



## **Impact of September 11<sup>th</sup> and a Look Forward**



## Analysts Forecasts After Sep 11th



- ◆ Analysts revised online forecasts for 2001 were down sharply
- ◆ Some lingering effects into 2002
- ◆ Little long-term impact -- according to Forrester & Jupiter

	2001 Change	2002 Change	2003 Change
Forrester*	(15.0%)	(5.6%)	
Jupiter	(13.9%)		
PhoCusWright	(12.1%)	(15.6%)	(15.2%)

\* Forrester's forecasts are for the "leisure travel" market only  
Dollar amounts in billions

- ◆ We've already seen capacity added back into the system



## *Industry Analysts are Bullish*

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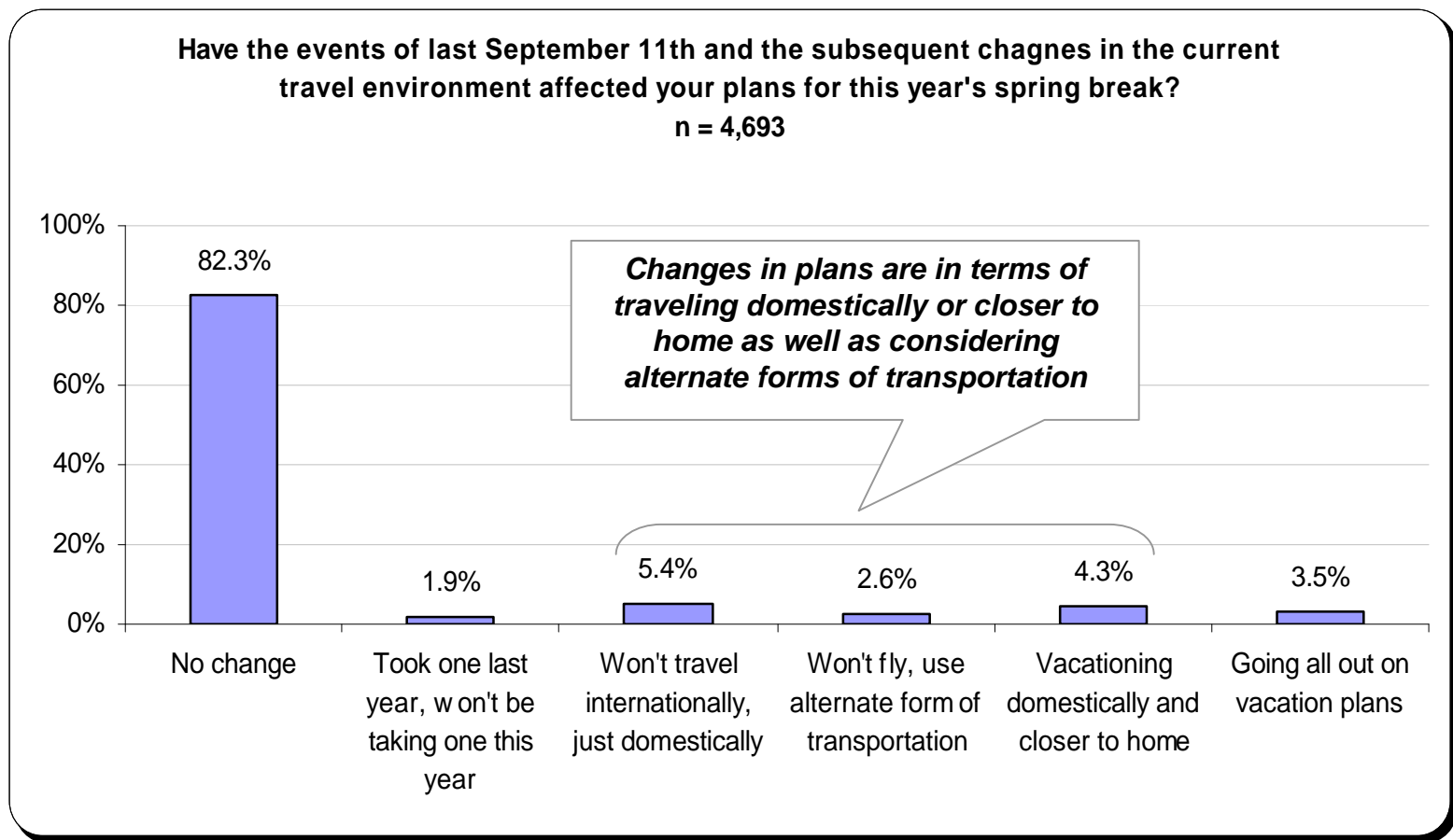
- ◆ Henry Hartveldt, Forrester Research
  - ⇒ **“Newly depressed margins make the cost of sale even more critical, and the Web remains the lowest-cost channel”**
  
- ◆ Lorraine Sileo, PhoCusWright
  - ⇒ **“The online travel agency market was on track to hit forecasts of 54% (2001 over 2000) growth as of September 11, but in 4Q01 will only book 65% of forecasted bookings. However, **online agencies’ ability to diversify to cruise, vacation and hotel products will keep them growing at faster rates than airline and hotel web sites.**”**



## TVLY Research: Spring Break Travel OK



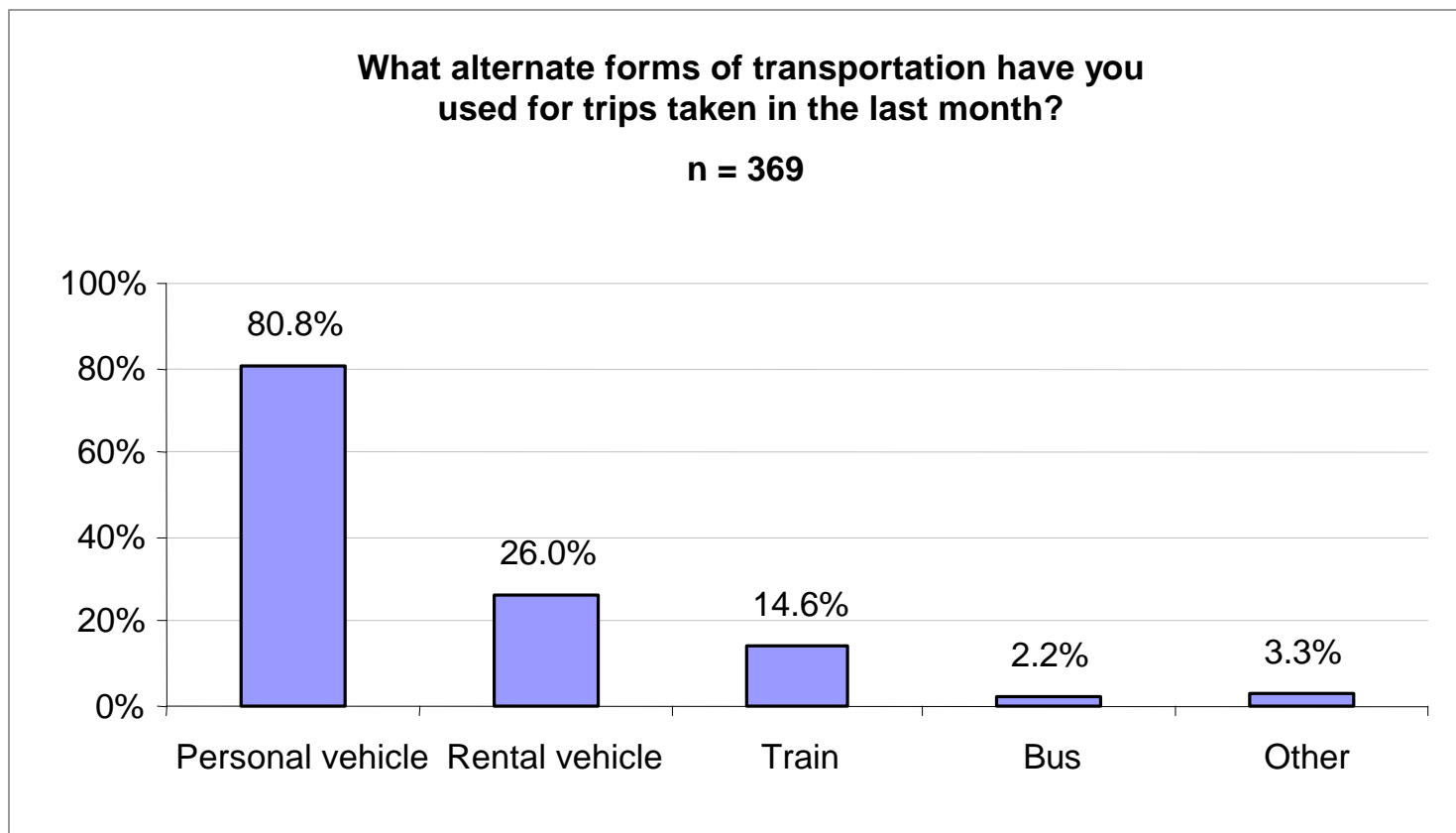
Travelocity members say the events of last September and subsequent changes in travel security measures had little impact on their travel plans this Spring Break





## *Small Group Considering Alternatives*

About 14% of travelers decided to use alternate forms of transportation; the majority drove their own vehicles instead of flying

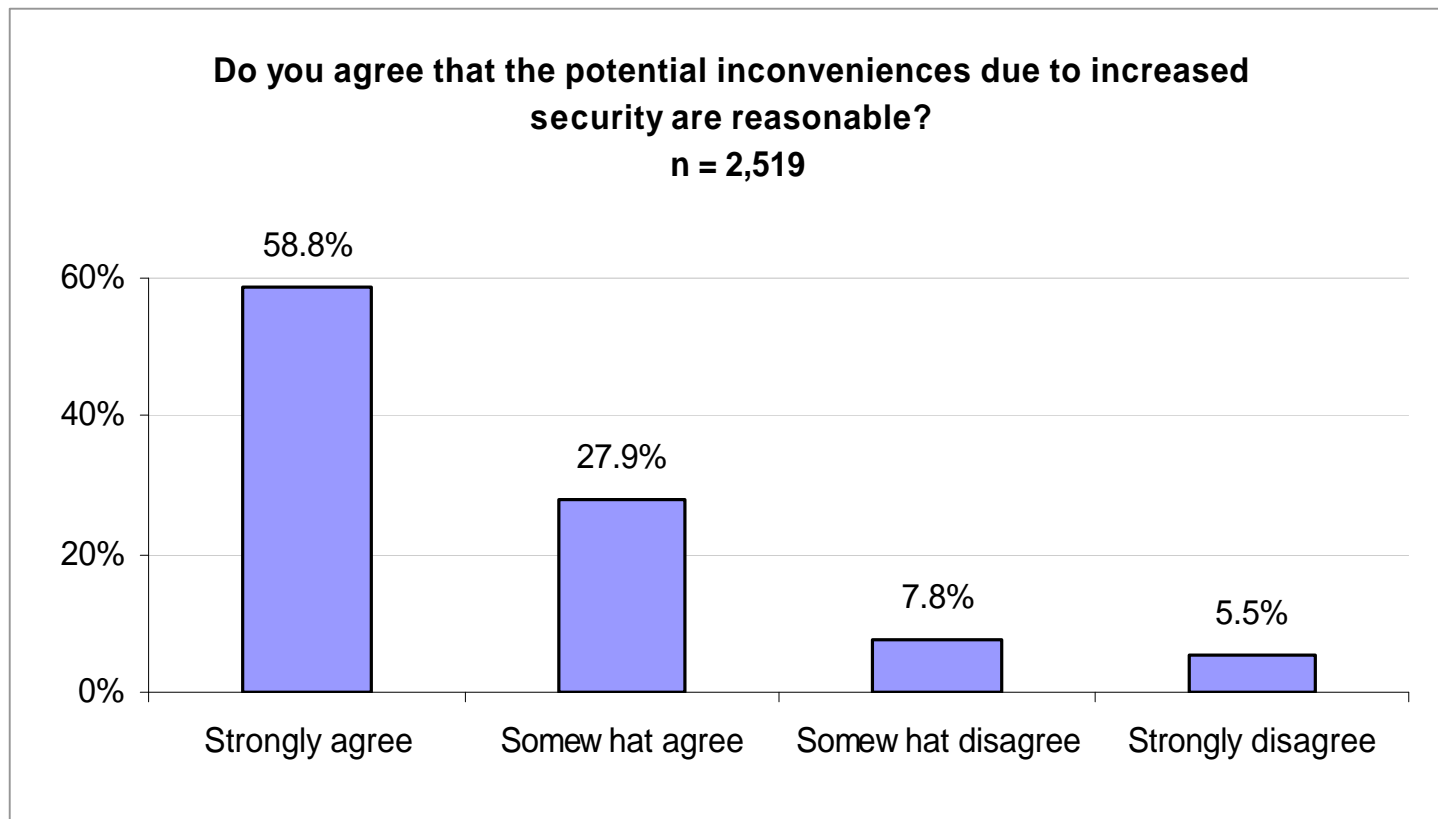




# Travelers Accept Increased Security



Travelocity members overwhelmingly agree that potential inconveniences due to increased security are reasonable

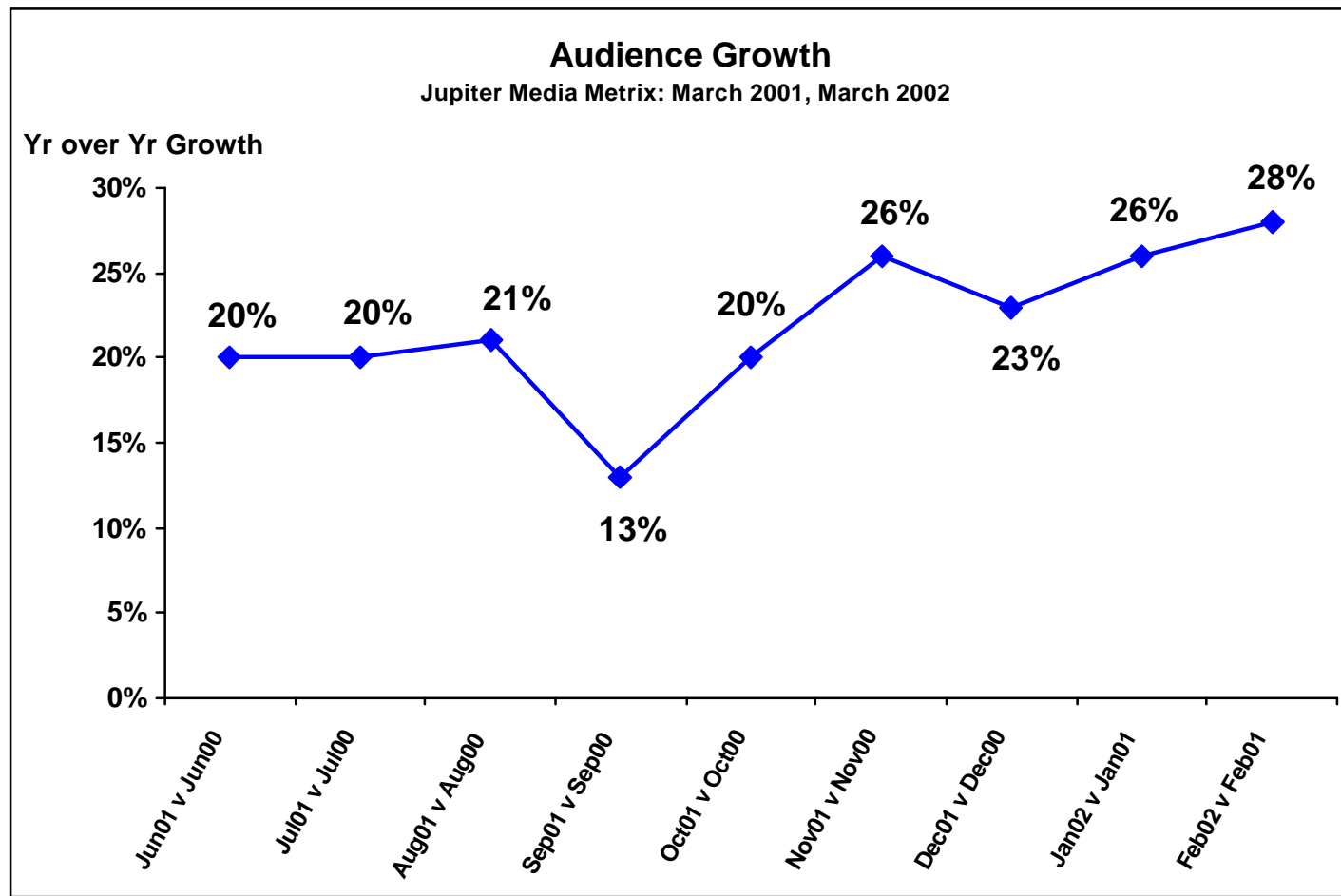




# Travelocity's Audience Growth Even Stronger



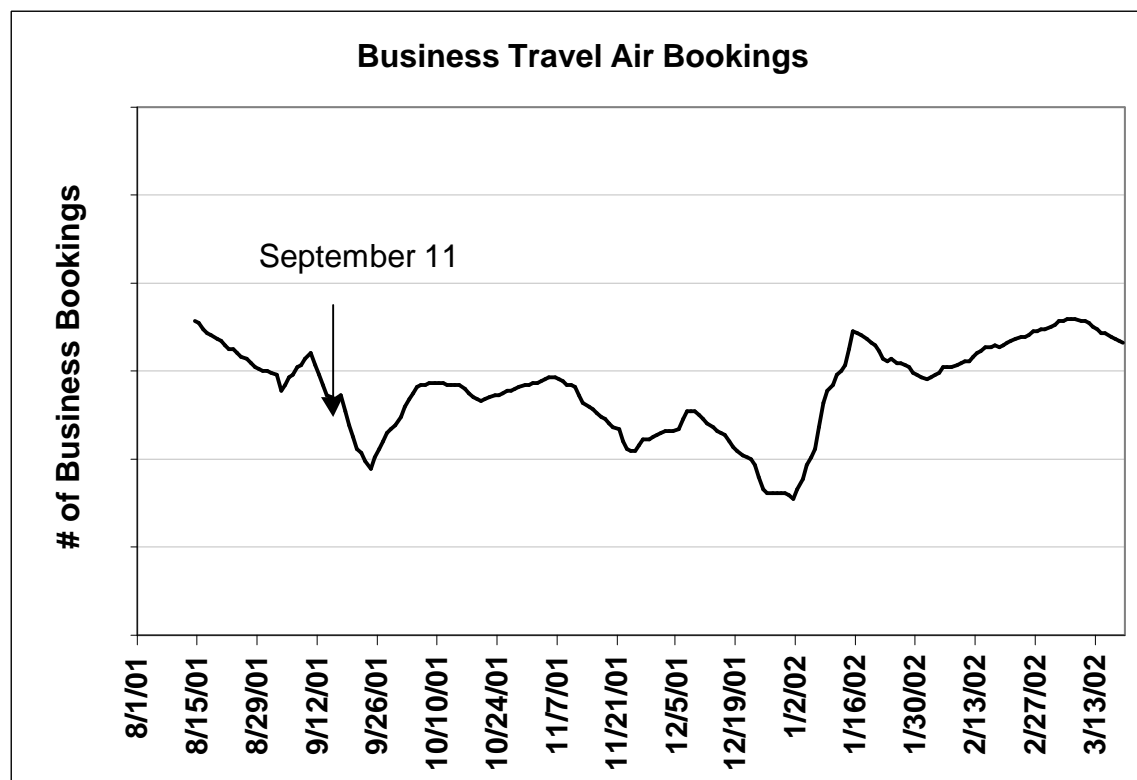
- ◆ Despite the slowdown caused by the events of last September, Travelocity's audience growth has rebounded and is even stronger than before





## *Business Bookings - Resilient!*

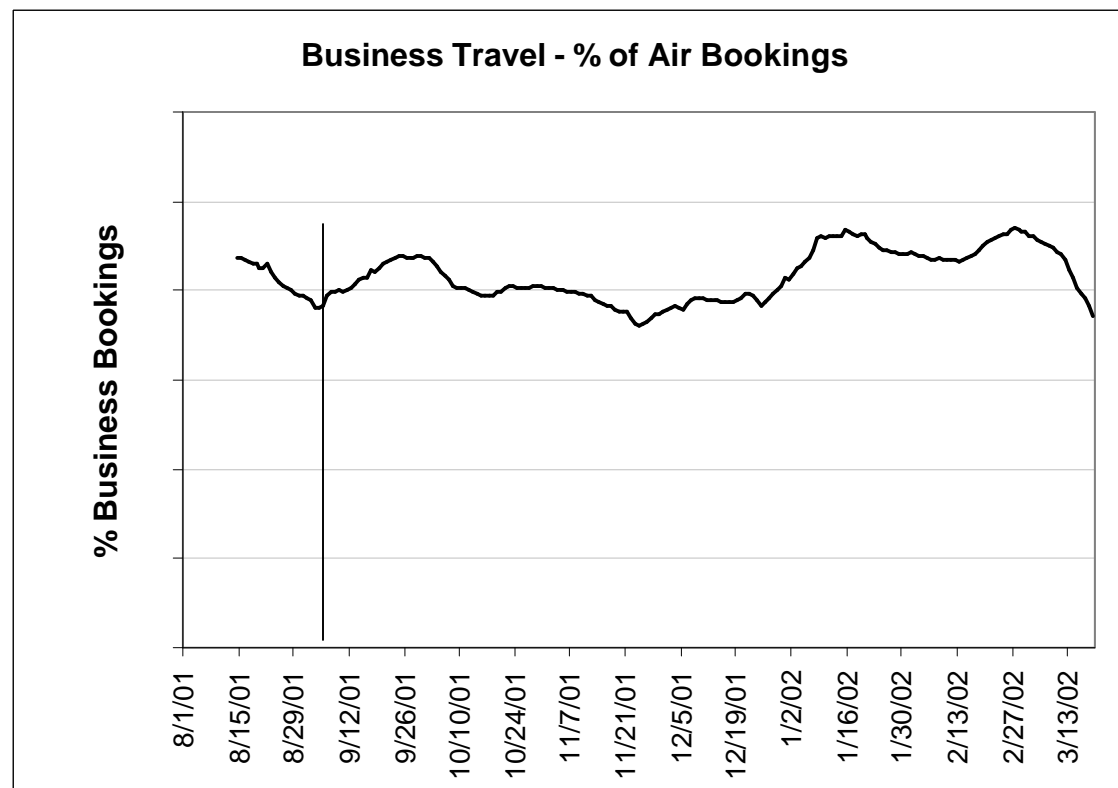
- ◆ Business bookings did decline--temporarily--just after September 11
- ◆ Great resilience among travelers in the small / medium business segment..bookings are back at pre-September levels





## *Even as a % they did not Decline*

As a percent of our air bookings, business is as strong as ever

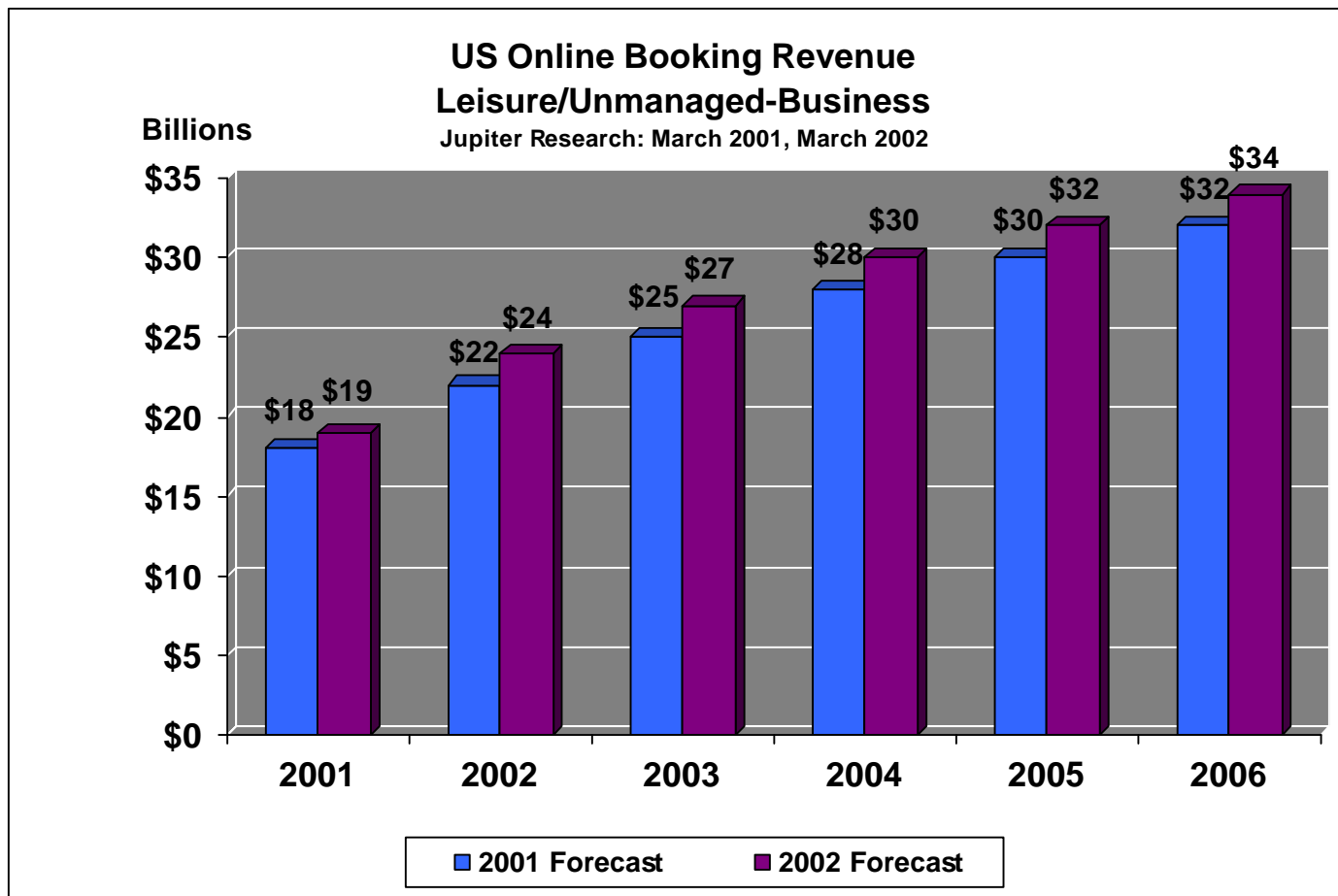




## *Jupiter Forecasts Higher Online Growth*



Jupiter Research predicting continued and stronger growth in US Leisure/Unmanaged-Business online travel bookings revenue

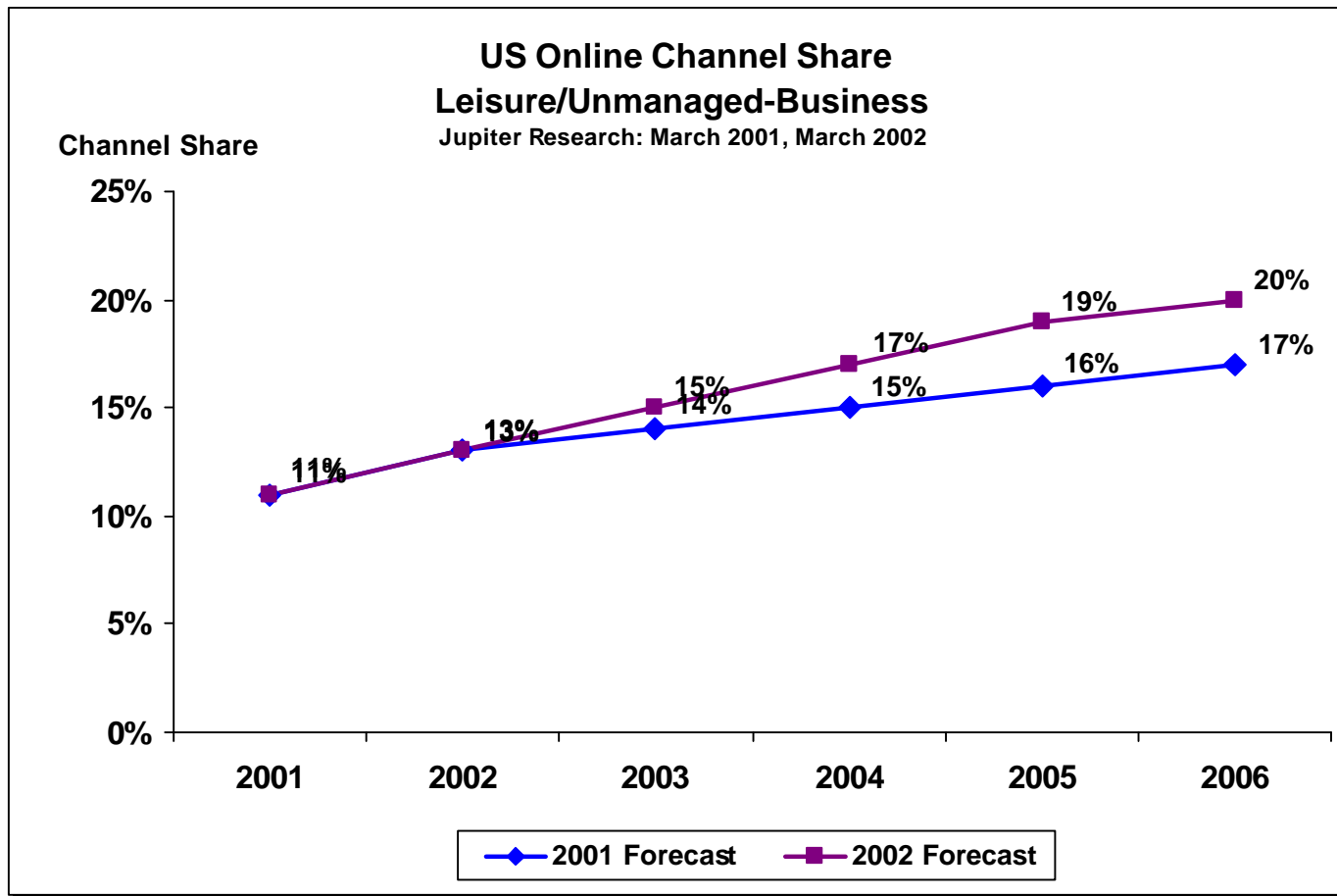




## Jupiter Raised Growth Rates



Jupiter Research also sees increasingly rapid migration to the online channel

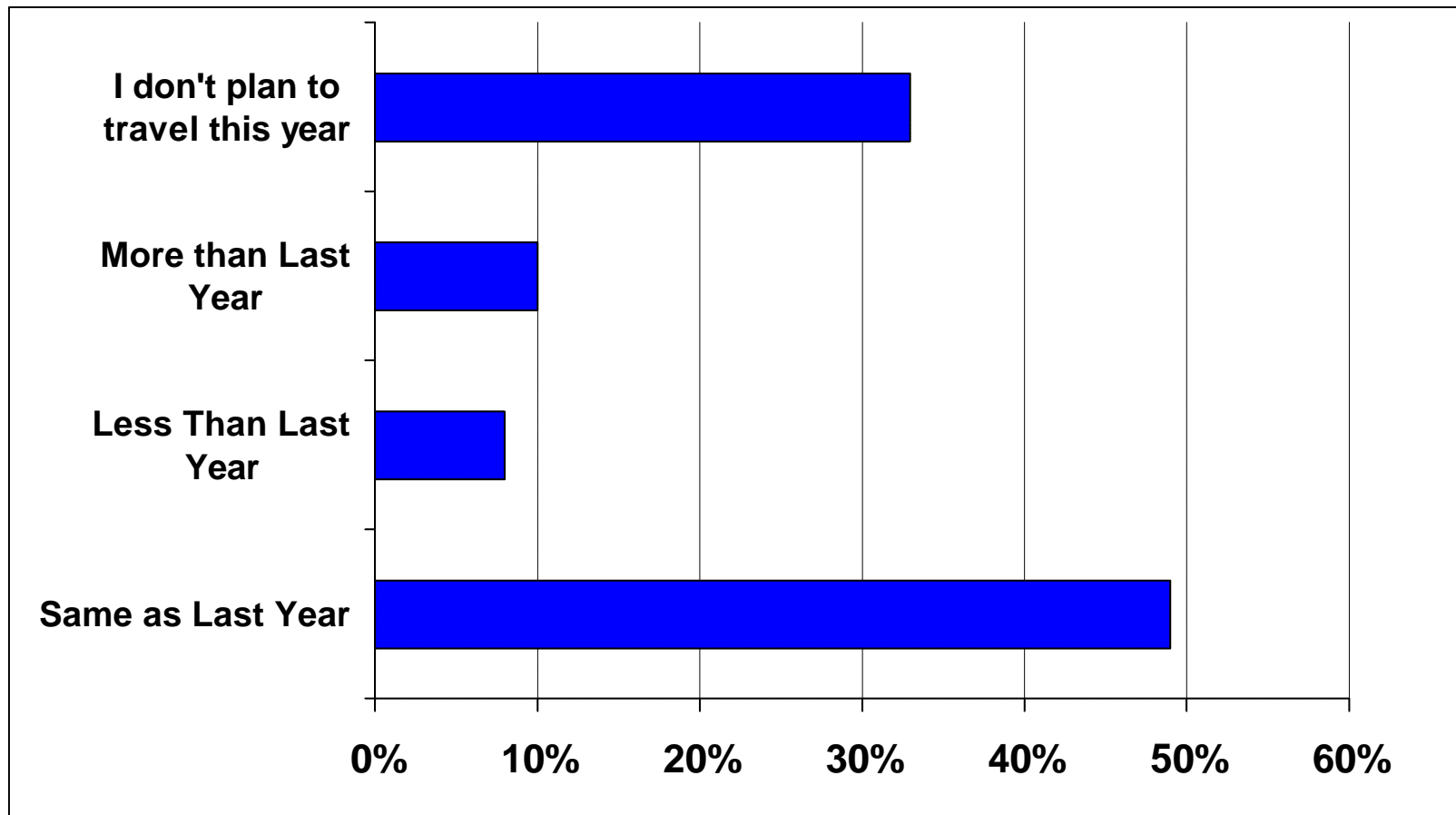




## *Business Travel Affected? Not Online.*



***What is the impact of 9/11 and the economy on how much you travel for business?***



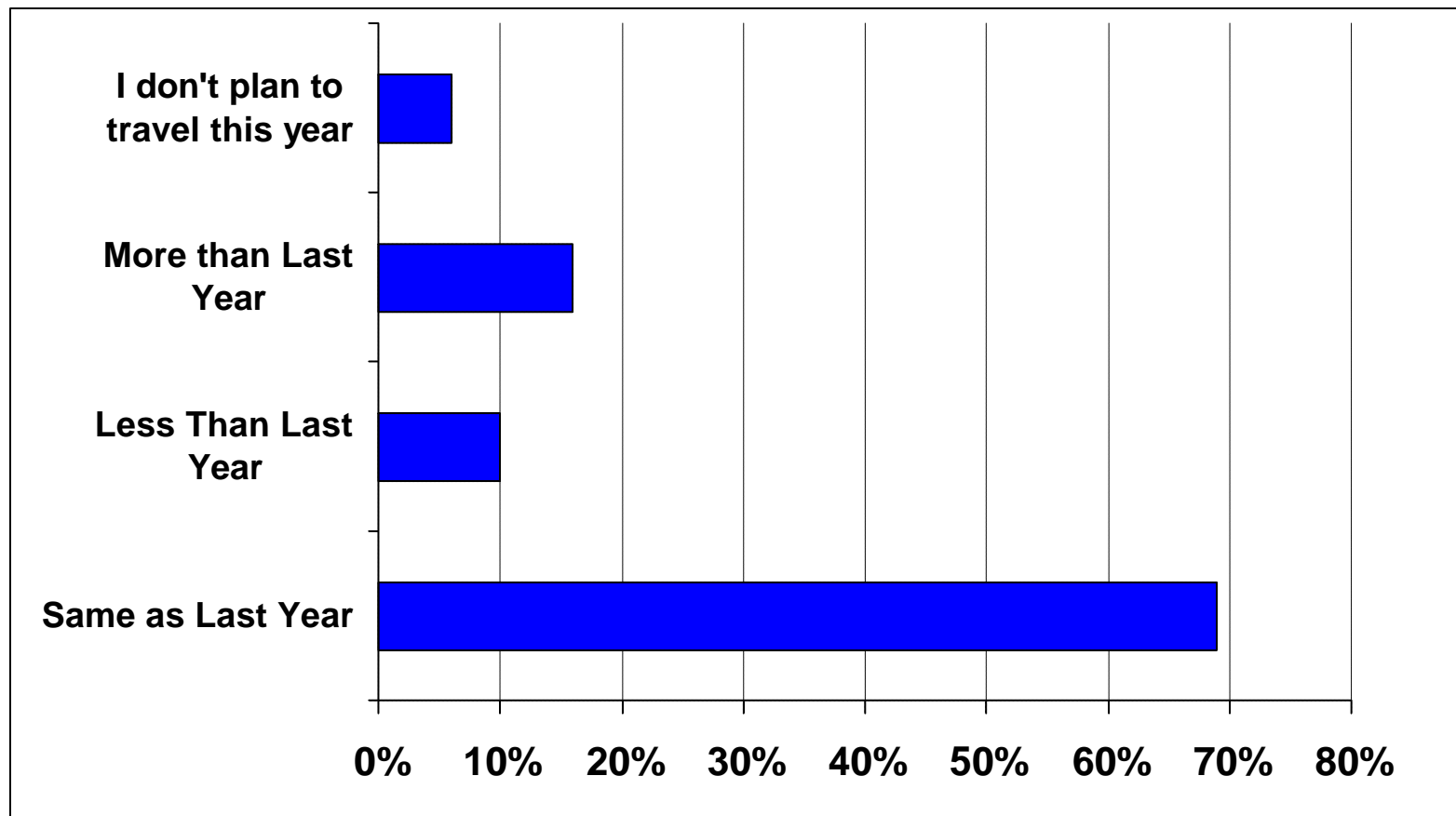
Source: Jupiter Consumer Survey (01/02) n=1845



## *Leisure Travel Affected? Not Much.*



***What is the impact of 9/11 and the economy on how much you travel for leisure?***



Source: Jupiter Consumer Survey (01/02) n=1845