

ONLINE TRAVEL

AFFILIATES IN THE TRAVEL GAME are in for a wild and

Schlepping his burgundy leather briefcase and navy canvas travel bag through the Portland airport, George Bragg doesn't care as much about how he gets his ticket as how soon he'll get home to Dallas. He'd happily buy tickets from affiliates, discounters, travel agents or airlines.

With travel representing the single largest source of Internet commerce, travelers like Bragg have so many options "it's hard to keep up with them any more," drawled the weary business traveler with five frequent flyer cards in his wallet. Airlines and hotels sell directly from their own sites. Discounters offer an array of fares. Travel agencies - hit hard when airlines stopped paying commissions - offer online fares and more. That leaves affiliates with a hearty marketing challenge: reaching consumers and agents already bombarded by messages from the big brands and the discounters that resell the brands. But there's hope in the numbers: "Close to 100 million people have purchased travel online at some point over the last year," said Melissa Derry, a spokeswoman for Expedia. "While there are 20 million people coming to Expedia's site each month, there is still a huge number of people who are out there looking for a place online to get these services."

TAKES OFF

prosperous ride as consumers grow more savvy.



Though higher fuel prices may put a crimp in auto or jet travel, industry watchers still predict record years. Online bookings have never been more popular.

“It just continues to grow,” said Bill McGee, a consultant who watches the sector for Consumer WebWatch. “A few years ago, it was mostly business travelers,

see this huge market, and know their marketing can’t capture it all. So they turn to affiliates. “We think of them as an extended sales force,” said Blagica

More than 20 percent of all car rental bookings will be made over the Internet this year.

Out of all flight and hotel reservations, 30 percent come from online bookings, reports travel researcher *PhoCusWright*. By 2005, it predicts half of all flight and hotel reservations will be made online.

but now it’s really across the board. It’s used by leisure travelers, by families, by just about everybody.”

Airlines, hotels, cruise lines, rental car companies and travel discounters

Stefanovski, online marketing and affiliate manager at Orbitz.com. Nearly any site can sell flight, hotel or rental car bookings, whether it’s a sophisticated rewards site or a simple Web page put

WHERE’S EVERYONE GOING?

WITH SUMMER AND FALL TRAVEL being very destination focused, every leisure traveler’s dream destination is every travel affiliate’s potential market.

Here are the five top travel destinations, according to AllTravelTips.com, and marketing strategies for each.

NEW YORK CITY: Think late-summer carriage rides around Central Park; Macy’s Thanksgiving Day Parade; Rockefeller Center at Christmas; Times Square at New Year’s Eve. Broadway tickets are a good pull. Sports sites can offer accommodations for the US Open tennis match Sept. 3-6. NYC add-ons include double-decker bus rides; Travelocity’s \$48 CityPass; or subscriptions to *New York Magazine* or *The New Yorker* through BlueDolphin.com. Try Statue of Liberty e-postcards for viral marketing.

LAS VEGAS: The Strip is a two-sided street. It’s both an adult-only gambling mecca and a family-oriented destination with features for the younger set. “In summer months, Vegas really is a bargain for travelers, which is really important for [people] on a budget,” said Edward Serrano, president of LasVegasKids.com and owner of 14 destination-specific domains for family travel. Family-friendly add-ons include Madame Tussauds Wax Museum, Circus Circus, roller coasters, arcades or gondola rides at the Venetian Hotel. For gamblers, hotel packages are king. For dating sites, try the Candlelight Wedding Chapel’s packages with limo, carnations, cake and portraits.

PARIS: Think elevator rides up the Eiffel Tower, Disneyland Paris and Euro passes. For essentials like flights, car rentals and rail, EuroVacations.com, AutoEurope.com and RailEurope

.com all have affiliate programs. Most US-based merchants also have Parisian package options. For art lovers, try tickets to its world-class museums (Leonardo da Vinci’s *Mona Lisa* is at the Musee du Louvre and entire museums are devoted to Rodin and Picasso).

Successful affiliates offer freebies like mapped-out walking tours around Parc Monceau or along the Canal St. Martin, or American advice for navigating Parisian culture.

CANCUN: It’s spring break all the time in Cancun, a hot spot for students, honeymooners and the young at heart. With its 80 degree averages and blue-green Caribbean waters, trip add-ons include scuba lessons and gear, parasailing, snorkeling, jet skiing, glass-bottom boats, kayaking, swimming with dolphins and shuttle bus reservations. Travelocity and Expedia already offer many of these. And you can always sell gift certificates for Outback Steakhouse, Ruth’s Chris Steakhouse and Wal-Mart (for sunscreen and other forgotten sundries) – yes, Cancun has them, too.

SAN DIEGO: Its world-class zoo, Sea World Adventure Park (feed the dolphins and see Shamu the killer whale), and 52-mile Scenic Drive provide affiliate opportunities for zoo passes, beach item sales and car rentals. Balboa Park passes offer animals in original habitats and museums on history, science, art, cars, railroads and mankind. For romantics, package a trip to the Rose Garden, with its 2,000 rosebushes and park. For families, there’s LEGOLAND California’s roller coasters and sports center and the San Diego Wild Animal Park. For sports buffs, add weekend surfing clinics with Surf Diva Surf School, the world’s first all-women surf school. —JM



up by a neighborhood association to fund speed bumps or stop signs. "There are so many opportunities for travel on the local level," said Jason Price, vice president of marketing at Hospitality eBusiness, an Internet consultancy for

el options and improve their placement or for new affiliates to give it a try," said Veronica Young, affiliate marketing manager at Hotwire.com. "The winter holidays are another big travel season: Thanksgiving, Christmas, New Year's."

"program managers," rather than one affiliate manager, to give personalized service to affiliates. "It's certainly an ongoing challenge to stay on top of all the changes," said Michael Bauer, senior vice president of affiliate marketing for

Close to 100 million people have purchased travel online at some point over the last year, according to Expedia.

hotels. "You can post local news or sports information, and provide a travel link to help fund the site. Maybe some kid in his basement wants to talk about high school sports in the area – why not have a Marriott button there for the hotel around the corner?"

Whatever the site, now is the best time for sales. "We're [in] our best seasonality – the peak summer travel season – so it's a great time for affiliates of travel merchants to promote their trav-

el options and improve their placement or for new affiliates to give it a try," said Veronica Young, affiliate marketing manager at Hotwire.com. "The winter holidays are another big travel season: Thanksgiving, Christmas, New Year's." Travel is perhaps the easiest entry for new affiliates. They are credited for sales up to 30 days after customers click through their links, even if customers don't go through the affiliate when they actually buy. New banner and link codes are sent within emails so affiliates don't have to log into an interface. Many travel affiliates don't even update their codes anymore. Their merchants do it for them using dynamic rich media. Travel merchants often have teams of

Hotels.com, which offers an online "university" for new affiliates. "What we offer affiliates is we are the eyes and ears of our industry. If there's a swing, we identify it."

Travel merchants also actively help affiliates convert the curious into buyers. Interactive banners, for instance, are the hottest buzz in this industry and are offered by most travel merchants: Customers input their destination and dates at the affiliate's site first, moving



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them further into the search and committal process.

Since the peak summer travel season is in full throttle and holiday travel is just around the corner, these perks should prove beneficial to affiliates trying their hand at the high-flying online travel industry.

Hotels

So what's the hottest-selling travel product now? Hotels top the list. Eighty percent of active business travelers and 73 percent of active leisure travelers went online for hotel reservations in the past 12 months, according to the 2004 National Travel Monitor (NTM).

Affiliates could work directly with the brands, but few offer affiliate programs. "Only two or three brands have actually launched an affiliate program – only in the past two or three years and with moderate success," said Price, who cites Accor Hotel's worldwide affiliate program with 3,700 hotels. "The rest of the

brands have not embraced the affiliate market. As soon as these early adopters come out with performance, the others will jump on." Individual hotel properties may be willing to negotiate with affiliates who can give them Web bookings. Try it.

Affiliates can work with discount sites that show fares for dozens of hotel partners, ranked by price or brand. They can work with "opaque" sites like Priceline and Hotwire, which rank unbooked hotel rooms – along with excess airline seats, car rentals, vacation packages and cruises. Both pay 2 percent commissions to affiliates. "We're kind of the Costco of the online travel industry," Young said. "Any affiliate that has a site where customers are going to be looking for cheap prices is a great fit for our program: a travel site, a discount site, a coupon site."

Affiliates also can work with affiliate-only networks like World Choice Travel. World Choice offers fully branded trav-

el search pages, with an underlying software that combs the Web for lowest fares. World Choice pays 5 to 10 percent on hotel bookings, plus half of any transaction fee.

Flights

Nearly 75 percent of consumers who researched travel online bought their airline tickets online in 2003, reports NTM. The incentive for online bookings is there: Internet fares are now, for the first time, the cheapest way to buy airline tickets, according to Consumer WebWatch.

Affiliates can sign up with specific airlines like Alaska Airlines/Horizon Air, which pays \$2 for every ticket booked. Affiliates can sign up with discount sites that rank searches by price, flight times or airline. The largest are Expedia, Orbitz, Travelocity, CheapTickets, OneTravel and TravelNow. Consumer WebWatch found that Expedia leads in the greatest number of lowest fares but



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Travelocity, which has the best booking tools, has the largest array of flight times and low fares.

There's also World Choice's branded program, which searches anywhere in the US, Canada, UK or Europe for the lowest prices from about 30 airline and booking sites. Affiliates earn 5 percent on online sales and 3 percent on call center sales.

Car Rentals

Forty-five percent of active business travelers and 32 percent of active leisure travelers went online to rent a car during the past 12 months, reports NTM. Those numbers should only grow, as insiders predict that more than 20 percent of all car rental bookings will be

made over the Internet this year. Alamo's program pays 3 percent of time and mileage, with checks mailed monthly (no minimums). Expedia and Travelocity pay 2 percent commissions, and Orbitz pays a flat \$2 per rental. World Choice Travel searches 28 worldwide car rental companies for best fares and pays 5 percent on any of those booking. Plus affiliates can split the optional \$2.99 to \$6.99 transaction fee.

Cruises

In the first quarter of 2003, more than 2.2 million travelers worldwide took a vacation with major cruise lines – a whopping 23 percent increase over 2002, reports the Cruise Lines International

Assoc. (CLIA). "As the cruise industry has grown and as more people take cruises and become confident with the components of the cruise, they're becoming more confident with booking online," said Brian Major at CLIA. "A lot" of affiliates, he said, have benefited as a result – most notably CruiseCritic.com with 110,000 registered members, as well as affiliates CruiseMates.com and Cruise Addicts.com.

Packages

Packaged travel is emerging as a solid moneymaker. More than 68 percent of online travel buyers buy more than one component, reports PhoCusWright. Among active leisure travelers during the

TIPS FOR BECOMING A TRAVEL SUPERAFFILIATE

JOANNA CULBERTSON KNOWS HOW TO MAKE IT BIG as an affiliate. She's director of business development at ShopAtHomeSelect.com, a multimillion dollar company with 1,200-plus merchant selections that pays a part of its affiliate commissions back to its customers. Fifteen to 20 percent of its revenue come from ShopAtHomeSelect's travel category, which Culbertson manages. She affiliates with Travelocity, Hotwire, LowestFare, Alaska Airlines, TravelZone, Quikbook, CheapTickets, Wyndham Hotel & Resorts, Expedia, Orbitz – all the affiliate biggies. And she's added merchants giving affiliate commissions on travel magazines, books and gear.

Culbertson's also a ShopAtHomeSelect consumer. "I book all of my business trips on our site, and I also use it to book my consumer travel," she said. "It makes me feel good that when I'm spending money I'm getting money back." She would recommend being a consumer to anyone aiming at superaffiliate status. "I'm on a lot of the merchants' consumer lists," she noted, "which benefits me to see what kind of email campaigns they're running, so I can see what they're focusing on and what we're missing."

Travel affiliates are getting more sophisticated about what works and what doesn't. "That learning allows them to optimize their revenue," said Mike Stein, vice president of eMarketing at Orbitz.com. "And that's what they really care about at the end of the day: How much money are we paying them month in and month out?"

While the top 10 affiliates at most travel merchants usually churn amongst themselves, there's plenty of room below for travel affiliates to make quite a good income. "Even an individual at home with a personal Web site can do very well by letting family and friends know about the Web site, so they'll come when booking travel," said Rick Andrus, affiliate manager for Travelocity.

The top affiliates have mechanisms in place to retain customers. The most successful ones – like ShopAtHomeSelect, Frommer's, Johnny Jet and Independent Traveler – have active email lists. They build their lists through promising to keep visitors notified of special deals or through contests ("Click here to win a trip to Cancun") where visitors check or uncheck an email subscription box.

Since travel is a big-ticket item, the commission on each purchase outpaces many other industries. That's why superaffiliates position travel banners well. Culbertson increases her chance for travel conversions through "little things, like featuring [particular travel merchants] more on the site in high-producing areas and rotating them into weekly email campaigns," she said.

"I spend time with the travel partners, and find out what's big: Is it cruises, is it total vacation packages, is this a good time for hotels? Together I work with those affiliate managers to structure what will work best for them and what we're trying to accomplish."

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previous 12 months, 20 percent went online to book a complete vacation package with flight, hotel and often car rentals in one transaction. "If you look at the online travel space, 2003 was the year of the package," said Joel Frey, a spokesman for Travelocity. Sites like Expedia have even added theater reservations, sports tickets and transportation to and from the airport. Flights are now "like the milk

at the back of the store," said Derry at Expedia.com. "By packaging options together we can afford customers better pricing and affiliates better commissions." Now affiliates can get paid for the whole trip and not just one flight.

Affiliate Options

Affiliates have a number of ways to get into the travel industry.

Link or banner: You don't have to be a travel site to make use of affiliate links. Webmasters with sites touting everything from book reviews to financial advice have travel banners on their home pages, suggesting that the appearance of having advertising support from a big travel provider has its benefits.

Powered by: More travel-specific sites often go with co-branded versions



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Of course you'll want to have all of the travel basics: search options, banners and a reason for people to come to your site - that may be travel articles, rewards, a sense of community. "The site may be run by a travel writer, or a company that owns URLs pertinent to people looking for travel, or one that knows how to get themselves indexed well in Google or search engines," Stein said. "These consumers coming from affiliate sites tend to already be prequalified and interested in travel."

Learn your visitor's motivations for coming to a site by testing promotions focusing on price, destination or service. "We know that promotions that use a price point pull pretty well for affiliates: 'Las Vegas from \$250,'" said Melanie Crowson, director of strategic partnerships at Expedia. For reward sites, "a lot of consumers perceive that getting a percent back from their booking is a greater reward than a flat fee that's paid," Culbertson said.

Travel affiliates also can play with partnerships with land-based entities. "There are some unique models that we see emerging with the affiliate concept," said Jason Price at Hospitality eBusiness. "Some [affiliates] will actually create an opportunity for the area hospital, newspaper, electric company or non-profit to have a button for a local hotel. They're making money, and they tell others."

Putting travel links on a non-travel site is a hot strategy, reaching people who may not immediately be looking for travel or who otherwise would have gone directly to merchant sites. Take BizRate.com's shopping site or uPromise's college funding site; both offer profitable travel links.

Superaffiliates are experts on search engine optimization and online marketing. Start with 10 keywords, recommends Veronica Young, who hails from search engine marketing at

Hotwire. "It's a combination of copy and placement," she said. "You have to identify what words work for you." Since travel is a very popular category at Overture and other pay-per-click services, affiliates must pay close attention to the conversion rates or paid placements can get costly. Travel affiliates have learned to balance natural placement with paid placement. "Mom-and-pops establish a base of loyal users, like their family, and they send out a regular newsletter to them," said Blagica Stefanovski, affiliate manager at Orbitz.com. "These are little engines that could. They save the consumer a lot of work, because they know they can go to your site to get the best deals."

Many travel superaffiliates also use "content" services like Searchfeed.com and InfoSeek.com, which provide lists of travel-related resources and pay affiliates per clickthrough or sale. "If visitors are looking for something, and they don't find it on your site, you're going to lose that traffic," said Tiffany Guarnaccia at SearchFeed.com. "You might as well put a links page up, so at least you can make a little affiliate money off that traffic." TripValue.com uses this, integrating hand-picked Searchfeed listings into a resource section of its site and providing a Searchfeed search bar for specific inquiries. "The search results appear as if they are coming directly from our Web site," said Joseph Marsiano, co-owner of TripValue.com. "It allows our customers an additional option and allows us to bring in another source of revenue."

What should a travel affiliate not do? "Never overpromise," Culbertson said. Never tell new merchants you get more clickthroughs than you actually do. Never lead visitors to believe they're getting a better deal than they actually are. And if you promise to keep visitors notified of special deals or to award a prize trip, follow through. —JM

THE BIG THREE

AFFILIATES THINKING ABOUT REPRESENTING the big three travel sites – Expedia, Travelocity and Orbitz – should compare each merchant’s program for what it has to offer.

Expedia.com closely guards its brand and isn’t keen on private labeling affiliate sites. “We’ve done a lot of mainstream marketing,” said Melanie Crowson, director of strategic partnerships at the Bellevue, Wash.-based company, which has more than 30,000 affiliates. “So the main thing that we’ve heard back from our affiliates is that it’s the association with the Expedia brand that helps them sell.” Expedia offers branded links, storefronts, logos and banners; corporate bookings; tips on search engines, merchandising and text link optimizations; emailed affiliate newsletters; snapshots of the kinds of deals online customers are looking for; fresh offers for affiliates to use with their lists; new banners every week; automatic banner updates through “dynamic linking”; and constantly improving back-end technology. “We feel very strongly about our affiliate channel,” Crowson said. “It’s a very integral part of our overall online marketing mix, and we’re consistently looking Travelocity.com also has north of 30,000 affiliates. “Our program is growing in leaps and bounds,” said Rick Andrus, manager of the affiliate program at the Southlake, Texas-based site. “Our growth continuously goes up, both in [affiliate] enrollments and sales.” Travelocity was the first travel service to have an affiliate pro-



gram, so it has its program down to a science. It offers dynamic banners; the highest number of lowest rates of the big three, according to Consumer WebWatch; sites in seven languages;

Travelocity Europe and Travelocity Canada; \$20 commissions on Disney travel packages; last-minute deals; interactive reservation banners; and “fare watcher” emails sent to visitors who have requested updates on destination flights. “It really is a buyer’s market now,” Andrus said. “Travelocity is looking at ways to capitalize on all fronts.”

Orbitz.com runs its entire affiliate program in-house rather than using BeFree or LinkShare. That, it says, means more personalized service for its “thousands and thousands” of affiliates. “For a lot of our folks this is their primary source of income,” said Blagica Stefanovski in Chicago. Orbitz offers rates at more than 45,000 hotels and 455 airlines; text links, banners and search products; monthly email newsletters for affiliates; the best commission on flight bookings; a dedicated affiliate team; Orbitz for Business; the only online partnerships with Caesar’s Entertainment, Mandalay Resort Group and MGM Mirage, which own half of Las Vegas hotels; banners tested for conversion rates; travel alert features (automatic flight confirmation and weather or gate change alerts) for your buyers; affiliate incentives; and no monthly minimum on commission checks. “It gives smaller producers a way to test that category and get paid for it immediately,” said Mike Stein, Orbitz vice president of eMarketing. —JM

COMPARISON AMONG THE BIG THREE TRAVEL PROGRAMS

	ORBITZ	EXPEDIA	TRAVELOCITY
Airline Tickets	\$5	\$2	\$2
Hotel Booking	\$6	3 percent	3 percent
Car Rental	\$2	2 percent	2 percent
Merchant Hotel Booking*	\$12	5 percent	5 percent
Cruises	N/A	\$20	\$20
Travel Packages	N/A	2 percent	\$5 on air; 5 percent on hotel; \$20 on Disney; 3 percent last minute deals
Memberships	N/A	N/A	\$3
Minimum Check Amount	none	\$50	\$50

*Buyers pay up front rather than at the hotel’s front desk for merchant hotel bookings.

of the merchant's site. Visitors make their reservations on a page of the affiliate site that is "powered by" a mer-

chant. After typing in their destination and time frame, their travel options are displayed on the merchant's site.

Globalization is another big trend. The Internet has no borders, so these days an affiliate in Europe can be a merchant's top producer of US travel bookings and an affiliate in the US can produce great bookings for an Italian air site.

chant. After typing in their destination and time frame, their travel options are displayed on the merchant's site.

Private label: With this option, affiliates can carry their own site design onto every one of the travel reservation pages. And affiliates can offer personalized call center services to buyers. Options are either a generic toll-free number, where the call center asks for the discount code or special Internet code from the affiliate's site, or a dedicated private toll-free number answered on behalf of the affiliate and its brand. "We are usually the ones that come to the affiliate and say, 'I think it's a good time to offer this customized toll-free number,' which doesn't cost any additional dollars," said Bauer from Hotels.com. World Choice Travel's private label program even puts the affiliate site's name on consumer credit card statements.

Trends

The implementation of account management teams is enabling more personalized services for new and existing travel affiliates. "There's a lot of competition, so merchants have to differentiate themselves from the competition," said Young of Hotwire. "Part of that is how they treat their affiliates."

Globalization is another big trend. The Internet has no borders, so these days an affiliate in Europe can be a merchant's top producer of US travel bookings and an affiliate in the US can produce great bookings for an Italian air travel site. "We encourage our affiliates to

want to target." Hotels.com supports five different languages and 13 different currencies through its US, European and Asia/Pacific affiliate networks.

Meanwhile, last-minute bookings are moving online. Several integrated sites like Travelocity offer cheap rates up to three days prior to a trip.

Bus and train bookings online are still in their infancy in the US. In Europe, Euro Railways is ahead of the game, offering 5 percent affiliate commissions on discount rail passes.

"For me," said businessman

Bragg, ready to board a flight to Dallas for the 12th time this year, "it's all about price and convenience and the simplic-

ity of the site." Affiliates or not, sites offering those features have the potential to get him, and 100 million others, on board. ■

JENNIFER MEACHAM is a freelance writer who has worked for The Seattle Times, The Columbian, Vancouver Business Journal and Emerging Business magazine.

