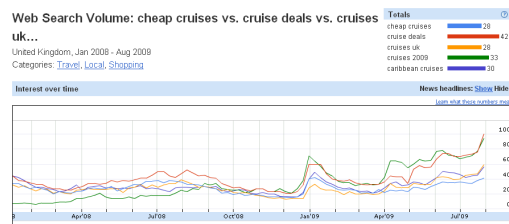


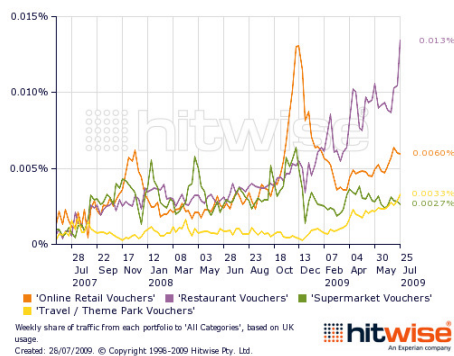


## Key data

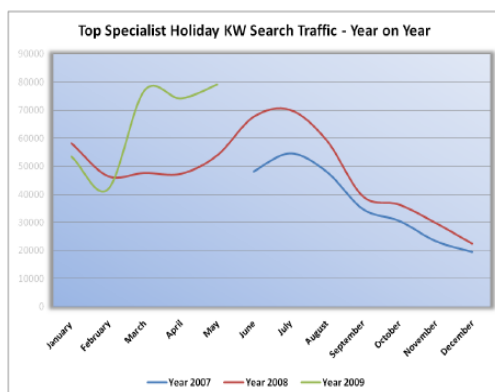
### Cruise holidays see growth (p.4)



### Searches for Travel/Theme park vouchers increase (p. 10)



### Staycation searches still rising (p. 11)



## Executive summary

The recession has continued to affect the types of holidays people are going on this year, with cruises seeing strong growth. Whilst the swine flu outbreak and poor UK weather appears to have done little to change the trends, travel agents and marketers should pay attention to the popularity of vouchers/discounts and the growing demand from solo travellers. Hoteliers need to improve how they deal with the rising popularity of Consumer Generated Media (CGM) sites.

The key topics examined in this paper are:

- 1) **Demand for single person holidays is set to increase.**
  - a) It's estimated that a third of single person households under the age of 65 have taken a solo holiday.
  - b) 1 in 8 long-haul destination holidays is taken by a solo traveller.

*The singles population is forecast to grow by 31% over the next 25 years, by then accounting for about 45% of the UK adult population. In a relatively uncompetitive market, there is an opportunity to have a targeted solo traveller campaign and steal a march on competitors, thus gaining better CTRs and Quality Score and lowering CPCs quicker.*

- 2) **Travel/theme park voucher searches up 200% since start of the year.**
  - a) There is more opportunity to use vouchers as a tool to get people through the door.
  - b) This year, 63% of Britons are likely to over-spend their holiday budget by up to £200 a week.

*In the current economic climate, using vouchers and discounts to get families and larger groups to visit your parks will then allow for a significant up-sell of goods and services once they are there.*

- 3) **Searches for holidays in the UK still popular.**
  - a) Caravan and camping holidays continue to be popular despite the variable British weather.
  - b) Search traffic for specialist holidays on Bing were up 55% in Q2

*The bad weather predicted for August in the UK may change the behaviour of people who are booking late to get better deals. The promise of good weather abroad may be a very strong selling point in the remaining weeks of the summer holidays and could be tested in ad descriptions.*



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# Introduction

This paper looks at various areas and topical discussions within the travel vertical. We will look at the effect that the outbreak of swine flu has had on travel, as well as seeing how trends and predictions in Q1 have developed, and provide insight into what we can expect for the remainder of the year.

"The internet was the main source of information for researching travel for 75% of UK internet users."

At the start of Q2, an eMarketer study found that the internet was the main source used for researching travel for 75% of UK internet users. It is also a major source for news stories too, such as the outbreak of swine flu in Mexico.

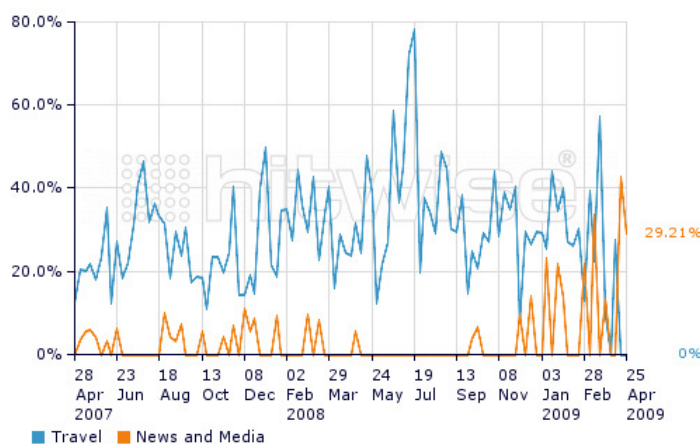
eMarketer

## Swine Flu

The swine flu virus was identified in April of this year and it soon became a worldwide flu pandemic, prompting questions about the effect it might have on the travel industry. Would it deter people from visiting Mexico and other affected countries? What impact would it have on affected countries' economies? And where would people go on holiday instead?

Data from Hitwise at the start of May suggested that the impact on searches was immediate, with a drop-off in traffic containing the term 'mexico' in the travel category. The News and Media category however saw a rise instead, as users went to read about the outbreak.

Destination Industries for Searches on 'mexico' - News & Media vs Travel



Weekly share of traffic from the term 'mexico', based on US usage. Created: 05/01/2009. © Copyright 1998-2009 Hitwise Pty, Ltd.





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TUI travel, owners of Thomson and First Choice, were one of the first companies to react to the outbreak by cancelling flights from the UK to Mexico; several major cruise lines avoiding docking in Mexico for a number of weeks. However, the slump in airline tickets to Mexico, and Cancun in particular, only lasted for a few weeks before they gradually began to return to normal seasonal figures.

This can be attributed to two main factors. First, the World Health Organisation did not suggest imposing travel restrictions but focused instead on minimising the spread of the H1N1 virus through swift identification and treatment. And second, prices of flights and accommodation in Cancun and Mexico dropped significantly when the virus became common knowledge. Many hotels drastically reduced their rates as they saw occupancy rates drop 40% against the seasonal average.

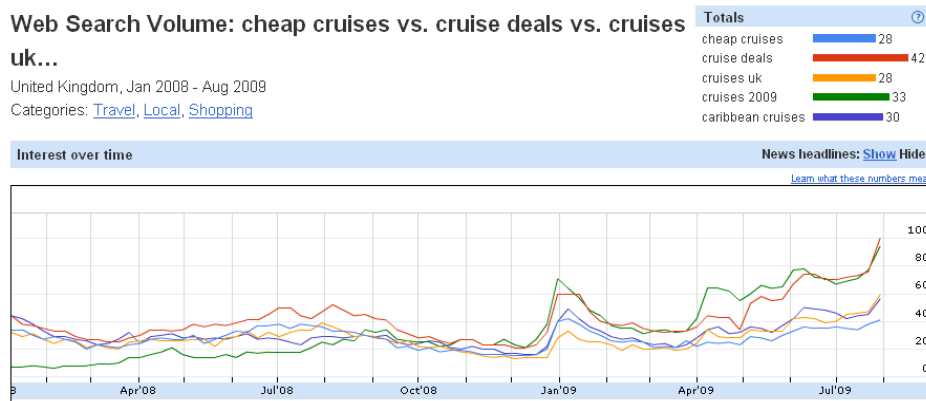
We would advise digital marketers to not be too quick to react to the latest news stories and change their strategies as a result. So far, holiday trends seem to be quite resilient to events such as the swine flu outbreak.

## Cruise searches on the rise

Despite much of the travel industry seeing a drop in volumes year-on-year because of the credit crunch, an area which has seen steady growth is cruise holidays. The following graph from Google Insights clearly displays a large increase in cruise-related searches since the start of 2009, and the trend lines are quite different from those in 2008.



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Source: Google Insights

"Bookings for 2011 round the world cruises are 47% ahead compared with the same time last year when people were booking for 2010"

UK cruise lines have reported that they have record early bookings for cruises in 2010 and 2011. P&O and Cunard Cruises reported on 1 July that bookings for 2011 round-the-world cruises were 47% ahead compared with the same time last year when people were booking for 2010.

So why are cruises becoming more popular? To start with, competition is fierce and there are 14 new ship launches planned for 2009. More cruises and destinations are on offer this year, resulting in competitive prices. Also, because many of the European cruises depart from the UK, there is no need to buy a flight, which adds to the appeal of a cruise in the current economic climate.

"Mediterranean cruises are expected to be the most popular this summer with a 40% growth YoY with visitor numbers on Baltic cruises forecasted to increase YoY by up to 78%"

Furthermore, cruise holidays are mostly all-inclusive, so there is no extra spending on restaurants, activities, cinema and entertainment, making budgeting easier. Cruise ships have also got a lot bigger and there is a greater choice of restaurants and activities, meaning there is something for everyone. This has naturally persuaded many families to consider going on a cruise.

Therefore, cruises around Europe and specifically the Mediterranean are expected to be the most popular this summer, with a 40% growth year-on-year, and visitor numbers on Baltic cruises forecasted to increase year-on-year by up to 78%.

Digital marketers and advertisers should ensure that their keyword lists are comprehensive in these areas. The tail of terms for these cruises will be long. We would recommend regularly running Search Query Reports to identify any new keywords that should be added to the account from people searching for cruises in the Mediterranean, Northern Europe and Scandinavia. The Search Query Reports will also



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highlight any common misspells, which will be very common for terms containing 'Mediterranean', and negative keywords that should also be added to the account.

## Social Media and Mobile

In the hotel and accommodation sector, one of the main challenges for hoteliers is the continued rise in popularity of Consumer Generated Media (CGM) sites, and dealing with the many blogs, forums and customer reviews on sites like TripAdvisor.

More companies are now aware of the power and popularity of CGM sites and the importance they play when travellers decide to book a holiday. A Consumer Travel Report by PhoCusWright stated that over 50% of people indicated that traveller reviews on online travel agencies were 'slightly' to 'very' influential in travel planning. At the very least, hoteliers should be monitoring guest feedback sites regularly using tools such as Radian6.

Monitoring the CGM sites and reacting to postings from customers can often diffuse a negative situation quite quickly, thus generating positive PR and proving that your company cares. A couple of good examples of this were reported in the New York Times.

The immediacy of Twitter is also what appealed to Tony Haile, 32, the general manager of Chartbeat, a Web analytics site in [New York City](#). When he noticed that the in-flight movies on Virgin America's New York-San Francisco route hadn't changed in several weeks, he tweeted, "How many months have to go by before Virgin America change their movies." What happened next, Mr. Haile said, "absolutely gobsmacked me." Moments later, Virgin America responded with an apology and an explanation: "We've faced a loading delay the last couple of weeks, so it will likely by June 1."

"I never ever had that level of customer service before," Mr. Haile said.



<p><b>Readers' Comments</b></p> <p>Share your thoughts. Post a Comment » Read All Comments (33) »</p>	<p>Take Tony Wagner, 34, a new-media director for an academic group in <a href="#">Washington</a>. When he found out he wasn't seated next to his wife and 2-year-old daughter on a <a href="#">JetBlue</a> flight to <a href="#">San Francisco</a> over the <a href="#">Memorial Day</a> weekend, he first called up customer service. But the agent told him to take it up at the gate. So Mr. Wagner indirectly sent JetBlue a message, by posting a plea for help on his Twitter account: "@jetblue Advice to get both parents and 2 yr old seated next to each other on flight later today? Right now only one parent. Full flight."</p> <p>Exactly 19 minutes later, JetBlue tweeted back, suggesting they correspond privately, using Twitter's "direct message" feature: "@tonywagner Please follow us so we may DM!" After a brief exchange, JetBlue flagged his tickets as a priority concern.</p> <p>Mr. Wagner suspects he received better service because of Twitter's viral nature. Twitterers habitually "re-tweet" one another's posts, not unlike forwarding an e-mail message to everyone in your address book. Companies, he said, "want to head off the conversation as quickly as possible," adding, that "it's in their best interest to make people who have a pulpit happy."</p> <p>JetBlue puts a more positive spin on it. Disgruntled customers "tend to be the biggest opportunities," said Morgan Johnston, a spokesman for the airline who helps manage its Twitter account, which has more than 770,000 followers. "We can take that person aside and kind of pull them in and say, 'Hey, you seem to be really upset in front of several hundred or thousand people.'"</p>
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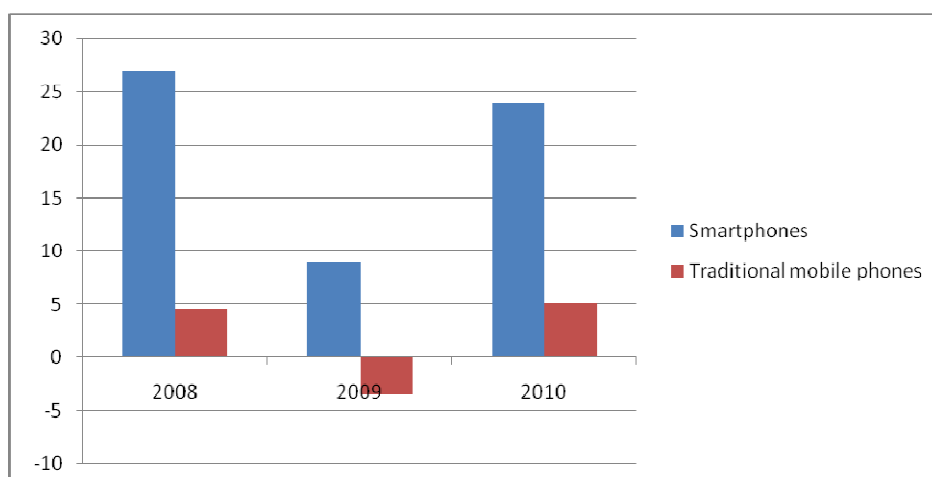
Source: <http://www.nytimes.com/2009/07/05/travel/05prac.html>

Increasingly, people see using CGM sites as a quicker and easier way of getting a response and resolution from customer service. For this reason, the number of people using the CGM sites is set to increase. Also, smart phones sales are predicted to grow 8.9% this year, despite worldwide mobile phone sales for 2009 expected to be 1.9% lower than 2008 levels.



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## Worldwide Mobile Phone Shipment Growth 2008-2010



Source: IDC

*"For the first time more people are using mobile internet to access social media sites (16.5%) than download ringtones (15.8%)"*

**Webcredible**

Smart phones have had an important role to play in the growing popularity of CGM sites like Twitter because they make it easier to use websites whilst on the go. Historically, using the internet via mobile phones was mostly for downloading ringtones, whereas a recent internet usage poll by Webcredible found that, for the first time, more people were using mobile internet to access social media sites (16.5%) than download ringtones (15.8%).

Accessing travel information and content via a smart phone is becoming more popular. Looking up train times, checking room availability or finding the best route home to avoid traffic jams are just a few examples of how people are now using their phones. This means that the information and content they are accessing must be up to date. Some may use apps to access the information, whilst others might go direct to certain websites they trust. But there will still be some people who will use a search engine. This is giving the main search engines a new challenge: to be able to return results that contain information that may have been posted online just seconds earlier.

## Real-time Search

Long gone are the traditional, text-only results on a search engine results page (SERPs). Do a search today and the SERPs are far more varied, containing deep links, photos and videos. However, these



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universal SERPs don't include what people are saying right now: real-time search. Twitter and its Twitter Search function is the obvious leader in real-time search, but it is far from perfect. Google says this is an area where they need to improve and they see it as an important part of universal search.

Real-time search will have a big impact on the news and media sectors, where micro-blogging sites like Twitter can be the first source for some major news stories. Examples include the Hudson Plane crash and the Mumbai bombings, where eyewitnesses were able to post updates online before the media could get there.

For the travel sector, people may use real-time search to find out the exact weather conditions at a particular destination, as well as reading opinions of any resort or events situated there.

We anticipate that there will be some movement by the major search engines to incorporate real-time search in their SERPs towards the end of this year.

## SEO

*"The "Vince" update... means that Google are giving brands...a rankings boost for a selection of generic keywords"*

Although there are always changes in the SEO world, one of the major ones this past quarter was the way the Vince update caused brands to rethink their search engine optimisation strategy.

The Vince update, named after the man behind the algorithm tweak, means that Google now give big or authoritative brands a rankings boost for a selection of generic keywords. This is Google's latest effort to combat spam in their index, as well as ensure the most relevant results are displayed to the user. Given the amount of investment companies make in brand building, it follows that the content provided by the big brands should be high-quality and relevant, and therefore worthy of a boost in the organic rankings.

Now, with greater emphasis on building a strong brand and gaining visibility online, traditional offline marketing and PR practices are being employed online in a more optimised fashion. Ensuring that your website gets more PR coverage in blogs and news channels (such as Google News and the main UK national newspapers) leads to improved rankings. This is because Google's algorithm makes the assumption the



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site has more interest across markets, and as such is more useful for searchers.

It is possible that search patterns are having an impact as well. The effect of this has been seen following TV advertising campaigns. Our analysis of data from clients suggests that after a TV advert has aired, there is a surge in searches for “brand”, “brand + keyword”, or “brand” followed in the same search session by “keyword”. These have an impact in rankings for that brand on related terms.

Furthermore, social media mentions and links from sites like Twitter and Digg seem to improve rankings, as Google has treated this as a buzz around the brand. In addition to this, the links that are gained from the social networks are useful for sustained rankings and traffic.

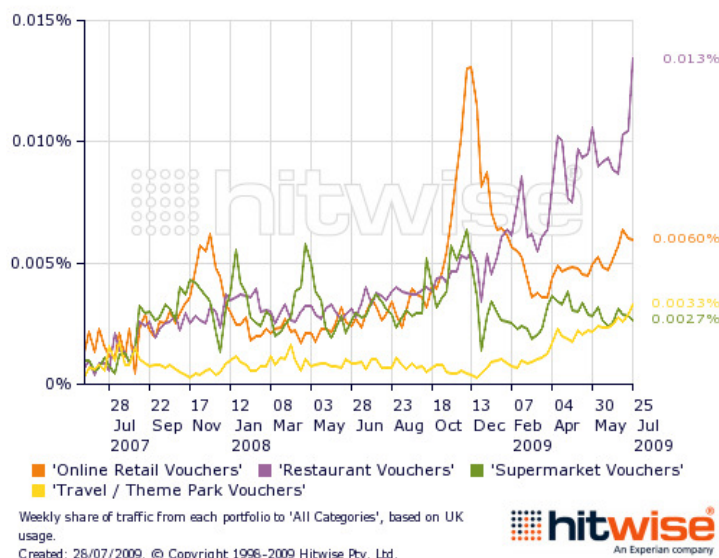
If they have not already done so, travel companies, many of who do not invest heavily in TV advertising, should be talking to their SEO department or agency about increasing their brand strength and brand buzz through social media and online PR. Forging a partnership with a news site which would allow their website to be regularly mentioned in the travel sections would be a worthwhile investment too.

## Discounting

Vouchers for travel and theme parks have seen a rise in searches in recent months as we enter the summer holiday season and the supposedly “sunnier” months. Vouchers for places like Alton Towers always used to appear in newspapers, but with fewer people buying papers and more people using the internet to search for offers, advertisers are making these vouchers available online.



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Curiously, theme parks and holiday parks still don't use vouchers as much as they could, especially with so many people searching for them at the moment. Parks aren't re-sellable goods; once the day/week has ended, if they haven't filled their rooms or brought people through the door, they can't sell the holiday or day pass another time. This year more than ever, people are looking for a bargain; a well-executed voucher campaign would do the difficult job of getting people through the door.

*"Britons...when at the destination over a third (39%) admit that they will blow the budget on holiday with nearly two thirds (63%) overspending by up to £200 a week."*

**Visa Europe**

Once there, it is possible to sell holidaymakers a wide range of extra goods and services. Parks often make much of their profit from extra money spent on-site, so it makes sense to give discounts and drop entrance prices especially for large groups or families in order to achieve this.

A new travel report issued by Visa Europe, which surveyed over 1000 holidaymakers, reinforces the point further. It states that although Britons are searching for and going on bargain holidays this year, when at the destination over a third (39%) admit that they will blow the budget on holiday with nearly two thirds (63%) overspending by up to £200 a week.

We would recommend that if you haven't already done so, look into possible areas of your campaigns that can use vouchers/discounts to boost sales.

## Staycation

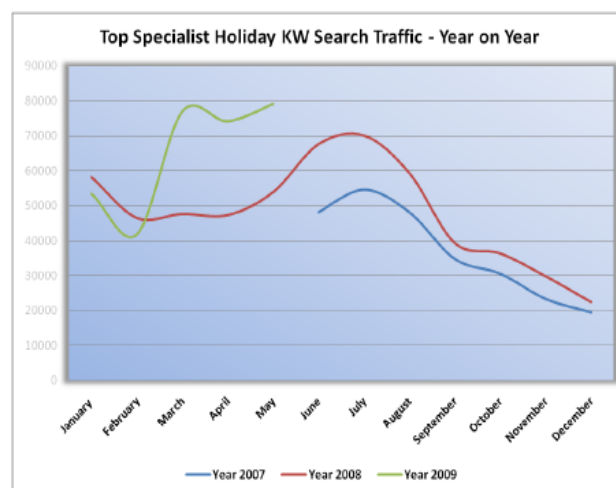
In last quarter's report, we discussed that many Britons were planning to holiday in the UK this year in a bid to save money. The Caravan Club stated bookings for 2009 were up 40% on last year and the National Caravan Council believe this could equate to over 2m extra caravan holidays.

"Searches for specialist holidays up 28% YoY January through May, with traffic up 55% for Q2."

Whilst the English weather continues to be as unpredictable as ever, MSN Live (now Bing) saw searches for specialist holidays up 28% year-on-year from January to May, with traffic up 55% for Q2.

Bing

Top 10 Specialist Holiday KWs
caravans
camping
holiday cottages
english country cottages
caravan
caravan holidays
caravan parks
caravan sites
campsites
static caravans



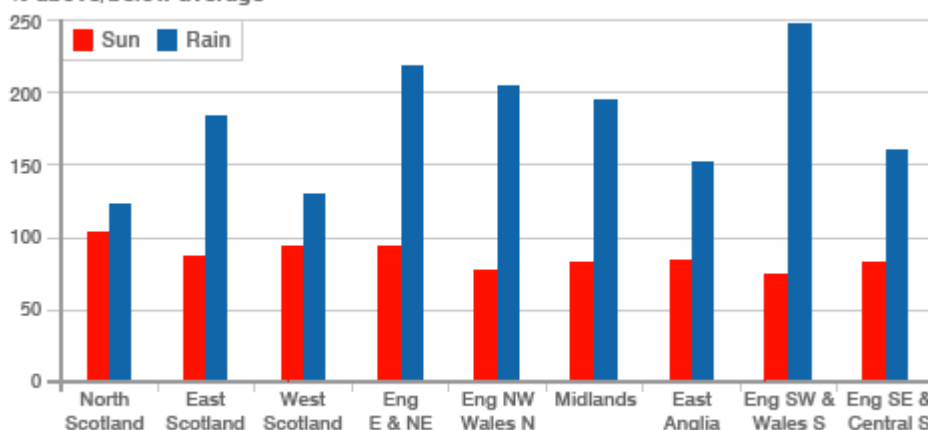
With perhaps the summer's best spell of weather during the Wimbledon fortnight and the rainfall in July up above average, the Met Office has gone back on its April prediction of a "barbeque summer" to say we are set for more unsettled weather in August.



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### Sunshine and rainfall in July

% above/below average



100 = Average

SOURCE: Met Office (27/07/09)

There are some who suggest the Met Office were pressured by tourism chiefs to be positive about the summer weather to promote holidaying in the UK. It will be interesting to see next quarter if this recent reforecast and bad weather has any effect on UK holidays or whether it was a little too late.

## Single travellers

*"the number of single person holidays had grown by over 5% in the past 5 years...a third of single person households under the age of 65 stating they had taken a solo holiday."*

Mintel

A new report by Mintel revealed that the number of single person holidays had grown by over 5% in the past 5 years. Although this equates to a relatively small proportion of the overall holiday market, it is significant within certain groups. A third of single person households under the age of 65 state they have taken a solo holiday.

Long-haul destinations seem to be the most popular holiday choice. One in eight long-haul holidays is taken by a solo traveller, yet in total only one in twenty holidays is long-haul.

Tom Rees, Senior Travel Analyst at Mintel, said:



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“The market potential for holidays targeted at singles is huge and is set to grow even more. Single-person households now account for just under one third of all those in the UK.”

He also says that the singles population is forecast to grow by 31% over the next 25 years, by then accounting for about 45% of the UK adult population.

We would therefore suggest that for companies who offer long-haul holidays or accommodation, if you aren't already running solo traveller campaigns, it might be something to consider as the market is only set to increase.

A well thought out campaign with engaging creative and targeted landing pages for solo travellers could give a good return on investment (ROI) as currently competition is weak. Stealing a march on your competitors would not only give better click through rates but also allow a high Quality Score and consequently lower CPCs to be achieved much quicker on your PPC campaigns.

## Category Leader Data

The data below was provided by Google and represents an average of Q2 monthly performance for the category leaders in the travel vertical.

This data is a great way of understanding how your performance compares to the market leaders and, subsequently, the budget required in order to take prime position in the listings.

Category	Imps	Clicks	CTR	Avg. CPC	Cost (£)
Hotel & Accommodation	88m	3.1m	3.59%	£0.43	1.33m
Air Travel	52m	2.4m	4.63%	£0.18	431k
Car Rentals & Taxi Services	6.1m	364k	5.91%	£0.66	238k
Cruises and Charters	4.4m	245k	5.49%	£0.52	126k
Adventure Travel	1.4m	30k	2.06%	£0.50	15k
Other	29m	1.6m	5.57%	£0.24	397k

Source: Google Internal. Estimates based on a sample of available industry-related Google data from Q2 '09



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# Digital Marketing Recommendations and Best Practice

## General

- If you are a company that offers long-haul holidays or accommodation, and you are not already running solo traveller campaigns, we would suggest that it might be something to consider as the market is only set to increase.
- Don't be too quick to react to the latest news stories that might affect travel plans. So far the holiday trends have been quite resilient to the swine flu outbreak and unpredictable British weather.
- Carrying out regular competitive analysis will help you understand your position in the market place, how competitive your prices are, and the strength of your product. You should also look at how comprehensive your keyword coverage is and how your website usability compares. Try to identify new areas you could advertise on as well as recognize what messages and USPs you should use in you ads.

## Display

- Utilise vouchers and discounts to make your product more appealing and promote group bookings. There will often be plenty of chances to up-sell goods and services when these consumers are at the resort or park.



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## Social

- With the ever-growing popularity of CGM sites, hoteliers should be monitoring guest feedback sites regularly using tools such as Radian6.

## SEO

- If they have not already done so, travel companies, many of who do not invest heavily in TV advertising, should be talking to their SEO department or agency about increasing their brand strength and brand buzz through social media and online PR. Forging a partnership with a news site which would allow their website to be regularly mentioned in the travel sections would be a worthwhile investment too.

## PPC

Run Search Query reports regularly. You can then ensure you aren't being broad matched and appearing on irrelevant searches through the adding of negative keywords. This is especially important in the travel sector where stories on topics like swine flu may lead to searches for news on a destination, rather than holiday information. You will also be able to identify any new search phrases that should be added as additional keywords, thus making sure your keyword lists are as up to date and targeted as possible.

Use ad scheduling to minimise costs at times where conversions are unlikely, based on data from your tracking solution. Bank holidays tend to serve as an extra day to the weekend; review what you did for the last bank holiday and try to optimise your activity for the August bank holiday.

Remove any zero traffic terms. They are detracting from the overall quality of your account and inflating your CPCs.



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## Conversion Analytics

Website optimisation allows you to understand how consumers interact with your website and implement changes that will ultimately lead to a higher conversion rate and reduced CPA. This is achieved by designing variants of your landing page and measuring the change in conversion rates over a designated time-period until the results can be considered statistically valid. We have enjoyed excellent success in this area with conversion rates for our clients improving by up to 218%.

*If you would like further information on anything discussed in this paper please do not hesitate to contact us. We will be happy to include content on requested topics in the next release at the end of Q3.*