

INSIGHT: DRIVING ONLINE BOOKINGS

by Claudette Pirwitz

The way consumers plan and purchase vacation packages is changing, and the Internet, and online travel agency sites, such as Expedia.com™ and Travelocity™, are becoming even more influential. A better understanding of how customers make purchasing decisions online is essential to remain competitive.

With this in mind PhoCusWright, a travel intelligence firm, and Vividence, a customer experience market research firm, teamed up to take an in-depth look at how consumers research and make travel plans online.

The firms monitored 1,500 consumers as they arranged their next vacation and then reported the results in a 100-page report titled: "Vacation Packages: A Consumer Tracking and Discovery Study." *Hospitality Upgrade* was given an exclusive look into the findings of the study as they relate to the hotel/lodging industry.

While we all may understand the importance of the Internet in travel planning, the extent of its influence may be surprising: only the personal recommendations of family and friends carry more weight with consumers. The Internet is more highly utilized in travel planning than are travel agents, magazines, guides or any other source.

As might be expected the unwieldy nature of the Web affects how consumers research and make travel arrangements. Consumers cast a wide net when examining travel options; the 1,500 participants in this study visited more than 2,000 different travel-related sites. Although most consumers were found to start their travel planning by visiting a search engine (Google being the most popular), a sizeable minority went directly to a destination, airline, hotel or rental car site.

For their last vacation 40 percent of consumers in the study booked travel services at multiple sites, while only 18 percent purchased all their travel services from a single site. Online travel agency

sites (led by Expedia and Travelocity) are the most prevalent destination sites for consumers to purchase travel services. However, approximately one-third of consumers booked directly with an airline, cruise line, hotel or rental car site.

Although only 1 in 3 consumers booked their last vacation directly with a hotel or supplier site, more than half reported a willingness to do so in the future. In fact, more than a third of consumers studied expressed a willingness to purchase additional travel services or packages directly from a hotel site.

Consumers are also more likely to book activities through a hotel/lodging site than through an online agency. While online agencies lead in bookings, air and hotel sites lead in overall customer satisfaction.

The consumer's biggest frustration with purchasing multiple travel services with an online agency is the inflexibility of packages, particularly with pre-packaged vacations. In addition, consumers were not strongly confident that they were receiving a better value when purchasing vacation packages from travel agency firms. The vast majority of consumers (68 percent) feel that they can assemble a better package on their own – and they often do so.

How can hotel and lodging sites leverage these findings for increased bookings? The study points to several areas: **Leveraging Loyalty Programs.** Loyalty programs are the strongest motivation for consumers to book directly with a hotel site, and the market is virtually untapped. Consumers are significantly more likely to go directly to a hotel or supplier site when they are a member of that company's loyalty program; yet less than half of consumers actually went to a hotel or other site where they were a loyalty member.

Expanding Package Options. There is clear demand for, and acceptance of, booking complementary travel services through hotel/lodging Web sites.

Applying Destination Knowledge. Hotel and lodging sites are seen as sources for information on local destinations and activities. Although activities remain largely an offline purchase, hotel and lodging sites can beat online agencies in activities bookings based on the perception of their strong destination knowledge.

Utilizing Search Engines. Search engines are most often the consumer's gateway to Internet travel planning. Recognize their role and appropriately utilize search engine advertising and search listing optimization.

Promoting Value and Flexibility. Emphasize and convince consumers of flexibility and price savings provided via direct bookings.

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<input type="radio"/> Exact Dates		<input type="radio"/> Flexible Dates
From: <input style="width: 100%;" type="text"/>	Depart: <input style="width: 50%;" type="text" value="mm/dd/"/>	<input style="width: 50%;" type="text" value="anytime"/> ▼
To: <input style="width: 100%;" type="text"/>	Return: <input style="width: 50%;" type="text" value="mm/dd/"/>	<input style="width: 50%;" type="text" value="anytime"/> ▼
<input type="radio"/> Flight Only	<input type="radio"/> Car Only	<input type="radio"/> Cruise Only
<input type="radio"/> Hotel Only		