

## **Transparency, Value, and Consumer Choice: A Precedent for Success**

Travelocity.com, Inc. is an online travel Website where consumers research information about potential destinations and take control of their travel reservations. The site was launched in March 1996 as a joint venture of two travel companies, Sabre Interactive (the parent company of American Airlines) and Worldview Systems Corp. Sabre booked Travelocity.com's airline reservations, while Worldview provided travel-related content for the site.

Initially, Travelocity's strategy was merely to offer compelling content and sell airline tickets. Registration was required to make a purchase through Travelocity, though the service was free to consumers. Destination information provided at the site included hotel recommendations, restaurant reviews, entertainment listings, weather reports, video clips, photos, maps, news, chat forums, and other information.

In its first three months of operation, Travelocity reported 1.2 million visits and 144,000 registered users. Understanding popularity and demand would only increase, the site soon added more features, including hotel reservations, car rentals, and vacation packages and, as the technology became available, Travelocity was able to provide street maps for specific U.S. attractions. In the course of the next few months, the site was refined to make it easier to use, and by the end of 1996 it offered travel information for more than 200 destinations internationally and had more than 400,000 registered members. For 1997, Travelocity handled more than \$100 million (of the estimated \$900 million) in gross online travel bookings for that year.

In October 1999, Travelocity announced it would merge with Preview Travel, another leading online travel service; as a result of the merger Travelocity was the third most-visited electronic commerce site in the world following Amazon.com and eBay. The new Travelocity had about 17 million registered members and 8 million monthly visitors. It was the preferred travel provider for all of the major Internet portals, including America Online, Excite, Netscape, USA Today, and Yahoo!. Once the merger closed in March 2000, Travelocity launched a \$50 million print and television advertising campaign to gain new customers. The ad campaign positioned Travelocity as the place where consumers could take control of their travel arrangements.

The company continued to improve, making more tools available, redesigning the Web site, and offering new services. As popularity spread, more airlines, hotels, car rental companies, and even cruise lines began brokering deals with Travelocity in order to gain access to consumers.

The site now provides reservation information for more than 700 airlines, more than 50,000 hotels, and more than 50 car rental companies. It also offers more than 6,500 vacation packages as well as tour and cruise departures. Internationally, Travelocity.com operates Web sites for customers in Canada in both French and English, as well as in the U.K. and Germany and in 2001 launched Travelocity Europe.

Travelocity is now the second-largest online travel agency and the sixth-largest travel agency in the United States.

### **Key dates:**

1996--Travelocity.com is launched as a joint venture of Sabre Interactive and Worldview Systems Corp.

1999--Travelocity.com announces merger with online travel provider Preview Travel.

2000--Travelocity.com becomes a public company when its merger with Preview Travel closes.

-Travelocity.com becomes the top online travel site in terms of traffic with 5.1 million visitors.

-Gross travel bookings reached \$2.5 billion in 2000, more than double that of 1999 and more than 22 percent of the estimated \$11 billion spent in online travel during 2000.

2001--Travelocity is the top-ranked online travel provider with 8.72 million visitors in January, equal to an 18 percent market share

--Travelocity logged more than \$3.1 billion in gross travel bookings and posted revenue of \$301.8 million