

TRAVELTRENDS™

Monthly travel insights from Compete

By Gregory Saks

THIRD QUATER 2006 BOOKING REPORT: LODGING & AIR PERFORMANCE DIP

The third quarter of 2006 brought with it a decline in Booking Rates* across the majority of airline and hotel chain websites, as the summer travel season came to an end and consumers shopped around for last minute deals. The declines marked the second consecutive quarter of weakening Booking Rates for suppliers, and a pullback from a strong second quarter for online travel agencies.

Domestic airline carrier websites averaged** a 6.70% Booking Rate in the third quarter, down from 6.90% in the second quarter. Declines at hotel chain websites were more severe, with a third quarter average Booking Rate of 4.75%, down from 5.25% in the second quarter. As supplier-direct websites have increased in popularity among online travel shoppers, both airlines and hotel chains have struggled to maintain their overall conversion effectiveness.

Agency websites were not immune to the decline. The Booking Rate of flight shoppers on agency websites fell from 4.50% to 4.05%, and for hotel shoppers dropped from 4.80% to 4.40%. While both agencies and suppliers were down compared to the second quarter, the decline represents continued weakening for supplier sites, versus a seasonal return to first quarter levels for agencies.

Top Airline Performers: The Alaska Air website remained the highest converting airline carrier site in the third quarter, maintaining a Booking Rate of 14.02%, followed by Southwest at 11.88% and Hawaiian at 9.66%. Alaska and Hawaiian are strong regionally, yet Southwest continues to set the bar for conversion performance through its direct-only strategy.

Top Hotel Performers: The Motel 6 website led the way for hotel chains with a 14.14% Booking Rate, followed by La Quinta at 9.46% and Hampton Inn at 9.28%. Booking a Midscale or Economy brand is not as highly considered as booking pricier properties, enabling higher conversion performance. In addition, the Motel 6 site's clean design and value-focused messaging resonate well with its target audience.

Airline Mover: AirTran was the most significant story of the quarter, launching a redesigned website in June and experiencing an immediate lift in conversion effectiveness. The Booking Rate on AirTran.com increased from 5.84% in the second quarter to 9.24% in the third quarter, a significant achievement that should be studied by other suppliers and agencies considering redesigns.

Hotel Mover: Extended Stay's Homestead brand experienced the sharpest performance gain among hotel chains in the third quarter - its Booking Rate of 6.30% was over two full percentage points higher than in Q2. The gain was partially driven by an easy comparison against a weak previous quarter, but also fueled by an excellent September that resulted in a year-to-date high conversion of 8.01%.

Air Booking Rates			Lodging Booking Rates		
Top 5 Performers	Q2	Q3	Top 5 Performers	Q2	Q3
Alaska	14.7%	14.0%	Motel 6	17.2%	14.1%
Southwest	12.2%	11.9%	La Quinta	9.2%	9.5%
Hawaiian	9.4%	9.7%	Hampton Inn	10.0%	9.3%
AirTran	5.8%	9.2%	Drury	8.1%	8.2%
Sun Country	9.4%	7.9%	Choice (all)	8.4%	7.6%
All Carrier Average	6.9%	6.7%	All Chain Average	5.2%	4.7%
Agency Average	4.5%	4.1%	Agency Average	4.8%	4.4%

*Booking Rate Definition: The percentage of unique visitors to the website each month who complete at least one transaction

**Note: To avoid skewing towards the performance of larger brands, average Booking Rates in each category are not weighted by size

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Compete's Travel practice researches the entire online consideration and booking process for consumers, offering an unmatched level of insight into how travelers engage, cross-shop, and convert across all agency and supplier destinations.

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