

Expedia Travel

Trendwatch[™]

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Online at www.expedia.com/trendwatch

Travelers Booking Summer Trips Earlier This Year Despite Larger Crowds and Higher Rates



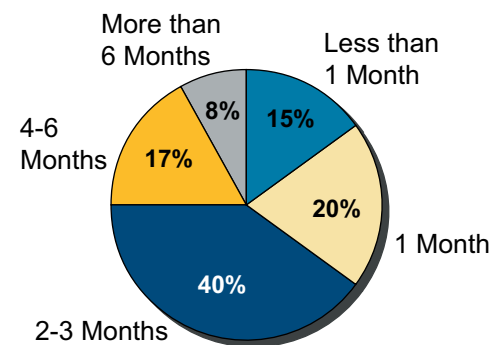
TREND #1: TRAVELERS ARE PLANNING AND BOOKING SUMMER VACATIONS EARLY THIS YEAR TO GET THE VACATION THEY WANT

With the expectation of larger crowds and higher rates, travelers are getting the message to book their summer trips earlier. An Expedia.com survey conducted by Harris Interactive revealed that the vast ma-

majority (85 percent) of U.S. adults who are planning to travel this summer will book or have already booked their travel plans at least one month in advance¹. In addition, the Travel Industry Association of America (TIA), recently reported that one in every three U.S. travelers is planning travel earlier this year than they did in 2005, with many already committed to plans for their longest summer trip.

Where are Americans going on vacation this summer? Domestically, the most popular summer destinations based on vacation packages booked on Expedia.com include traveler favorites such as Las Vegas, Orlando, Honolulu, San Francisco, Cancun, and New York. (See chart, page 2)

How far in advance of your summer travel will you book your travel arrangements?



85% book at least one month in advance

Expedia.com survey by Harris Interactive of U.S. adults who plan to travel this June, July, and/or August.⁸

INSIGHT AND EXPERTISE

Expedia.com[®], the world's leading online travel service, introduces the first issue of its quarterly report, *Expedia Travel Trendwatch*[™], which focuses on the upcoming summer travel season. Chris McGinnis, a 20-year travel industry veteran most recently serving as a travel correspondent on CNN Headline News, is the editor of the *Expedia Travel Trendwatch*[™]. Each report will provide travelers with a treasure trove of trends, data and advice designed to help people make better travel decisions.



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SIDENOTE: Summer is a critical time to take a vacation

Of the total vacation days received annually, employed U.S. adults planning to travel this summer will use an average of eight days of vacation during the months of June, July and August². Considering employed U.S. adults typically receive an average of 12 vacation days per year³, summer is the time when most Americans hope to enjoy more than half of their hard-earned vacation days.

According to the Expedia.com survey⁴, 88 percent of U.S. adults who plan to travel this summer will save a percentage of their summer vacation spending budget prior to their trip. Summer travelers plan to set aside, on average, about 62 percent of the total cost of their vacation, with 33 percent saying that they will set aside 100 percent. According to Consumer Technographics Q3 2005 North American Travel Online Survey, leisure travelers average one trip per quarter and spend around \$2,000 annually on their vacations.

Top Summer Destinations

1. Las Vegas
2. Orlando
3. Honolulu
4. San Francisco
5. Cancun
6. New York
7. Miami
8. Chicago
9. Kahului (Maui)
10. San Diego

Based upon Expedia.com vacation packages booked between June, July, and August 2005

Summer Holiday Hotspots

Memorial Day	4th of July	Labor Day
1. Las Vegas	1. Las Vegas	1. Las Vegas
2. Orlando	2. Orlando	2. Honolulu
3. Honolulu	3. Honolulu	3. Kahului (Maui)
4. Cancun	4. Cancun	4. Cancun
5. Kahului (Maui)	5. San Francisco	5. Orlando

Based upon Expedia.com vacation packages booked for these holiday weekends in 2005

TRENDWATCH™ TIPS:

Set the schedule for summer travel.

Now is the time travelers should be asking their bosses about taking vacation days. It's also time to book a babysitter or pet sitter for those who don't plan on taking the whole family along.

Book your trip early.

Early bookers are most likely to avoid sell-outs at popular destinations and can usually take advantage of advance purchase discounts. With 85 percent of people booking at least one month ahead of time this year, travelers can't afford to wait.

If you're booking late, don't fret.

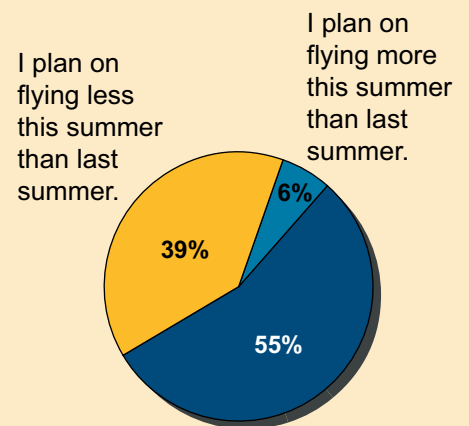
While last-minute deals are not as plentiful as in previous years, if you are flexible with dates and destinations, you can still save. Travelers can still get out of town by checking out the latest last-minute flight, hotel, car rental and cruise deals at sites such as www.expedia.com/last-minute.

TREND #2: DESPITE GENERALLY HIGHER AIRLINE TICKET PRICES, DEMAND FOR SUMMER TRAVEL REMAINS STEADY.

Higher jet-fuel prices coupled with higher demand translates into in-

creased airline ticket prices this year. Regardless, Americans are not planning on staying home this summer. According to Expedia.com's survey, 55 percent of U.S. adults plan to fly as much this summer as last summer and six percent say that they plan on flying more despite rising airline ticket prices in 2006⁵. In fact, according to the *Leisure Travel Data Overview* from Forrester Research, Inc. in March 2006, more than 35 million households are expected to spend a total of \$74.4 billion on leisure travel online in 2006.

Compared to last summer, how have increasing airline ticket prices in 2006 impacted your leisure travel flight plans for this summer?



I plan on flying as much this summer as I did last summer.

Expedia.com survey by Harris Interactive of U.S. adults who plan to travel this June, July, and/or August.⁸

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Airfares, a key cost-component of many summer vacations, are generally higher than last year.

Some of the largest year-over-year fare increases, according to recent Expedia.com data are on the following routes: Philadelphia to Las Vegas, up 33.8 percent; Washington, D.C. to Chicago, up 33.8 percent; Dallas to Los Angeles, up 30 percent. (See chart)

Additionally, the Air Transport Association (ATA) recently reported that airfares in the U.S. rose 10.6 percent for January and February 2006, over the same period in 2005.

This trend continues with many U.S. airlines introducing multiple fare increases in recent months.

Airfare tracking firm Harrell Associates said that average roundtrip economy fare between the U.S. and Europe, booked in February 2006 for summer travel, was \$910 compared to \$856 in February 2005.

The price of fuel will also affect ticket prices as airlines pass on cost increases to travelers. Data from the U.S. Energy Information Administration shows that the price of benchmark crude oil averaged \$63.27 per barrel in the first quarter of 2006, up 27 percent from first quarter 2005. The

ATA expects that the price will rise to \$70 by summer.

Based upon Q1 bookings year-over-year on Expedia.com (January – March 2006 vs. January - March 2005), average ticket prices have increased. (See chart)

What goes up can also go down, however, with the following routes experiencing the most significant decreases in average ticket prices from all tickets booked during Q1 2006 versus Q1 2005. (See chart)

Largest Increases in Average Ticket Prices	
From - To	Increase
Philadelphia - Las Vegas	33.8%
Washington D.C. - Chicago	33.8%
Dallas - Los Angeles	30.0%
Dallas - Las Vegas	29.2%
New York - Detroit	27.5%
New York - Las Vegas	25.7%
Chicago - Orlando	19.0%
Boston - Orlando	17.6%
Seattle - San Diego	15.0%

Select routes experiencing a significant increase in average ticket price year-over-year from Q1 05 to Q1 06 based upon Expedia.com bookings.

Largest Decreases in Average Ticket Prices	
From - To	Decrease
Denver - Phoenix	-35.6%
Chicago - San Antonio	-26.9%
Seattle - Puerto Vallarta	-26.1%
Miami - Cancun	-24.5%
Denver - Las Vegas	-23.3%
Las Vegas - Denver	-23.3%
Chicago - Minneapolis	-19.7%
Chicago - New York	-16.9%
Atlanta - Jamaica	-14.9%

Select routes experiencing a significant decrease in average ticket price year-over-year from Q1 05 to Q1 06 based upon Expedia.com bookings.

TRENDWATCH™ TIPS:

Lock it in!

To avoid the dreaded middle seat scenario or the possibility of another fare increase, travelers who find a great air deal should book it immediately before it's gone.

Book a vacation package.

Those who book their flight and hotel together as a vacation package rather than booking separately will save additional money. In fact, when it comes to booking an online vacation package that combines air, hotel and/or rental car, 56 percent of U.S. adults who plan to travel this summer think packages are smart ways to save money⁶.

Travelers should use flexibility to their advantage.

Generally, travelers who depart and return mid-week experience better rates and smaller airport crowds. Also, travelers should consider using online tools such as the Fare Compare Calendar on www.expedia.com/flights, which illustrates the best rates recently found by other Expedia.com customers on popular U.S. routes. Those who have flexible dates can then shift departure or return dates accordingly to ensure the best pricing.

TREND #3: SUMMER VACATIONERS ARE NOW BETTER INFORMED AND PREPARED, THANKS TO THE INTERNET

Information- and advice-hungry travelers are turning to the Internet to find and use tools such as user-generated reviews and ratings.

User-generated online reviews and ratings are in hot demand, with Expedia travelers posting over 100,000 traveler opinions since January 2005

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– offering more reviews than any other online travel agency.

A recent Travel Industry Association of America (TIA) survey indicated 78 percent of online travelers (79 million Americans) turned to the internet for travel or destination information in 2005—a 15 percent jump over 2004.

In its *Online Destination Research Report*, Jupiter Research also found that a majority of U.S. adults (57 percent) use the Internet to research trips, with online travel agencies and supplier sites the most popular choices. The Jupiter report also showed that sites offering user-generated reviews and ratings are increasingly appealing to travelers researching trips online – especially younger travelers age 25-44.

User-generated reviews and ratings are in hot demand for a reason.

Traveler reviews give people access to a previously undiscovered pool of information. With these reviews, travelers can openly share past experiences – good or bad – with other travelers. Traveler reviews, along with photos, virtual tours, star ratings and other information, can help paint a vivid picture of the destination.

Based on the user-generated ratings for 2005⁷, Expedia.com travelers' favorite hotel picks in the United States are:

1. The Ritz-Carlton Key Biscayne:

An elegant 5-star beachfront resort on a barrier island minutes from downtown Miami.

2. The St. Julien Hotel and Spa:

A new 3.5-star hotel in downtown Boulder, Colo., favored by those who enjoy the great outdoors.

3. Resort at Sonoma County: A 3-star resort in northern California's wine country, offering condo ac-

commodations with fully equipped kitchens.

4. ResortQuest Waikaloa Colony Villas: Located on Hawaii's big island, this 3.5-star resort offers access to two 18-hole golf courses.

5. Westgate Hotel, San Diego: This 4-star downtown San Diego hotel is popular with both business travelers and vacationers alike who enjoy surrounding themselves in European-style elegance.

TRENDWATCH™ TIPS:

Ask around.

It's smart for travelers to use their personal networks to get advice before booking a vacation – asking friends and family about places, hotels and/or activities that they liked or disliked, where they found great deals or the best times to visit.

Only rely on credible travel referrals and reviews.

It's important to remember that credibility is key when it comes to user-generated content on the Internet, and it's best to rely on sites that maintain some sort of editorial control of reviews.

For example, Expedia.com reviews are written only by Expedia.com customers who have stayed at the reviewed hotel within the past six months, and each review remains live on the site no longer than one year to maximize relevancy. In addition, if there is a dispute, Expedia allows hotels to post a response to a traveler's opinion.

Visit www.expedia.com/traveleropinions to find out more about traveler reviews or click on the "traveler opinions" tab on the left-hand side of each hotel's "information page" on Expedia.com hotel listings.

Majority rules.

When reading online user-generated traveler reviews, focus on absorbing key themes of the reviews – not necessarily one-off feedback – before making a decision on a hotel stay. If there's one negative review out of 10, chances are good that the hotel is a good find.

For a second opinion on conflicting reviews, users should check out the millions of reviews on TripAdvisor.com™.

TREND #4: DESPITE HIGHER PRICES, CROWDS AND A WEAK DOLLAR, EUROPE REMAINS A HIT WITH AMERICANS THIS SUMMER

Despite a relatively weak U.S. dollar, generally higher airfares and the potential for large crowds during the summer, Americans are still attracted to Europe – which remains a popular destination among Expedia travelers. European cruises and vacation-packages are increasingly regarded as popular money-saving vacation options.

The *Trans-Atlantic* newsletter projects that Americans will make between 6.6 to 6.75 million trips

Top Europe Destinations

1. London, England
2. Paris, France
3. Rome, Italy
4. Amsterdam, Netherlands
5. Barcelona, Spain
6. Venice, Italy
7. Dublin, Ireland
8. Madrid, Spain
9. Prague, Czech Republic
10. Florence, Italy

Based upon Expedia.com vacation package bookings for first quarter (Jan-Mar) 2006

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to Europe during May - September 2006. This represents a three to five percent increase from summer 2005 and should exceed the summer 2000 record of 6.71 million trips.

According to British Airways, bookings for spring and summer trips to the U.K. in 2006 are stronger compared with the same period in 2005.

U.S. carriers have added five percent more seats to foreign destinations this year, according to the Air Transport Association.

Several major cruise lines have re-deployed more ships to Europe this summer due to increasing demand, says the Cruise Lines International Association.

TRENDWATCH™ TIPS:

Visit Eastern Europe.

Countries such as Hungary, Poland and Croatia offer a unique European experience, often without the crowds and higher prices of more top-of-mind Western European destinations.

Take a Cruise.

Cruise travelers pay for room and board ahead of time in U.S. dollars, which helps when it comes to budgeting. Plus, they only have to unpack once.

Travel During the Off-Season.

Summer is high season in Europe, meaning it's the peak time where the crowds – and the prices – are in full bloom. Those hoping to travel during the high-season should book early and consider booking a vacation package. Those with more flexibility should consider traveling in the “shoulder seasons” – fall or spring – when the weather is still great but the crowds and the prices have let up considerably.

Visiting Eastern Europe

Eastern Europe offers a unique cultural experience with the architectural wonders of Prague, the spring and fall festivals of Budapest and the musical festivities of Warsaw.

Czech Republic: Known as The City of a Thousand Spires, Prague offers a wealth of cultural experiences. May through October brings warmer weather, and the most popular travel season is from June to August. September and October offer cool fall breezes, smaller crowds and lower travel rates.

Croatia: Europeans have known about the beauty of Croatia's beaches for centuries, but only recently have Americans discovered historic seaside cities like Split or Dubrovnik, which is a UNESCO World Heritage site. If Italy or Greece are too expensive, nearby Croatia offers an identical climate, gorgeous beaches along the shimmering Adriatic Sea, and significantly lower costs since the country's currency is the kuna – not the pricier Euro.

Hungary: July and August are the most popular months for Hungarians to hit the vineyard-surrounded shores of Lake Balaton, also known as the “Hungarian Sea.” In spring and fall, there are smaller crowds, better rates and many local festivals to enjoy.

Poland: While summer brings crowds and higher rates, so can Poland's popular ski season (winter and early spring). Festivals occur year-round, from January's Warsaw Theater Festival to the Mozart Festival in June and July. Visit in the fall for a multitude of cultural activities and lower travel rates.



Dubrovnik, Croatia
UNESCO/Dominique Roger

Flight times to Eastern Europe from New York

Prague: Eight hours

Budapest: Nine hours

Warsaw: 7.5 hours

¹ Harris Interactive® fielded the online survey on behalf of Expedia.com between April 5-7, 2006 among a nationwide sample of 2,327 U.S. adults 18 years of age or older. Sampling error of the overall results is plus or minus 3 percentage points. This online sample is not a probability sample.

² Expedia.com survey conducted by Harris Interactive in April 2006.

³ Harris Interactive® fielded the online survey on behalf of Expedia.com between April 15 and 19, 2005 among nationwide cross-sections of 2,130 adults aged 18+ in the United States. Sampling error of the overall results is plus or minus 3 percentage points. This online sample is not a probability sample.

⁴ Expedia.com survey conducted by Harris Interactive in April 2006.

⁵ Expedia.com survey by Harris Interactive, April 2006.

⁶ Expedia.com survey conducted by Harris Interactive in April 2006.

⁷ Ranking based on overall ratings score by Expedia.com travelers in 2005, with a minimum of 10 reviews.

⁸ Harris Interactive® fielded the online survey on behalf of Expedia.com between April 5-7, 2006 among a nationwide sample of 2,327 U.S. adults 18 years of age or older. Sampling error of the overall results is plus or minus 3 percentage points. This online sample is not a probability sample.