

Exploring Online Travelers



## Vacation Packages: A Consumer Tracking and Discovery Study Preliminary Findings

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Exclusive preview for  
PhoCusWright  
Executive Conference  
attendees

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## About the Study

*Did you know that just 25 percent of consumers have purchased a pre-packaged vacation in the past, but 68 percent would consider purchasing a custom (dynamic) package in the future? Or that about half of Internet users used the Web at least five times in planning their last vacation?*

Find these and other insights in the report *Vacation Packages: A Consumer Tracking and Discovery Study*.

In November 2003, PhoCusWright and Vividence began a large-scale exploration into the online vacation planning process. The goal: To learn which travel companies are succeeding in attracting customers, how travelers assemble trips, which vacations packages are most appealing, and what opportunities will bring travel firms short- and long-term success.

To conduct the research, Vividence recruited 1,500 Internet users in various stages of vacation planning. Travelers were asked to describe the vacation they were currently planning and were then sent to do real-time Web research and make arrangements for their trip. Participants were also directed to view new dynamic package offers, allowing the research team to gather specific information around the appeal of vacation packages.

During this process, innovative technology gathered consumer comments and tracked users' every click and page view. The result was a comprehensive view of how travelers use the Web and respond to current travel package offers.

## About this Document

The following pages provide initial highlights from the Vacation Packages study. This data set is limited to the traditional survey sections of the investigation. (In other words, these

charts reflect what respondents *said*, as opposed to what they *did*.)

In the next two weeks, PhoCusWright and Vividence will conduct a rigorous analysis of user clickstreams and consumer segments, painting a detailed picture of consumer travel planning behavior. The final report will be available in December 2003 and provide specific recommendations on how to best address a variety of questions, including:

- How many sites do consumers search when considering vacation options? Where do they go and why?
- Are your target consumers reaching your site? If not, which sites are they visiting?
- How do people use the Web during different stages of their vacation planning? When are they most open to package offerings?
- How do consumers perceive packages? Which packaging approaches are most popular with consumers? How do they trade off flexibility with cost savings?
- What new opportunities exist for travel companies to attract and retain customers online?

## For More Information

Please contact either PhoCusWright or Vividence for more information about how the Vacation Packages study can help you.

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## Using the Web Early and Often

Consumers use the Web early in the travel planning process, often immediately after deciding to take a vacation. The most common

topics for Web travel research are the vacation arrangements themselves (air, hotel, etc.), followed by destination information.

Figure 1: At what point in the planning process did you access the Web for information about your vacation?

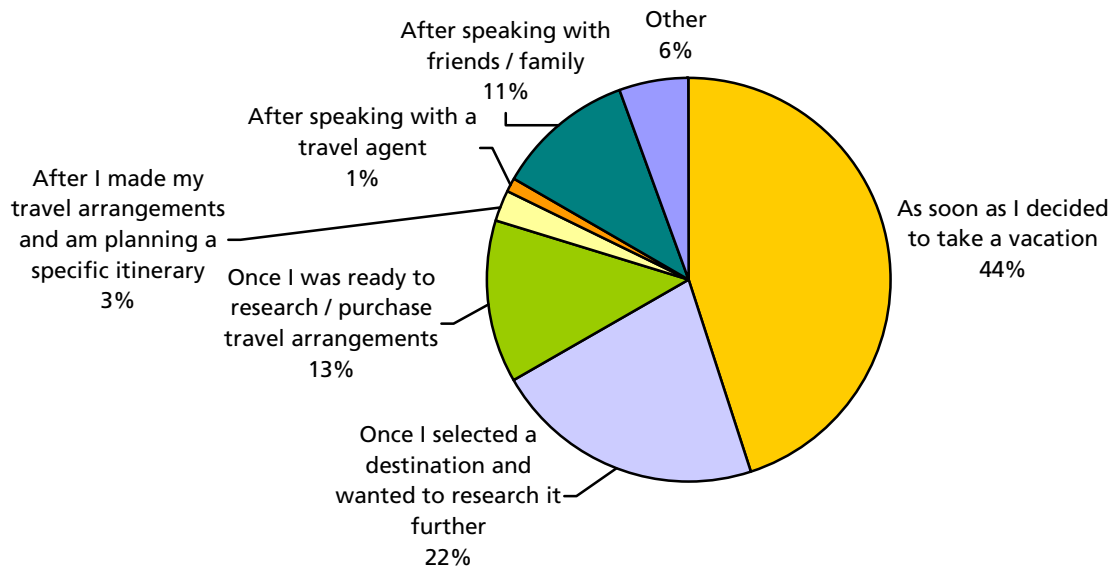
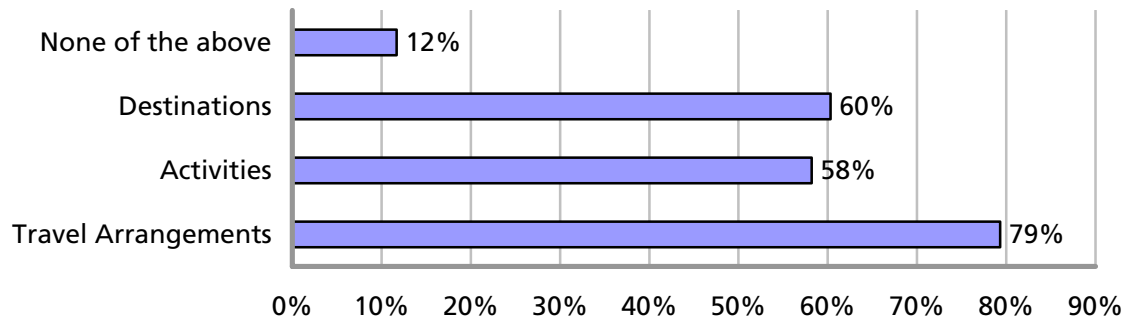


Figure 2: When planning your last vacation, which of the following, if any, did you research on the Web? [Check all that apply]



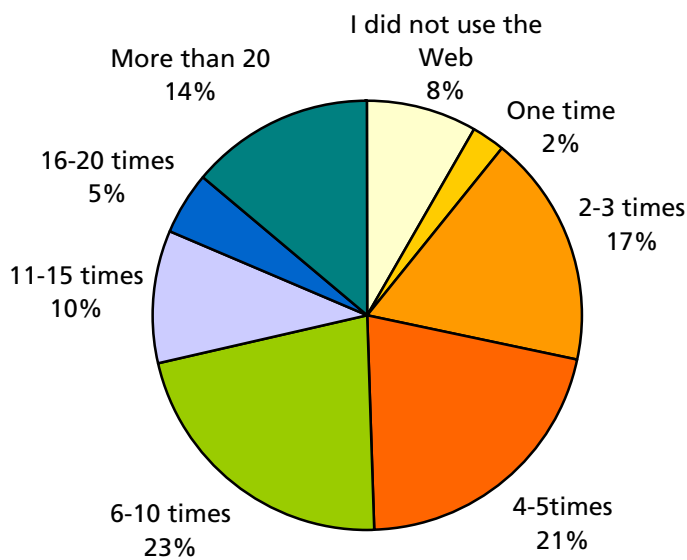
One week after deciding to go on vacation, the majority of Internet users will have visited the Web at least twice for travel planning. After three months of travel planning, the majority of Internet users will have visited the Web at least four times.

We asked study participants to report how many times they used the Web to plan their

*last* vacation. From beginning to end, more than 50 percent of study participants said they used the Web at least five times. Fourteen percent visited the Web on more than 20 occasions.

Consumers start with flight arrangements first when assembling a vacation. Hotel and rentals are planned second and third, respectively.

Figure 3: Approximately how many separate times did you go on the Web in planning your last vacation?



## The Role of Search

During one phase of the study, Vividence sent travelers to the Web and monitored them as they planned their next trip. Throughout this “open Web research” phase, consumers used search engines heavily. However, a wide variety of search terms were employed. Google was

more than twice as popular as other search engines. (For more detail on the open Web research technique, please refer to the PhoCusWright and Vividence methodology white paper.)

Search Site	Number of Queries
Google	966
Yahoo!	394
MSN	95

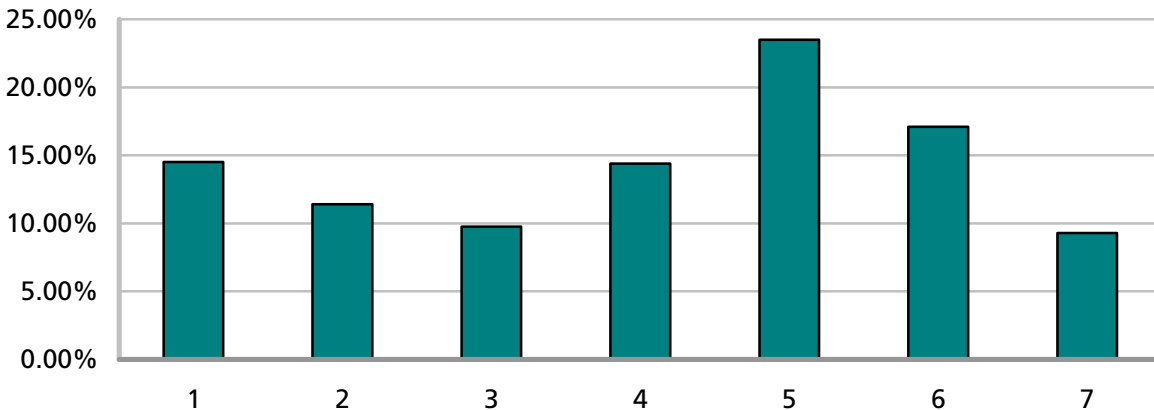
## The Effect of Loyalty

We asked travelers whether they were currently members of loyalty programs. A large percentage were members of frequent flyer programs (66%), frequent guest programs (43%), and rental car clubs (20%). For these travelers, participation in a loyalty program

had a moderate (self-reported) influence on their travel purchases.

Only 28% of the study participants were not currently members of any travel loyalty program.

Figure 4: How much does your participation in loyalty programs influence where you choose to purchase your travel? Please enter a number from 1 to 7 using the following scale: Not at all influential = 1 2 3 4 5 6 7 = Extremely influential

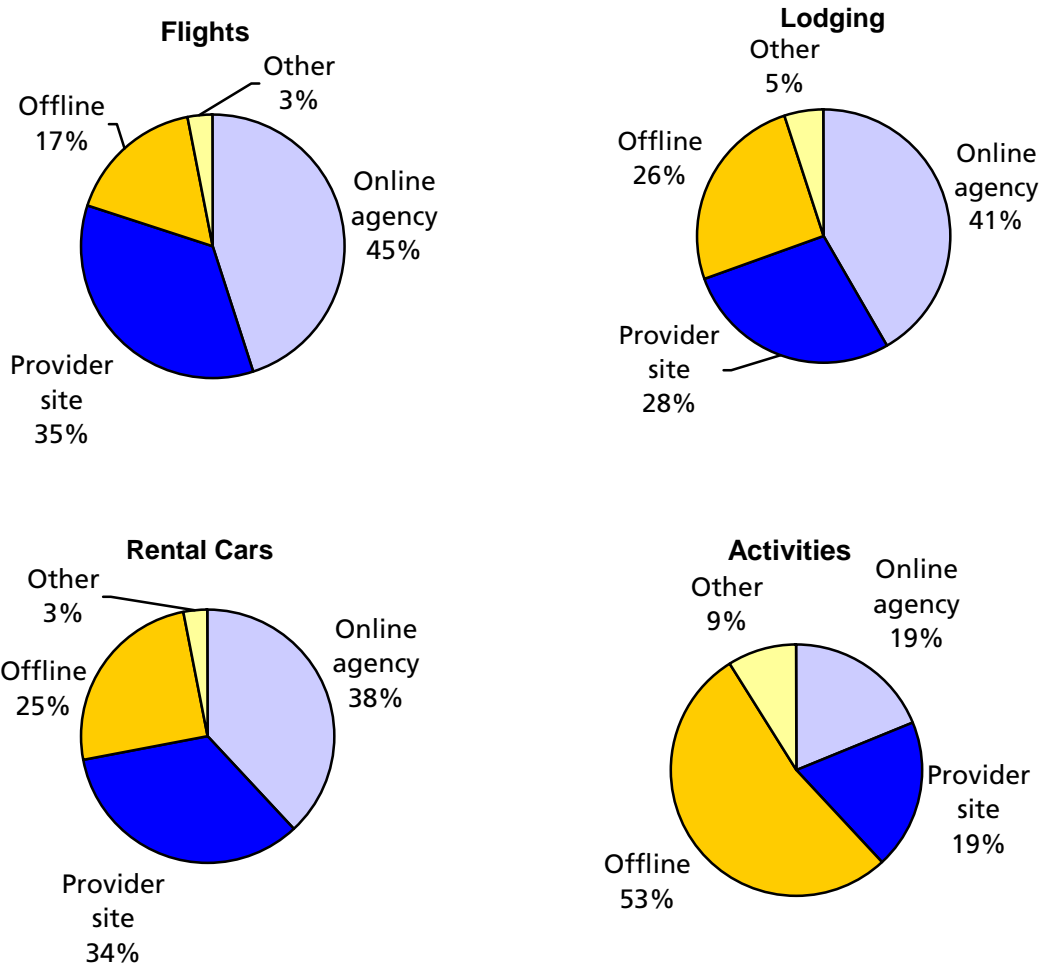


### Online vs. Offline Purchasing

Flight and rental cars are the travel services most likely to be purchased online, while offline channels (e.g., retail travel agencies, call center) still dominate the travel activities category.

Online agencies currently outsell travel provider sites in every travel service category.

Figure 5: Where did you purchase each of the following travel services for your last vacation?



## Interest in Vacation Packages

Despite the availability of one-stop travel shopping, consumers still tend to purchase different travel services on different sites.

Fewer than 30 percent of consumers have purchased a travel package of some sort--either

a *custom (dynamic) package* where they are able to select various items for a bundled price or a classic *pre-packaged vacation* with limited flexibility. However, the majority of consumers we studied said they would consider buying a vacation package in the future.

Figure 6: For your last vacation, did you purchase travel services (e.g., flights, hotel, rental car, etc.) on more than one Web site?

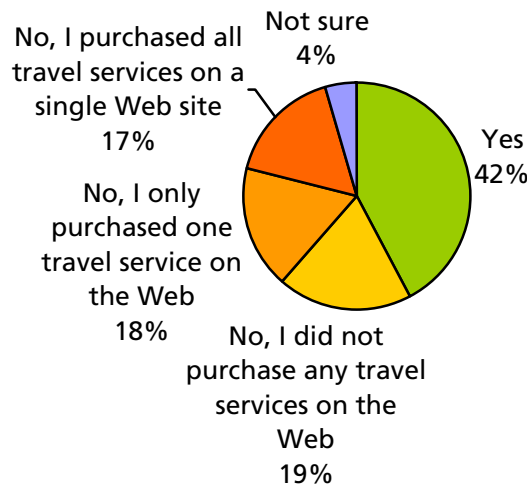
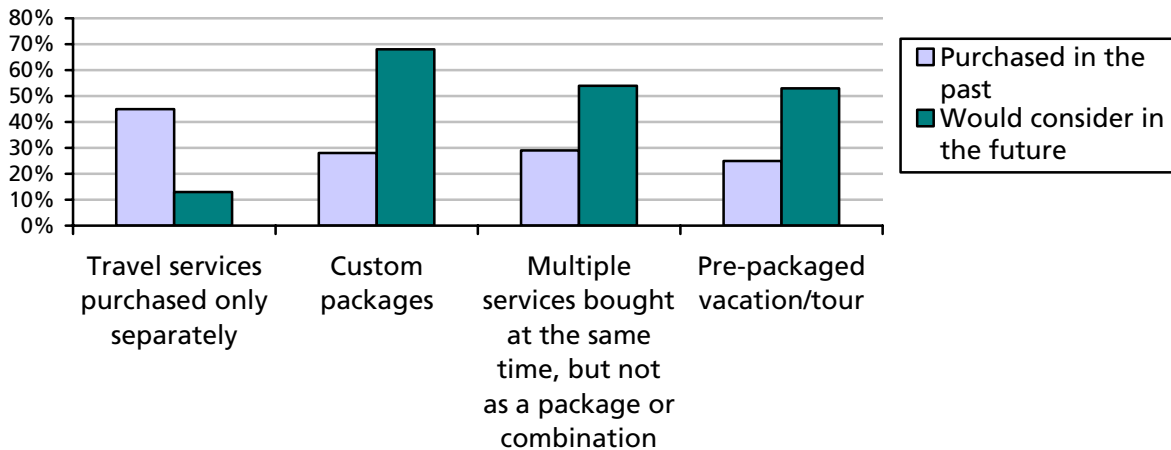


Figure 7: Which of the following types of travel bundles, if any, have you purchased in the past? Which would you consider purchasing in the future?



Consumers' price perceptions either increased or reduced interest. For travelers who were interested in pre-packaged vacation packages, the anticipated cost- and time savings were the

most appealing features. Among consumers who were *not* interested in pre-packaged vacations, their primary objections were a perceived lack of flexibility and higher costs.

Figure 8: Which of the following are benefits you associate with a vacation package?

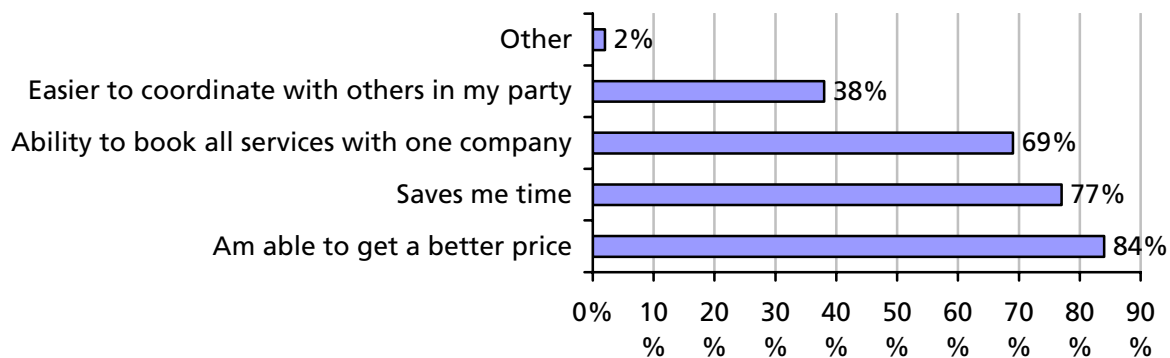
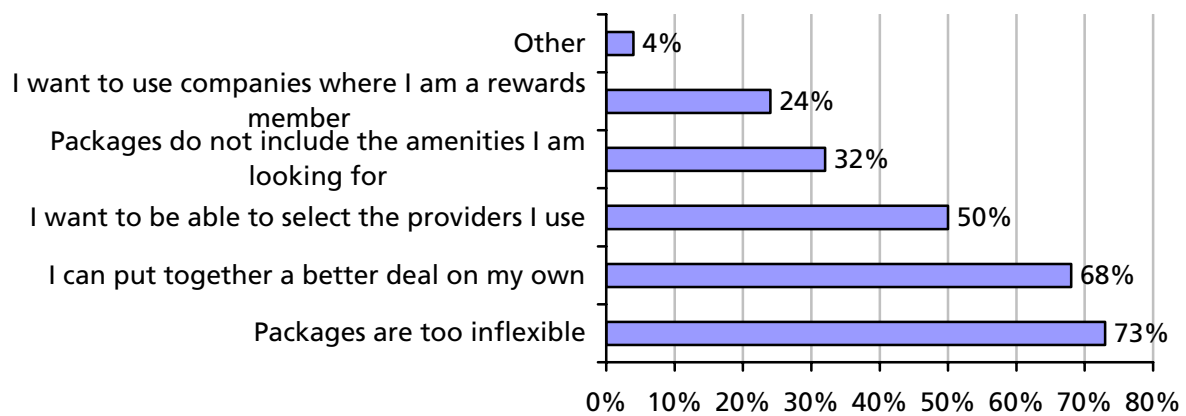


Figure 9: Which of the following are reasons you wouldn't consider purchasing a vacation package?

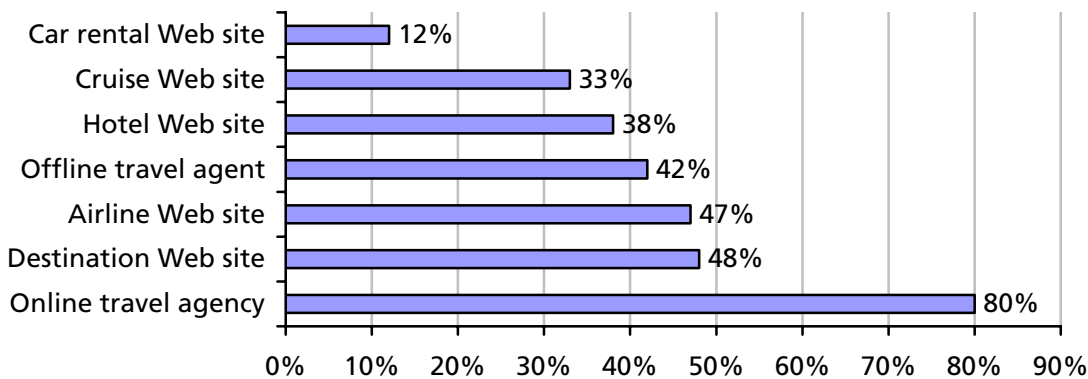




Consumers highly favor online travel agencies and destination Web sites for the purchase of

vacation packages. Car rental Web sites are the least preferred source of travel packages.

Figure 10: Where would you consider purchasing a vacation package?



## The Opportunities Ahead

What opportunities exist for travel companies to attract and retain more customers online? What steps do travel companies need to take next in order to gain market share and enhance their profitability?

In the next couple of weeks, PhoCusWright and Vividence intend to find out. The final *Vacation Packages: A Consumer Tracking and Discovery Study* will be available in mid-December 2003. Don't miss a chance to gain maximum value from this exciting new research. Please contact either PhoCusWright or Vividence for more information.

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