

De-Mystifying Distribution

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Agenda

- Brief Overview
- Panelist Introductions
- Expedia
- Kayak
- Sabre
- Panel Discussion
- Questions and Answers

The Basics

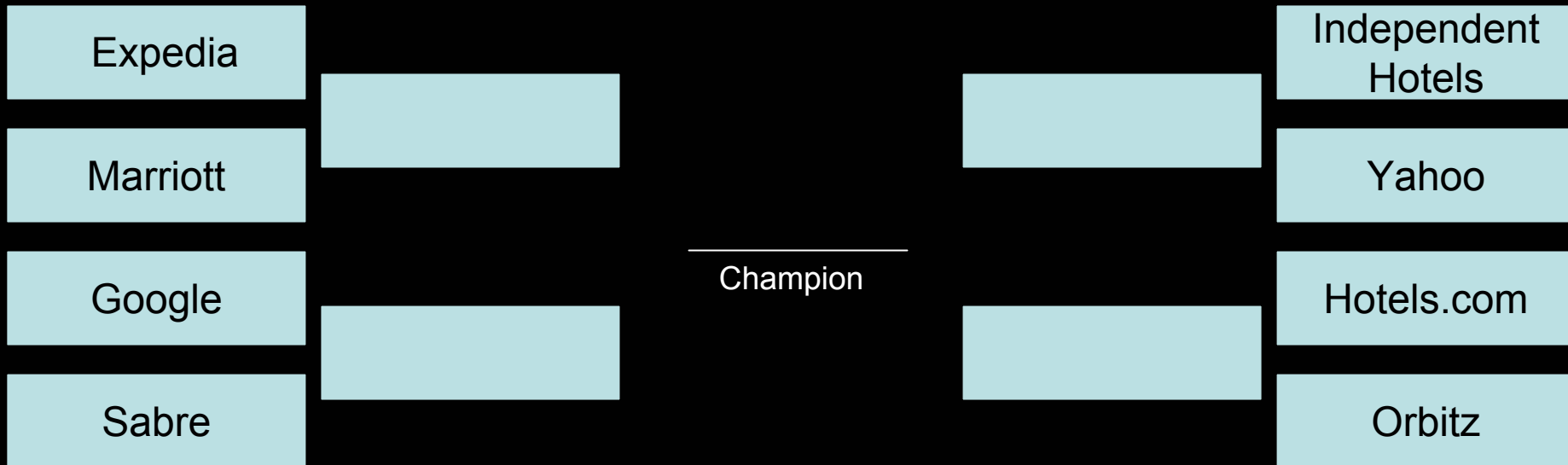
- Internet hotel sales reached more than \$15B in 2004
- 2006 Online sales are forecasted to reach \$24B
- The travel vertical represents the largest percentage of e-commerce

Source: PhoCusWright

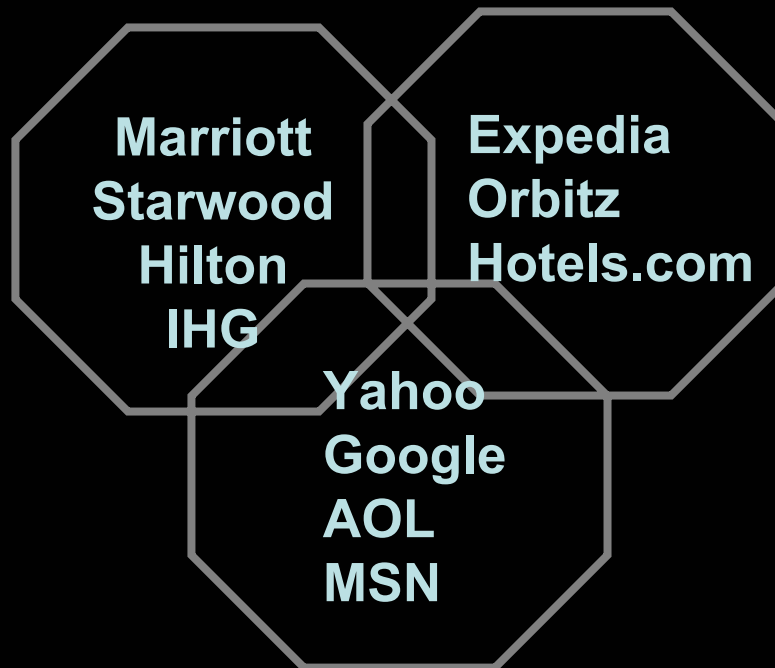
The Basics

- The Internet Direct channel is the fastest growing distribution channel: 30-40% per year
- Internet distribution channels represent both the highest and lowest customer acquisition cost opportunities
- Independent hotels and resorts are in a fair fight

Owning the Customer Relationship Bracketology



Brand Loyalty Proliferation



Customer Acquisition Potential - Resorts

Studies support that the luxury travel consumer demographics have changed:

- Dot com success has led to a younger, Internet savvy luxury travel consumer
- According to a recent American Express Platinum Luxury Survey of 870 affluent customers with an average household income greater than \$175,000, 35% of the respondents were GenXers aged 28-39.
- Other findings from the survey:
 - More than two thirds (68%) took an average of six personal trips per year
 - Most spent an average of \$12,650 on personal travel within the last 12 months and those considered super affluent spent \$21,040 on average.

Customer Acquisition Potential - Resorts

Affluent consumers are Trading Up and the “Experience” is driving the decision making:

- Luxury consumer dollars previously earmarked for first class plane tickets are now being spent on luxury hotel accommodations
- Survey Results from American Express:
 - When survey respondents who said they value experiences most travel, the majority want to get to their destination in the most inexpensive way:
 - 65% always or often travel coach when they fly
 - However, when they arrive at their destination they splurge on hotels:
 - 64% always or often stay in luxury hotels

Where the Affluent are Visiting:

Top Five Web Sites among US Internet Users Earning Household Income over \$150,000, by Gender, January 2005 (as a % of unique audience composition*)

Male		Female	
Web site	% unique audience composition	Web site	% unique audience composition
Fidelity Investments	16.6%	AOL Travel	6.4%
Sabre Travel Network	16.6%	Moviefone	5.9%
CBS MarketWatch Network	14.0%	AOL Living	5.5%
United Airlines	14.0%	Expedia	5.2%
American Airlines	12.1%	AOL Entertainment	5.2%

*Note: includes home and work Internet users; *% unique audience composition is the number of unique persons falling into a specific demographic target expressed as a percentage of the total number of persons visiting a site or using an application*

Source: Nielsen//NetRatings, February 2005

Panel Topics of Discussion:

- TPIs versus The Hotel Brands
- Rate Parity and Best Rate Guarantees
- The Power of Search
- The Internet and Customer Service
- Internet and Distribution opportunities for Independent Hotels
- Auditing your Internet Presence
- The Next Big Thing

Panel Question:

What effect will constantly evolving technology have on the mix of distribution between 3rd party channels and direct brands?

Panel Question:

What are independent hotels and resorts currently doing to compete with chain hotels in electronic distribution channels?

Panel Question:

What is the current status of chain dotcom's versus the TPI dotcom's in terms of best rate on the web?

Panel Question:

Will the trend of sites to allow customers to post feedback on resorts continue and how are sites managing the accuracy of this information and how can resorts contest the information?

Panel Question:

How does quality of customer service come into play with online travel and what sites are doing more than just selling discounted rates?

Panel Question:

What is the next hot ticket for electronic distribution?

Questions and Answers