

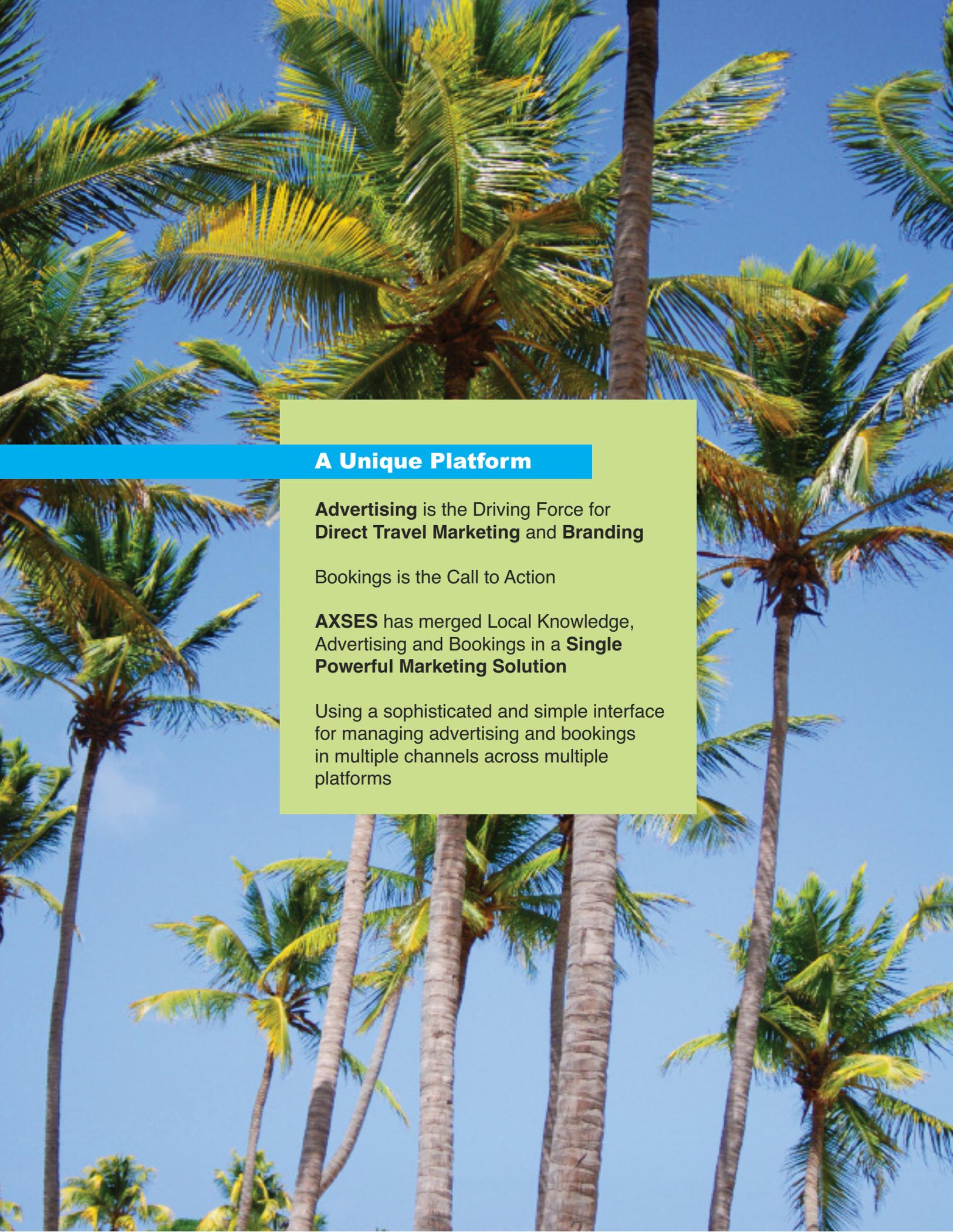
Increased brand awareness and direct sales



Next Generation Travel Shopping

Merging advertising and bookings

Local knowledge and publishing, in a seamless conversation



A Unique Platform

Advertising is the Driving Force for **Direct Travel Marketing** and **Branding**

Bookings is the Call to Action

AXSES has merged Local Knowledge, Advertising and Bookings in a **Single Powerful Marketing Solution**

Using a sophisticated and simple interface for managing advertising and bookings in multiple channels across multiple platforms

The Internet is about being direct!

It is the most efficient marketing and distribution medium ever made for Direct Business

Chains understand that direct is imperative! 81% of their online business is direct.

In 2003, 53% of online bookings were direct. This is expected to grow to 65% in 2010. The trend clearly shows that more and more people prefer to book direct. In 2010 only 1/3 of bookings are expected to come through distribution.

Overall Travel Industry Online bookings (USA)	(Merill Lynch, HeBS)				
	2003	2005	2007	2008	2010
Direct to Hotel	53%	54%	60%	62%	65%
Internet Distribution Systems (IDS)	47%	46%	40%	38%	35%



Direct-to-consumer online distribution should become the foundation, the main focus of any hotelier's online distribution strategy.

Online, the industry direct sales average 62% (PhoCusWright, 2002) but many hoteliers report less than 5%”.

”Many hoteliers cede control of their inventory and pricing to online intermediaries (Expedia etc.) at an enormous cost financially and to brand integrity”



Max Starkov, President & CEO, Hospitality Business Strategies Inc.

Brand Integrity

Defining and Preserving the Brand's Uniqueness

The Medium – Choice of channel does reflect on the Brand.

It is not always good to be seen as Expedia or as Kayak etc. In many cases a different drum attracts travelers to the small hotels. They are looking for a personal touch. No matter how tight the Integration is, travelers are aware. They will spot tell tale design and URLs, they will know who they buy from.

The Message – The message is much more than content. It is also about form and function. You choose to buy at store X for many reasons but if there are no price tags and you have to go to the counter to get a price- would you bother? Creating a message that is not fully integrated with the product is similarly dissonant. The shopping experience should be fully fluid.

Promise & Expectation – A Brand is a promise. It can say we are a small family hotel, we are local, we are friendly, we are different, we care. What is the Brand of an OTA? Expedia for example says: "We are on a mission to be the largest and most profitable reseller of travel in the world". <http://www.expediainc.com/>

Differentiation & Personality - Differentiation and personality are conveyed by the suppliers' website, by its individual tastes, its use of colour, its layout and its processes. The OTA does not create a brand personality for its suppliers. The OTA is the brand, and the product is a commodity.

Relationship – Travelers build a relationship with their suppliers. If you have bought from Expedia and you got what you wanted, you will most likely go there again to check out other options (properties, products, destinations). Creating the Expedia relationship diminishes the hotel brand and can result in loss of repeat business

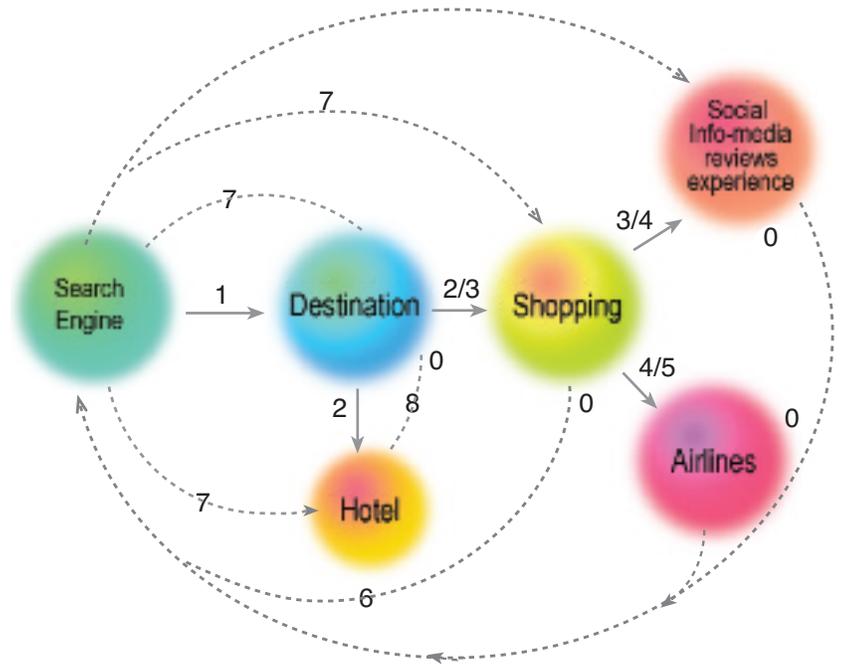
Loyalty – OTAs are building their own loyalty program, much like the airlines. Small hotels can and should reward repeat clients and clients that refer others to them. Loyalty programmes work. The visitor's loyalty should be to the hotel or the Destination Marketing Portal (DMP) but definitely not to the OTA. **AXSES** has loyalty solutions for the hotel brand. Most OTAs do not! We are aware of several hotels where appropriate use of branding and loyalty programmes has resulted in 80-90% of business being repeat business.

Ownership – With arcRes, the database belongs to the supplier. This database is unique in that it captures leads as well as committed shoppers. arcRes database marketing allows hotels to market directly to their leads and their guests. Expedia has its own marketing tools, aimed at promoting its own Brand.

Sustainability – if you don't own the brand and don't have the relationship and loyalty, your business will not be sustainable.



How People Buy



Travelers will often visit 6 or more sites before they buy. They often start at destination sites and travel guides. These sites are important in developing interest, awareness and desire, but they are low in stickiness. Travelers use them to look for information and direct links to supplier's websites. The key focus of the destination site should be the branding of the destination, its suppliers and their products

Online travel shopping is tedious. Travelers may use channels not by choice but for expedience! They often see OTA as offering the "Best Price in the Market". By contrast, supplier websites are hard to find, hard to navigate and inconsistent. They do not offer the best value.

Many travelers prefer to buy direct (personal, service, attention). They have to be persuaded by "brand promise". They want value.

While DMP are tempted to use OTA bookings on their site, this simply refers business away from the DMP and diminished brand loyalty and site "stickiness". Brand integrity (to both the destination and the property) is lost.

STICKINESS & BUYING are promoted with:

- Direct links and product promotion
- Comparison charts
- Shopping lists
- Loyalty programs
- Best price guarantee
- Travelers resources
- Travelers website
- Local knowledge
- 3rd party reviews
- Social media

While DMPs are tempted to use OTA bookings on their site, this simply refers business away from the DMP and also diminishes brand loyalty and site "stickiness". Brand integrity (to both the destination and the property) is lost.

AXSES Next Generation Travel Shopping Platform is brand focused and sticky. Travelers get local knowledge, expert systems help, featured offers, specials and "best price guarantee" in a fluid open conversation that is increasingly personal.

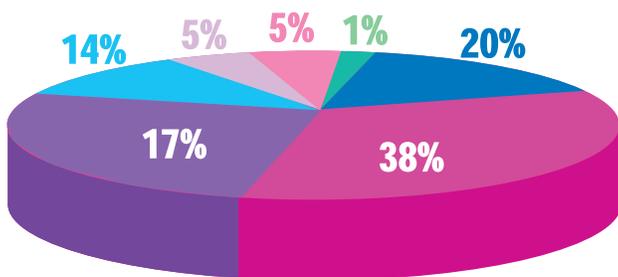
Online travel shopping is tedious

Advertising Driving Brand Desire

“Each element in the search-shop-buy cycle is undergoing a period of intense innovation, making each increasingly significant, yet interdependent. In fact, searching, shopping and buying – once distinct terms describing different behaviors – are blurring at a furious pace”. The perfect storm - Philip C. Wolf, President and CEO, PhoCusWright Inc.

AXSES technology is leading edge! We have integrated product branding with all phases of the shopping cycle into a seamless supplier focused experience. It is clear that advertising is effective in creating awareness and desire and persuading travelers to buy. Given the opportunity to visit the supplier’s website, travelers will do so far more often than they will book. Even in our own Bookings channels 19% of travelers use the booking engine to get a quote, reserve or book and 81% choose to go to the supplier’s website if the option is there.

Advertising merges with the entire shopping experience!



20%	Hosting
38%	Advertising
17%	Smart Ads
14%	arcRes
5%	Production
5%	Google
1%	Other

Balancing Direct Sales & Distribution

A closed loop shopping service will lose the opportunity to promote the supplier and create desire to buy that specific product.

We believe that the DMP should allow travelers who want to see the supplier’s website to do so. If travelers want to buy direct that must be an option. **The DMP can monetise this with Pay Per Click or subscription advertising.**

If the DMP closes the loop to direct bookings it will have lost a valuable opportunity to close more business for its members.

We are aware of portals that have installed a 3rd party booking engine and are disappointed in the returns and flexibility of the service. Booking sites need to have huge traffic to succeed, because many travelers are looking elsewhere and conversion on an OTA site is, on average, no more than 2%.

The better source of revenue for a destination marketing portal is **advertising and marketing promotions** for non-members and members who care to opt-in. In **AXSES** case 55% of revenue is advertising (including 17% smart ads) compared to 14% on bookings. Recall that 81% of lookers want to go to a website.

AXSES solution will deliver a highly interactive advertising and promotional medium with a unique set of bookable-ads, maps and banners that have proven success in creating interest and desire, and delivering bookings.

Next Generation Shopping

Direct – Distribution – Brand Promotion – Information – Local Knowledge – Publishing – Advertising – Marketing – Social Media – Bookings

Putting it all together!!

Online travel shopping is disjointed and tedious. **Travelers** are confused and weary. They use channels not necessarily by choice but for expedience! Often they see the OTA as offering the **Best Price** in the Market.

Suppliers are embracing the OTAs that have become dominant in travelers minds as being the “**best place to shop**”. But suppliers lose brand control and brand integrity in doing so.

Bookable-Ads
substantially
increases traveler's
interaction
and drives more
business to
supplier's websites

AXSES Next Generation Travel Shopping Platform changes the options. Destinations can now build hybrid marketing channels using **AXSES** merged technology. The new shopping platform focus is on building the brand, offering expert systems, local knowledge, features and specials and "best price guarantee" in fluid open conversation, where travelers can see the product, read reviews, visit suppliers websites, get instant quotes, save itineraries and buy at anytime, all right where they are.

The core service of **AXSES** in delivering this solution is "engineering information & process for the knowledge based economy". We build expert systems to deliver the right content at the right time, in the right context to the right target. Information is part of a process, it is made malleable, accessible, configurable, searchable, and delivered to suite. It is part of the process of sharing knowledge in a conversation that is increasingly personal.

The core of the **AXSES** Travel Platform is **arcRes**, an e-commerce suite, powering bookings channels, advertising & marketing channels as well as hotel and tourism websites.

The core of **AXSES** Advertising Platform is **arcAds**. arcAds manages a network of advertising on multiple portals across multiple platforms. It allows administrators to place any ad on any page with a simple on line tool. It measures all clicks for all clients on all types of ads by all ad spots and channels.

AXSES has integrated arcRes and arcAds to create a first of its kind **Bookable-Ads** platform in 2007/2008.

Next Generation Bookings

Booking is final step along the path of shopping. The process of getting there, as we have noted before, is tedious. It does not have to be. Technology allows us to integrate more and more of the buy cycle, what is missing is the will to do so.

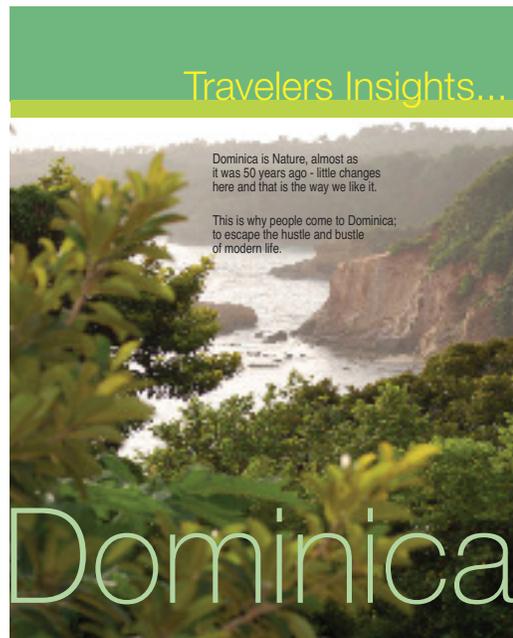
OTAs have a vested interest in a closed loop and so travelers don't see a hotel website. But a DMP does not have to follow this model. In fact, as we have also noted, more is gained by promoting all products of the destination brand.

In this model bookings and promotions are integrated and the DMP may derive income from advertising, PPC links and Bookings. The Next Generation Booking system is fluid, allowing travelers to shop and buy at any point and from anywhere.

Next Generation Publishing

Publishing On Demand (POD) has come to mean publishing on-line. This too has changed with new digital cloud-publishing services that allow a destination to produce high quality printed guides, magazines and brochures to order. In some cases printing may be routed to a facility in the travelers city.

AXSES offers a turn key solution for destination-specific publishing. The **AXSES** archives database The archives facilitates publishing dynamic content such as hotel and tourism activity lists and contacts. Costs are low using digital POD technology. Magazines, guides and brochures may be ordered on line in single units or in bulk. There is no inventory requirement and no major investment.



Destination specific travel journals
made to order:
<http://TravelersInsights.com>
Order your Travelers Insights
magazine from AXSES

Next Generation Now

Let **AXSES** enhance your Destination Marketing Portal with Next Generation Travel Shopping Now. We offer two options:

- **A turn key BookingsFranchise.com.**

example <http://BookingsDominica.com>. In this approach the BookingsFranchise may be co-owned or a service and will be integrated with any existing DMP.

- **DMP Integration.** All branding, advertising, publishing, shopping functionality and bookings can be integrated within your own Destination Marketing Portal (DMP).

In both cases; local knowledge, properties and attractions are entered into the knowledge archives which drives the interactive maps, quotes, content and bookings.

Brochures, magazines and guides may be Published On Demand (POD) in both online and printed format.

<http://axses.com/destinationmarketing/>



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Engineering information &
process for the knowledge
based economy

Mission



Helping resorts,
tourism operators and
destinations
build strong brands and
increase direct
business while
facilitating distribution