



Cheapflights

# Looking at the future (in a grim downturn)

Hugo Burge



# Quick Intro



- Launched 1996 in UK: pioneer in online flights comparison
- Grown out of cash-flow & profitable – no outside investors
- 8m+ visits per month in UK, US, CA, DE, AU, ES, FR, IT

me



- Invested & joined Cheapflights in March 2000
- Launched Cheapflights.com in USA in May 2003
- Chairman: passionate about product & internationalisation

**HOWZAT**

M E D I A  
W E D I V

- Internet media investment fund with \$10m
- Online travel investments: WAYN.com & trivago
- Incubated CheapToday.com



# Cheapflights

1. Learnings from Downturns
2. Making most of this Recession
3. Into The Future...



## Some Personal Learning from Downturns

1. Good times can be bad.
2. Bad times can be good\*

\* With a few caveats...





## Innovation & Vision in Downturn

“Though companies are tempted during a downturn to manage for survival, recessions in fact reveal periods when the competitive pecking order changes dramatically.”

“The history of recession is also the story of technology advances that overturned the existing competitive order.”

“Using technology to turbocharge innovation in a downturn”  
6<sup>th</sup> August 2009 McKinsey&Co.

# Companies Founded During Adversity

## **Recessions**

Microsoft 1975, Zara 1975, Kingfisher 1982,  
Waterstone's 1982, Dyson 1993

## **Great Depression**

United Technologies 1929, Porsche 1930, Revlon 1932

## **Founded during period of Austerity**

Tesco 1919, Ikea 1943, Aldi 1946, Honda 1948

## A Positive Approach to Downturn



VS

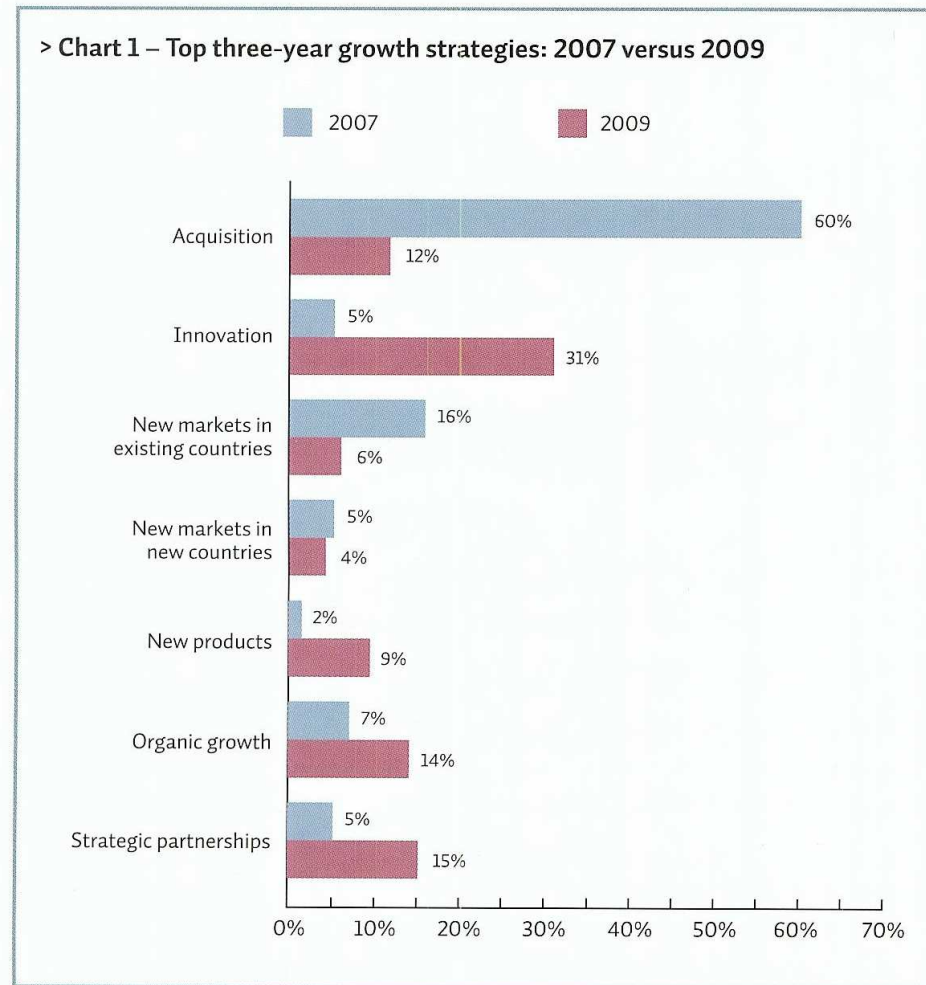


In the 1930s W.K. Kellogg:

- Unprecedented advertising spending & sponsorships
- Invest in people – spread income between more workers
- Invest in new products “first cereal fortified with vitamins”

Source: Huffington Post [http://www.huffingtonpost.com/nelson-davis/bold-moves\\_b\\_212031.html](http://www.huffingtonpost.com/nelson-davis/bold-moves_b_212031.html)

# Innovation Replaces Acquisition



Source: BDO Stoy Hayward: Staying Smart in a Downturn

## How Advertising Used to Work

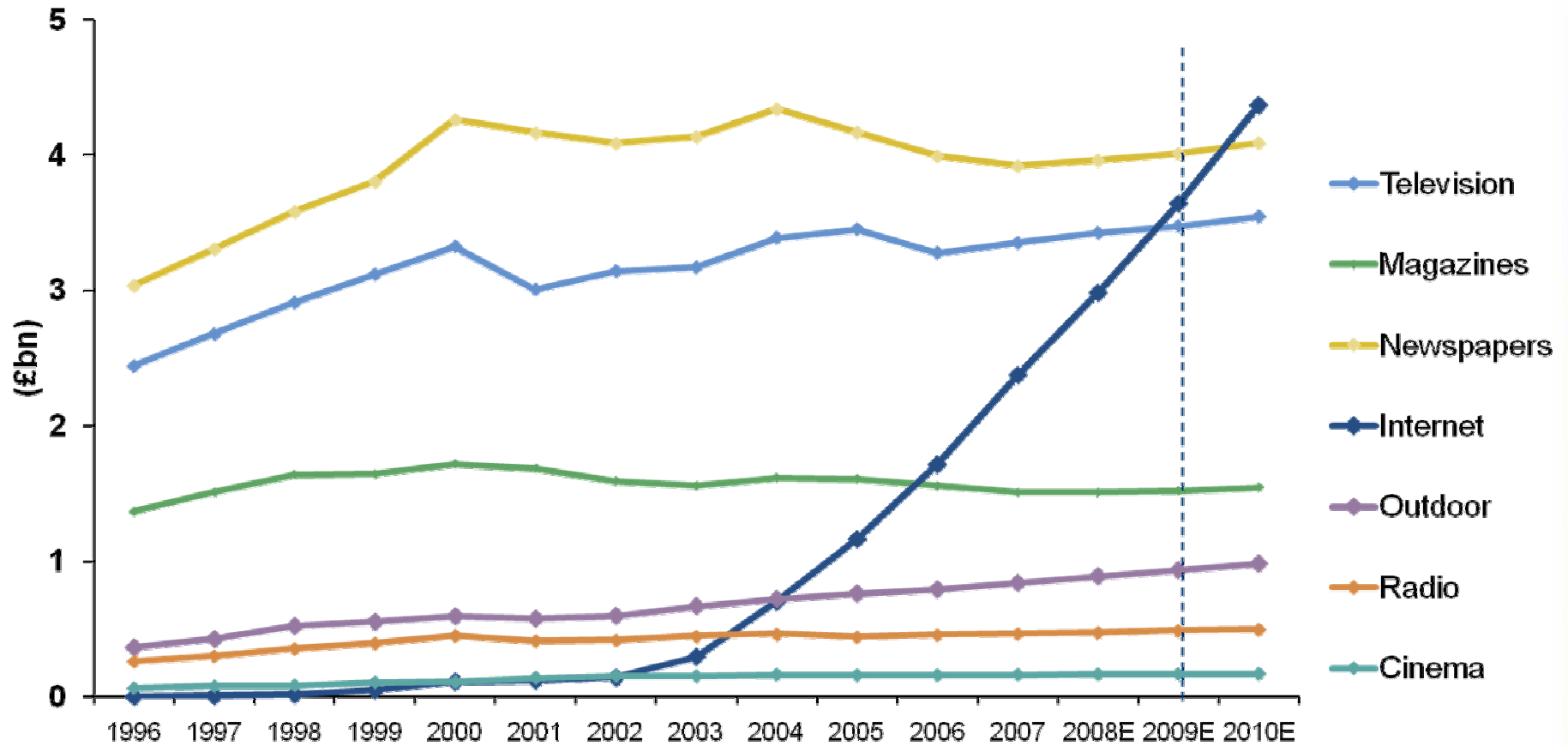


“Half the money I spend on advertising is wasted; the trouble is, I don't know which half.”

John Wanamaker; Retail pioneer & father of modern advertising

# UK Online Advertising on Rise

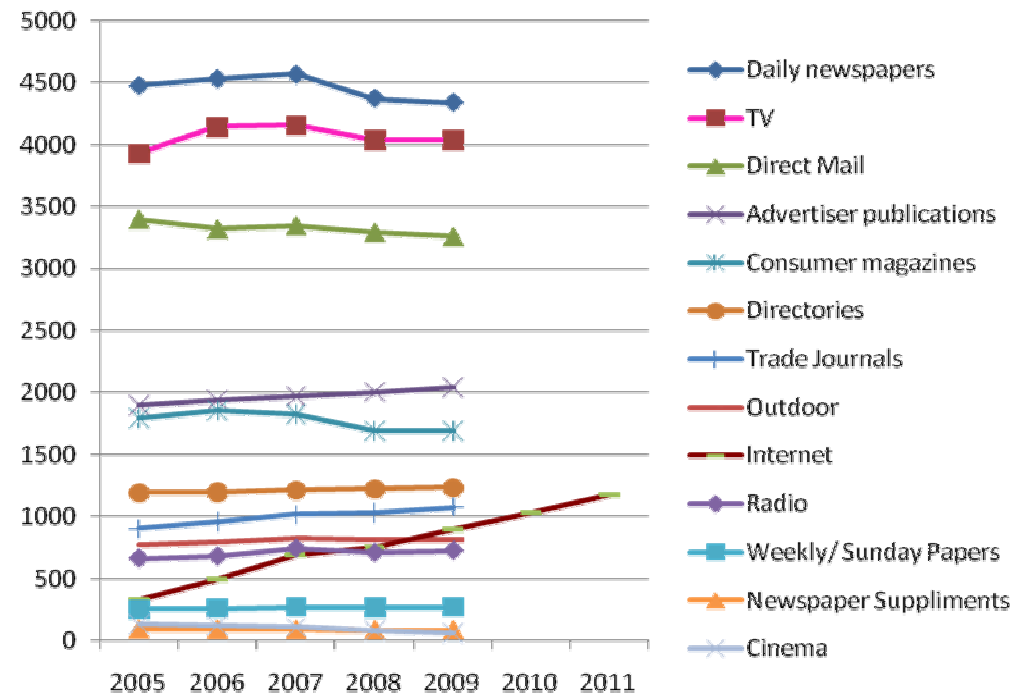
Advertising Spend by Channel



Source: 2008 Internet Advertising Bureau & Price Waterhouse Coopers



# Advertising Spend in Germany by Media 2005 - 2008



Advertising Spending In Germany by Media 2005-2008 (millions of €)

Source: Zentralverband der deutschen Werbewirtschaft (ZAW), \* Werbung in Deutschland 2009 as cited in press release, June 3, 2009. eMarketer.



# Cheapflights™ Downturn Focus

- Delight the consumer
- Delight our Advertising partners
- Focus on what makes us different
- Focus on long term – 3-5 year horizon
- How to x10 the size of the Company

# The Cheapflights™ Difference

Best deals. More partners. More 


# The Cheapflug™ Long Tail .de

REWETOURISTIK

HAJO SIEWER  
JET-TOURS

**ÖGER TOURS**

Charter Flights

S



Brazil Specialist



Turkey



# New Design Launch



[Accessibility options](#) | [I am in UK & Ireland](#)

Price comparison for cheap flights and travel deals from the UK & Ireland

- [Search flights](#)
- [Search by date](#)
- [Handpicked Deals](#)
- [Travel guides](#)
- [Newsletter](#)

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Get our weekly travel deals newsletter [Sign up](#)

[Flights](#) > [Europe](#) > [Spain](#) > [Flights to Malaga from London](#)

## ✈ Flights from London to Malaga

3481 flights from 18 partners listed by **most popular** ?

- All Fares**
- Autumn** (Oct 01 - Nov 30)
- Ski** (Nov 01 - Mar 31)
- January** (Jan 01 - Jan 31)
- February** (Feb 01 - Feb 28)

[New search](#)

**£48<sup>RT</sup>** incl. taxes  
[Go to website](#)

**London (LGW) to Malaga (AGP)**  
 Up to 2 daily direct flights

✈ Depart 16 Jan 10  
 ✈ Return 23 Jan 10

[monarch.co.uk](#)

1649 more Monarch.co.uk flights available for this route. Book by clicking on the price

Number of nights  [GO](#)

Nov 2009							Dec 2009						
M	T	W	T	F	S	S	M	T	W	T	F	S	S
						1		1	2	3	4	5	6
2	3	4	5	6	7	8	7	8	9	10	11	12	13
9	10	11	12	13	14	15	14	15	16	17	18	19	20
16	17	18	19	20	21	22	21	22	23	24	25	26	27
23	24	25	26	27	28	29	28	29	30	31			
30													
£120													

Fares include taxes. Subject to availability. Updated 12 hours ago

[Advice and help](#) ?

### Malaga Travel Guide



Avg. Flight Duration  
 2 hr 48 min

Having snapped up cheap flights to Malaga, millions of tourists will see only the airport as they make...

[See full Malaga travel guide](#)

### Malaga Airports

- [Malaga \(AGP\)](#)

### Useful Travel Info

- [Useful Links](#)
- [Travel Tips](#)
- [Airline Guides](#)
- [Up-to-the-minute travel news](#)

### Top cities in Spain

# Simplifying Design: De-monetising.

The screenshot shows the Cheapflights.com website interface. At the top, there's a navigation bar with 'Search flights', 'Search by date', 'Handpicked Deals', 'Travel guides', and 'Newsletter'. Below this, there's a search bar with 'From: New York City (NYC)' and 'To: London (LON)'. The main content area displays 'Flights from New York City to London' with a table of flight deals. The table includes columns for 'Price', 'To/From', 'Dates', and 'Supplier'. The first deal is 'Today's Pick' for \$499 RT, 'London Winter Weekend Escape' by Virgin Vacations. Other deals include \$590 RT by Expedia and \$610 RT by Vagana. There are also various promotional banners and advertisements on the page.



- Removing graphical advertising
- Include taxes, even USA/ Canada
- Remove advertising opportunities
- Simplify design

The screenshot shows the Cheapflights.co.uk website interface. At the top, there's a navigation bar with 'Search flights', 'Search by date', 'Handpicked Deals', 'Travel guides', and 'Newsletter'. Below this, there's a search bar with 'From: London (LON)' and 'To: Malaga (AGP)'. The main content area displays 'Flights from London to Malaga' with a table of flight deals. The table includes columns for 'Price', 'To/From', 'Dates', and 'Supplier'. The first deal is £36 RT by Aer Lingus, the second is £46 RT by Monarch.co.uk, and the third is £62 RT by Travel Republic. There's also a 'Malaga Travel Guide' sidebar on the right with a 'Malaga Airports' section.



# International Expansion

- 1996
- 2003
- 2007
- 2008
- 2009

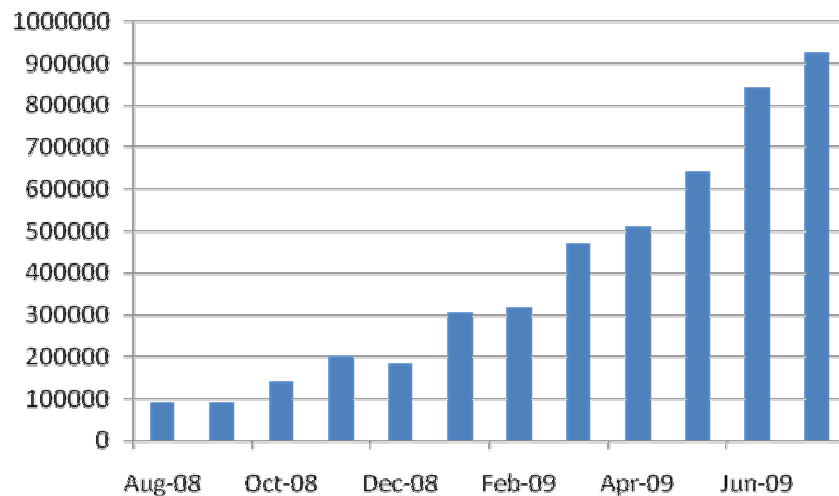
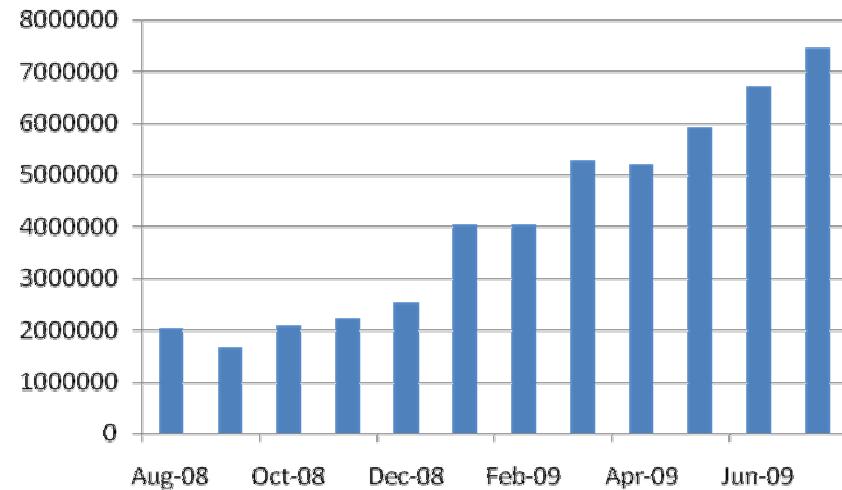


# trivago Focus, Focus, Focus **HOWZAT**

M E D I A

## User Growth

- Focus on hotels comparison
- Direct traffic and natural search results only
- 267 % growth over the past twelve months



- Leads from trivago price search to OTA's
- Since Oct 08 focus on speed and usability
- 907 % growth over the past twelve months

## Other snippets from Travel Industry:

1. Expedia: fees& China
2. Kayak: TV Adverts
3. Ryanair: New Planes
4. Wizz Air: SkyEurope Slots

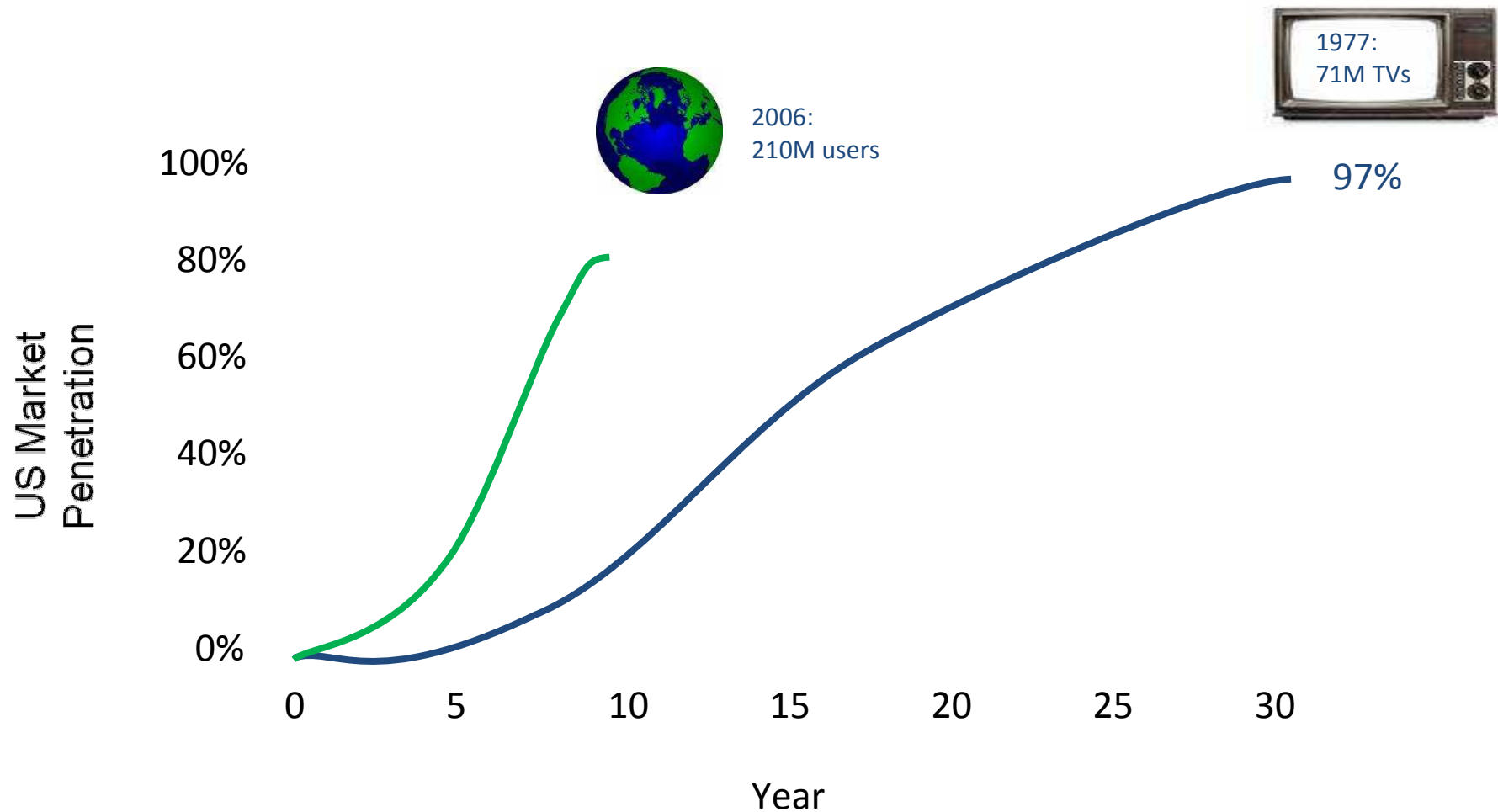


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# Internet Adoption 3 x Faster than TV

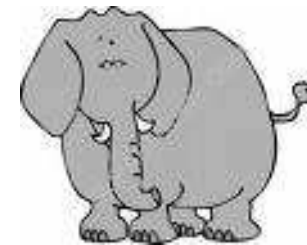


“It is not the strong, nor the intelligent who survive, but those who are quickest to adapt.”

Charles Darwin



VS



“There are only two kinds of internet companies; the quick and the dead.”  
John Hatt, Cheapflights Founder

# Travel Search Landscape

## Search Engines



## Research



## Meta -Search



## Deals Publishing





# Travel Search Landscape





## Conclusion

- Downturns can be a big opportunity
- \*caveats are important
- Online travel search is strong & positive force for change
- Think long-term, big, brave & have fun along the way





Thank you...

Talk to us ;-)  
[twitter.com/hugoburge](https://twitter.com/hugoburge)  
[twitter.com/cheapflights\\_uk](https://twitter.com/cheapflights_uk)

