



Refining the Travel Search Process

December 2009

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1 Overview & Methodology

2 Market Overview and Research Intensity

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Purpose of Study & Methodology

Purpose of Study

- Quantify how consumers use search when shopping online for travel products (e.g., hotel rooms, flights, cruises, car rentals)
- Examine changes in travel shopping since Summer 2008

Methodology

- Conducted on Compete's proprietary U.S. consumer dataset
- Study timeframe for consumer search process: Jan – Jun 2009
- Online travel researchers split into 2 mutually exclusive categories:
 - Shoppers: Visited travel sites, but did not book online during study timeframe
 - Bookers: Visited travel sites and booked online at least once during study timeframe
- For online travel bookers, Compete pulled a history of search query and search referral activity for the 60 days prior to booking

Queries & Referrals

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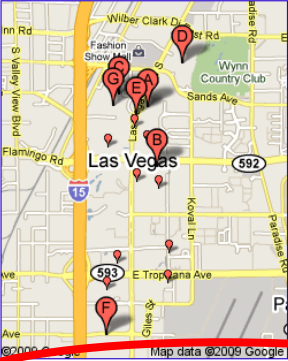
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- C** [Treasure Island Hotel and Casino](#)
www.treasureisland.com - (800) 288-7206 - 2428 reviews
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www.wynnlasvegas.com - (702) 770-7000 - 2450 reviews
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www.harrahslasvegas.com - (800) 214-9110 - 1144 reviews
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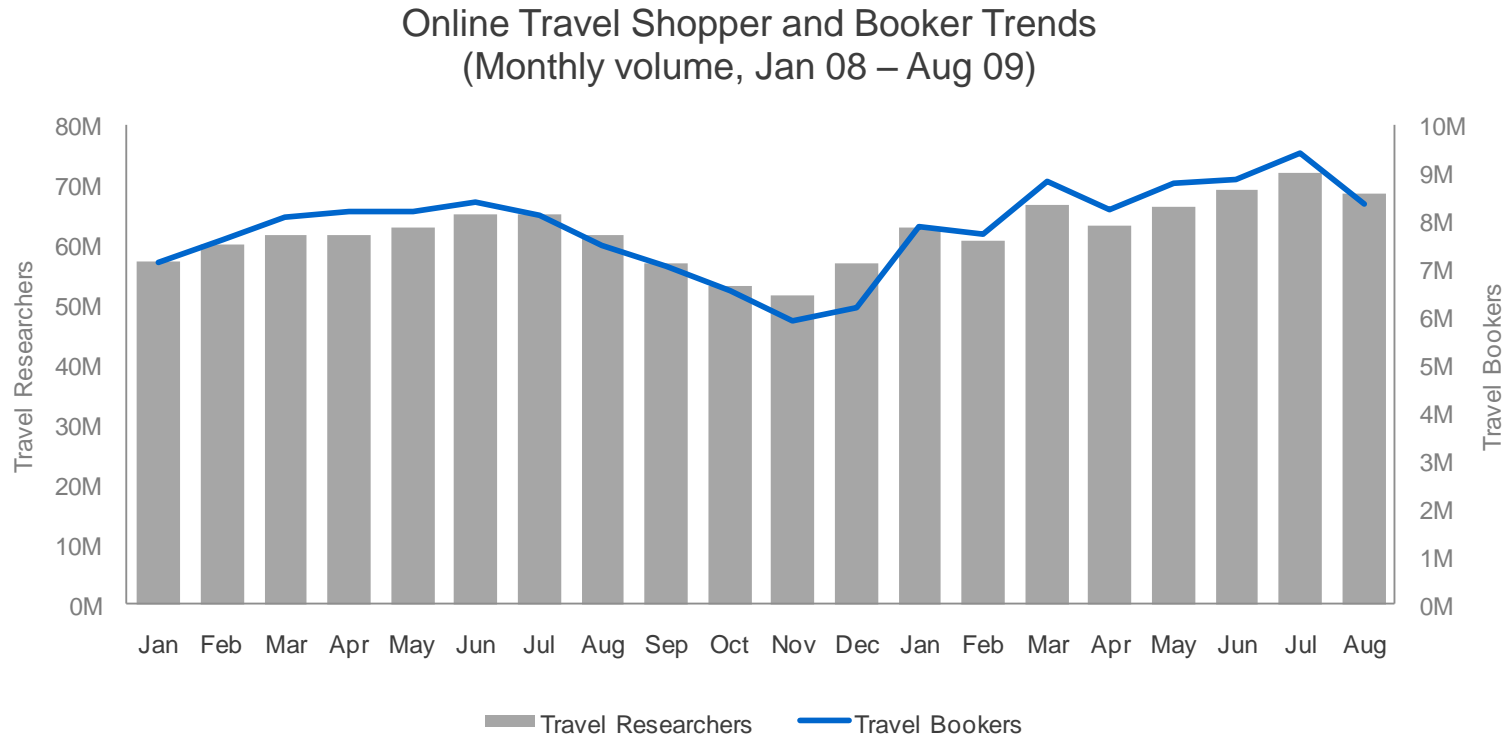
4 Question & Answer

Key Takeaways

- More consumers researching and booking travel online in 2009
- Engagement with travel sites by individual travelers up in 2009, particularly for air, hotel and OTA
- Changes in flight booking fees shifted 6 points of flight booking share back to OTAs
- 50% of travel bookers use search engines to research

Increased Research/Booking Activity in 2009

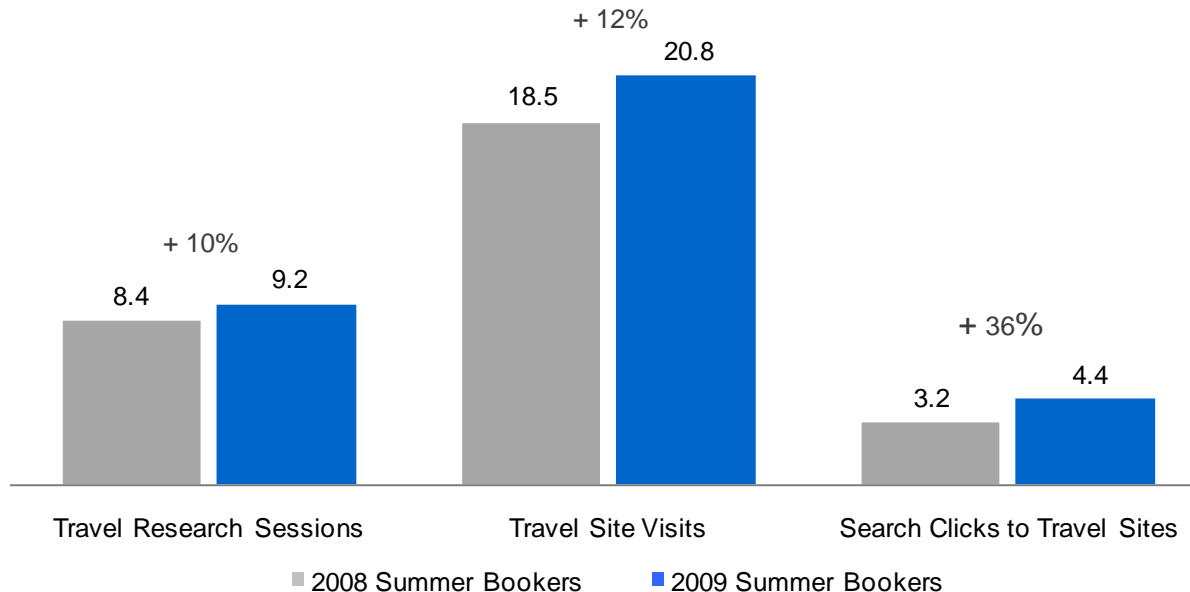
- Nearly 40% of US online consumers shopped for travel during Summer '09
- Summer '09 held significantly increased year-over-year travel research and booking
- Average booking rates across travel are relatively flat year-over-year



Travelers Consuming More Content in 2009

- Compared to 2008, travelers have 1 more research session, 2 more site visits, and 1 more search engine click before booking
- “Summer Bookers” indicates only the date the trip was booked (i.e. Jun – Aug), not the date the trip was taken

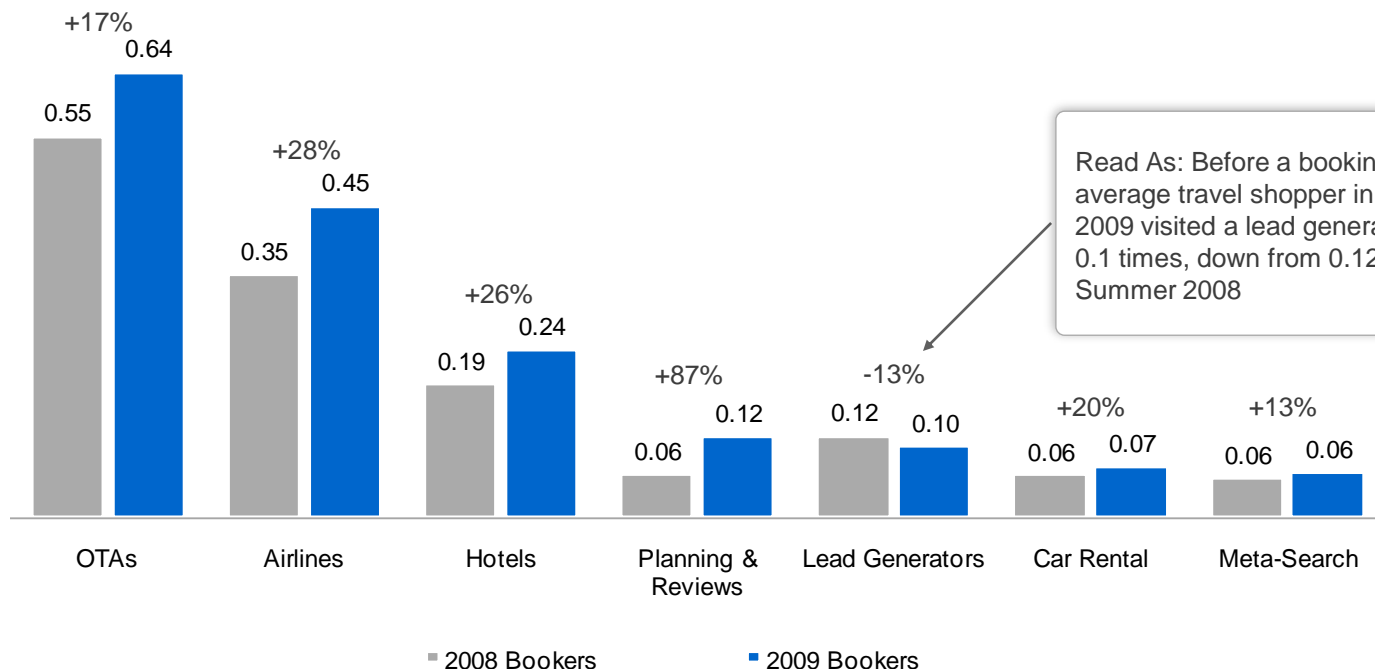
Year-over-Year Online Travel Content Consumption
(Average instances of each metric for travel bookers prior to booking, Jun – Aug 08 v. 09)



Avg Visits/Booker Indicates Deeper Research

- Average visits to Planning & Review sites up 87%
- OTAs, airlines, and hotels all experienced substantial increases in average visits per booker, reflecting a pattern of deeper research prior to booking

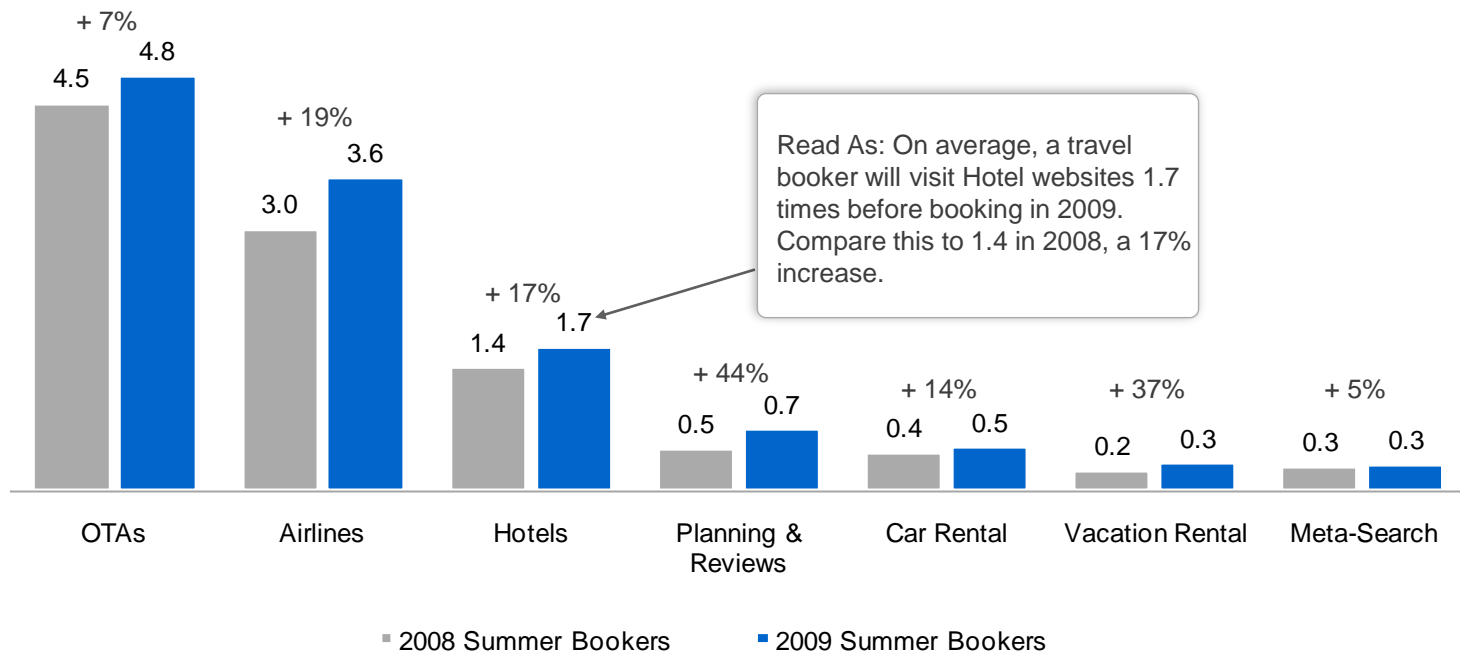
Average Site Visits to Each Type of Site
(Average number of visits to each site category before booking, Jun – Aug '08 v. '09)



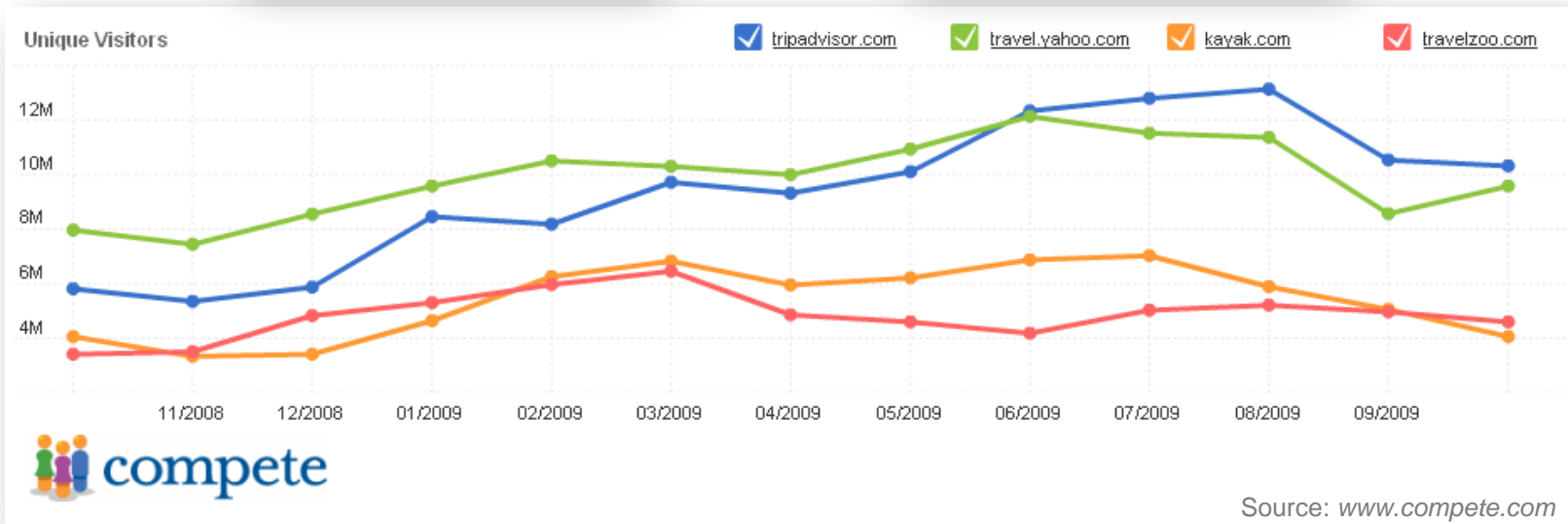
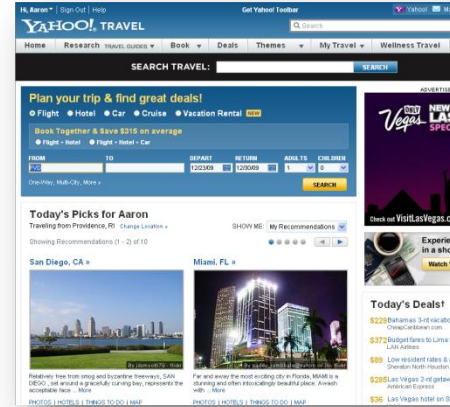
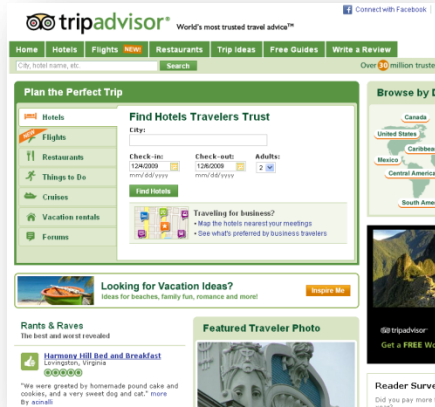
Time Researching is Up Across All Categories

- Time spent researching travel has universally increased in 2009
- Consumer habits may have changed, but *research intensity is unquestionably on the rise*

Average Minutes Spent on Each Type of Site
(Average minutes spent visiting each site category before booking, Jun – Aug '08 v. '09)



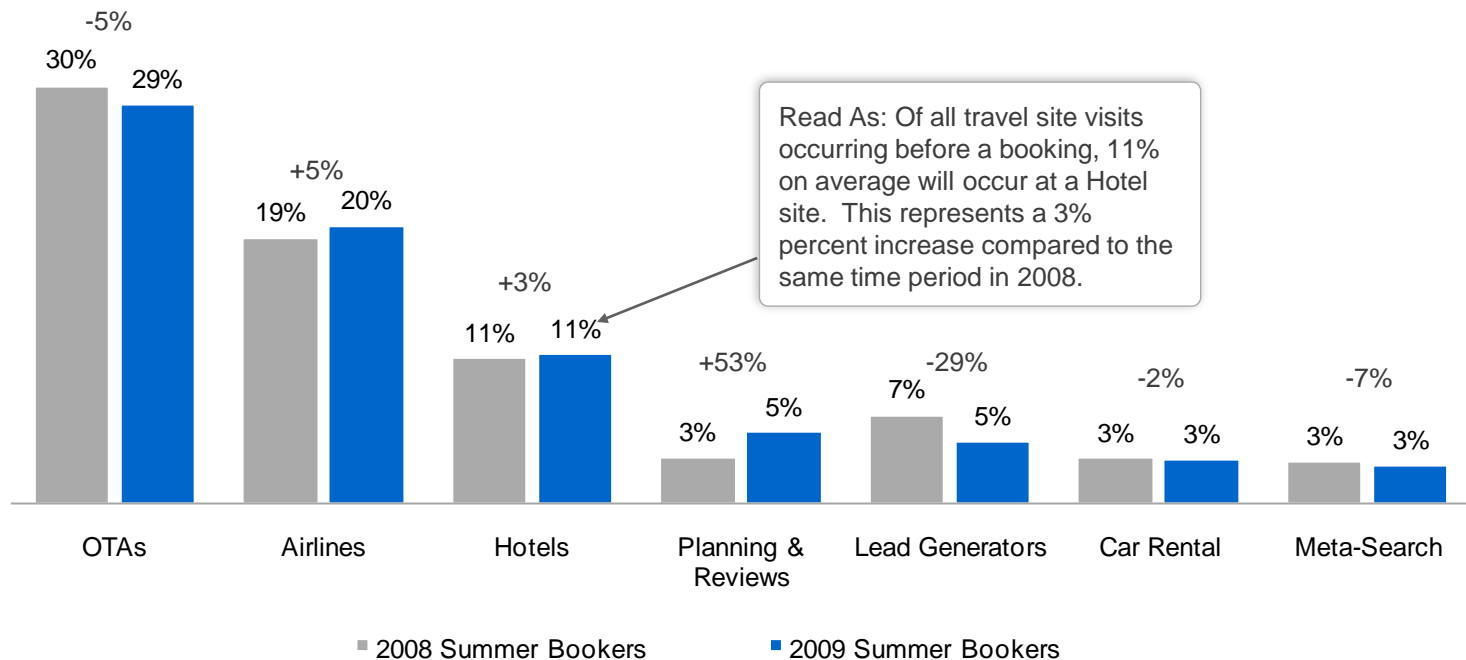
TripAdvisor Passed Y! Travel as Most Visited



Travel Shopping Involves Wide Variety of Sites

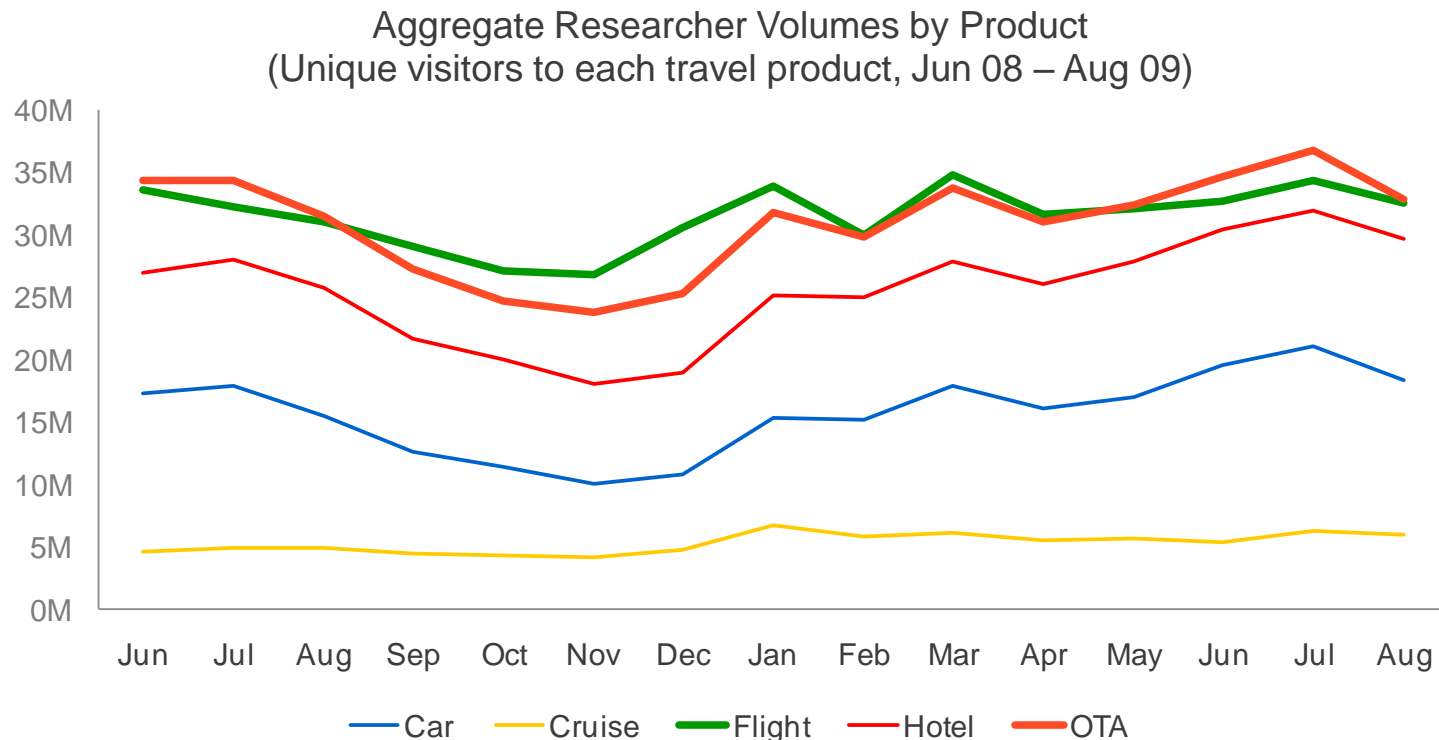
- In 2009, a greater share of research visits can be attributed to Air and Hotel suppliers
- Visitation to traditional (non-Meta Search) Lead Generators is down significantly

Distribution of Travel Site Visits Prior to Booking
(Share of visits to each site category before booking, Jun – Aug 08 v. 09)



OTA Volume Passed Airline Volume in Q2/Q3

- A combination of seasonal downturn and economic disruption created a large demand trough in late 2008
- In Spring 2009, OTA traffic passed total flight researcher traffic – largely a result of flight booking fee cuts by several leading OTAs



Fee Promotions Helped OTAs Regain Share

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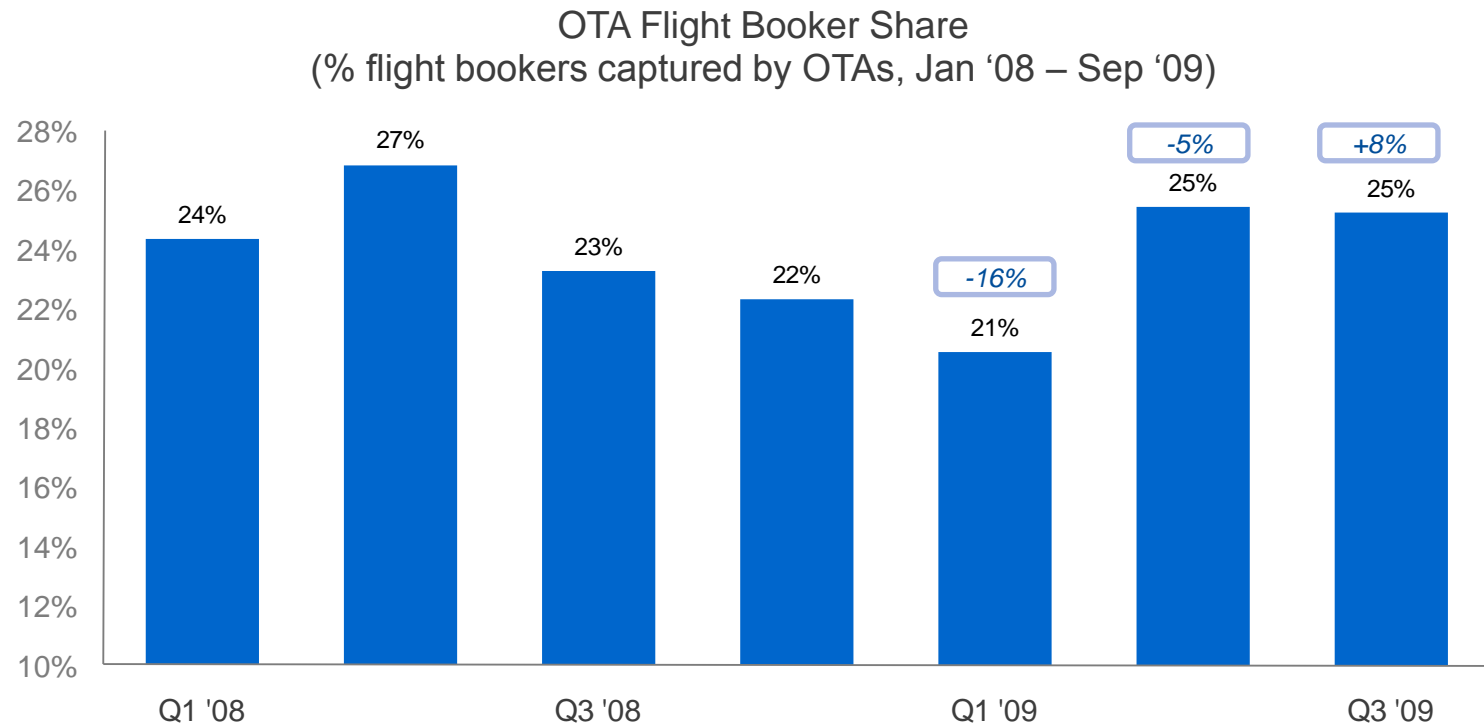
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OTA Flight Booker Share Boosted by Fee Cuts

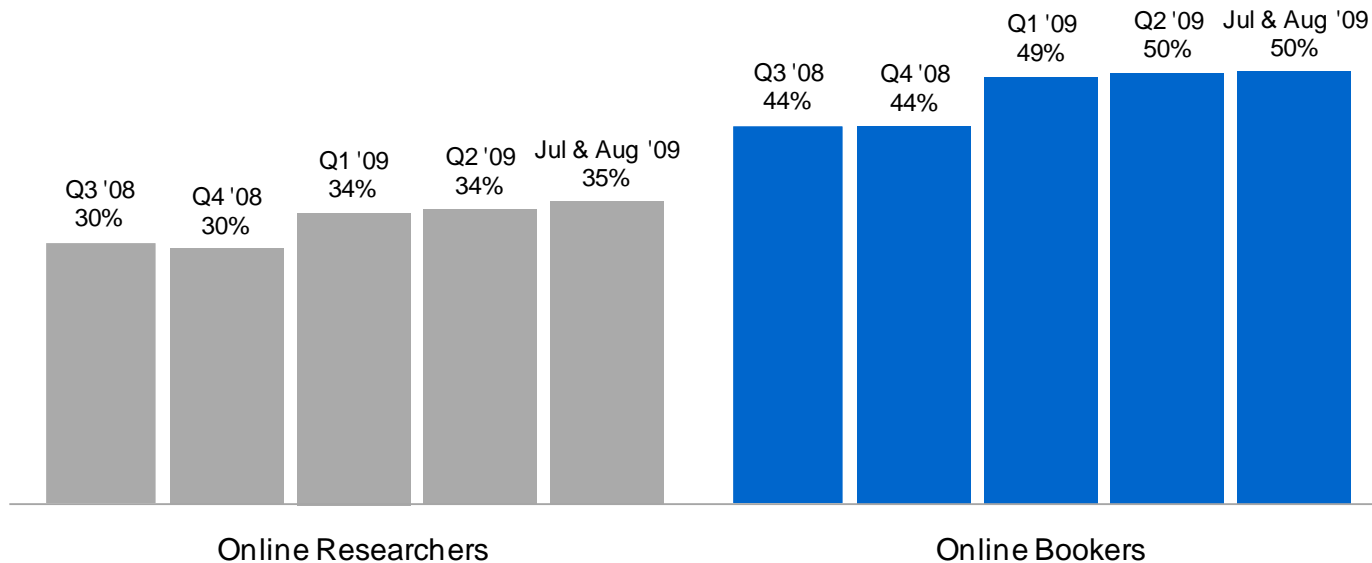
- From Q3 '08 to Q2 '09, OTAs were losing flight booking share
- The increase in OTA share beginning in Q2 '09 coincides with when leading OTAs cut their booking fares and marketed the change aggressively



Bookers Increase Use of Search from 2008

- 35% of all researchers (bookers and non-bookers) used search engines to explore travel products compared to 50% of bookers
- Search's role is more prominent today than in 2008 for both types of consumers

Search Engine Usage Rates for Travel Research
(% of researchers and bookers using search engines to research travel, Q3 '08 – Aug '09)



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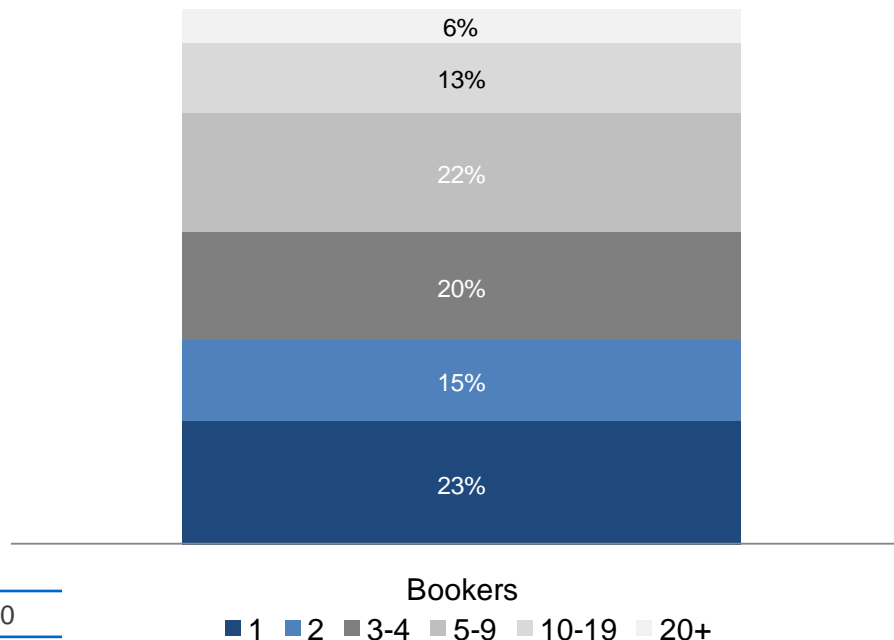
Key Takeaways

- Travel bookers search an average of 6 times before booking
- Likelihood to book increases with search frequency
- Most qualified traffic comes from shoppers searching on both brand and generic terms
- Sponsored links account for 1 in 10 search clicks and convert better than organic results
- 8% of bookings take place in the same session as the referral

Most Bookers Search 3+ Times Before Booking

- Compared to individual products, the aggregate group tends to have more searches per user— 60% perform 3+ queries, 40% perform 5+ queries

Number of Travel Booker Search Queries
(Aggregate Travel Bookers from Jan – Jul 2009)

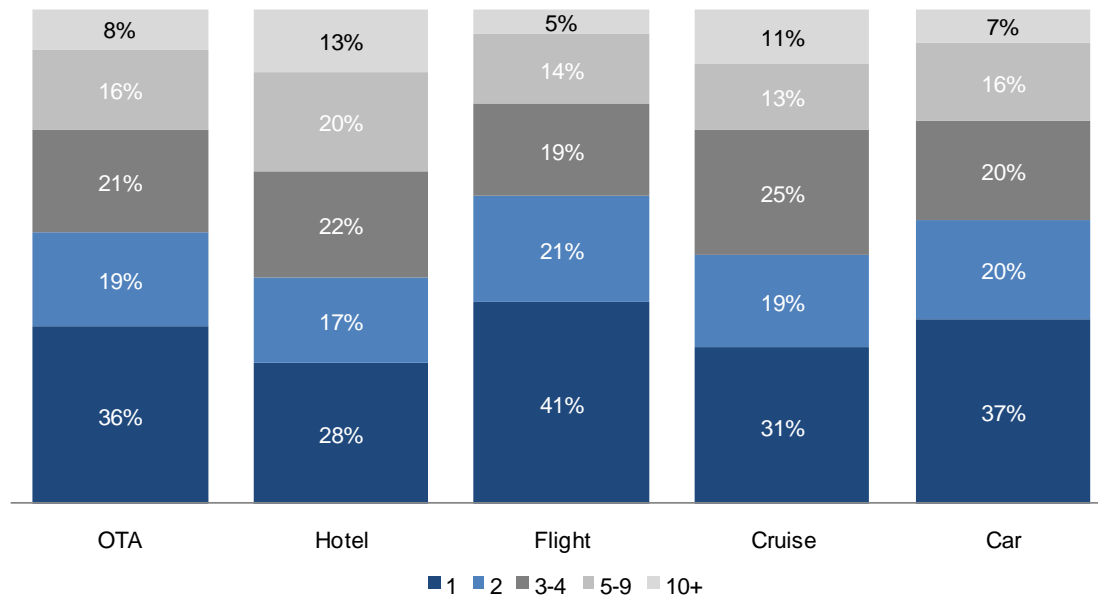


Read as: 6% of travel bookers submit 20 or more queries within 60 days of booking

Hotel Bookers the Most Frequent Searchers

- Most individual bookers will make more than 2 queries prior to booking
- About 1 in 4 bookers exhibit heavy (5+ queries) search behavior

Number of Travel Booker Search Queries, By Travel Category
(Jan – Jul 2009)

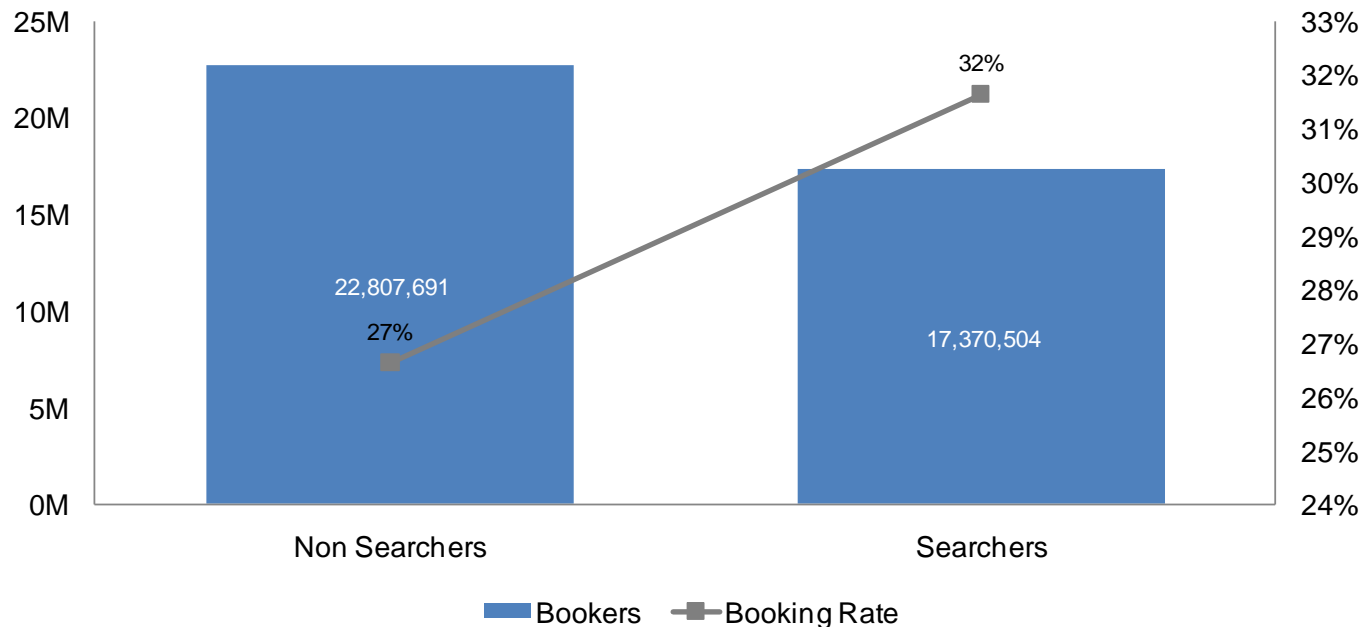


Average # of queries	OTA	Hotel	Flight	Cruise	Car
	3.9	4.7	3.3	4.4	3.7

Traffic from Search More Likely to Book

- More than 40% of bookers are referred to a transactional travel site during their shopping process
- Booking rates are 19% higher among shoppers who are referred by search

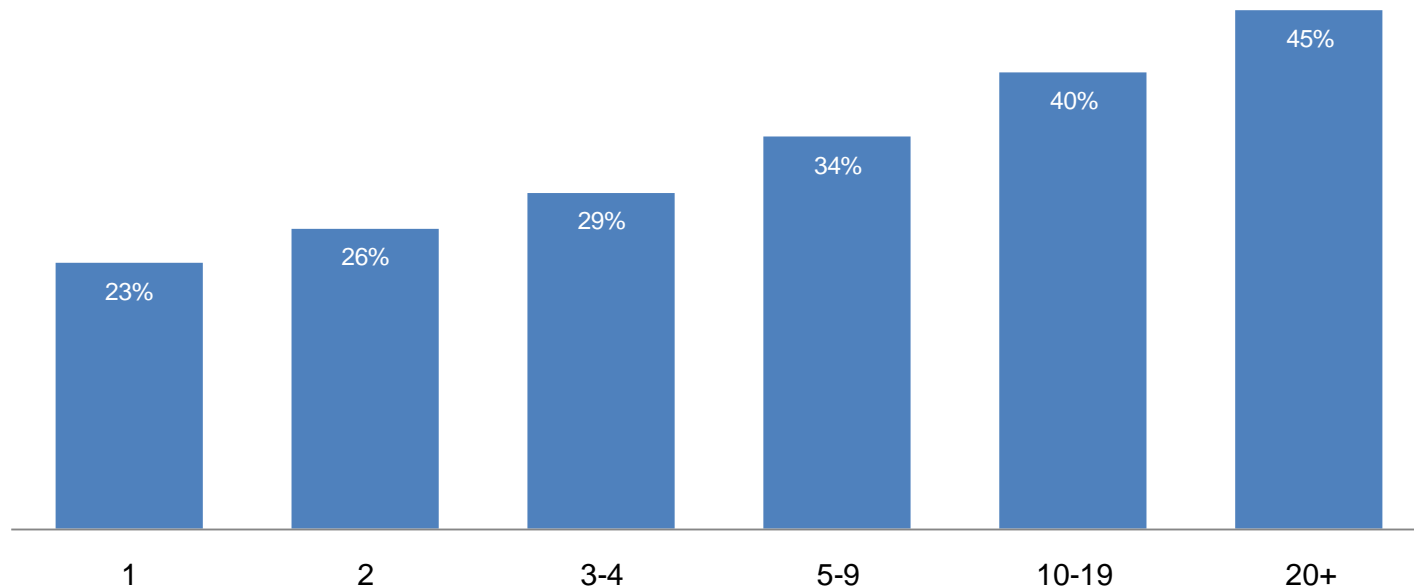
Searchers v. Non-Searchers: Volume and Booking Rate Comparison
(Jan – Jul 2009)



More Queries Equates to Higher Booking Rate

- As users move up in number of queries, their likelihood to book travel increases
- While targeting users making 20+ queries may be unrealistic, remaining present in all search channels will help improve odds of acquiring frequent searchers

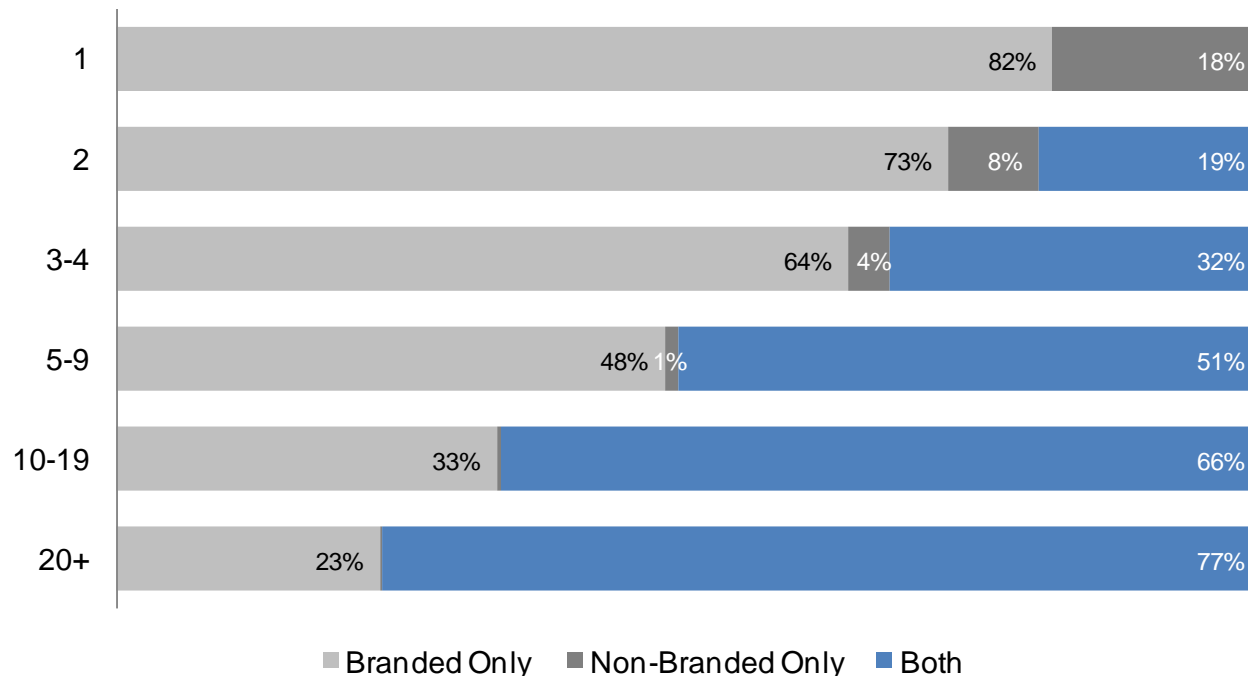
Booking Rates by Number of Search Queries
(Jan – Jul 2009)



Heavy Searchers Use Both Brand & Non-Brand

- More than half of bookers who make 5+ queries will search on both branded and non-branded terms

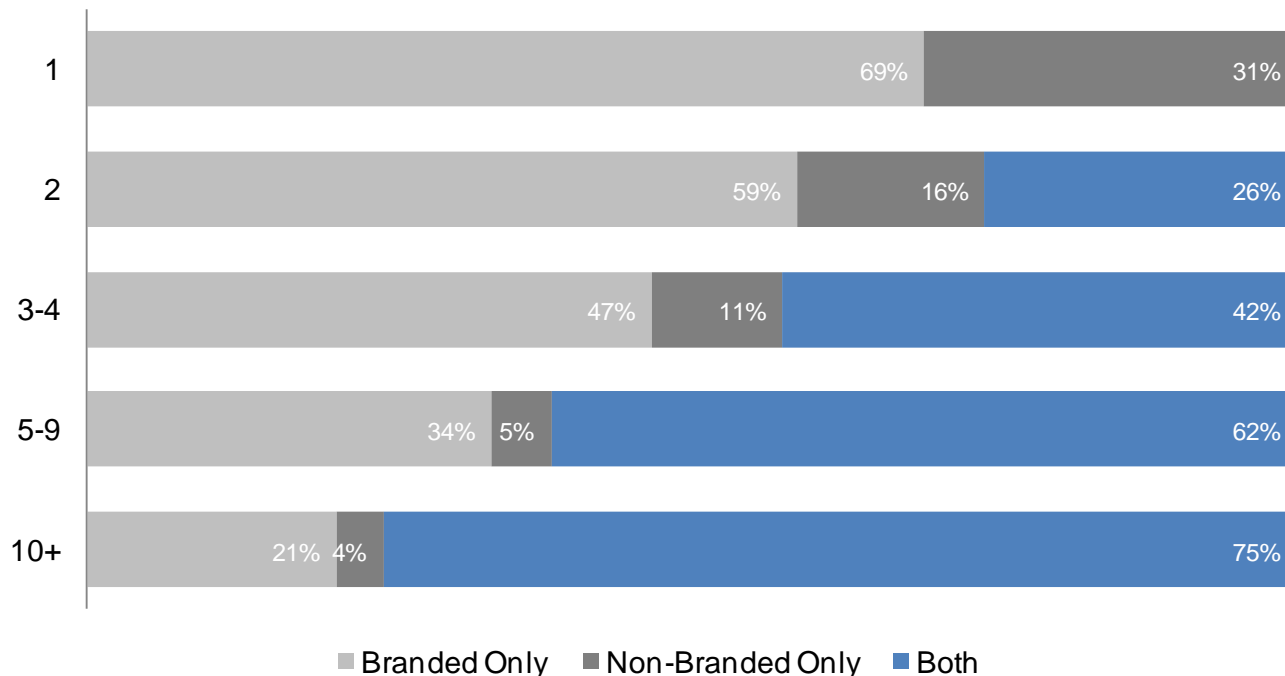
Branded Versus Non-Branded Search, by Number of Queries
(Jan – Jul 2009)



Frequent Flight Searchers Use “Both”

- Compared to all travel bookers, flight bookers are more likely to stick with non-brand terms only
- 1 in 3 bookers who do only 1 query use a non-brand term

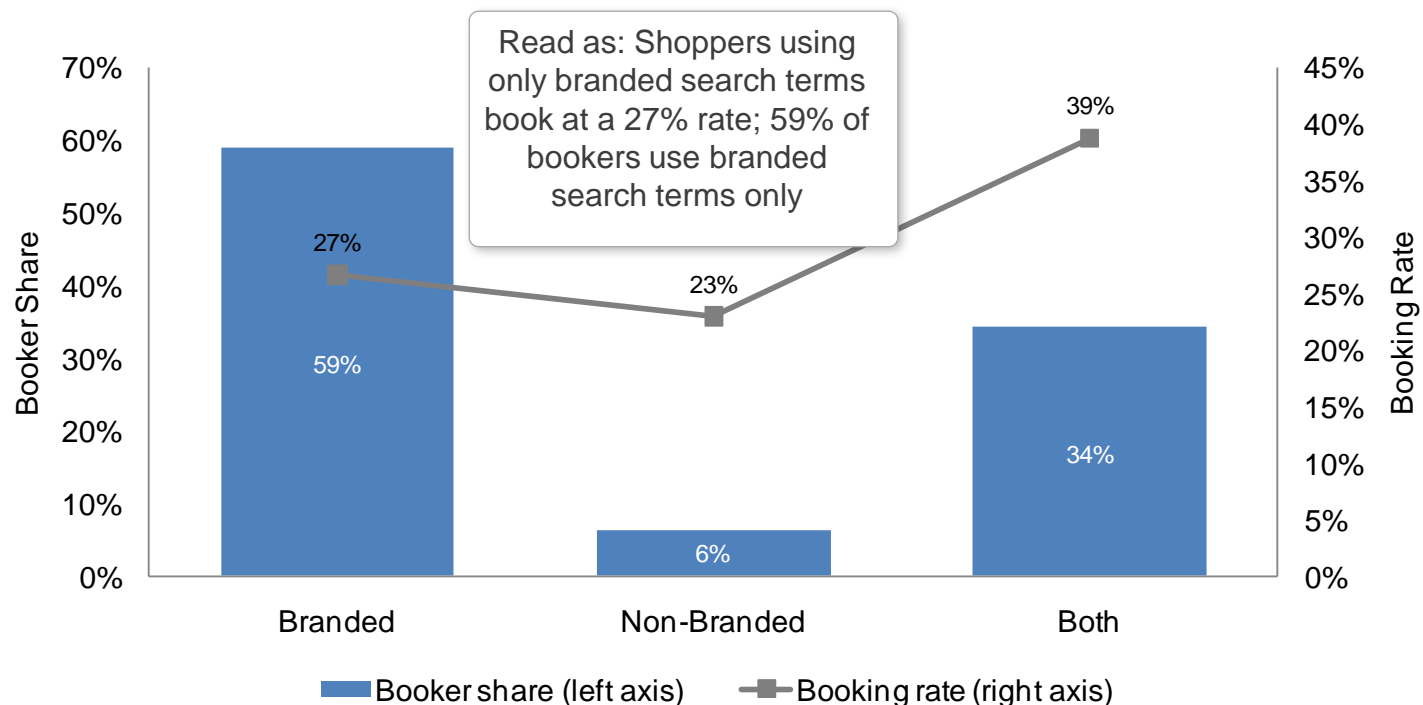
Flight Bookers: Branded Versus Non-Branded Search, by Number of Queries
(Jan – Jul 2009)



Those Searching “Both” Most Likely to Book

- Nearly 40% of shoppers who query both branded and non-branded terms will book travel within 60 days
- 40% of bookers use non-brand terms while searching for a hotel, although few use non-brand exclusively

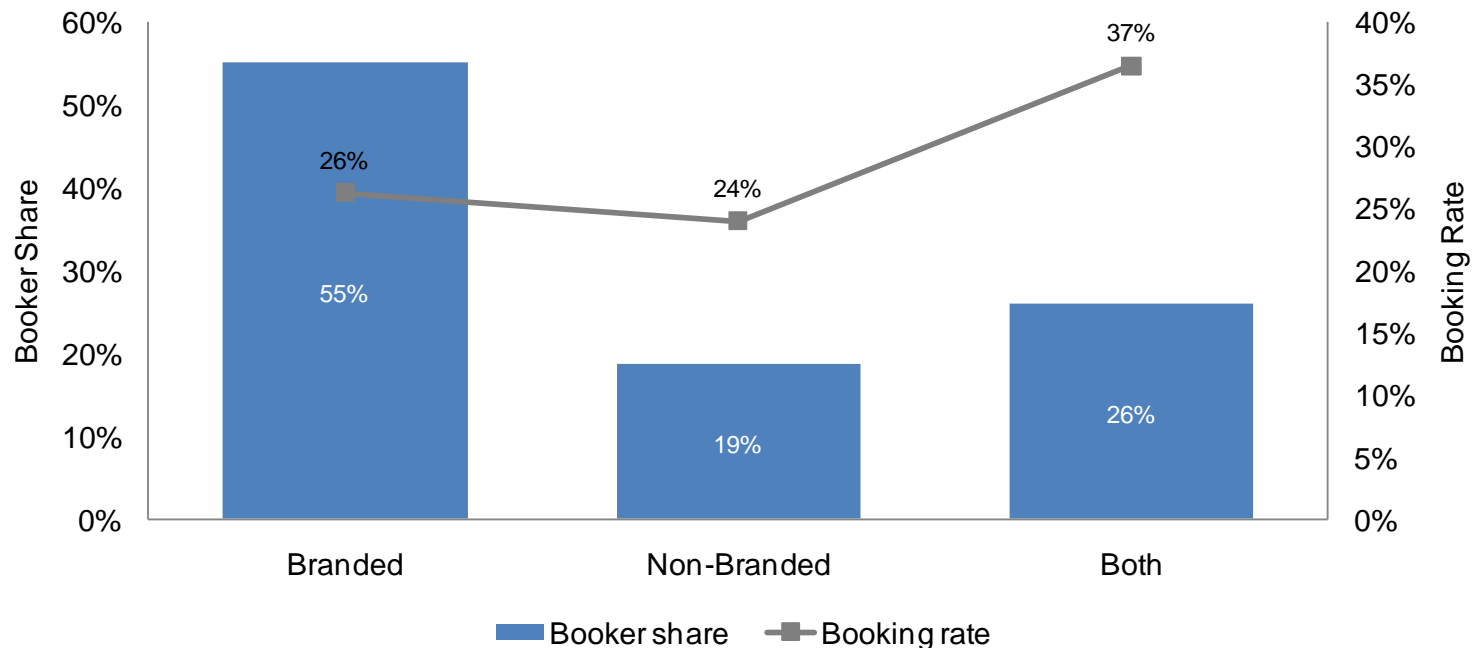
Share of Shoppers & Bookers by Query Term Type Used and Booking Rate
(Jan – Jul 2009)



More Flight Searchers Stick with Non-Brand

- 45% of bookers use non-brand terms as part of their research, 19% use non-brand terms only
- Booking rates are > 50% higher among users of both brand and non-brand terms

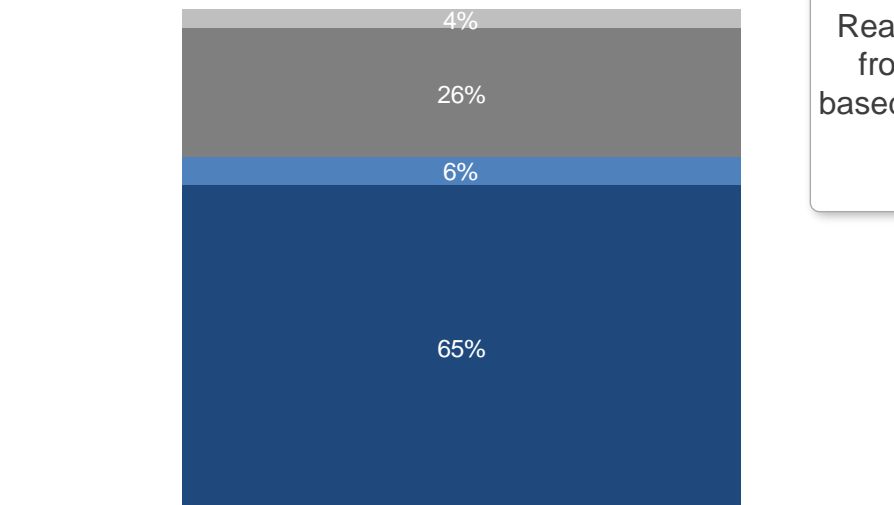
Share of Flight Shoppers & Bookers by Query Term Type Used and Booking Rate
(Jan – Jul 2009)



1 in 10 Search Clicks is Paid

- Of the 48.6M million hotel referrals by travel bookers, 65% are clicks on organic links from searches using non-brand terms

Search Referrals by Term Type
(Jan – Jul 2009)



Read as: 65% of referrals from hotel bookers are based on non-brand organic terms

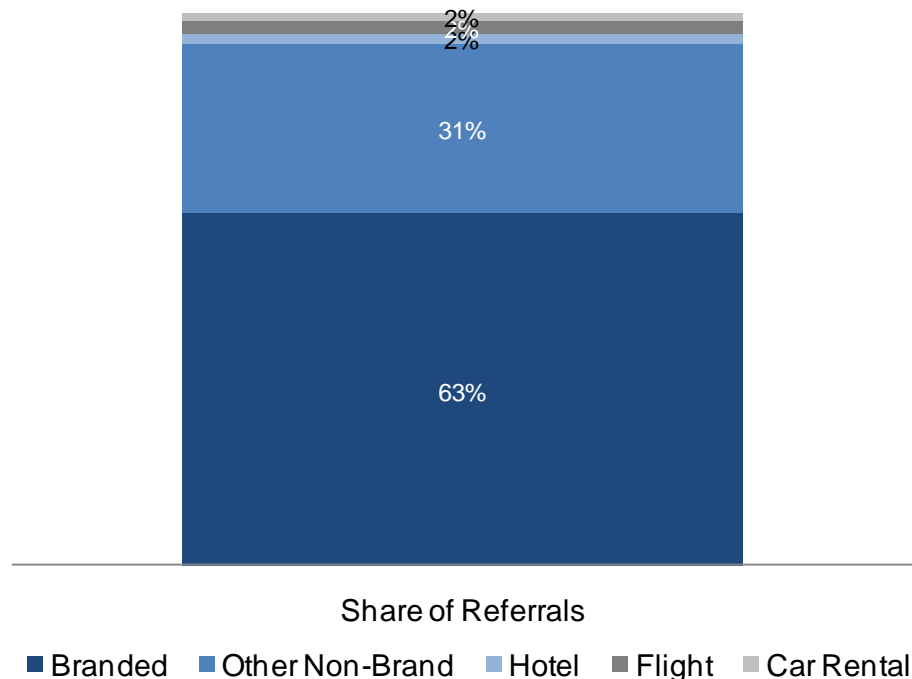
Share of Referrals

■ Non-Brand: Organic ■ Non-Brand: Paid ■ Branded: Organic ■ Branded: Paid

Most Referrals are Based on Brand Terms

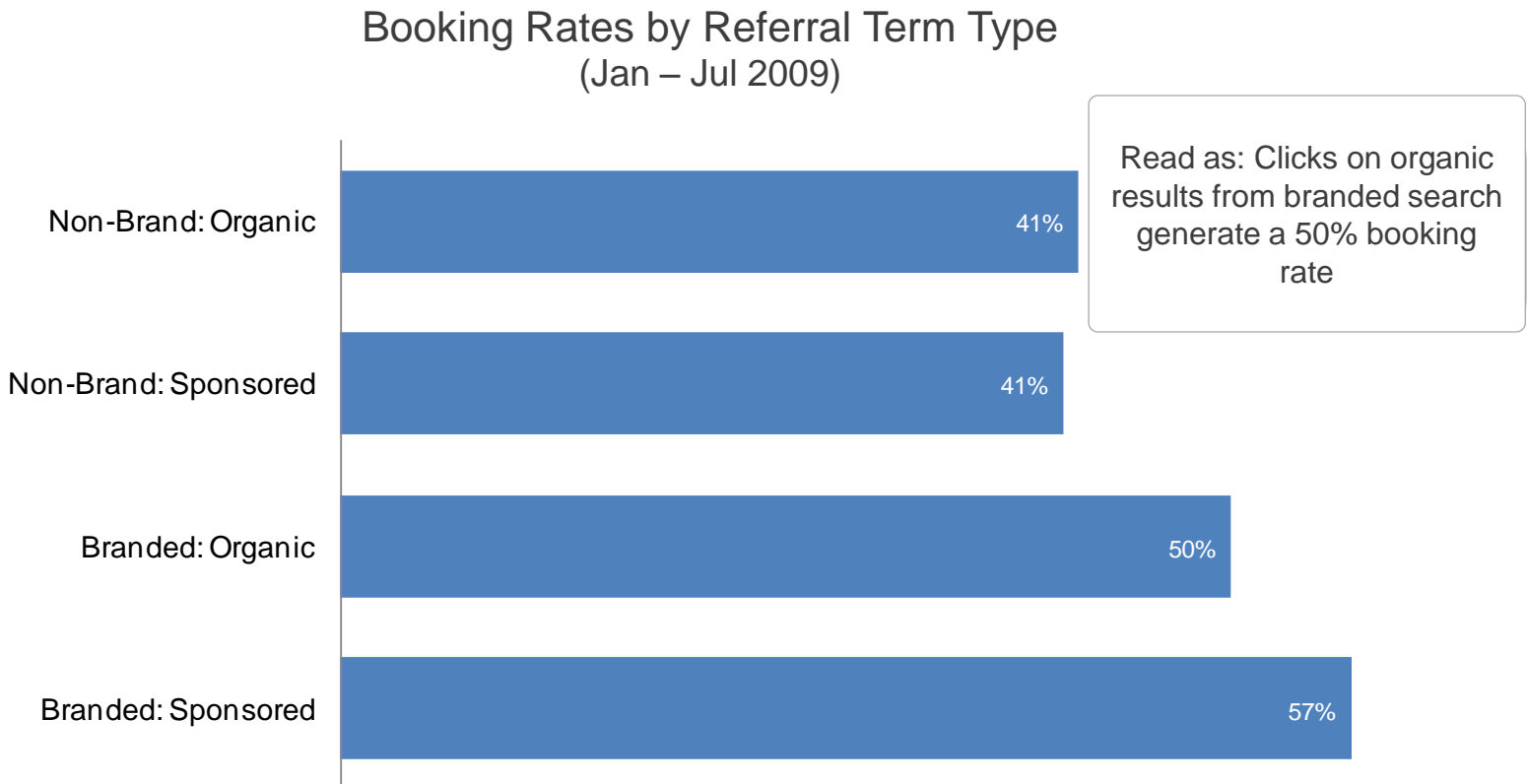
- While queries tend to be balanced toward non-brand terms, most referrals (clicked search results) are from brand terms
- Among non-brand referrals, more than 80% are on long-tail terms, as opposed to top hotel, flight, or car rental terms

Search Referrals by Term Category
(Jan – Jul 2009)



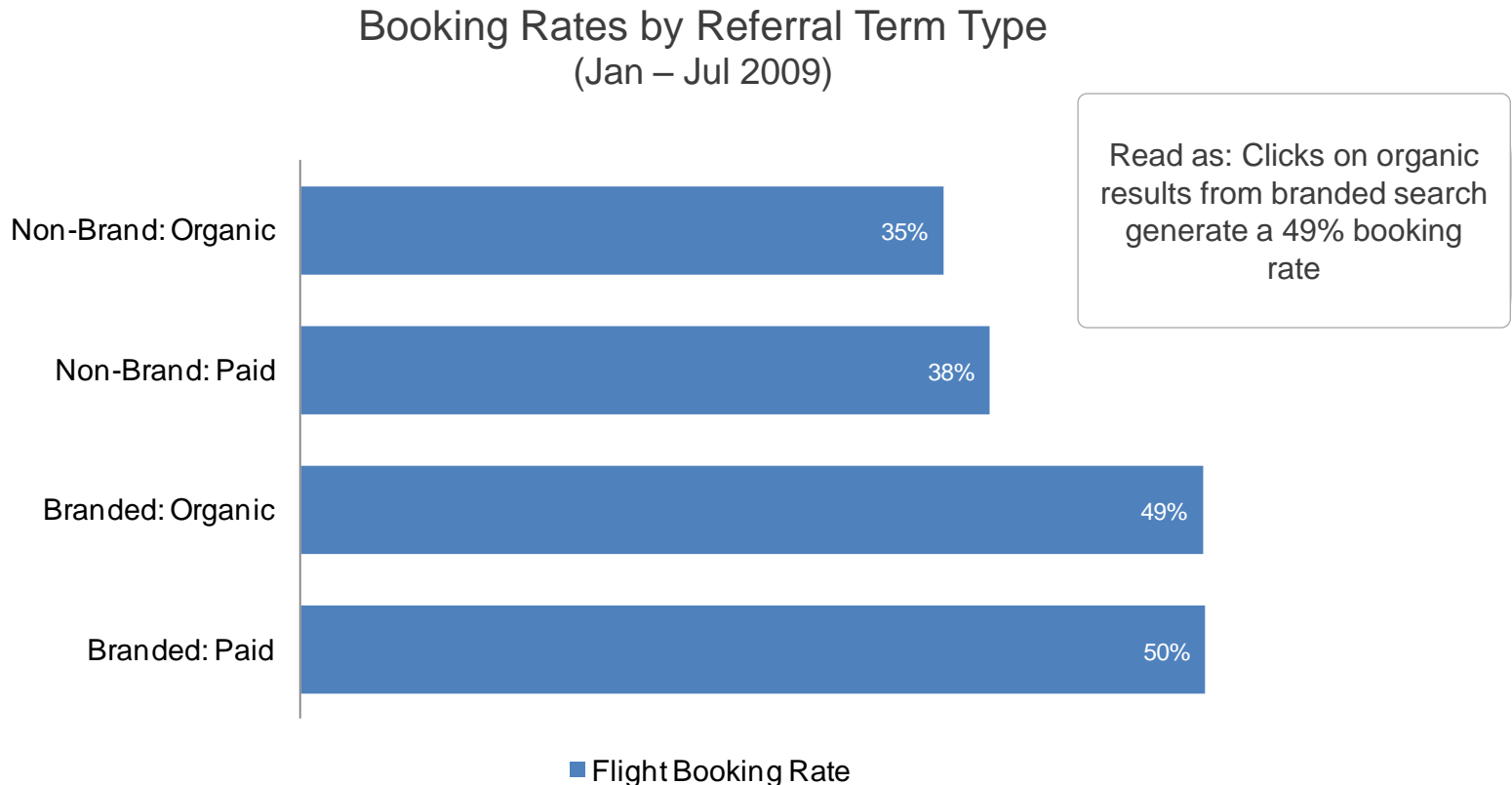
Brand Paid Clicks Convert Better than Organic

- Clicks on sponsored results from brand terms are most likely to convert, though they represent only 4% of referrals
- Non-brand terms convert at similar rates for brand and organic results



Paid & Organic Flight Clicks Convert Same

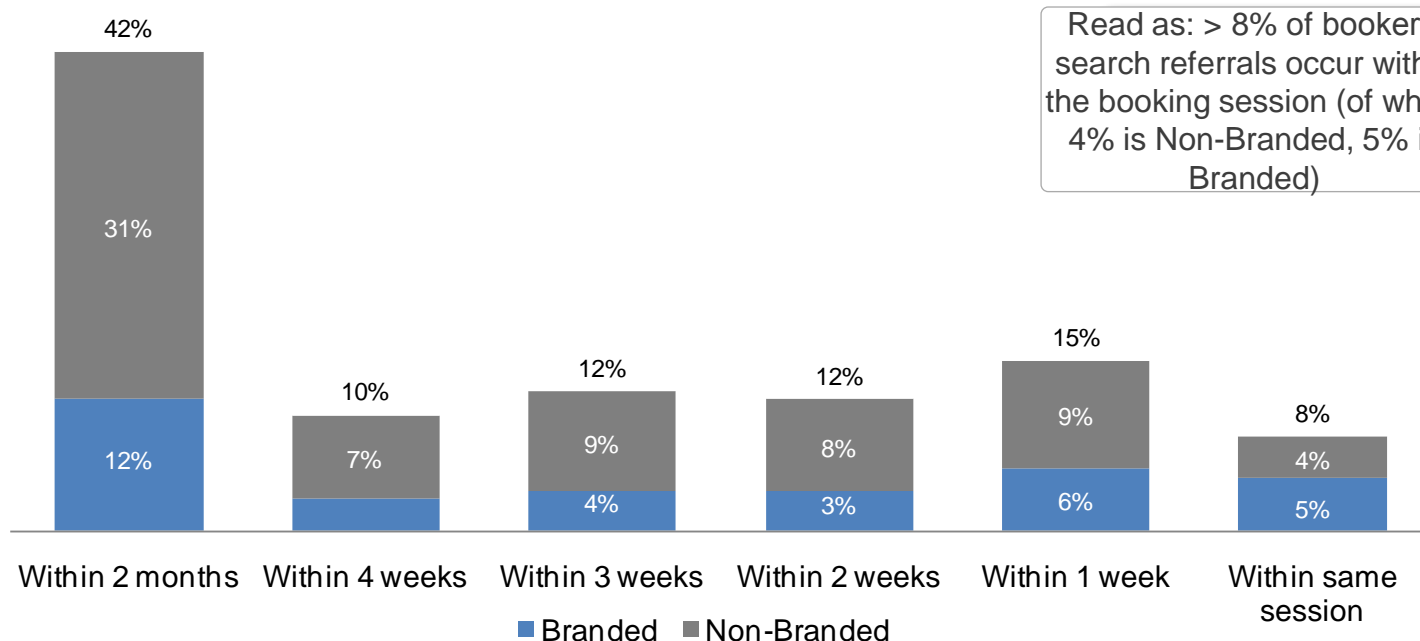
- Paid and organic referrals convert at similar rates, although brand referrals have a much higher overall conversion rate



Travel Shoppers Search at All Shopping Stages

- More than 40% of referrals happen between 1 and 2 months prior to booking, with most early referrals coming from non-brand terms
- Only 8% of referrals happen within a booking session, with slightly more than ½ of booking session referrals being on brand terms

Timing of Search Referrals
(Jan – Jul 2009)



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Thank you

Questions?

