

The Future of Metasearch 2015

Strategize for the Metasearch Age



Best Practice

Leading advice from interviews with major figures in the metasearch, hotel, technology and airline industries to help you maximize this channel

Market Analysis

Plan your approach using the latest market data, projections, and company evaluations

Consumer and technology insight

Discover how metasearch has changed the consumer journey and how the search process will look in the future

Industry overview

Metasearch has irrevocably changed the industry and, now the genie is out of the bottle, everyone must adapt to the new patterns of consumer search and booking. This report will survey the future of metasearch in travel from the perspectives of the hospitality and airline industries, as well as the metasearch companies themselves. We have leveraged EyeforTravel's unique level of industry access to give you direct access to top metasearch executives, as well as leading firms who are creating opportunities and growth through their active engagement with this vital part of the distribution landscape. These qualitative interviews, along with EyeforTravel's analysis of the sector and its impacts will help to guide your company through the next five years and emerge as a smarter business that is more connected and, ultimately, more profitable.

Leading research from EyeforTravel

- A comprehensive review of the metasearch landscape, with up-to-date information on traffic, revenues and advertising spend.
- Forward projections that will help you navigate the changing face of online distribution and metasearch's growing prominence from both the consumer and industry perspectives.
- Real world advice to optimise your online presence and maximise the business opportunities being created by the disruptive influence of metasearch companies.

Methodology

- Interviews with metasearch executives:
 - Loella Pehrsson, Regional Managing Director, KAYAK
 - Nikhil Gupta, Director of Hotels and Car Hire, Skyscanner.
- Interviews with figures leading the industry's approach to metasearch:
 - Ashwin Kamlani, Founder and CEO, Regatta Travel Solutions
 - John Hach, Senior Vice President Global Product Management, TravelClick
 - Marion Bauer, E&M Commerce Director, Vueling Airlines
 - Charlie Osmond, CEO, TripTease
 - Romain Roulleau, Executive Vice President E-Commerce, Accor
 - Catarina Randow, Vice President, Revenue and Distribution, First Hotels.
- Plus EyeforTravel's exclusive consumer research and analysis of the market from open source intelligence.

Key questions addressed

- How has metasearch changed the way consumers search for and buy travel products?
 - Trend analysis
 - Market comparisons
 - Consumer expectations
 - Most popular sites.
- What is the future of metasearch?
 - How will the big players develop and what are their growth strategies?
 - What new areas are and will they be looking at?
 - How will consumer expectations in key markets evolve?
 - What will further disrupt the space and the market in general?
- How can I maximise the opportunities being created by the rise of metasearch?
 - Tactics and advice from key industry figures to boost conversion rates
 - What are the best strategies to working with metasearch?
 - What technologies and solutions should you be targeting?

Who needs to buy this report

- **Hotel operators and owners** – the hospitality industry has the most to gain from the disruption metasearch is creating. Metasearch offers a path to reclaim lost traffic and to build a direct relationship with the customer. Get advice from top hotel brands and the metasearch companies in how to increase your traffic and boost conversion rates.
- **Airline executives** – airlines were the first major vertical to be affected by the challenges of metasearch but the path ahead is still uncertain. We aim to furnish you with all the information you will need to navigate this section of the market, which is set to become globally dominant in the digital age.
- **Leaders in technology and travel distribution** – metasearch promises changes across the whole distribution network, not just to the suppliers of inventory. Get detailed analysis about current and future market conditions and EyeforTravel's take on the major players.

Contributors include:



Acknowledgements

EyeforTravel would like to acknowledge, with great thanks, the contributions of our advisory panel of thought leaders and industry experts. Each individual named below provided insights and analysis to ensure the focus and quality of this report reflect the highest industry standards.

Please note, the list below does not represent all the industry leaders involved, as some sources preferred to remain anonymous.

Marion Bauer | E&M Commerce Director, Vueling Airlines

John Hach | Senior Vice President Global Product Management, TravelClick

Nikhil Gupta | Director of Hotels and Car Hire, Skyscanner

Ashwin Kamlani | Founder and CEO, Regatta Travel Solutions

Charlie Osmond | CEO, Triptease

Loella Pehrsson | Regional Managing Director UK, Ireland, Nordics, KAYAK

Catarina Randow | Vice President Revenue and Distribution, First Hotels

Romain Roulleau | Executive Vice Preseident E-Commerce, Accor

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► The following extract is taken from within Chapter 1, which discusses the consumer journey and the best means of measuring that process. The extract covers key points in the customer's decision-making process and how to influence this.

4

Industry Outlook

The metasearch sector is constantly evolving, and the next five years will see a number of changes to the competitive landscape. Key focuses will be the ongoing shift to mobile as consumers increasingly use their smartphones and tablets to not only research their travel, but also to book it. TripAdvisor looks set to continue its rapid growth trajectory, and the market waits with baited breath to see what Google's next move will be in the metasearch arena.

4.1 Going Mobile

The proliferation of mobile devices such as smartphones and tablets has changed the way in which people research and book their travel. Over the next couple of years, investment in mobile interfaces and apps that enable travelers to seamlessly browse metasearch sites on their personal electronic devices will be a key focus for the metasearch companies.

Skyscanner, when announcing its full-year 2014 results, said that mobile growth "continues to be key" to its growth strategy, pointing out that during the course of the year it had seen a 77% global increase in the number of visitors using mobile devices. In response, Skyscanner launched its first hotel and car hire apps in 2014 and acquired Budapest-based app developer Distinction "to accelerate the growth of its in-house mobile development team".

Skyscanner's Gupta says that since launching its hotel app the company has seen a "pretty incredible" number of downloads. The development of mobile web offerings and apps for iOS and Android are key focus areas for Skyscanner, which aims to rectify the past "dilemma" of travelers principally using mobile to browse rather than progressing further along in the booking process on their handheld devices.

"We see more users coming to our site on mobile than we do on desktop. For us that's a massive difference to

a year-and-a-half to two years ago and this is a trend we only expect to continue," says Gupta.

Similarly, KAYAK is placing a heavy emphasis on developing its mobile offering over the coming months. It launched its 'Explore on Mobile' app on iOS in January 2014, and the Android version followed in February 2015. KAYAK also recently launched its 'Hotel for Tonight' apps for both Android and iOS, enabling mobile users to find three-star, well-rated hotels located in their immediate proximity. Additional innovations across mobile devices are in the works.

"We anticipate mobile will continue to grow, forecasting that 50% of queries might be made on this channel at some point. So developing our mobile offering is part of our strategy," says KAYAK's Pehrsson. "Our aim is for KAYAK to be a place to plan and manage your travel; becoming a travel companion at every step of the journey".

"There are a lot of plans and ways we can improve the experience, whether that is last-minute booking of flights, hotels and ground transportation whilst on holiday, things to do whilst you're in a destination, or pushing your itineraries and tickets directly to your mobile phone".

Strategizing for the mobile age will require significant investment and innovation from metasearch companies seeking to tap into evolving consumer behavior. "Everyone has a mobile pocket computer. How you uniquely configure your product to mobile size – that's the challenge," says Hach of TravelClick.

Over the next 24 to 36 months, Hach believes metasearch companies will boost investment in the delivery of "localized content" that enables travelers to browse and book a hotel room on a particular night within their immediate vicinity at the time.

4.2 The Rise of TripAdvisor

TripAdvisor has become a force to be reckoned with in the online travel arena, growing in popularity to consistently top the list of most-visited travel metasearch sites globally. It has ambitious growth plans and aims to expand aggressively to consolidate its position as what its chief executive describes as “the most comprehensive one-stop shop in travel”. The rate of TripAdvisor’s growth to date can clearly be seen in Figure 3.

The market has already seen a number of metasearch companies being swallowed up by leading OTAs such as Expedia and Priceline, and it is widely expected that further consolidation in a similar vein will occur. But TripAdvisor’s size and impact on the market is such that some believe it has the most likelihood of remaining a stand-alone entity.

“What happens to metasearch [in terms of consolidation] will be what happened to the OTAs. The only one strong enough to remain independent is TripAdvisor,” says Accor’s Roulleau.

The Accor group was one of the first hotel operators to accept and embrace the growth in popularity among its customers of the combination offered by TripAdvisor

of independent, user-generated reviews and price comparison, as Roulleau points out. “We were the first hotel group to integrate TripAdvisor reviews in our website back in 2010,” he says, adding that this decision was taken because “we prefer to face the reality of what customers are doing”.

“The reality is that people are looking at reviews so we need to make sure that the quality is at the right level. It takes a huge amount of work to make sure we know how to handle good and bad reviews,” says Roulleau. Since integrating TripAdvisor reviews into its own website, Accor has seen a positive increase in its rating on TripAdvisor and “we regularly see our average reviews going up,” says Roulleau. A number of major hotel chains have since followed suit and integrated TripAdvisor reviews into their own websites.

As touched upon in Chapter 2, a recent study carried out by the University of Central Florida in conjunction with TravelClick, which set out to examine the ‘TripAdvisor Effect’, found that while many think that positive reviews are the most important, it is actually the sheer number of reviews which can impact a hotel’s revenue per transaction.

Figure 3: TripAdvisor Revenue Growth

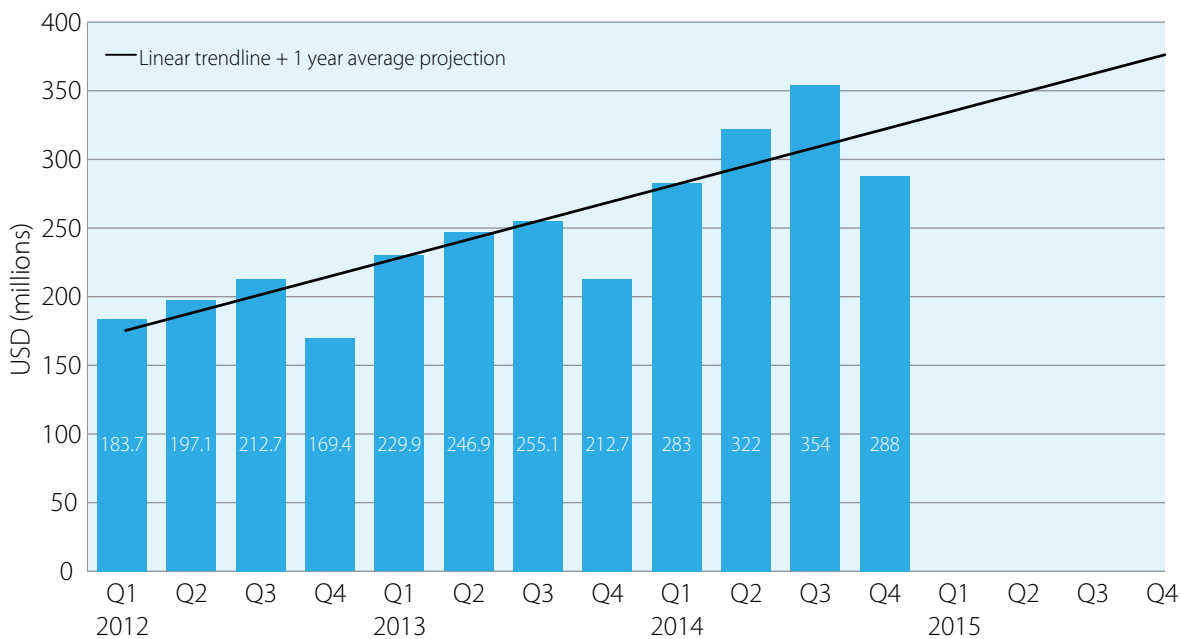


Table 4: TripAdvisor Revenue Per Quarter 2011-2014

Quarter	US\$m
Q1 2012	183.7
Q2 2012	197.1
Q3 2012	212.7
Q4 2012	169.4
Q1 2013	229.9
Q2 2013	246.9
Q3 2013	255.1
Q4 2013	212.7
Q1 2014	283
Q2 2014	322
Q3 2014	354
Q4 2014	288

Source: TripAdvisor, 2015

Examining data collected from two months of revenue (July and August 2013) across a sample of 178 hotels in the USA, the study found that the amount of customer reviews had a greater impact on revenue per transaction than the hotel’s ranking on TripAdvisor.

“The more reviews a hotel has, the more money it will generate per transaction. More reviews may suggest more opportunities for those reviews to be positive. Because the numbers of reviews are important, hotels shouldn’t just focus on ranking or stars, but on encouraging their guests to write about their experiences at the property,” says the report.

One of TravelClick’s recommendations to hotels, based on the study’s findings, is to build a marketing campaign to stay in touch with past guests and ask them to submit reviews about their experiences at the property.

4.3 Blurring the Lines

In a recent article written by EyeforTravel and published on Tnooz two schools of thought emerged over whether the lines between OTAs and metasearch sites were becoming increasingly blurred. In the yes camp,

Richard Harris, Chief Executive of Intent Media – a technology firm that helps OTAs to deliver a metasearch experience for their hotel shoppers – argued that in six to 18 months the two worlds would be irreversibly blurred, and a hybrid between metasearch and the transaction engine would emerge.

However, this argument was disputed by Hugo Barge, Chief Executive of metasearch engine Momondo, who said: “We are very strong believers in the value of metasearch and don’t believe that its powerful principles should be compromised. It is precisely the wide coverage and trust that metasearch gives that makes it so successful. It should not be muddled with advertising opportunities for travel sellers” (Tnooz, 2015 (b)).

Barge’s point on trust is echoed by Gupta of Skyscanner, who says the company devotes a “huge amount of attention” to ensuring that the price a user sees on its site is the price they eventually pay on the supplier’s site. “For us, trust is significantly important for the user – we have a whole team of people working on ensuring the price you see is the price you pay,” says Gupta.

While he believes that “an element of convergence” is happening in the industry, Gupta believes there is “still a lot of clear blue water between the OTAs and metasearch – for the moment, at least”.

4.4 Google: a Sleeping Giant?

Many column inches have been devoted to the question of whether Google will aggressively expand its Flight Search and Hotel Finder offerings and become a dominant force in the world of travel metasearch, or whether it will be content to sit back and rake in the advertising revenue. This remains largely an unanswered question, although there is a general feeling within the industry that Google will not rest on its laurels for long.

As highlighted by Matteo Cellini, head of search at Expedia-owned OTA Venere, in the EyeforTravel article referenced in section 4.3: “Google makes a lot of money from metasearch and OTA advertising so I’m not sure how this battle will be fought, but it seems clear Google is intent on understanding user demand in the bid to secure a greater slice of the pie.”

It is clear to see that Google is by no means ignoring this market, as evidenced by its 2014 agreement to license hotel booking software from Room 77 – a move described by Travel Weekly as Google’s “most significant foray into travel since acquiring ITA Software” (Travel Weekly, 2014).

About EyeforTravel

EyeforTravel is a community where the world's online travel brands – from hotels to airlines, online travel agents, cruise, car hire firms and more – come to meet.

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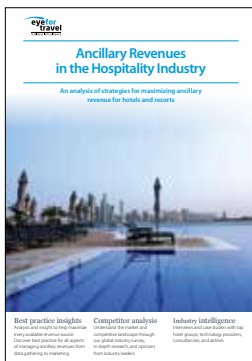
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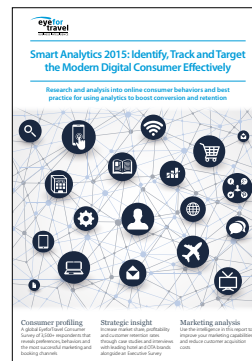
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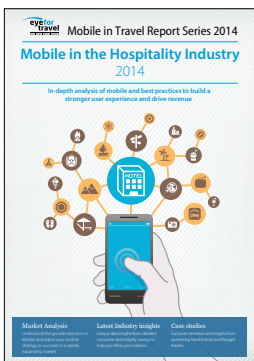
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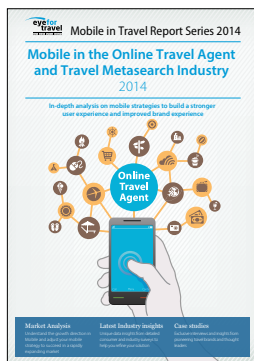
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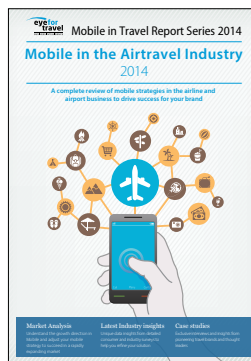
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