



LATITUDE
performance led digital marketing

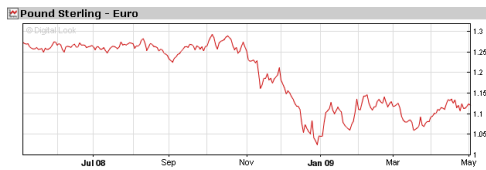
Travel Q1 Summary

April 29, 2009

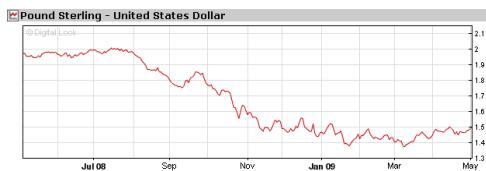
Contact: Mark Johnson – mark.johnson@latitudegroup.com

Key data

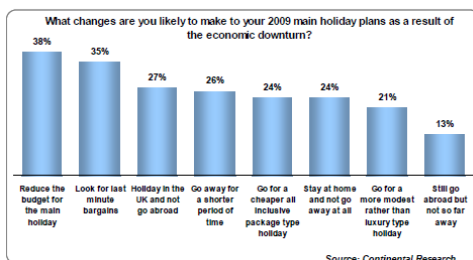
Exchange rate of Pound Sterling vs. Euro



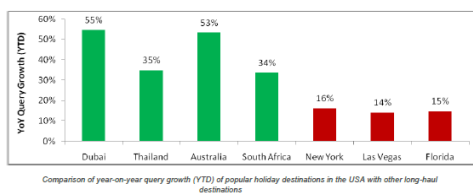
Exchange rate of Pound Sterling vs. U.S. Dollar



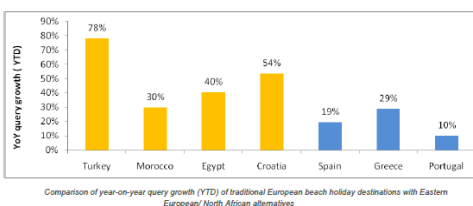
Britain's attitude towards holidays this year (p3)



YoY Search query growth for long haul destinations (p5)



YoY search query growth for European and North African destinations (p4)



Executive summary

This quarter has seen the recession and weakening pound affect the type of holidays and destinations people search for.

1) Holidaying in the UK more popular than last year

- Twice as many Britons are planning to spend their holidays in the UK this year.
- Advanced bookings for caravan holidays up 40%.

Advertisers should convey the benefits of holidaying in the UK in their adverts and on their landing pages. If you sell UK holidays, expect more visitors to your site but potentially conversion to drop as people search around more.

2) Long Haul and Eastern European countries see large YoY search query growth

- Long haul destinations are experiencing YoY growth of around 40% in 2009.
- Dubai experiencing a 55% YoY search query growth.
- YTD searches relating to holidays in Turkey and Croatia have seen growth of 78% and 54% respectively.

SEO, Display and PPC campaigns should devise strategies for targeting these destinations, as currently they will be less competitive and cheaper.

3) Britons still planning on having a holiday but looking for cheaper deals and destinations

- "Budget" and "last minute" searches on the rise.
- US and Eurozone destinations YoY search query growth less due to weakening pound.

Price is still the best USP so make sure this is prevalent in the ads and landing pages if competitive. Re-assess keyword lists to ensure popular terms are included.



LATITUDE

Introduction

At the turn of the year there was much discussion in the media online about how the recession and the weakening pound would impact the travel industry.

Online data suggested that many Britons would instead be seeking holidays in the UK rather than abroad as they looked to cut costs, or if they did decide to holiday abroad, then cheaper destinations and shorter breaks were becoming more popular.

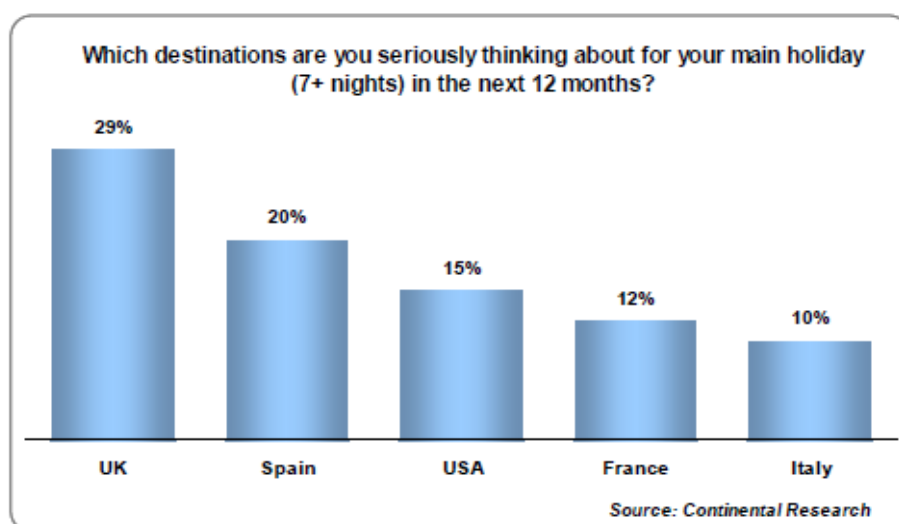
In this document we will look at some of the data driving these theories. We will also look at the impact they have had on Q1 and what we might expect in Q2 as a result.

1.1 Holidaying in the UK

20% of people who went on holiday abroad last year were considering a UK holiday this year instead.

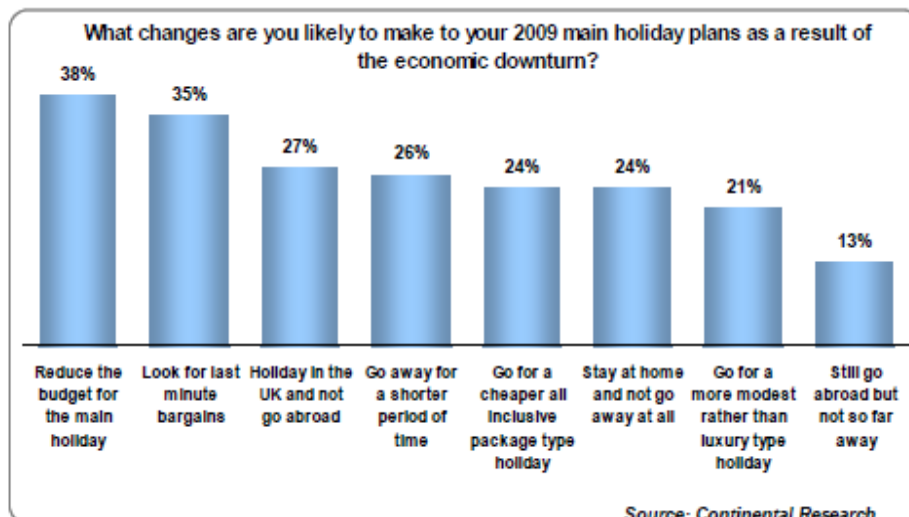
Visit Britain

Research by Visit Britain suggested that around 20% of people who went on a holiday abroad last year were considering a UK holiday this year instead. A report by Continental Research which interviewed online a representative sample of 750 UK internet users aged 20 to 74, suggested that holidays in the UK were set to increase.





LATITUDE



"Twice as many Britons are planning to spend their holidays in the UK this year."

Confederation of Passenger Transport (CPT)

It also indicated that people wouldn't abandon going away on holiday but instead look to cut costs either through holidaying in the UK or looking for last minute deals. This was also the trend in a report from the Confederation of Passenger Transport (CPT), which surveyed 3000 British adults, showing that twice as many Britons were planning to spend their holidays in the UK this year and 60% were unwilling to give up holidays.

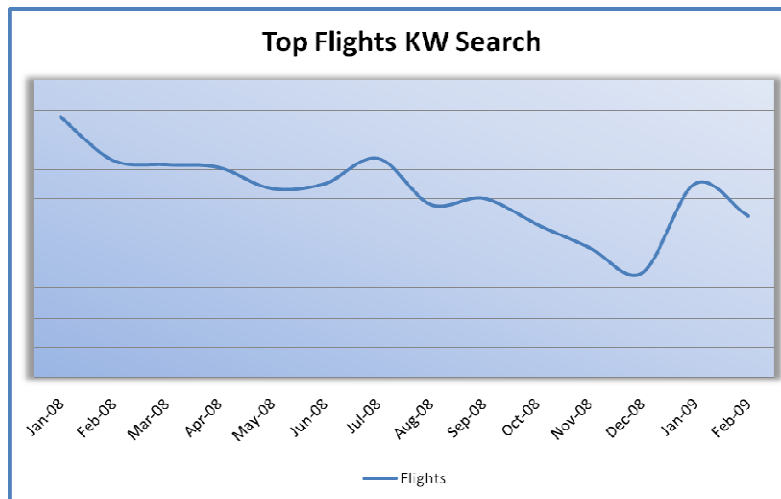
A sector that has benefitted from this trend is caravanning. The Caravan Club says advanced bookings for 2009 were up 40% on last year and the National Caravan Council believes this will equate to over 2m extra caravan holidays being taken in Britain this year.

1.2 Holidaying Abroad

MSN Live Search volumes for 'flights' saw a continued decrease throughout 2008 and although there was a seasonal peak in January and February of this year, the levels achieved were only similar to those in the summer.



LATITUDE



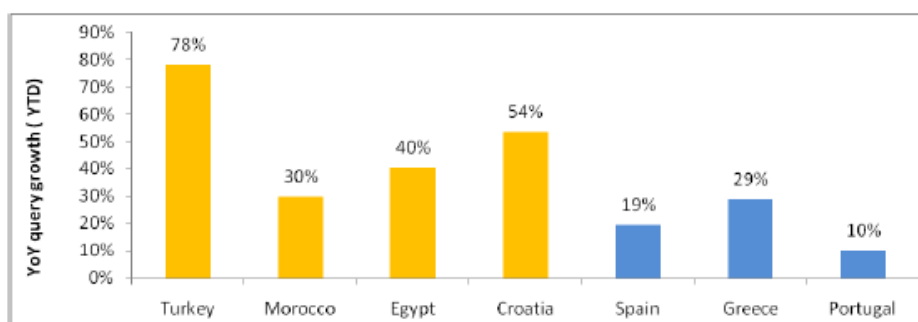
Source: MSN Live Search

However both MSN Live Search and Google have seen exceptionally strong growth in the North African and Eastern European destinations.

"in 2009 YTD searches relating to holidays in Turkey and Croatia have seen a growth of 78% and 54% respectively."

Google

In 2009 YTD searches relating to holidays in Turkey and Croatia have seen a growth of 78% and 54% respectively. Indeed Google expect search growth for these two locations to rise further; in 2008 search volume for Turkey reached a peak in August, while most searches for Croatia took place in June.



Comparison of year-on-year query growth (YTD) of traditional European beach holiday destinations with Eastern European/ North African alternatives

Source:Google

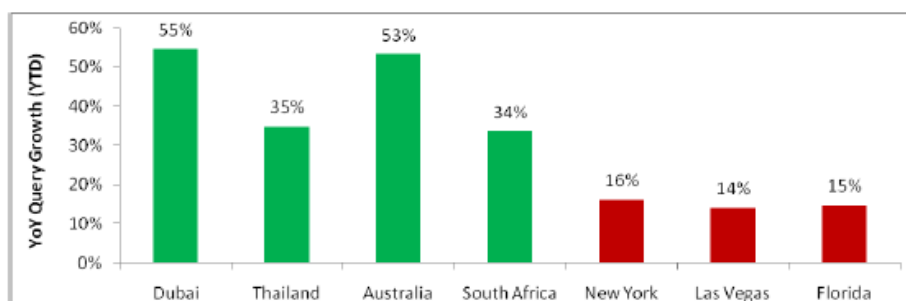
As the above table indicates, search query growth for the more traditional British holiday destinations within the Eurozone have been relatively modest. This is not surprising considering the



LATITUDE

weakening pound. In the last 6 months the value of the pound has fallen 11% against the Euro. Google has found Greece to be one of the most popular Eurozone destinations with 29% YoY growth. Spain's 19% YoY search query growth is still strong and it remained the top location on SkyScanners Top Location List (Feb 09), but the uplift in search query growth for the non-Eurozone destinations is likely to be an upshot of consumers seeking greater value for their money.

During the first half of 2008, when the Dollar to Pound ratio was around 2:1, search query volume for holidays in the USA was exceptionally high. Since then, the US Dollar has strengthened 37% against the pound, and consequently Google has experienced fewer searches for holidays in the US. In Q2 2008 Google saw an 18% increase in searches for Florida over a 10 week period from the beginning of April to the middle of June, but feel that it is unlikely to experience such a sharp growth this year.



Comparison of year-on-year query growth (YTD) of popular holiday destinations in the USA with other long-haul destinations

Source: Google

"Long haul destinations are experiencing YoY growth of around 40% in 2009"

Google

Whilst search query growth for holidays to the US is seeing a relatively low growth, compared with previous years, other long haul destinations are experiencing YoY growth of around 40% in 2009. Unsurprisingly Dubai has experienced a very high 55% YoY search query growth. Out of the four long haul destinations shown in the above table, it is the closest, offers the cheapest flights and guarantees sun all year round.

Britain has experienced two of its wettest summers since records began in the past two years, so although there have been increases in searches for UK holidays, people still appear to be



LATITUDE

seeking holidays abroad where better weather is guaranteed. Online has an ever increasing part to play in the research and booking of holidays. The larger travel operators dominate the natural and paid listings and are geared to selling holidays abroad.

Google cheap flights Search Advanced Search Preferences

Web News Results 1 - 10 of about 25,500,000 for cheap

Cheap Flights
www.Cheapflights.co.uk Looking for flights at rock-bottom prices? Try Cheapflights today!

Cheap Flights
Opodo.co.uk/Flights We search over 500 airlines to find you a really cheap flight

Extremely Cheap Flights
www.TravelSupermarket.com/Flights Comparing Prices from 40+ Providers To Find the Right Deal for You!

Cheap Flights, Airline Tickets, Airfare & Travel Deals
Compare cheap flights and airline tickets to destinations worldwide from multiple travel websites, chosen by our travel experts.
Search by date - Last Visited - Orlando - Hawaii
www.cheapflights.com/ - 30k - Cached - Similar pages -

Cheap flights find and book flights from UK airports
One search to find cheap flights from every UK and Ireland airport. Compare flight prices from over 50 airlines and travel agents including British Airways, ...
www.travelsupermarket.com/cheap-flights/ - 108k - Cached - Similar pages -

Airline Tickets, Cheap Flights, Airfare, International Airfares
Find the cheapest flights, discount airline fares, low cost plane tickets and the best international airfare prices on the internet within and from USA.
www.globester.com/ - 57k - Cached - Similar pages -

Monarch Airlines > Cheap Flights
Monarch Airlines offer cheap flights to a wide range of popular European holiday destinations such as London, Majorca and Barcelona.
flights.monarch.co.uk/ - 135k - Cached - Similar pages -

Cheap Flights - Compare prices on cheap flights, airline tickets
Compare cheap flights and research airline tickets and travel prices to worldwide destinations with Cheapflights.ca
www.cheapflights.ca/ - Similar pages -

Cheap Flights with Flight Network - Affordable Airline Tickets and

Sponsored Links

Cheap Flights
Choose from low cost, Charter and Scheduled flights and save money!
www.expedia.co.uk

easyJet Official Site
Fly to England with easyJet. Book now from \$19.99 inc. taxes!
easyjet.com

VERY Very Cheap holiday
Book your Cheap Holiday today
Great Cheap Holiday deals online
www.cheap-holiday.de/

Cheap Flight Deals
2 million user ratings help you to find very cheap deals on flights.
uk.travelto.com

Super Cheap Flights
Compare 30+ Airlines & Discount Travel Sites for Cheap Flights!
www.BookingBuddy.co.uk

Cheap Flights at ebookers
Save on Cruise, Car, Hotels
Great Flight offers. Book now
www.ebookers.com/shoppars/search

Cheap Flights
Fly to over 100 destinations. Find great deals online at Thomson.
www.thomson.co.uk/flights

Google holidays Search Advanced Search Preferences

Web News Results 1 - 10 of about 184,000,000 for holidays

Holidays
www.firstchoice.co.uk Dive in for great summer holiday deals. 1000s of free child places.

Up to £200 off Holidays
www.thomson.co.uk Book your ideal holiday online now at Thomson.co.uk!

Teletext Holidays Online
www.TeletextHolidays.co.uk Search 1000's of Holidays with One Simple Search Online Today!

Holidays on the Net - Holiday Celebrations, Holiday Travel
Includes music, graphics, historical information, suggested activities, kids pages, links, and other features for most holidays.
www.holidays.net/ - 41k - Cached - Similar pages -

First Choice | Holidays | Book your dream holiday online with
Find great value package holidays online with First Choice. Book last-minute holidays, all inclusive holidays, family holidays and villa holidays.
www.firstchoice.co.uk/ - 345k - Cached - Similar pages -

Monarch Holidays - Cheap package holidays, All inclusive holidays
Looking for cheap holidays online? Monarch Holidays - the new trading name for Cosmos Holidays - offer great value holiday deals on package holidays, ...
holidays.monarch.co.uk/ - 68k - Cached - Similar pages -

Holidays | from cheap holidays to luxury all inclusive deals
Compare prices for thousands of holidays including package holidays, last minute cheap holidays and luxury all inclusive deals and book online...
www.travelsupermarket.com/holidays/ - 45k - Cached - Similar pages -

Holiday - Wikipedia, the free encyclopedia
The words holiday or vacation have related meanings in different English-speaking countries and continents, but will usually refer to one of the following...
en.wikipedia.org/wiki/Holiday - 52k - Cached - Similar pages -

Cheap Holidays - Last Minute Holidays, Cheap Flights & Package
Book cheap holidays online at Holiday Hypermarket. Millions of package holiday bargains.

Sponsored Links

Cheapest Online Holidays
Just one search to find cheap online deals on package holidays!
travelsupermarket.com/holidays

Very Very Cheap HOLIDAYS
Book your Cheap Holidays online
A million Cheap Holidays available
www.cheap-holidays.de/

Holidays
Great Deals On Holidays.
Book Online At AOL™ Travel.
TravelAOL.co.uk

Majorca Holiday
Bargain Majorca Holiday Deals
Call free or book online now!
Holidays-Direct.co.uk/Majorca

Holiday Deals
Get Late Holidays, Cancellations & Bargain Holidays View Now
www.1clololy.com

Bargain Holidays Online
Search & book cheap All Inclusive Holidays. Aol & ABTA Protected
www.atravel.com

Cheapest Holidays Online
1 Easy Search for Cheap Holidays
Up To £100 Extra Off. Book Today
Directline-Holidays.co.uk/Sale

Current Google SERPs dominated by travel operators selling holidays abroad.

- Cheapflights.co.uk
- Opodo.co.uk
- Expedia.co.uk
- Easyjet.com
- Monarch.co.uk
- Thomson.co.uk



LATITUDE

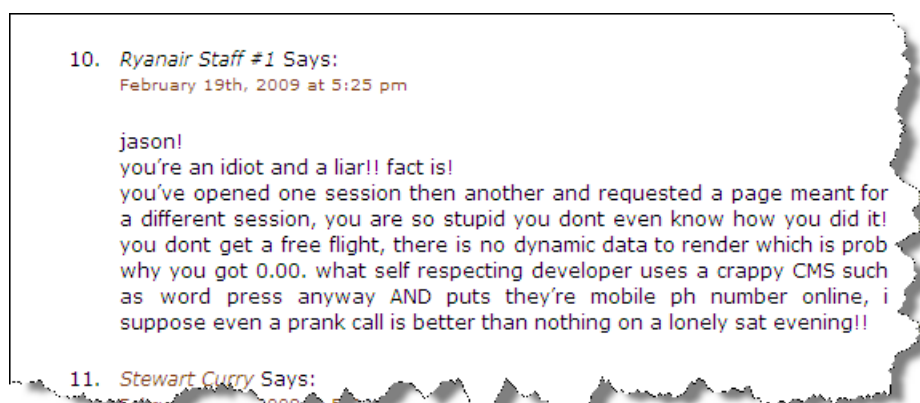
- Travelsupermarket.com
- Firstchoice.co.uk
- Teletextholidays.co.uk

Because of the ease to compare prices on these sites, more people have opted instead for cheaper destinations such as Turkey and North Africa rather than look for cheaper UK alternatives.

1.3 Social Media - Ryanair

One of the biggest social media stories so far this year happened when an Irish blogger named Jason Roe thought he'd found a bug on Ryanair's website. He posted on his blog (<http://www.jason-roe.com/blog/free-ryanair-free-flight-bug/>) that when he changed his flight times all the prices of the flights changed to 0.00, thus enabling him to book free flights should he complete the booking process.

Once Ryanair got wind of this story, the professional way of handling it would have been to post on Jason's blog thanking him for notifying them of the error and explaining to him that having looked into the issue it was actually he who'd made the mistake, but ask him to notify them in the future if he did come across any other bugs. But instead a Ryanair employee decided to post on Jason's blog anonymously insulting him and his website over the fact that it was he who'd made the mistake.





LATITUDE

Although posted anonymously, the Ryanair employee was easily identified through his IP address. The story of employees abusing their customers now becomes far more news worthy than a supposed bug on their site ever was and a swift apology and explanation would probably have killed the story before it got more momentum. However, Ryanair had other ideas and surprisingly released an official statement further insulting Jason and also other bloggers.

Stephen McNamara from Ryanair said:

"Ryanair can confirm that a Ryanair staff member did engage in a blog discussion.

"It is Ryanair policy not to waste time and energy corresponding with idiot bloggers and Ryanair can confirm that it won't be happening again.

"Lunatic bloggers can have the blog sphere all to themselves as our people are far too busy driving down the cost of air travel".

Consequently the story got national press coverage

<http://www.timesonline.co.uk/tol/travel/news/article5797990.ece>

<http://www.telegraph.co.uk/travel/travelnews/4801505/Ryanair-calls-blogger-lunatic.html>

people began to threaten to boycott the airline over its treatment of its customers and old grievances were dragged up.

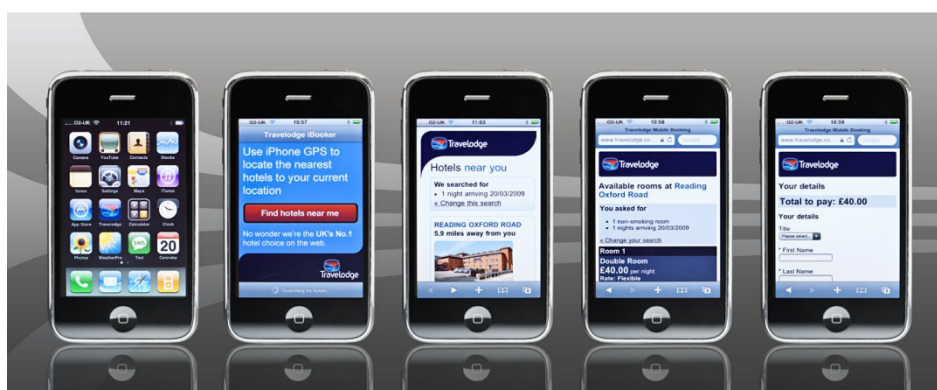
The blogosphere has an important part to play in eCommerce. Many valuable links to help boost your natural rank in the SERPs can be gained from blogs relevant to your business. Which makes Ryanairs decision to insult and alienate not just one blogger but all bloggers that more incredible. Not only will they probably find it even harder to get people to link to their site but there is a strong possibility that these bloggers have written negative blogs about Ryanair which will rank in the SERPs denting the PR of Ryanair further.

Whereas Ryanair don't seem to have a Social Media strategy and one that produces good PR, there are companies that have. Virgin America have embraced the digital social spaces of Twitter, Youtube, Facebook et al. They are not afraid to participate in blog

conversations or Twitters. Seeing Social Media as an integral part of CRM and resolving problems ensures that Virgin continue to have positive PR and a 'cool' brand.

1.4 Mobile – Travelodge

Towards the end of March Travelodge became the UK's first hotel brand to launch a free GPS based iPhone application. iBooker allows users to automatically find rooms and prices from the five nearest Travelodge hotels. Users can also find and book available rooms by simply typing in the hotel name and arrival date.



Ever since the introduction of the iPhone, momentum has grown on businesses using mobile technology. Although we still wait for mobile search to really take off, it is applications like iBooker that are proving popular at the moment.

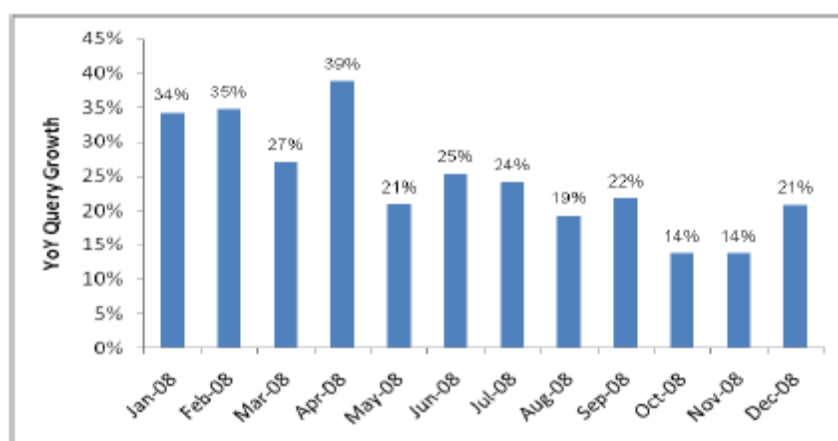
Allowing customers to easily find and book a hotel room when on the go is bound to create more business and only increase as more people hear of and download the application. Unsurprisingly Travelodge announced only a month later that it had recorded the highest number of UK hotel rooms sold in one day. In the 24 hour period Travelodge sold over 87,000 hotel rooms and this will not only be just down to the cheap price of the rooms but the ease and accessibility of finding and booking the rooms of which the iBooker app and Travelodge mobile site will have played a role.



LATITUDE

1.5 Q2 Expectations

April is becoming an increasingly important month in the travel calendar and saw a 39% increase in both search queries and clicks which was the single largest increase for any month in 2008 on Google. This was partly down to Easter falling in late March and the poor weather in April that is likely to have stimulated search query growth.



Year-on-year query growth for 2008 by month

Source: Google

35% of the adults interviewed by Continental Research said they would be looking for last minute bargains this year and Google Insights suggests that this has been the case so far for the Easter holidays with a significant increase in 'last minute easter breaks' and 'last minute easter holidays' compared to previous years.

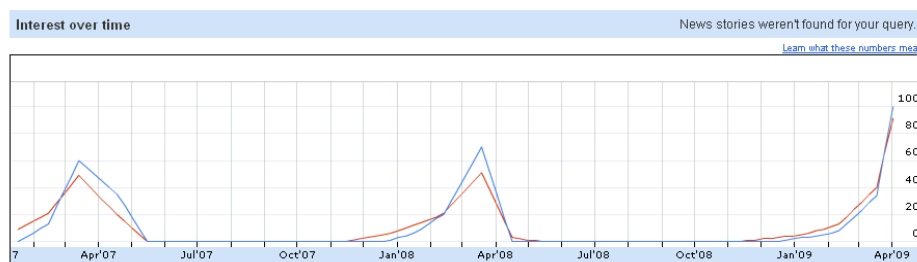


LATITUDE

Web Search Volume: last minute easter breaks vs. last minute easter holidays

United Kingdom, Jan 2007 - Apr 2009
Categories: [Travel](#), [Local](#)

Totals	
last minute easter...	11
last minute easter...	10



Source: Google Insights

MSN Live Search state that during the last 6 months of 2008 they experienced a 20% uplift for camping and a 7% uplift for caravanning and believe that late April is when searches for these products really begin to increase.



Comparing the seasonality of travel queries in the first 6 months of the year (2007 & 2008)

Source: Google

Looking back over the past 2 years the May bank holidays see the greatest uplift in travel volumes since January. This peak, in terms of travel queries and clicks on Google, has historically exceeded the pre-Easter traffic and signals the start of the summer period.



LATITUDE

1.6 Recommendations

- Make sure your PPC accounts contain 'last minute' and 'bargain' keywords. Look to tie these into the upcoming holiday periods whether that be the May bank holidays or main summer holidays.
- Price is still key so promote the cheaper destinations and holidays more and include the prices in your ads if competitive.
- If you sell long haul flights or holidays, relook at which destinations you are competitive on and convert well for you. Make sure you are in a position to take advantage of the increased volumes for these destinations this year.
- The top European destinations of previous years may not be the most popular this year. YoY growth in searches for destinations such as Turkey and Croatia are much higher than those of Spain and Portugal. This means there are more destinations and therefore keywords to potentially bid on and an opportunity to increase ROI by competing on these less competitive cheaper destination terms.
- Don't ignore the power of Social Media. Listen to your customers and the conversations. If you see it as an important part of CRM and resolving problems, then consider hosting the conversation on your own site. This would be the best solution as it allows you to moderate.
- Can mobile technology help your business? Is your website mobile friendly? Making information accessible and downloadable will help conversions and drive users to your site.