

Hotel Companies are Checking Out of the Pay-Per-Click Marketplace

While major hotel company websites (Marriott, Hilton, Best Western) continue to rank well in terms of Organic Search Listings, larger aggregator sites (hotels.com, Travelocity) are pushing them out of the Paid Listings market. None of the major hotel chains are listed in the top 10 overall SEM rankings, while only Choice Hotels (Comfort Inn, Clarion, Sleep Inn) ranks in the top 10 Paid Listings sites. Marriott, Radisson, Days Inn, and Intercontinental Hotels were also among the top hotel companies listed.

Analyzing thousands of industry-specific keywords using Semphonic's CampaignTracker software reveals the following overall listings:

| <u>Site Url</u> | <u>Overall Rating</u> | <u>Organic Rating</u> | <u>Paid Rating</u> |
|------------------------------|-----------------------|-----------------------|--------------------|
| www.Expedia.com | 1 | 25 | 1 |
| www.ORBITZ.com | 2 | 42 | 2 |
| www.hotels.com | 3 | 10 | 3 |
| www.TripAdvisor.com | 4 | 1 | 16 |
| www.Travelocity.com | 5 | 50 | 4 |
| www.Lodging.com | 6 | 49 | 5 |
| www.CheapTickets.com | 7 | 21 | 6 |
| www.Hotels-And-Discounts.com | 8 | 6 | 8 |
| www.priceline.com | 9 | 56 | 7 |
| www.hotelclub.net | 10 | 2 | 50 |
| www.ichotelsgroup.com | 11 | 3 | 35 |
| www.choicehotels.com | 12 | 31 | 10 |
| www.radisson.com | 13 | 5 | 40 |
| marriott.com | 14 | 4 | 50 |
| www.nextag.com | 15 | 146 | 9 |
| www.all-hotels.com | 16 | 7 | 51 |
| www.hotwire.com | 17 | 78 | 12 |
| www.starwoodhotels.com | 18 | 8 | 44 |
| www.wyndham.com | 19 | 16 | 20 |
| www.DiscountHotels.com | 20 | 147 | 11 |

This table reveals that most of the aggregator sites are rather poorly ranked organically, achieving their search listing presence through paid listings.

The overall picture also emerges when looking at individual keywords. The basic word “Hotel”, for example, reveals the following rankings:

Keyword: “Hotel”

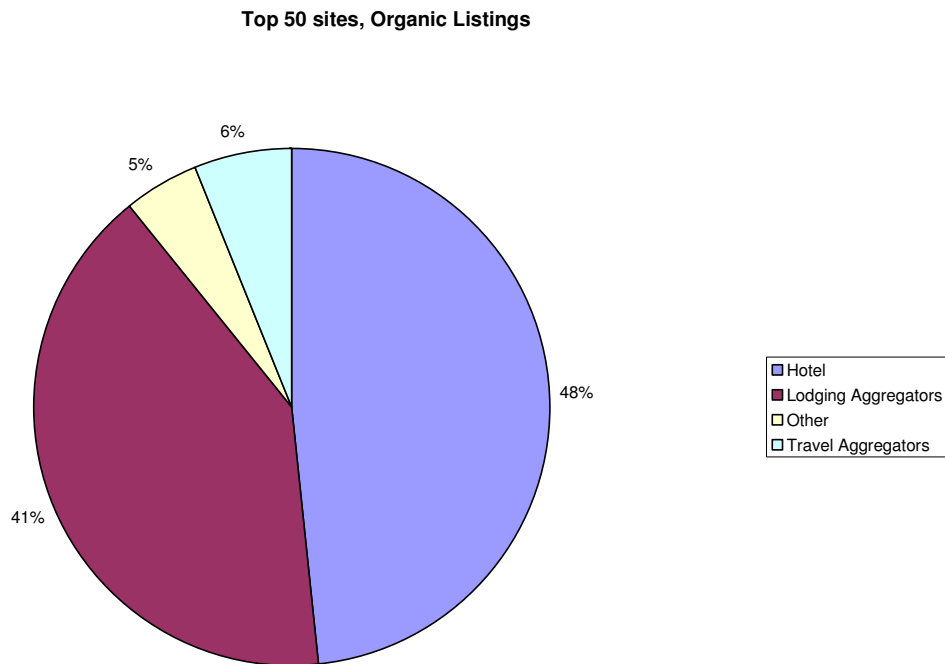
| <u>Organic</u> | <u>Paid</u> |
|-------------------|--------------|
| 1. Hotels.com | Priceline |
| 2. Hilton | CheapTickets |
| 3. Marriott | Hotels.com |
| 4. Best Western | Orbitz |
| 5. All-hotels.com | Hotwire |

Top 50 Sites – Distribution

CampaignTracker compiled the search results from 247 hotel keywords, looking at both paid and organic rankings. The results are as follows:

Organic:

The Top 50 sites appearing most frequently in the top 5 positions across these keywords distribute themselves as follows:

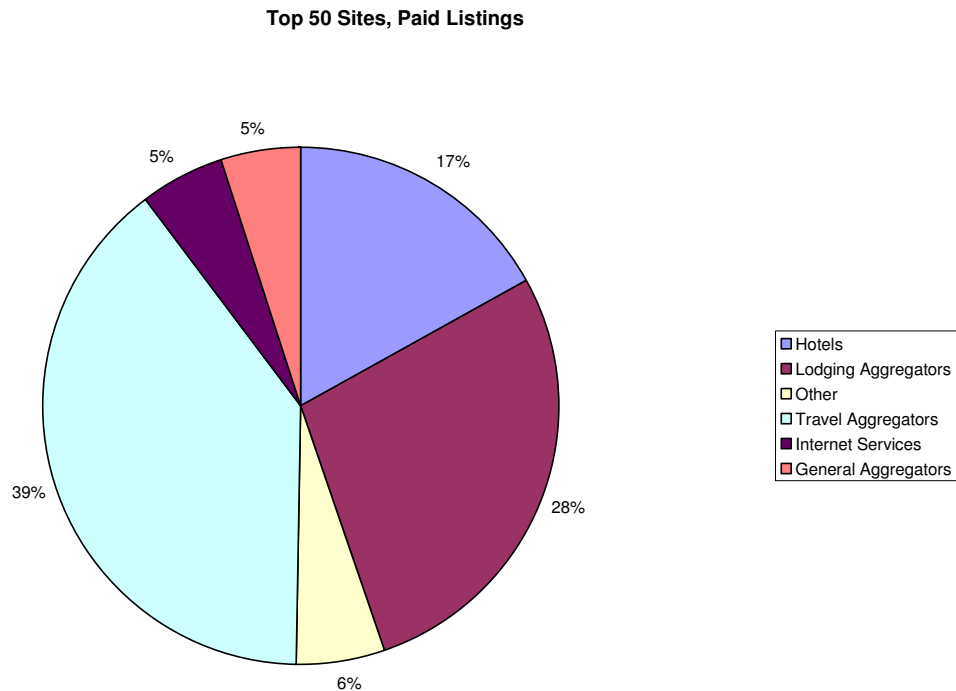


This list includes 20 individual hotel companies and 21 lodging aggregators (such as Hotels.com, Lodging.com). Among the hotel companies, the top ten represented are:

| <u>Hotel Name</u> | <u># of times appearing in top 5 positions</u> |
|-------------------|------------------------------------------------|
| Doubletree | 23 |
| Marriott | 20 |
| Radisson | 19 |
| IC Hotels Group | 16 |
| Wyndham | 13 |
| Embassy Suites | 13 |
| Fairmont | 12 |
| Four Seasons | 12 |
| Starwood Hotels | 10 |
| La Quinta | 6 |

Paid Listings

The picture changes dramatically when one looks at Paid Listings. The distribution of the top 50 sites is as follows:



Travel Aggregators (Orbitz, Expedia) are the largest represented group, with hotel companies only accounting for 17% of the displayed listings. Travel Aggregators also push out Lodging-specific aggregators, though not to the same extent. Also worth noting

are the Internet Service Provider companies who have entered the hotel marketplace, with Internet Access being the most-requested hotel room feature in 2004.

The top Travel Aggregators in this space are, not surprisingly, Expedia, Orbitz, Travelocity, CheapTickets, and Priceline, in that order. Top hotel companies in the paid listings space are:

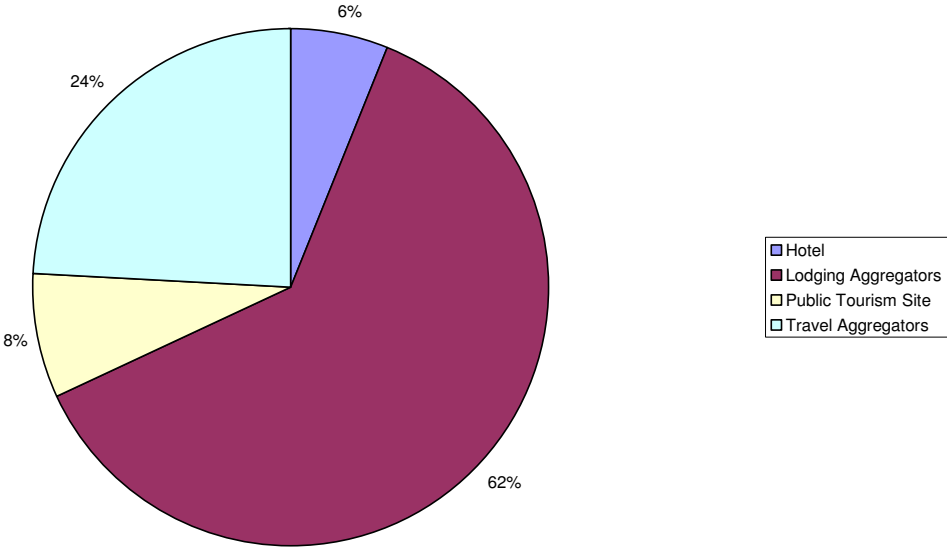
| <u>Hotel Name</u> | <u># of times appearing in top 5 positions</u> |
|-------------------|------------------------------------------------|
| Days Inn | 15 |
| Holiday Inn | 15 |
| Choice Hotels | 13 |
| Marriott | 16 |
| Super 8 | 10 |
| Intercontinental | 8 |
| Wyndham | 6 |
| Mandalay Resort | 5 |
| Starwood | 5 |
| Travel Lodge | 5 |

Specific Categories

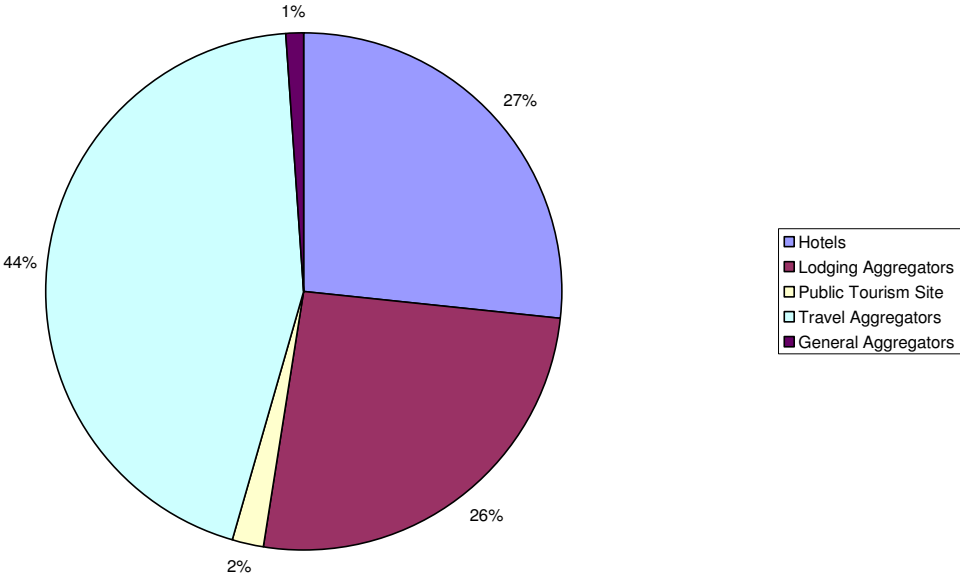
Cheap and Discount Hotels

Breaking down specific categories of keyword in the SEM marketplace reveals interesting trends in site distribution. For “Cheap” and “Discount” Hotel words, hotel companies actually are poorly represented organically, but strongly represented in paid listings, thus opposite of the overall trend, where hotel companies are stronger in organic than paid.

"Cheap" and "Discount" Hotels, Top 50 sites, Organic Listings



"Cheap" and "Discount" Hotels, Top 50 Sites, Paid Listings



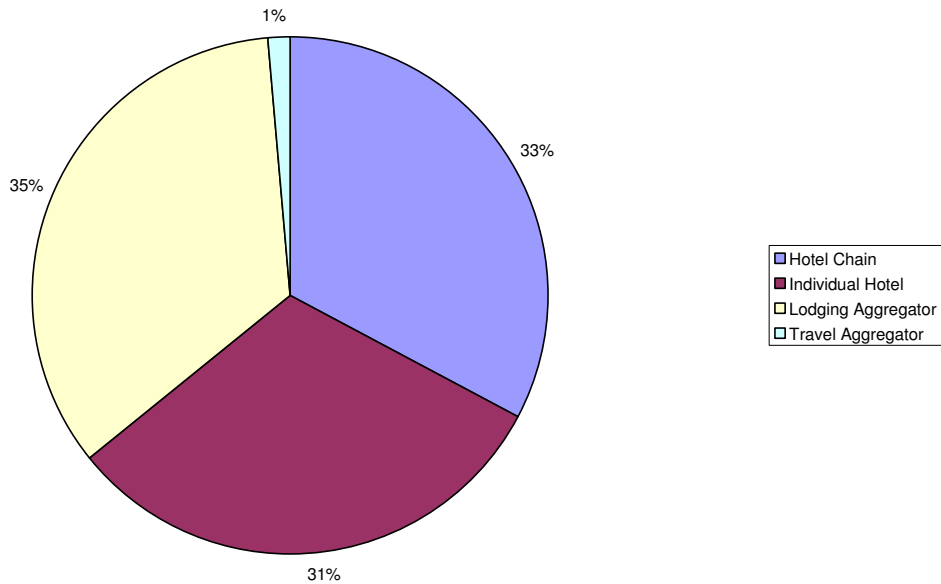
Within this space, we see a familiar push by Travel Aggregators into the Paid Listings space, but we also see an increase in Hotel Companies paying for paid listings within this market. These hotels tend to be individual hotels buying location-specific words (“cheap Minneapolis hotel”). Lodging Aggregators receive surprisingly greater organic

placement in this market, probably due to their higher overall traffic compared to smaller hotel sites. Among the larger hotel companies, Days Inn, Super 8, and Choice Hotels top the rankings in this market.

Luxury Hotels

By contrast, hotels dominate the organic listings for the “luxury hotel” category of keyword, comprising two-thirds of the total listings. Surprisingly, hotel chains (e.g. Four Seasons) and individual hotels (e.g. the Hay Adams in Washington DC) share this space equally, with Travel Aggregators almost invisible.

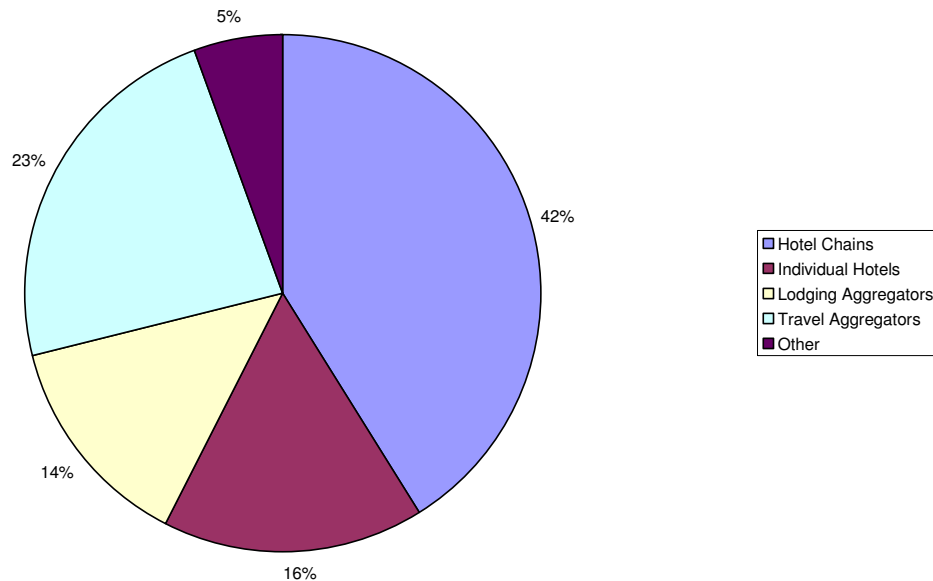
"Luxury" Hotels, Top 50 Sites, Organic Listings



Top hotel chains here include the Four Seasons, Fairmont, Mandarin Oriental, Ritz-Carlton, and Le Meridien, in that order.

Paid Listings show that individual hotels are not as strongly represented as they are in Organic.

"Luxury" Hotels, Top 50 Sites, Paid Listings



Paid listings distribution in this market shows Hotel Chains and Travel Aggregators dominating the SEM presence. Individual hotels, comprising 31% of the organic space, only appear 16% of the time in Paid Listings.

Comparison between Paid and Organic listings in this category reveals that hotel companies which are strongly represented organically are not the top players in the Paid Listings space:

| <u>Organic</u> | <u>Paid</u> |
|----------------------|--------------------|
| 1. Four Seasons | Five Star Alliance |
| 2. Fairmont | Intercontinental |
| 3. Mandarin Oriental | Wyndham |
| 4. Ritz-Carlton | Hyatt |
| 5. Le Meridien | Four Seasons |

This trend may represent a decision by major hotel companies to put advertising money into areas where they are not strongly represented organically, while companies with strong organic presence do not feel the need to compete for PPC space.

On the whole, comparison between the “cheap” and “luxury” categories suggests that hotel companies are more likely to focus on their search engine placement within the “luxury” space than in the “cheap” space, particularly in Organic listings.

Specific Hotel Companies

The Top 15 hotel companies represented in the overall Search rankings are as follows:

Top 15 Hotel Companies in the SEM MarketSpace

1. Intercontinental Hotels Group (Holiday Inn, Intercontinental, Crowne Plaza)
2. Radisson
3. Marriott
4. Starwoodhotels (Sheraton, Westin)
5. Wyndham
6. Days Inn
7. Fairmont
8. Four Seasons
9. Hilton
10. Mandarin Oriental
11. Super 8
12. Omni Hotels
13. Travel Lodge
14. Ritz Carlton
15. Motel 6

Of the top 100 individual hotels named by Travel and Leisure Magazine for 2005, only one (the Bellagio in Las Vegas) had a proprietary website which ranked in CampaignTracker's analysis. At the same time, Fairmont Hotels, the Four Seasons, the Mandarin Oriental, and the Ritz-Carlton account for 31 of the top 100 hotels in Travel and Leisure Magazine, and all sites ranked highly overall in this analysis. Finally, the names of many of the top 100 hotels scored highly in CampaignTracker's Industry Keyword list.

CampaignTracker's Keyword List

CampaignTracker generated over 50,000 keyword phrases, generated by comparing over 3400 pages from 19 different industry and company websites. The following categories of keywords were noted:

- Industry News and Information
- Destinations – Cities
- Destinations – States
- Destinations – Countries
- Hotel Types – All-Suite Hotels
- Hotel Types – Luxury (**see above analysis**)
- Hotel Types – Cheap (**see above analysis**)
- Hotel Types – Casinos
- Hotel Types – Bed and Breakfast
- Hotel Types – Resort
- Hotel Types – Spa

- Hotel Features – Pet-friendly
- Hotel Features – Family-oriented
- Hotel Features – All Inclusive
- Hotel Restaurants/Bars
- Room Features
 - Internet access
 - Pool
 - Mini-bar
 - babysitting
- Activities -- Amusement Parks
- Activities -- Museums
- Activities -- Skiing
- Activities -- Beach
- Activities -- Golf
- Special Occasions (honeymoon, etc)
- Time – Off Season
- Time – Summer
- Time – Winter
- Business
- Conferences
- Packages
- Deals
- Names of Specific Hotels

About SEMphonic

CampaignTracker(SM) is an online keyword discovery and dynamic competitive analytic tool developed by SEMphonic. For over 8 years, SEMphonic has been delivering large enterprise web analytics and competitive analysis to Fortune 500 companies. The company now firmly focuses on developing and marketing powerful and efficient search engine marketing (SEM) technologies which dramatically increase campaign effectiveness as well as reduce the cost and complexity of traditional tools. SEM practitioners worldwide are gravitating to the fact that SEMphonic's CampaignTracker Keyword and CampaignTracker Analyzer are essential tools and this powerful new subscription-based solution rapidly bridges the gap between web marketing and web measurement. SEMphonic's CampaignTracker tools are already maximizing the competitive edge for companies such as American Express, AOL, CyberTrader, Charles Schwab, Bishop Marketing Resources, Endless Pools, Hotwire, Intuit, Marshall Strategies, Morgan Stanley and Mediasmith, just to name a few. SEMphonic is headquartered in Novato, California. Visit us at <http://www.semphonic.com> for more information.

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