

TRAVELTRENDS™

Monthly travel insights from Compete

By Gregory Saks

FOURTH QUARTER 2006 CONVERSION REPORT: BOOKING RATES SPIKE

Booking Rates* rebounded strongly in the air and lodging categories in the fourth quarter of 2006, driven by a steady flow of quality traffic to travel sites despite a seasonal decline in overall volume. Late-summer window-shopping from undecided consumers led to declines in Q3, but now Booking Rates are back to levels not seen since the first quarter.

Domestic airline carrier websites averaged** a 6.87% Booking Rate in Q4, up from 6.69% in Q3. Improvement on the hotel side was even more pronounced as hotel chains maintained average Booking Rates of 5.70%, a full percentage point higher than during Q3. For both the air and lodging categories, the conversion rates of their websites represented the highest points since Q1 2006.

Leading online travel agencies also experienced gains, but the improvement did not bring them back to levels from the beginning of the year. The Booking Rate of flight shoppers on agency websites increased from 4.05% to 4.40%, and for hotel shoppers increased from 4.39% to 4.84%. While both product lines averaged sharp increases, the OTA segment did not match its peak Booking Rates from Q2 of 2006.

Top Airline Performers: With a marginal increase in performance, the Alaska Air website remained the highest converting among domestic carriers in Q4, maintaining a Booking Rate of 14.3%, followed by Southwest at 11.8% and Hawaiian at 9.8%. Climbing into the top five was Allegiant Airlines with an 8.7% Booking Rate, while specialized carrier Sun Country dropped out.

Top Hotel Performers: Motel 6 continues to lead all hotel chains by a wide margin, while Hampton Inn improved its Booking Rate to 10.5% gaining the 2nd highest spot from La Quinta. Hilton's Homewood Suites brand jumped into the list of top-five converting hotel chain sites, experiencing a 9.0% Booking Rate in Q4, and pushing Choice Hotels off of the list.

Most Notable Performance: JetBlue was Q4's biggest mover in the airline category and noteworthy due to a significant redesign of the carrier's homepage. The new storefront launched in late September and added a bookings module directly on the homepage. The site immediately experienced a surge in the percentage of consumers entering the booking funnel off of the homepage, which resulted in a Booking Rate increase from 5.61% in Q3 to 7.11% in Q4. Southwest Airlines made a similar update to its website in January, meaning that JetBlue's improved performance could be a sign of what's to come for the nation's largest low-cost-carrier in the first quarter of 2007.

Air Booking Rates			Lodging Booking Rates		
Top 5 Performers	Q3	Q4	Top 5 Performers	Q3	Q4
Alaska	14.0%	14.3%	Motel 6	14.1%	19.1%
Southwest	11.9%	11.8%	Hampton Inn	9.3%	10.5%
Hawaiian	9.7%	9.8%	La Quinta	9.5%	9.3%
Allegiant	7.3%	8.7%	Homewood Suites	5.8%	9.0%
Air Tran	9.2%	8.5%	Drury	8.2%	8.8%
All Carrier Average	6.7%	6.9%	All Chain Average	4.7%	5.7%
Agency Average	4.1%	4.4%	Agency Average	4.4%	4.8%

***Booking Rate Definition:** The percentage of unique visitors to the website each month who complete at least one transaction

****Note:** To avoid skewing towards the performance of larger brands, average Booking Rates in each category are calculated unweighted

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