



Online Travel Distribution Channel Trends

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2 Major Trends in Online Travel

1. Desktop: The Rise of the Meta
2. Mobile: App vs. Browser Use

Kayak.com Desktop Meta Website

The screenshot shows the Kayak.com desktop interface. At the top, the Kayak logo is followed by navigation links for HOTELS, FLIGHTS, CARS, DEALS, VACATIONS, and MORE. Below this is a search bar with the following details: Location: New York, NY; Dates: Fri 9/20 to Sun 9/22; Duration: 2 nights; Room: 1 room; Guests: 2 guests. A map view is available on the left. The main content area shows 653 of 1071 hotels. The first listing is for New York Hotel Express Deals at \$204, with a 'No Bidding!' offer. The second listing is for Crowne Plaza Times Square Manhattan at \$339, with an 'Excellent' rating. The third listing is for InterContinental New York Barclay at \$449, also with an 'Excellent' rating. Each listing includes a 'Select' button and links to details, map, rates, and reviews.

Booking.com Mobile App

The screenshot shows the Booking.com mobile app interface. At the top, the app displays the current location and search criteria: 167 hotels in Current Location, Prices for 1 night (17 Sep - 18 Sep). Below this is a search bar with a filter by hotel name. The main content area shows a list of hotels. The first listing is for The London NYC at \$679.00, with a 'Very good, 8.4' rating. The second listing is for New York Marriott Mar... at \$649.00, with a 'Very good, 8.2' rating. The third listing is for Park Central. Each listing includes a 'Filter' button and a price tag.

Source: Kayak.com, Booking.com mobile application, SFG Research

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1. The Rise of Meta

- Meta is fastest growing channel in online travel
 - Meta traffic CAGR: 6%
 - OTA traffic CAGR: 1%
 - Hotel/Brand.com CAGR: -3%
- 3 major meta players with familiar owners
 - TripAdvisor (independent)
 - Kayak (owned by Priceline)
 - Trivago (owned by Expedia)
- TripAdvisor largest meta player, 3X more traffic than Kayak and 16X more traffic than Trivago

Online Travel Unique Visitor Web Traffic Comparison, US Desktop – August 2007 vs. August 2013

<u>Meta Travel</u>	Unique Visitors (000)		<u>'07-13 CAGR</u>	<u>Abs. Var</u>
	<u>August 2007</u>	<u>August 2013</u>		
TripAdvisor	7,395	16,134	14%	8,739
Kayak (owned by Priceline)	4,210	5,820	6%	1,610
<u>Trivago (owned by Expedia)</u>	<u>0</u>	<u>1,008</u>	<u>na</u>	<u>1,008</u>
Meta Median	4,210	5,820	6%	1,610
<u>OTA</u>				
Expedia Inc.	27,034	19,394	(5%)	-7,639
Priceline.com Incorporated	6,939	15,409	14%	8,471
Orbitz Worldwide	12,014	7,776	(7%)	-4,238
<u>Travelocity</u>	<u>10,189</u>	<u>6,249</u>	<u>(8%)</u>	<u>-3,940</u>
OTA Median	11,102	11,593	1%	491
<u>Hotel Chain</u>				
Hilton Worldwide	4,385	5,563	4%	1,178
Marriott	5,013	5,529	2%	516
Choice Hotels International	3,087	2,545	(3%)	-542
Wyndham Worldwide	4,141	2,704	(7%)	-1,437
Intercontinental Hotels Group	4,339	3,953	(2%)	-386
Starwood Hotels And Resorts	2,411	1,880	(4%)	-530
Global Hyatt Corporation	1,526	1,402	(1%)	-124
BestWestern Hotels	1,530	1,261	(3%)	-269
<u>Accor</u>	<u>970</u>	<u>578</u>	<u>(8%)</u>	<u>-392</u>
Hotel Chain Median	3,087	2,545	(3%)	-542

Source: Comscore, SFG Research

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OTAs Favoring their own Meta Platforms

- The OTAs increasingly using their own prime meta shelf space to drive bookings
 - Expedia on Trivago (and TripAdvisor)...Priceline on Kayak
 - Priceline most aggressive on Google Hotel Finder...in line with global strategy of using Google to grow brand awareness and market share
- Brand.com: largest presence on TripAdvisor, smaller in other channels

Meta Channel % of Meta Links from Each OTA/Travel Partner

<u>OTA/Travel</u>	<u>TripAdvisor</u>	<u>Kayak</u>	<u>Trivago</u>	<u>Google</u>
Expedia	36.4%	19.0%	39.2%	22.5%
Priceline	24.3%	32.1%	24.3%	29.0%
Orbitz	0.0%	4.0%	0.0%	15.4%
Travelocity	11.2%	10.1%	10.5%	12.1%
Brand.com	8.9%	3.5%	4.8%	6.4%
<u>Other</u>	<u>19.1%</u>	<u>31.3%</u>	<u>21.2%</u>	<u>14.6%</u>
Total	100.0%	100.0%	100.0%	100.0%

Source: TripAdvisor.com, Kayak.com, Trivago.com, Google Hotel Finder, SFG Research

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And on TripAdvisor, Brands Outbidding OTAs

- Despite OTAs’ higher conversion Brand.com and wholesalers top TripAdvisor bidders
 - 54% of total number 1 bids on TripAdvisor from non-OTA channels
- Bid Experimentation?
- OTAs bidding for brand presence rather than “top spot”?
- Should come down to conversion and ad ROI...process dynamic, so evaluate carefully

OTA Bids on TripAdvisor by Rank as Percentage of Total Meta Slots

Sept. 2013						
<u>Bid Rank</u>	<u>Other</u>	<u>Expedia.com</u>	<u>Booking.com</u>	<u>Travelocity</u>	<u>Hotels.com</u>	<u>Priceline.com</u>
Rank 1	54%	2%	8%	7%	5%	5%
Rank 2	7%	36%	23%	13%	8%	1%
Rank 3	10%	18%	24%	13%	13%	4%
Rank 4	13%	2%	4%	4%	5%	6%
<u>Other*</u>	<u>16%</u>	<u>23%</u>	<u>41%</u>	<u>64%</u>	<u>69%</u>	<u>85%</u>
Total	100%	100%	100%	100%	100%	100%

*bid lower than top 4 or did not bid at all

Source: TripAdvisor.com, SFG Research

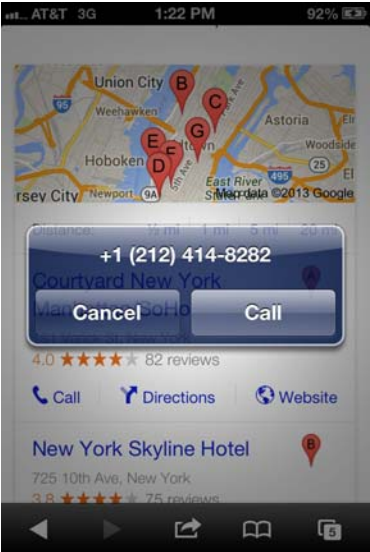
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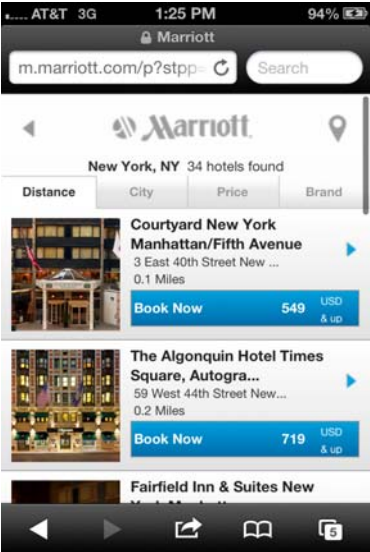


2. Mobile App vs. Browser Use

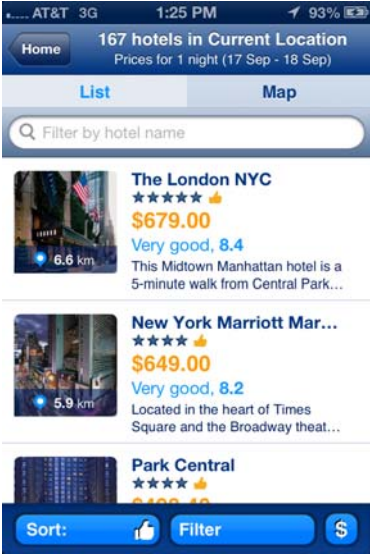
Google Click-to-Call Ad in Mobile Browser



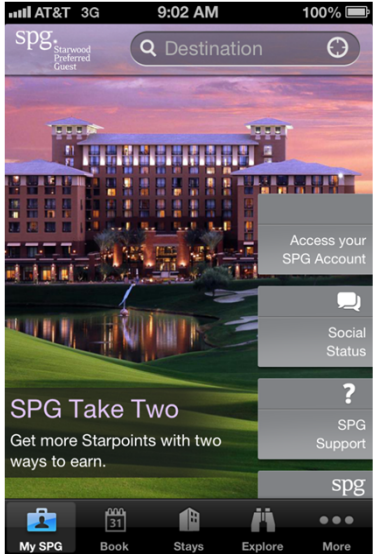
Marriott Booking Screen in Mobile Browser



Booking.com Mobile App



Starwood Mobile App



Source: Google.com, Marriott.com, Booking.com mobile application, Starwood mobile application, SFG Research

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2. Mobile App vs. Browser Use (con't.)

- Mobile now between 10% to 20% of online hotel bookings
- Mobile favors travel companies with established “beach-front” property one “thumb-press” away
 - OTAs have ~2X more reach on mobile than both Hotels and Airlines

Travel Co.	July 2013, U.S. Only	Hotel	July 2013, U.S. Only	Airlines	July 2013, U.S. Only
<u>Intermediaries</u>	<u>Mobile UVs (000)</u>	<u>Chains</u>	<u>Mobile UVs (000)</u>		<u>Mobile UVs (000)</u>
TripAdvisor Inc.	15,408	Marriott	3,577	Southwest Airlines Co.	6,888
Expedia Inc.	12,208	Hilton Hotels	3,224	Delta Airlines	3,917
Priceline.com Incorporated	7,511	Choice Hotels International	2,128	JetBlue Airways	2,081
Orbitz Worldwide	4,014	Intercontinental Hotels Group	2,041	American Airlines	2,008
Kayak.com Network	3,198	Wyndham Worldwide	1,648	United Airlines	1,883
Travelocity	2,563	Global Hyatt Corporation	1,139	<u>US Airways Group, Inc.</u>	<u>1,182</u>
<u>Trivago</u>	<u>915</u>	Starwood Hotels And Resorts	741	Airline Median	2,044
Travel Int. Median	4,014	BestWestern Hotels	693	OTA Reach Advantage	1.8X
OTA Median (ex TripAdvisor)	3,606	<u>Accor</u>	<u>251</u>		
		Hotel Median	1,648		
		OTA Reach Advantage	2.2X		

Source: Comscore, SFG Research

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2. Mobile App vs. Browser Use (con't.)

- OTA mobile edge comes down to app install base
- 8 of 9 hotels don't have mobile app presence at all
- Airlines better due to popularity of mobile check-in apps

Travel Co.	Unique Visitors (July-2013)		Browser
	<u>Mobile Browser</u>	<u>Mobile App</u>	<u>vs. App</u>
<u>Intermediaries</u>			
Expedia Inc.	8,837	5,258	1.7X
Priceline.com Incorporated	5,565	2,640	2.1X
TripAdvisor Inc.	14,756	2,067	7.1X
Orbitz Worldwide	2,940	1,368	2.1X
Kayak.com Network	2,030	1,255	1.6X
Travelocity	2,320	170	13.6X
<u>Trivago</u>	<u>801</u>	<u>na</u>	<u>na</u>
Travel Int. Median	2,940	1,717	1.7X
OTA Media (ex TripAdvisor)	2,630	1,368	1.9X

Hotel	Unique Visitors (July-2013)		Browser
	<u>Mobile Browser</u>	<u>Mobile App</u>	<u>vs. App</u>
<u>Chains</u>			
Marriott	3,317	664	5.0X
Hilton Hotels	3,224	na	na
Choice Hotels International	2,128	na	na
Intercontinental Hotels Group	1,939	na	na
Wyndham Worldwide	1,648	na	na
Global Hyatt Corporation	1,139	na	na
BestWestern Hotels	693	na	na
Starwood Hotels And Resorts	673	na	na
<u>Accor</u>	<u>164</u>	<u>na</u>	<u>na</u>
Hotel Median	1,648	664	2.5X
OTA Reach Advantage	1.6X	2.1X	0.8X

Airlines	Unique Visitors (July-2013)		Browser
	<u>Mobile Browser</u>	<u>Mobile App</u>	<u>vs. App</u>
Delta Airlines	2,101	2,499	0.8X
Southwest Airlines Co.	5,721	1,655	3.5X
JetBlue Airways	1,989	371	na
American Airlines	1,922	na	na
United Airlines	1,851	na	na
<u>US Airways Group, Inc.</u>	<u>1,182</u>	<u>na</u>	<u>na</u>
Airline Median	1,956	1,655	1.2X
OTA Reach Advantage	1.3X	0.8X	1.6X

Source: Comscore, SFG Research

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