

- Press Releases
- Articles and Reports
- Events

News & Events: Press Releases

March 10, 2005

PRESS RELEASE

Consumers Now Prefer Booking Hotels Online Over All Offline Options, Reports Keynote

- Price, Selection Give Online Travel Agencies Edge Over Hotel Web Sites
- Expedia, Travelocity Provide Best Online Customer Experience
- Keynote Study Examines Consumer Experience at Leading Lodging Web Sites

SAN MATEO, Calif., — March 10, 2005 — Consumers are increasingly likely to book lodging online, according to a new study performed by Keynote Systems (Nasdaq "KEYN"), The Internet Performance Authority®. Keynote provides the industry's most comprehensive competitive benchmarking of leading travel and lodging Web sites through its syndicated research reports.

The Keynote Customer Experience (CE) Rankings for the Lodging Industry are based on research with 2,000 customers as they evaluated and interacted with 10 leading travel and lodging Web sites. In addition to traditional opinion data, Keynote's proprietary research technology collects detailed qualitative and behavioral data as customers perform tasks at each site.

The Expedia, Hilton, Hotels.com, Hyatt, Lodging.com, Marriott, Orbitz, Sheraton, Travelocity, and Wyndham Web sites were evaluated as part of this competitive benchmarking study.

Consumers Increasingly Likely to Book Lodging Online [vs. Phone]

The Keynote study revealed steady growth in the number of consumers stating they use the Internet to book lodging accommodations as compared to those using other methods, such as calling hotel reservation lines or calling a travel agent. More than two-thirds (67%) of consumers participating in the study reported that they are likely to book on a hotel Web site as compared to just 57% who are open to using a phone reservation system. Just 16% report a willingness to use a travel agent.

"We've seen a continual increase in consumer comfort and use of the Internet for booking travel arrangements, but this is the first time we have seen all the online options for booking beating the offline options," said Dr. Bonny Brown, director of research and public services for Keynote. "We have come to a point where consumers with Internet access are now more likely to book online as compared to using the phone."

In 2003, Keynote research showed consumers as increasingly comfortable with phone reservation systems, with nearly two-thirds (63%) reporting that as a typical method for booking, as compared to just 50% reporting willingness to use an online agency site and 59% willing to use a hotel Web site. In January 2004, Keynote research revealed that consumers preferred certain hotel sites to phone methods for booking, but preferred phone service over booking on third-party or agency sites. In its latest study, Keynote's annual benchmarking revealed that consumers now prefer all online booking methods over offline alternatives.

Price Still Paramount, Online Agencies Capitalize on Advantage

Despite the shift in preferred channels, price is still paramount to consumers booking online, with 61% of consumers reporting this as an important consideration. In fact, the top frustration for consumers is also price-related, with one-in-four (24%) consumers complaining that they did not get the best price when booking on a specific site. Hotel and accommodation selection was a consideration of 33% of consumers booking online and past experience with a hotel was a consideration of 29%.

"Online agencies typically perform the best in demonstrating value and selection to the consumer and thus perform the best in terms of converting browsers into buyers," said Dr. Brown. "Hotel sites that do provide strong search and comparison tools perform significantly better than hotel sites as a whole, and can perform on par with online agency sites."

The ability to compare prices was also reported as a critical factor by 46% of consumers.

Expedia Leads, But Travelocity and Orbitz Make Big Gains

In fact, all the online travel agencies studied scored significantly better than any hotel site, aside from Marriott, in customer experience and customer conversion. Expedia, Travelocity and Orbitz ranked as the best sites in the Keynote Customer Experience (CE) Rankings, an overall measure of online customer experience based on evaluation of more than 250 metrics. Online agency sites also topped the Keynote Conversion Impact Index, which gauges the overall likelihood of a visitor to book on a site or return to a site in the future.

Keynote Customer Experience Rankings		Keynote Conversion Impact Index Rankings	
1.	Expedia	1.	Expedia
2.	Travelocity	2.	Travelocity
3.	Orbitz	3.	Hotels.com

Although Expedia continues to lead the Keynote CE Rankings, Travelocity and Orbitz have made significant gains in their customer experience and conversion performance over the past year in which Keynote benchmarked lodging industry sites. During this latest study, more than 68% of consumers visiting Travelocity said they would likely book lodging on the site in the future as compared to 62% stating that in previous studies. More than 72% of Orbitz visitors

▶ Which hotel Web site provides the best experience?
 Click here for our new lodging report.

expressed intent to book on the site in the future, as compared to 62% in the previous study.

Travelocity made gains with consumers in the study in large part because of its improved customer support and ease of use, and Orbitz made significant gains in ease of booking and price satisfaction. Expedia performed strongly across all leading drivers of customer satisfaction, notably in ease of booking, customer support and price satisfaction.

The entire study, Keynote Customer Experience (CE) Rankings for the Lodging Industry, is a large-scale competitive benchmarking study examining overall industry trends and providing analysis of specific sites. The full report includes hundreds of additional data points, a detailed analysis of the findings, and recommendations for improving site performance. For further information about the full report, visit <http://www.keynote.com/syndicated.html>.

Keynote Customer Experience Research

Keynote is the leading provider of customer experience research services, offering both syndicated and custom research examining consumer attitudes and behavior on the Web. Keynote's research provides critical business insight into online customer experiences, industry trends and competitive Web strategies for a variety of vertical industries. In addition to traditional opinion data, Keynote's proprietary research technology and access to a panel of 160,000+ consumers allows for the collection of detailed qualitative and behavioral data that inform its reports.

Keynote's syndicated research includes two distinct types of reports: the Keynote Customer Experience (CE) Rankings, which provide competitive benchmarking and rankings of the leading Web sites in a specific industry; and Open Web Research (OWR), which takes a broader look at the customer's experience across the entire Web when performing specific tasks, such as booking business travel.

Keynote CE (CE) Rankings are available for a number of industries including the retail, banking and credit card industries, as well as several travel verticals, including the airline, cruise and rental car industries. The Keynote CE Rankings are the successor to the Vividence CE Rankings following Keynote's acquisition of Vividence in September 2004.

To learn more about Keynote's syndicated research offerings and for a list of the various vertical industry reports that are available, visit: http://www.keynote.com/solutions/cem_syndicated_research.html.

About Keynote

Founded in 1995, Keynote Systems (Nasdaq "KEYN"), The Internet Performance Authority®, is the worldwide leader in e-business performance management services. Over 2,100 corporate IT departments and 16,000 individual subscribers rely on Keynote's growing range of measurement and monitoring, service level and customer experience management services to improve e-business performance by reducing costs, improving customer satisfaction and increasing profitability.

Keynote is viewed as The Internet Performance Authority due to the company's global infrastructure of over 1,600 measurement computers in more than 50 cities worldwide that capture and store on a daily basis over 40 million Internet performance measurements, frequent media citations quoting Keynote's Web performance data and analysis, the company's market-leading Web performance indices for vertical markets and leading customer research that provides critical business insight into online customer experiences, industry trends and competitive Web strategies.

Keynote Systems, Inc. is headquartered in San Mateo, California and can be reached at www.keynote.com or by phone in the U.S. at (650) 403-2400.

Keynote, The Internet Performance Authority and Perspective are registered trademarks of Keynote Systems, Inc. Other trademarks are the property of their respective owners.

© 2005 Keynote Systems, Inc.

Editorial Contacts:

Dan Berkowitz, Keynote Systems, (650) 403-3305, dberkowitz@keynote.com

Chenoa Taitt, Lippert Heilshorn & Associates, (212) 838-3777, ctaitt@lhai.com

Michael Hopkins, Lippert Heilshorn & Associates, (212) 838-3777, mhopkins@lhai.com