

Top 10 Online Travel Forecasts for 2006

by Leah Woolford CEO, USDM.net

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U.S. DESTINATION MARKETING

The interactive agency for the travel industry

1. **Online Travel Booking Will Continue Explosive Growth**

Travel consumers are booking online in increasingly greater numbers. Today, 43 percent of *all travelers* and 75 percent of online travel planners are booking or making travel reservations online (TIA). For the first time this year, the number of hotel bookings online exceeded those made through the GDS (Global Distribution System). Online booking is expected to hit \$9.1 billion in sales in 2009, and for many travel suppliers, is already their leading channel.

2. **More Travel Marketing Budgets Will Be Allotted to Interactive Marketing**

Larger shares of traditional advertising media (broadcast, print) budgets are migrating online in 2006 as marketers look for (and find online) more competitive advantages, revenue, accountability and ROI from their marketing dollars. A minimum of 20 percent of marketing and advertising budgets will become the average budget allocation for interactive. Budgets will go to Web site enhancements and optimization, tracking analysis, eCRM, search engine optimization strategies and alliance marketing --- more so to online marketing strategies than to online media.

3. **Hotels will develop more online strategies to increase market share**

Consumers are finding the best deals at hotel sites, but more importantly they are finding their loyalty points, credibility of the brand name, and customer service if there is a problem. Hotels taking back inventory and controlling third party rates started the ball rolling. Now they need to develop the online strategies that other travel marketers use to build loyalty. They need to add more services and products to make their Web sites a favorite. In the future, consumers may look at hotel web sites more in the planning and decision stages and not just in the booking phase of their online experience.

4. **Destination Marketers May Be Poised for Greatness**

Some city, state, regional, and even national destination marketing organizations (DMOs) and tourism departments -- hampered in the past by budget cuts and slow acceptance of the Internet's dramatic technology and consumer behavior advancements -- are poised for greatness. The more they understand their preeminent position (as owners of the "destination brand") in the online travel planning search process, the more budget allotment they will commit to technology, interactive marketing and direct booking alliances with their hotel and attraction partners. Hoteliers are now huge proponents of online marketing and will rediscover these destination marketing partners as valuable booking channels.

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Page 1 of 3

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5. **Consumers will start to develop loyalty to their favorite travel web sites**

Traditionally, online travelers will search at least three to five Web sites for information and booking. We see evidence that they are starting to choose favorites... for research and for booking. Since the growth of new people coming online has stabilized, the online marketer cannot depend on growth of the Internet to fuel market share. Instead, marketers must develop strategies to retain online customers and to give them a reason for returning to their site for a “soup to nuts” experience. With so many sites offering the same services and the same information, if you are not on a favorites list it is likely you will be forgotten in the coming 24 months.

6. **Online Travel Marketers will adopt more and better behavioral tracking**

Knowing who your online visitors are, how they react to offers, and what their booking patterns are is critical in 2006. If marketers are not actively tracking and analyzing their online marketing and advertising efforts, they are merely guessing. Better technology tracking and analysis will build the case for more advertising revenue and provide assumptions for web site modifications and additions. Online media, getting more and more expensive, can be fine-tuned to its most effective components and result in proven ROI.

7. **Paid Search Engine Marketing will be king but become much more expensive**

Because consumers love using search engines, paid search marketing will continue to grow. Search marketing has already gone beyond the “do it yourself” days. With today’s bidding technologies, tracking technologies and monitoring software, the Pay-Per-Click market is exploding. As the search engines add more revenue models and different ways to buy search, the online marketer is trying to keep up and manage budgets effectively. Unfortunately relying solely on Pay-Per-Click or the newer PPC models is a faulty strategy, as the majority of search referrals come from organic or natural listings. Paid Search may continue to dominate budgets but Organic search will dominate results.

8. **Organic Search Engine Marketing will grow more popular**

Because advanced tracking has allowed savvy marketers to see that their search traffic comes more from organic listings, they will increase budgets to deploy a solid strategy of search engine marketing and optimization. The payoff is huge because the investment delivers ongoing returns. The real trick is finding and working with a Search Engine Marketing company that knows online travel. Longevity is the key. If a marketing company has not been deploying travel marketing search strategies successfully for at least the past five years they may not be in the game in 2007. Expensive Pay-Per-Click will be used more for additional push in short-term campaigns or other specialty situations.

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Page 2 of 3

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9. Consumers will plan more **experience-based travel** in 2006

Because we are taking more frequent but shorter getaways, we are always interested in “what to do” when we travel. I predict that consumers will plan more short get-aways that center around an event, activity, or experience and use that as an excuse for getting away. This means that travel marketers need to tie promotions to activities and dates and prompts for booking around those dates. I believe that consumers will respond to offers that give them reasons to “get out of town” and “experience” something interesting they want to tell their friends about, such as the “Rat Pack Weekend” in Palm Springs, “Doing Miami like a Rock Star,” or “Exploring the Kentucky Bourbon Trail.”

10. **Emergency Response Contingency Planning** will receive more attention

The huge impact of this year’s natural disasters and the continued concern for preparing effective recovery plans for possible future disruptions from terrorist attacks or flu epidemics will motivate many in the travel industry to sit down with their consultants to plan and budget for possible short-term but significant disruptions. Many resourceful and successful response marketing campaigns evolved from this year’s hurricanes, and the speedy and triumphant return of New Orleans in 2006 will inspire many in the travel industry.

For more information on this and other Online Marketing Topics for the Travel Industry Visit: www.TravelMarketingBlog.com or www.usdm.net



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About Leah Woolford

Woolford has been an online marketer and technologist since 1993 when she founded her first Internet company to market travel clients and clients in the telecom industry. Today Woolford is a sought after speaker and trainer, published author and recognized authority on Interactive marketing and technology in the travel industry.

About USDM.net

Since its inception in 1993, USDM.net’s deep travel industry experience, innovative Internet marketing tactics, and adaptive technology solutions have propelled it to become *the leading interactive agency for the travel industry*, endorsed by the Travel Industry Association of America, Destination Marketing Association International, and Southeast Tourism Society. Incorporated as U.S. Destination Marketing, Inc., and headquartered in Corpus Christi, Texas, USDM.net (www.usdm.net) provides comprehensive Internet strategy, planning and turnkey Internet marketing and technology services to more than 150 Destination Marketing Organizations (DMOs), and other hospitality and tourism organizations. USDM.net owns and manages www.officialtravelguide.com the Travel Portal of more than 1,250 destinations worldwide.

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Page 3 of 3