

Online travel grows

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Niche firms gain ground against online travel giants

Competition grows for behemoths as niche firms gain

By Julie Johnsson

Tribune reporter

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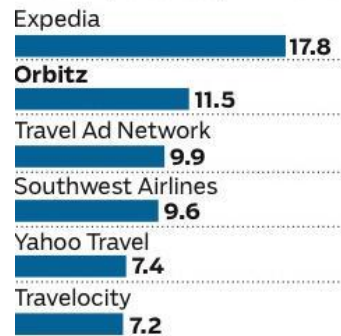
Airport codes, travel dates and departure times.

Web tripping

The number of people who book their tickets online is expected to increase 15.5 percent over the next five years.

TOP TRAVEL SITES, DECEMBER

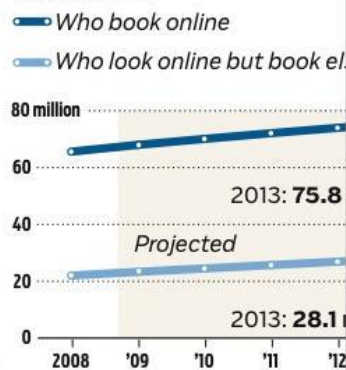
Total unique visitors, in millions



SOURCES: ComScore Media Metrix, Forrester Research

More to book travel online (February 2, 2009)

TRAVELERS



For many consumers, the best way to research trips used to consist of keying those three components into the booking engine of a site like Orbitz.com, then checking for the cheapest results.

But as the Web evolves, online travel behemoths like Chicago-based Orbitz find they have to devise new ways to engage customers or risk becoming irrelevant as social media and search engines change how people shop for travel.

One challenge is finding ways to reap advertising dollars from people who

browse but don't buy from Orbitz or its peers. According to Forrester Research Inc., nearly half of the traffic to online travel agencies consists of people who check out hotel or air fare options, then book directly with the supplier to get a better deal or avoid paying a \$5 transaction fee.

People are traveling less and researching trips in greater detail as the economy worsens, analysts said. And they're giving more weight to the experiences and opinions of fellow travelers in making vacation decisions. The trend is helping to foster a cottage industry of small, niche sites like Chicago's iExplore, which is devoted to adventure travel, even as it provides challenges to

traditional travel powerhouses.

"We're seeing a fundamental shift from the travel consumer starting their travel-planning process at a booking widget to going straight to a search engine like Google," said Cree Lawson, founder and chief executive of New York-based Travel Ad Network, which handles advertising for 213 travel Web sites. "When consumers do that, they're discovering a lot of sites they didn't know existed."

In December, the volume of visitors dipped at the two largest online travel agencies, run by Orbitz Worldwide and Expedia Inc., according to data compiled by ComScore Media Metrix. But traffic soared 51 percent, to 9.9 million, for the third-place finisher, the group of travel content sites affiliated with Travel Ad Network.

The number of "lookers," who noodle around travel Web sites, is expected to grow far more rapidly than "bookers," who buy from online travel agencies, over the next five years, predicted Henry Harteveltdt, travel industry analyst with Forrester Research Inc.

Orbitz is adapting with tools that let consumers share details of delays at airports, tap the "Where I've Been" application on Facebook and by giving a higher profile to user reviews. Orbitz also is trying to embed terms that will attract the "bots" of Google or other search engines, giving it a high profile when consumers use those sites to search for travel options.

That's just the start. The company also has a new, high-powered computer platform that it plans to use to find new ways to help its millions of customers scope out vacation options.

"We're very excited to take that insight [and] mine that insight in a way that allows us to provide a better service to customers around the globe," said Jeff Clarke, chairman of Orbitz and chief executive of Travelport, which owns 48 percent of the online travel agency.

But Harteveltdt thinks online agencies "really need to evolve into media companies." He envisions a strong ad push to make money off people who just browse the site for deals, and new user interfaces that arm customers with details on not only airline fees but also inflight entertainment systems, seating upgrades and other data that can make a huge difference on long trips.

Travelers' thirst for details bodes well for iExplore, which helps people track down restaurants in Oman and book excursions to Antarctica. About 30 percent of its 1 million monthly visitors use the site to book excursions to exotic locations; the rest drop by to garner travel insights or share information.

"So many people depend on the opinions of others in making travel decisions," said Todd McClamroch, CEO of iExplore. "It used to be someone you talked to face to face. Now, you trust the people you see regularly online."

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