

Hospitality Industry Report

Q1 2009

1 January–31 March 2009



575 Madison Avenue, Suite 1006, New York, NY, USA, 10022-2511

T 1.877.796.3600 F 1.866.484.2600

info@iperceptions.com www.iperceptions.com

Table of Contents

Introduction	3
Industry Benchmarks	4
Hospitality iPSI Definition	4
iPSI Profile and Percentile	4
Hospitality iPSI—Attribute Comparison	5
User Group Comparisons	6
Purpose of Visit	6
Context of Visit	7
Frequency of Visit	8
Individual Attribute Comparisons	9
Verbatim Attribute Questions	9
4Q Survey Hospitality Data	10
Path to Site	10
Task Completion by Purpose of Visit	11
Task Completion Barriers for “Make a Reservation”	12

Introduction

Major structural shifts are underway in the hospitality industry. According to a recent study conducted by Merrill Lynch, online bookings as a share of total reservations increased from 30% in 2006 to 40% in 2008. The same study projects that 45% of hotel bookings will be made online by the year 2010.¹ As Q1 2009 iPerceptions Hospitality Industry Report demonstrates, booking is the leading preoccupation of hotel website visitors. In this way, hospitality websites face a basket of challenges not dissimilar to main-line e-commerce sites: optimizing the transactional experience for visitors who are onsite to book and ensuring that researchers and rate shoppers are efficiently shepherd down the booking funnel.

At the same time as the web is morphing the traditional relationship between hotel and patron, economic jitters pose a systemic challenge to the industry. Industry analysts expect a measurable slowdown in travel this year, as both business and leisure consumers forego travel plans to save money. Snapshot data shows that year-over-year industry occupancy rates fell 12.3% in the calendar week March 22 to March 28.² Looking ahead, those who do travel will no doubt change their booking habits – specifically, they will wait until the last minute to book in order to obtain the best prices, combing through the online brokerage sites to shave valuable dollars off room rates. Cost sensitivity is already having a negative impact on hospitality website satisfaction scores. In Q1 2009, the two weakest attributes in the sector—Bottom Line and Starting Point—pertained directly to price and perceived sense of value.

When we slice the hospitality website visitor base by primary intent, we find some disquieting task completion data, which elucidates the high-level trends being written about by analysts in the field. Only 51% of bookers were capable of completing their tasks. While some of the reasons underpinning this low rate might have been outside the purview of the web experience, significant numbers of bookers reported problems with site navigation, the booking flow, and insufficient hotel/room information, all of which fall squarely on the plate of interactive marketers and website developers.

To counteract this, hotel websites will need to focus on better engaging and persuading visitors at incipient stages of the booking cycle. As the data shows, one in two visitors were onsite for the first time and thus not acclimated to site navigation, architecture, and functionality. Hotel websites struggled to effectively cater to this segment, as evidenced by their collective iPerceptions Satisfaction Index score of 6.85, starkly lower than the score of 7.51 posted by the most frequent visitors. To boost their efficiency in a troubled economic climate, hotel websites will need to focus on delivering simpler, more intuitive site navigation, a streamlined booking process, and more robust content, supplemented with better pictures and more lifelike virtual tours.

Data contained in the Hospitality Industry Report represents aggregated information obtained from 30 webValidator™ studies deployed on the web sites of leading hospitality brands. This industry specific database collected data from 137,357 visitors. Additionally, the data is supplemented with results from hundreds of hospitality websites running the free 4Q survey.

Sources:

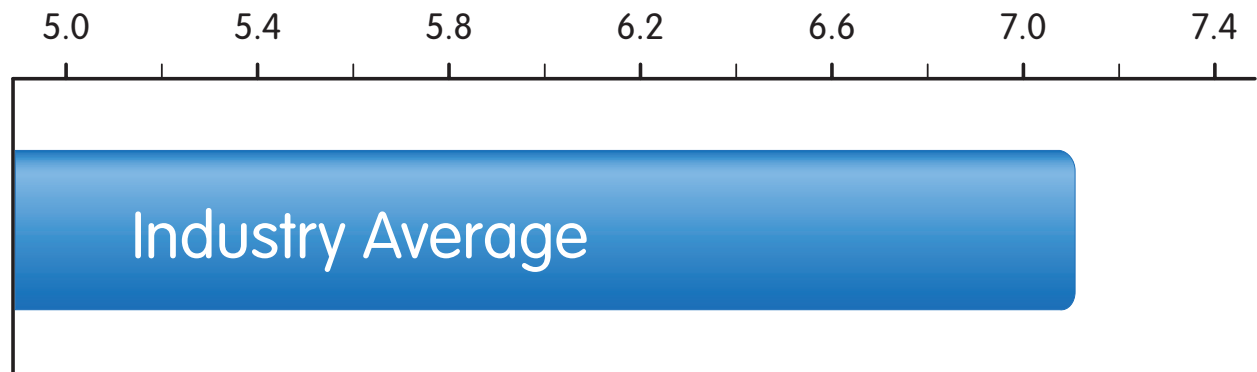
1. HVS Web Strategies, "Marketing Online – tapping into current trends," April 6, 2009.
2. STR (Smith Travel Research), Apr. 3, 2009.

Industry Benchmarks

Hospitality iPerceptions Satisfaction Index (iPSI) Definition

The Hospitality iPSI Index is established by using a common set of 10 attribute questions derived from the five web site dimensions of iPerceptions strategic behavioral framework—those being Navigation, Content, Interactivity, Motivation and Adoption. The iPSI Index serves as a comparative benchmark allowing web site managers to continually measure their relative position within the hospitality sector.

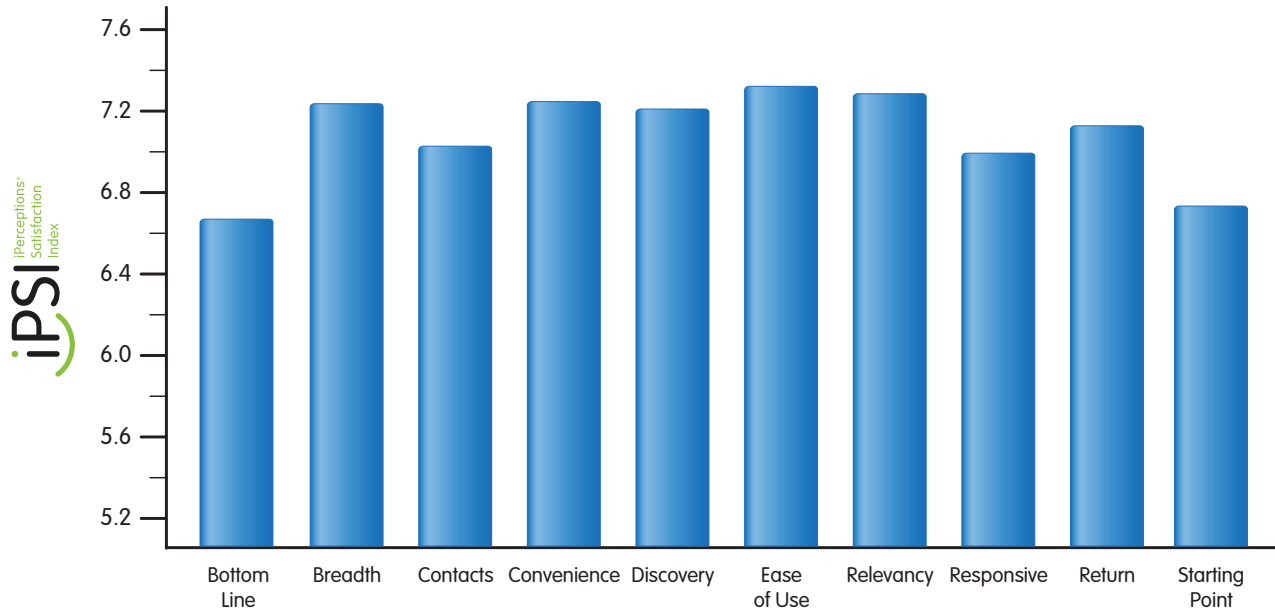
iPSI Profile and Percentile



	Industry Average	Max	Q3	Q2	Q1	Min
Hospitality-iPSI	7.10	7.55	7.28	7.16	6.89	6.24

Industry Benchmarks

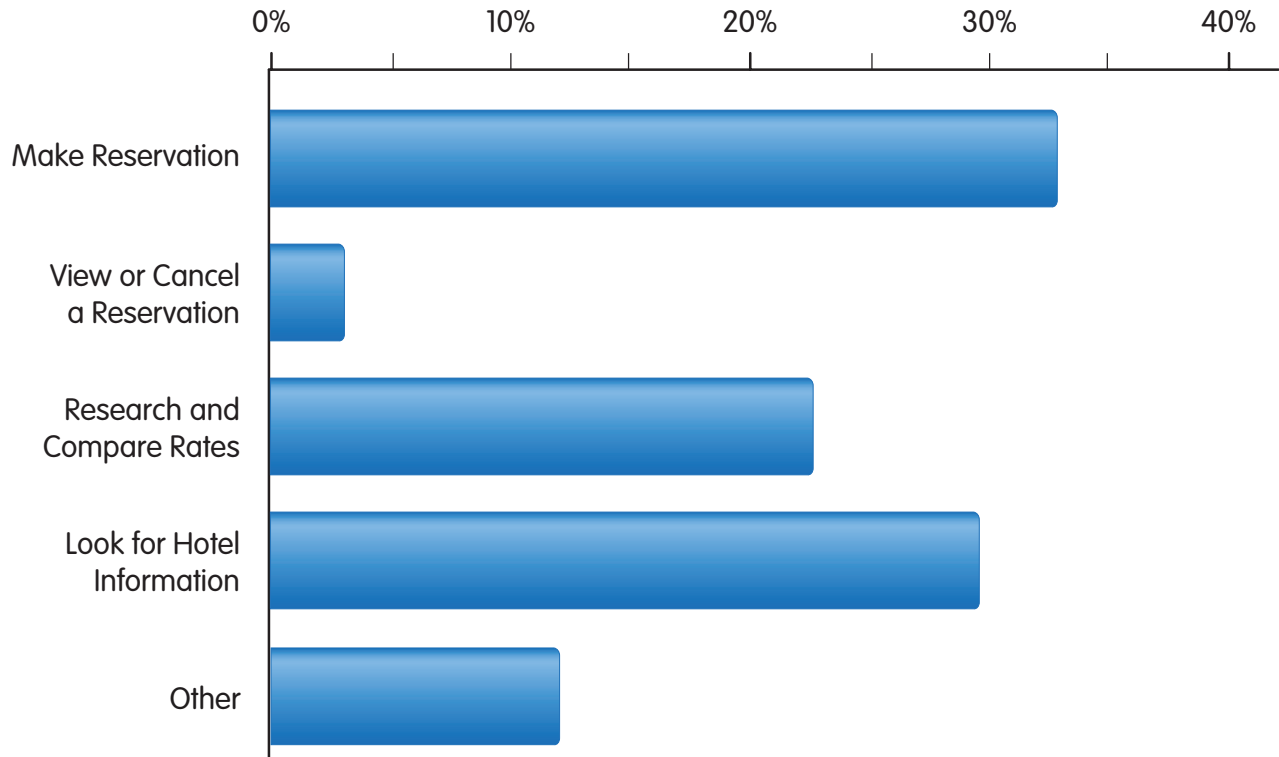
Hospitality iPSI—Attribute Comparison



Attribute	Industry Average	Max	Q3	Q2	Q1	Min
Bottom Line	6.69	7.07	6.94	6.78	6.61	5.73
Breadth	7.23	7.71	7.43	7.24	7.10	6.36
Contacts	7.03	7.42	7.19	7.11	6.88	6.27
Convenience	7.23	7.74	7.46	7.27	7.02	6.36
Discovery	7.21	7.57	7.40	7.25	7.05	6.20
Ease of Use	7.33	7.76	7.50	7.38	7.21	6.38
Relevancy	7.31	7.71	7.43	7.24	7.10	6.36
Responsive	7.00	7.39	7.19	7.06	6.81	6.14
Return	7.16	7.77	7.35	7.18	6.93	6.34
Starting Point	6.76	7.66	7.15	6.92	6.35	5.72

User Group Comparisons

Purpose of Visit

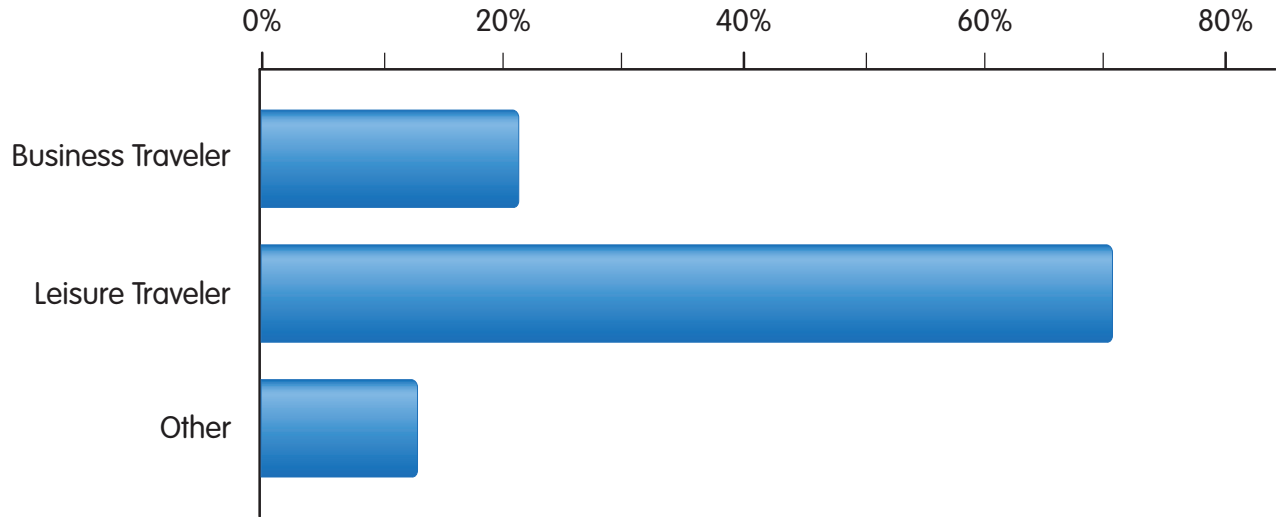


Purpose of Visit	Industry Average
Make a Reservation	33.0%
View or Cancel a Reservation	3.2%
Research and Compare Rates	22.3%
Look for Hotel Information	29.5%
Other	12.0%

Purpose of Visit	Industry Average	Max	Q3	Q2	Q1	Min
Make a Reservation	7.24	7.64	7.47	7.34	7.11	6.23
View or Cancel a Reservation	7.24	7.83	7.51	7.39	6.99	6.37
Research and Compare Rates	6.97	7.34	7.14	7.00	6.83	6.41
Look for Hotel Information	7.04	7.43	7.27	7.12	6.84	6.08
Other	6.78	7.54	7.16	6.81	6.38	5.93

User Group Comparisons

Context of Visit

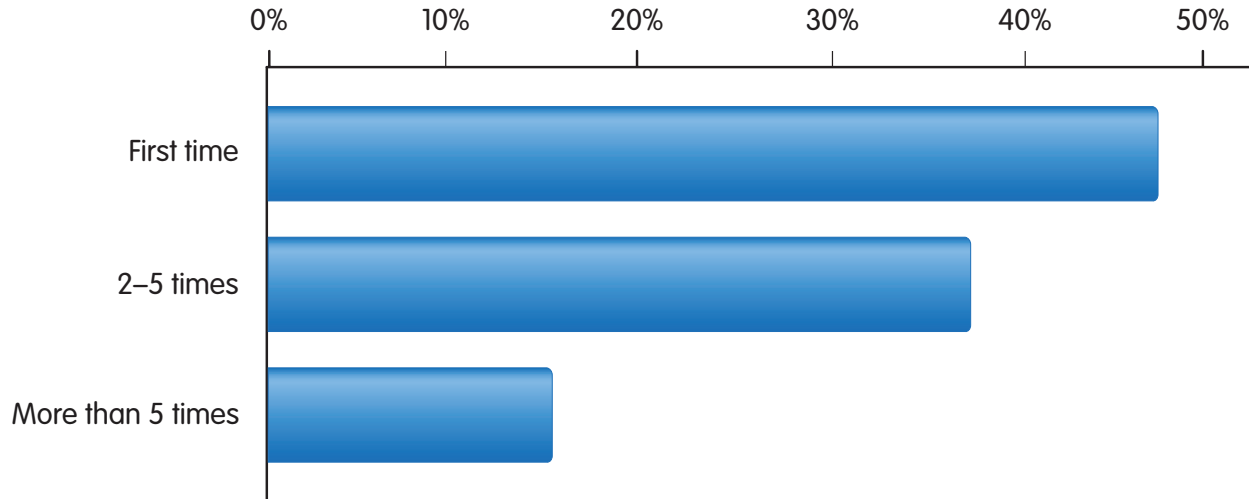


Context of Visit	Industry Average
Business Traveler	21.3%
Leisure Traveler	70.3%
Other	17.2%

Context of Visit	Industry Average	Max	Q3	Q2	Q1	Min
Business Traveler	7.08	7.51	7.35	7.12	6.85	6.22
Leisure Traveler	7.13	7.59	7.31	7.16	6.98	6.25
Other	6.88	7.40	7.11	6.93	6.63	6.18

User Group Comparisons

Frequency of Visit



Frequency of Visit	Industry Average
First time	47.4%
2-5 times	37.7%
More than 5 times	15.0%

Frequency of Visit	Industry Average	Max	Q3	Q2	Q1	Min
First time	6.85	7.42	6.98	6.92	6.71	6.04
2-5 times	7.22	7.75	7.40	7.28	7.10	6.36
More than 5 times	7.51	8.12	7.76	7.64	7.25	6.70

Individual Attribute Comparisons

Verbatim Attribute Questions

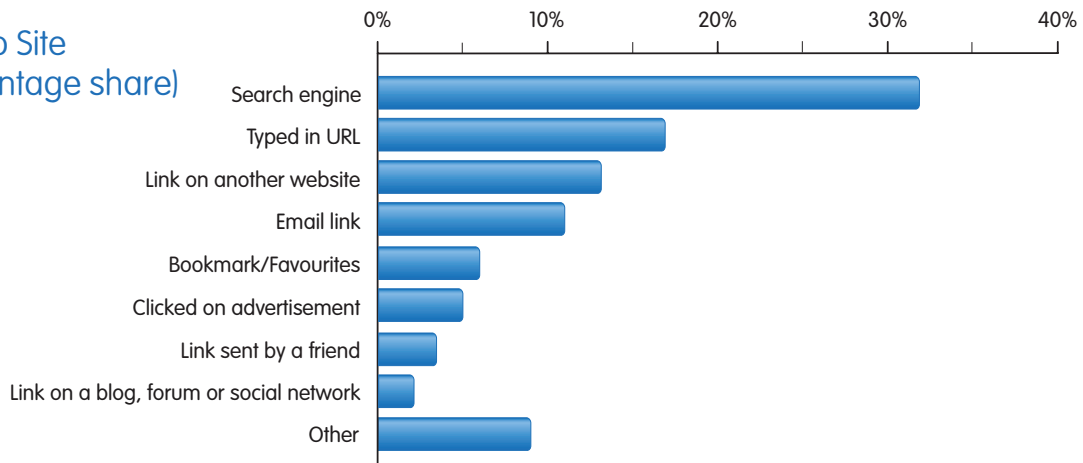
Based on your best online experience, how would you rate www.website.com as a site that...

Dimension	Attribute	Industry Average
Adoption	Starting Point	...you use whenever you plan a trip or event?
	Return	...encourages you to return?
Content	Breadth	...covers the range of information you need?
	Relevancy	...has content that is relevant to the purpose of your visit?
Interactivity	Contacts	...enables you to identify and contact the right people?
	Responsive	...is truly interested in responding to your needs?
Motivation	Bottom Line	...can save you money on room rates?
	Convenience	...is the most convenient way to choose your hotel accommodations?
Navigation	Discovery	...enables you to find what you're looking for?
	Ease of Use	...is easy for you to navigate?

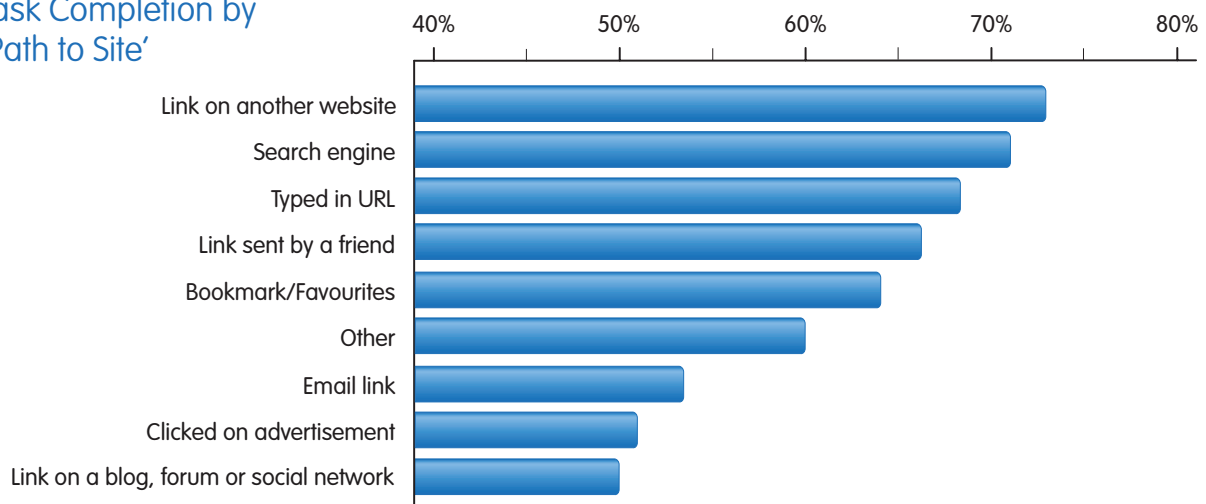
4Q Survey Hospitality Data

Path to Site

Path to Site
(percentage share)



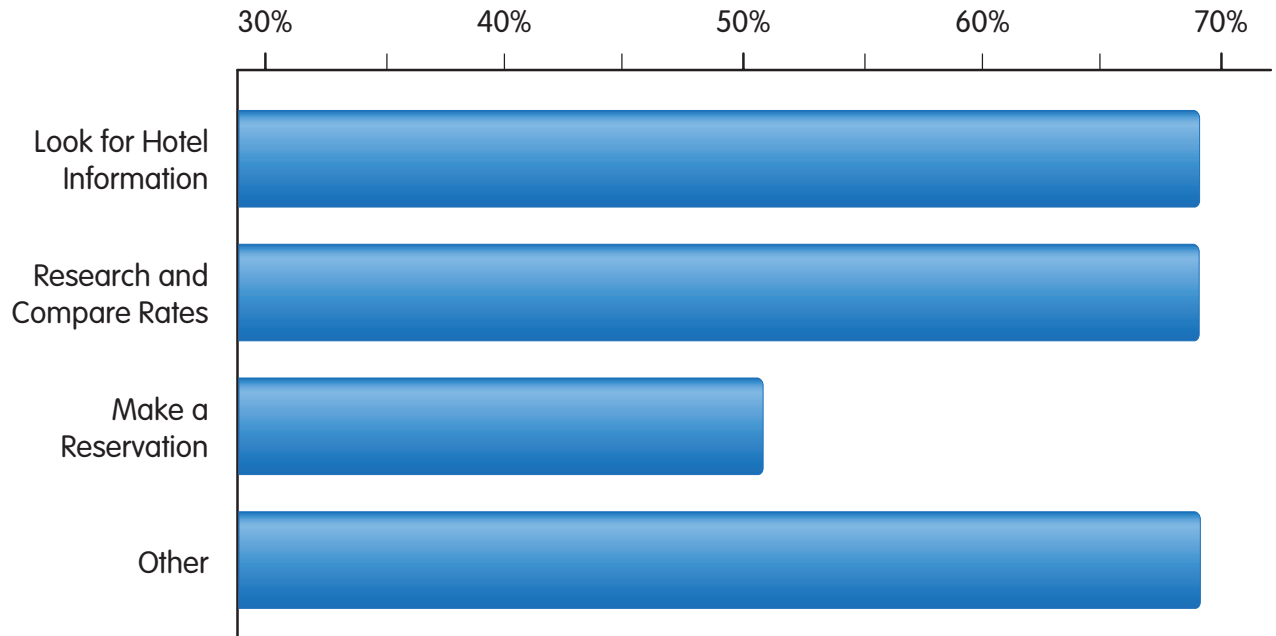
Task Completion by
'Path to Site'



Path to Site	Percentage Shares	Task Completion
Search engine	32%	71%
Typed in URL	17%	68%
Link on another website	13%	73%
Email link	11%	53%
Bookmark/Favourites	6%	64%
Clicked on advertisement	5%	51%
Link sent by a friend	3%	66%
Link on a blog, forum or social network	2%	50%
Other	9%	60%

4Q Survey Hospitality Data

Task Completion by Purpose of Visit

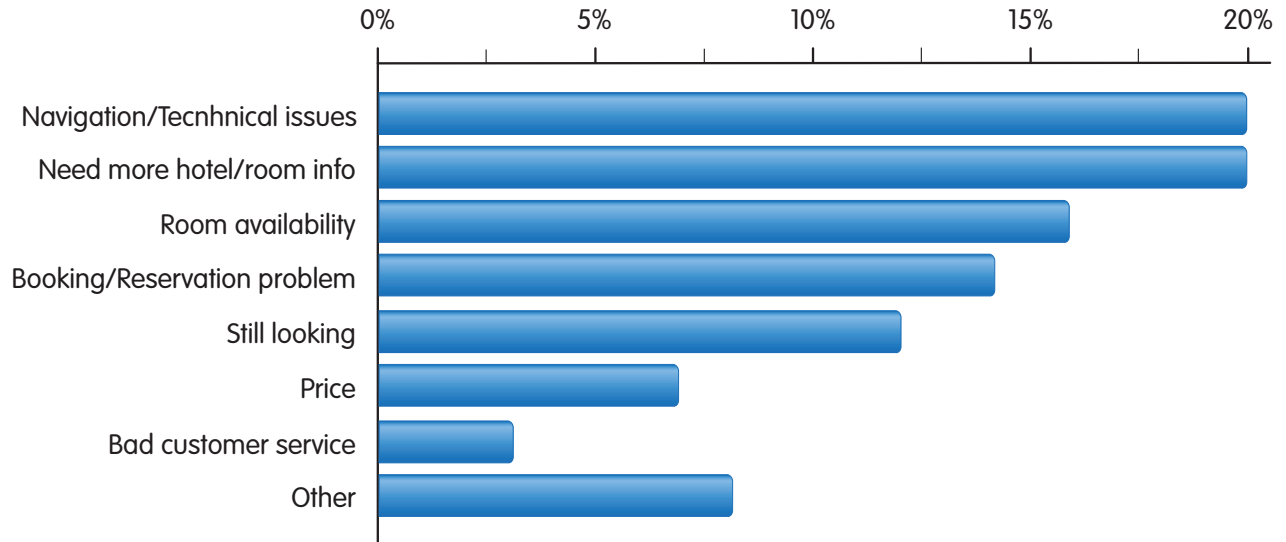


(re-mapped 4Q Survey Purposes of Visit to webValidator typology)

Purpose of Visit	Task Completion
Look for Hotel Information	69%
Research and Compare Rates	69%
Make a Reservation	51%
Other	69%

4Q Survey Hospitality Data

Task Completion Barriers for "Make a Reservation"



Task Completion Barrier	Percentage Share
Navigation/Technical issues	20%
Need more hotel/room info	20%
Room availability	16%
Booking/Reservation problem	14%
Still looking	12%
Price	7%
Bad customer service	3%
Other	8%