

Lonely Planet

**March, 2011.**

## **1. Assess the possible channel conflicts and cannibalization issues that face Lonely Planet.**

It looks like Lonely planet has some serious problems. Their web site is providing more information to the readers than travel guides they sell. As it was mentioned in their case study, by the time travel guide can be found in the book stores, they are already out of date. If you wish to travel abroad, their web site and entries from users are much more reliable source of information.

Basic channel conflict is the accuracy of their travel guides vs. accuracy of the information on their web site. Their revenue depends on travel guides they sell all over the world, and as soon as their buyers realize that it is much safer to use (free) web site than (to buy) travel guide, they are running out of customers. So far, Lonely Planet is famous for its' wide range of information, offering a little something for everyone in their travel guides. No travel guide can answer all the questions, but, web site can, because clients have the opportunity to ask and any of the registered users can answer. There are 150 authors working on travel guides, and 220 thousand registered users on Lonely Planet web site. It is obvious that the chances of getting a correct answer are on the side of the web site.

Cannibalization is the proper term to use in this situation. Web site, which was created as a gathering place for Lonely Planet clients and internet book store, turned into beast who feeds on its' own maker. Right now, people are giving up on purchasing travel guides, and satisfy their curiosity and need for information simply by checking the posts on "Thorn tree", and it will inevitably lead into revenue reduction.

## **2. Suggest solutions that might reduce the potential revenue losses or operational friction that result from the channel conflicts and cannibalization issues at Lonely Planet.**

There seem to be only one solution: speed up! Most of Lonely Planet's revenues are still generated by book sales, and with the typical production cycle of a travel guide is eight months, and the information is a year old when the book reaches book stores. There has to be a way to cut short the time between commissioning authors and printing. If their travel guides would have less pages, and are to be printed in a shape of a review, maybe it could be updated on a monthly basis.

Lonely Planet could divide their books in two parts, one with information which are unlikely to change (climate, mountain height, names of cities, rivers, position of highways etc.) and the second part containing up to date information about prices, places, fees...

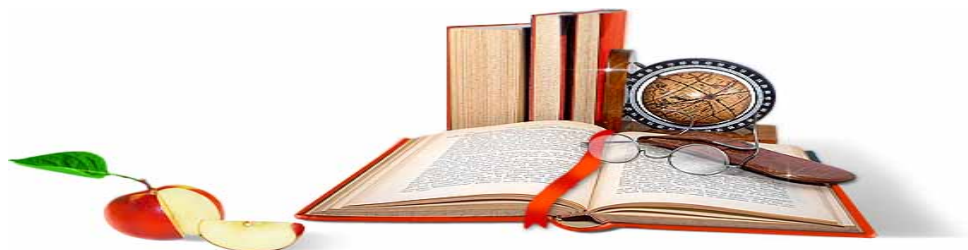
there is yet another solution, but a rather risky one. LP could allow web site contents to be visible only to those registered users who agree to pay annual (or monthly) fee. That way, information would not be visible to everyone, as it is right now, and LP could gain another 10 million US\$ per year, only by charging 5\$ per user-name for the forum. It could also drive people away, since most of us like to take a glance on the goods before we pay for it.

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