

Travel's Long Tail: Follow the Momentum - By Bob Offutt, Senior Technology Analyst, PhoCusWright Inc.
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Until recently, travel distribution has been almost exclusively about the major industry players - the big three OTAs, the big three GDSs. Oh my! But how times are a'changin!

The Long Tail debunks the old 80-20 rule, recognizing that there is an enormous variety of travel-related products and services that can now be efficiently distributed - provided the technical and business barriers are removed. Increasingly, it's a strategy that travel players, both large and small, cannot afford to ignore.

What does it mean to embrace the Long Tail? It means, in part, exploiting the power of the Internet, recognizing that niche content, suppliers and channels are in fact significant; embracing the sum of the niches. It means capitalizing on the fact that the size of your reputation matters more than the size of your marketing budget.

To what extent are these things actually happening in various industry sectors? You be the judge.

AIR

Airlines extend their offerings with a Long Tail strategy. Airlines are increasingly adding additional content to their Web sites. Delta just announced a deal with iSeatz to provision cars, hotels and activities on the site, and iSeatz also provides ground transportation services on Southwest's Web site. Alaska, US Airways, United and Continental all have both traditional and non-traditional content as part of their Long Tail strategy. Reports suggest that airlines expect 2-5% of their online sales in non-traditional content.

Airline content proliferates outside traditional GDS channel. There are nearly 300 airlines around the world that do not provide inventory to the GDSs.

LODGING

Niche lodging content becomes easily bookable. There are 60,000-80,000 properties in Global Distribution Systems. In addition, there are Condos, Villas and Bed and Breakfasts (B&Bs) (to name a few) that traditionally have not been easily shopped and booked online. But this is changing fast. There are over 100 condo booking sites on the Internet, over 280 villa booking sites and over 250 B&B booking sites. In addition, Hotels.com allows searches for hotels, B&Bs, Condos and even activities.

CAR

The Internet has enabled access to a large number of smaller car rental companies. For example, Car Rental Express (www.CarRentalExpress.com) is currently providing customers with access to over 300 independent car rental agencies with more than 1,500 locations throughout North America, the Caribbean, the United Kingdom, Ireland, Australia and Europe. Car Trawler (www.cartrawler.com) provides access to 12,000 car rental locations in 134 countries. CarTrawler and SITA recently signed an agreement to integrate CarTrawler's car rental distribution platform within the SITA Horizon portfolio of passenger management solutions, which are used by over 100 airlines worldwide.

NICHE MARKETS

Business Travel: Rearden Commerce provides a business travel management platform that, in addition to air, car and hotel, aggregates traditionally unmanaged T&E services such as airport parking, ground transportation and dining reservations. They estimate the size of this market to be nearly as big as the traditionally managed components. According to their calculations and PhoCusWright estimates, the market size of this unmanaged T&E in the U.S. alone is expected to exceed US\$B170 in 2007.

Groups and Meetings: Beyond the traditional Air, Car and Hotel, expenses for groups and meetings (two or more households traveling overnight to one or more location(s) for a common purpose (or event) or people coming from multiple locations for a day meeting). This includes venue rental, audio visual and catering. Based on PhoCusWright analysis, this market is estimated in the U.S. to exceed USD \$75B for 2007.

Weddings: Approximately 2.2 million weddings were held in the U.S. in 2006 at an average cost of \$26,800. Research by the Online Wedding Market Report has shown that 13% of people planning weddings will buy products and services online, making the online wedding market (not including travel) greater than US\$B7.

Travel Goods: The Travel Goods Association estimates that U.S. consumers spent a record US\$B20.7 on travel goods in 2006.

Aircraft Charter: Business Week estimates aircraft charter to be a \$10B market.

MOMENTUM MAKERS

iSeatz: iSeatz started by making online restaurant reservations but as they looked ahead, they set their sights on far more content. Currently they provision 60,000 hotel properties, all of the major car rental agencies, more than 3,000 destination services products and a host of retail opportunities, and it continues to grow. They differ from other provisioners in that they provide their clients with strategic consulting on how to make the maximum profit from the iSeatz content. Their partnership with Delta will put them squarely in the booking path, not just as an optional button, and iSeatz will be the merchant of record. iSeatz also partners with Mastercard and provides content to the top four online travel agencies. The company believes that Long Tail provisioning of supplier sites will generate substantial share shift to supplier-direct bookings. iSeatz is growing at the rapid pace of 400-500% per year.

Rearden Commerce: A provider of online business travel management service, Rearden has grown its customer base by nearly 3,000% in the first half of 2007. In addition to traditional air, car and hotel, Rearden provides the ability to make reservations for such things as entertainment, dining, car service, airport parking and online conferencing through a network of 137,000 suppliers.

Viator: Viator, with roots in Sydney, Australia and headquartered in San Francisco, is one of the oldest and most diverse aggregators of niche content. They have content from over 500 different cities and have experienced over 100% growth in the past 12 months.

Gullivers Travel Associates (GTA): GTA is a content aggregator and works with over 35,000 ground product suppliers globally.

Unaira: Unaira based in Switzerland, delivers various providers products in wide-ranging categories such as event tickets, concert and theatre tickets, city tours, airport lounge passes, transfers and ground transportation through a broad reach of distribution channels.

These are just a few examples - the list of opportunities is incredibly large.

Come join us at [The PhoCusWright Conference](#) in Orlando (November 12-15) where we will explore search and many other topics that are relevant to the movers and shakers of the Long Tail era.

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