

Online travel guides: The next generation

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A new generation of online travel guides is emerging with venture capital and corporate funding to challenge the leaders owned by online travel giants such as Expedia and Priceline.com.

This new crowd, led by [TravelPost.com](#) of San Francisco and [43 Places](#) of Seattle, has no intention of ending up like online travel guide busts of the past.

In the newbies' favor is that they seem to have learned from those who have fallen before them, including Barcelona's Vacaciones eDreams, which raised \$35 million in venture funding, and Miami's Despegar.com, which raised \$10 million, before shuttering their operations. Both companies were slow to market and failed to attract sufficient advertising.

Also, TravelPost and 43 Places both seem to have taken note of strategies used by successful Internet companies outside the travel industry, appropriating business models applied by comparison shopping engines, the [customer-service focus of Craigslist.org](#) and the community aspect of [photo syndication site Flickr](#), which Yahoo bought in April for a reported \$30 million.

Sam Shank, founder and CEO of TravelPost, is a veteran of San Mateo, Calif.-based comparison shopping engine NexTag. He says he will combine the viral aspects of an online community with the comparison shopping and lead-generation model to build an online travel information business.

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--Bob Zipp, managing partner, Amicus Capital

After bootstrapping the company for one year with \$150,000 raised from family and friends, he closed in July on \$1 million in venture capital from San Francisco-based firms Amicus Capital and Arba Seed Investment Group. "The travel industry is incredibly attractive, particularly in the area of user-generated travel content," says Bob Zipp, managing partner of Amicus Capital.

The lure is to provide information about travel destinations and services and then either provide that service directly or refer users for a fee to someone that can. The payoff is a trade sale to a giant such as Seattle-based [Expedia](#), Sabre Holdings (the owner of Travelocity), [Priceline](#) of Norwalk, Conn., or Cendant of New York, which owns Orbitz.

Shank says the extra features will be the telling difference. "We're going to have an element of personalization that competitors don't have," he says.

TravelPost provides hotel reviews and ratings from readers, as well as a simplified way for readers to post travel journals, photos and itineraries. TravelPost also offers general geographical information and a forum for travelers to give advice.

This past year, Shank traveled to Sand Hill Road to hit top-tier venture capitalists for money. He notes that "there's a lot of venture capital interest in travel," pointing to Menlo Park, Calif.-based Sequoia Capital's \$7 million second-round investment in Concord, Mass., online travel [comparison-shopping engine Kayak.com](#), which was completed in December. He went with Amicus and Arba because they shared his vision for the company and were ready to go with the desired amount of capital.

Making good use of the Web

TravelPost.com rival 43 Places is taking a slightly different tack. The online travel site is owned by Seattle's Robot Co-op, a site launched last year that allows people to share their life desires with other users. It launched 43 Places in June. Users can list places they'd like to travel to or that they have traveled to.

Robot Co-op is run by many of the people who designed Amazon.com's recommendation and personalization functionality. But what differentiates 43 Places from other online travel guides is its technology, which takes advantage of tagging, really simply syndication, or RSS, and photo syndication, all of which allow individual users to link evidence of their travel experiences online.

Says Robot Co-op founder Joshua Peterson of 43 Places: "For example, we'll use the tags of a place to fetch photos from Flickr. We sit on top of a lot of other elements on the Web. For example, we really exist in this ecology of other sites."

Peterson adds that tags, which allow someone to apply a one-word label to a photo or diary entry they've shared, is a rich way for people to explore a site. "It's different from a normal travel site," he says. "The angle for us that is unique is the social aspect to the site. On one level, it's about the places, but it's also about the people." His example: If someone sees a review of a restaurant in San Francisco they agree with, they can click on a link that takes them to other restaurants that reviewer liked.

More unusual than the technology, though, is Robot Co-op's plan to gently monetize this user-generated content. "This is the area, the overall travel space, where there are any number of good ideas that have been killed off by overmonetization," he says. "We're big fans of Craigslist, where you listen to your customers and give them features that are useful and then monetize as lightly as you can."

Craigslist offers a bulletin board where users can post listings for free. The only paid area of the network of sites, which eBay purchased

35 percent of last year, are the employment listings, which cost \$75 to post. Peterson didn't provide details about 43 Places' strategy, but there are unobtrusive Google ads on the site.

VirtualTourist.com, by contrast, isn't afraid to monetize its users. Its Web site is covered with ads for travel deals. So far, the strategy has worked. The Westlake Village, Calif., company, in business since 1999, has amassed 1.9 million photos and 1.2 million user reviews from its 620,000 registered users. Giampiero Ambrosi, vice president of content, says he hasn't heard of 43 Places and was only vaguely aware of TravelPost.com.

He says VirtualTourist is profitable because its community of users knows who is reviewing destinations, hotels and restaurants. "It's not how do you categorize, filter and search that stuff," he says. "We have 24,000 photos of Paris. How many more do you need? What's important is who is giving you this information."

Unlike Expedia's TripAdvisor or Yahoo Travel, which post anonymous reviews, VirtualTourist's information comes from members who maintain a profile. So someone curious about the validity of an opinion can see whether they have anything in common with the reviewer.

While the site may not be as technologically advanced as TravelPost or 43 Places, Amrosi says it constantly adds features. He points to the company's comparison shopping engine and its new do-it-yourself travel guide, which allows users to put any review on the site into their personal folder that can then be printed or e-mailed. The company is self-funded, and Ambrosi says it has turned away acquisition and investment offers. "We know what we want to do with this," he says.

Whatever that may be, all agree acquisitions are positive--even though most of the big online travel companies--Priceline's MyTravelGuide.com, Expedia's TripAdvisor, Sabre Holdings' IgoUgo.com and Yahoo Travel--have already bought online advice companies. That doesn't mean they won't go on a spending spree for the next generation of online travel advisers that take advantage of new Web technologies such as RSS.

"We see a lot of (acquisitions) in this space," Shank says. "That's great for the entire industry."

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