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Abstract

Tourism and travel industry has grown over the years. Use of internet has significantly improved the online travel distribution system. There has been a change in way the traditional travel operators work with the advent of internet and online travel portals which provide vast amount of advantage to its customers. With internet growing rapidly, meta search engines took the major place in travel distribution system and they reach the customer in no time. In this study we have compare two leading metasearch engines such as SideStep and Yahoo! Travel. We have discussed their similarity and differences and projected our view points for their future growth.

1. Introduction

Traditionally Travel industry has been performed by tour operators, outbound travel agents (OTAs). They were supported by CRS (Computer Reservation Systems) which was introduced in late 1970’s. CRS was originally designed by airlines, to lock in travel agencies. The usage of internet has enhanced the travel distribution system. The online players taking part in electronic systems are websites, GDSs (Global Distribution System), travel agents and search engines.

1.1 Traditional Model

Here in the traditional model GDS is in the heart of the system (Figure 1).

![Traditional Model](Jayesh,2005)

GDS has information from the service provider and act as an intermediator between service provider and customer. In the earlier days service provider relayed on GDS and their worldwide network of travel agents to reach customer. As shown in the figure Switch/label provider is an application which pulls information from service provider and passes it to GDS in real time. In
this model customer had two choices to book their tickets: either they can directly contact the service provider or through a travel agent. Since the customer and service provider are separated by a distance, they preferred making through a qualified travel agent. Only a few customers who are really aware about the available alternatives and varying pricing model would book through the travel agent.

1.2 The Online Model

With the Internet, service provider can bypass GDS and travel agent and reach the customer directly. This would be an example of disintermediation: when customers book their tickets directly from airline website or through phone call, there is no need in original travel agent which gets disintermediated (Figure 2).

![Online system scheme](Jayesh,2005)

However, internet also allows GDS, Label provider and online travel agent offer service directly to customer by hosting their own website. In this situation the value chain gets shorter again because of direct contact with customer.
In the travel industry rise of cybermediaries like SideStep, Farechase, Expedia, Travelocity, etc are currently offering services. The traditional travel agents are the traditional intermediary between service provider and traveler which get money for their services in a form of commission paid by the transport companies. Here we can see the effect of reintermediation which touches traditional agent system: with the online model traditional travel agents are threatened by reintermediators in the cyberspace or cybermediaries like online travel agents or direct airline services. Those competitors are taking all functions of traditional agent and moving them into marketspace.

2. AIRLINE DIRECT SERVICE

Airline direct services include websites, call centers with toll free number and airport ticket counters. The first two methods are the most powerful and technology enabled. With the use of internet customer can purchase E-tickets. E-ticket is just a record of reservation and eliminates the need for paper tickets. This system reduces the cost for airlines since tickets do not have to be mailed to the traveler. In the distribution system E-ticketing weakens the role of traditional travel agent because one of their major roles was to put tickets into the traveler’s hand.

3. ONLINE TRAVEL AGENTS

Online travel agents, as cybermediaries, compete not only with traditional agents, but also with airline (and other transportation companies) direct services by using booking engine which might be developed by them or they can use already developed system. Partnerships with existing GDS are an example of using already existing system is used by Preview Travel.

Comparing to airline services, OTAs give customer a chance to choose between different airlines. This is a great advantage because it is always better to provide a variety of products than to have very limited range of choice.

3.1 OTA MARKET

As you can see (Figure 3.) the number of people who booked their ticked online has increased from 18.6M in 2001 to 38.6M in 2007. This shows internet is the most dominating channel of distribution.
The main source of success for Internet distributors is that they provide a chance to compare product offerings and prices. The search for travel information is the main task of metasearch engine used by online travel agents. To continue with discussion about SideStep and Yahoo! Travel search engines let’s see what does metasearch engine mean.

4. METASEARCH ENGINES

How does the travel search work?

SideStep and Yahoo! Travel websites are using so-called metasearch engines. What does meta-search engine mean? Let’s look first on the original search engine. It digs the information from websites by going through internet resources. Meta search engine is different because if gathers information from other search engines which already got some specific information directly from websites. Here is the scheme of how it works (Figure 4):
Basically, metasearch engine searches through the index provided by original search engines. As a result, there is no need for metasearch engine to have its own web page database. As a query comes from user, it is being forwarded to assistant search engine and required information comes out within seconds.

Now let’s look closer at two travel online agents which are using metasearch engines to provide their customers with required information.

5. SIDESTEP

SideStep is a travel search engine launched as a website in 2005 (Figure 5). From the year 2000 until 2005 it existed only as a form of special application – downloadable toolbar which might be installed on internet explorer browser software. In the year 2007 another online travel
search company – Kayak.com acquired SideStep for $180 million. After the acquisition the SideStep website was not closed and works our days.

So what are the services which are being provided by the SideStep.com to customers? As a travel metasearch engine, of course, the main service is search for information related to travel needs. By visiting the website we can check availability and price for flying tickets on a particular date. More, we can book a hotel, rent a car, choose a cruise or travel deal we like. Anything connected to transportation during a trip might be managed with SideStep website.

As another very nice option offered by SideStep, we can look through thousands of customers’ reviews of hotels. This opportunity became possible after SideStep acquired the TravelPost service which offered more than 300 thousands of customers’ reviews. After connecting this data base to the travel search engine SideStep made a great move to beat other competitors on the travel search market.

As it is shown on the Figure 6, there is not a big difference between number of visits to SideStep and Kayak websites. This trend might be a result of effective search system which leads to customer satisfaction.
The software which is being used by Kayak and Sidestep websites is provided by the ITA software company. The main advantage of this software is the Ajax technology which allows decreasing the number of user’s clicks by better system of information filtering.

6. Yahoo! Travel

Farechase.com was founded in 1999 in New York. Farechase started it Journey with contact with limited number of airlines and hotels (around 22 airlines and 11 hotels). This online travel search agent had nice potential power because it used optimized engine created by Travelocity. They also had connections with lowestfare.com, expedia.com, placestostay.com, Continental Airlines and United Airlines. In the beginning the search results are sorted based cost and availability. However now they have narrowed their search results.

In 2004 Farechase was acquired by Yahoo!. The reason of acquisition was that Yahoo! system was not that effective in search as farechase.com was. Now Farechase website is not available anymore and as soon as you try to visit it, it will redirect you to the Yahoo! Travel page which became the new place for former Farechase users (Figure 7). Yahoo! took action and set Farechase as the default search engine for its services. Also, the existing hotels database was integrated in to Yahoo! system

Figure 6 Total unique visitors statistics.[comScore,Inc]

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One of the reasons why Yahoo! did not want to keep the Farechase.com running like Kayak did with Sidestep is that Yahoo!’s marketing and brand were much stronger (Figure 8) and there were no need to spend extra energy for Farechase promotion. This politics focused on maintaining the strongest brand was more preferable to Yahoo!’s management.

![Figure 7] Yahoo! Travel page.

![Figure 8] Number of unique visitors in one month in 2007.[Marketingcharts.com]
Farechase work with all browsers and requires no downloads. It is not an online travel agency and it does not sell tickets, it just connect travelers to airline website by avoiding Intermediators.

7. TRAVEL SEARCH TEST

7.1 SIDESTEP

Compare sites (in 2 different windows)
- Arfare.com
- Hotwire
- Priceline
- Expedia
- Travelocity

Find hotels too (in separate window)
Find car rentals too (in separate window)

Figure 9 SideStep comparison tool.

In our research we felt sidestep is user friendly. It offered various valuable features. For the NY to LA trip it showed 535 flights topped by one from Delta for $259. It also provides total travel time and departure time at the side bar which we felt is very convenient to book our tickets. More over it also compares results (Figure 9) from hotwire Travelocity, Priceline, Expedia by popping a new window. Sidestep home page allowed as to make our search simple by sorting search based on roundtrip, one way, and weekend. It also has an option called “include nearby airport” (Figure 10) (which gave us more results and great deals).

Figure 10 SideStep customizing tool.

7.2 YAHOO

Flights Hotels Cars Vacations Cruises
- Flight Only
- Flight & Hotel Book together & Save

One-Way, Multi-City, None...

FROM
NYC

TO
LAX

DEPART
05/12/09

RETURN
06/07/09

SEARCH

Figure 11 Yahoo! search tool.
Though yahoo search looked very simple (Figure 11) we felt sidestep did better job. For the same trip the lowest fare found in Yahoo is $265 which is just few bucks higher than sidestep. Yahoo has separate option called “Featured Packages” (Figure12) which allow user to book hotel rooms in a single click.

![Featured Package](image1.png)

*Figure 12 Yahoo! Package result.*

Unlike sidestep Yahoo doesn’t have comparison sites. In yahoo we can sort our search based on price, duration, airline etc (Figure 13).

![Sort Options](image2.png)

*Figure 13 Yahoo! sort options.*

Yahoo have separate column for fare and timing which also shows number of stops during the trip. The common feature that we have noticed in home page of both search engines is that both of them have options of search for hotel and car rental service side by side. Another difference is that Yahoo! can determine the location of customer with checking the IP address location from which the query was made.

**8. Recommendations**

According to our study we came up with a list of recommendations for both SideStep and Yahoo! Travel websites (systems).

Mobissimo, sidestep & yahoos near competitor has set up a plan to allow US travelers to book domestic flights from various international carriers like Canada ,UK etc. They recognized that sometimes local flight’s prices might be lower when booked from a website located in another country. There is no clear explanation of this effect, as Mobissimo management stated – it might be a result of different exchange rates. Based on this information, SideStep And Yahoo! Travel might improve their search methods to give better search results.

Also both websites should work on search engine optimization of their websites. As we tested with Google, the search request “Lowest fare to Las Vegas” shows SideStep on 4th place and don’t show Yahoo! Travel page at all.

As a final and general recommendation for both companies – keep maintaining the clarity of information, work on integration of different data bases and invest in further development of applications for mobile devices.
9. Conclusion

The great milestone passed by travel industry with appearance of internet has totally changed the picture of the travel system. With new intermediaries – online travel search agents more services became available for customers. The biggest advantage for OTA user is time-saving technology and ability to choose from different products and services. With these options it is possible now to plan a trip from first until final step and at required quality/price balance. The competition between these participants appears on different levels of business process. From programming issues of search engine optimization and information clarity to brand managing questions raised by different acquisitions – there is a full specter of points which determine the position of related companies on the market. Further competition will be not possible without integration of different data bases like in case of SideStep and TravelPost. These integrations will bring even broader range of opportunities to future customers. Another important point is the user-friendly UI. Because of the fact that a lot of potential clients might left the website within first seconds based on the first general impression of the web page. It is important to keep that in mind when managing internet-based company, especially our days when a lot of people cut their budget as a result of financial crisis and every click counts.
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