

Niche Sites Invigorate Online Travel

2007-04-12

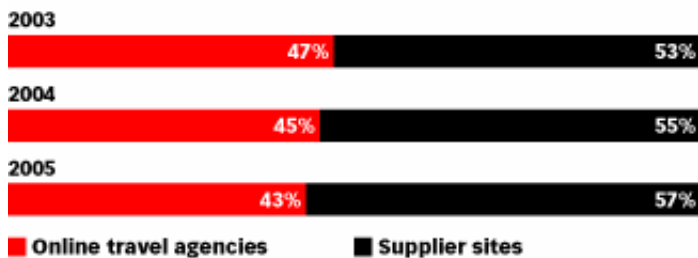
New online travel sites are chipping away at some of the expertise that drives people to online travel agencies (OTAs), which are themselves already pressured by travel supplier sites run by airlines and hotels.

Recent offerings from Farecast and FareCompare help consumers determine the best time to book airline tickets. Travel social networking sites like Gusto.com let visitors share itineraries and trip information.

Capitalizing on the online video rage, travelervideos.com lets travelers upload vacation photos and videos and write their own travel blogs - all of which can be shared with family, friends and other travelers.

All this activity comes as research from comScore shows that travel supplier Web sites are steadily taking share away from OTAs, due to the success of their lowest-price guarantees.

US Online Travel Sales Share, by Distribution Channel, 2003-2005 (% of total sales)



Source: comScore Networks Inc., April 2006

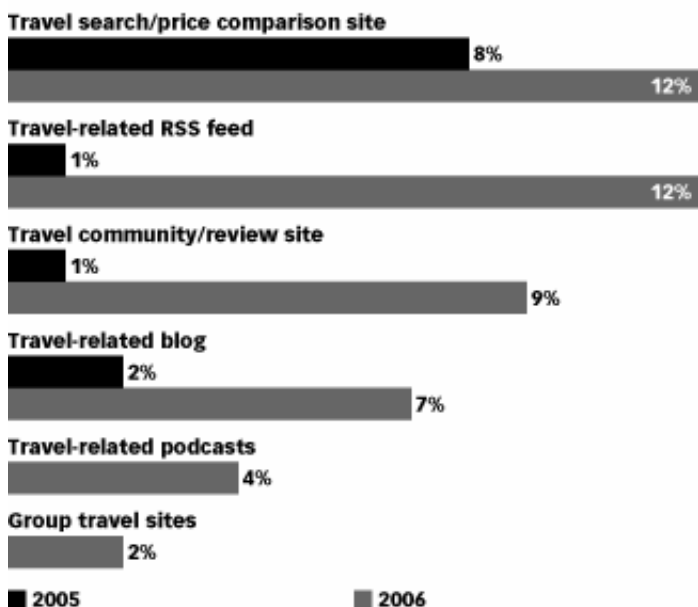
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Specialized Web sites and Internet tools are beginning to catch on with online travelers as online travel resources, according to Forrester Research. For example, 12% of online leisure travelers subscribed to travel-related RSS feeds in 2006, compared with 1% a year earlier.

Forrester also found that peer reviews and blogs can have a decisive influence on travel behavior. Among travelers who used the Web to plan or book a hotel stay and consulted peer reviews, 25% of infrequent leisure travelers and 33% of frequent leisure travelers changed their hotel stays based on what they read.

Online Travel Resources that US Online Leisure Travelers Used for Research in the Past 12 Months, 2005 & 2006 (% of respondents)



Source: Forrester Research, February 2007

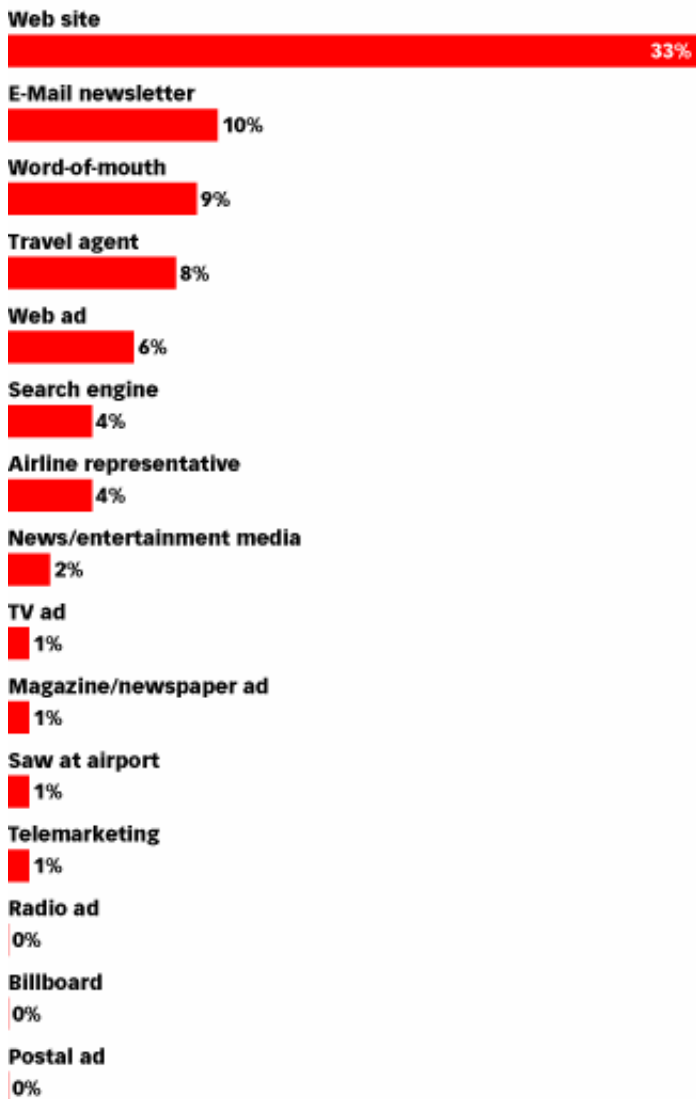
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OTAs are not worried solely by these newcomers. Travel supplier sites are also edging in on their customers. The pressure on OTAs is likely to increase as the US economy enters what economists believe will be a period of subdued growth. What's more, travel search engines such as Kayak and SideStep, as they gain traction with travelers, will drive more visitors to supplier sites. Then there are travel portals like Yahoo! Travel that offer a full suite of travel products and services.

Despite the range of influences that affect whether or not Internet users buy airline tickets, Web sites are the most influential, according to DoubleClick and ROI Research. In fact, the research found that Web sites trump word-of-mouth, which is rare in any purchase.

Source that Most Influenced US Adult Internet Users to Make an Airline Ticket Purchase, July 2006 (% of respondents*)



Note: n=425
Source: DoubleClick and ROI Research, November 2006

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So what does the rise of niche travel sites mean for established players? eMarketer Senior Analyst Jeffrey Grau says that the Internet is changing the rules of engagement between travel firms and consumers, making for a hotbed of experimentation.

"Lower industry entry barriers have paved the way for new online travel business models," says Mr. Grau. "In this dynamic environment, current industry players must stay alert, otherwise they risk being blindsided by new competitors that fall off their radar screens."

Learn what it takes to stand out in online travel. Read the eMarketer US Online Travel: [The Threat of Commoditization report](#).

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