



Master Class II

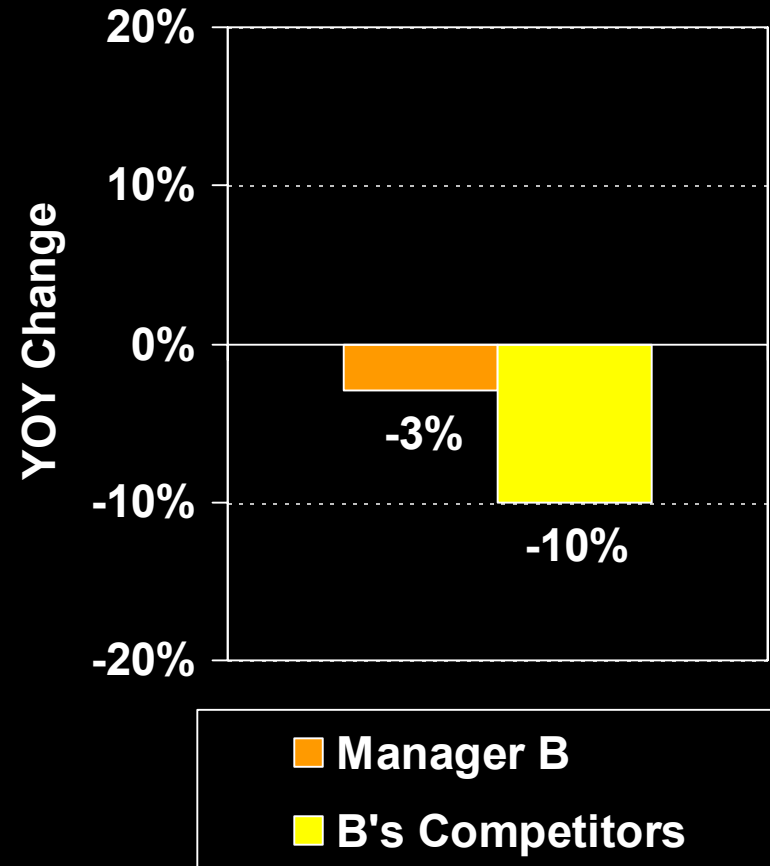
Technology: Driving the Business of Tourism – Where are we now and where are we heading?

Ricardo J. Anders
Director of Business Development

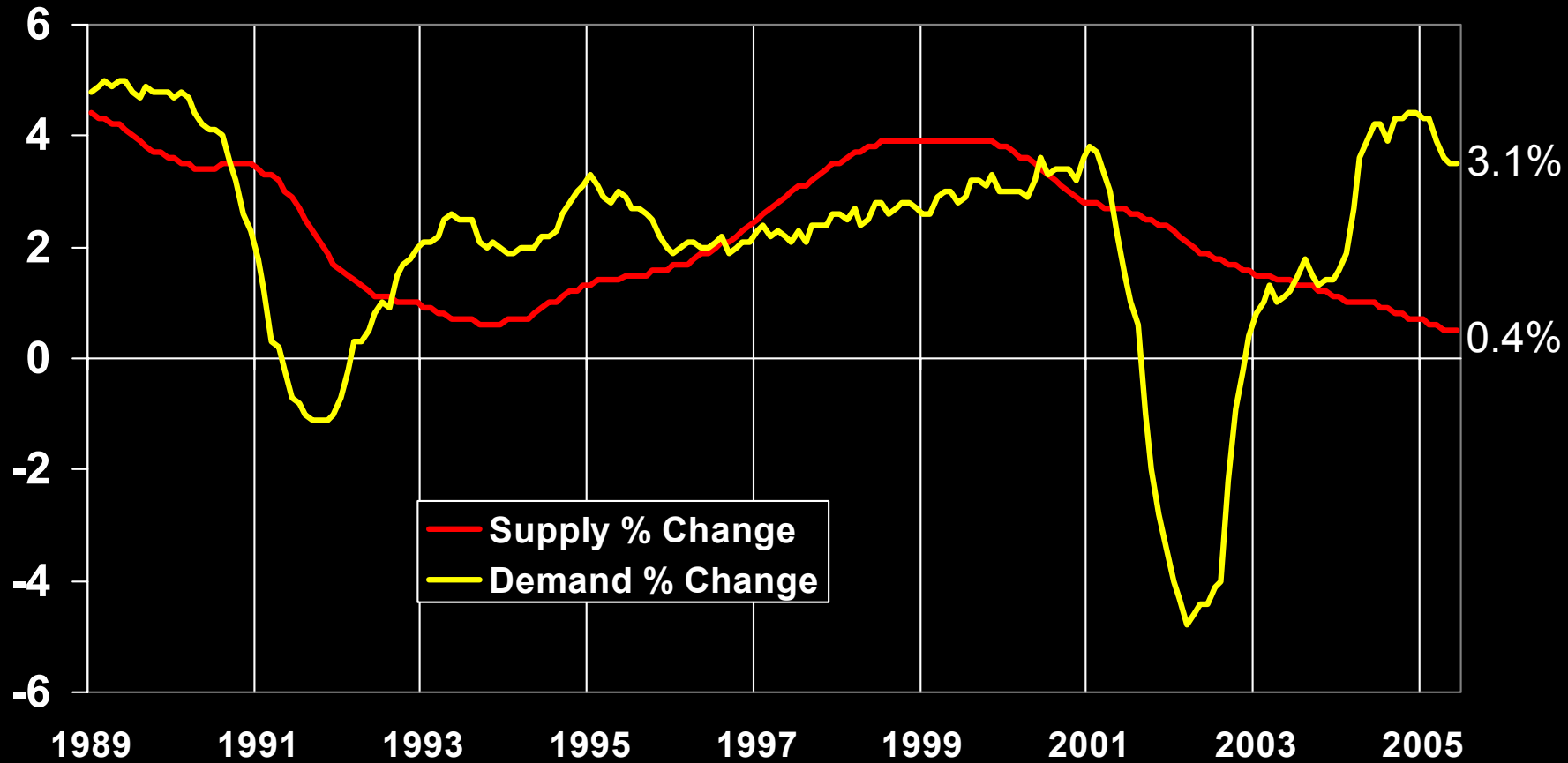
SMITH TRAVEL RESEARCH

Benchmarking: Internal vs. External

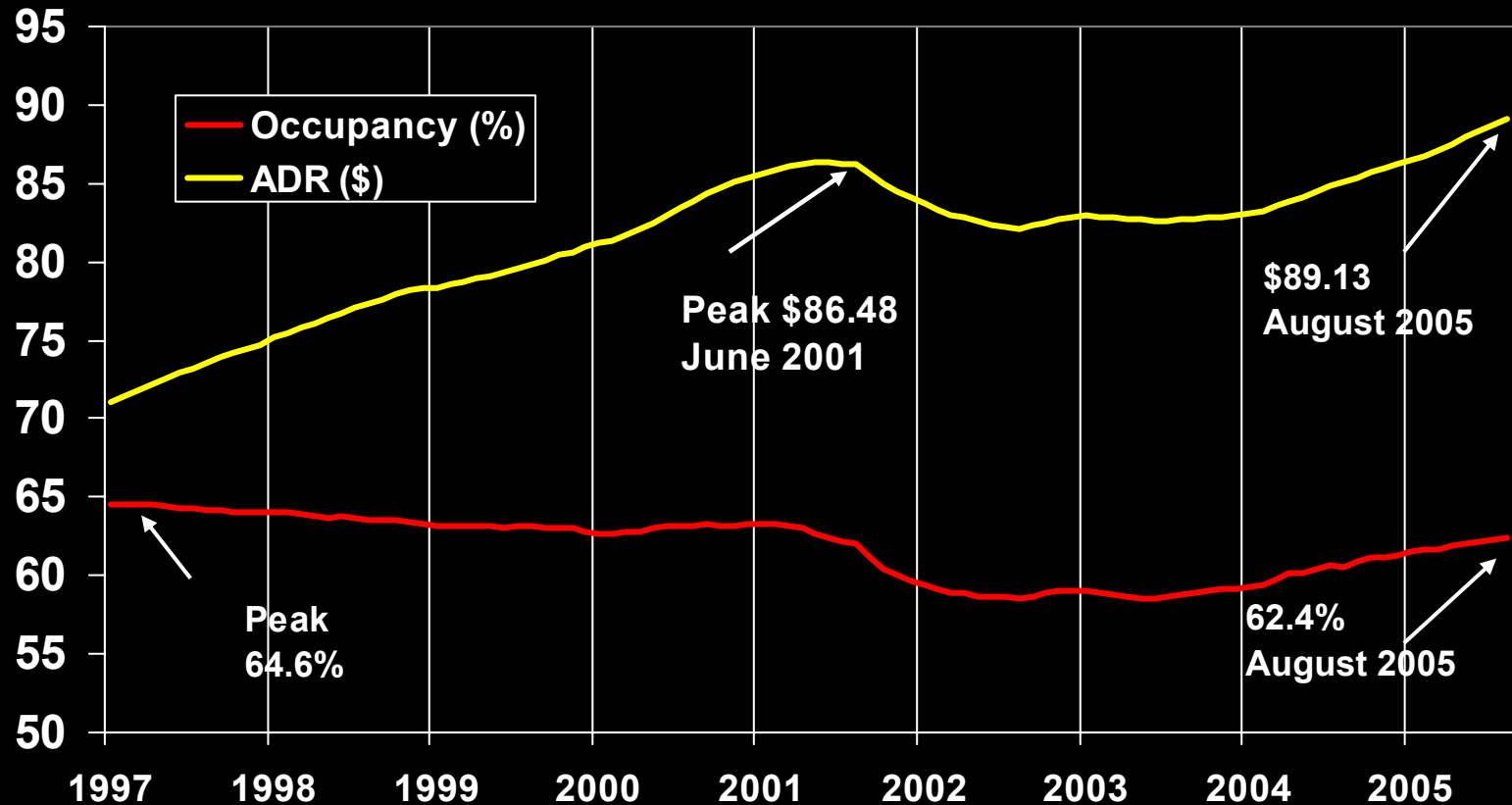
February 2005



Total United States
Room Supply/Demand Percent Change
Twelve Month Moving Average – 1989 to June 2005

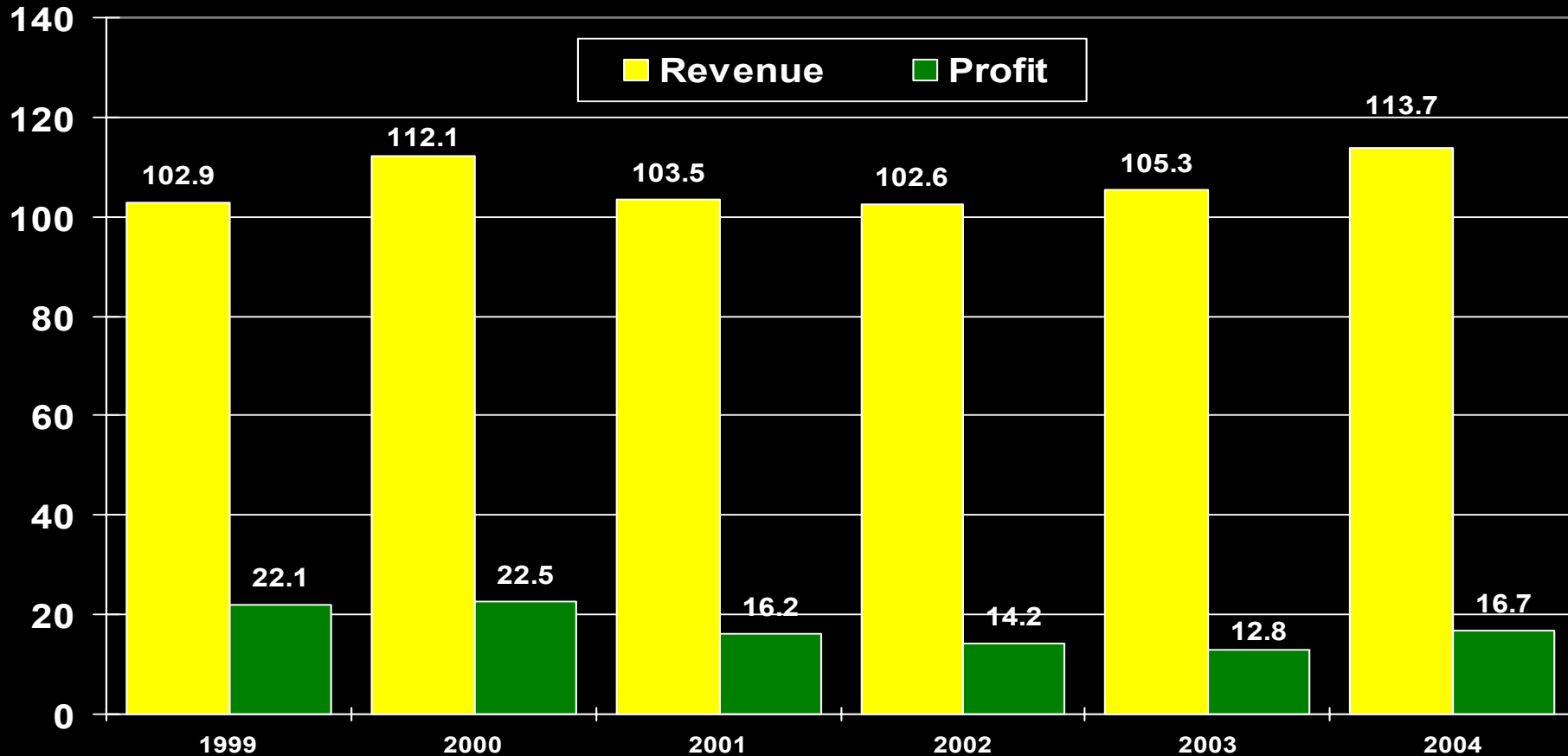


Total United States Occupancy and ADR Twelve Month Moving Average – August 2005



Healthy occupancies & robust ADR growth

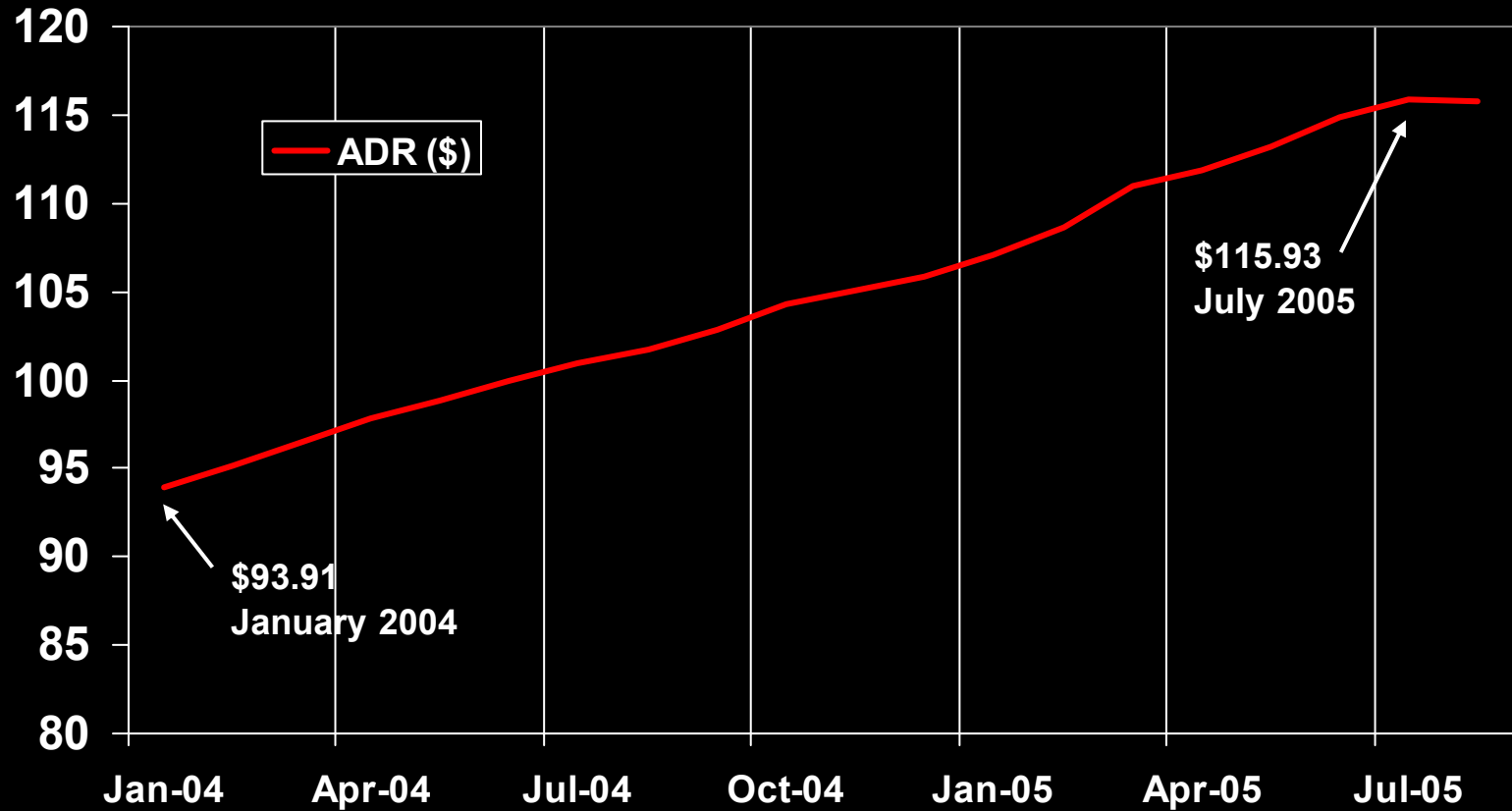
Total United States Estimated Revenue and Profitability Years 1999 - 2004



Life is good !

Total Caribbean ADR (\$)

Twelve Month Moving Average – August 2005



Robust ADR growth

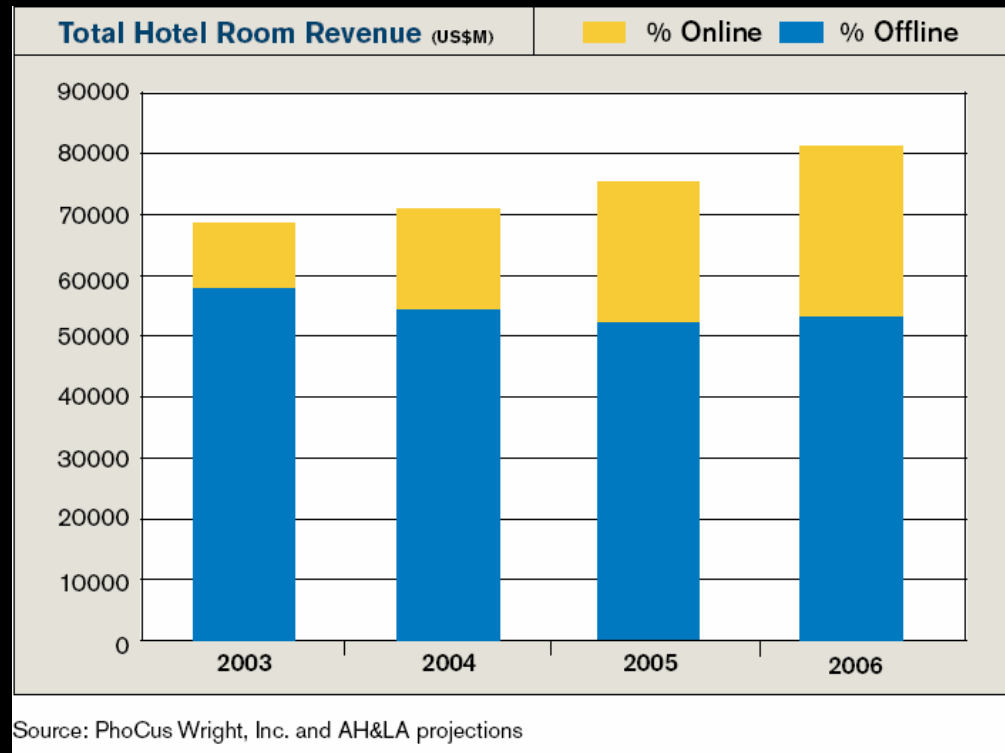
Online Travel Overview

- 64 million travelers/32.1 million households will buy travel online
- \$64 billion will be spent in online travel in 2005; \$110 billion by 2009
- Use of Search Engines:
 - 63% leisure travelers
 - 40% business travelers

Source: Forrester Research 2005

Importance of the Internet

- According to Forrester research about 80% of overall website visits begin in a search engine or a directory service.



Importance of the Internet

Hotel Companies

- Hilton \$8.7
- Starwood \$12.3
- Marriott \$14.7

TOTAL: \$35.7B

Web Sites

- IAC \$15.6
- Travelocity \$2.8
- Orbitz \$22.2

TOTAL: \$40.6B

Source: Prices as of 03/20/05

Technology:

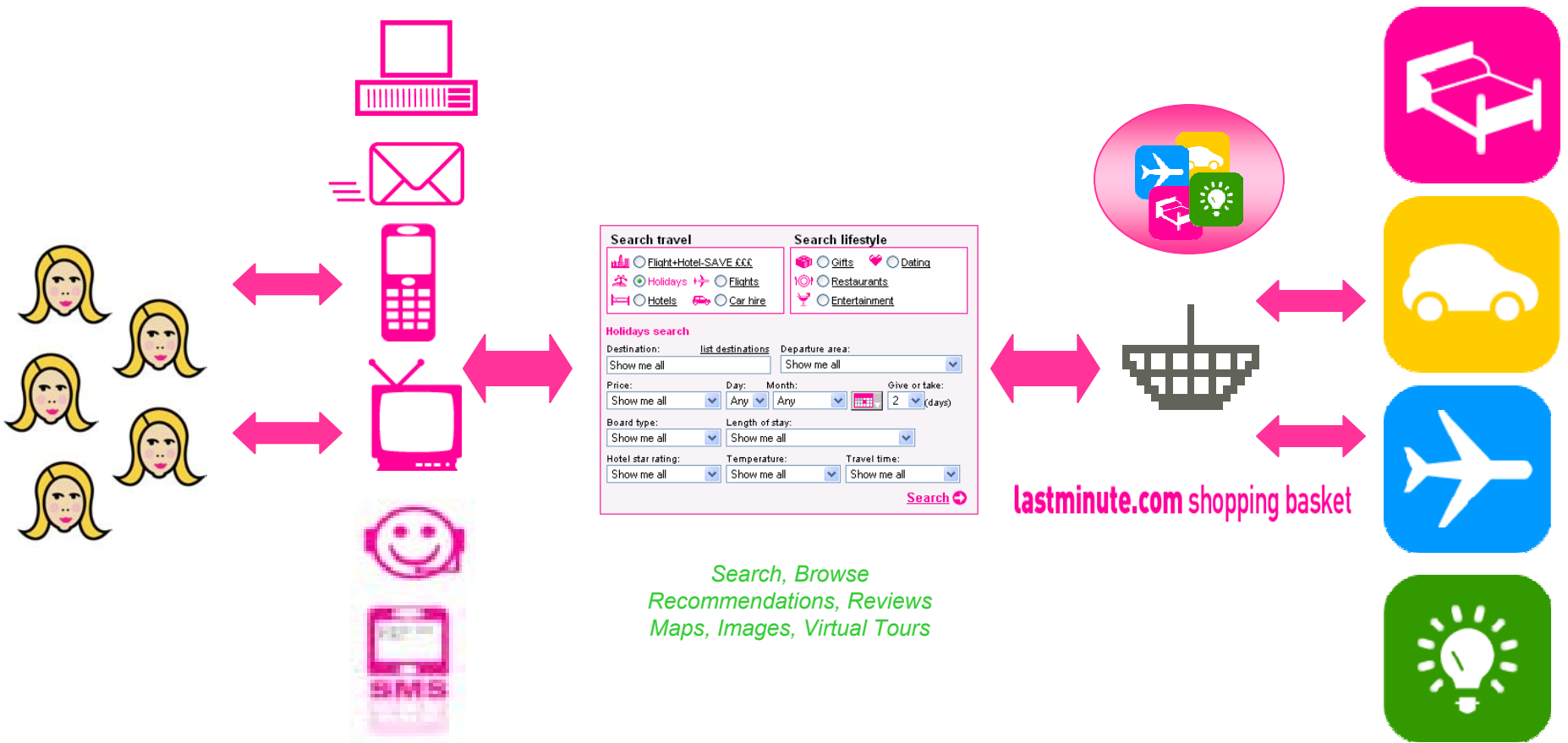
Driving the Business of Tourism

Where are we now and where are we heading?

The 28th Annual Caribbean Tourism Conference

24 October 2005

lastminute.com - the competitive advantage



Brand Appeal

- 6m customers
- 1.1m in Q4
- 2.9m in 2004

Convenience

- right product
- right time
- right device

Experience

- easy to use
- Innovative
- fast

Trust

- secure
- reliable
- Service

Products

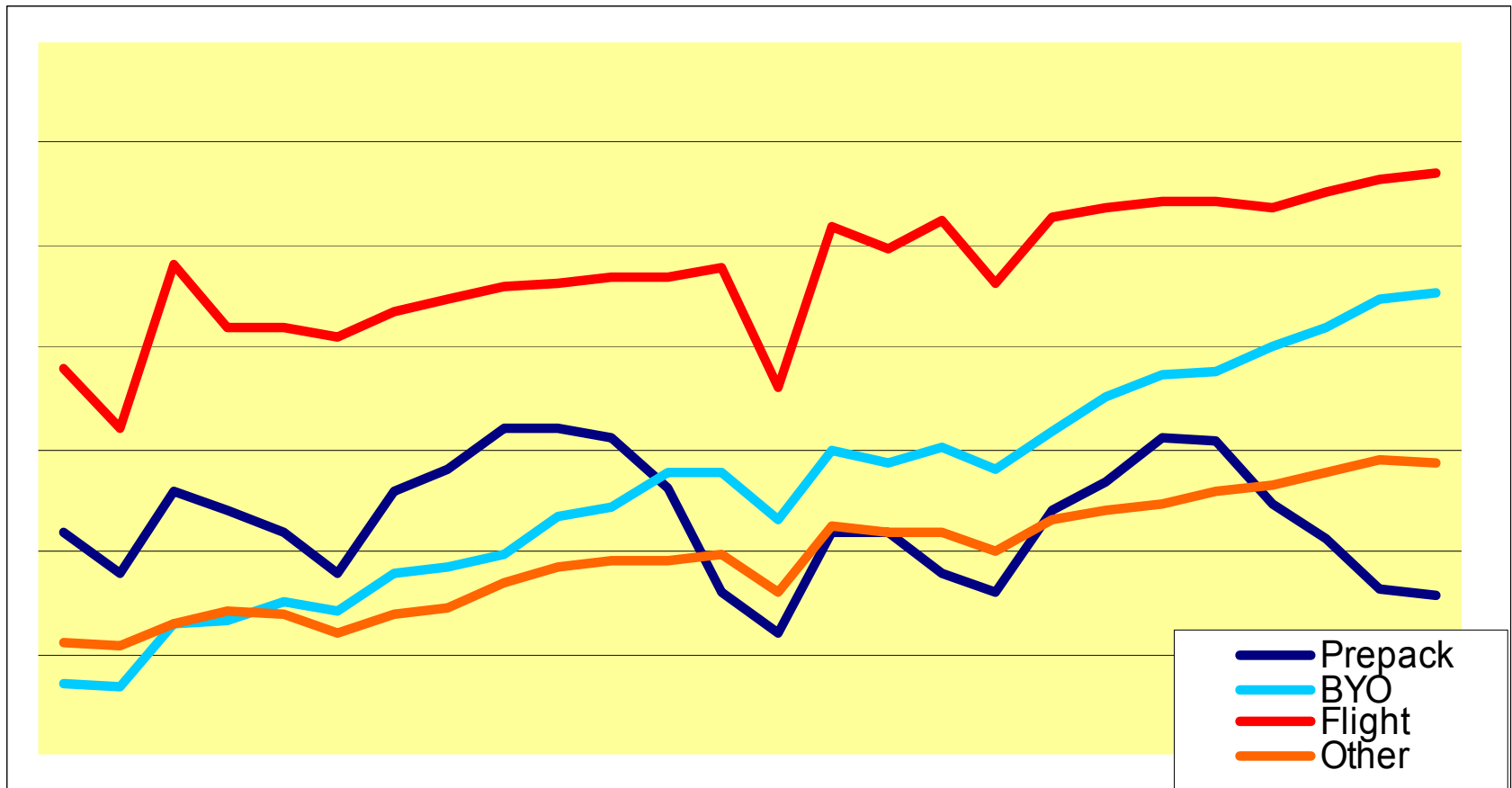
- Exclusives
- 15k suppliers
- 10M SKUs

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Consumer Booking Habits

By month 2004 to 2005
Dynamic Packaging has grown as a % of sales

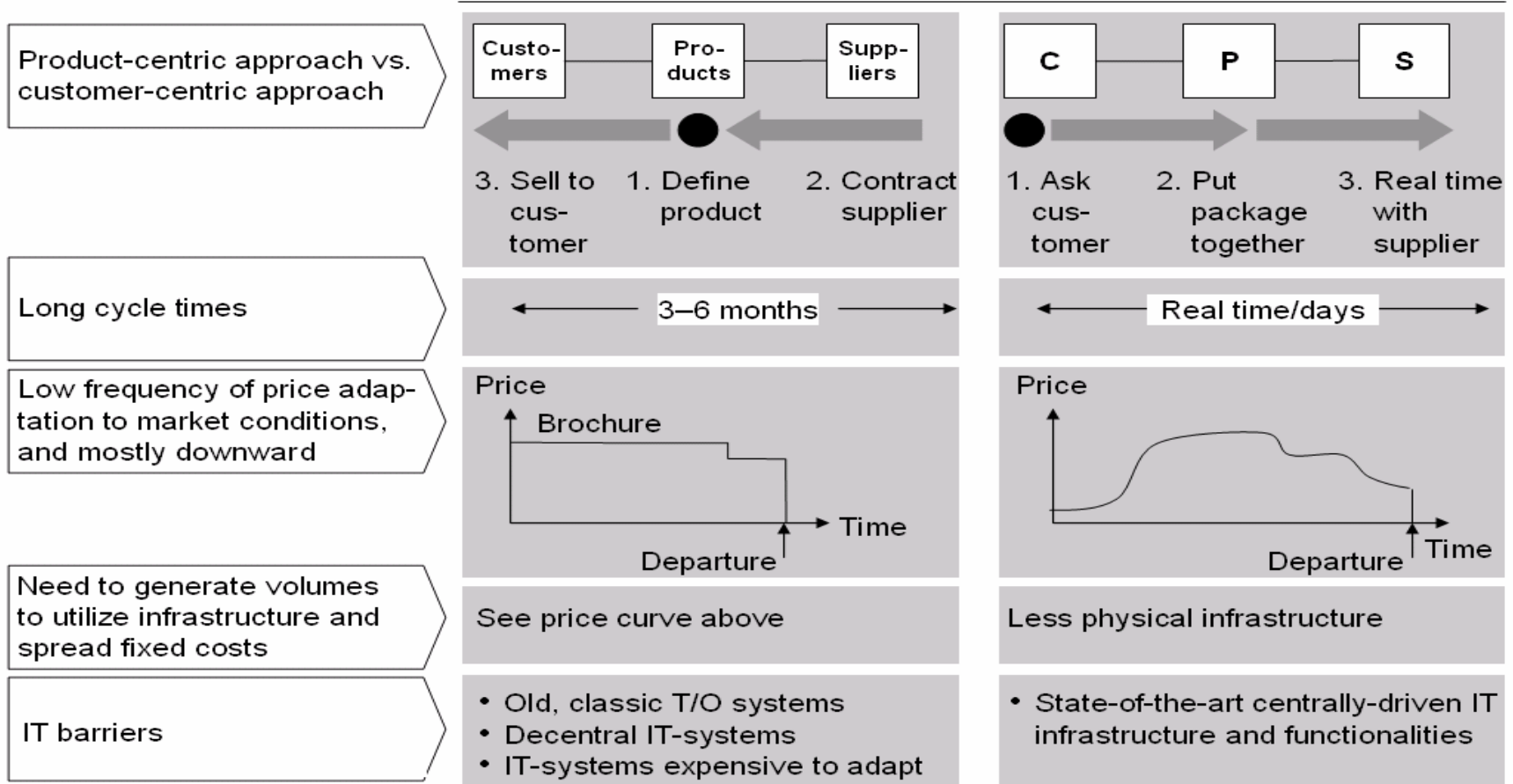


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Traditional vs. Dynamic Packaging

MANY OF THE TRADITIONAL T/O CHARACTERISTICS CAN REPRESENT A BARRIER



Change brings Opportunities

❑ The change in consumer buying habits:

- ❑ Consumers are becoming more independent
- ❑ Consumers demand control, choice, flexibility, value
- ❑ Consumers expect to quickly find clear price/book option in real-time
- ❑ Consumers are increasingly buying online.....

❑ Creates more opportunities for the smart retailer to:

- ❑ Increase customer base via access to range of products with choice-value-flexibility
- ❑ Offer better price options with discrete prices
- ❑ Provide suppliers with access to a huge e-customer base and e-process savings
- ❑ Improve return in stand alone components under margin pressure

Dynamic Packaging (DP) - Today

- ❑ Search for, aggregate and compare availability and prices across:
 - ❑ Scheduled Flights, charter flights, low cost carriers
 - ❑ 100k hotels - beach and city
- ❑ Integrated cross-sell:
 - ❑ Car Hire, Insurance, Transfers, Lifestyle products
- ❑ All via one shopping basket transaction with no component pricing
- ❑ All packages fully ATOL bonded

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[lastminute.com](https://www.lastminute.com)

DP in the Call Centre

hello, LST1 manager from Launch Test Acc One

- log off

help


admin

ABTA 03734

2008 PROTECTED

home flight+ hotel flights hotels lifestyle

search

flight + hotel  **Search**

Search package holidays Build your own break

Destination: [list destinations](#) Departure area: Show me all Show me all

Price: Show me all Day: Any Month: Any Give or take: 2 (days)

Board type: Show me all Length of stay: Show me all

Hotel star rating: Show me all Temperature: Show me all Travel time: Show me all

[Search now](#)

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lastminute.com

DP in the Call Centre

hello, LST1
manager from
Launch Test Acc
One

log_off

help

admin

ABTA
D3734

TRIP
PROTECTED

Holidays

Speak to a holiday expert
0871 230 0652

1. Your selections so far...

To remove your choice click

Departure date Wed 8 Jun - Sun 12 Jun	Hotel Star Rating 4*	Weather Today Hot (Over 25°C)	Flight duration 3 to 6 hours
---	--------------------------------	---	--

2. Your results so far...

There are **49** holidays which meet your search criteria,
Choose a **destination** or click here to **refine your search**

Sort results by: Our favourites Lowest price Highest price Results per page:

Search results

Showing 1 - 5 of 49 Page: [1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#) [8](#) [9](#) [10](#)

 Cyprus - 4* superior Louis Imperial Beach hotel in Paphos - half board 7 nights up to 21% discount hit the beach guaranteed availability	Prices from £519 Half-Board available 4* hotel more info
 4* break in the land of the Pharaohs, Cairo for 3 or 5 nights - bed & breakfast 3 nights subject to availability Fly British Airways	Prices from £369 Bed and Breakfast available 4* hotel more info

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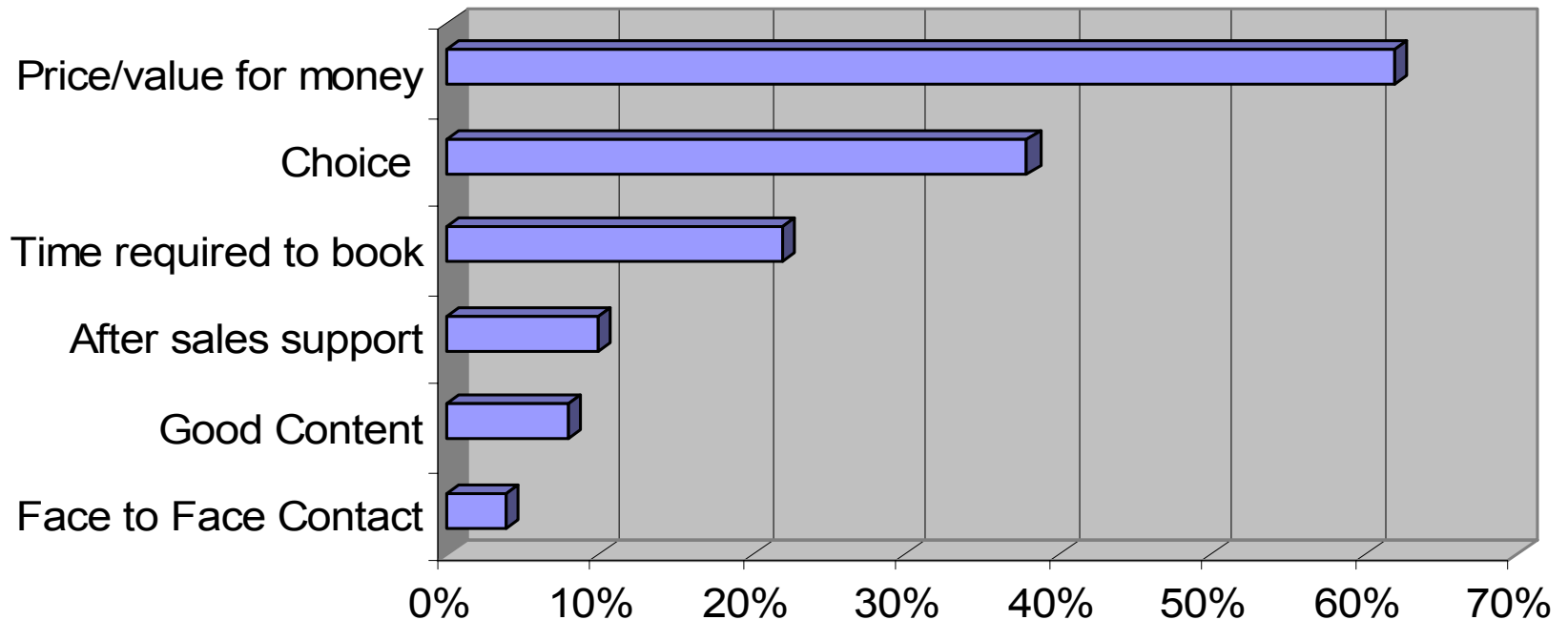
lastminute.com

The Outlook is Good

- ❑ Overall travel sector will continue to grow
- ❑ Dynamic Packaging will drive growth by £2.4bn in 2 years
- ❑ It is creating its own space - compliments not threatens
- ❑ To take advantage:
 - ❑ Shift in focus to longer-term technology goals
 - ❑ Business models need to adjust to support this - greater product flexibility
 - ❑ Technology needs to be developed to service new channels

So what have we learnt from DP so far?

Drivers on Dynamic packaging

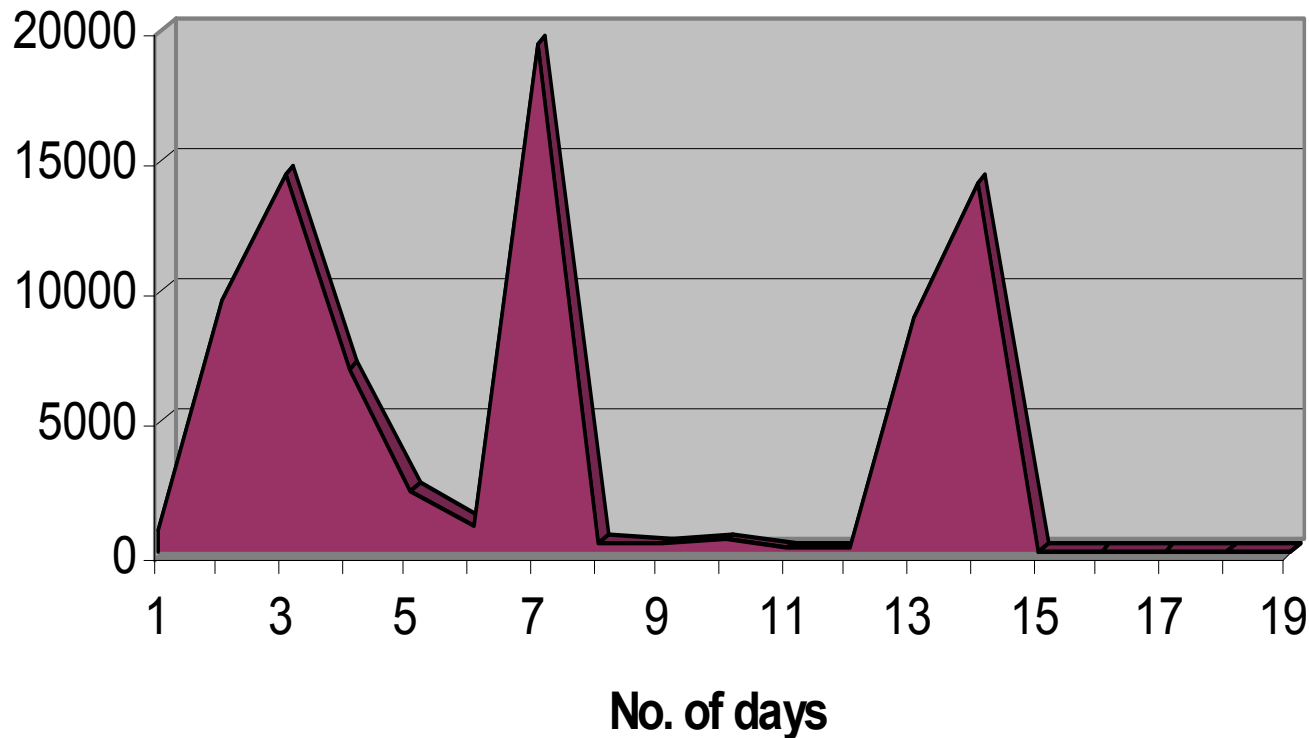


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So what have we learnt from DP so far?

Length of Stay

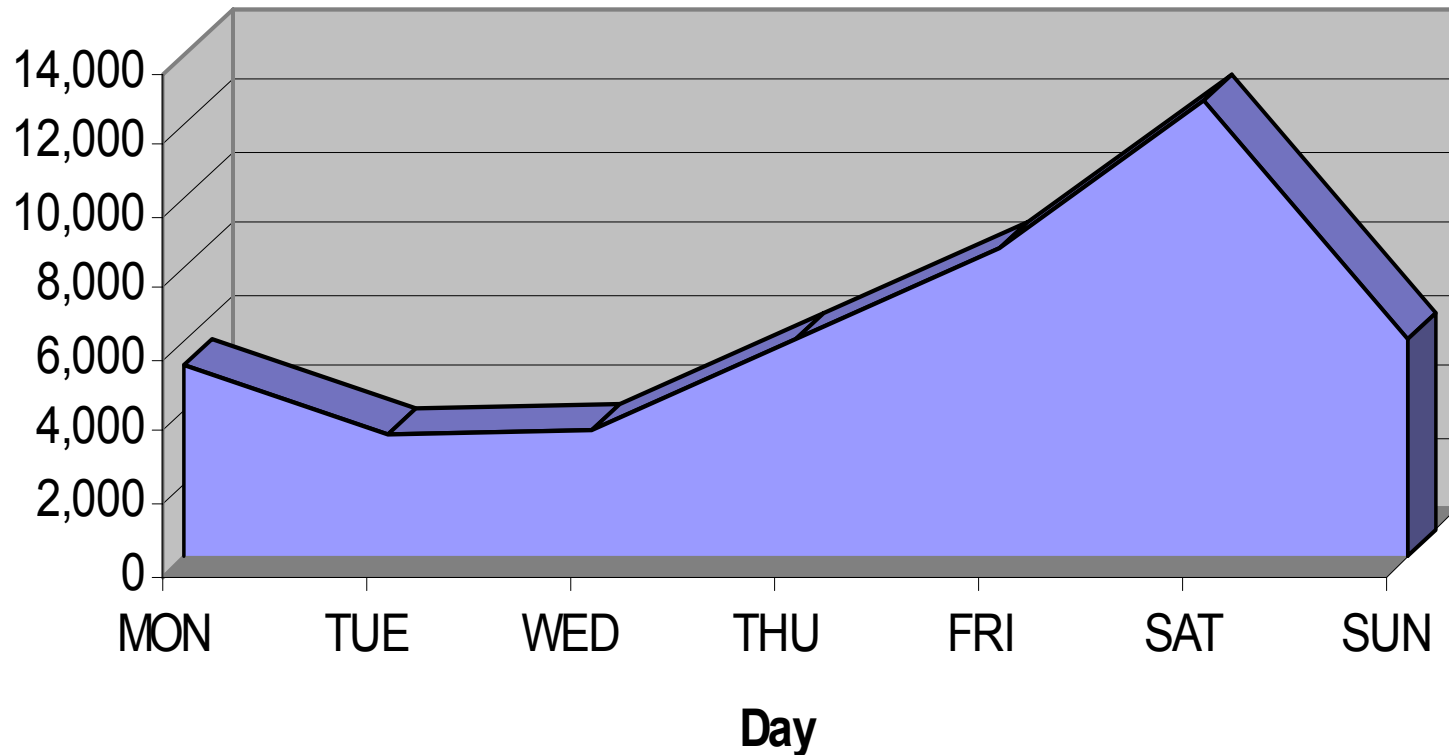


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So what have we learnt from DP so far?

Day of Departure

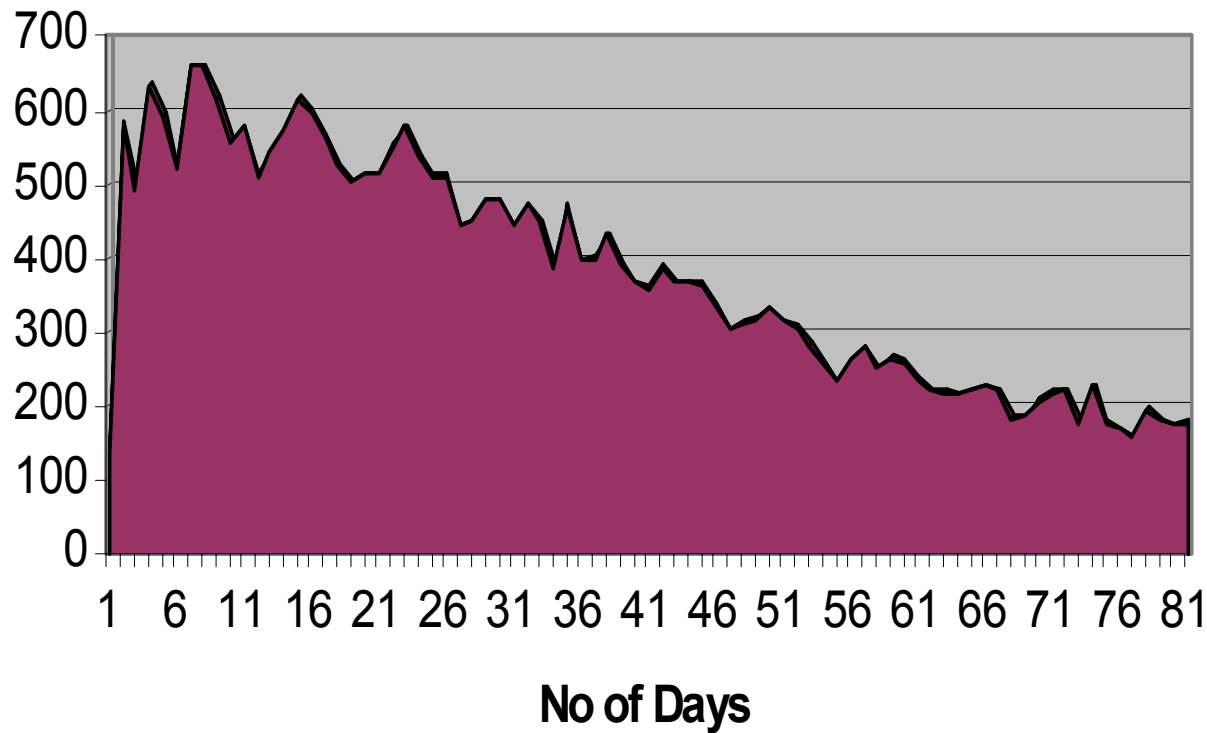


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So what have we learnt from DP so far?

Advance Bookings

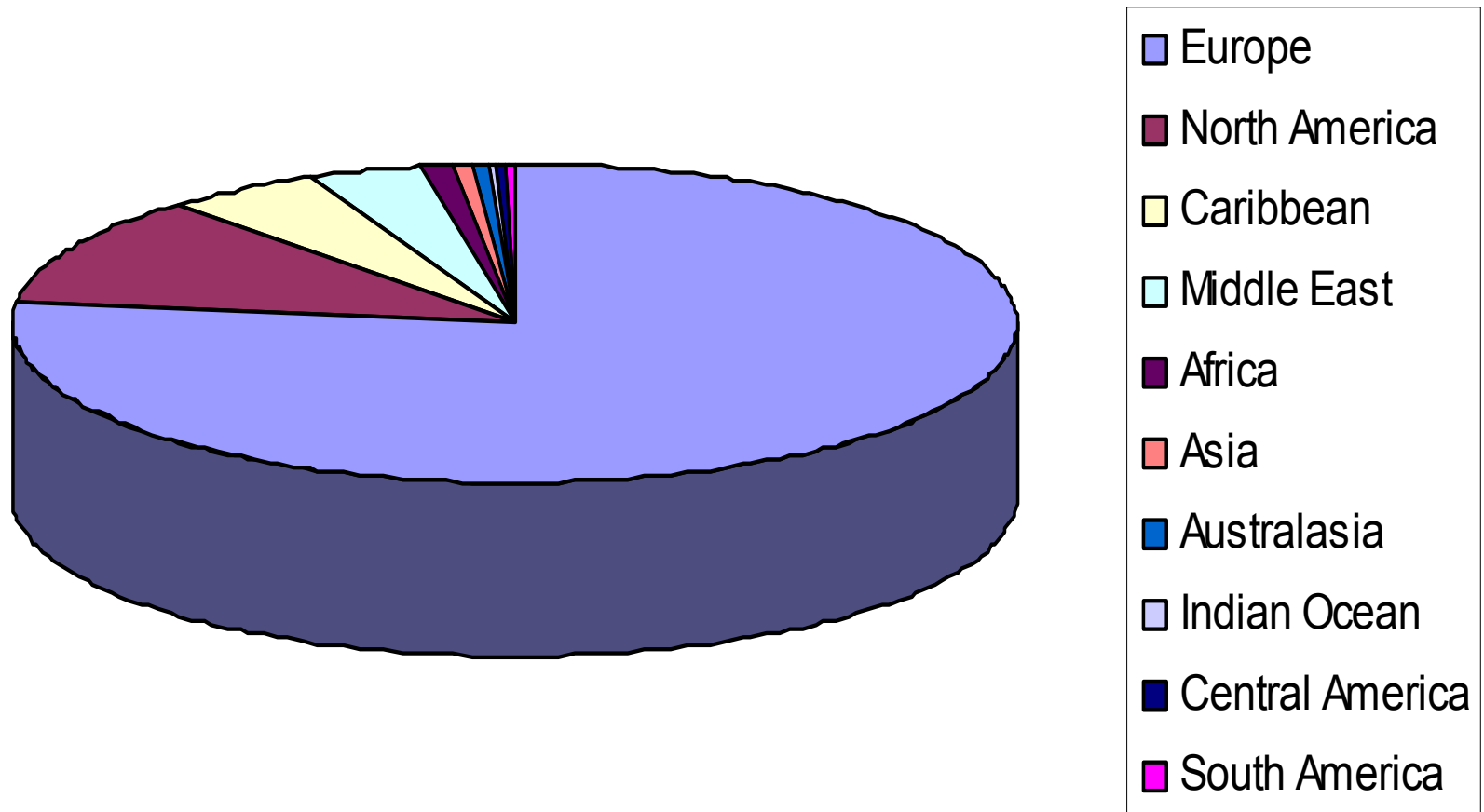


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So what have we learnt from DP so far?

Region Breakdown

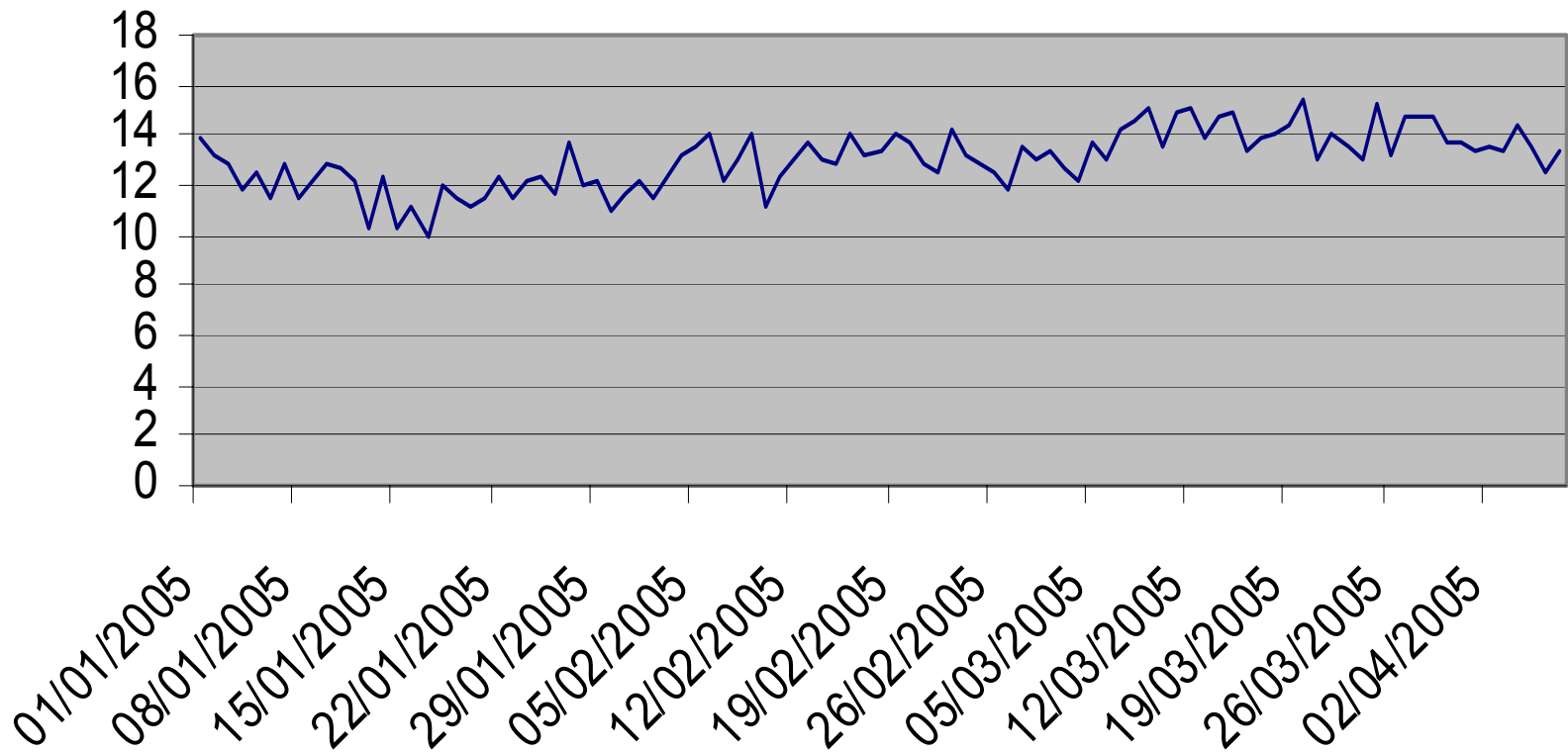


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So what have we learnt from DP so far?

Margin on DP



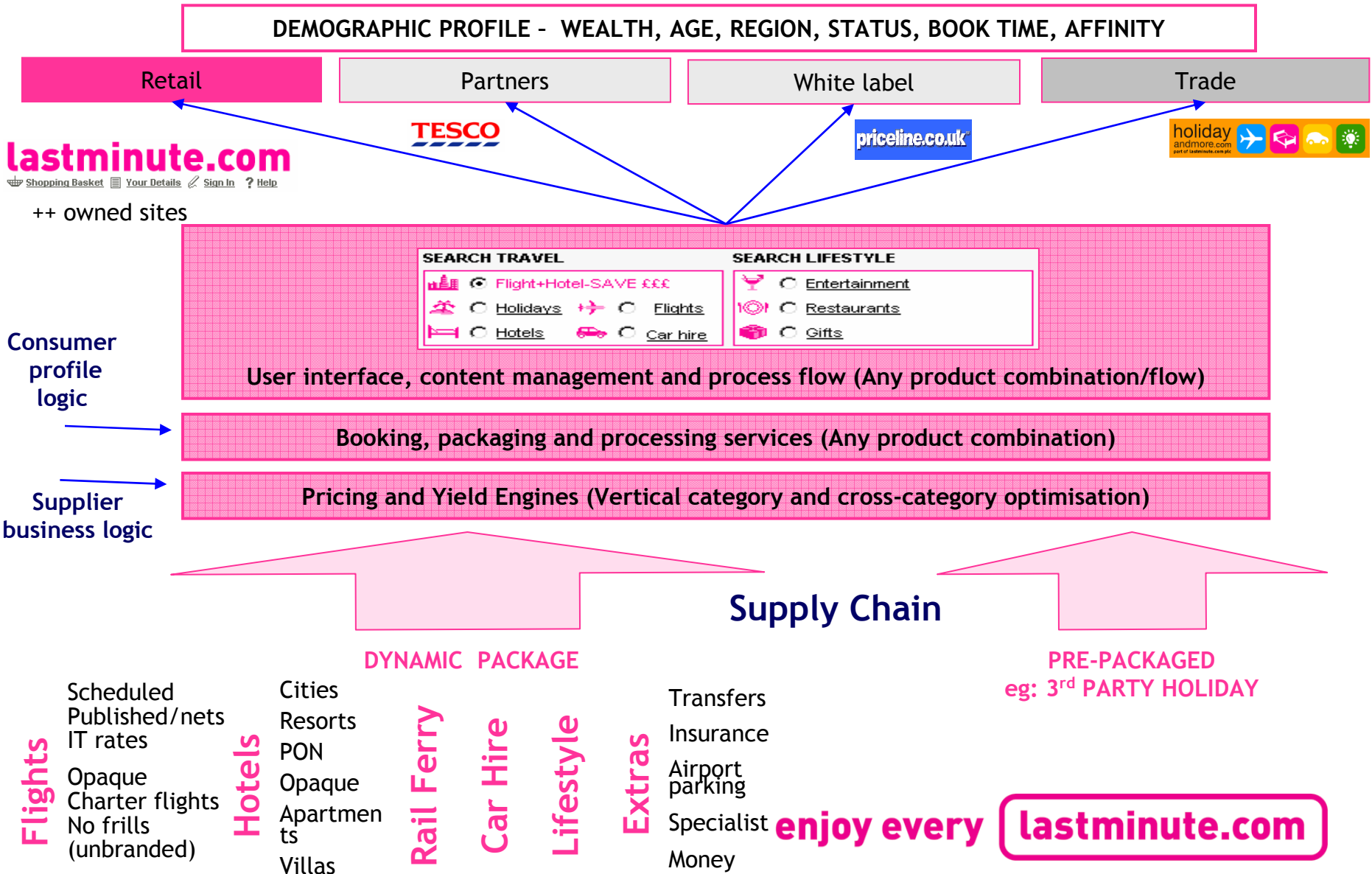
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Dynamic Packaging (DP) - Future

- ❑ Flights + Hotels + Car + Insurance + Lifestyle is here today
- ❑ So what is next?:
 - ❑ Integrated intelligent up-sell during the booking flow
 - ❑ Flexible support for any product combination
 - ❑ Inclusion of pre-packaged options from 3rd party Tour Operators
 - ❑ Sophisticated merchandising and margin/yield/allocation management tools
 - ❑ Expansion of the number of suppliers with standardised XML
 - ❑ Complex multi-supplier itineraries
 - ❑ Broadband will drive richer content and opportunities
 - ❑ Personalisation and intelligent interrogation and recommendations

Goal: Match customers to products by demographic profile.



Conclusions

Consumers are starting to expect to be able to build their own holidays dynamically, based on increasingly sophisticated content and “intelligent” search and packaging technology.

Fiction

- “Dynamic Packaging – we’ve been doing it for years”
- “Dynamic Packaging – what’s all the fuss about?”
- “Dynamic Package or Die – this is your last call”

Fact

- New marketplaces are emerging all the time
- “Tour Operators and Travel Agents need to provide **TOTAL COMPONENT FLEXIBILITY** if they are going to succeed in the future”
- Recommendations engines will be necessary to simplify complex sales processes for consumers and agents
- Merchandising and sophisticated margin/yield/allocation-management tools will drive supply and profitability

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Questions



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Technology: Driving the Business of Tourism – Where are we now and where are we heading?

Laura Veglia

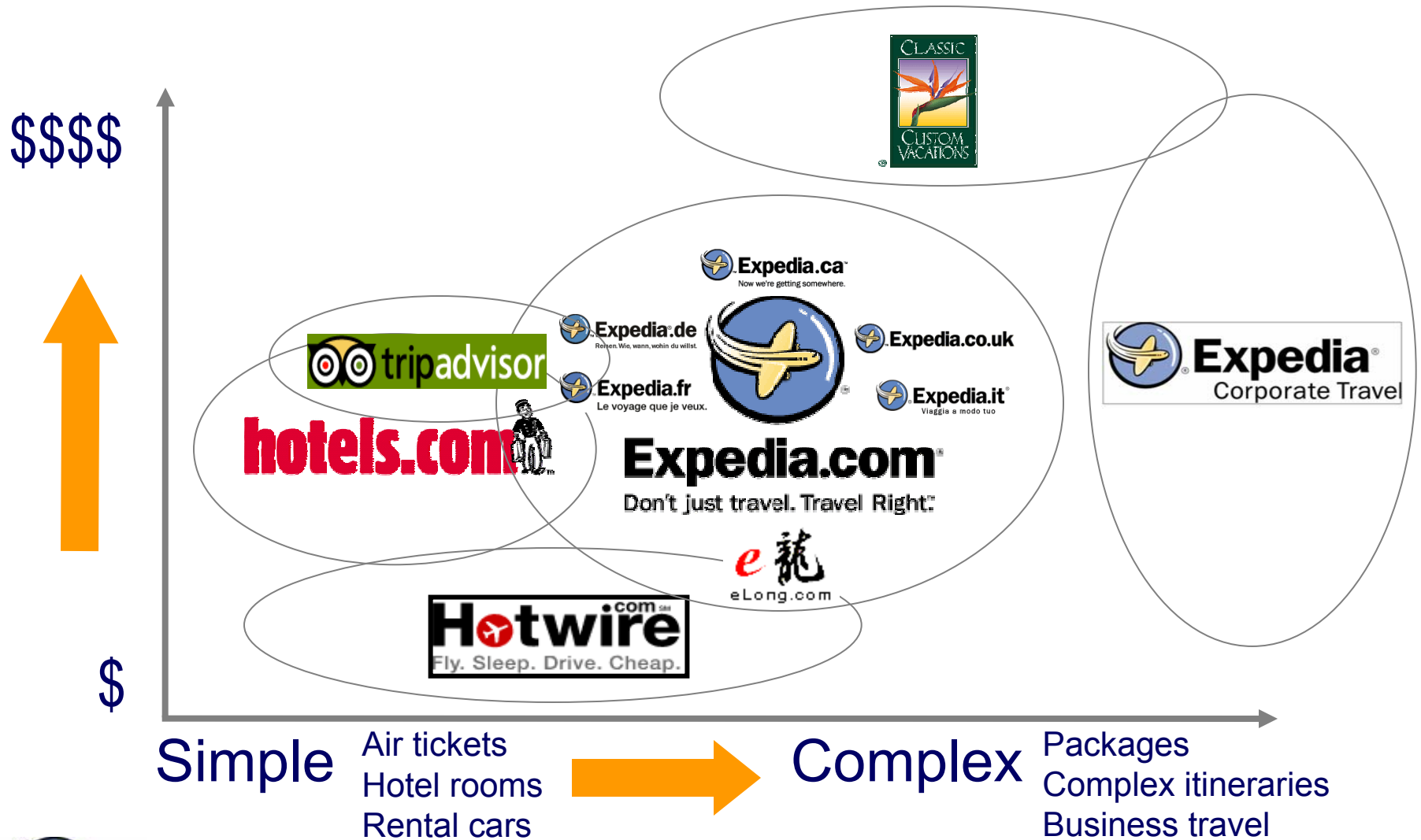
Caribbean Regional Director
Expedia, Inc.

The 28th Annual Caribbean Tourism Conference
24 October 2005



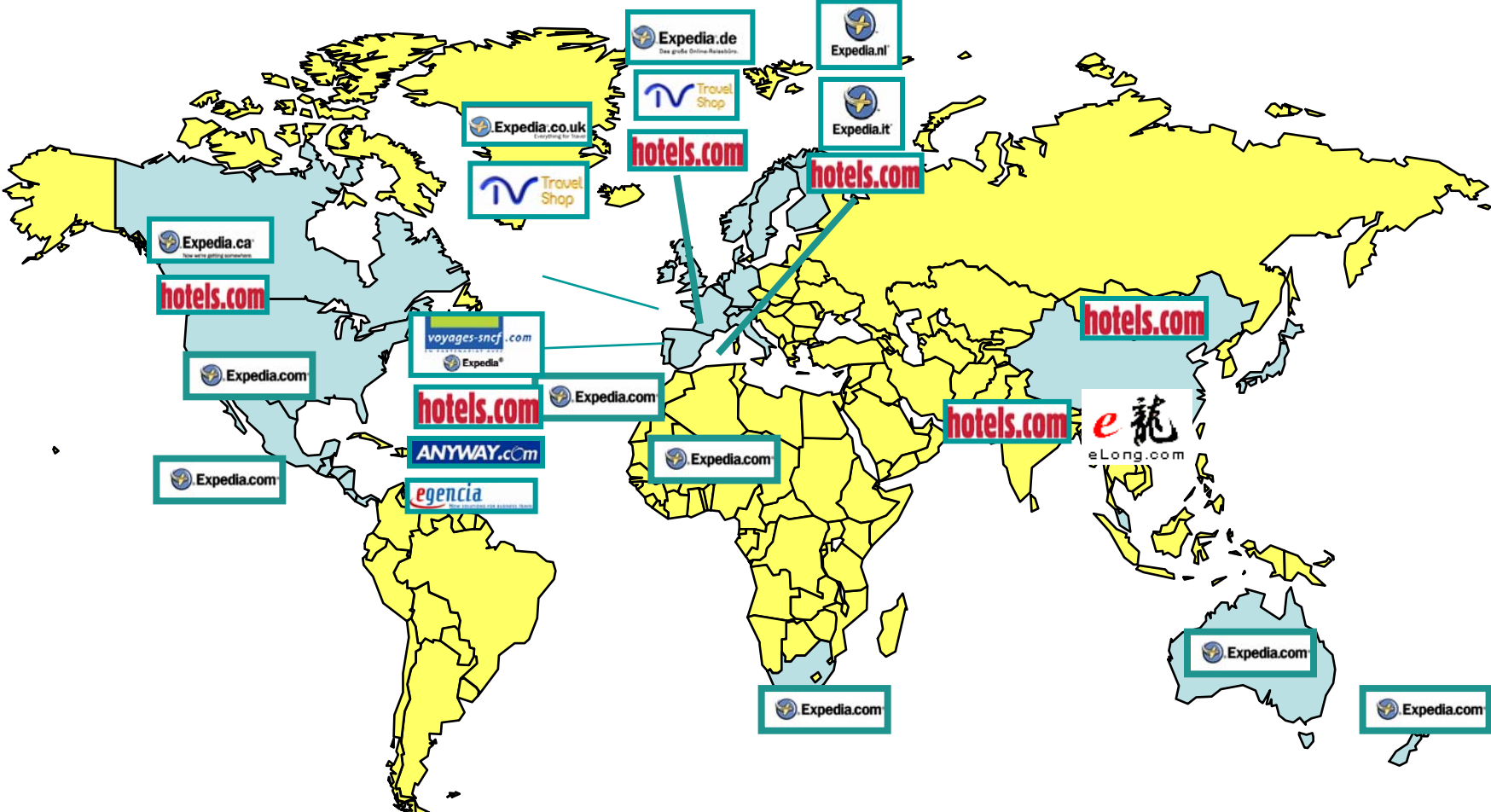
Expedia, Inc.

Value & Selection – Brand Portfolio



Portfolio approach appeals to broader range of customer needs

Our Global Brand Presence



Leading Travel Sellers

WORLDWIDE

1	American Express	\$19.9B
2	Carlson Wagonlit	\$19B
3	TUI	\$17B
4	Expedia, Inc	\$13B
5	JTB	\$10.3B

US ONLY

1	American Express	\$19.9B
2	Carlson Wagonlit	\$19B
3	Expedia, Inc.	\$13B

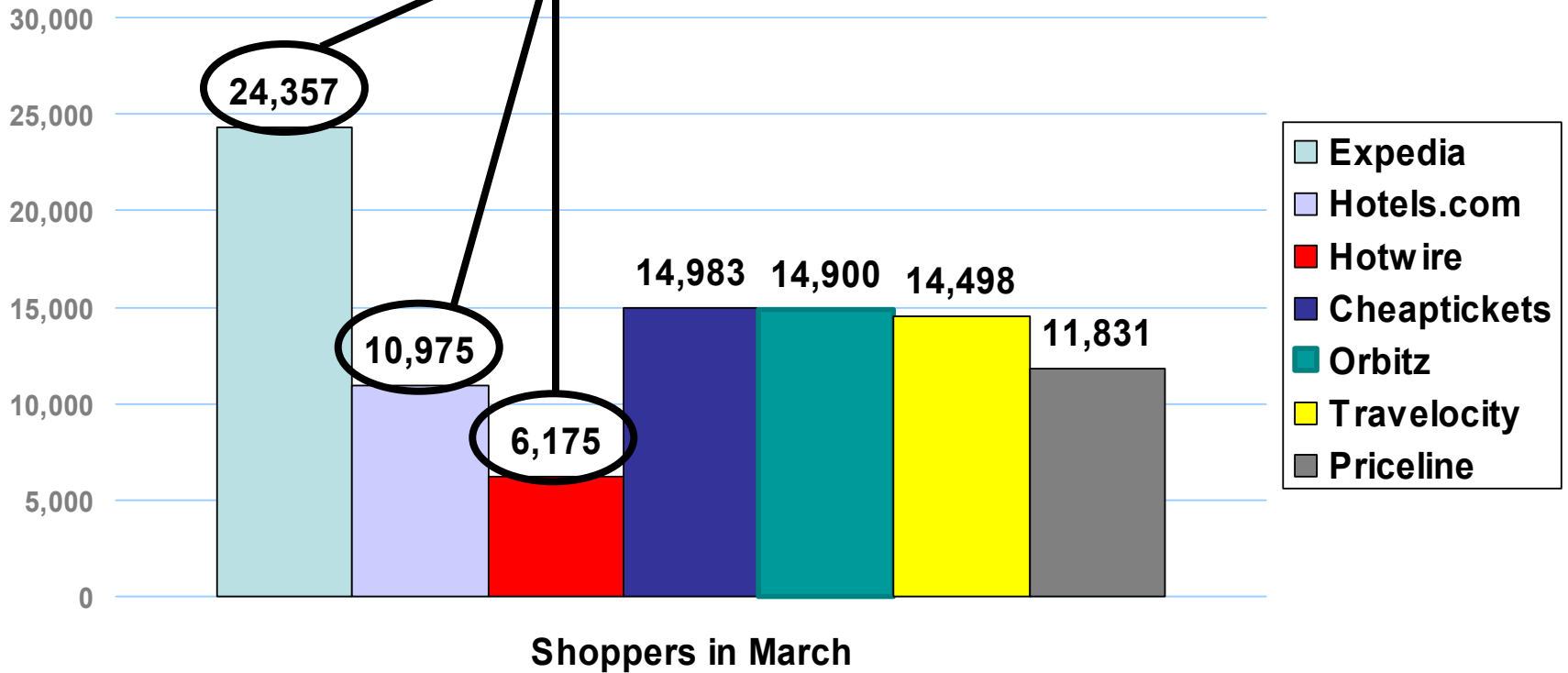
“Expedia, Inc.” includes:

- All Expedia
- Hotels.com
- TripAdvisor
- Hotwire
- Classic Custom Vacations



US Brand Reach

Combined Expedia, Inc Reach = ~41.5 Million Shoppers/Month
(or nearly all the next three competitors combined)



Panelist Questions

Panelist Topic #1

Search Engines

“It is really about getting the right ad to the right person at the right time and having them click on it”

-Eric Schmidt (CEO Google)

(Earnings up from \$51M → \$381M)

Source: NY Times 10/21/05

Panelist Topic #2
Travel Packaging

“...dynamic packaging sales will quadruple between 2004 and 2009.”

Source: Forrester

Panelist Topic #3

Commoditization of Hotel Rooms

"Hotels must rethink their tendency to simply want to place heads in beds. Early data indicates that hotels that rush to the on-line wholesalers to fill rooms may be decreasing long-term profitability and devaluing the brand"

- Professor Judy Siguaw (Cornell University School of Hotel Management)

Source: Evolution in Electronic Distribution: Effects on Hotels and Intermediaries (Bill Carroll, Ph.D. and Judy Siguaw, Ph.D.)

Panelist Topic #4

Technology & Reactivity to World Events

How did you react to:

- Katrina
- Tsunami/Hurricanes
- Terrorism

Panelist Topic #5

Suppliers vs. Online Travel Agencies

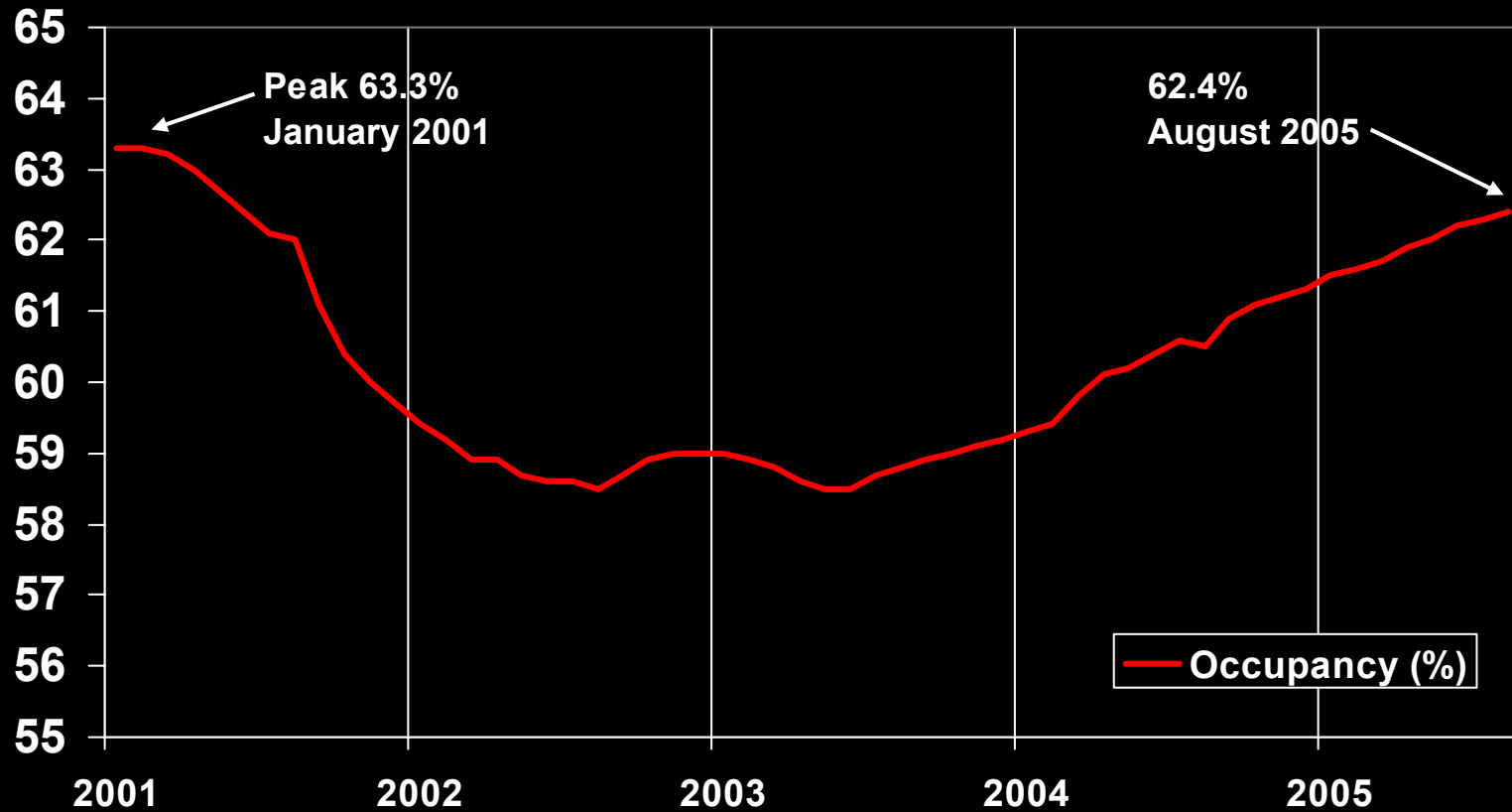
“Ultimately the battle between travel suppliers and online agents will be decided by consumers, who will spend their money on the best prices and services that are available.”

-The Economist (09/25/05)

How can both sides win?

Panelist Topic #6

Securing Inventory



Panelist Topic #7
Customer Service

"If all you want is the cheapest rate, do it yourself, use an agent when an agent can do better, when specialized knowledge is really needed."

-Marshall Harris – Owner, Harris Travel (Miami)

Source: The Miami Herald, 08/22/05

Panelist Topic #8

Robust Content

“The content of hotel websites is particularly important because it directly influences the perceived image of the hotel and thus creates a virtual experience for potential consumers.”

-Cano and Prentice; Gretzel, Yuan, and Fesenmaier

Source: Journal of the Academy of Business and Economics (January 2004)

Panelist Topic #9

Content Follow-up: Supplier Perception vs. Objectivity

“Once upon a time, a good or bad hotel experience might be passed along to a small group of friends. Now it gets posted via the World Wide Web on sites such as tripadvisor.com or fodors.com. For consumers, the sites are a back channel way to check up on the advertising and marketing claims put out by hotel chains.”

-Tom Stieghorst (South Florida Sun-Sentinel)

Source: Knight Ridder/Tribune Business News

Panelist Topic #10

Global Customization

"The recent slew of acquisitions makes it evident that Europe is a key expansion area for the online travel players. Tapping into the largest travel market in the world, on top of which has a lower level of online penetration compared to the U.S. is a key growth strategy..."

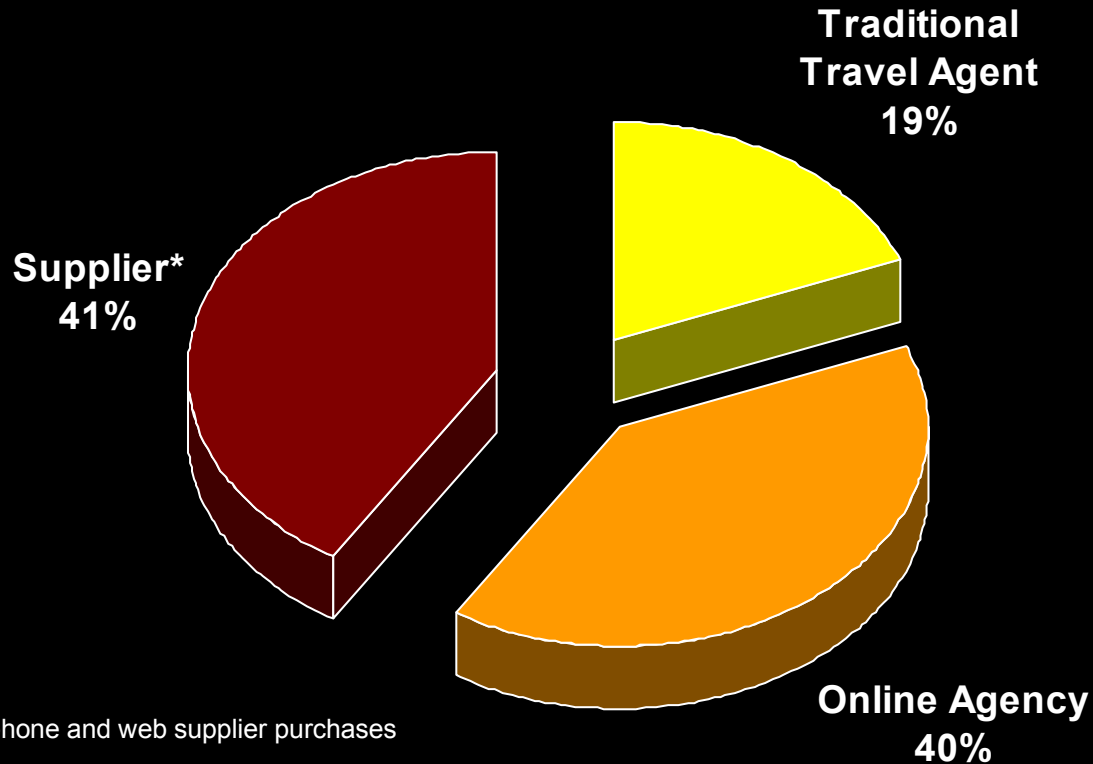
- Apurva Shah – CIBC World Markets Corp.

Source: www.eyefortravel.com (10/14/05)

Panelist Topic #11

Channel Mix

How "Online Travelers" Usually Buy Personal Travel



*Includes both phone and web supplier purchases

Source: PhoCusWright

Panelist Topic #12

Meta-search Websites

“The market share of visits to four of the major travel search engines increased by 304% in the past six months”

“If travel meta-search engines deliver on their promise to efficiently find the lowest prices, then it is possible they will quickly and successfully insert themselves into the travel-shopping chain,”

- Bill Tancer, VP Research, Hitwise

Source: www.travelmole.com (12/05/05)

Panelist Topic #13

Technology Strategy

“I think the way to continually leverage technology is to become a contributor, participate in the communities that are out there, hear about the best practices, think about how you can step up the way technology is used”

- Bill Gates, Chairman and Chief Software Architect, Microsoft Corp.

Source: www.microsoft.com

Audience Questions?