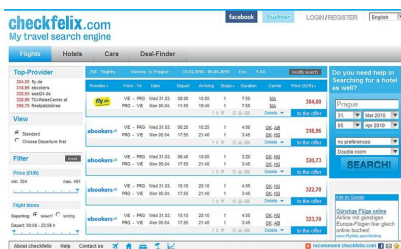


Online Travel 2010: Convergence – Metasearch – Social Media – Location-aware Mobile Apps

Predicting online travel trends and developments is relatively easy, however to say exactly whether and when they will happen or how to make the most out of them for your business is the tricky thing.

Despite the economic shake-up that rocked almost all industries, the online travel market remained relatively untroubled and even grew slightly during the recession. Whereas the total European travel market faces a double-digit decline through 2009 and 2010 the online market share for leisure and unmanaged business travel will increase from 28% in 2008 to an estimated 34% in 2010 (PhoCusWright, 21 Dec 2009). It seems like a side effect of the financial crisis that customers are increasingly searching online for cheap travel offers. Germany will even increase its online market share in Europe for online leisure and unmanaged business from 17% in the year 2008 to projected 20% in 2011. On the other hand, the UK's share of online bookings in Europe will drop from 31% in 2008 to projected 26% in 2011 (PhoCusWright's European Online Travel Overview, 2009). Emerging markets in the East such as Poland or Romania will also be able to increase their shares in the European online travel landscape.



Travel Metasearch Platforms Are Mushrooming

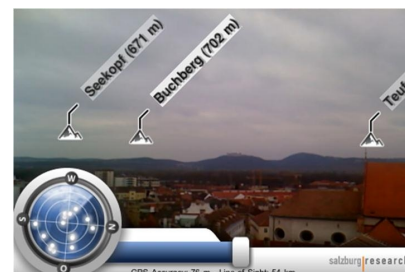
In line with the growing demand for online travel search, the fragmented European online travel industry and the price-sensitivity of the customers, the usage of travel metasearch websites will become more popular among European Internet users (PhoCusWright, 21 Dec 2009). Travel metasearch platforms such as Checkfelix.com or Kayak.com can be considered as meta-mediaries which aggregate tourism offerings from suppliers and intermediaries likewise.

The advantages for the customers are that they get access to a wider range of suppliers through a one-stop search and that they can compare offers and prices quickly and conveniently. Both suppliers as well as intermediaries gain greater exposure through metasearch platforms, however these meta-mediaries might have a negative effect on brand equity if the consumers focus mainly on the price.

Content Gets Contextualized and Personalized

The consumption of online media will continue to grow due to increasing consumer empowerment – e.g. user generated content, viral marketing – and technology advancements (eMarketer, 14 December

2009). About 60% of online travelers use a social networking platform and 27% have already posted reviews of travel products (PhoCusWright's Consumer Technology Survey 2009, 3rd Edition, Part 2: General Use of Social Media). Online content will become more distributed so that the same content will appear in multiple channels. Moreover, the content will be geared to the location and social situation of the users. Relevance, personalization and contextualization are the critical success factors for a precise targeting in order to reach the target audiences on a wide variety of platforms.



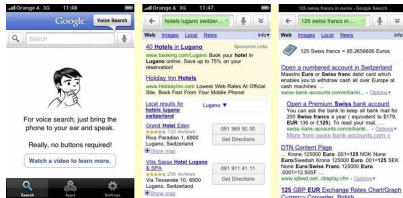
Social media marketing and social commerce will become an integral part in the online marketing mix and companies will continue to shift marketing spending from traditional to online media. Facebook, Flickr, YouTube and Twitter will certainly remain the most attractive social networks for tourism businesses in 2010. However, the impact of earned media (i.e. the additional unpaid exposure that a brand receives when users share information about the brand online) on brand awareness and lead generation is still rather vague.

Mobile Is Moving into Mainstream

Mobile applications and mobile advertising are moving into the mainstream as users are getting connected to the internet more often via smart phones. The convergence of location-based and context-aware mobile applications has the potential to engage and support travelers before the trip, en-route and after the journey and therefore will turn mobile apps into an integral part for travel planning and management.

By the end of 2010, 1.2 billion people will have smart phones through which they will be able to access internet on the move. Mobile travel bookings will increase most likely for hotels and rental cars as these products are booked usually rather late.

Mobile advertising spending will also gain a bigger share in the marketing mix with an increasing number of mobile users (eMarketer, 31 Dec 2009). The fusion of different technologies (e.g. internet, telephon, television) and applications will lead to new forms of media consumption and new marketing opportunities. Google's \$ 750 million purchase of AdMob can be also seen as an indicator that 2010 turns into the "year of mobile" (eMarketer, 8 Dec 2009). However, many mobile and location-based applications and services still lack a viable business and revenue model.



Linking the Real and the Virtual World

Cutting-edge applications and services for the tourism industry will link the virtual and the physical world with a focus on search, video and mobile. Augmented reality apps will add to the customer experience. A good example to demonstrate augmented reality technology for tourism is Peak.ar which can be used to visualize any kind of geo-referenced data. By pointing your smart phone to a certain direction the app will complement the reality with additional virtual information about mountain peaks in the vicinity.

Tell Me What You Are Looking for – Search by Voice

Google has recently launched its Search by Voice application which makes searching easier and offers new possibilities for the users. Simply hold your mobile phone to your ear and speak the search inquiry after the beep. For example you can search for hotels in Lugano by saying “hotels lugano switzerland” or you can use the phone as a currency converter by saying simply “125 swiss francs in euros” and you will get the exact exchange rate.

The next few years will doubtlessly bring significant changes in terms of online media usage, m-commerce and social commerce activities. Anticipating and monitoring those developments and reacting quickly means that you will be better prepared to remain competitive and capitalize on those trends.

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