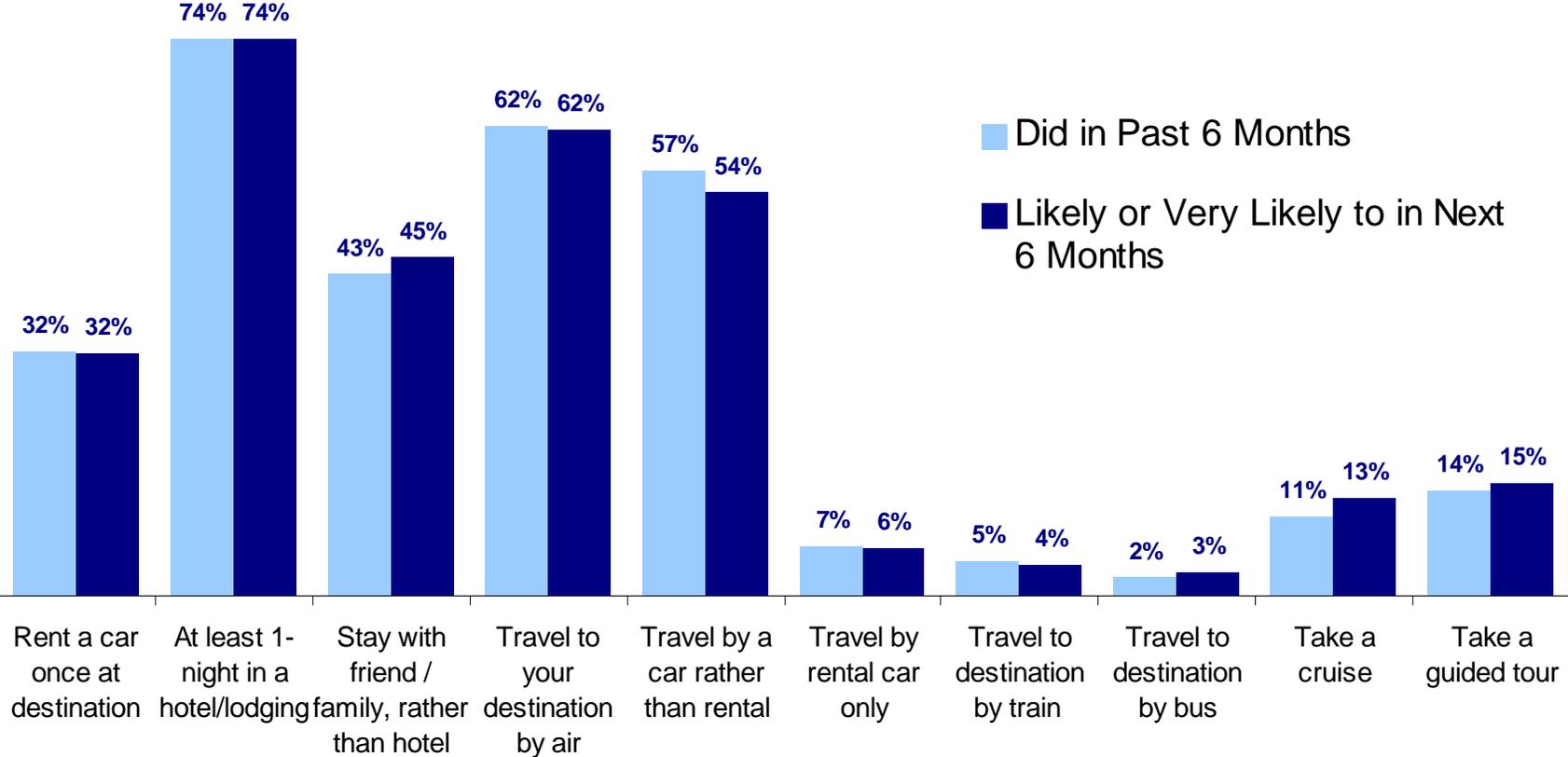


Travelers will keep their core travel activities intact

- Likelihood to rent cars, stay in hotel, etc... holding steady

Did you / Are you likely to do the following on leisure trip in the next 6 months?

(n=1,046 recent leisure travelers and n=1,042 expecting to leisure travel in next 6 months)

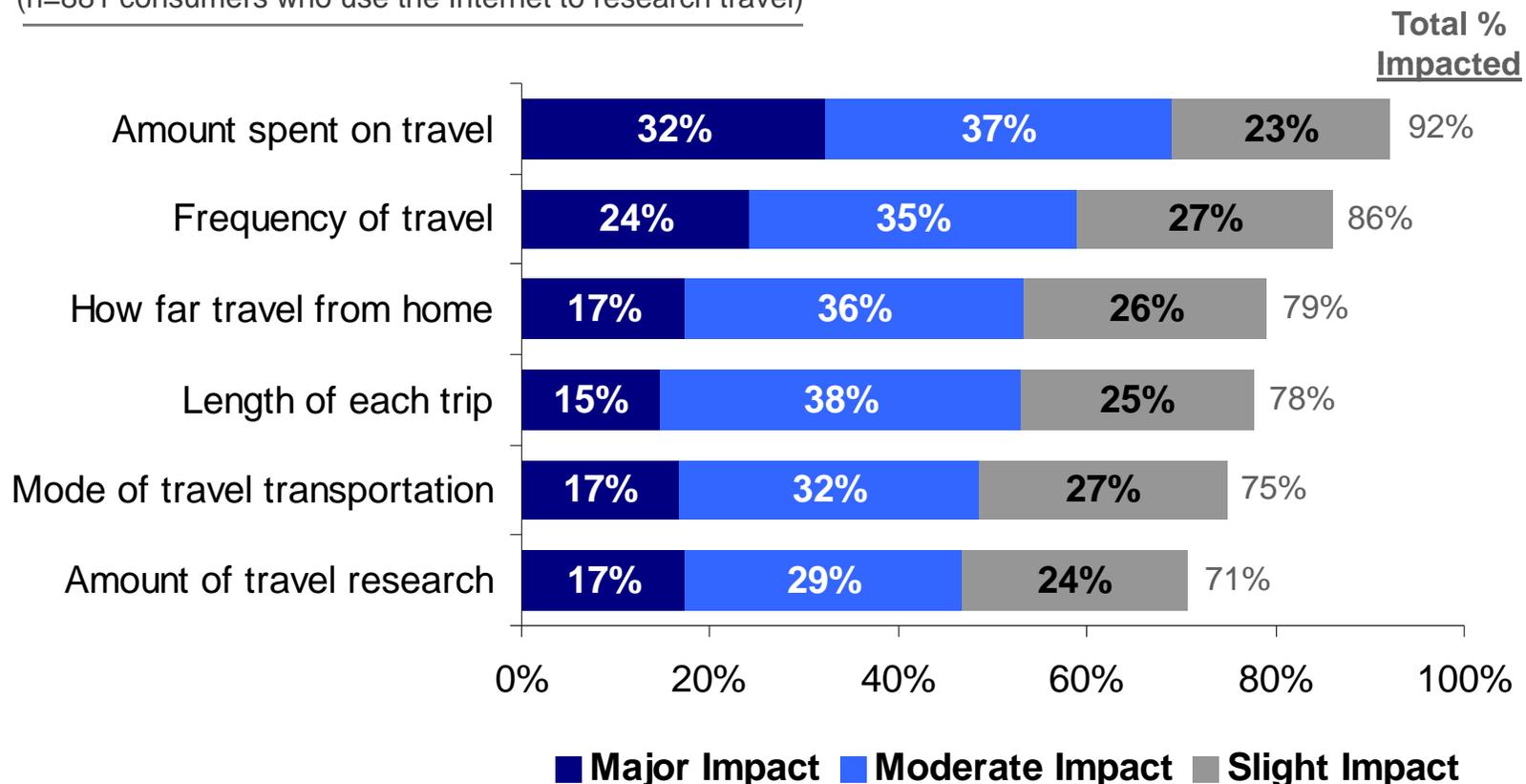


While consumers still plan to travel, they will belt-tighten

- Most expect the economy will have some impact on dollars spent
- Less likely to be an impact on trip length and mode of transport

What impact will the current economy have on your 2009 travel?

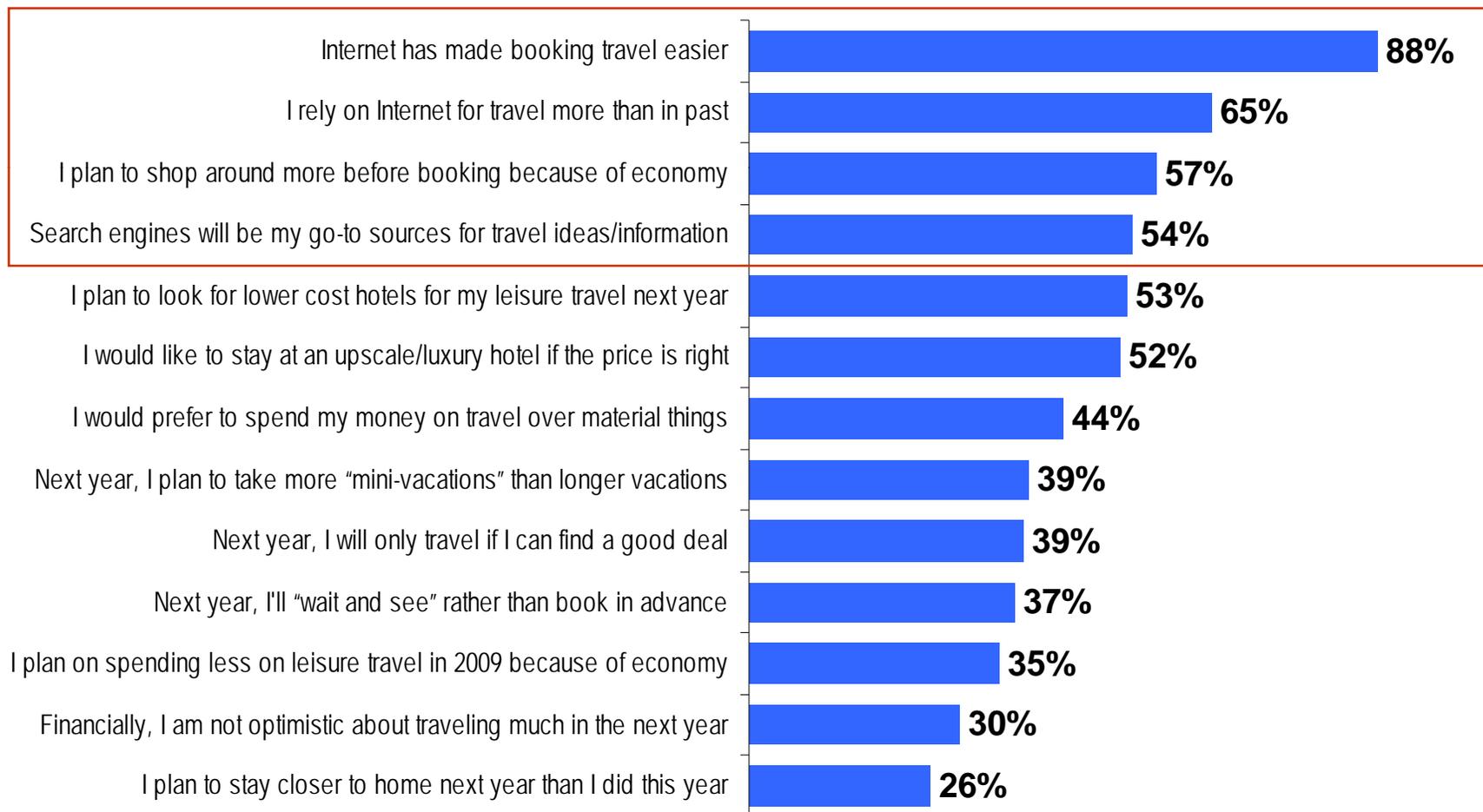
(n=881 consumers who use the Internet to research travel)



Internet & Search will be critical for increasingly cautious researchers in 2009

How much do you agree with each statement?

(% “strongly agree” or “agree” on a 5-point scale, n=881 consumers using Internet to research travel)



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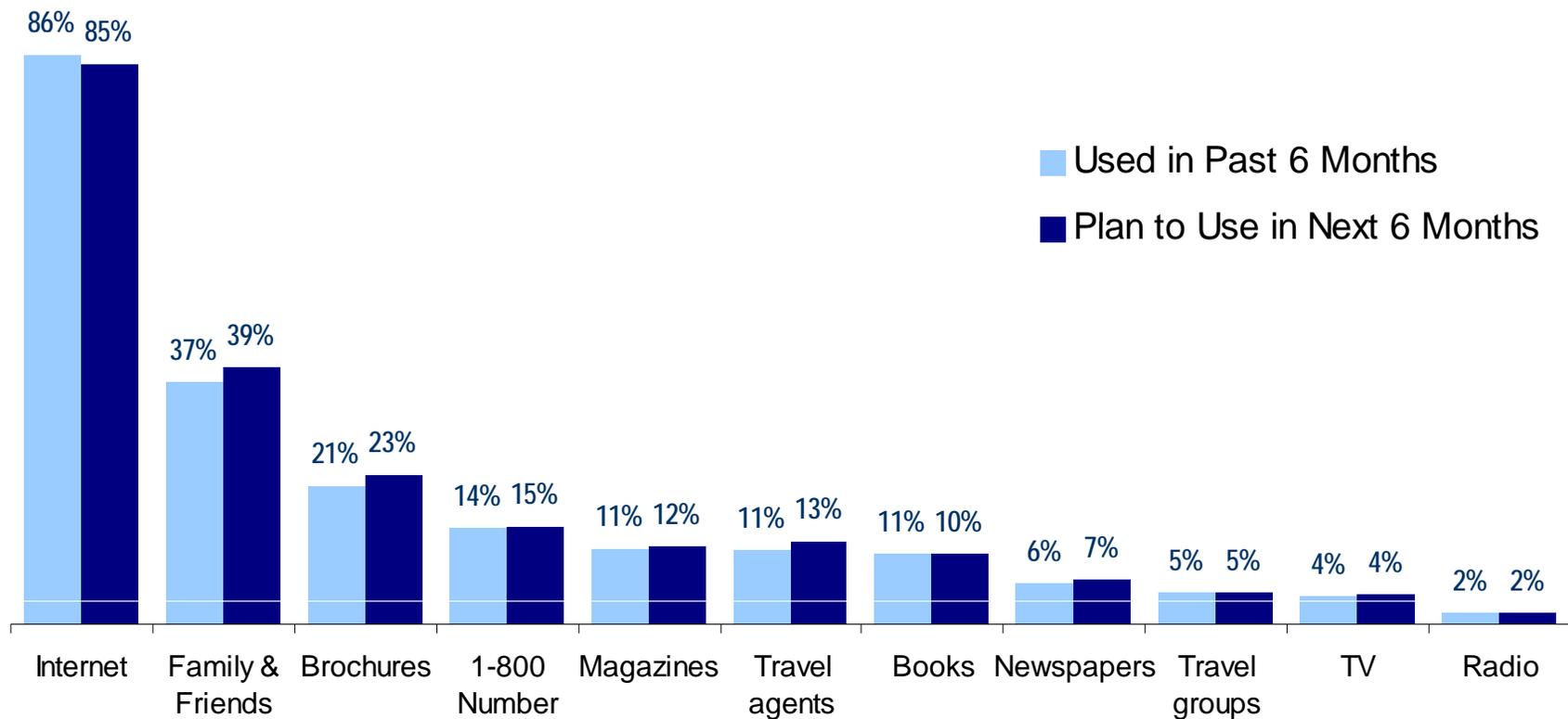
6 Question & Answer

Invest where consumers are making their travel decisions

- The Internet is still paramount
- No other channel offers such efficient access to your audience

Which of the following did you / will you use for travel planning?

(n=1,046 recent leisure travelers and n=1,042 expecting to leisure travel in next 6 months)

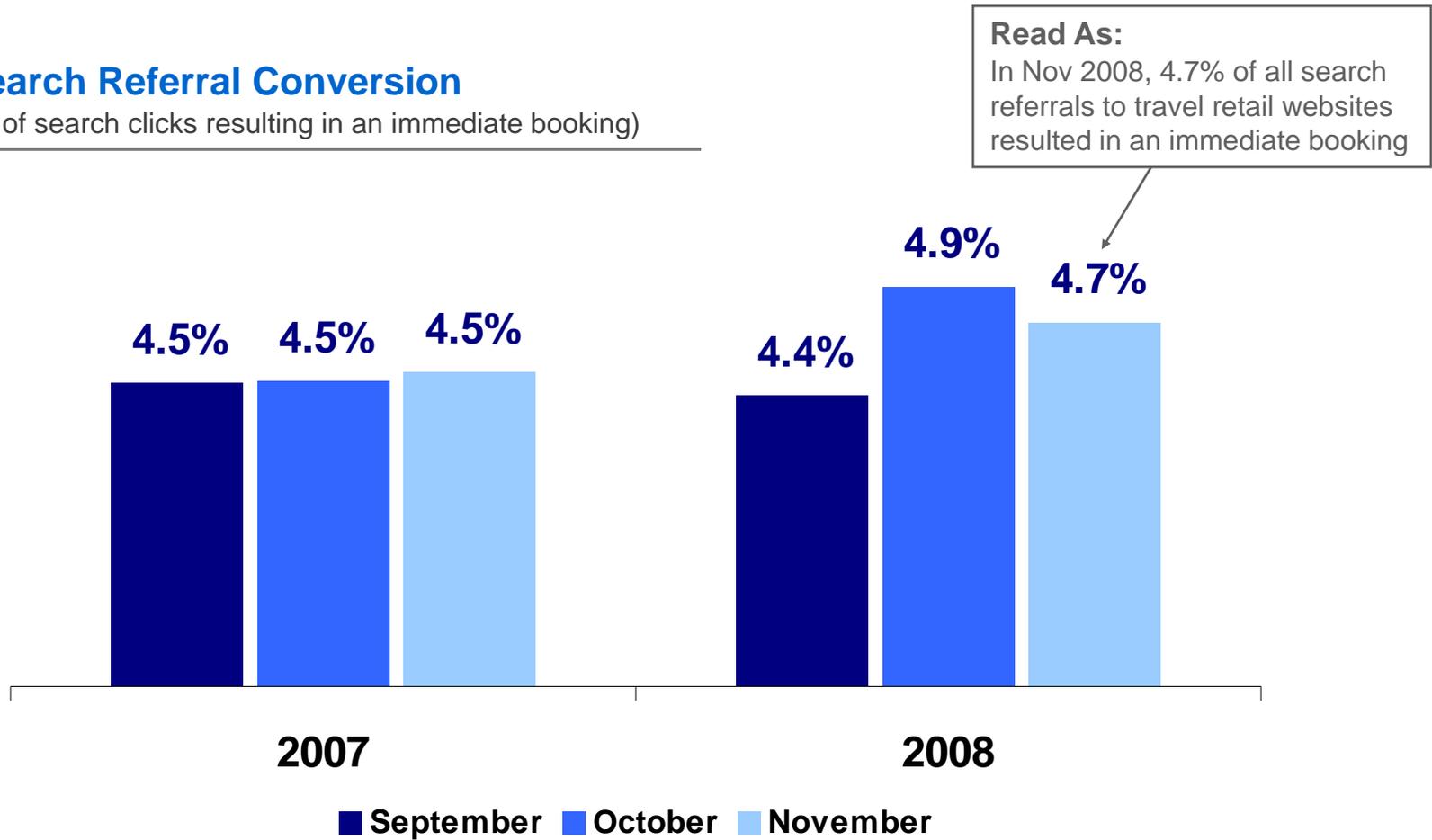


Maintain activities in high-ROI channels like Search

- Few opportunities for improved conversion rates in this market
- Click for click, Search delivering increased conversion rates

Search Referral Conversion

(% of search clicks resulting in an immediate booking)

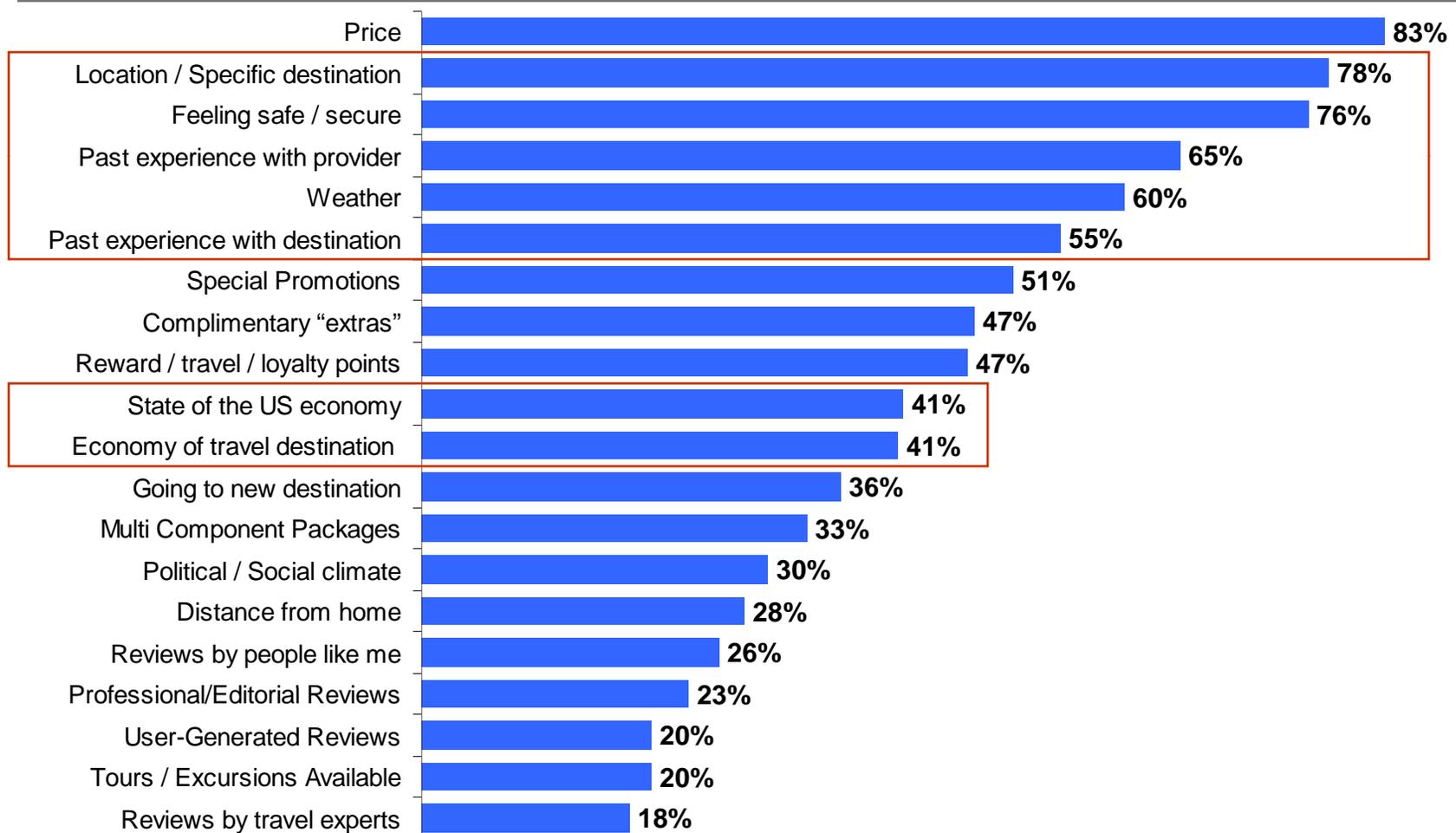


Focus on what consumers want: Destination & Experience

- Destination, Safety, Weather rank near or above Economy, Price

How important will the following be when planning leisure travel in next 6 months?

(% selecting “extremely important” or “important” on a 5-point scale, n=881 consumers using Internet to research travel)

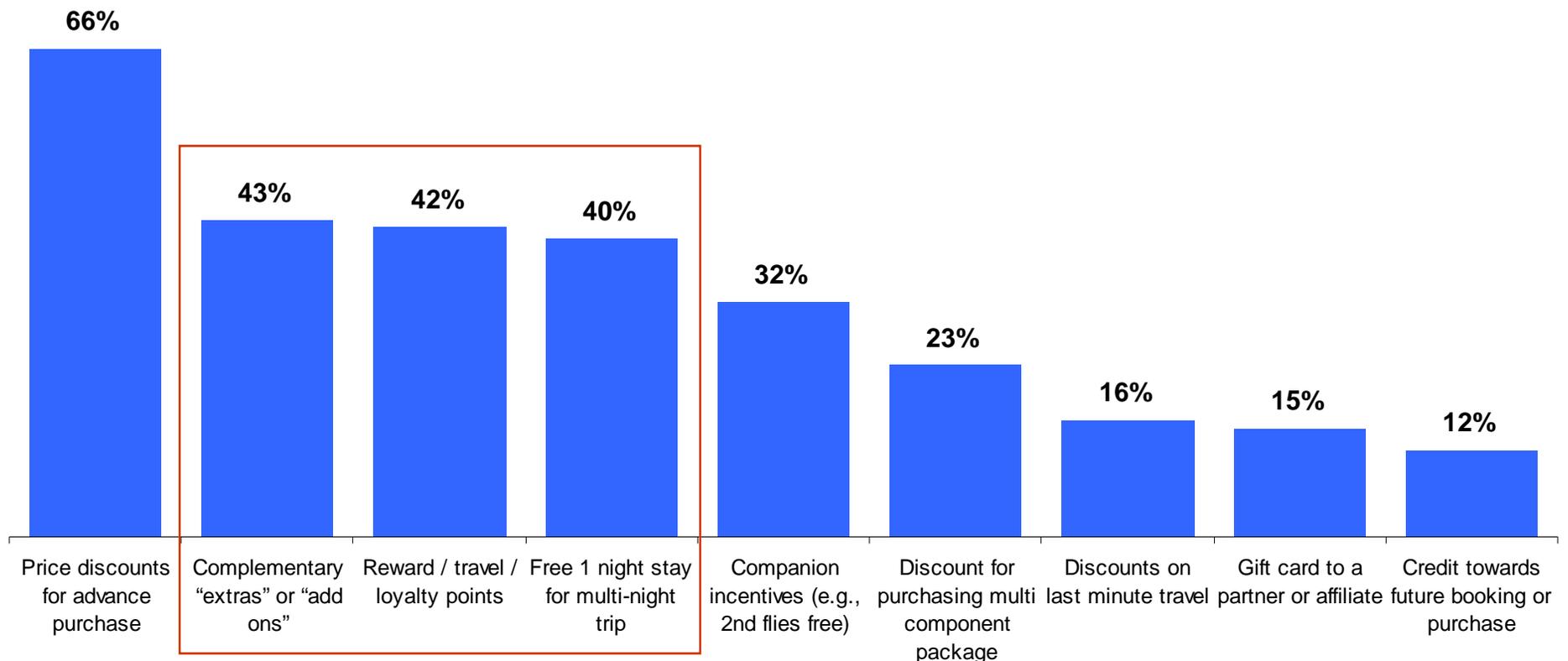


Use value-adds to try and hold prices intact

- Freebies, Add-On's, and other non-rate incentives have wide appeal
- These will push many consumers over the edge

3 Deals Most Appealing for Your 2009 Travel

(% selecting the following as one of 3 choices made, n=881 consumers using Internet to research travel)



Savvy marketers have an opportunity to gain share in 2009

Invest where the consumers are making their travel decisions

Maintain marketing activities in high-ROI channels like Search

Stay focused on what consumers want: Destination & Experience

Use value-adds to convert researchers while trying to hold prices intact

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Thank you

Questions?

