

3.7 CASE STUDY

Orbitz Worldwide Charts Its Mobile Trajectory

When it comes to mobile apps and gauging their impact on consumers and business, there's no better industry to look at than the online travel industry and its airline and hotel reservation systems. And there's no better company in this industry in developing mobile apps than Orbitz Worldwide Inc., the leading online travel site. Orbitz connects consumers to hundreds of airlines, over 80,000 hotels, 15 rental car agencies, as well as cruises and vacation packages. Orbitz typically has over 8 million unique visitors to its Web site each month.

As early as 1999, fledgling Internet travel companies such as Priceline, Expedia, and Travelocity were already transforming the travel industry. Recognizing the threat, and the opportunity, five major airlines—United, Delta, Continental, Northwest, and American—banded together to form a new venture that would become Orbitz. By the



time the site launched in 2001, six other airlines had invested and anti-trust objections from consumer groups and competitors had been rejected by the U.S. Department of Transportation. Even at that early date, the Orbitz management team was forward-thinking, providing the capability for consumers to access flight updates and cancellations via pagers and mobile phones. By the time the Department of Justice had completely cleared Orbitz for takeoff and it had completed its IPO in November 2003, Orbitz had recruited more than 100 independent hotels in addition to its initial TravelWeb syndicate, which included the big players such as Marriott, Hilton, and Hyatt.

In 2006, Orbitz became the first Internet travel company to offer a WML-only (Wireless Markup Language) mobile Web site in the United States. (Expedia had a mobile site for its UK customers.) Users could check flight statuses for 27 airlines, some of which did not yet have a mobile site, and search for hotels in the 19 largest destination markets in the United States and in Cancun, Mexico. They also had access to a personal page dedicated to itineraries for Orbitz-booked trips and links to autodial Orbitz customer service. Additional services added in 2007 included enabling mobile users to view average wait times to get through security and available Wi-Fi services for a particular airport. A data feedback system was instituted to compute check-in delays and taxi line wait-times based on customer-inputted experiences. In 2008, Orbitz added an iPhone/iPod-specific app with the same capabilities for itinerary, flight status, Wi-Fi availability, and wait-time checking as well as the ability to view weather and traffic conditions, reports from other travelers, and information about where to park and ground transportation. Customers could also now use technology specifically designed for touch-based Safari browsers to book a hotel room during inclement weather.

By 2010, market research had pushed Orbitz to increase its investment in mobile technology. It launched a redesigned mobile Web site in July, and a smartphone app for Google Inc.'s Android operating system in November, along with an updated iPhone app. Users of any Web-enabled device could now access a tool set comparable to the one available on its regular Web site to purchase flights, book car rentals, and secure hotel accommodations, including same-day reservations, as well as Orbitz's Price Assurance service, which guarantees consumers an automatic refund if another Orbitz customer books the same service for less. The native apps and redesigned mobile site were developed in-house with input from an unnamed outside vendor.

In 2011, Orbitz was the first to launch an m-commerce site designed for business users. The site was accessible from any Web-enabled device, which avoided the pitfalls of developing native apps for the wide variety of different devices its customers used. Users could enter and modify their trips via the app and give preference to a preferred vendor, which helped to adhere to company-specific travel policies. They also launched a hotel-booking app for iPad users. The app used the GPS function to display a detailed map of the user's location, with pins denoting nearby hotels and providing hotel details like address, phone number, and cost per night. Barney Harford, CEO of Orbitz Worldwide, touted the ability to book a hotel room in just three taps.

The rollout of the m-commerce site and iPad app prepared Orbitz to create second-generation applications that could meet evolving consumer expectations and adjust to the rapidly expanding and changing mobile environment. Three main improvements were made to the second-generation m-commerce site. First, it was optimized

SOURCES: "Orbitz Lets Users Resume Searches Across Devices," by Mark Walsh, *Mediapost.com*, August 19, 2014; "Orbitz for Business See Strong Growth in Best-in-Class Mobile Booking Tool," *Orbitz.com*, July 29, 2014; "The Orbitz App Is on Fire," *Orbitz.com*, July 25, 2014; "Orbitz Flights, Hotels, Cars App Wins Appy Award for Best Travel App," *Marketwatch.com*, May 22, 2014; "Orbitz Reports Strong Q1 Growth Backed By Enhanced Mobile and Rewards," *Pymnts.com*, May 14, 2014; "Orbitz.com Rated #1 Online Travel Provider in ACSI Customer Satisfaction Survey," *Wall Street Journal*, April 23, 2014; "Orbitz.com Rated #1 Online Travel Provider in ACSI Customer Satisfaction Survey," *Wall Street Journal*, April 23, 2014; "Orbitz for Business Rolls Out Major Update to Best-in-Class Mobile Booking Tool," *GlobeNewswire.com*, March 26, 2014; "Expedia, Orbitz, Harness Big Data for Next-Generation Mobile Booking," by Chantal Tode, *Mobilecommercedaily.com*, January 30, 2014; "Orbitz.com Rolls Out Major Update to Orbitz Flights, Hotels, Cars App for Android," *marketwatch.com*, *Orbitz.com*, August 21, 2013; "Orbitz Releases the First Native App for iPad that Allows Consumers to Book Flights, Hotels, and Rental Cars," *Orbitz.com*, February 25, 2013; "How to Embark upon an M-commerce Redesign," by Kevin Woodward, *Internet Retailer*, August 10, 2012; "Orbitz Revamps iPhone App with Focus on Streamlined Booking, Deals," by Lauren Johnson, *Mobile Commerce Daily*, June 22, 2012; "Orbitz Rolls Out Major Update to App for iPhone and iPod Touch," *Orbitz*, June 21, 2012; "Orbitz Releases New Travel App," by Emily Brennan, *New York Times*, June 21, 2012; "Orbitz Launches New iPhone App, Bets on Mobile Growth," by Erica Ogg, *Gigaom.com*, June 21, 2012; "Orbitz: Mobile Searches May Yield Better Hotel Deals," by Barbara De Lollis, *USA Today*, May 10, 2012; "Orbitz Launches Revamped Mobile Site, Daily Deals to Capitalize on Last-Minute Travel,"

to accommodate the small screen size of any Web-enabled mobile device. Second, it was updated to accommodate swiping gestures, and third, it was revamped to expedite touch screen transactions. HTML5 enabled Orbitz to incorporate features traditionally associated with apps, such as swiping and faster browsing. Features were also added, including the ability to book vacation packages, view savings made by booking flight and hotel rooms at once, improved search and filtering capabilities, and linking an online profile to credit cards to hasten the checkout process.

Looking to capitalize on the market research findings that highlighted the burgeoning role of Web-enabled mobile devices in securing same-day accommodations, Orbitz also instituted mobile-exclusive same-day deals. These specials, called Mobile Steals, are available both on the m-commerce site and through the Hotels by Orbitz app, which was also released for the Android and iPhone. Last-minute perishable goods are available in more than 50 markets worldwide, benefitting both lodging proprietors and consumers. Proprietors are able to fill rooms that might otherwise remain vacant, and consumers enjoy savings of up to 50% off the standard rate.

With mobile transaction customers doubling in one year's time, Orbitz decided that an overhaul of its native iPhone app was also in order. When relaunched in June 2012, the iOS app included an improved filtering tool that enabled users to search and compare offerings by cost, distance from destination, and star ratings. Securing flight, lodging, and car rental reservations was simplified, eliminating browser screens and data entry repetition, and allowing users to perform all three operations in a continuous in-app stream unassociated with a mobile Web site. This was the heart of the redesign: to eliminate the mobile Web site and consolidate the entire search and reservation process within the native app so that users would no longer experience disruptive and time-consuming redirects either to Orbitz's mobile site or to an airline, hotel, or car rental agency site to complete the booking. The goal was to trump its competitors on speed and ease of use.

In order to verify that its goals for the app had been achieved, Orbitz commissioned a speed comparison study with Atmosphere Research Group and C + R Research. The travel apps, m-commerce sites, and e-commerce sites of its major competitors, including Kayak, Expedia, Priceline, and Travelocity, were pitted against the Orbitz iPhone app. The study found that Orbitz iPhone app users were able to book a round-trip flight to Hilton Head, South Carolina, a hotel reservation, and a car rental in slightly more than seven minutes, twice as fast as people using its iPhone app competitors. Only 60% of study participants using a competitor's product (aggregated) were able to complete the task as quickly. The Orbitz iPhone app transaction speed also surpassed comparable iPad and Android apps as well as desktop e-commerce site experiences. Study participants overwhelmingly awarded positive marks to the completely in-house-built Orbitz iPhone app in comparison to its competitors, 92% and 30%, respectively.

To speed the identification and fulfillment of future needs, customers' search history, personal information, frequent flyer program data, and travel preferences are saved within the app, enabling one-tap access to recent searches and automatic search suggestions. Itineraries can be accessed even while offline, and flight status and gate

change data can be accessed with a single tap. Trips can also be easily added to the Apple Calendar app, formerly called iCal, used by many iPhone and iPod touch users.

Since then, Orbitz has continued to expand its array of apps across different operating systems and platforms. In 2013, it launched a full version of its *Flights, Hotels, Cars* app as a native app optimized for iPad, the first of its kind among travel service providers. Orbitz also fully overhauled the same app for Android, marking the third generation of its Android native app. Orbitz plans to continue its mobile development across all platforms. In October 2013, Orbitz launched Orbitz Rewards, a rewards program that has led to a marked increase in mobile purchases. The program already has over 2 million members, many of which are entirely new customers to Orbitz. In January 2014, Orbitz introduced Orbitz Labs, as part of an effort to use the increasing amount of data its users generate to provide better services and drive more bookings. Orbitz is using Orbitz Labs to test out new features and keep track of which ones are most popular with users, with the intent of incorporating those popular features into the Orbitz mobile app. In March 2014, Orbitz released a new version of its Orbitz for Business mobile site, with a new design that increases ease of use and provides improved speed and touch responsiveness. In July 2014, it released an app for the Amazon Fire phone that is customized to take advantage of the unique technology that the Fire phone employs, such as its Dynamic Perspective technology that allows users to view in multiple dimensions and provides an immersive experience. In addition, it is rolling out a responsive design approach across devices, and has started syncing user searches across devices so that users can pick up where they left off, no matter what device they are using. Orbitz has earned rave reviews for its efforts, winning the APPY Award for best travel app and receiving the top rating in customer satisfaction among all online travel Web sites. The efforts are paying off. Orbitz reports that more than 30% of its hotel bookings now come via a mobile channel, compared to only 3% in 2010, and up from 24% in 2013.

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Case Study Questions

1. When compared to traditional desktop customers, why are mobile phone users much more likely to book a room or airline reservation for the same day?
2. In the mobile design project of 2011, why did Orbitz management decide to construct a mobile Web site for corporate users rather than a native app?
3. Why has Orbitz decided to go with native apps for each mobile platform (iOS, Android, and Kindle Fire) instead of a single mobile Web site as it did with the Orbitz for Business mobile site?
4. What issues does syncing recent user searches across devices pose?