



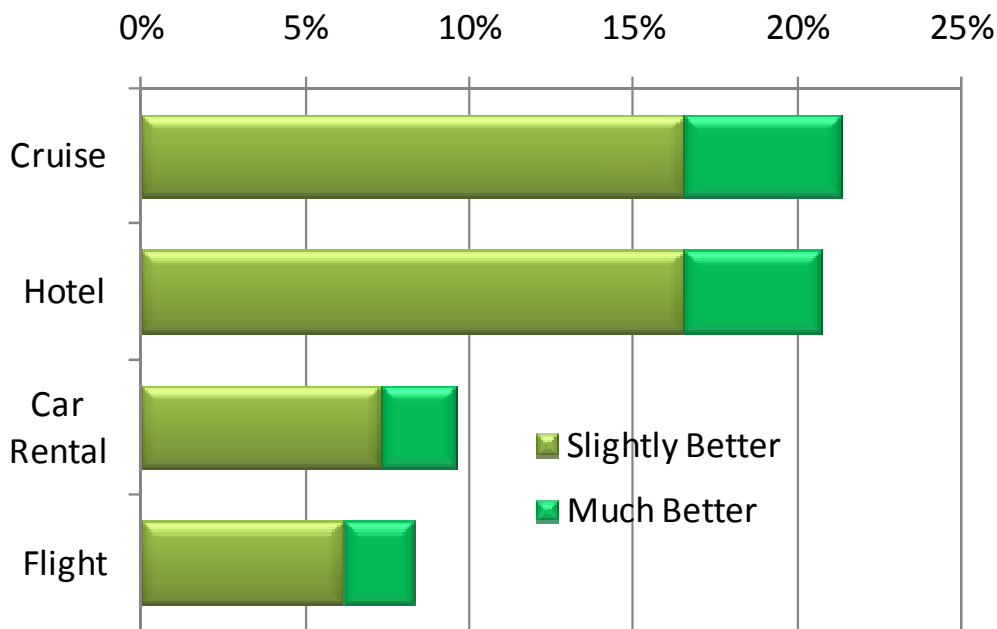
Compete, Inc. Original Research
Consumer Perceptions of Travel Value Not Promising

In response to the lingering recession, the travel industry has had to aggressively cut prices and at the same time promote value. Compete recently surveyed its panelists on their perception of value by travel category, 2010 vs. 2009. “Value” is always difficult to define; in this case we asked respondents to consider things such as price and amenities each category offers. The same respondents ranked all four categories: Flight, Hotel, Cruise and Car Rental.

First the good news: Over 1 in 5 respondents felt that cruises and hotels were overall a better value in 2010 than in 2009 (first chart). However, for each the majority reported that 2010 values were only “slightly better.” Fewer than 10% felt car rentals are a better value. Trailing the set, and consistent with recent fare increases and incremental fees, was airlines. Only 8% of respondents felt airlines offer a better value today than last year.

Change in Value of Travel by Category, 2010 vs. 2009

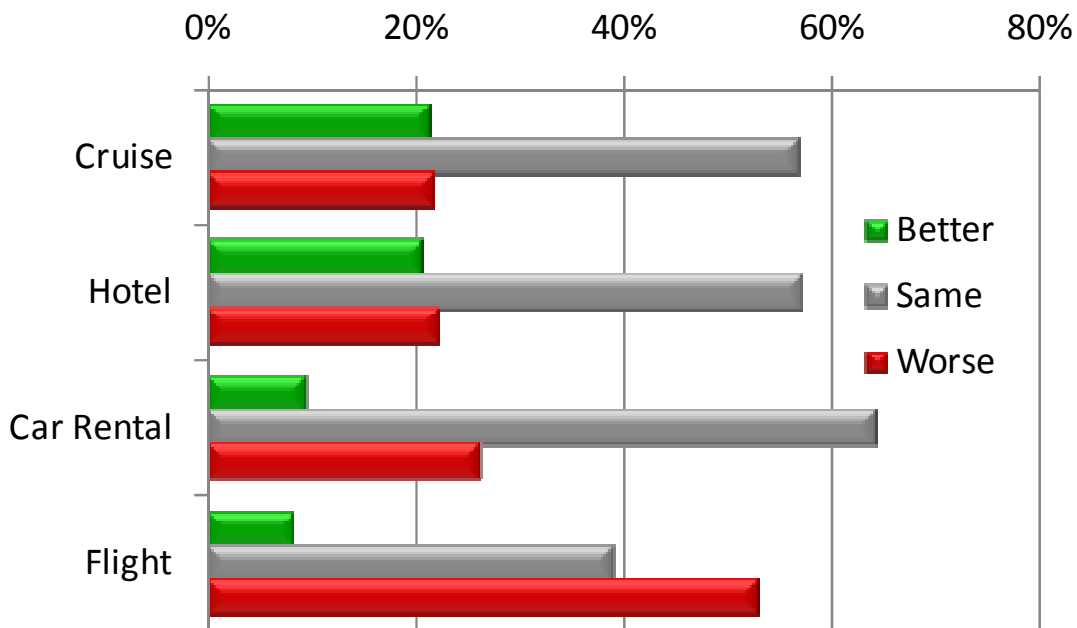
(Survey, June 2010, n=811)



The full results reveal more challenges for the industry (second chart). For example, when considering all responses, cruise is essentially trading water with the number of positive answers about equal to the negative ones (here the sum of “slightly worse” and “much worse”). Hotels see the same trend. Results decay for Car Rental and Airlines: About one in four feel Car Rental value is worse and negative responses outweigh positive ones by nearly three to one. Over half of respondents reported airlines were a worse value, over six times the positive responses. Overall, most respondents in each category felt value was unchanged for three of the four categories.

Change in Value by Travel Category

(Survey, June 2010, n=811)



The importance of conveying the value of travel is likely to continue for some time. Consumer confidence remains well below what is considered “healthy,” the stock market continues to ebb and flow, the housing market remains depressed and high unemployment is not abating. And the definition of “value” may be moving target, meaning what value represents today might be different six months from now, and results may vary based on each category’s seasonality. For example, “value” may change in peak vs. off-peak periods.



Given that, the industry has work ahead of it that should cross all consumer touch points. Those include branding, messaging, fares, discounts, extra amenities, and rewards programs. It may also need to consider atypical customers and research, such as on how consumers evaluate travel value relative to non-travel expenditures.