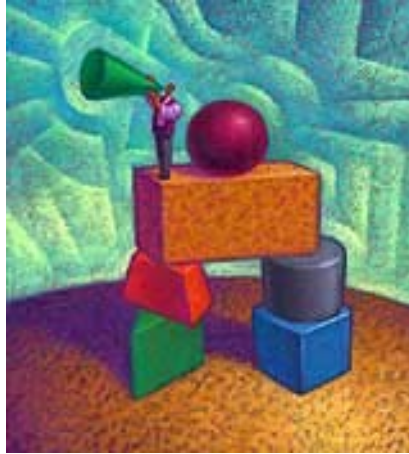


Voice of the Hotel Customer: A Quarterly Report



Third Quarter, 2006

Report Focus:
Business Travelers in Midscale Hotels

Produced by HSMIAI and
iPerceptions



Table of Contents

Background and Methodology	3
Introduction to Third Quarter Report	4
Business Traveler Profile	5
❖ Lookers vs. Bookers	
❖ Rewards Program Membership	
❖ Nights in Any Hotel/Year	
❖ Frequency of Website Usage	
Bookers—Overall Satisfaction	8
Bookers—Scores by Dimension	9
Bookers—Attribute Evaluations	10
Bookers—Gap Analysis	11
Lookers—Overall Satisfaction	13
Lookers vs. Bookers—Overall Satisfaction	14
Lookers—Scores by Dimension	15
Lookers—Attribute Evaluations	16
Lookers—Gap Analysis	17
Summary of Lookers vs. Bookers	18
Abandonment: Failure to Book	19
Gap Analysis—Successful vs. Failed Bookers	21
Conclusions and Recommendations	22
Appendices	23
❖ Attribute questions from survey	
❖ Mapping for trip purpose	
❖ Mapping of attributes to corresponding dimensions	

Background

This initiative is a joint effort between HSMAI and iPerceptions. This report is the first in a quarterly series that will analyze subsets of the iPerceptions data which is comprised of consumer feedback on their clients' hotel websites. There are currently 29 major hotel brands represented in the database. The survey questions contain some travel-related profiles, and evaluation criteria on specific elements of the website experience. There is an interest in developing some viable benchmarking within the hotel industry and because iPerceptions has a critical mass of hotel data, HSMAI initiated discussions to create an industry database that would be published quarterly to show trends and various insights into the attitudes of hotel website visitors regarding their website visit experiences.

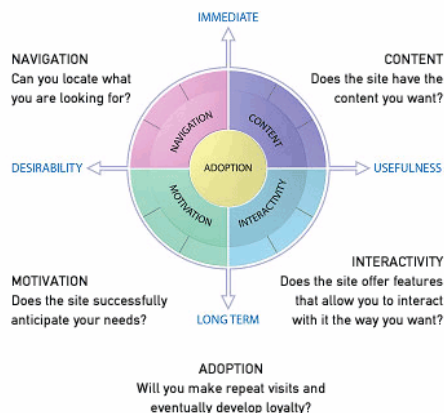
The nature of each quarterly report may vary and will be developed in conjunction with industry representatives to ensure the hotel executives who will benefit most can help shape its use. HSMAI will coordinate these efforts, iPerceptions will supply the data and Cindy Estis Green, Managing Partner of The Estis Group will lead the analysis and documentation of the results.

Methodology

The users of each client website are asked, upon entry to the website, if they would be willing to take the brief survey at the end of their online visit. The survey has approximately ten-twelve questions and takes the user only a few minutes to complete. There is generally no incentive offered to survey participants.

The data is collected through these surveys conducted on client websites and aggregated so it is only identifiable by the brand that collected it. The surveys are consistent between brands with a few exceptions where proprietary questions are included by some of the client companies. All companies have agreed to pool their data in order to get benchmark their data against the aggregate. The survey questions and the mapping for them are attached to the back of this report. Each survey question (other than the profiling ones) result in an attribute which is an evaluation metric by the respondent. These scores are tallied and then the attributes are rolled up into "dimensions" which also have a score based on user feedback. All questions ask for an

evaluation based on a range from 1-10, with 10 being the best score. The five dimensions correspond to the perceptual framework created by iPerceptions to help interpret the data: content, navigation, motivation, interactivity and adoption. The dimensions are also rolled up into a single aggregated satisfaction index. Most clients get their scores against an aggregate of the average scores from the entire database of 29 brands. This includes the frequency of each profile question, the scores by individual attributes and the rolled up dimensions.



iPerceptions Perceptual Framework

Introduction to Third Quarter, 2006 Report

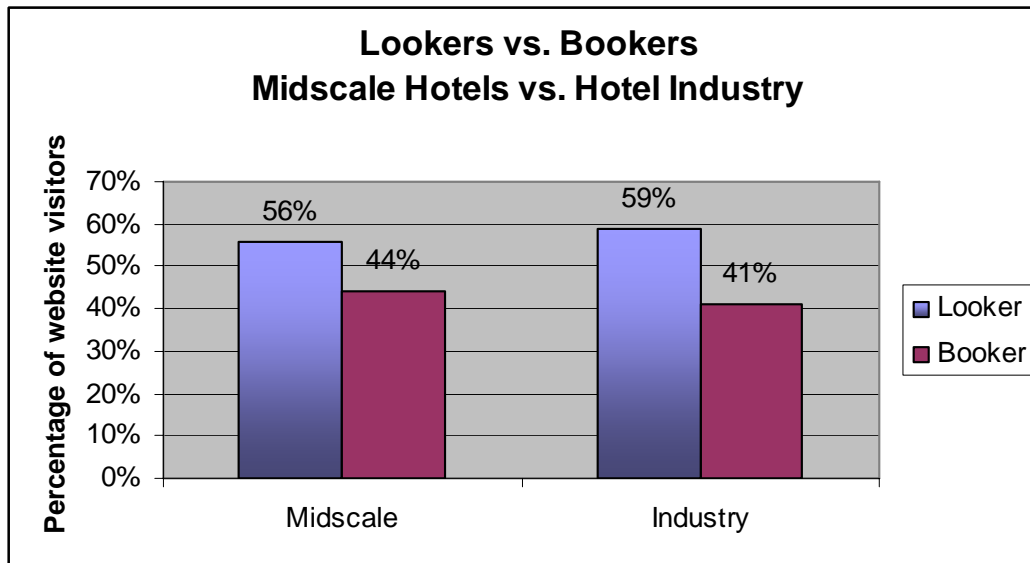
The first report is based on a sub-set of the database. It characterizes the business travelers who visit the websites of Midscale/Moderate hotels. There are 17 brands included in this sub-set with 25,361 respondents. Within the database, the business traveler segment was extracted and analyzed in two main groups: lookers and bookers. Bookers are those who come to the website to make/change a reservation and lookers are those who come to the website primarily for hotel information, to research/compare rates or for other reasons. Within each of these two sub-groups, the data was also analyzed in three categories based on frequency of usage of the website they are visiting. There are three categories of usage: Frequent users who have visited the site 6+ times in the last six months, infrequent users who have visited the site 2-5 times in the last six months and first time website visitors.

The report is divided into three sections:

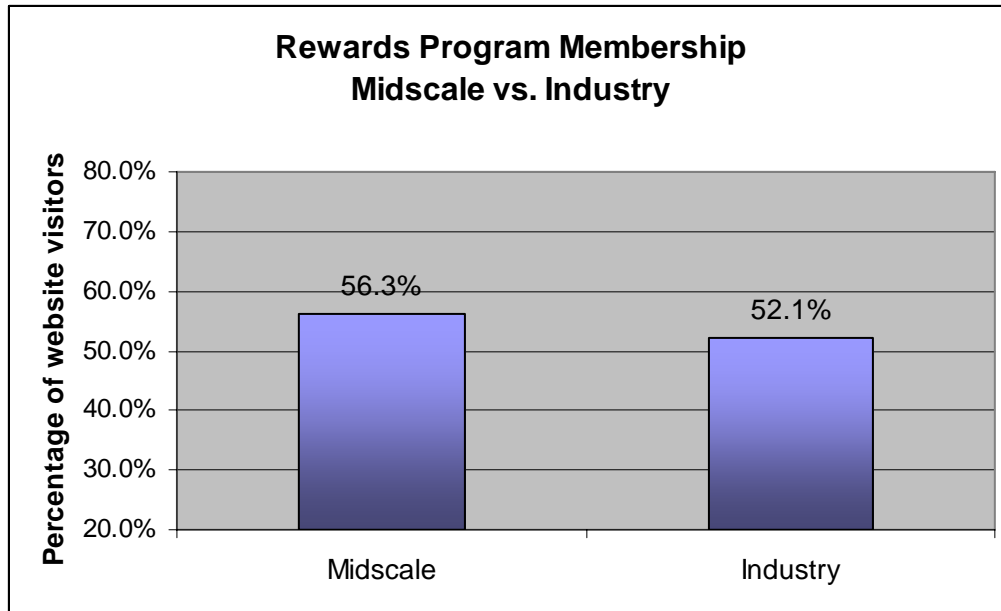
- ❖ Business traveler—Bookers
- ❖ Business traveler—Lookers
- ❖ Analysis of Abandonment

Business Traveler Profile

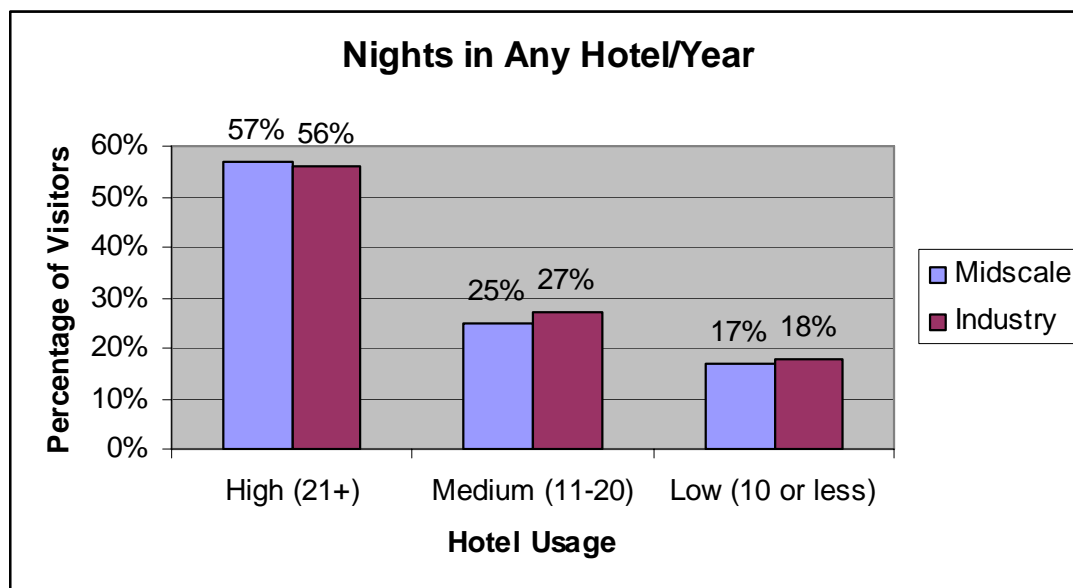
There are 29 brands that comprise the hospitality industry database. There are 17 brands in the midscale category. Business travelers make up 26 percent of the total industry data (29 brands) and 32 percent of the midscale category data (17 brands). More than four in ten business travelers visiting midscale hotel websites are first time users of the site. Midscale business travelers ranked the websites they evaluated an average of 6.95 out of 10.



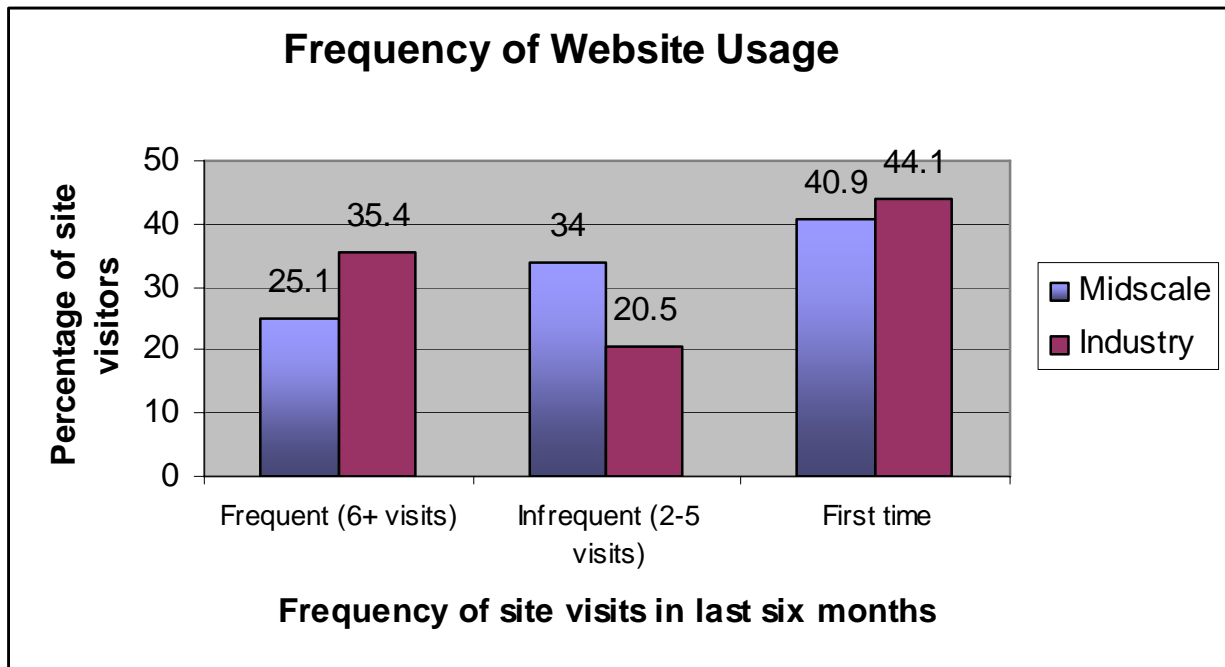
Of the total in the full industry data, 41 percent of the website visitors claim to come with the intention to make or change a reservation (“bookers”). The midscale data reflects slightly more (44%) who are bookers. Of these bookers, one in five (21%) visitors to all hospitality brands abandon the process and do not ultimately make or change their reservation when they visit the site with this intention. The abandonment rate for business travelers in midscale hotels (18.6%) is slightly less than all brand categories.



The business travelers in the midscale/moderate hotel category database have a slightly higher proportion of reward program participants than the business travelers in the overall industry database.



The hotel usage of midscale hotel business travelers is about the same as the hotel usage levels of the overall industry database.

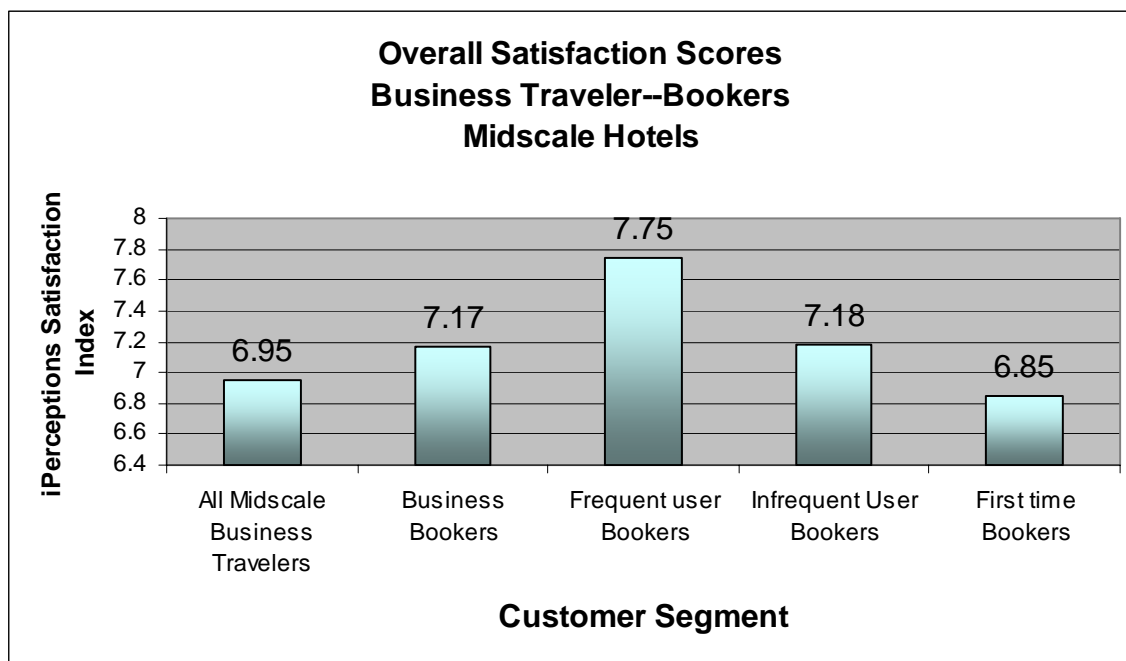


Midscale hotels tend to have fewer frequent website visitors compared to the overall industry patterns. They are much higher in infrequent visitors and slightly below the industry average for first time visitors.

Bookers--Overall Satisfaction

(those who came to make/change a reservation)

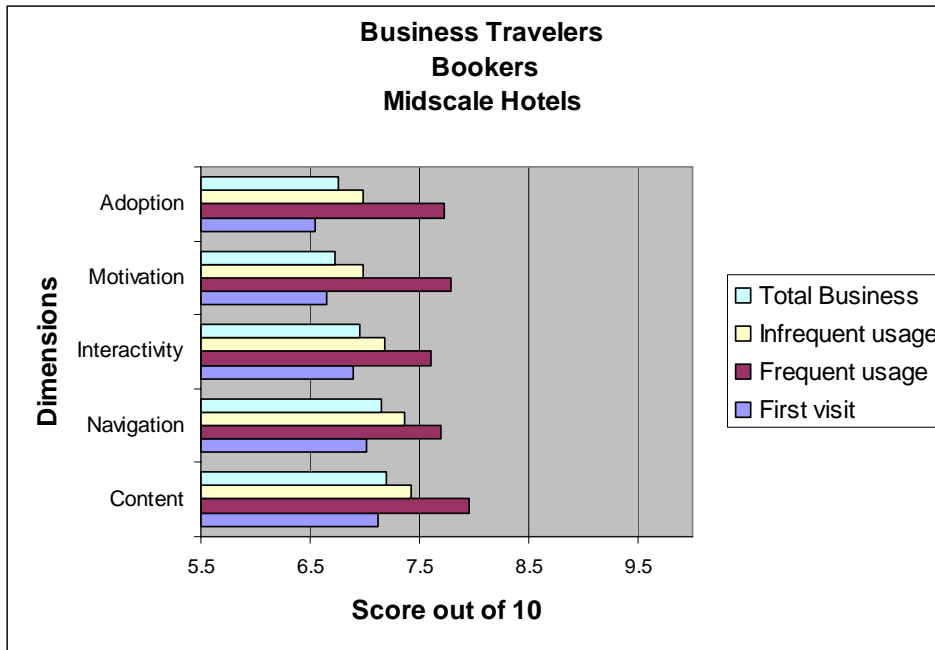
Generally, site visitors who came to change/book a reservation, rated the midscale hotels websites highest of any other customer group. They scored 7.17 (out of 10) versus the overall business traveler group which rated the websites overall at 6.95. However, the more frequently they use the website, the more highly they rate it overall. Frequent site visitors (6+ visits in last six months) rated the websites overall at a whopping 7.75. Infrequent site visitors (2-5 visits in the last six months) hit close to the average of business bookers at 7.18 and slightly above the business traveler average. First time site visitors who came to book rated the websites below the overall business traveler score at 6.85.



Bookers--Scores by Dimension

Dimensions	Attributes
Content	relevancy and breadth
Navigation	ease of use and discovery
Motivation	convenience and bottom line
Interactivity	contacts and responsiveness
Adoption	starting point and return

The dimensions for website evaluation (in the table above) will establish more detail to explain the overall satisfaction measures. There are clear differences between sub-segments within the business traveler cluster and by examining the dimensions and then the attributes within the dimensions, more detail will emerge about the areas of strength and weakness in managing business travelers visiting a midscale hotel website.



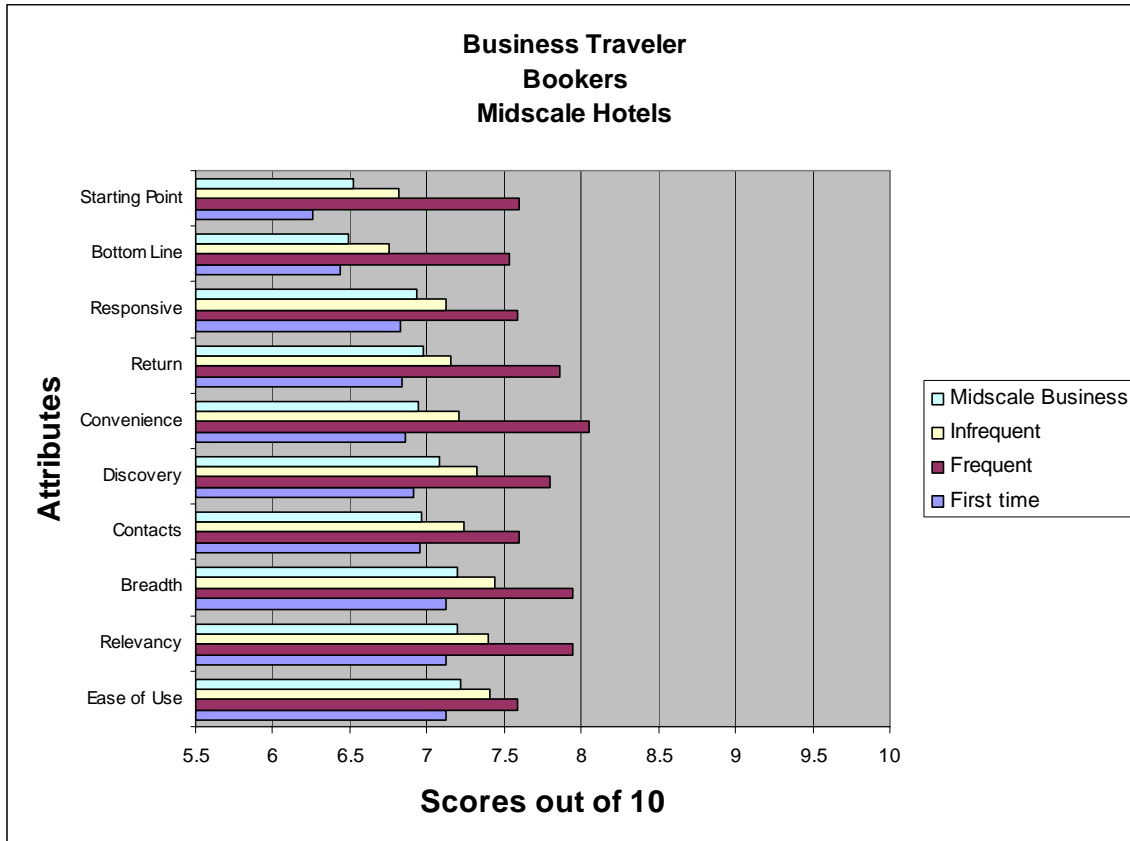
Sorted by: First visit from weakest to strongest dimension

Bookers	First visit	Frequent user	Infrequent user	All Midscale Business Travelers
Navigation	7.02	7.69	7.36	7.15
Content	7.12	7.95	7.42	7.2
Interactivity	6.89	7.60	7.18	6.95
Motivation	6.65	7.79	6.98	6.72
Adoption	6.55	7.73	6.98	6.75

While infrequent users tend to track with the average of all business travelers, the frequent site users stand out for ranking content first with motivational attributes next highest. Their assessment of the websites are similar along each dimension; there is not a wide range in the scores. The first timers though, even when engaged in the reservation process (since they are making/changing a reservation), rate the websites below average for every dimension and particularly low in terms of the motivational factors and those likely to involve adoption. There is more of a range in their scores and they tend to be more positive about navigation and content issues.

Bookers--Attribute Evaluations

Drilling deeper into the data, the dimensions are expanded into attributes to see what specific elements in each of the user segments cause the scores to be lower.



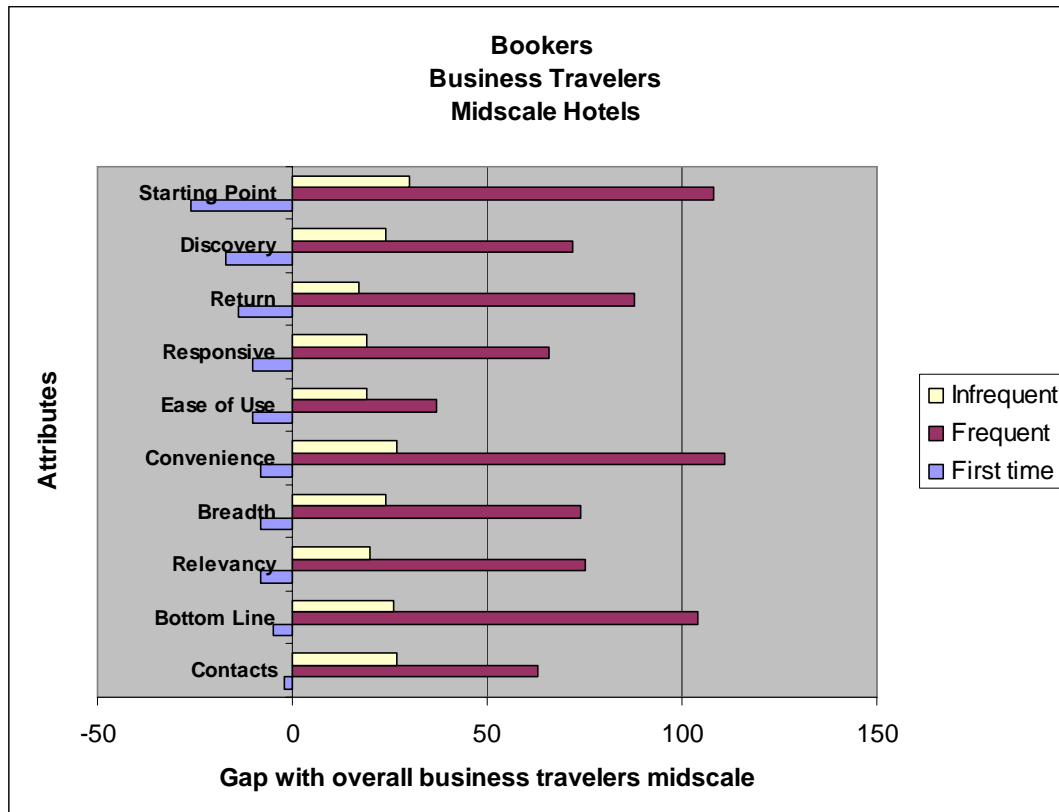
Sorted by First time visitors (from weakest attribute to strongest)

BOOKERS	First time	Frequent user	Infrequent user	All Midscale Business Travelers
Ease of Use	7.12	7.59	7.41	7.22
Relevancy	7.12	7.95	7.40	7.2
Breadth	7.12	7.94	7.44	7.2
Contacts	6.95	7.60	7.24	6.97
Discovery	6.91	7.80	7.32	7.08
Convenience	6.86	8.05	7.21	6.94
Return	6.84	7.86	7.15	6.98
Responsive	6.83	7.59	7.12	6.93
Bottom Line	6.44	7.53	6.75	6.49
Starting Point	6.26	7.60	6.82	6.52

First timers seem to rate more favorably the attributes for finding relevant content (*relevancy*) that covers the range of information needed (*breadth*) and finding the website easy to use (*ease of use*).

Bookers--Gap Analysis

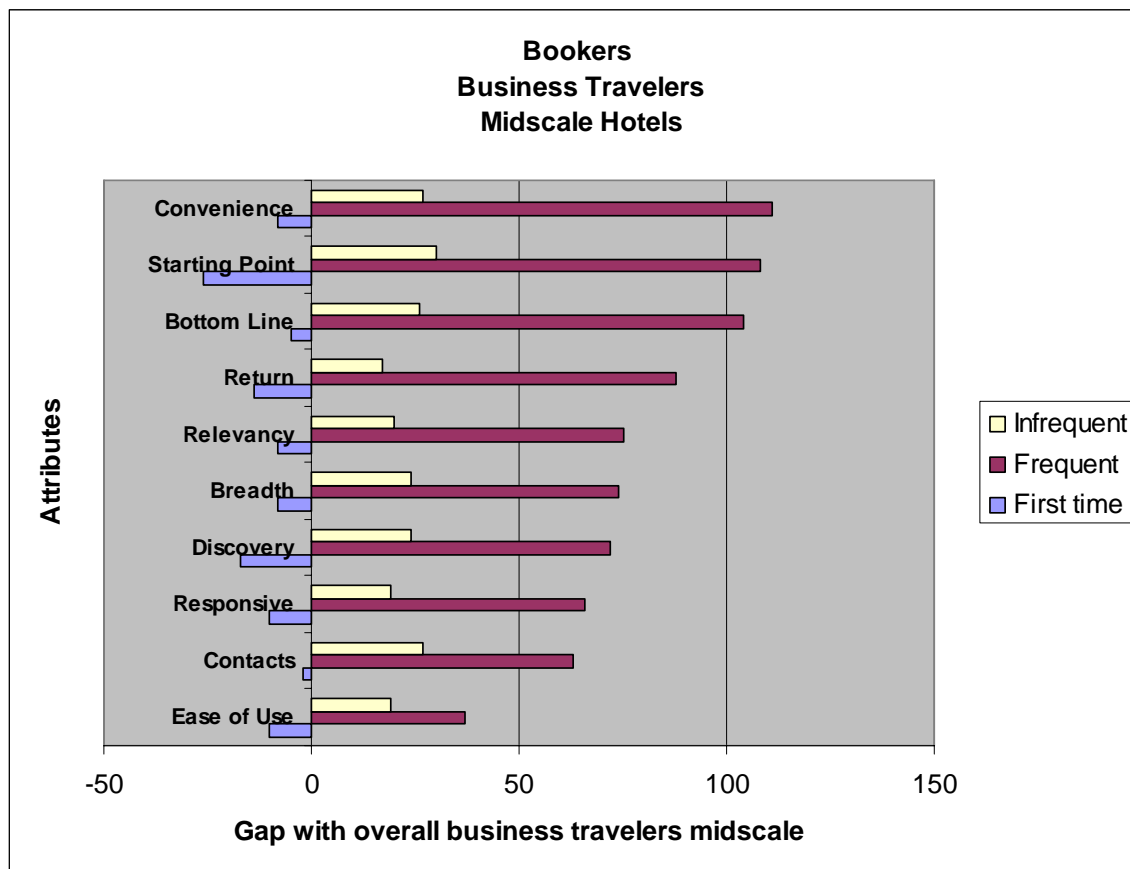
The business traveler average is used as the benchmark. To more easily see where the user groups differ from the overall average, this gap chart will illustrate the attributes for which the user group is furthest from the benchmark. No doubt the midscale business traveler averages are brought down considerably by the relatively lower scores given by first timers. Since they make up such a high percentage of website visitors, it is important to examine them more closely.



Sorted by First time user (from weakest to strongest attribute)

When comparing each individual attribute against the overall midscale business traveler benchmark, there are significant differences. First timers are considerably less likely (than more frequent users) to say that midscale hotel websites are the place they would start their trip planning (*starting point*) or that midscale websites encourage them to return (*return*). Reviewing the last of the three weakest attributes, it appears that they are much less likely (than frequent users) to think that the website can enable them to find what they are looking for (*discovery*). These attributes might not have received the lowest absolute scores, but compared to the much higher scores given to these attributes by other user groups, the first timers scores were dramatically below those of the more frequent users. These attributes showed the greatest gap between user groups.

Bookers--Gap Analysis



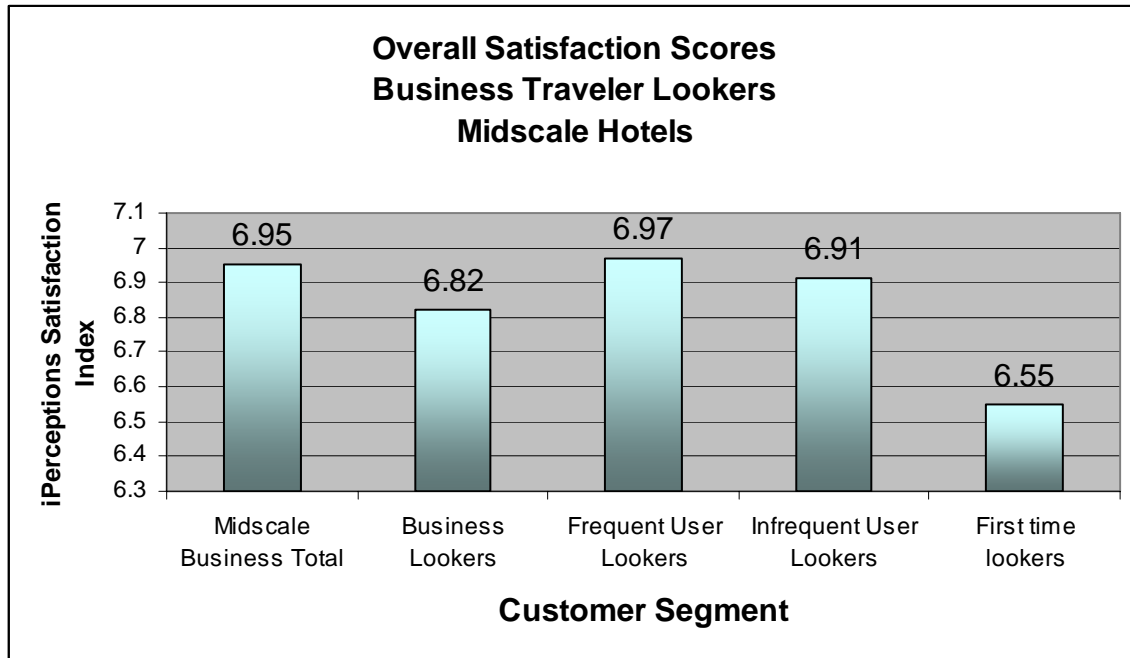
Sorted by Frequent user (from strongest to weakest attribute)

When compared to the average business traveler, as users become more frequent, they are dramatically more likely than first timers, (and generally more likely than infrequent users), to indicate the website is used whenever planning a trip or event (*starting point*). On important issues to business travelers, two of the top ranked attributes that frequent users are much more likely (than their less frequent colleagues) to rank highly are the attributes of convenience and cost savings. This implies they are much more likely than the first time or infrequent site visitor to view the site as the most convenient way to make their hotel booking (*convenience*), and to feel they can save money on their room rates by using it (*bottom line*). In sharp contrast, these attributes ranked in the bottom half of first timer assessments. The attribute that is most similarly scored between the three user groups is the website's ease of use.

All user levels seemed somewhat neutral on the dimension of interactivity that includes a sense that the website is responsive to the user's needs (*responsiveness*) and that it enables to user to locate the right people to help with a question or issue (contacts). These attributes tended to hover in the middle ranges of the scores and were not as wide ranging between user groups in the scores as the other attributes.

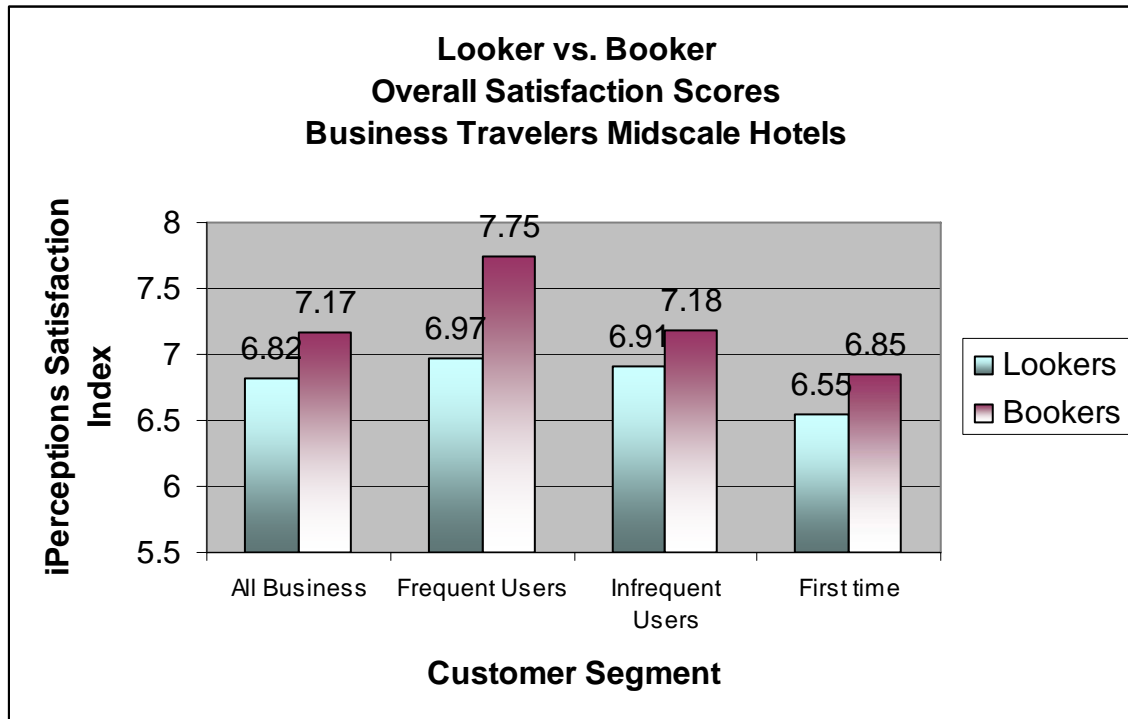
Lookers--Overall Satisfaction

(those who came to get hotel information, research/compare rates or other)



The looker group within the business segment has generally lower overall satisfaction scores than the bookers. With the exception of frequent website visitors, within midscale hotels, all categories rank below the average.

Looker vs. Booker--Overall Satisfaction

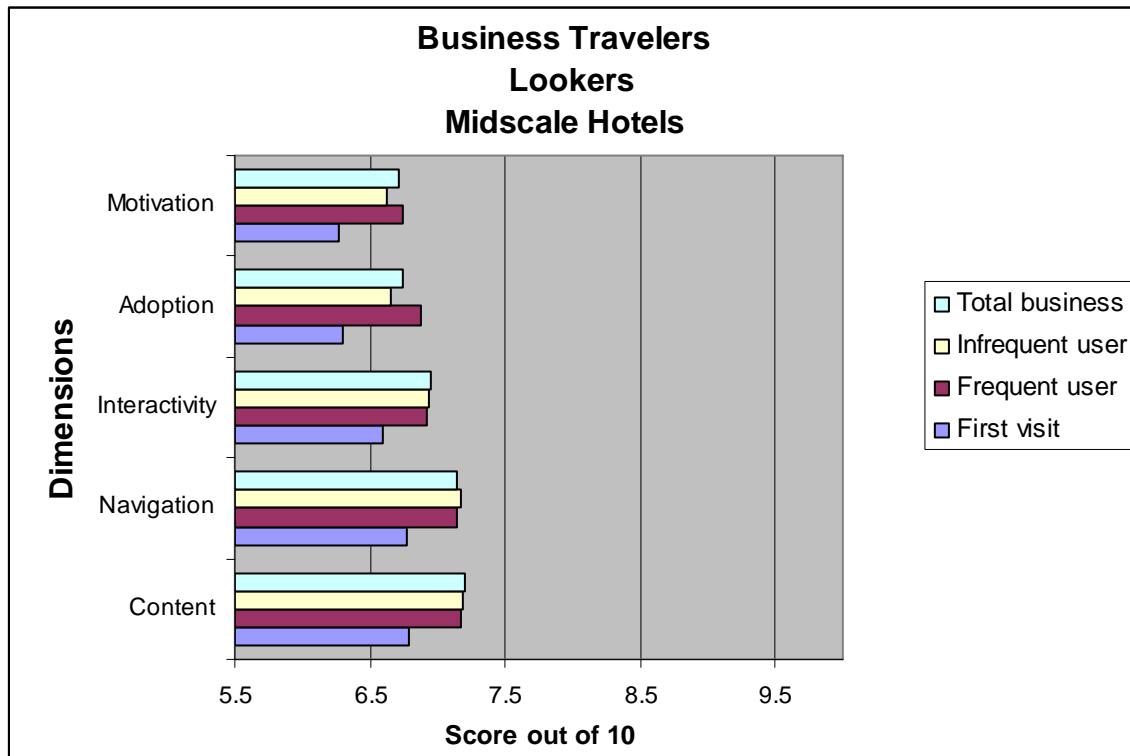


By far the biggest gap is between the frequent users who are visiting to *look* when compared to the frequent users visiting to *book*. Booking is an act of engagement and the overall scores clearly show that those more engaged will feel most positively inclined to favor the website. The range between the different *looker* groups is half the size (.44) as that of the range between the *booker* groups (.90). This mainly seems to be due to the big jump in overall satisfaction by the most committed group: frequent website visitors who come to book/change their reservation.

Lookers--Scores by Dimension

(those who came to get hotel information, research/compare rates or other)

Dimensions	Attributes
Content	relevancy and breadth
Navigation	ease of use and discovery
Motivation	convenience and bottom line
Interactivity	contacts and responsiveness
Adoption	starting point and return



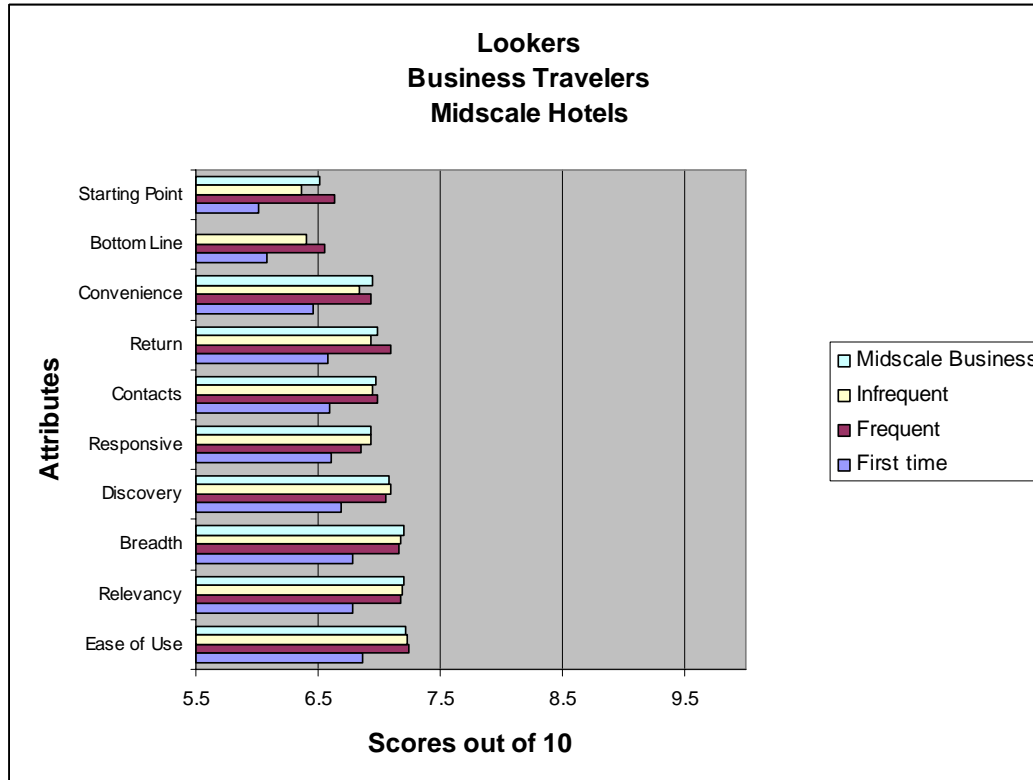
Sorted by First Visit (from weakest to strongest dimension)

	First visit	Frequent user	Infrequent user	All Midscale Business Travelers
Content	6.79	7.17	7.19	7.2
Navigation	6.77	7.15	7.17	7.15
Interactivity	6.60	6.92	6.94	6.95
Adoption	6.30	6.87	6.65	6.75
Motivation	6.27	6.74	6.62	6.72

Except for the first time user, the other category scores tend to cluster closely. Unlike *bookers*, where frequent users show substantially higher scores than do less frequent users, the ranking of the dimensions, and the relative scores are very similar among *looker* segments. Like *bookers*, the first timers were most positive about navigation and content dimensions and least positive about motivation and adoption, with neutral scores on interactivity.

Lookers--Attribute Evaluations

Drilling deeper into the dimensions, the attributes are quantified to reveal the underlying elements that drive the lower scores of the looker group. The first time users are still lowering the overall scores. However, since the frequent users do not create as large a gap, the user groups tend to be closer in their scores. There is still a pattern of first timers scoring lower on the attributes related to using the site as a central planning tool and assuming there will be cost savings from its use.

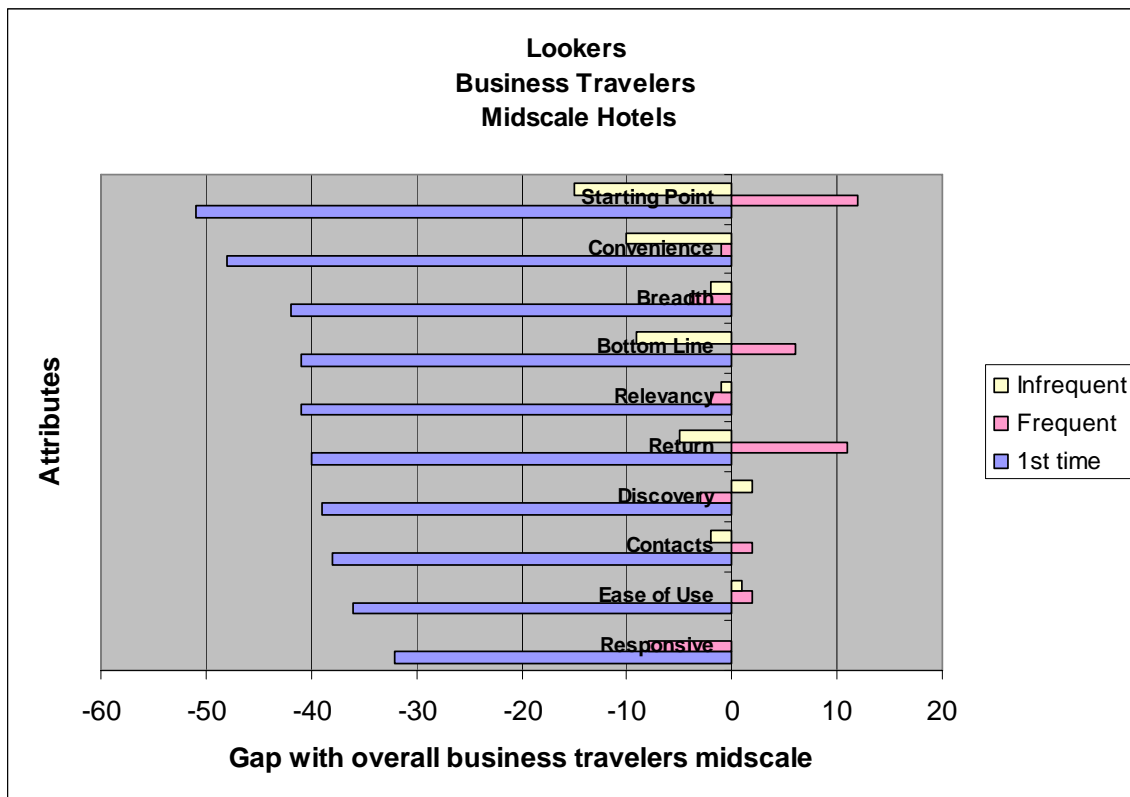


Sorted by First time visitors (from weakest attribute to strongest)

	First time	Frequent	Infrequent	All Midscale Business Travelers
Ease of Use	6.86	7.24	7.23	7.22
Relevancy	6.79	7.18	7.19	7.2
Breadth	6.78	7.16	7.18	7.2
Discovery	6.69	7.05	7.10	7.08
Responsive	6.61	6.85	6.93	6.93
Contacts	6.59	6.99	6.95	6.97
Return	6.58	7.09	6.93	6.98
Convenience	6.46	6.93	6.84	6.94
Bottom Line	6.08	6.55	6.40	6.49
Starting Point	6.01	6.64	6.37	6.52

Lookers--Gap Analysis

The business traveler average from the midscale hotel group was established as the benchmark. To more easily see where the user groups differ from the overall average, this gap chart will illustrate the attributes for which the user group is furthest from the benchmark. Clearly, the first time users miss the average for every attribute and are particularly below average in their scoring for whether the website would be used whenever planning a trip (*starting point*), whether the website is the most convenient way to book a hotel room (*convenience*) and whether the website covers the information needed (*breadth*). These attributes might not have received the lowest absolute scores, but compared to the much higher scores given to these attributes by other user groups, the first timers scores are dramatically below those of the more frequent users. These attributes show the greatest variation, or gap between user groups.



In the case of the generally higher scores for frequent users, when examining lookers (as opposed to bookers) the frequent users are fairly close to the average. Except on the attributes related to using the website to start trip planning (*starting point*), whether the website encourages them to return (*return*) and saving money on hotel rooms (*bottom line*) they are tracking with the average business traveler.

Summary of Lookers vs. Bookers—Business Travelers

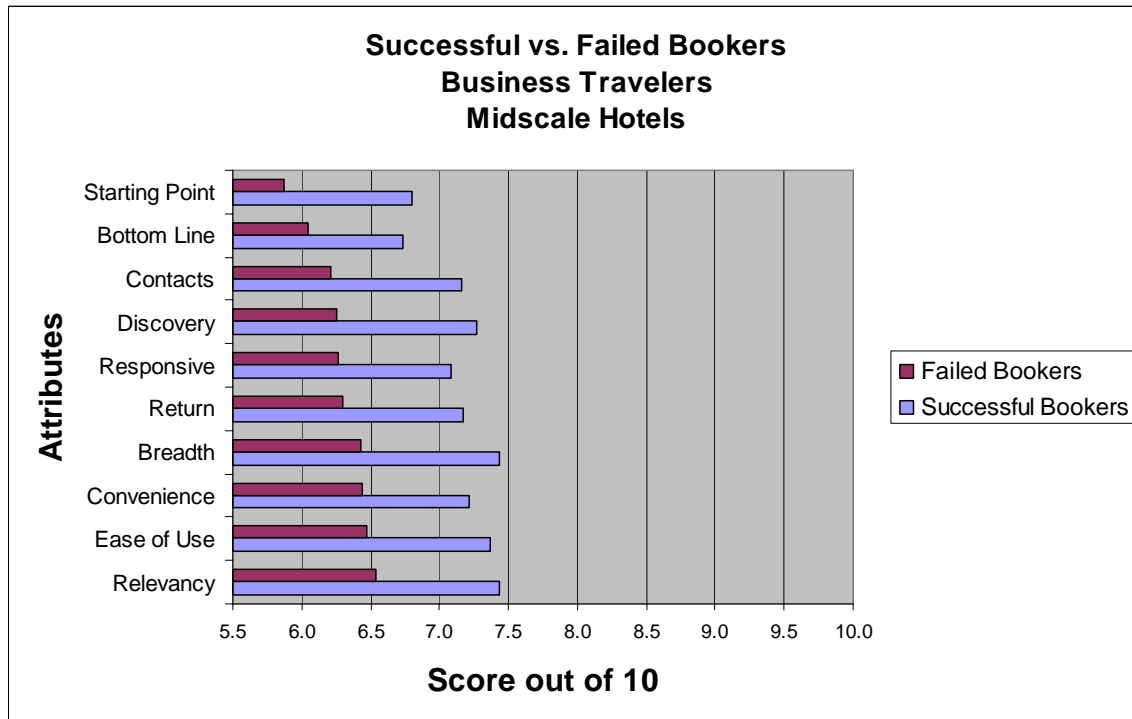
This analysis centered on the business traveler sub-set of the moderate hotel brands database. The database was filtered by lookers (those who went to the website to get hotel information, research/compare rates or other) and bookers (those who went to the website to book/change a reservation) There is no doubt that a higher level of engagement yields higher satisfaction levels with a website. The sub-category most committed to midscale hotel websites is the most frequent website users who come to book/change a reservation. Their scores were consistently higher and in some cases, dramatically above the other sub-sets. It also suggests that higher satisfaction produces greater usage.

The lookers tended to evaluate the attributes in similar rank order as the bookers, however, the overall scores for lookers' evaluations were lower. Content and navigation were consistently scored highest and those attributes related to likelihood to book again, a feeling they were encouraged to return, using the website as a typical starting point for trip planning, the assumption that the website would save them money on hotel rates and the perception that the website is the most convenient for hotel booking were all generally ranked lowest. However, these are exactly the attributes ranked relatively higher by frequent website visitors and even higher by those who booked.

Lookers, with their lower rankings, tended to be less involved and their scores reflected "middle of the road" scores close to the overall business traveler average. Bookers were much more engaged and scored higher, except those first time bookers, who, like first time lookers had many issues that implied they would not be using the website in the future, didn't think they were saving money with it and were not likely to use it for general trip planning.

Abandonment: Failure to Book

Some website visitors claim they came to the site to book or change a reservation. Then they don't do it. What causes this? Although only a small sub-set of the 17 midscale brands ask questions related to this issue), an analysis was done on this smaller group (7 brands) to provide some insights into the issues that lead to abandoned reservations by business travelers in midscale hotels.

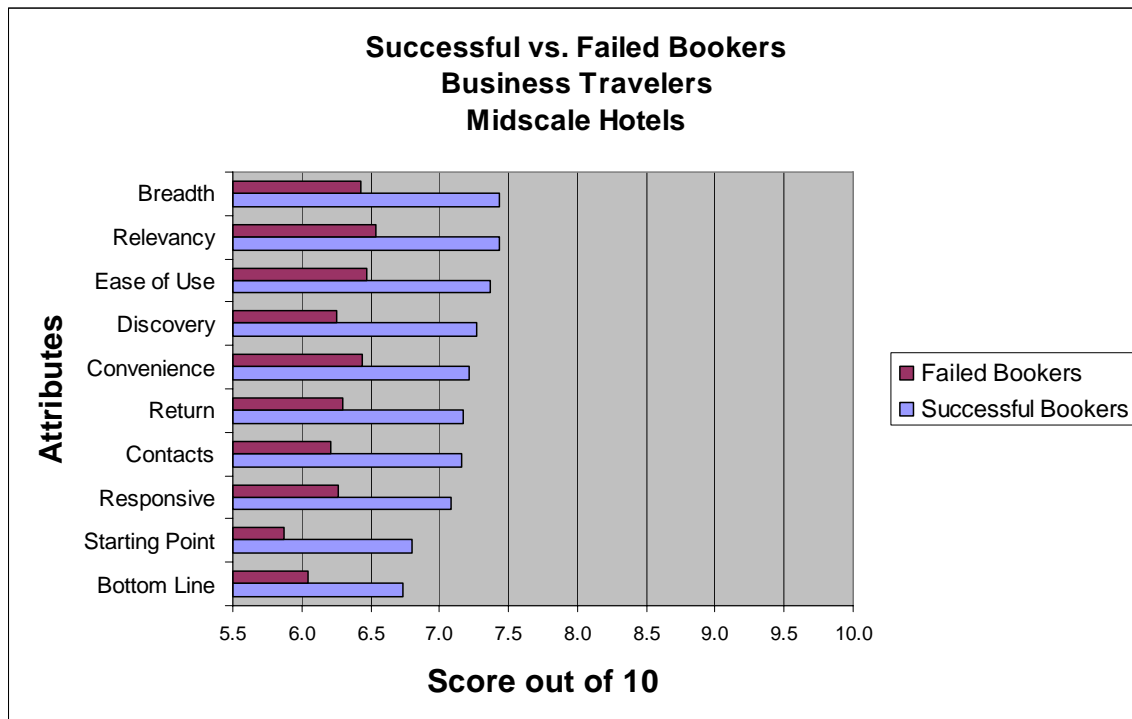


Sorted by Failed Bookers (from greatest weakness to strength)

	Successful Bookers	Failed Bookers
Relevancy	7.43	6.54
Ease of Use	7.37	6.47
Convenience	7.22	6.44
Breadth	7.43	6.43
Return	7.17	6.3
Responsive	7.08	6.26
Discovery	7.27	6.25
Contacts	7.16	6.21
Bottom Line	6.73	6.05
Starting Point	6.8	5.87

Many of the same variables recur in this data as have emerged in the looker and booker data. However, the low scores of failed *bookers* are even lower than the *looker* scores. This group is clearly not likely to consider the midscale hotel website a place to go for starting trip planning (with the overall lowest average score in the study of 5.87 on the *starting point* attribute) and they also have little expectation of finding money saving opportunities on the site (*bottom line* attribute).

The strengths of the successful bookers are in the areas of content quality and relevance with the highest scores being for relevant content (*relevance*), wide range of information (*breadth*), *ease of use* and the expectation that you will find what you are looking for (*discovery*).

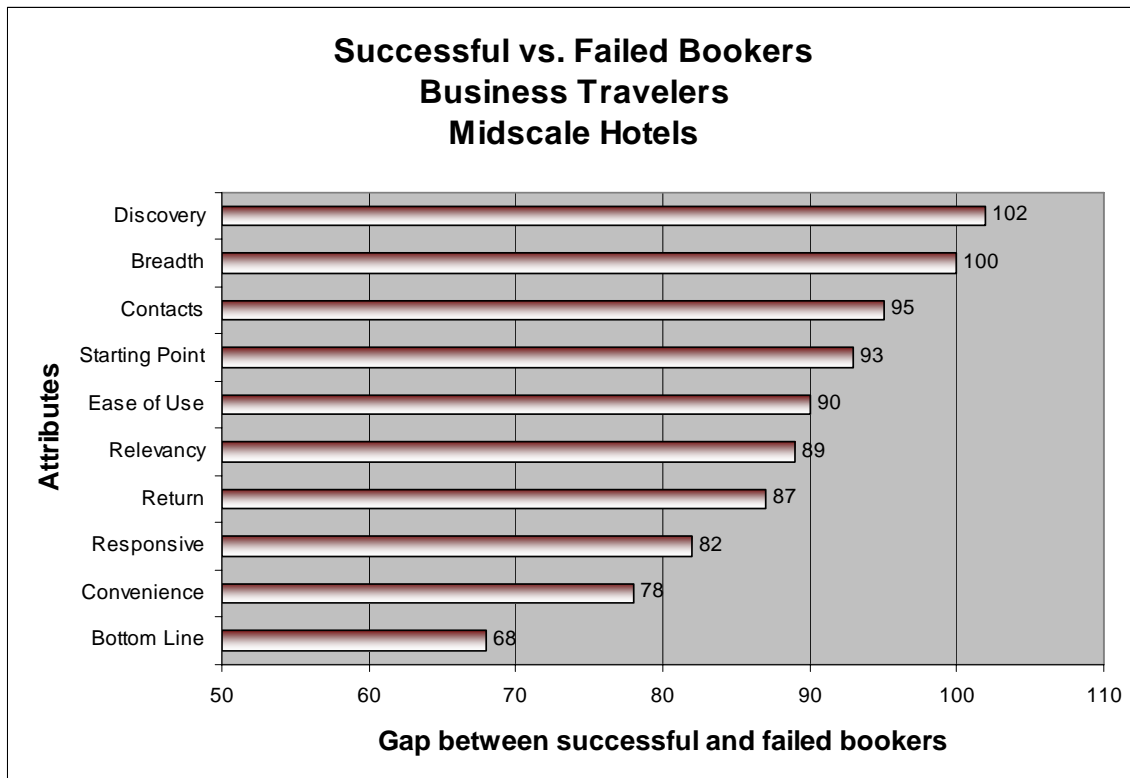


Sorted by Successful Bookers (in order of strength to weakness)

	Successful Bookers	Failed Bookers
Bottom Line	6.73	6.05
Starting Point	6.8	5.87
Responsive	7.08	6.26
Contacts	7.16	6.21
Return	7.17	6.3
Convenience	7.22	6.44
Discovery	7.27	6.25
Ease of Use	7.37	6.47
Relevancy	7.43	6.54
Breadth	7.43	6.43

Gap Analysis—Successful vs. Failed Bookers

Sometimes it is easier to see the difference between the two groups by seeing where their scores differ most. This chart shows the top two attributes as breadth and discovery where there is the most difference between a booking that happens and one that does not. The biggest difference by those who complete their booking, and those who do not, revolves around whether they feel the website enables them to find what they are looking for and secondarily, whether they can find a full enough range of the information they seek.



Careful evaluation of the variables that prevent someone who intends to book, but does not ultimately book, can be very helpful to plan website improvements.

Conclusion and Recommendations

There is a wealth of new actionable information that can drive many decisions related to the business traveler market in the midscale hotel sector. There may be differences between companies that would call for different responses. It is very important to keep in mind though, these scores are merely snapshots. They are most valuable, not in absolute terms, but as a benchmark to compare before and after site improvements are made. Did the web marketer's action move the needle on customer feedback?

Overall scores and first time users

In general, the overall scores were very low. Many typical scores of 6.5 or 6.6 would be a D in school. A comparison to other industries (non-travel) indicates an average in the mid 7's and a *minimum* of the mid 6's as an overall brand average. With an interest in raising scores, the clearest message is to pay attention to the first time user. Considering that the midscale hotel sector has four in ten of its website visitors who are first timers, this is a huge population as well as a huge opportunity. If a small percentage of them can be converted to occasional or frequent users, the bookings will rise with this number. If the website were designed with that person in mind, there is certainly a great chance for a brand improving its relationship with this important user group.

Continual improvement model

In a company's desire to get more lookers to become bookers, and more intending to book, there are attributes that inform the marketer about rationale and attitudes of website visitors. Marketers should examine their particular areas of weakness, reinforcing the areas of strength and create a plan for improvement, implementing only one fix at a time so it can be tested. These types of evaluations, if done regularly, can assess whether corrections were effective by looking at before and after scores.

More information...a rising tide

There is always a need for more information. This analysis is based on a relatively small number of data points. Knowing, for instance, what the relative importance is of the attributes being scored would help weight their value. If a website scores high on ease of use and accessible and relevant content, but the website visitor is only looking to save money on hotel rooms and getting answers to their questions, getting strong scores on the higher priority attributes would be a more important area of focus.

The profiling may be limited. It could be that differences by gender, or number of nights spent in a hotel, or other variables are better predictors of behavior. Also, it is not clear if the purpose of website visit: "getting hotel information" is to facilitate a booking decision or for post-sale information; this is combined now. The abandonment data was only shown as a total of midscale business traveler bookers. It would be helpful to know if there are differences among website visit frequency user groups or other profile variables that distinguish a successful from a failed booking.

In general, this form of benchmarking has a lot of potential because it allows web marketers to evaluate their own customer's experience on their own website and each user group can be examined separately. The model would apply to all brands because the data, although standard in format, can be evaluated by consumer profiles that are travel-specific and meaningful to each brand. A rising tide lifts all ships...with ongoing industry involvement and feedback, this information will only get better over time.

Attribute Questions—iPerceptions Hospitality Industry Study

Based on your best online experience, to what extent do you value _____ Hotels as a site that...

Dimension	Web Attribute	Question Text
Adoption	Starting Point	You use whenever you plan a trip or event?
Adoption	Return	Encourages you to return?
Content	Relevancy	Has content that is relevant to the purpose of your visit?
Content	Breadth	Covers the range of information you need?
Interactivity	Contacts	Enables you to identify and contact the right people?
Interactivity	Responsive	Is truly interested in responding to your needs?
Motivation	Bottom line	Can save you money on room rates?
Motivation	Convenience	Is the most convenient way to choose your hotel accommodations?
Navigation	Ease of use	Is easy for you to navigate?
Navigation	Discovery	Enables you to find what you are looking for?

Mapping for Trip Purpose

Which of the following best describes your primary purpose for today's visit?

Visitor Trip Purpose	Mapping
Make/change reservation	Bookers
Hotel Information	Lookers
Other	Lookers
Research/compare rates	Lookers

Mapping of Attributes to Corresponding Dimensions

Dimension	Web Attribute
Adoption	Starting Point
Adoption	Return
Content	Relevancy
Content	Breadth
Interactivity	Contacts
Interactivity	Responsive
Motivation	Bottom line
Motivation	Convenience
Navigation	Ease of use
Navigation	Discovery

