



***Travel 2.0:
Trends in Industry Awareness
and Adoption***

**New York University And
PhoCusWright Inc. Joint Research**



Travel 2.0: Trends in Industry Awareness and Adoption

Prime Researchers

*New York University
Preston Robert Tisch Center for
Hospitality, Tourism, and Sports
Management*

Lalia Rach, EdD

Associated Dean

Frederic B. Mayo, PhD, CHE, CHT

Clinical Associate Professor

PhoCusWright Inc.

Philip C. Wolf

President and CEO

Lorraine Sileo

Vice President,
Information Services

Cathy Schetzina

Director, Information Services

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Researched and Written by

Julia Adam

Xavier Cobos

Sharon Liu

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Overview

Over the past year, the term Travel 2.0 has circulated throughout the travel industry, describing a new, interactive approach to travel technologies. The principles of Travel 2.0 revolve around transparency, community, personalization and experience. While the adoption of user-generated interactions has created a grass-roots momentum among travel providers and consumers, little research has been conducted on the individual technologies that make up Travel 2.0.

New York University's Preston Robert Tisch Center for Hospitality, Tourism and Sports Management and PhoCusWright Inc. joined forces to research which Travel 2.0 technologies are being implemented, the goals for developing these technologies, how much is being invested, and to what extent the industry is forging ahead. An online survey was designed and distributed through the Tisch Center using a PhoCusWright database of travel industry executives, professionals and other key players. Drawing responses from 203 travel professionals in fall 2006, this survey analyzed the use of new technology in the online travel marketplace to determine how major travel and tourism companies are implementing Travel 2.0. The rate at which organizations adopt such technologies and apply Travel 2.0 to their online services may have a direct impact on their competitive advantage and revenue optimization.

As defined by the survey, technologies and applications associated with Travel 2.0 included Real Simple Syndication (RSS), tagging, blogging, mashups, mashup-enabling APIs, Rich Internet Applications (RIAs), vertical search, vlogs (video blogs), podcasting, social networking, mapping, behavioral targeting and contextual advertising. These technologies are defined in the Appendix which follows this report.

While most respondents planned to implement all technologies discussed in the survey, many were unsure as to why they are being implemented, and still more were unsure as to when the implementation will occur. Of the technologies investigated in this research, our findings suggested that a few stand out as clear business objectives for travel professionals in the current marketplace:

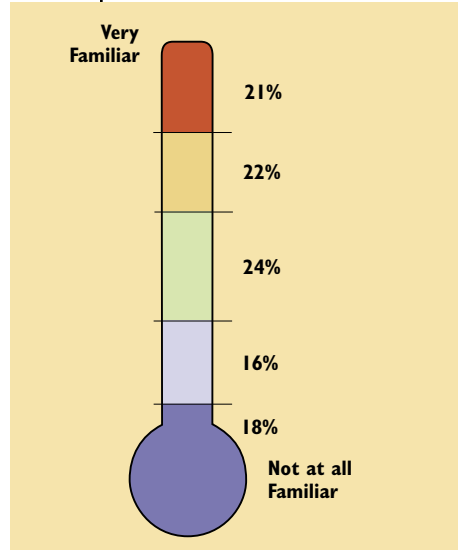
- o Social networking for building customer loyalty
- o Contextual advertising and behavioral targeting for generating revenue
- o Real Simple Syndication (RSS) to drive traffic to the company Web site
- o Blogging and social networking to empower customers
- o Mapping to improve Web site functionality

TRAVEL 2.0 GAINS MOMENTUM

Coined by PhoCusWright in June 2006, the term Travel 2.0 has gained widespread momentum in the industry. The survey asked travel professionals to rank their familiarity with Travel 2.0. Respondents to the survey were predisposed to familiarity with the concept, identifying their industry segments as Technology Provider (28%), Online Travel Agency (21%), and Search/Metasearch (12%) (multiple responses were accepted). Other large segments of the survey respondents affiliated themselves with Hotel & Lodging (30%), GDS (17%), and Airline (16%). The largest percentage (36%) served in a marketing role.

Of all respondents to the survey, 43% identified themselves as familiar with Travel 2.0. On a scale of 1 to 5, with 1 being “not at all familiar” and 5 being “very familiar,” 22% of respondents selected 5, while another 22% selected 4.

**Table 1
Familiarity with Travel 2.0**

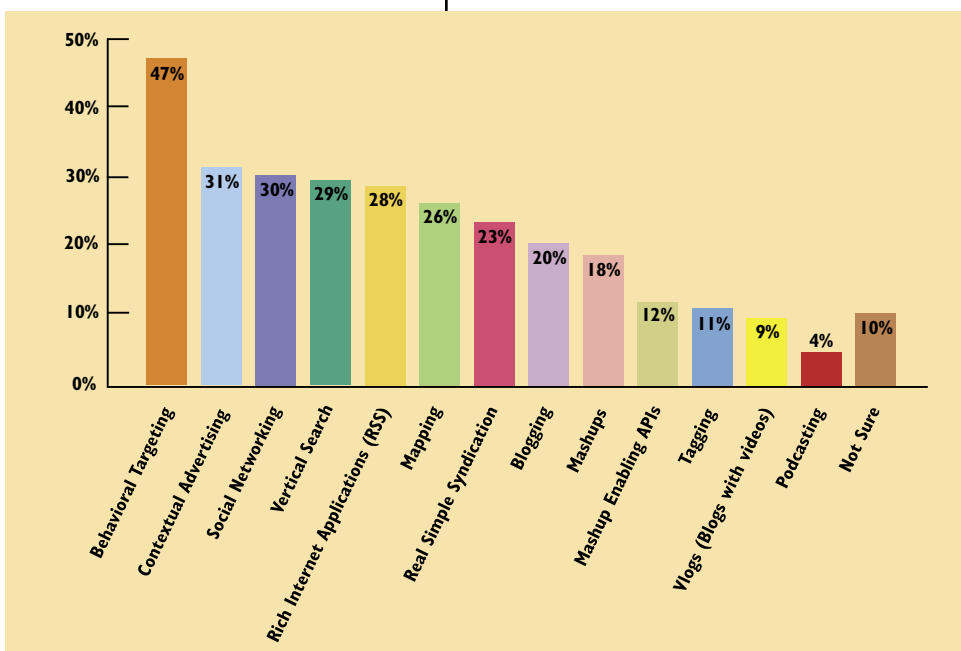


Q. On a scale of 1 to 5, how familiar are you with Travel 2.0 (1 being “not at all” and 5 being “very”)
Source: Travel 2.0: Trends in Industry Awareness and Adoption (NYU, PhoCusWright Inc.)

GOALS FOR TRAVEL 2.0

Of the list of 13 Travel 2.0 technologies tracked by the survey, a few stand out as leaders in terms of awareness and adoption. Survey respondents were asked to identify the three Travel 2.0 technologies they felt were most important to their organizations. Of all survey respondents, nearly half (47%) indicated that behavioral targeting was most important, followed by contextual advertising (31%), social networking (30%), vertical search (29%), and Rich Internet Applications (28%) (see Table 2). Survey respondents also were asked to identify the three technologies they felt were least important to their organizations. Vlogs, or blogs with videos, topped this list at 43%, followed by podcasting (34%) and blogging (25%).

**Table 2
Most Important Travel 2.0 Technologies**



Q. Please indicate the three Travel 2.0 technologies you feel are most important to your organization
Source: Travel 2.0: Trends in Industry Awareness and Adoption (NYU, PhoCusWright Inc.)

These findings indicate that while travel professionals are aware of the advantages of tailoring marketing messages to consumers, there may be some resistance to the “do-it-yourself” ethos associated with Weblogs and other consumer-generated content. One respondent worried that an increase in consumer interactivity “means less control over content and therefore lower site content quality.”

Travel 2.0 technologies serve varying purposes in the travel industry. Some largely serve a single purpose such as generating revenue or improving the functionality of an organization's Web site, while others have mixed purposes, and still other technologies have yet to be understood. Respondents were asked to indicate their primary goal for implementing each Travel 2.0 technology. Goals tracked by the survey included: "build customer loyalty," "generate revenue," "drive traffic to the site," "customer empowerment" and "improve functionality." Options were also available for "not sure" and "not applicable."

Table 3
Purpose Category Leaders

Purpose	Technology
Build Customer Loyalty	Social Networking, Blogging (17%)
Generate Revenue	Contextual Advertising (38%) Behavioral Targeting (37%)
Drive Traffic to Company Website	Real Simple Syndication (20%)
Empower Customers	Bloggging (21%)
Improve Site Functionality	Mapping (35%)
Not Sure	Mashup-Enabling APIs (28%)

Q. For each of the following Travel 2.0 technologies you are using or plan to use, please select the primary goal for its implementation?

Source: Travel 2.0: Trends in Industry Awareness and Adoption (NYU, PhoCusWright Inc.)

Taking a closer look at technologies considered to be "most important" in the survey question detailed in Table 2, it becomes clear that travel professionals are most interested in how Travel 2.0 technologies can improve their bottom lines. Behavioral targeting and contextual advertising, ranked as "most important" to survey respondents, also were identified most closely with revenue generation. Of the 13 technologies tracked by the survey, these two technologies ranked highest in the "generate revenue" purpose category, with contextual advertising at 38% and behavioral targeting at 37%.

TIMELINE FOR IMPLEMENTATION

Asked if they had implemented, or when they planned to implement, each of the 13 Travel 2.0 technologies, survey respondents revealed a wide range of plans. Mapping, which survey respondents indicated is capable of improving Web site functionality, was identified as the most commonly implemented technology prior to 2004. Meanwhile, blogging, a technology associated with customer empowerment, led the way in 2006 implementations.

Table 4
Most Implemented Technology by Year

Year	Most Implemented Technology
Prior to 2004	Mapping (15%)
2005	Mapping (15%) Real Simple Syndication (RSS) (15%)
2006	Blogging (19%)

Q. For those Travel 2.0 technologies currently implemented by your organization, when did implementation begin?

Source: Travel 2.0: Trends in Industry Awareness and Adoption (NYU, PhoCusWright Inc.)

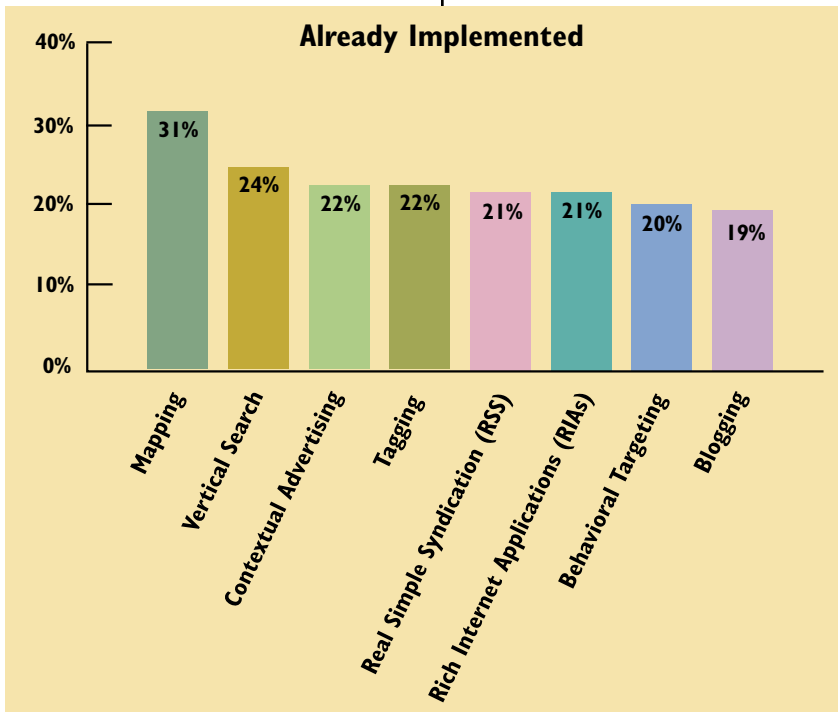
Respondents also were asked to indicate whether or not they had already implemented, planned to implement or did not plan to implement the various

Travel 2.0 technologies. One fifth or more of respondents have already implemented mapping, vertical search, contextual advertising, tagging, RSS, RIAs, behavioral targeting and blogging (see Table 5).

Several technologies stood out as leaders in the “plan to implement” category: RSS, blogging, social networking, mapping and behavioral targeting. Not surprisingly, these are the same technologies that were selected as “Purpose Category Leaders” in Table 3. Implementation of most Travel 2.0 technologies can be characterized as increasing, but those technologies which have demonstrated a clear and distinct purpose may be implemented sooner than others.

This question also highlighted respondents’ lack of familiarity with their organizations’ goals where certain technologies are concerned, with many travel professionals indicating that they weren’t sure when or if these technologies were implemented. This lack of familiarity was particularly evident with mashup-enabling APIs (55% not sure) and vlogs (49% not sure).

Table 5
Top 8 Implementations of Travel 2.0 Technologies



Q. When do you plan to implement each of the following Travel 2.0 Technologies?

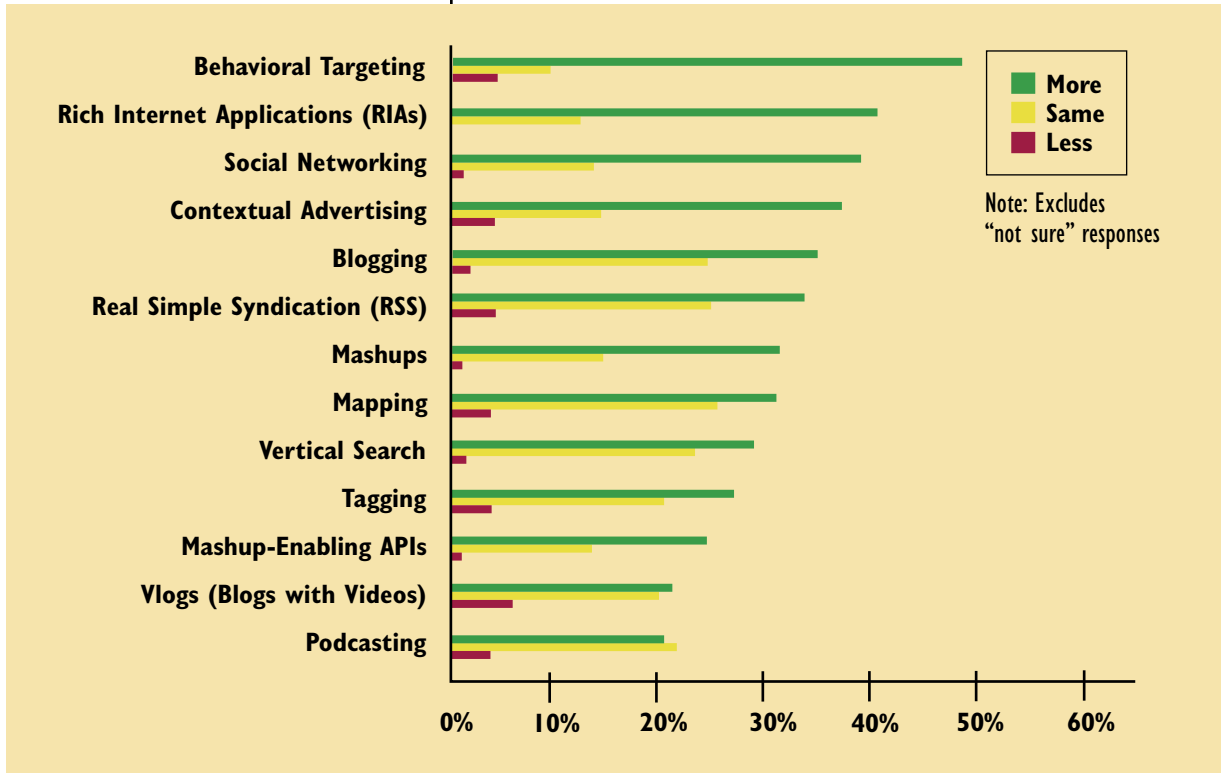
Source: Travel 2.0: Trends in Industry Awareness and Adoption (NYU, PhoCusWright Inc.)

BUDGET

When asked whether or not they plan to spend “more,” “less,” the “same,” or are “not sure” on Travel 2.0 technologies in 2007 versus 2006, the highest proportion of respondents selected being “not sure” across all technology types with the exception of behavioral targeting (see Table 6). Since behavioral targeting was identified most closely with revenue generation among the purpose categories in Table 3, it is not surprising that a greater number of respondents indicated a plan to spend more on this technology.

A greater portion of travel industry executives plan to spend more on *almost all* Travel 2.0 technologies compared to those who plan to spend the same or less, with the exception of podcasting. After behavioral targeting (48%), more respondents indicated they planned to spend more on RIA (41%), social networking (39%), blogging (35%), contextual advertising (38%) and RSS (34%) above other forms of Travel 2.0 technologies.

Table 6
2007 vs. 2006 Spending



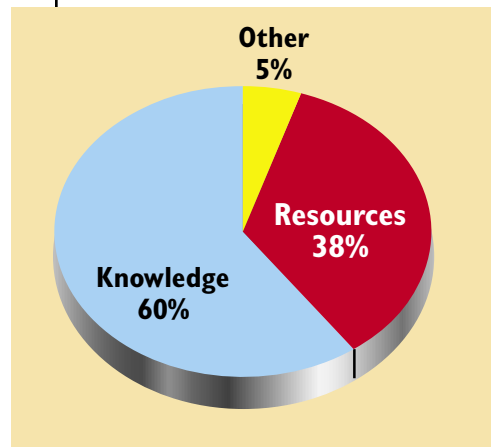
Q. Considering your 2007 Web development budget (versus 2006), please indicate the planned change in spending on those Travel 2.0 technologies you will be implementing.
Source: Travel 2.0: Trends in Industry Awareness and Adoption (NYU, PhoCusWright Inc.)

In addition, 74 executives responded to the open ended question, "Approximately what overall percentage of your 2006 Web development budget is being spent on Travel 2.0 related technologies?" The average response was 25%.

CHALLENGES

While the industry is interested in implementing Travel 2.0 technologies, awareness of how to go about it is still lacking. The survey asked travel professionals to comment on the challenges they faced in implementing Travel 2.0 technologies at their organizations. A majority of those challenges can be characterized as knowledge-based (60%) versus a minority (35%) that were resource-based.

Table 7:
Challenges Facing the Travel Industry in Implementing Travel 2.0 Technologies



Q. Please comment on the challenges you face in implementing Travel 2.0 technologies
Source: Travel 2.0: Trends in Industry Awareness and Adoption (NYU, PhoCusWright Inc.)

What challenges does your company face in implementing Travel 2.0 technologies?

[Respondent Comments]

“Separating the hype from the solid business strategies. Videos are great. But, if you have to sort through 5,000 videos of a dancing cat to find a valuable video of Hawaii, it doesn’t serve the consumer well.”

“Compatibility and integration with existing platforms and infrastructure [and the] resources to support the new technologies.”

“We have multiple house brands and partner brands to support. [The] greatest challenge is identifying appropriate technology for the marketing brand audience - many different needs with offline, online and blended access. With this diverse population to support, identifying projects that will make the most impact can be difficult.”

“Return on investment; integration without disruption of existing business; promotion of new services.”

“Finding technology companies that can manage it all.”

“Speed of technology evolution vs. development timelines.”

“I believe the limited human and financial resources have a great part to play in implementing these technologies.”

“Internal understanding.”

“Convincing stakeholders of the usefulness of emerging technology and finding suitable staff to execute them.”

“Staying abreast of technology developments but also developments that consumers actually want.”

“Resistance from within the company to any user driven content for fear it will expose weakness in product and failures of service delivery. This resistance of course fails to take into account that the opposite case is just as likely.”

“Staff training.”

“Finding a useful purpose for most [Travel 2.0] technologies.”

“Travel 2.0 [technologies] are nice add-ons once the core blocking and tackling are pretty much done. Unfortunately, many travel companies still have several projects on the core list of functionality to address.”

CONCLUSION

While there is little doubt that Travel 2.0 has surpassed the status of industry buzzword to become a *bona fide* phenomenon, just how these technologies can best be utilized to enrich the end user's experience, and more importantly, deliver return on investment, remains to be seen. Our survey suggests that the pace at which Travel 2.0 technologies are evolving currently surpasses the rate at which the travel industry is adopting them as drivers for business development. While marketing and IT professionals in the travel industry plan to embrace Travel 2.0 technologies, the key inhibitor to their implementation is not resources but knowledge. Only when this knowledge barrier is overcome and the travel industry catches up with the digital technology learning curve will the implementation of Travel 2.0 technologies gain full momentum.

Travel 2.0, says one respondent, “will happen regardless of whether the major players want it or not. It has the ability to change how travel is marketed and in a subtle way already has.” The respondent adds, “on business trips I now look first to user reviews of hotels, not their marketing.” In the words of another travel professional, “In implementing any burgeoning technology, balance and moderation is key. While we don't rush into implementing every single Travel 2.0 tech there is, we'd like to select and focus on those that will have greater impact on our interaction with our target audience.”

APPENDIX

Travel 2.0 Technologies

Behavioral Targeting: Advertising that is targeted to a specific individual based on that user's previous Web-surfing behavior; linking users with products and services directly related to their individual online behavioral profiles. An example can be found on the Yahoo! Travel portal [travel.yahoo.com].

Blogs/Blogging: A universally used contraction for “Weblog” which presents Web content in journal style and usually in reverse chronological order. Blogs are currently predominant on travel content sites such as RealTravel [realtravel.com] and TravelPod [travelpod.com], where users share their travel experiences with each other in a journal format.

Contextual Advertising: Online advertising that is targeted at users based upon a similarity to the content on the actual Web page the user is viewing or search term the user has entered into a search engine. Contextual advertising is common on most travel distribution Web sites such as Travelocity [travelocity.com] and Orbitz [orbitz.com], which display partner company advertising on pages with related content.

Mapping: A mashup that combines specific Web content with a geographical map on a Web page. Mapping has been prevalent in the online travel marketplace for several years, often found in combination between hotel location information and a Google Map. A new, more sophisticated version of mapping was recently launched on the Sheraton Hotels home page [www.starwoodhotels.com/Sheraton/index.html] where user-uploaded photos from stays at Sheraton hotels may be accessed from an interactive map of the world displaying Sheraton hotel locations.

Mashups and Mashup-Enabling APIs (Application Program Interfaces): A mashup is an application that combines content from more than one source to create a completely new service – even without knowledge of the programming code used to create the content. Many current mashups involve a combination of some content with Google Maps, such as *The New York Times* Travel Section's "36 Hours In..." mashup, which allows users to search the "36 Hours in..." story archive from a Google Map. More sophisticated examples of mashups are the "Marco Polo" function on Triptie [triptie.com] and the "Trip Planner" function on Yahoo! Travel, which allow users to integrate content from other Web sites into the user's own itinerary planning toolkit on the host Web site.

Podcasting: A method of distributing multimedia files, such as audio or video programs, over the Internet using syndication feeds, for playback on mobile devices and personal computers. Examples of travel Web sites offering travel-related podcasts include Lonely Planet [lonelyplanet.com], which features travelers' experiences in different destinations, and PodTrip [podtrip.com], which offers audio tours.

Real Simple Syndication (RSS): A simple XML-based system that allows users to subscribe to Web sites in order to receive specialized content in their browsers without having to visit the source site. Examples include the RSS feeds on Expedia [expedia.com] and destination marketing organization Web site VisitLasVegas [visit-lasvegas.com], where users can subscribe to feeds that automatically notify them of current travel specials.

Rich Internet Applications (RIAs): Web applications that have the features and functionality of traditional desktop applications but keep the bulk of the data on the application server rather than on the user's desktop computer. An example of an AJAX-based (Java and XML) RIA is currently used on Kayak [kayak.com]. This function operates as an intelligent "auto-complete" function, automatically generating a list of potential arrival/departure airports after the user enters the first few letters.

Social Networking: A series of relationships among online users, allowing travelers and prospective travelers to network with one another based on shared interests or attributes. Examples of social networking in the online travel marketplace include sites such as Tripmates [tripmates.com] and Gusto [gusto.com], where users upload a profile detailing their travel experience and interests, then network with other users to share travel advice and stories, and even plan trips together.

Tags/Tagging: A user-defined keyword or keywords used to annotate a Web resource, such as a Web page, photo or video, so as to easily identify and access the same resource again at a later time. Travel Web sites currently implementing tagging include video content site Travelistic [travelistic.com] and the travel section on photo-sharing site Flickr [flickr.com], where users generate tags to quickly label, store, search, sort and share user-uploaded content.

Vertical Search: A highly specialized search engine focusing on a specific industry or niche. Travel industry examples include Kayak [kayak.com] and SideStep [side-step.com], both of which offer travel-specialized search of hotels, airlines, car rentals and travel content from across the Web.

Vlog (Video blog): A blog presented in video format, usually represented in reverse chronological order. EndlessEurope [endlesseurope.com], which recounts a 3-month backpacking trip through Europe, is one of the first travel Web sites to implement vlogs exclusively.