

Interactive Travelers

THE ON-LINE CONNECTION

By James Transue, Senior Editor

The Internet may be a huge storm cloud threatening to rain on travel agents' parade, but it also may have a silver lining. It will continue to divert bookings away from travel agents — but it also appears likely to generate more travel business for everyone.

That is the thrust of the 1999 Interactive Traveler Survey, one of several surveys of travelers cosponsored this year by Travel Weekly and conducted by Plog Research.

The survey defines an interactive traveler as one who has taken an air trip in the last year and has an e-mail address. Of the 4,355 such travelers who participated in the survey, 77% say they take advantage of electronic ticketing, 54% say they can book business travel from their desktop or laptop computers, and 81% say they use the Internet or an on-line service to obtain travel information.

For those in the travel agency community who consider the Internet to be a threat, perhaps the most ominous thing is the speed at which use of the Internet for travel booking is expanding. The number of interactive business travelers who indicated a willingness to book on-line jumped from 13% last year to 19% this year. Among leisure travelers, the increase was equally startling: from 25% to 35%.

The survey found one big difference between business and leisure travelers. For business travelers, travel agents remain by far the most-used information source: 60% of the travelers used them, compared with 36% for toll-free numbers, 35% for Web sites and 27% for corporate travel managers. But for leisure travelers, agents rank only third as information sources, with 59%, vs. 64% for toll-free numbers and 67% for Web sites.

Further, says the survey, "interactive business travelers are almost three times as likely to book or reserve travel through an agent as by using Internet services (55% vs. 19%)." Another 31% use toll-free numbers. For interactive leisure travelers, 54% use agents — down from 60% a year ago — while 57% use toll-free numbers and 35% use Web sites.

Some 30% of interactive travelers say they used travel agents less often this year than they did a year ago. Thirty-seven percent of such travelers say it is because they believe they can get lower prices elsewhere; 34% say they get better information from other sources; 17% say travel supplier incentives induced them to book directly; 16% say it was because of the Internet; 14% say it was because of service fees; 12% because of poor service, and 9% because of a low level of expertise on the part of agents.

Offsetting the 16% drawn from agents by the Internet, says the survey, is the interest created by the Internet "that generates requests for more information or assistance from travel suppliers."

CHANGE IN USE OF TRAVEL AGENT SERVICES

ON-LINE AIR TRAVELERS

	1999
Net: more/about the same	70%
More	12
About the same	58
Less	30
Reason for using a travel agent less*	
Can get better price elsewhere	37%
Can get better information elsewhere	34
Travel supplier incentives to book directly	17
Internet	16
Service fees	14
Poor service	12
Low level of expertise	9

Base = Total respondents.

Base = Those using a travel agent less frequently.

Source: The Interactive Traveler Survey.

ULTIMATELY, A BENEFIT

The notion expressed by the authors of the Interactive Travel Survey that the Internet will generate travel business that will ultimately benefit everyone, including travel agents, is supported by a report in a recent issue of a leading computer magazine, PC Computing.

According to that report, travel sites probably are the leading revenue producers on the Internet. On-line travel will account for about a quarter of the \$8 billion spent on total on-line shopping this year. They will account for only about 10% of travel bookings this year but are likely to double that share within three years. — J.T.

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Indeed, one of every nine interactive travelers says that travel Web sites, through either site content or e-mail alerts, actually influenced them to take a trip, according to the survey. But most of them, of course, go on-line for information about trips they have already decided to take.

Unquestionably, the potential of the Internet to either help or harm agents is vast. Fully 52.5% of the 101 million U.S. households had computers at the time of the survey, and about 90 million, or one in three, Americans were on-line. By 2002, that on-line connectivity is expected to double, according to the report.

Some 37% of the interactive travelers have purchased a travel product on-line, 59% have purchased a nontravel product on-line, and 86% would consider making on-line purchases in the future.

Airline sites generate the most interest, with 87% of the on-line travel-information seekers tapping into them, according to the survey. "Frequent flyer awards, discounts, auctions and easy to access schedules serve to further encourage 'visits.'" Indeed, of the 37% of those travelers who purchased a travel product on-line, 84% bought an airline ticket, 51% booked hotel accommodations and 39% rented a car.

Nearly three-quarters (74%) of the interactive travelers chose to book off-line through agents or toll-free numbers after visiting a travel e-site, mostly for air travel (66%) and lodgings (64%).

Importantly, says the survey, only 45% this year asked for additional information off-line, compared with 49% a year ago, "suggesting on-line travelers are more satisfied with on-line content."

Following airline sites in the interest they generate are the Internet megasites, visited by 65% of interactive travelers. Travelocity, visited most often by 14% of interactive travelers and Yahoo! Travel, by 10%, are easily the two most popular megasites.

Destination sites such as Mapquest, convention and visitors bureaus and Worldview, are visited by 43% of the interactive travelers; lodgings sites — usually those of hotel chains — by 40%, and cruise sites by 10%.

What attracts travelers to the Internet, according to the survey, are its 24-hour access, convenience, reliability of the content and the ability to tailor information according to the travelers' needs and preferences — an ability enhanced by such services as e-mail travel alerts.

"On-line air travelers prefer sites that are easy to navigate, secure, easily and quickly accessed and downloaded, frequently updated, and transactional," the report says.

The ability of sites to offer booking or reservation capabilities is increasingly important, as are the use of photos, other illustrations.

The major downside to the Internet, according to the survey, is the lack of personal assistance, cited by 51% of the interactive travelers. Nearly half (46%) of respondents cited the security of financial transactions over the Internet as a concern, but the survey says they increasingly are taking it for granted that professional, reliable Web sites will provide adequate safeguards. The third concern, cited by 41%, is that an on-line visit might result in a deluge of junk mail or e-mail.

HOW TRAVEL INFORMATION WOULD BE OBTAINED IF WEB SITES WERE NOT AVAILABLE

ON-LINE AIR TRAVELERS

	1999	1998
Ask a travel agent	80%	65%
Call travel supplier directly using a toll-free number	52	35
Ask friend or family member	36	NA
Buy/borrow travel related book or travel guide	32	39
Subscribe to/borrow a travel related magazine	17	13
Watch travel related programs on television	11	6
Other	6	10

Base = Use Internet/on-line services for travel information. Source: Interactive Traveler Survey.

WHO IS INTERACTIVE?

Who is the interactive traveler? According to the survey, he — 63% of them are hes — is in his mid- to late 40s and is likely (79%) to be a graduate. Half of these travelers have professional or managerial careers and live in households whose incomes approach \$100,000 a year. — J.T.

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INFORMATION SOURCES USED BY BUSINESS TRAVELERS TO SELECT AND BOOK TRAVEL SERVICES FOR BUSINESS TRIPS

ON-LINE AIR TRAVELERS

	1999	1998
Travel agent (net)	60%	58%
Travel agent for air trips	58	NA
Travel agent for car rentals	42	NA
Travel agent for hotel accommodations	41	NA
Travel agent for cruises	5	NA
Travel agent for tour operators/packages	3	NA
Travel agent for destination selection	3	NA
Toll-free number (net)	36%	42%
Toll-free number airlines	28	33
Toll-free number hotels	27	30
Toll-free number rental cars	24	28
On-line/WWW (net)	35%	31%
Internet/WWW	29	26
Commercial on-line service	16	14
Corporate travel manager/department	27	28
Airline schedules/timetables	25	28
Electronic ticketing	25	24
Administrative assistant/co-worker	12	18
Printed flight guides	10	12
E-mail notification of fares	10	9
Hotel brochures	5	7
Friends/relatives	4	6
Auto club brochures/books	4	6
Travel guides	4	5
Travel club materials	3	3
Travel magazines	3	3
Disks/CD-ROMs	3	2
Tourism offices	2	3
LAN based product	2	2
TV travel programs	1	1
Tour company brochures	1	1
Cruise brochures	1	1
Travel specialty stores	1	1

Base = Travelers taking a domestic/international business and/or leisure trip.
Source: Interactive Traveler Survey.

INFORMATION SOURCES USED BY LEISURE TRAVELERS TO SELECT AND BOOK TRAVEL SERVICES FOR LEISURE TRIPS

ON-LINE AIR TRAVELERS

	1999	1998
Travel agent (net)	59%	66%
Travel agent for air trips	51	NA
Travel agent for hotel accommodations	30	NA
Travel agent for car rentals	27	NA
Travel agent for cruises	16	NA
Travel agent for tour operators/packages	15	NA
Travel agent for destination selection	7	NA
Toll-free number (net)	64%	70%
Toll-free number airlines	53	61
Toll-free number hotels	47	51
Toll-free number rental cars	43	45
On-line/WWW (net)	67%	55%
Internet/WWW	51	47
Commercial on-line service	30	30
Airline schedules/timetables	30	34
Electronic ticketing	29	27
Friends/relatives	27	33
E-mail notification of fares	24	24
Travel guides	20	26
Travel magazines	18	22
Auto club brochures/books	17	22
Hotel brochures	15	20
Tourism offices	14	20
Cruise brochures	11	11
Tour company brochures	10	13
Travel club materials	10	12
Printed flight guides	9	10
TV travel programs	6	8
Corporate travel manager/department	6	5
Administrative assistant/co-worker	4	4
Disks/CD-ROMs	3	4
Travel specialty stores	3	3
LAN based product	1	1

Base = Travelers taking a domestic/international business and/or leisure trip.
Source: Interactive Traveler Survey.

SUMMARY OF TRENDS IN USE OF INFORMATION SOURCES TO SELECT AND BOOK TRAVEL SERVICES

ON-LINE AIR TRAVELERS

	1999	1998	1997
Business travel			
Travel agents	60%	58%	66%
Toll-free number	36	42	51
On-line/WWW	35	31	34
Leisure travel			
Travel agents	59%	66%	69%
Toll-free number	64	70	69
On-line/WWW	67	55	51

Base = Travelers taking a domestic/international business and/or leisure trip.
Source: Interactive Traveler Survey.

USE THE SERVICES OF A TRAVEL AGENT

ON-LINE AIR TRAVELERS

	1999	1998
Use the service of a travel agent	71%	80%
Reasons for using a travel agent*		
Knowledge of travel agent	57%	50%
Time saver	53	53
Ability to get best prices	48	55
Loyalty/good past experiences	38	38
Company policy	38	34
Person to person contact	35	28

Base = Total respondents.
*Base = Those using a travel agent.
Source: Interactive Traveler Survey.

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Highlights of the Interactive Traveler Survey

- One in four business travelers (24%) now uses the Internet to gather information or book/purchase travel products, compared with one in six (16%) last year. Nearly twice as many (16% vs. 9%) book reservations on-line than a year ago.
- Leisure travelers also report greater use of the Internet but the use is growing at a more moderate pace than among business travelers (26% vs. 23% last year).
- Almost two in five (37%) interactive air travelers have made an electronic travel-related purchase within the past 12 months, up 10% from 1998.
- A demographic profile of on-line air travelers shows that: Half have professional/managerial careers; they are most likely to be in their mid-to-late 40s; they are most likely to live in households with incomes approaching \$100,000; they are male (63%), and graduated from college (79%).
- Compared with U.S. adults in general, on-line air travelers are:
 - Almost four times as likely to take business trips (82% vs. 22%).
 - Universally travel for leisure (95% vs. 64%).
 - Spend about an extra week away from home for leisure (20 vs. 15 nights).
 - Frequently fly for leisure (87% vs. 26%).
 - Are more likely to rent cars on leisure trips (65% vs. 19%).
 - Have accepted electronic ticketing (77%).
- The Internet has supplanted other sources among leisure travelers (46%), although business travelers continue to rely on travel agents (48%). But booking travel on-line is growing rapidly among both types of travelers. On-line booking jumped from 13% to 19% among business travelers and from 25% to 35% among leisure travelers.
- Thirty percent of on-line travelers report they use travel agents less often than in the past -- usually due to lower prices or better information from other sources, usually the Internet. But because the Internet also creates interest in travel, it may not be a net loss since 45% of interactive travelers follow on-line travel queries with requests for more information from travel suppliers.
- More than half (54%) of business travelers have the capability of booking business travel from their work desktops or laptops and another 30% expect to have this capability within two years.
- Interactive travelers spend 14.4 hours per week on-line, up from about 10 in 1998. Nine hours of that are spent sending and retrieving e-mail (five hours at work) and five hours are spent surfing the Internet (primarily at home -- three hours).
- Four-fifths (81%) of interactive travelers use the Internet or a commercial on-line service to obtain travel information, up from 75% in 1998 and 71% in 1997.
- The Internet attracts users with 24-hour access, convenience, reliable content and ability to tailor information based on specific needs and preferences, including e-mail travel alerts. But it lacks the personal touch and about two in five respondents express concern about financial security and data privacy.

INFORMATION SOURCES USED TO SELECT AND BOOK TRAVEL SERVICES FOR BUSINESS AND LEISURE TRIPS

ON-LINE AIR TRAVELERS

	1999	1998
Travel agent (net)	78%	80%
Travel agent for air trips	74	NA
Travel agent for hotel accommodations	51	NA
Travel agent for car rentals	51	NA
Travel agent for cruises	17	NA
Travel agent for tour operators/packages	16	NA
Travel agent for destination selection	8	NA
Toll-free number (net)	70%	76%
Toll-free number airlines	58	66
Toll-free number hotels	53	56
Toll-free number rental cars	48	50
On-line/WWW (net)	65%	59%
Internet/WWW	55	50
Commercial on-line service	32	32
Airline schedules/timetables	37	41
Electronic ticketing	36	35
Friends/relatives	28	34
Corporate travel manager/department	27	29
E-mail notification of fares	26	25
Travel guides	21	26
Auto club brochures/books	18	22
Travel magazines	18	22
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Tourism offices	15	20
Administrative assistant/co-worker	13	20
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Cruise brochures	12	11
Tour company brochures	10	13
Travel club materials	10	12
TV travel programs	7	8
Disks/CD-ROMs	4	5
Travel specialty stores	3	3
LAN based product	2	3

*Base = Travelers taking a domestic/international business and/or leisure trip.
Source: Interactive Traveler Survey.*

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- Airline sites generate the greatest amount of interest among on-line travelers, with 87% of travel information users accessing at least one airline site.
- Travel mega-sites rank behind the airlines, accessed by about two-thirds of all on-line users. Travelocity and Yahoo! Travel lead all others in numbers of users.
- One of nine interactive travelers state that travel Web sites actually influence them to take a trip, through either e-mail alerts or by site content. The typical on-line traveler reports viewing a banner ad about once in five times and "clicks" on it about once in 12.
- Thirty-seven percent of interactive travelers purchased an on-line travel product or service in the past 12 months, up from 27% last year. Fifty-nine percent have made nontravel purchases in the past, usually books, indicating acceptance of the Internet as a transactional tool and a willingness to make payments on-line. Further, 86% are willing to make future purchases of some type.
- Seventy-eight percent of on-line air travelers took some form of action after visiting an on-line travel site, including making a reservation (74%) or requesting additional information (45%).

Methodology

1999 Interactive Traveler Survey

The 1999 Interactive Traveler Survey was conducted by Plog Research Inc., Reseda, Calif.

The survey was sent by direct mail to a sample of U.S. travelers who are "interactive".

Interactive travelers are defined as those travelers who have taken an air trip over the past year and have an e-mail address.

Each selected traveler was sent a cover letter, a nine-page questionnaire, a \$1 incentive, and a chance to win one of three cash prizes (one \$1,000 prize and two \$250 prizes).

The target group for this study consists of Americans who travel by air for leisure and/or business purposes and have an on-line account. The list of potential respondents was drawn from Plog's Travel-TRAK database.

Travel-TRAK collects detailed travel information from over 90,000 air travelers per year in 38 U.S. airports. The primary strength of this database is that it represents the U.S. air travel market rather than the general population. That is, if someone takes 10 trips per year, they are 10 times more likely to be included in the Travel-TRAK database than someone who flies only once.

A total of 10,000 questionnaires were mailed Jan. 9, 1999. There was a total response of 4,355 usable returns received by the closing date of Feb. 24, 1999.

All of the fieldwork was conducted by Plog Research, Inc. at their headquarters office in Reseda, Calif. In-house staff edited, coded and tabulated the results.