

2009 Forecast Poll North America

December 18, 2008

Travel and economic trends

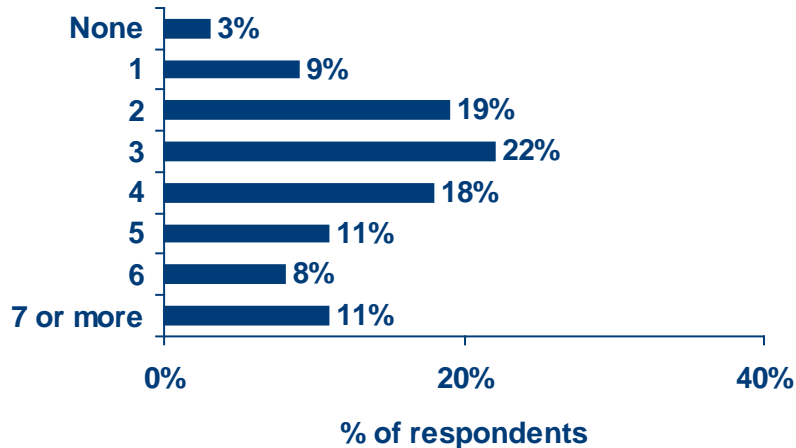
Key travel and economic trends

- Even in our current economic climate, the majority of respondents still express the intent to travel in 2009.
 - 66% of respondents expect to travel at similar rates or more than in years past.
 - Those choosing to decrease their travel are most likely cutting by less than half.
 - The majority of respondents consider travel the most important luxury item and will only cut spending as a final measure.
- In addition, respondents are changing the way they take and book their travel to be more cost conscious.
 - More respondents are planning to book their 2009 travel further in advance.
 - Fewer respondents anticipate taking multiple extensive trips. Instead they are more likely to take shorter trips.
 - Fewer respondents are planning to travel for special occasion/circumstance and celebratory vacations.
 - Now more than ever, price is the most important factor for respondents when booking both flights and hotels.
- The high costs of travel outweigh other economic conditions when planning for 2009.
 - To offset high costs, respondents are willing to redeem travel rewards and points along with becoming more flexible regarding destinations and travel dates and times.
 - Decreasing airfares coupled with more travel deals and sales would have the greatest impact on respondents' decisions to travel in 2009.

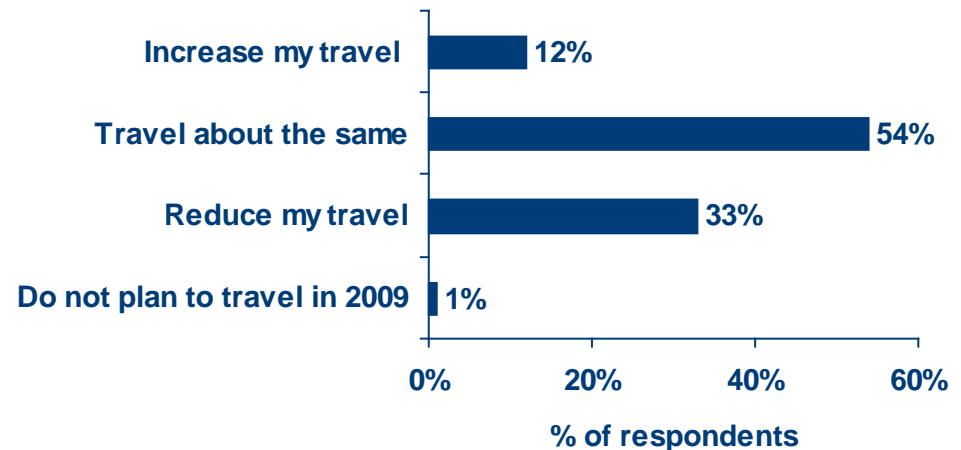
The majority of respondents have similar travel plans in 2009 compared to 2008

- 70% of respondents traveled for 3 or more leisure trips in 2008.
- For 2009:
 - 54% of respondents plan to travel at the same level.
 - While 12% of respondents will increase leisure travel.
 - And 33% of respondents will decrease leisure travel.
- Canadians are significantly less likely to reduce their 2009 travel (29% compared to 34% of Americans).

Leisure trips in 2008
n=1,602



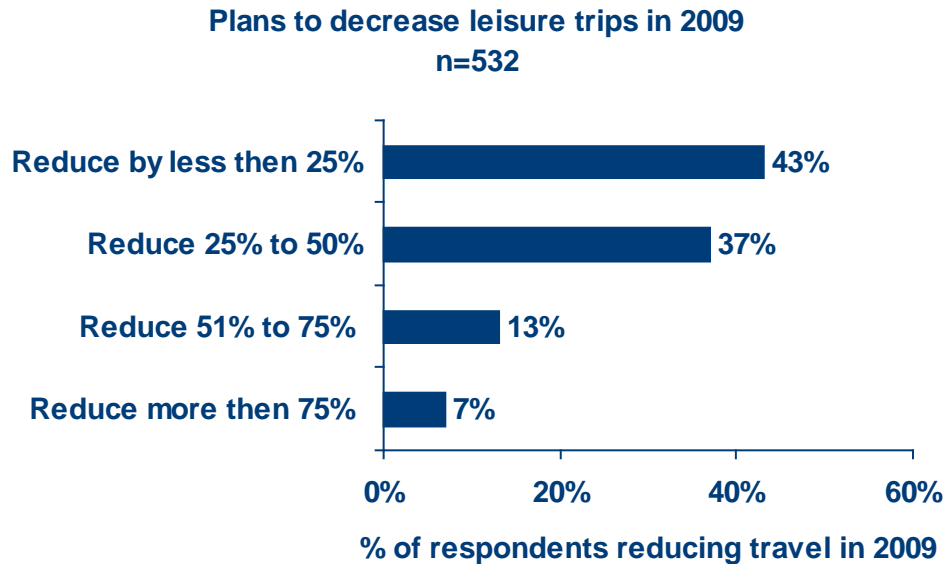
2009 leisure plans
n=1,613



Question: How many leisure trips did/will you take in 2008?; Given the current state of the economy, how would you describe your 2009 travel plans relative to your 2008 travel?

Respondents do not anticipate significant declines in the number of leisure trips they will take in 2009

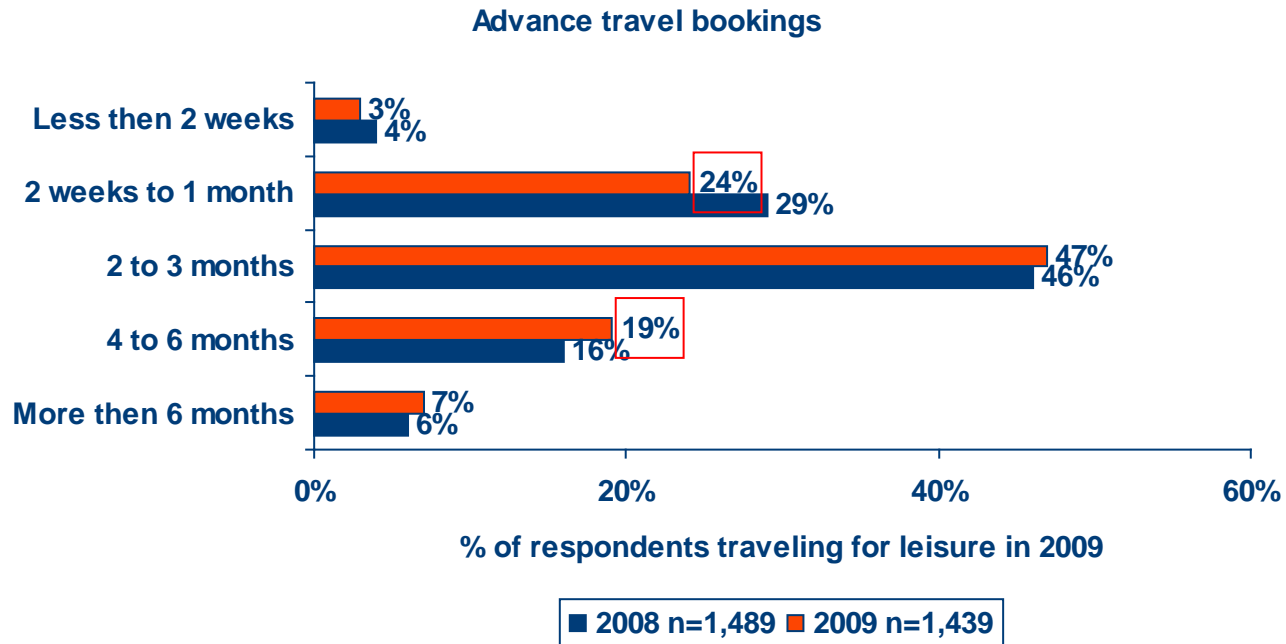
- Of those respondents planning to decrease leisure travel in 2009, four out of five will do so by 50% or less.
- Only one-fifth of respondents plan to decrease leisure travel by more than 50%.



Question: Given the current state of the economy, how would you describe your 2009 travel plans relative to your 2008 travel?

Respondents are significantly more likely to book their 2009 travel further in advance

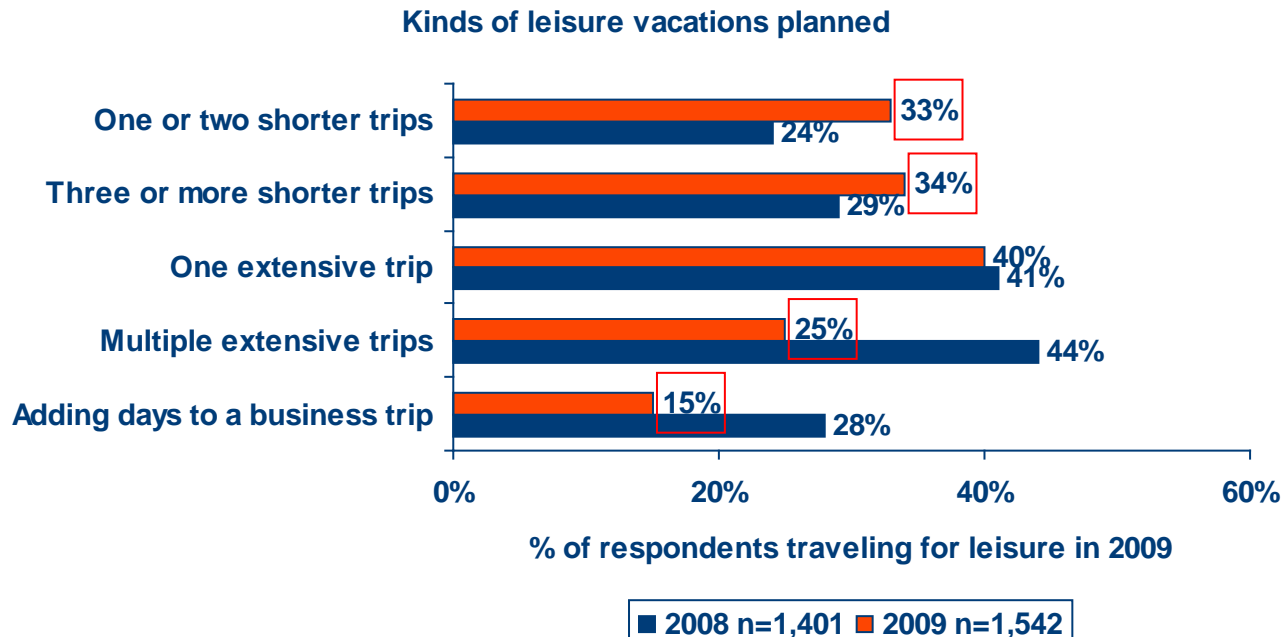
- 73% of respondents will book their 2009 travel 2 or more months in advance compared to 68% in 2008.
 - 26% of which will book 4 or more months in advance compared to 22% in 2008.
- Compared to Americans, Canadians are significantly less likely to shift their 2009 travel bookings to further in advance.



Question: Generally speaking, how far in advance do you book your travel arrangements? Indicates a significant difference.

Significantly fewer respondents plan to take multiple extensive trips in 2009

- 25% of respondents plan to take multiple extensive trips in 2009 compared to 44% in 2008.
 - Respondents are significantly more likely to take shorter trips in 2009 compared to 2008.
 - And significantly less likely to add vacation days to a business trip in 2009.
- Canadians are significantly more likely to take a single extensive trip as opposed to Americans who are more likely to take multiple shorter trips.



Question: What kinds of vacations do you plan to take for pleasure in 2008/2009? (Please select all that apply) Indicates a significant difference.

Significantly fewer respondents plan to take celebratory / special vacations in 2009

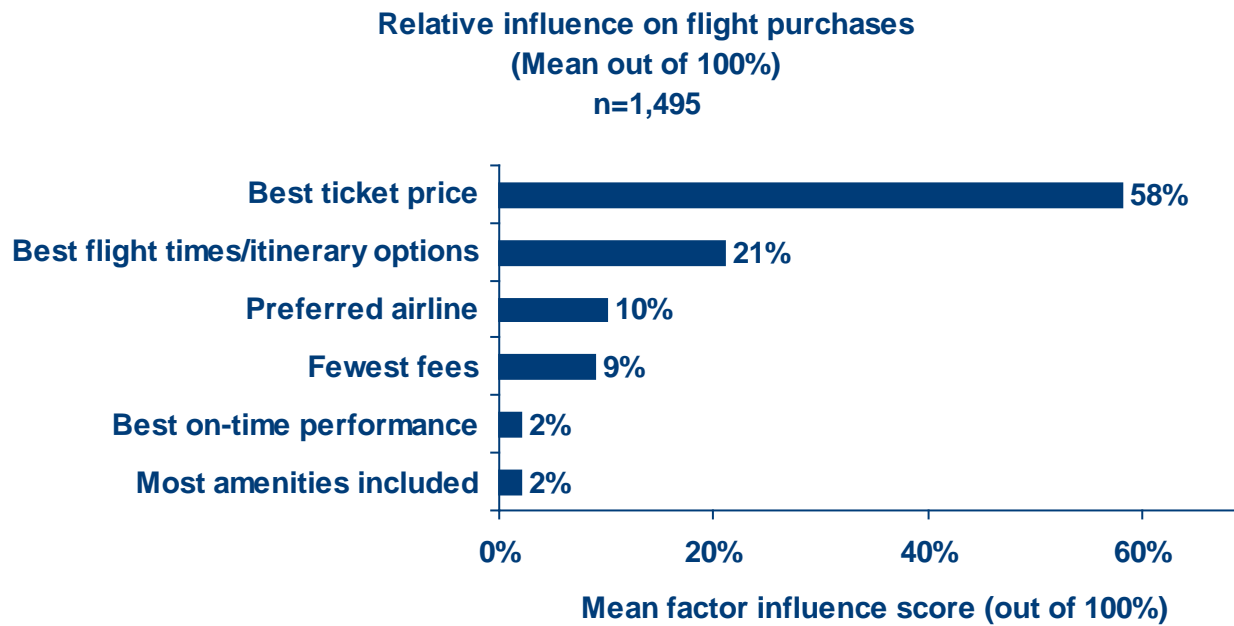
- **48% of respondents do not plan to take special vacations in 2009 compared to 42% in 2008.**
 - Birthdays, reunions and destination wedding were significantly more popular in 2008 compared to 2009.
- **Canadians are significantly less likely than Americans to travel for special/celebratory vacations.**



Question: For the following vacations, please indicate which, if any, you took in 2008 or are planning to take in 2009. (Please select all that apply.)

Price matters most to respondents when booking flights for 2009 travels

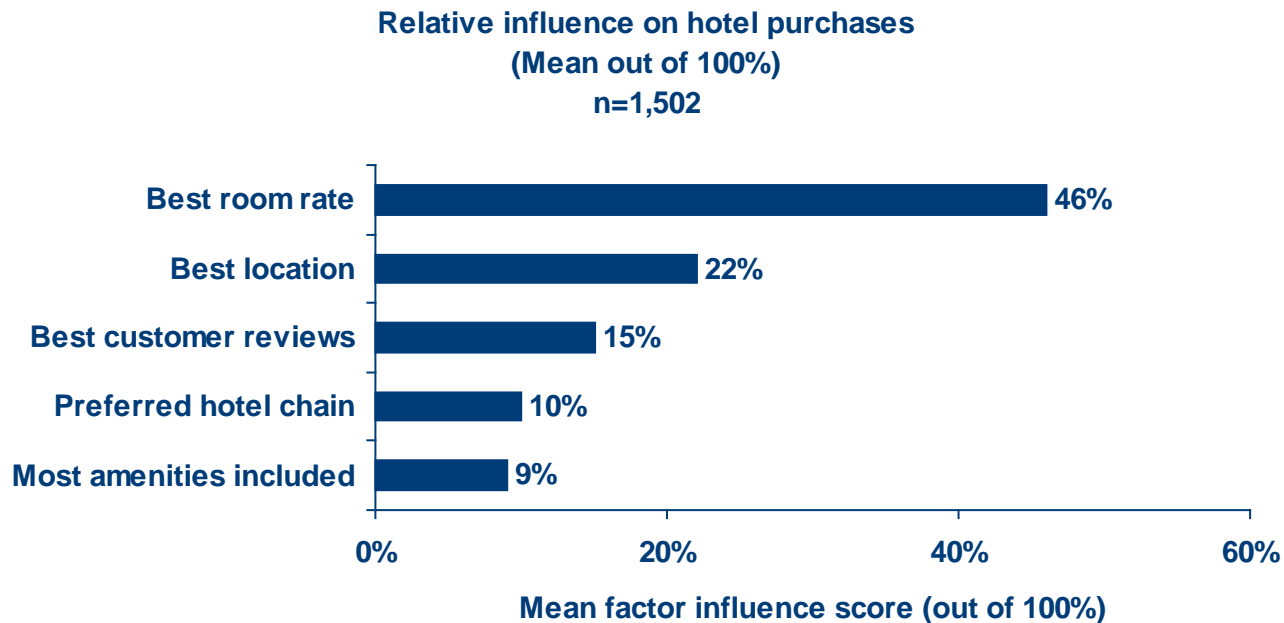
- Overall, respondents report price having an average influence of 58% on their decision to book a flight.
 - Flight times and itinerary options influenced an average of 21% of the decision.
 - On-time performance and amenities have very little bearing on a respondents' decision to purchase a flight (4%).



Question: What is the relative influence of the following factors when booking a flight? Please allocate each factor's relative influence out of 100%.

Price is also the key driver for respondents when selecting a hotel in 2009

- **Price is significantly more important to respondents when booking a flight compared to a hotel, but nonetheless the most important factor in both.**
 - Overall respondents report room rate having an average influence of 46% when selecting a hotel.
 - Amenities have significantly more influence when booking a hotel compared to a flight (9% compared to 2% for flight).
- **Price is significantly less influential among Canadians when compared to Americans.**



Question: What is the relative influence of the following factors when booking a hotel? Please allocate each factor's relative influence out of 100%.

Non-essential shopping tops the list of luxury items likely to be cut in a trying economy

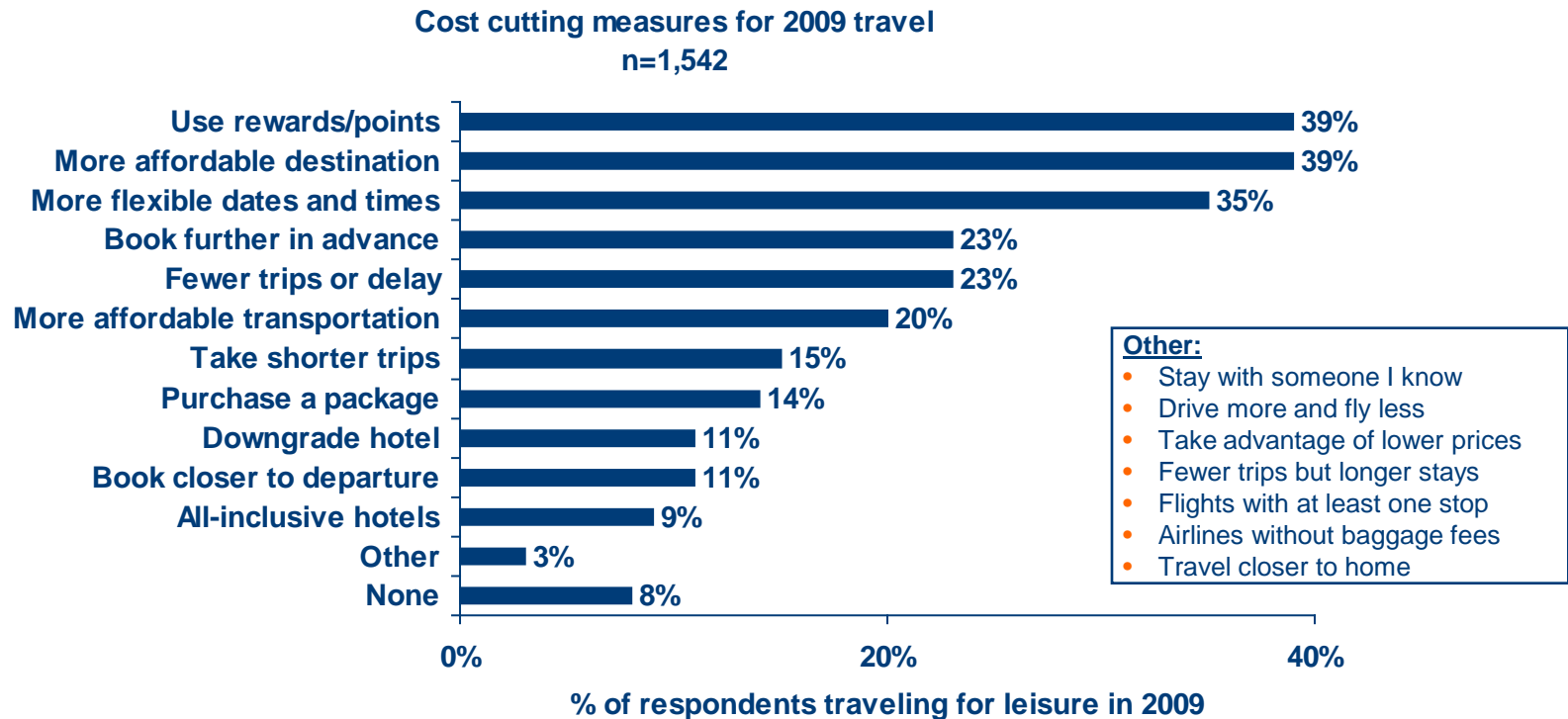
- The overwhelming majority (54%) of respondents will first cut back their spend on non-essential shopping (jewelry, fashion, etc.).
- Vacation/travel and dining out are luxury items in which respondents are reluctant to cut back on.
 - 28% of respondents would save vacation and travel as a final cost cut
 - And 19% of respondents would save dining out as a final cut.

Order to be cut	Luxury Item	% cutting first	% cutting last
1	Non- essential Shopping	54%	2%
2	Wellness and Beauty	16%	9%
3	Entertainment	4%	7%
4	Recreation and Fitness	13%	35%
5	Dining Out	5%	19%
6	Vacation / Travel	7%	28%

Question: Given the current state of the economy, what luxury items would you consider cutting back first? Please drag and drop the following list into the appropriate order so that the item at the top of your list is the item that you would consider cutting first. n=1,465

Instead, respondents will use rewards programs and be more flexible when planning as a means to cut travel costs

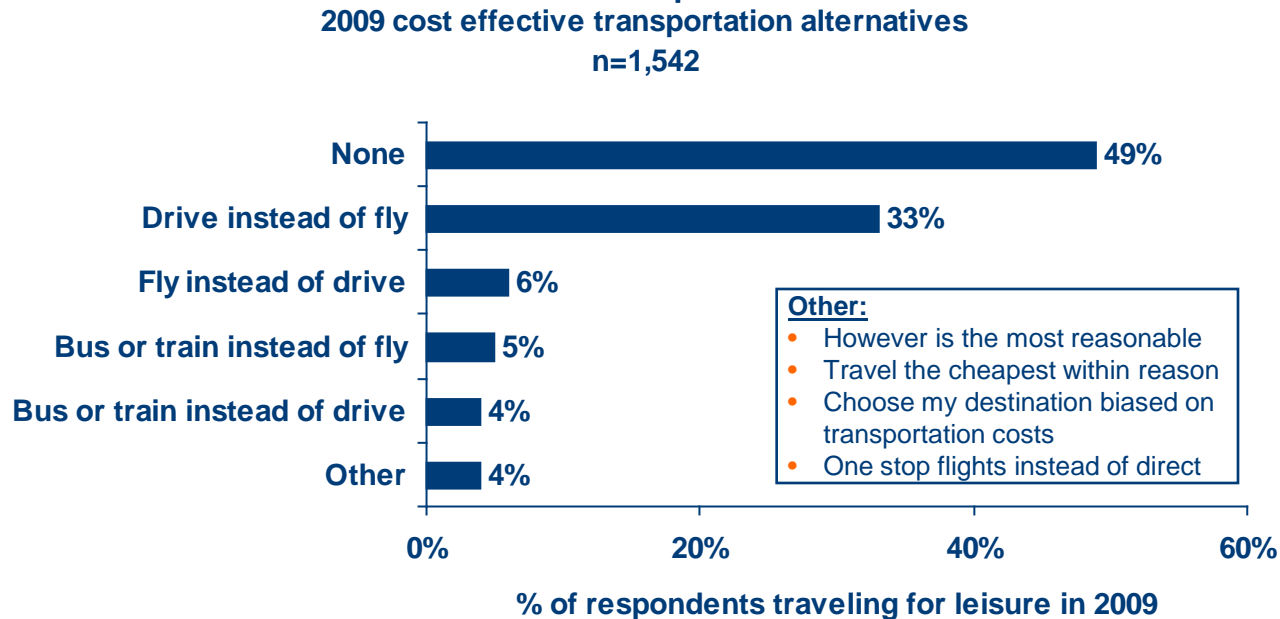
- 39% of respondents plan to redeem travel rewards or points to help cut down on the costs of travel in 2009.
- 39% will consider traveling to more affordable destinations and 35% will be more flexible with travel dates and times.
- Canadians are significantly more likely to delay bookings and purchase all-inclusive hotels or packages as a means to cut travel costs than Americans.



Question: What, if any, travel cost cutting measures are you likely to consider when making your 2009 travel arrangements? (Please select up to 3 choices.)

51% of respondents will consider using more cost effective transportation in their 2009 travels

- 33% of which will drive instead of flying to their destination.
 - Respondents traveling with children are significantly more likely to drive in order to cut down on costs (42%).
- However, 49% of respondents do not plan to change their transportation to cut down on costs.
- Canadian travelers are significantly less likely to reduce their flying compared to their American counterparts.

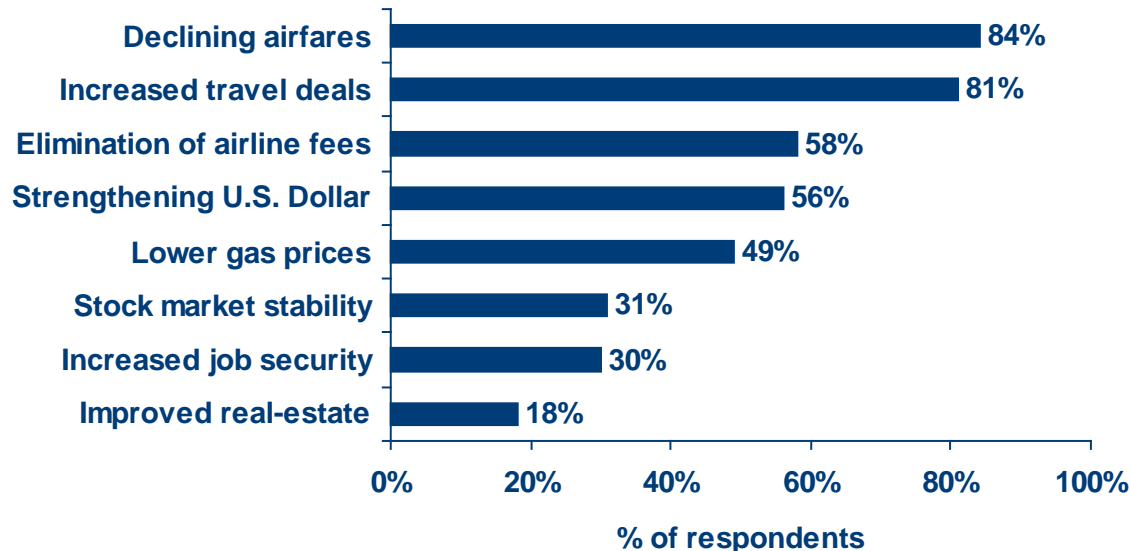


Question: What, if any, transportation alternative would you consider in order to cut down on the cost of travel?

Economic improvements lowering the cost of travel would be the most impactful for respondents

- 84% of respondents report that declining airfares would have a positive impact on their 2009 travel decisions.
- 81% report increased travel deals or sales would have a positive impact.
- Lower travel costs, eliminating airline fees, and a strengthening dollar would have an even greater positive impact on Canadians than Americans.

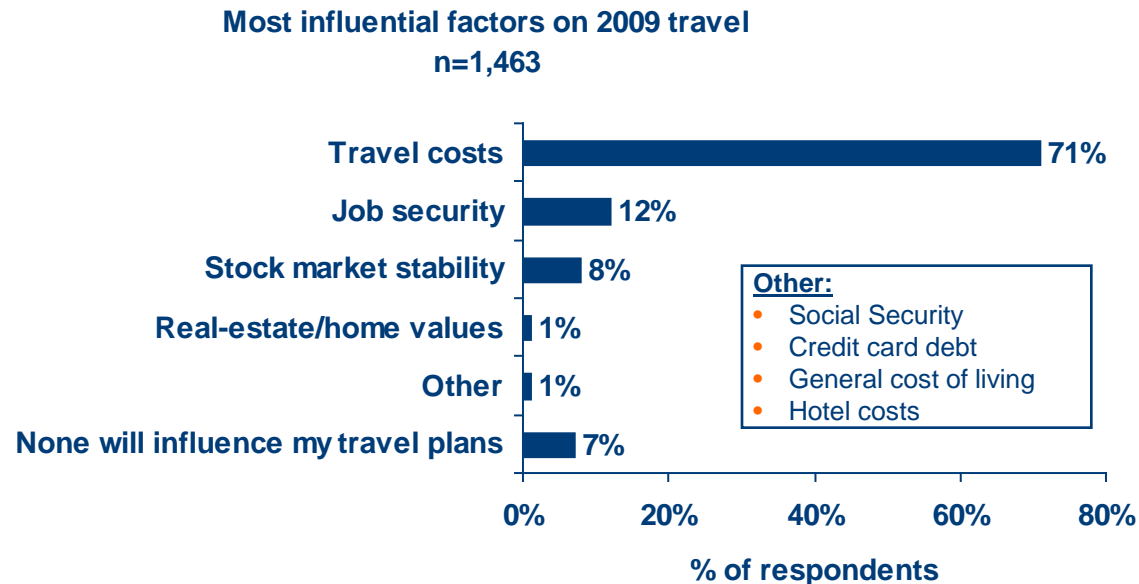
Relative impact of economic improvements on 2009 travel
(Top 2 box) n=1,443



Question: Hypothetically speaking, if / when the following economic improvements occurred, please indicate how much impact each would have on your decision to travel in 2009. Please rate improvement impact on a 5 point scale where 1 equals no impact and 5 equals very high impact.

In our current economy, travel costs have the most influence on how respondents plan to travel in 2009

- 71% of respondents consider travel costs the most important influencer of 2009 travel.
 - Respondents with lower annual household incomes (Incomes less than \$50,000) are significantly more influenced by travel costs (79% compared to 71%).
- Economic factors (job security, stock market, and real-estate values) only influence 21% of respondents.



Question: When considering the current state of affairs, what has the most influence on how you plan to travel for leisure in 2009?

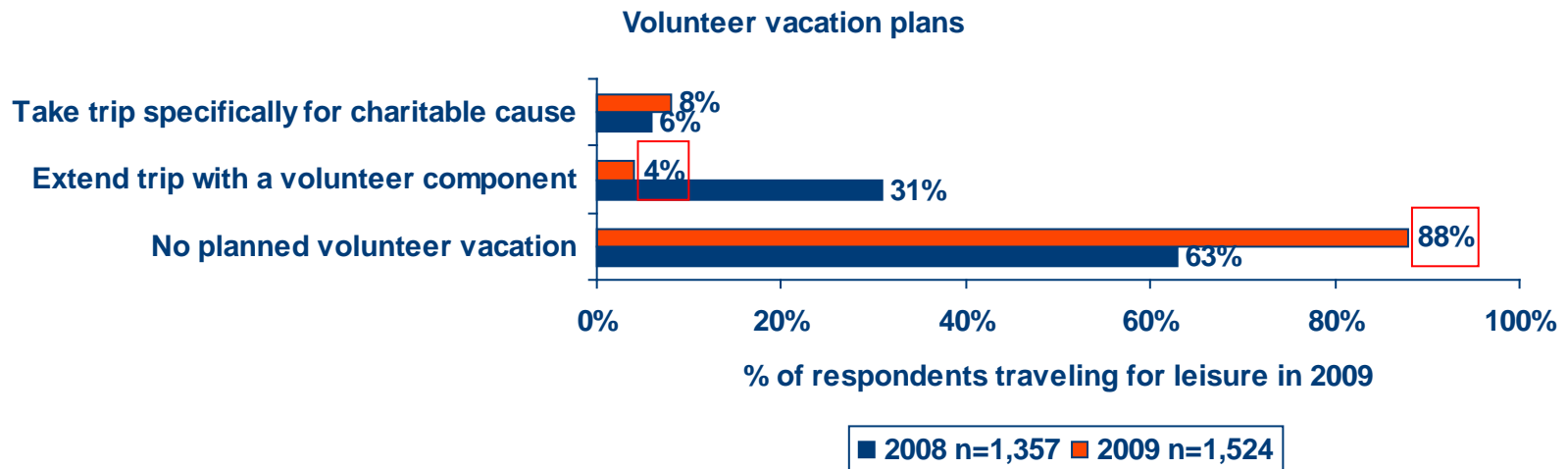
Eco-friendly / Volunteer vacation trends

Key eco-friendly / volunteer vacation trends

- The economy may not have respondents staying home in 2009, but it does have them cutting back on volunteer and eco-friendly travel expenditures.
 - Significantly fewer respondents are planning to take some kind of volunteer vacation in 2009 (12% compared to 37% in 2008).
 - Significantly fewer respondents are willing to spend extra for an eco-friendly destination or business (49% compared to 78% in 2008).
 - Those willing to spend extra are also willing to spend significantly less than in years past.
- Respondents still acknowledge the importance of eco-friendly travel and are open to avenues that are not cost prohibitive.
 - 59% report a “Green” rating would have at least some influence in their hotel selection.
 - 49% plan to include some form of public transportation in their 2009 travels.

Down from 37% in 2008, only 12% of respondents plan any kind of volunteer vacation in 2009.

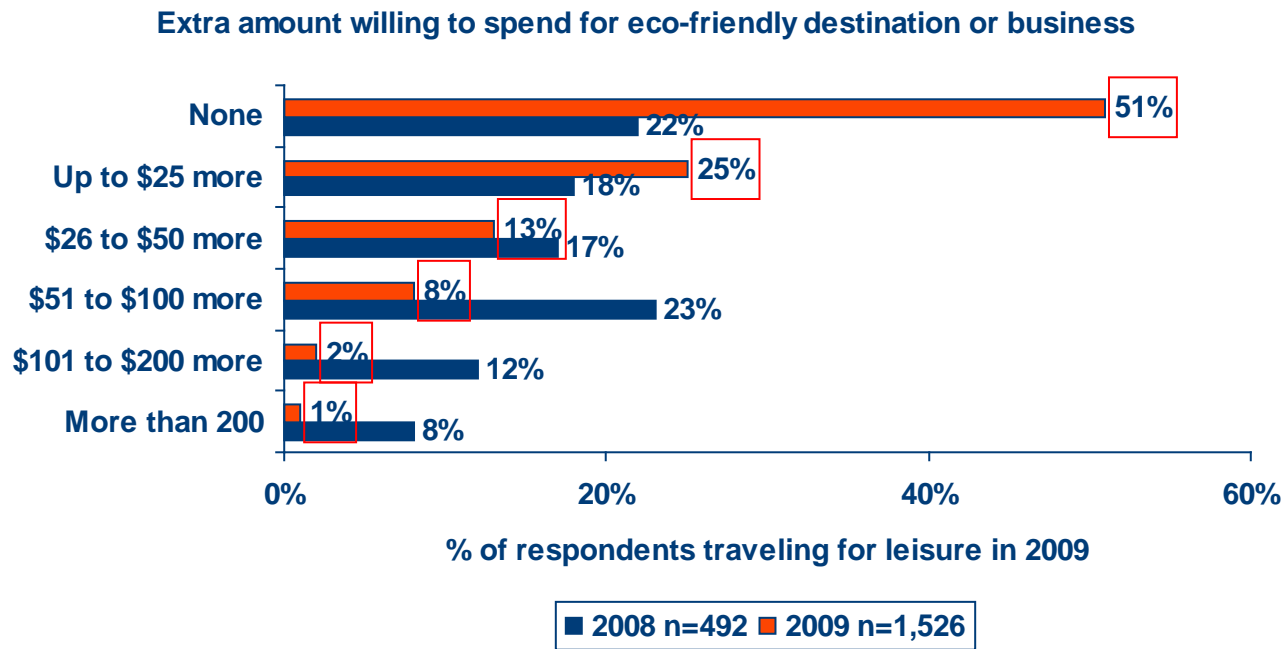
- This is primarily driven by significantly fewer respondents intending to extend their 2009 vacation to add a volunteer component.
- Similar numbers of respondents plan to take a trip geared specifically toward donating time for a charitable cause.
- Canadians are significantly less likely to plan any kind of volunteer vacation.



Question: Which, if any, of the following do you plan to do in 2008? (2008 Forecast Poll of Travelocity members); Which, if any, of the following do you plan to do in 2009? Indicates significant difference

Significantly fewer respondents are willing to pay extra for an eco-friendly destination or business in 2009

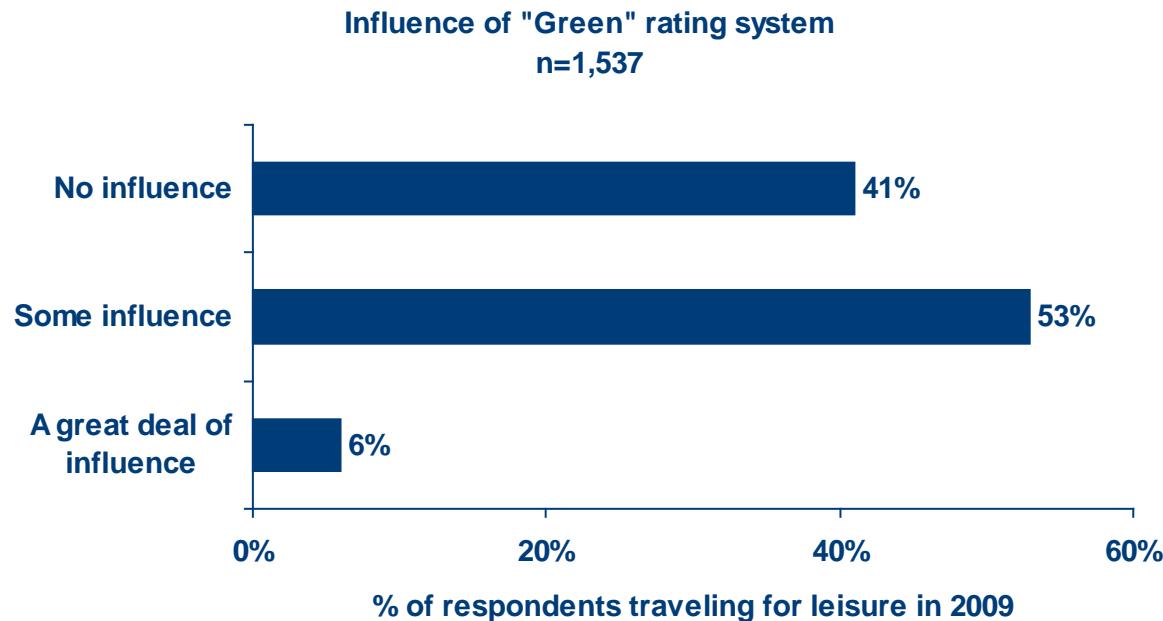
- Only 49% of respondents are willing to pay extra for an eco-friendly destination or business in 2009, compared to 78% in 2008.
- Furthermore, those who are willing to pay extra in 2009 are not willing to **pay as much** as in 2008.



Question: How much extra would you be willing to spend to support and eco-friendly destination or business? (2008 Forecast Poll of Travelocity members); How much extra would you be willing to spend to support an eco-friendly destination or business? Indicates significant difference

59% of respondents are influenced by a “Green” rating system when selecting a hotel during 2009 travels

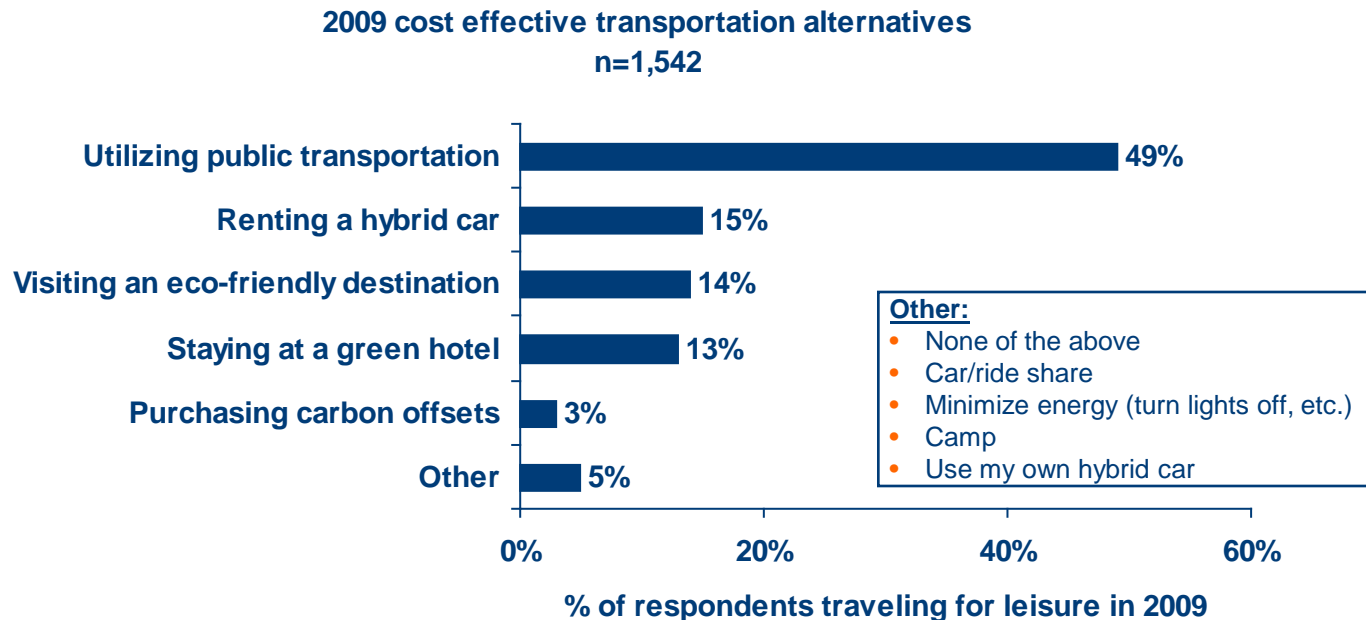
- A “Green” rating system would help 59% of respondents in selecting their hotel.
 - 6% would be greatly influence by the rating. (These respondents are significantly more likely to pay extra for an eco-friendly destination or business.)



Question: How much, if any, would a “Green” rating system help you in selecting your hotel during your 2009 travels?

Public transportation is the most appealing eco-friendly travel option.

- 49% of respondents plan to use some form of public transportation during their 2009 travels.
 - Much lower numbers plan to rent a hybrid car, stay in a green hotel, or visit and eco-friendly destination.
 - Only 3% of respondents plan to spend extra purchasing carbon offsets.



Question: Which, if any, of the following eco-friendly travel options do you plan to include in your 2009 travels? (Please select all that apply.)

Reactions to new airline pricing trends

Airline pricing trends:

- The majority of respondents anticipate their 2009 travel plans to include airline fees in addition to ticket costs.
 - 49% expect to incur baggage fees.
- Respondents do see price advantages to purchasing an “a la carte” ticket, however, 56% would still prefer an all-inclusive plane ticket.
- All-inclusive plane tickets are expected to include beverages, snacks, seat selections and most importantly a first checked bag.
 - The majority of respondents are willing to pay between \$6 and \$25 extra for a ticket including these amenities.

The majority of respondents are planning to pay fees for ancillary services when flying in 2009.

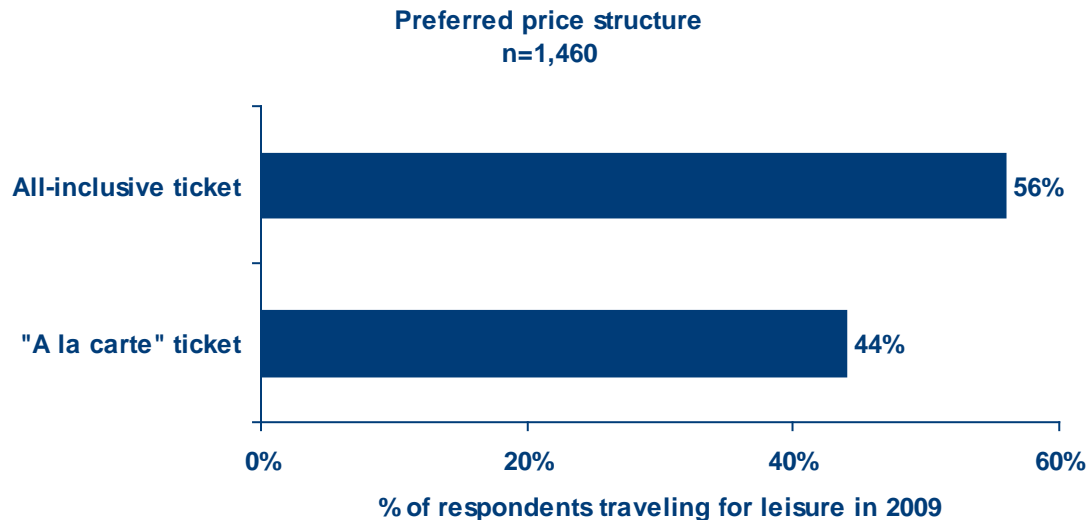
- 49% of respondents anticipate paying baggage fees during their 2009 travels.
- Only 25% of respondents do not anticipate paying any additional fees.



Question: In recent months, more airlines have implemented “à la carte” pricing structures. Given how you plan to travel, what products are you likely to pay additional fees for during your 2009 travel? (Please select all that apply.) Note: Canadians are not currently required to pay baggage fees at the same rate as Americans.

Slightly more respondents prefer all-inclusive plane tickets to “à la carte” tickets

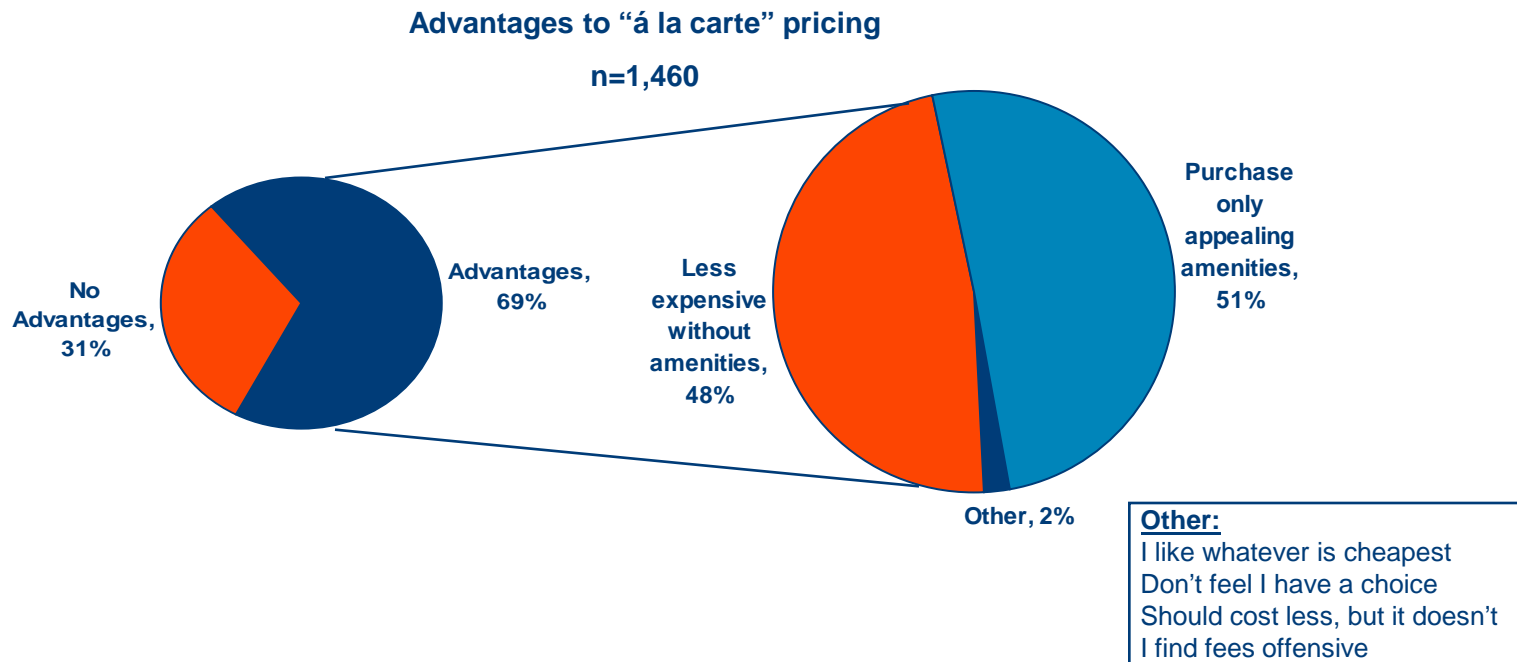
- 56% of respondents prefer all-inclusive tickets while 44% prefer “à la carte” tickets
- Canadians show a greater preference toward all-inclusive tickets when compared to Americans.



Question: When booking a flight, what type of pricing would you find more appealing?

The majority of respondents do see advantages in an “á la carte” pricing structures

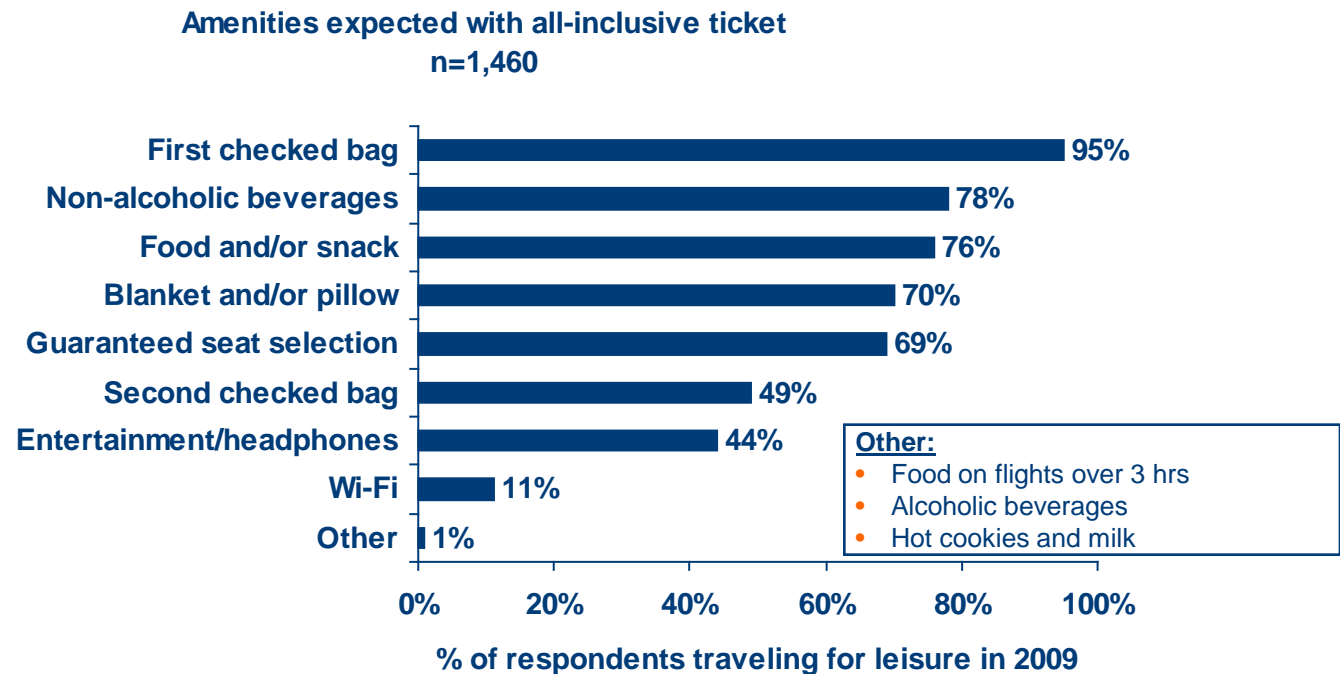
- 69% of respondents see some kind of advantage in “á la carte” tickets.
 - 48% of respondents believe an “á la carte” ticket allows them to purchase a less expensive ticket without the amenities.
 - 51% believe the advantage is only paying for the amenities that are appealing to them.



Question: What, if any, advantages do you see in purchasing an “á la carte” plane ticket? (Please select all that apply.)

Respondents want baggage, beverages, snacks and seat selection included in an all-inclusive ticket's pricing

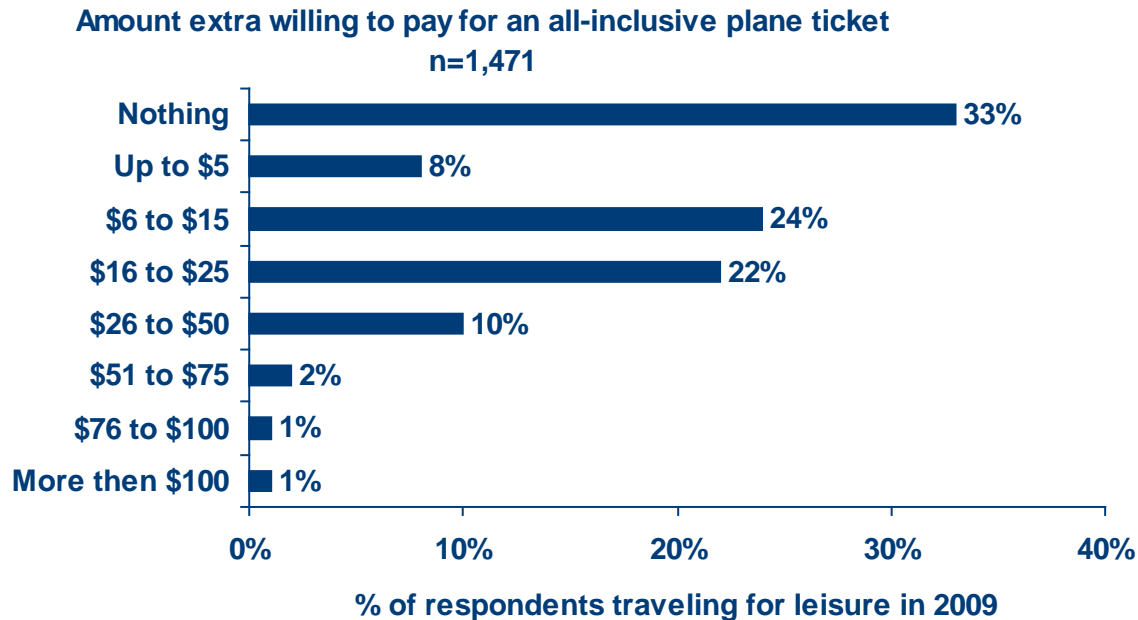
- **95% of respondents expect the first checked bag to be included in the price of an all-inclusive ticket (approximately \$15).**
 - 78% expect beverages (approximately \$1 to \$5).
 - 76% expect food and/or snacks (approximately \$3 to \$10).
 - 70% expect blankets and/or pillows (approximately \$2 to \$7).
 - 69% expect guaranteed seat selection(approximately \$5 to \$20).



Question: If you were to purchase an all-inclusive plane ticket, what would you expect to be included in the price? (Please select all that apply.)
Note: Canadians are not currently required to pay baggage fees at the same rate as Americans.

The majority of respondents are willing to pay extra for an all-inclusive ticket

- 67% of respondents are willing to pay extra to purchase an all-inclusive plane ticket.
 - 46% are willing to pay between \$6 and \$25 for the ticket.
 - 14% of respondents are willing to pay more than \$25 for the ticket.
 - Note: The calculation of fees incurred for one checked bag, beverages, snacks and guaranteed seat selection total approximately \$25 to \$50, depending on the specific airline.



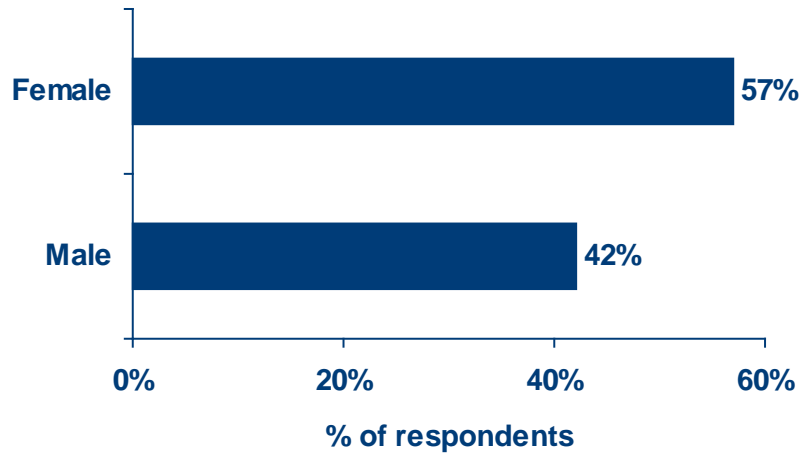
Question: How much extra, if any, would you be willing to spend on an all-inclusive plane ticket that includes the amenities that you selected above?

Methodology:

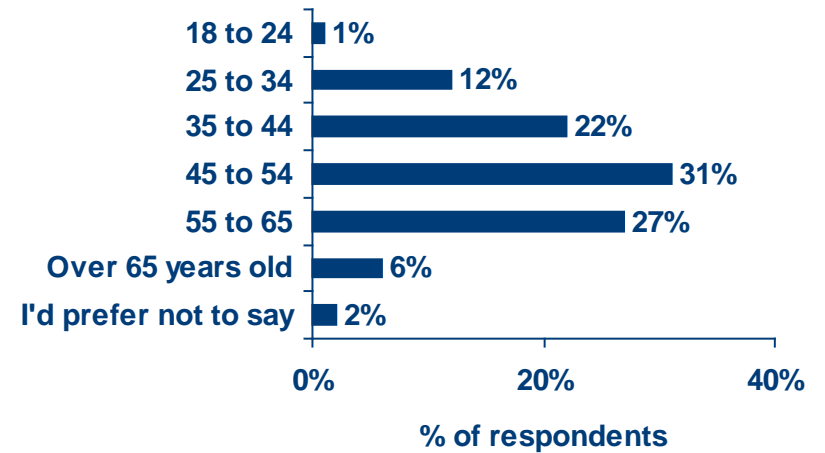
- Data collection period: November 17 – December 15, 2008
- Data collection method: Online Survey
- Sample requirements: Travelocity members who have booked at least one travel component in the past twelve months. Members can not have been contacted in the past three months for a survey (either ad-hoc surveys or regular CSAT/Welcome Back surveys).
- Response statistics:
 - Email invitations sent: 101,432
 - Responses received: 1,624
 - Response rate: 1.6%
 - Margin of error: (+/-2.4%)
 - % Significantly different: 4% (Between Canadians and Americans)

Demographics

Gender
n=1,450



Age
n=1,457



Question: What is your gender?; What is your age?