

# TRAVEL BUSINESS ANALYST

Markets • Marketing • Strategy

ASIA PACIFIC • OCTOBER 2010

## Market Monitor

Percentage change unless noted otherwise. Latest months listed first. Sources not shown are usually relevant principals. E=estimate, P=provisional, TBA=Travel Business Analyst.

• World Travel Industry Index: 2010: Jul +9E; Jun +10E; May +11P; Apr +0.7; Mar +7.7; Feb +7.8; Jan +6.4. 2009: Dec +5.4; Nov +2.4; Oct +0.7; Sep +0.7; Aug -1.5; Jul -2.4. TBA.

• World airport passengers; ttl, intl: 2010: Jun +7.4 +10.1; May +7.6 +10.2; Apr -0.9 -5.0; Mar +7.4 +9.9. ACI.

• World air traffic, RPKs: Jul +9.2; Jun +11.9; May +11.7; Apr -2.4; Mar +10.3; Feb +9.5. IATA.

• World hotel occupancy, pts: 2010: Jul +6.0; Jun +7.3; May +6.0; Apr +3.9; Mar +6.3; Feb +2.2. TBA.

• World travel stocks index, on 100: 2010: Aug +75; Jul 73; Jun 66; May 68; Apr 76; Mar 75; Feb 66. TBA.

• World visitor arrivals: 2010: Apr +3.2; Mar +9.7; Feb +7.9; Jan +6.3. 2009: Dec +2.0; Nov +2.1. WTO.

• AsPac airlines seat sales: 2010: Jun +24.7; May +17.0; Apr +9.2; Mar +15.0; Feb +17.2. AAPA.

• AsPac airport passengers; ttl, intl: 2010: Jun +17.3 +24.4; May +13.9 +18.8; Apr +10.5 +10.0; Mar +13.1 +16.6. ACI.

• AsPac air traffic, RPKs: 2010: Jul +10.9; Jun +15.5; May +13.2; Apr +3.5; Mar +12.6; Feb +13.5. IATA.

• AsPac hotel occupancy, pts: 2010: Jul +7.5; Jun +10.2; May +9.8; Apr +7.2; Mar +12.9; Feb +7.6. TBA.

• AsPac travel stocks index, on 100: 2010: Aug +104; Jul 99; Jun 87; May 86; Apr 96; Mar 92. TBA.

• AsPac visitor arrivals: 2010: Apr +9.3; Mar +13.6; Feb +15.4; Jan +10.0. 2009: Dec +5.7. WTO.

• Air France seat sales, Asia: 2010: Aug -0.1; Jul +5.3; Jun +13.6.

• Australia resident departures: 2010: Jul +9.0; Jun +23.2; May +11.2; Apr +6.6; Mar +29.9. PATA.

• Australia visitor arrivals: 2010: Jul +11.0; Jun +11.1; May +0.4; Apr -5.6; Mar +8.1. NTO.

• Bali visitor arrivals: 2010: Jul +10.3; Jun +15.2; May +8.1; Apr -0.7; Mar +20.7. PATA.

• Bangkok airport visitor arrivals: 2010: Feb +27.1; Jan +32.4. PATA.

• British Airways seat sales, AsPac: 2010: Aug -11.1; Jul -13.6; Jun -17.0; May -22.4; Apr -34.6; Mar -25.3.

• Cathay Pacific seat sales: 2010: Aug +9.7; Jul +19.5; Jun +27.5; May +12.0; Apr -3.6; Mar +6.0.

• China citizen departures, estimates: 2010: Jun +50.9; May +45.2; Apr +17.8; Mar +10.7; Feb +46.5; Jan +5.7. TBA.

• China foreign visitor arrivals: 2010: Jul +18.5; Jun +30.7; May +30.2; Apr +19.2; Mar +29.0. PATA.

• China Southern seat sales: 2010: Aug +16.8; Jul +18.4; Jun +22.2; May +17.0; Apr +16.8; Mar +21.2; Feb +17.6; Jan +7.0.

• Dubai airport passengers: 2010: Jun +9.6; May +13.6; Apr +14.5. ACI.

• Eva Air seat sales: 2010: Jun +25.4; May +17.0; Apr +7.3.

• Fiji visitor arrivals: 2010: May +20.5; Apr +13.2; Mar +29.4; Feb +11.5. PATA.

• Hawaii visitor arrivals: 2010: Jul +9.5; Jun +13.6; May +6.4; Apr +1.1; Mar +10.2. PATA.

• Hong Kong airport passengers: 2010: Jul +17.5; Jun +26.2;

China

## Outbound up 30%

Our estimates of outbound travel from China indicate a near-30% growth in the first half. And the rate was running faster than that in more recent months.

This from a market that is now three-times larger than the once-great Outbound Japan market, and which China overtook only in 2002.

At this growth rate, China's total will touch 50mn this year. That would compare with 85mn for the giant Germany outbound market. China is also still smaller than the UK market, but now larger than France and the US.

Some other measures support this estimate of rapid growth, see table.

(Note, however, some of this data should not be directly compared because counting methods are different.)

## Selected China travel measures

Item	Growth,%
Beijing airport total	13.0
international	23.3
Guangzhou airport total	13.2
international	31.6
Shanghai airports total	27.9,13.3
international	32.1,37.3
Japan AL: China seat sales	16.6,35.0
China arrivals	23.0
Australia: China arrivals	13.8
Hong Kong: China arrivals	26.9
Macau: China arrivals	26.9

Notes: HK and Macau same growth rate, as noted. All Jan-Jun, except May and Jun for JAL. Source: airports – ACI; visitors – relevant NMOs; JAL – company.

First-half

## Visitors up 7%

The WTO (World Tourism Organization) reports\* a 7% increase worldwide in visitor arrivals in the first half, see table. Unsurprisingly, it expects continued growth in H2 but is coy about numbers – “a somewhat more moderate rate”. We arbitrarily convert that to a 4-5% growth.

The WTO repeats its caveats on its earlier forecast for all-2010. In June (when it repeated its January forecast; WTO refers now only to its January forecast) it maintained its 3-4% growth forecast for all-2010, but it equivocally added that the count is “likely to be closer to 4%, and may even exceed it”.

April arrivals increased 2% (slowed by the airspace shutdown in much of Europe, caused by a volcanic eruption in Iceland), but May was up 10% (partly from suppressed movement in April), and June up 8%. However, growth in H2 2010 is likely to be lower because the recovery from the financial-related decline in 2008 and 2009 started in H2 2009 in some markets, and to varying degrees.

Actual visitor numbers are still below 2008 – 421mn compared with 428mn. Thus as the WTO notes, a return of

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# MARKET OUTLOOK

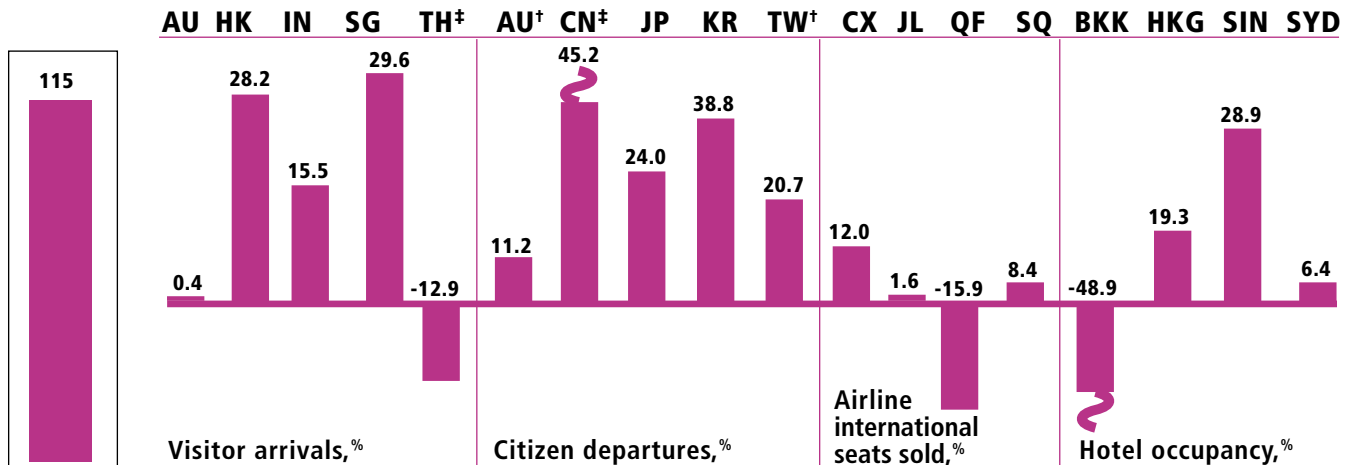
## Headlines

### Commentary on tables

- **Barometer.** Overall travel index at 15% above same month in 2009. In Outbound, stunning – no, staggering – growth in travel from China (our estimates), up 45%!
- **Inbound trends.** Forecast for next 12-month period. Creeping up, even for Thailand – China touches 29m, Hong Kong tops 13m, as does Singapore, and Thailand manages slight growth.
- **Outbound trends.** Forecast for next 12-month period. As noted above, China outshines all others; we estimate it is on track for 67m travellers in next 12 months – that compares with official total of 45m in 2009! But, also, Japan growing from near-16m to near-18m, Korea now at 13m, and Taiwan tops 10m. However, Taiwan's data now needs adjustment as much traffic to-and-from China does not, incredibly, show up in all official statistics. We are working on how to overcome this problem.

## Barometer

Percentage growth in latest matching month\* available; May 2010



Notes: See Master Notes, page 6. Top 4/5 in each category, in order of size. BKK = Bangkok, HKG = Hong Kong, SIN = Singapore, SYD = Sydney. \*Compared with same month, previous year. †Residents. ‡Estimate by Travel Business Analyst. A = Base 100 at same month last year. Source: see relevant tables on following pages.

### Visitor arrival trends\*, next 12 months

Source	Number, x1000
China	28,804
Hong Kong	13,626
Singapore	13,057
Thailand	17,373

Notes: \*Statistical base on past performance; aggregates for latest 3 and 6 months, and full calendar year. Source: NTOs, Travel Business Analyst.

### Citizen departure trends\*, next 12 months

Source	Number, x1000
China <sup>‡</sup>	67,235
Japan	17,717
Korea	13,121
Taiwan	10,282

Notes: \*Statistical base on past performance; aggregates for latest 3 and 6 months, and full calendar year. †By residence. ‡Estimate. Source: NTOs, Travel Business Analyst.

### Official\* travel industry forecasts

Item	Date†	Forecast	Source
Thailand visitors, '10	Jul	14.5m, +2.5%	NTO
Narita airport passengers, '10-12	Jul	+1.6%/yr	company
Hyatt hotels in India, 15 yrs	Jul	add 19	company
India visitor arrivals, '10-15	Jul	+7.9%/yr	R&M
India outbound travel, '15	Jul	21m, +9%/yr	R&M
India domestic travel, '08-15	Jul	+12%/yr	R&M
India 'medical tourists', '09-13	Jul	+25%/yr	R&M
Starwood hotels in India, by '13	Jul	add 24	company
IT&CM China exhibitor space, '11	Jul	+400%	TAM
China visitors, B Columbia, '10/11	Jul	10%/15%	TAM
Cruise ships/berths, '10-14	Jul	32/59k	CLIA
US visitors, '10	Jun	+3%	gov
US visitors, '13	Jun	64m, +5%/yr	gov
US domestic air seat sales, '10	Jun	+0.5%	FAA
US domestic air seat sales, '23	Jun	1b, +2.5%/yr	FAA
World air PKs, '10-12	Jun	+6.4 +4.7 +4.9%	ICAO
China outbound travel, '10	Jun	54m, +11%	CNTA
China outbound travel, '15	Jun	100m, +13%/yr	CNTA
Air Asia X revenue, '10	Jun	\$300m, +39%	company
Tune Hotels in Indonesia, by '15	May	24 more	R&M
Park Inns in Asia, by '12	May	120(now 50)	Carlson
Asia 'medical tourism', by '13	May	\$8.5b	R&M
Casino gambling revenue, AsPac, by '15	May	\$34b(now \$17b)	PWC
Shanghai expo, visitors	Apr	70m (last 6m)	TBA
Shanghai Hongqiao airport pax cap, '15	Apr	40m (29m '09)	TBA
Resorts World (SG) visitors, '15	Apr	8m	TBA

Notes: All \$s are US\$. †When forecast made. Source: \*Management statements or documentation from relevant authority.

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Growth in visitor arrivals, %							
Source	2010		2009		2008		J-D
	Jan-Jun	Q2	Q1	J-D	Q1	J-D	
Asia Pacific	14.1	15.3	13.0	-1.9	-6.0	-7.5	1.1
Northeast	16.2	21.0	11.4	-3.3	-7.3	-7.5	-0.1
Southeast	12.4	8.5	16.1	0.4	-4.5	-6.5	3.5
Oceania	5.4	4.0	6.5	-1.8	-3.3	-5.8	-0.9
South	14.5	11.5	17.0	-2.8	-3.5	-14.1	1.1
Europe	2.0	2.4	1.4	-5.6	-7.7	-13.4	0.3
North America	8.3	9.4	7.1	-6.0	-9.6	-7.7	2.6
Middle East	20.4	17.0	24.2	-5.6	4.9	-6.9	18.2
World	6.9	6.7	7.2	-4.3	-6.6	-10.3	2.0

Notes: Data may be different from what we have shown earlier because the WTO changes (sometimes substantially) its data. Source: World Tourism Organization.

growth must be viewed with caution given that it compares with a weak period of 2009.

In Asia Pacific, growth was rapid, up 14%. In other regions, growth in Europe was well below world average, at just 2%. North America showed strong growth, up 8%. There were some very strong results in As-Pac – Fiji +22%, Hong Kong +23%, Japan +36%, Macau +23%, Maldives +21%, Myanmar +35%, Singapore +23%, Sri Lanka +49%, Vietnam +35%.

Separately, PATA (Pacific Asia Travel Association) reports that arrivals in Asia Pacific increased 11% in the first half (compared with WTO's 14%). By region: Northeast Asia, up 11%; South Asia, up 15%; Southeast Asia, up 13%; Pacific, up 4%.

*\*August update of WTO's World Tourism Barometer.*

Club Med

## Sinking but selling

Club Med has lost about US\$313mn (at US\$1 to €0.80) on revenues of US\$16bn in the past eight years, and its share price has fallen from over US\$150 in 2000 to US\$18 now.

Despite this, Fosun Group, a China company, bought a 7% share in June, and there have been reports that the BMB Group, Brunei's investment company, also wants to invest.

Since the mid-1990s, the company has been trying to move up-market, although it now says the up-market move started after a decline in business following 9/11 in 2001 and SARS in Asia in 2003.

For instance, its public-contact staff, known as GOs ('gentils organisateurs', cool helpers) must now use the formal French 'vous' with guests rather

er than the friendly (and used more by youth) 'tu'. Also, CM's 'crazy signs' – choreographed communal dance moves – are scheduled less frequently. And there are fewer shows by the GOs; before, it was usually six nights out of seven.

But the strategy may not be working. Despite a US\$4m operating profit in the first half, there were further falls in other key measures, see table. Its customer count fell 5%, hoteldays also -5%, even though capacity increased 2%. But revenue fell a heavy 14%. With the WTO reporting a worldwide increase in visitors of 7% in the first half, Club Med is out of sync with the recovery.

Time, once more, for Club Med to change its business plan?

Its philosophy was once based on a booming Japan outbound market, but that has been sluggish for the past 15 years, and was overtaken by China in 2002. Now, CM expects China tourists will drive growth. It says its link with Fosun will help it win 200,000 Chinese customers by 2015, up from 23,000 now.

There are two factors with this plan:

- Given the growth of the China travel market, CM's current performance in the China market is surprisingly weak.
- There is no reason why a Fosun link should bring that growth – and also no reason why CM could not have done it alone, without Fosun. There is no unbeatable method to attract the China market if you have a product that is well received in the country.

*\*Some data from The Economist; comment by Travel Business Analyst.*

*Our sister publication, People-in-Travel, made the following commentary on the report in The Economist:*

*The reason the CM decline started – in the 1980s – was something rather more sordid. Co-founder Gilbert Trigano preferred to give the top job to his son Serge rather than the then equal number-two, Jean-Robert Reznik – who was generally*

*considered to have a better grasp of marketing.*

*Going up-market usually seems a sound business tactic – getting more revenue per customer. But there are some important challenges: converting existing customers to accept, in effect, a new product costing more; or finding new customers; or making more profit from a product that costs more to produce.*

*We believe the post-Trigano- and subsequent-teams underestimated these challenges, and indeed were not able to overcome them.*

*Also, Henri Giscard d'Estaing has been in his post more than 10 years and has also failed to make the upmarket push (which he has tried twice) to work. The blame is put on 9/11 but the decline started well before that.*

*Do current results mean that the original product line should have been left unaltered, or that Club Med was doomed to fail because the market for its business-model vanished – as it did for horse-carriage-makers, and psychedelic shirts?*

## Briefs

- The following has been extracted from reports from Research & Markets, a company. Unfortunately, many R&M reports omit essential comment or qualification; we have noted some in the following reviews.

- **Accor** plans to increase its hotels in Vietnam from 13 to 23 by end-2012. The new ones would comprise two Ibis, three Novotels, three Pullmans, and two Mercuries.

- In R&M's **Malaysia** report, BMI\* forecasts a 7% increase in visitors this year to 25.26mn. PATA puts growth for the first half at 5%, which means growth in H2 must be 9%. That looks hard.

Not noted in the report is the distortion caused by land traffic across the border from Singapore. This represents near 50% of the total. Singapore, for instance, counts no land arrivals across the Malaysia border – even by residents of other markets, because of the sizeable distortion. R&M should note this.

R&M adds that Malaysia's visitor ministry forecasts 24mn arrivals. That would be a 1.5% increase, which indicates it is a politically-motivated target – enabling the ministry at year end to claim that it has surpassed its target.

*\*(Google tells us, because R&M does not, that BMI is Body-Mass-Index – how to calculate obesity. So we presume BMI's outlook is good?)*

## Club Med measures, first half

Item	2010	Growth,%	2009	Growth,%
Customers,x1000	560	-4.6	587	-6.2
Hoteldays sold,mn	3.52	-4.5	3.69	-6.5
Capacity,hoteldays mn	5.22	1.5	5.14	-6.8
Revenue,US\$mn*	816	-14.0	949	-3.6
Revenue per HD,US\$*	192	-0.1	192	3.3

Notes: \*Converted at US\$1 to €0.76. Source: company.



## ZERO

An occasional column/section/report  
on the travel business and the  
environment

### Green counts

Not only is Unesco (see below) open to criticism. The following is our scorecard on other greenish moves:

- **Palma to Implement [WTO] Energy Initiative**. That's the heading to describe an agreement by 25 hotels to assess their "current energy needs and prioritise investment in energy".

Earlier, the WTO praised Palma de Majorca's "commitment to environmentally-friendly tourism...when it became the first city to implement the [WTO's] Davos Declaration on Tourism and Climate Change". What did Palma do to deserve this praise? Because it "urged the tourism sector to adopt sustainable practices".

In theory, the hotel project (**HES**, Hotel Energy Solutions) is good. It aims to increase energy efficiency in hotels by 20% and the use of renewable energy by 10%. The HES e-toolkit will be free from 2011 for participating hotels.

Score: 6/10. *Would be higher but firstly, this is a proposal for Palma, not a result. And secondly, the WTO presents merely looking at the program as good for the environment – viz 'implement' in its heading.*

- **PATA** (Pacific Asia Travel Association) is saying too soon that its new agreement with **Earth Check** will result in the "greening of PATA members".

EC is giving PATA members a free carbon calculator and selling sustainability fact sheets, case studies, and reports. These explain carbon offsetting, "cost-effective ways" to decrease water and energy consumption, and the environmental benefits of reducing waste output.

Score: 5/10. *Mainly for effort, because this also is a proposal, and results are needed.*

- This month, **WTO** plans to issue a statement to the **ICAO** assembly on mitigation of greenhouse gas emissions. We will reserve final judgement, but so far the WTO has done nothing except say how bad and serious is the problem.

Also, WTO is in no position to advise the aviation sector of the travel business on greenhouse gases. WTO itself reckons aviation represents 2% of the 5% of emissions of the travel business. But aviation, through ICAO and IATA, has measurable targets on greenhouse gases. The WTO has not even got close to issuing targets for the other 3%.

Score: 2/10. *Mainly for talking about greenhouse gases, which is better than nothing.*

- **Park Inn Muscat** has been named a Green Globe "certified hotel" – but management has not responded to

our request to what has been done for the hotel to warrant this certification.

US-based GG is a private company that gives certification – but is sensitive to media coverage on its qualifying criteria. It has never responded to our queries. GG is partly owned by the WTTC (World Travel and Tourism Council).

PIM management exaggerates the award, noting the GG "seal of approval is recognized as representing the highest quality in sustainable practices" in travel.

Proving the exaggeration is management's comment that this year it plans to place "more focus on our environmental and social responsibilities". If certification is already "the highest" quality, how can the hotel go above that this year?

Score: 2/10.

### Heritage list in danger

Last month we argued that Unesco was wrong to take the Galapagos off the world-heritage danger list, and that the Ecuador government was being rewarded for saying the good things it planned to do – but not yet having done them.

The respected UK-based magazine, *The Economist*, appears to agree with us. The following is our edited version of its report – A Danger List In Danger – on the Galapagos and the threat to what is becoming an important travel marketing tool, Unesco's 915 world heritage sites.

"Unesco's recent clean bill of health for the Galapagos islands was greeted with dismay by many of the people who care passionately about the place.

"The decision to remove the islands from the list of 'world heritage sites in danger' – was only one of several signs that the UN agency is bending its own rules under pressure from member states. As Unesco is supposed to be an unprejudiced protector of the whole world's built and natural environment, such slipping standards are not merely of concern in remote Pacific islands.

"Since 1978, the 19 Galapagos islands (each with its own idiosyncratic ecosystem) have been recognised as a place of 'outstanding universal value' to humanity, and therefore placed on Unesco's list of world heritage sites. When Unesco expressed concern about the islands in 2007, Ecuador's president declared a state of environmental emergency and said he was ready to curb tourism. Action was needed because the islands' iguanas, tortoises, exotic birds are under threat from humans and creatures, from rodents to flies, which humans bring.

"But Unesco still put the Galapagos on its danger list that year. Recently, Ecuador has been lobbying to get the islands removed from the danger list. And this year, after a secret, contested vote during a Unesco

meeting in Brazil, the islands were indeed deemed to be out of danger. Yes, the government had done some helpful things, but it would be a disaster if Unesco's move suggested all was well.

"Not all the decisions taken at the same meeting disappointed environmentalists. A forest in Madagascar, where rosewood is being felled illegally, was declared in danger – despite the awkward fact that China is a big market for the timber, which takes a century to grow.

"And the US, in a widely praised move, got the Everglades Forest in Florida reinserted on the danger list; it had been removed in 2007. Other countries have declared their own sites in danger – including the port of Dubrovnik and the palaces of Angkor, a danger-listing attracted support for repair and conservation.

"But the danger listings, as well as listing sites in the first place, are getting infected by politics. At the Brazil meeting, 21 sites were added to the heritage list – even though expert advice indicated only 10 were eligible.

"China, for example, successfully nominated some wilderness in the south of the country, with subtropical forests and spectacular cliffs. Switzerland-based IUCN (International Union for Conservation of Nature) – which advises Unesco on natural sites – believed the bid was premature. Not enough has been done to define the area and plan its protection. But given that China had invested funds and prestige in the bid, a rejection would have been awkward.

"Two other proposals for world heritage sites were linked so closely with national pride that it would have been hard to turn them down. The first, a village near Riyadh where the Saudi royals originated, and the second, an imperial palace in Vietnam where a millennium celebration is due this year.

"For man-made sites, Unesco is advised by Icomos (International Council on Monuments and Sites). Icomos wants Unesco to ponder not just whether a site is nice or interesting, but whether it has been cared for, and will be in future.

"Meanwhile, Unesco's private competitors see the travails of the heritage list as symptomatic of wider problems. New York-based World Monuments Fund has a 'watch list', and a program of practical help with conservation, that carries no stigma. And the California-based Global Heritage Fund – which provides intensive, long-term help at some sites – says Unesco lacks the resources to monitor its ever-growing list of places, especially if they are vast bits of wilderness.

"Unesco could do one thing to enhance the credibility of its choice of sites and danger listings. Its annual world-heritage meetings, including votes and the expert testimony, should be open to the public."

May +14.4; Apr -1.5; Mar +6.4; Feb +17.0; Jan -1.5.

- Hong Kong visitor arrivals: 2010: Jul +31.9; Jun +43.5; May +38.9; Apr +14.6; Mar +14.4; Feb +32.5. *NTO*.
- India visitor arrivals: 2010: Jul +4.0; Jun +8.1; May +15.5; Apr +1.6; Mar +13.0; Feb +9.9. *WTO*.
- Indonesia visitor arrivals: 2010: Jun +11.4; May +15.0; Apr +14.1; Mar +16.2; Feb +24.1; Jan +4.2. *PATA*.
- Japan Airlines intl seat sales, total/transPacific/Southeast Asia: 2010: Jul -11.0 -0.4 -16.6; Jun +5.8 +19.0 -6.2; May +1.6 +15.9 -2.0; Apr -13.4 -8.1 -8.4.
- Japan citizen departures: 2010: Jul +10.7; Jun +38.5; May +21.8; Apr +0.9; Mar +10.2. *PATA*.
- Japan travel agencies, top-62 (sic) outbound sales: 2010: Jun +53.2; May NA; Apr +1.7; Mar +3.8. *TJI*.
- Japan visitor arrivals: 2010: Jul +38.9; Jun +59.7; May +48.5; Apr +25.9; Mar +24.8. *WTO*.
- Jet Airways seat sales: 2010: Jun +35.3; May +39.7; Apr +35.8.
- Jetstar Intl seat sales: 2010: Jun +29.5; May +48.5; Apr +78.7; Mar +81.2; Feb +91.4.
- Korea resident departures: 2010: Jul +22.8; Jun +36.4; May +38.8; Apr +27.4; Mar +35.3. *PATA*.
- Korea visitor arrivals: 2010: Jul +23.9; Jun +35.4; May +27.0; Apr +6.1; Mar +6.3; Feb -4.2. *PATA*.
- Kuala Lumpur airport passengers: 2010: Jun +22.7; May +24.5; Apr +21.3; Mar +27.0; Feb +37.4.
- Macau visitor arrivals: 2010: Jul +23.2; Jun +30.6; May +31.8; Apr +13.1; Mar +6.7. *NTO*.
- Malaysia Airlines seat sales: 2010: Jul +5.2; Jun +10.3; May +15.9; Apr +24.7; Mar +23.0.
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- Singapore airport passengers: 2010: Jul +15.9; Jun +18.6; May +21.6; Apr +12.6; Mar +18.8; Feb +21.5.
- Singapore visitor arrivals: 2010: Jul +24.1; Jun +26.7; May +30.3; Apr +20.4; Mar +17.4. *NTO*.
- Tahiti visitor arrivals: 2010: May -12.9; Apr -8.5; Mar -15.0. *PATA*.
- Taiwan resident departures: 2010: Jul +24.3; Jun +36.5; May +20.7; Apr +7.0; Mar +15.6; Feb +35.4. *PATA*.
- Thai Airways seat sales: 2010: Jun -5.1; May -15.2; Apr -9.2; Mar +4.7; Feb +13.3; Jan +16.2.
- Thailand visitor arrivals: 2010: Jul -6.6; Jun -1.1; May -12.9; Apr -0.2; Mar +17.9;

Feb +41.9. *PATA*.

- Tokyo Narita intl airport passengers: 2010: May +17.6; Apr +4.1; Mar +10.9; Feb +7.1; Jan +3.9.
- United Airlines RPKs, Pacific: 2010: Jul +4.7; Jun +8.5; May +16.1.
- US air international passengers: 2010: May +10.5; Apr -4.3; Mar +6.3. *gov*.
- US hotels occupancy: 2010: Aug +6.4; Jul +7.0; Jun +6.9. *Smith*.
- US hotel rooms planned: 2010: Aug -24.2; Jul -26.4; Jun -28.5. *Smith*.
- US resident departures: 2010: May +7.7; Apr -4.5; Mar +6.2. *PATA*.
- US travel agency sales: 2010: Aug +21.6; Jul +14.5; Jun +21.9. *ARC*.
- Vietnam visitor arrivals: 2010: Aug +35.9; Jul +51.1; Jun +34.6; May +19.9; Apr +41.6; Mar +56.0. *WTO*.

### Market Headlines

Full-year market results.  
(none)

### Main News

#### Corporate

Recent corporate developments – big or significant.

- Japan Airlines is selling 80% of its unsuccessful Nikko Hotels subsidiary to Hotel Okura for a reported US\$72mn.
- Thai Airways and Singapore Airlines-associate Tiger Airways plan a low-fare-airline Thai Tiger, due Q1 2011.

### Market

Recent market developments – big or significant.

- Selection of more almost-unbelievable single-month growths: outbound China +51% (our estimate); KUL-SHA +110%; AU-ID +39%; Asiana +51%; AAPA airlines 25%; CAN airport +40%; SIN airport +16%; AU ytd outbound +16%; KR ytd outbound +31%; JTB outbound +67%. And Bangkok hotel occupancy down 49%.

## CURRENT ISSUES

Main contents in current issues of other Travel Business Analyst newsletters and reports:

#### Travel Business Analyst, Europe:

- Cruise business.
- Club Med.
- Hotels first-half.
- Plus: Market Monitor; World Travel Industry Index; ZERO; Extracts from Net Value or People-in-Travel; Market Headlines; and 15 regular tables of market data.

#### Net Value:

- Make My Trip; PhoCusWright (AsPac; France/Germany/UK); others.
- Excerpts from the single-page **Net Value** report are included in the Asia Pacific and Europe editions of Travel Business Analyst.

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#### People-in-Travel:

- Kathleen Taylor; Horst Schulze; Tom Horton; others.
- Excerpts from the single-page **People-in-Travel** report are included in the Asia Pacific and Europe editions of Travel Business Analyst.

**People-in-Travel** is delivered only via email.

**Aviation. T1.** City-pair results. First-half for *Kuala Lumpur* (up 27%!) and *Sydney* (up 9%). **T2.** Country-pair results. First-half for *Australia* (up 10%), *France* (-3%), *Germany* (+3%), *UK* (-5%). **T3.** Airlines traffic. *Air New Zealand*, after supplying data for one year (2009) has retreated into obscurity; we cynically presume it will return when its traffic growth gets better. Singapore-based *Tiger* added in – in LFAs and ex/part-LFAs section. First-half for those whose data supplied us by AAPA (*All Nippon, Asiana, China, Eva, Garuda, Korean, Philippines, Royal Brunei, Silk, Vietnam*). Also for the *Qantas* group. For LFAs and ex/part-LFAs, first-half for the *Air Asia* group (+16%), *Jetstar* (*Australia* +4%, *Asia* +43% (our estimate)). **T4.** New annual financial results for *Qantas*. **T5.** Airline results by region. First-half for airline members associations of *Asia Pacific* (AAPA; seat sales +15%) and *Europe* (AEA; +0%). **T6.** Airport passenger traffic. First-half *all-Asia Pacific* (intl +16%), and those airports whose data is supplied to us by Airports Council International, which is most. Also first-half for *Australia's* main airports.

**Inbound. T8.** Visitor arrivals. First-half for *Bhutan, Cambodia, Cooks, Guam, Indonesia* (+14%), *Malaysia* (+5%) including *Sabah, Maldives* (+20%), *Marianas, Palau, PNG, Vanuatu, Vietnam*, courtesy PATA. **T9.** Running 12-month totals through first-half.

**Outbound. T10.** Running 12-month totals through first-half. **T11.** Outbound travel. First-half for *Singapore* (+10%), courtesy PATA.

**Hotels. T18.** YTD Asia Pacific occupancy up 6 points to 66%, but average rate up only US\$6 to US\$137.

**Others. T12.** *Travel stock indices and prices.* Index for World 25% below end-2000 prices. **T14.** Top-62 (yes) first-half up 5% – which is a giant increase in a market that has been counting declines for five years. **T15.** *Internet results for newly-quoted Make My Trip.* **T16.** Economic indicators in *Asia Pacific*: extraordinary growth for *Singapore*. **T17.** Economic indicators for market producers: *Germany* and *US* good, *Euroland* bad.

#### Foxtrots/Trottings (recent):

- Airline groups – Together we fail; Easyjet – Carolyn McCall takes over; Japan's outbound market – remember it?

#### ZERO (recent):

- Galapagos – Where is the WTO? Electricity flies.

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See back page for more offers.

# MARKET DATA

-Archive data from these tables accessible on a complimentary basis from [www.travelbusinessanalyst.com](http://www.travelbusinessanalyst.com)

-For a document showing how to get the best out of these tables, subscribers should email us, and separately mail a cheque for 'International Committee of the Red Cross' for a token amount in any currency to ICRC, 19 Ave de la Paix, CH-1202 Geneva, Switzerland.

## Special

### Hotel results in Europe

Hoteliers in Europe might be happy that occupancy levels in the first half increased, hiding the fact that almost all are still down on 2008. For rates the difference is greater.

For some, the fall from the boom times was greater. For Moscow, for instance, rates are still down 30% over 2008 – although they are arguably still high.

Rates compared with H1 2005 are still well ahead, however. From that perspective, the boom has brought benefits.

### Hotel results in Europe, first half

City	Growth, over 2008		Growth, over 2005	
	Occ, points	ARR, %	Occ, points	ARR, %
Amsterdam	-4.0	-16.8	-2.9	38.4
Berlin	-1.0	-4.3	4.9	40.6
Brussels	-4.3	-14.4	1.8	27.1
Frankfurt	-1.1	-1.7	-1.5	5.0
Istanbul	-1.7	-8.8	NA	NA
London	-0.4	-17.6	2.7	33.5
Moscow	-5.7	-29.7	-11.6	87.7
Paris	-0.6	-2.8	6.6	27.9
Rome	-5.2	-14.2	-8.8	-0.8
Warsaw	-3.7	-5.0	NA	NA

Notes: Occ = occupancy, ARR = average room rate, in local currency. Source: hotels to Travel Business Analyst.

## 1 Air passenger\* traffic to and from major Asia Pacific centres, x1000

From:	Kuala Lumpur				Sydney				Tokyo*					
	Jun	+/-, %	YTD	+/-, %	Jun	+/-, %	YTD	+/-, %	May	+/-, %	YTD	+/-, %		
To:	10		10		To:	10		10		To:	10		10	
Bangkok	93	-6	634	9	Auckland	92	2.7	700	9.1	China	1977	-7.3	9475	-11.1
Chennai	37	2	190	9	Bangkok	42	-5.3	278	-3.7	Hong Kong	707	5.5	3473	3.4
Hong Kong	108	60	592	35	Beijing	8	10.4	59	-10.3	Korea	1189	-6.7	5781	-4.4
Jakarta	124	9	649	10	Denpasar	20	-8.2	109	10.6	Taiwan	816	-1.2	3952	-5.7
London	49	10	273	32	Hong Kong	68	6.2	460	-1.2	Asia-other	2408	13.4	10935	3.2
Los Angeles	3	-15	15	-22	Kuala Lumpur	21	11.2	129	10.8	Guam	749	9.2	3623	10.7
Shanghai	35	110	179	51	London	38	-8.8	199	-19.9	Pacific	2812	2.0	13298	0.6
Singapore	245	9	1354	21	Los Angeles	76	32.3	426	43.4	Oceania	449	0.7	2227	-1.7
Sydney	22	13	135	12	Singapore	86	10.1	527	8.0	Europe	1524	3.0	6857	-1.0
Tokyo	26	29	171	29	Tokyo	23	26.2	157	6.2					
<b>TOTAL</b>	<b>1952</b>	<b>23</b>	<b>11054</b>	<b>26</b>	<b>TOTAL</b>	<b>864</b>	<b>12.4</b>	<b>5477</b>	<b>9.1</b>	<b>TOTAL</b>	<b>12899</b>	<b>1.6</b>	<b>60929</b>	<b>-0.9</b>

Notes: See Master Notes, this page. Routes are selected; may not be largest. \*Flights from Tokyo Narita (and actual numbers, not 1000s); double for approximate city-pair total. Source: Malaysia Airports Holdings, Civil Aviation Authority of Singapore, Department of Transport and Communications (Australia), Travel Journal International.

## 2 Air passengers to and from Asia Pacific, x1000

From	Australia			France*			Germany			UK			US		
	Jun 10	YTD	+/-, %	Jun 10	YTD	+/-, %	Jun 10	YTD	+/-, %	Jun 10	YTD	+/-, %	May 10	YTD	+/-, %
To	+/-, %	10	%	+/-, %	10	%	+/-, %	10	%	+/-, %	10	%	+/-, %	10	%
Australia	na	na	na	na	na	na	-7.4	50	-9.4	-1.4	491	-6.8	19.9	788	27.8
China	48.2	407	21.4	25.6	512	9.8	19.0	762	7.1	24.8	270	7.9	33.5	946	24.6
Hong Kong	5.3	1009	-0.1	-7.3	272	-15.4	12.7	299	-7.7	-12.9	666	-14.1	15.3	900	5.9
India	26.8	6	-71.7	13.2	248	-7.5	7.2	700	7.3	4.0	1162	-9.1	-9.9	323	-13.6
Indonesia	38.5	731	45.4	na	na	na	-27.8	14	-19.9	na	na	na	na	na	na
Japan	21.7	478	2.5	-1.8	481	-14.4	29.9	488	10.9	5.2	319	-10.4	19.6	4344	8.8
Korea	21.4	249	12.5	8.1	213	9.8	8.0	280	2.9	20.2	142	16.8	21.6	1531	21.7
Malaysia	34.9	830	33.7	34.3	68	19.8	22.6	63	26.1	10.1	272	31.4	-59.2	8	-50.4
New Zealand	-5.8	2612	2.6	na	na	na	na	na	na	-9.4	175	-11.9	-4.3	249	-7.7
Philippines	6.1	112	1.9	na	na	na	na	na	na	na	na	na	17.0	376	1.9
Singapore	8.0	1940	4.6	7.1	230	9.6	12.8	375	6.8	-9.0	525	-12.2	-14.2	106	4.1
Taiwan	-17.9	117	-12.3	2.8	39	23.1	5.7	49	-16.6	45.9	69	12.3	8.4	814	12.0
Thailand	6.3	666	7.8	-10.4	210	2.4	2.0	565	1.3	3.9	305	7.0	64.8	51	56.6
<b>TOTAL</b>	<b>14.1</b>	<b>12674</b>	<b>10.6</b>	<b>3.6</b>	<b>32643</b>	<b>-2.7</b>	<b>6.1</b>	<b>63312</b>	<b>2.7</b>	<b>0.4</b>	<b>77790</b>	<b>-4.8</b>	<b>10.5</b>	<b>51350</b>	<b>4.2</b>

Notes: \*Paris airports only; total is May and Jan-May. †Over same period, year earlier. Source: Department of Transport and Communications (Australia), Aeroports de Paris (France), Statistisches Bundesamt (Germany), Civil Aviation Authority (UK), US Department of Commerce (US). Contacts: Germany – fax (49-0611)-724000, luft-verkehr@destatis.de, www.statistik-bund.de; US (for International Trade Administration, Tourism Industries), www.tinet.

Master Notes: Exchange rates (start of previous month) – US\$1 to A\$1.09, Y6.79, HK\$7.77, IRp46.7, ¥83.9, W1173, MR3.11, NZ\$1.38, S\$1.34, NT\$32.0, Bt31.0. AL = Airlines, ASK = available seat kilometre, AW = Airways, BI = Royal Brunei AL, BR = Eva AW, CI = China AL, CN = China, CX = Cathay Pacific AW, E = TBA estimate, GA = Garuda, HK = Hong Kong, ID = Indonesia, IN = India, J-D = Jan-Dec, JL = Japan AL, JP = Japan, KE = Korean Air, KR = Korea, LF = load factor, MH = Malaysia AL, MI = Silk Air, MY = Malaysia, NA = not available, na = not applicable/nil, NH = All Nippon AW, NZ = New Zealand, OZ = Asiana, P = provisional, Pax = passenger, PH = Philippines, PR = Philippine AL, RPK = revenue passenger kilometre, Q = quarter (of year), QF = Qantas AW, SF = seat factor, SG = Singapore, SQ = Singapore AL, SS = seats sold, TG = Thai AW, TH = Thailand, TW = Taiwan, VN = Vietnam AL, YTD = year-to-date.



# MARKET DATA

## 3 Traffic on selected Asia Pacific airlines, 2009/10

Regular airlines -Systemwide	Mth	Mth		YTD					
		SS +/-,%	RPK +/-,%	SS 1000	+/- %	ASK mn	+/- %	RPK mn	+/- %
All Nippon AW	Jun	32.2	19.8	2188	21.5	12559	-3.2	9892	15.6
Asiana	Jun	41.1	31.0	4834	28.0	17035	8.9	13332	25.5
Cathay Pacific AW*	Aug	9.7	7.6	17862	10.1	75797	1.9	64073	7.9
China AL	Jun	36.1	17.6	5544	19.9	19718	-2.5	15959	7.6
China Southern AL	Aug	16.8	21.5	50994	17.1	93558	16.1	73932	21.9
Eva Air	Jun	25.4	22.7	3294	16.7	15013	4.1	12284	14.7
Garuda	Jun	24.8	24.3	1163	9.4	6533	12.2	4359	11.3
Japan AL	Jul	-10.2	-10.3	22259	-5.6	56815	-15.2	39041	-5.5
Jet AW	Jun	35.3	34.3	6791	32.4	15929	16.6	12617	27.4
Korean Air	Jun	23.3	13.6	7014	15.5	36201	0.0	27763	14.0
Malaysia AL	Jul	5.2	6.1	7523	17.5	28263	1.3	21217	20.2
Philippine AL	Jun	26.4	32.9	1950	9.8	10489	7.7	8287	13.6
Qantas AW*	Jun	9.7	6.1	20388	8.5	62242	2.5	49233	2.0
Royal Brunei AL	Jun	24.4	34.2	613	8.8	2906	7.6	2051	13.8
Silk Air	Jun	20.0	20.3	1294	29.7	2407	14.7	1838	24.7
Singapore AL	Jul	1.2	4.1	9541	4.2	61115	-2.3	48596	7.3
Thai AW	Jun	-5.1	8.0	8918	1.4	37018	6.8	27029	9.4
Vietnam AL	Jun	57.7	51.4	1956	26.4	7810	15.0	5986	27.3
Vietnam AL	Apr	28.5	24.6	1336	19.0	5090	10.1	4071	21.0
<b>-International</b>									
China Southern AL	Aug	32.5	34.4	3396	36.6	13303	29.0	10071	47.6
Japan AL	Jul	-11.0	-11.6	5790	-6.8	34388	-19.7	25602	-6.4
Jet AW	Jun	30.8	29.9	1751	9.8	8753	-3.5	7105	3.2
Jetstar	Jun	29.5	16.0	1938	65.4	7191	18.4	5506	24.7
Malaysia AL	Jul	10.5	6.3	4730	25.0	25113	0.2	19059	20.7
Qantas AW*	Jun	-1.4	1.1	2893	-14.6	30007	-5.7	24245	-7.0
Thai AW	Jun	9.7	11.1	6204	9.8	34842	7.7	25442	11.2
Virgin Blue	Jul	21.8	49.4	1737	21.6	8197	61.4	6279	79.5

### Low-fare-airlines

-Systemwide	Period	SS,x 1000	Growth, %	Period	SS,x 1000	Growth, %	Period	SS,x 1000	Growth, %
Air Asia-all	Jan-Jun	12139	15.7	Apr-Jun	6079	10.6	Jan-Mar	6060	21.3
Air Asia Xt†	Jan-Dec	10336	NA	Q4	3817	33	Q3	2880	32
Jetstar,AU	Jan-Jun	4067	3.6	Jun	654	5.3	May	617	-1.1
Jetstar Asia	Jan-Jun	1242	42.9-E	Jun	226	33.7	May	221	47.3
Tiger AW,Asia	Jan-Jul	3377	48.0	Jul	523	42.1	Jun	508	38.4
Virgin Blue,AU	Jan-Jul	9197	1.4	Jul	1353	4.7	Jun	1244	6.0

Notes: See Master Notes, page 6. pts = points. Air Asia issues varying data; shown are our estimates. 'Periods' are standard (ie Q1 is Jan-Mar), not airline's. \*Includes in previous periods, Dragonair with Cathay. †Growth is compared with previous period. Virgin is booked loads, including free passengers; Jetstar paid travelled passengers only (add 4-5 points for others); Air Asia does not specify. Source: companies, Association of Asia Pacific Airlines.

## 4 Airline financial results, US\$\*

Item	NH Y-Mar 10	CX Y-Dec 09	CZ Y-Dec 09	KE Y-Dec 09	QF Y-Jun 10	SQ Y-Mar 10
Revenue,mn	12283	8587	8024	8313	12635	8704
Op Profit,mn	-543	574	-80	1251	232	43
<b>Revenue per</b>						
ASK,USc*	14.7	7.72	6.5	11.2	10.1	8.2
RPK,USc*	22.1	9.60	8.6	16.0	12.5	10.5
Pax,US\$*	276	350	121	649	305	528
<b>Profit per</b>						
ASK,USc*	-0.65	0.52	-0.07	1.69	0.19	0.04
RPK,USc*	-0.98	0.64	-0.09	2.41	0.23	0.05
Pax,US\$*	-12.2	23.4	-1.21	97.7	5.6	2.6

Notes: See Master Notes, page 6. Although these figures show indicative comparisons between airlines, they do not provide precise comparisons because of different definitions. Op = Operating, USc = US cents, Y = year. \*See Master Notes for approximate conversion rate. Source: companies.

## 5 Operating results of airline groups in Asia Pacific, US, and Europe

Item	Asia Pacific,AAPA				US,BTS		Europe,AEA	
	Jun 10	+/- %	YTD 10	+/- %	Jan- May 10	+/- %	Jan- Jun 10	+/- %
SS,mn	15.0	24.7	89.3	15.1	37.1	3.9	115.3	0.2
ASKs,bn	73.4	7.7	434.1	2.3	197.7	-2.2	437.6	-3.4
RPKs,bn	58.1	20.0	339.3	12.4	154.2	3.6	336.0	0.7
Pax LF,%	79.2	8.1	78.2	9.8	78.0	4.4	76.8	3.2

Notes: See Master Notes, page 6. \*Points. Source: Association of European Airlines, Bureau of Transportation Statistics, Association Of Asia Pacific Airlines.

## 6 Asia Pacific international airport passengers, 2009/10

City	Month*	Number	Growth %	Jan thru month shown	Growth %
Auckland	Jun†	480,825	6.7	3,273,440	0.6
Bali	Jun†	460,768	27.4	2,409,744	18.7
Bangkok	Dec	2,948,193	67.9	28,836,442	-4.2
	Jun†	1,958,409	0.0	15,110,851	10.2
Beijing	Dec	954,017	17.1	11,758,934	-5.9
	Jun†	1,195,767	34.8	6,608,609	24.0
Brisbane	Jun†	350,412	8.1	1,988,527	1.7
Chennai	Jun†	363,907	12.4	2,022,171	14.0
Colombo	Jun†	404,140	27.1	2,473,743	26.3
Delhi	Jun†	703,706	12.6	4,200,370	8.9
Guangzhou	Jun†	396,601	40.2	2,432,104	31.6
Hong Kong	Dec	4,178,000	3.4	46,133,000	-5.1
	Jul†	4,730,000	17.5	29,215,000	10.6
Jakarta	Jun†	856,797	28.0	4,442,080	31.5
Kuala Lumpur	Jun†	1,952,251	22.7	11,054,168	26.2
Macau	Jun†	326,724	10.1	2,081,028	1.0
Male	Jun†	127,252	12.8	980,745	18.9
Manila	Jun†	1,043,889	18.9	6,400,628	11.1
Melbourne	Jun†	466,188	17.5	2,764,575	14.1
Mumbai	Dec	783,568	15.1	7,628,771	-2.7
	Jun†	715,301	15.9	4,164,957	13.1
Noumea	Jun†	32,341	-4.5	225,835	1.6
Osaka KIX	May†	816,982	26.1	4,272,987	11.6
Papeete	Jun†	39,000	-10.5	223,844	-7.0
Perth	Jun†	258,775	21.4	1,495,703	16.1
Phnom Penh	Jun†	109,366	12.3	744,445	8.9
Phuket	Jun†	182,831	46.1	1,685,951	49.7
Seoul	Jun†	2,877,833	28.5	17,354,856	19.6
Shanghai	Dec	958,746	17.1	11,600,405	-3.2
	Jun†	1,287,471	53.9	7,070,461	32.4
Singapore	Dec	3,832,328	9.7	37,203,978	-1.0
	Jul†	3,673,387	15.9	23,908,851	16.9
Sydney	Dec†	961,587	-2.1	10,509,893	1.3
	Jun†	863,926	12.5	5,476,764	9.1
Taipei	Jun†	1,957,658	39.6	11,400,364	23.6
Tokyo Narita	Dec-E	2,583,514	3.6	30,893,031	-4.6
	May†	2,667,468	17.6	13,267,847	8.6
ASIA PACIFIC-A	Dec	96,227,773	13.2	1,065,908,197	4.2
	Jun†	97,260,873	17.3	571,229,603	12.8
Intl	Dec	36,622,507	14.6	379,985,404	-1.5
	Jun†	35,257,911	24.2	208,622,652	16.1

Notes: See Master Notes, page 6. \*2009 unless stated otherwise. †2008. †2010. A = Domestic and international; data as supplied. Source: civil aviation departments, airports, Airports Council International.

# MARKET DATA

## 7 Standardisation of visitor arrival measurements

Destination	Ratio*	Destination	Ratio*
Australia	99	Malaysia†	24
China	14	New Zealand	99
Hong Kong	33	Philippines	98
India	65	Singapore	70
Indonesia	61	Taiwan	98
Japan	98	Thailand	83
Korea	84	Vietnam	60

Notes: \*Air arrivals as share of total arrivals. †Excludes Sabah and Sarawak. Source: Travel Business Analyst.

## 8 Visitor arrivals in Asia Pacific destinations

### International arrivals

Destination	Months*	Arrivals	Growth %	Stay days‡	PVPD US\$-A
Australia	Dec	5,584,342	0.0	30.0	150.60
	Jul‡	3,269,613	5.1	30.0	150.60
Bhutan	Jun‡	11,313	8.4	8.0	200.00
Cambodia	Jun‡	1,155,067	13.2	6.5	95.00
	China foreigners	Dec	21,937,400	-9.8	7.0
	Jul‡	14,814,300	22.3	7.0	100E
Cook Islands	Jun‡	42,987	-3.7	10.5	115.84
Fiji	May‡	216,525	22.3	8.7	124.58
Guam	Jun‡	578,568	14.5	3.1	302.93
Hawaii	Dec	6,419,138	-4.2	9.19	179.88
	Jul‡	4,027,731	6.5	9.19	179.88
Hong Kong	Dec	10,962,534	-8.2	3.28	200.10
	Jul‡	7,085,620	17.4	3.28	200.10
India	Dec	5,108,579	-3.3	16.0	92.68
	Jul‡	3,085,000	9.8	16.0	92.68
Indonesia	Jun‡	3,379,784	14.0	9.09	107.70
	Japan	Dec	6,789,952	-18.7	7.2
	Jul‡	5,081,855	36.4	6.5	160.42
Korea	Dec	7,817,533	13.4	6.9	163
	Jul‡	4,911,085	11.6	6.9	163
Lao	Mar‡	581,490	12.4	4.5	23.03
Macau	Jul‡	14,391,515	18.7	1.36	181.80
Malaysia	Dec	23,646,191	7.2	6.2	105.67
	Jun‡	11,868,103	4.6	6.2	105.67
Maldives	Jun‡	382,632	20.1	8.5	56.00
Marianas	Jun‡	191,418	5.6	3.52	100.00E
Mongolia	Mar‡	83,506	77.2	NA	NA
Myanmar	Jul‡	169,756	34.0	7.0	70.00
Nepal	Aug‡	260,072	19.7	9.1	14.09
New Caledonia	Jul‡	49,441	-12.0	19.1	87.09
New Zealand	Jul‡	1,425,797	3.6	20.22	115.33
Pakistan	Dec	854,905	3.9	25.0	13.20
Palau	Jun‡	38,413	5.5	E4	NA
PNG	Jun‡	65,119	18.2	17.3	28.24
Philippines	Dec	3,017,099	-3.9	11.94	82.96
	Singapore	Dec	9,703,174	-3.7	4.6
	Jul‡	6,624,506	22.8	4.6	161.07
Sri Lanka	Jul‡	341,991	48.7	10.0	79.10
Tahiti	May‡	51,089	-10.8	13.21	150.88
Taiwan	Jul‡	3,160,102	28.5	6.52	180.52
	Thailand	Dec	14,090,000	-3.4	9.19
	Jul‡	8,815,108	14.4	9.19	119.38

### International arrivals

Destination	Months*	Arrivals	Growth %	Stay days‡	PVPD US\$-A
Tonga	Mar‡	8,440	-8.6	5.0	56.87
Vanuatu	Jun‡	108,666	-8.3	9.7	146.17
Vietnam	Aug‡	3,348,456	36.3	9.6	64.04
Asia Pacific	latest-E	174,851,843	11.7	NA	NA

### International arrivals

City/region	Period	Number	Growth,%	Source	Comment
Bali	Jan-Jul 10	1,393,806	12.2	PATA	direct arrivals
Sabah	Jan-Jun 10	372,672	23.5	PATA	direct arrivals
Sarawak	Jan-Apr 10	593,295	-13.2	PATA	direct arrivals

### Domestic arrivals

Destination	Period	Number,m	Growth,%	Source	Comment
Australia	2007	73.8	0.3	PATA	spend A\$55b
China	2007	1600.0	14.8	PATA	spend Y623b '06
India	2006	461.2	18.1	PATA	(none)
Indonesia	2007	219.8	1.5	PATA	spend \$87b
New Zealand	2006	44.9	1.9	PATA	spend NZ\$7b
Taiwan	2006	107.5	16.1	PATA	spend \$6b
Thailand	2007	83.2	2.1	PATA	spend B380b

Notes: See Master Notes, page 6. \*2009 unless stated otherwise. †2008. ‡2010. E = Indicative selected totals only; approx Jan-Jun/Jul data; % growth has more validity than total; criteria varies. Source: national tourist offices, PATA.

Notes: See Master Notes, page 6. Latest figures; may not tally with period. PVPD-per visitor per day. \*Figure for period as shown. †In nights for Australia, Bangladesh, Guam, Hong Kong, Korea, Macau, Maldives, Philippines, Sri Lanka, Switzerland, Taiwan and UK. A = Converted at current rates. Source: national tourist offices, PATA, WTO.

## 9 Running 12-month total visitor arrivals, x1000

12 mths through	CN	+/- %	HK	+/- %	SG	+/- %	TH	+/- %
Dec 90	1,747	19.6	5,933	10.7	5,313	10.0	5,299	10.2
Dec 00	10,160	20.5	8,824	19.4	7,686	10.5	9,579	10.7
Dec 05	20,255	19.6	10,308	13.5	8,933	7.3	11,567	-1.4
Jun 10	24,282	10.9	11,856	6.9	10,721	12.8	14,991	14.8

Notes: See Master Notes, page 6. Source: NTOs, Travel Business Analyst.

## 10 Running 12-month total citizen departures, x1000

12 mths through	CN†	+/- %	JP	+/- %	KR	+/- %	TW	+/- %
Dec 90	620	24.0	10,997	13.8	1,561	28.7	2,942	39.6
Dec 00	10,473	13.4	17,812	8.9	5,508	27.0	7,329	11.7
Dec 05	31,067	9.0	17,401	3.5	10,078	14.2	8,208	5.5
Jun 10	53,855	20.1	16,214	6.5	10,956	10.7	8,912	11.8

Notes: See Master Notes, page 6. †Estimates by Travel Business Analyst for 2010 data. Source: NTOs, Travel Business Analyst.



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## 11 Overseas travel by Asia Pacific residents

Market	Jan* thru:	Departures	Growth,%	Source	Spend,US\$mnn*
Australia	Dec	6,284,900	8.2	PATA	14,200
	Jul†	3,866,500	16.1	PATA	18,400
China	Dec	45,430,609	1.1	TBA-E	29,800
	Jun‡	26,971,837	29.8	TBA-E	36,200
Hong Kong	Dec	74,653,382	0.0	PATA	15,100
	Jul‡	48,964,115	3.7	PATA	16,100
India	Dec 07	9,783,232	17.3	PATA	9,600
Indonesia	Dec 07	4,594,582	-8.8	PATA	5,400
Japan-B	Dec	15,448,294	-3.4	NTO	26,500
	Jul‡	9,318,649	10.8	NTO	27,900
Korea-B	Dec	9,494,111	-20.9	NTO	20,900
	Jul‡	7,157,588	30.9	NTO	19,100
Macau	Mar‡	152,271	11.4	PATA	71
Malaysia	Dec 03	32,200,550	7.8	PATA	6,700
New Zealand	Jul‡	1,088,748	5.8	PATA	3,000
Philippines	Dec 06	2,745,191	29.1	PATA	632
Singapore-D	Jun‡	3,510,161	10.2	PATA	14,200
Taiwan-B	Dec	8,142,946	-3.8	NTO	9,100
	Jul‡	5,593,199	20.8	NTO	9,100
Thailand	Jun†	2,176,465	10.1	PATA	5,000
Asia Pacific	latest-E	78,501,214	6.9	various	NA

Notes: See Master Notes, page 6. \*2009 unless stated otherwise. †2008. ‡2010. A = Excludes travel to China and Macau. B = Citizens. D = Excludes departures by land. E = Indicative selected totals only; approx Jan-Jun/Jul data; % growth has more validity than total; criteria varies. Source: NTO-national tourist office, Ot-Other, PATA-Pacific Asia Travel Association.

Notes: \*Quoted in US dollars for latest whole year; may not match period in other columns. Source: World Tourism Organization.

## 12 Stock market last-day airline and hotel closing prices

Airline/ Hotel	Price, local currency			Indices‡		
	Aug 10	Growth†,%	stock market	TBA 100 index*	AL/HO All	Region August 2010
Air China	8.30	-6.8	-0.8	277	241	Asia Pacific 104
Air NZ	1.30	17.1	1.6	1	1	
All Nppn AW	308	5.1	-5.0	79	69	
Cathay P AW	19.8	14.6	-0.8	138	120	
China AL	20.6	19.8	-0.5	105	92	Europe 73
Japan AL	NA	NA	-5.0	NA	NA	
Malysn AL	2.22	4.2	5.8	62	54	
Qantas AW	2.53	2.4	0.9	71	62	
Singpre AL	15.6	-0.1	0.0	91	79	World 75
Thai AW	39.0	13.0	7.6	122	106	
Mndrn-Orntl	1.40	-2.1	0.0	na	na	
Shangri-La	17.0	8.0	-0.8	201	176	

Notes: See Master Notes, page 6. \*100 base on Dec 00 prices except Dec 04 for CA. †Latest month over month earlier. ‡Base is last trading day in December 2006; \*World' comprises Asia Pacific (10 stocks), Europe(12), US (8). Source: various.

## 13 IATA travel agencies in Asia Pacific, 2008

Country	Locations	Growth %	Net sales US\$mnn*	Growth %	Per agency US\$mnn*	Growth %
Australia†	1,852	-0.2	10,073	6.0	5.44	6.3
China	4,335	2.4	17,459	14.7	4.03	12.0
Hong Kong	237	-5.6	3,013	4.4	12.71	10.5
India	2,605	0.0	6,908	9.1	2.65	9.1
Indonesia	474	0.0	1,483	14.5	3.13	14.5
Japan	942	-0.2	17,753	10.8	18.85	11.0
Korea	835	-8.0	5,458	-9.1	6.54	-1.2
Malaysia	641	-3.0	1,727	1.4	2.69	4.6
New Zealand†	549	-1.8	1,735	-2.9	3.16	-1.2
Philippines	248	0.0	1,074	11.0	4.33	11.0
Singapore	197	-12.1	3,004	14.4	15.25	30.1
Taiwan	380	-7.5	2,242	10.1	5.90	19.0
Thailand†	409	0.2	1,517	2.1	3.71	1.8
Asia Pacific	13,704	-0.6	73,446	8.2	5.36	32.8
US‡	17,673	-3.2	79,566	-0.4	4.50	20.2
Europe	28,934	-8.7	96,316	10.6	3.33	43.5
World	60,311	-5.4	249,328	6.2	4.13	32.4

Notes: IATA = International Air Transport Association. \*Quoted in US\$. †Includes, in order as shown: Kiribati, Fiji, Cambodia. Source: IATA Billing & Settlement Plan, ‡Airlines Reporting Corporation.

## 14 International outbound sales of leading outbound travel agencies in Japan, US\$mnn\*

Agency	May 10	+/-†,%	Jun 10	+/-†,%	YTD 10	+/-†,%
JTB	279	-8.5	385	67.0	1794	1.3
HIS	197	-4.0	247	44.1	1472	1.7
Hankyu	201	-0.5	305	55.6	1261	9.0
KNT	106	1.8	153	52.1	760	9.0
NTA	86	10.4	132	67.5	614	19.1
Jalpak	56	-4.6	63	49.6	356	1.9
NEC	45	3.4	63	27.3	345	7.0
Club Tourism	46	9.1	63	70.8	268	19.3
Travel Plaza	21	-20.1	35	15.6	185	-15.1
Nissin	25	3.8	34	30.8	178	8.1
<b>Top 62</b>	<b>1569</b>	<b>-2.9</b>	<b>2215</b>	<b>53.2</b>	<b>11049</b>	<b>4.8</b>

Notes: Data for Mar and May 10 and thus YTD are recalculations from earlier data, but lead to some distortions and may be marked 'NA' until more data becomes available. JTB = (originally Japan Travel Bureau; all 14 companies), HIS = (originally Hideo's International Services), KNT = Kinki Nippon Tourist, NEC = Nippon Express Company, NTA = Nippon Travel Agency. \*Converted at US\$1 to ¥85. †Over same period, year earlier. Source: Travel Journal International.

## 15 Internet bookings/sales of selected companies/markets

Company	Item	Period	Number	Previous	Source
Pegasus ADS bookings	hotel	growth,Eur Ja-May	15%	14%	company
Make My Trip: Transactions	mn	Yr-Mar 10	3.5	2.5	company
Air	mn	Yr-Mar 10	1.8	1.3	company
Hotel & packages	mn	Yr-Mar 10	0.1	0.1	company
Net revenue	US\$mnn	Yr-Mar 10	83.6	68.6	company
Air	US\$mnn	Yr-Mar 10	32.1	19.2	company
Hotel & packages	US\$mnn	Yr-Mar 10	50.3	48.6	company

Notes: See Master Notes, page 6, and Net Value. All \$s are US\$. Source: various.

## 16 Economic indicators of major countries in Asia Pacific

Country	Forecast GDP growth*†,%		Actual GDP growth*,%	GDP per person,US\$	Inflation period	Growth*,%
	2010	2011				
Australia	3.1	3.4	Q1: 2.7	52,290	Q2: 3.1	
China	9.9	8.4	Q2: 10.3	4,170	Jul: 3.3	
Hong Kong	5.5	4.4	Q1: 8.2	30,720	Jun: 2.8	
India	8.0	8.1	Q2: 8.8	1,240	Jul: 11.3	
Indonesia	5.6	5.9	Q1: 5.7	2,440	Jun: 5.0	
Japan	2.8	1.4	Q2: 2.0	40,440	Jul: -0.9	
Korea	5.9	4.0	Q2: 7.2	17,810	Jun: 2.6	
Malaysia	6.8	4.0	Q2: 8.9	7,630	Jul: 1.9	
Pakistan	4.4	4.1	'09: 2.0	910	Jun: 12.7	
Singapore	12.3	4.3	Q2: 18.8	35,630	Jul: 3.1	
Taiwan	7.6	4.3	Q1: 13.3	16,430	Jun: 1.2	
Thailand	4.1	4.1	Q2: 9.1	4,060	Aug: 3.3	

Notes: See Master Notes, page 6. GDP = gross domestic product. \*Over period year earlier. †Official and other estimates. Source: The Economist.

## 17 Economic indicators of major visitor-producing countries for Asia, 2009

Country	GNP/GDP	Retail sales	Consumer prices	Wages/earnings
Australia	2.7 Q1	1.3 Q1	3.1 Q2	3.8 Q1
Germany	4.1 Q2	0.8 Jul	0.0 Aug	2.7 Jun
Japan	2.0 Q2	4.2 Jun	-2.2 Jul	-5.6 Jul
UK	1.6 Q2	0.6 Jun	1.8 Jun	2.3 May
US	3.0 Q2	4.2 Jul	-2.1 Jul	2.7 Aug
Euroland	1.7 Q2	1.1 Jul	-0.2 Aug	3.4 Q1

Notes: All figures are percentage changes, compared with one year earlier. Source: The Economist.

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## 18 Hotelt measures in Asia Pacific, July

Location	Occupancy, %				Average room rate, local				Revpar, US\$*				
	2010		2009		2010		2009		2010		2009		
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD		
Bali-all	86.7	67.9	82.2	69.3	1179365	176.05	124.93	140.20	114.93	152.59	84.87	115.30	79.62
U-4	90.2	69.6	83.9	73.7	789555	129.09	83.64	101.15	83.65	116.42	58.23	84.84	61.64
5-star	84.7	66.7	81.8	65.1	1502371	203.43	159.14	174.75	155.61	172.40	106.18	142.86	101.27
Bangalore	61.6	53.7	62.2	59.4	9125	179.13	196.79	205.47	235.46	110.28	105.59	127.78	139.79
Bangkok-all	45.5	47.0	48.4	48.6	3647	96.28	110.90	102.40	111.28	43.85	52.17	49.54	54.05
L-4	45.6	48.8	43.2	48.2	1982	57.29	60.28	60.33	62.41	26.11	29.42	26.08	30.08
U-4	44.1	50.2	52.5	51.5	2955	82.17	89.85	79.11	85.48	36.26	45.08	41.51	44.06
Beijing-all†	62.9	57.5	56.1	50.5	703	87.87	103.15	102.48	116.50	55.29	59.30	57.50	58.82
L-4	73.6	65.6	64.6	56.8	438	63.32	64.17	65.52	74.63	46.60	42.12	42.32	42.40
U-4	54.5	54.2	52.6	51.1	734	104.62	107.62	98.67	107.73	57.07	58.29	51.86	55.09
Colombo	74.3	58.0	71.0	41.2	10045	107.3	88.14	64.78	67.36	79.7	51.08	45.99	27.78
Delhi†	60.0	68.7	59.3	63.6	9085	165.33	195.93	167.67	203.49	99.22	134.52	99.39	129.48
Fiji	80.7	56.4	72.7	47.8	197	120.52	101.32	99.32	96.26	97.30	57.14	72.23	46.04
Goa	55.7	69.6	46.5	61.7	8148	111.97	175.74	108.16	149.12	62.34	122.27	50.26	92.06
Guangzhou	61.3	55.9	48.3	50.1	647	65.44	94.88	78.95	90.36	40.13	53.05	38.16	45.23
Hanoi	53.7	55.6	42.0	50.1	2427203	121.19	128.56	121.94	131.51	65.13	71.51	51.26	65.83
Ho Chi Minh City	56.1	56.9	35.3	41.7	2211413	115.50	117.13	129.86	139.32	64.84	66.65	45.84	58.12
Hong Kong-all	83.0	77.2	69.2	70.5	1425	159.21	183.41	160.93	165.62	132.10	141.63	111.37	116.68
L-4	87.2	85.3	80.6	77.8	1145	133.06	147.39	109.51	117.47	116.08	125.74	88.23	91.36
U-4	84.0	76.1	68.6	69.7	1321	157.05	170.02	149.77	165.76	131.87	129.42	102.79	115.59
Jakarta-all	72.5	60.4	57.9	60.1	809108	84.52	85.71	82.85	81.67	61.28	51.76	48.00	49.09
U-4	76.0	63.9	68.6	64.6	501481	58.42	53.12	48.21	48.53	44.41	33.94	33.07	31.33
Kuala Lumpur-all	87.3	64.7	70.3	58.2	370	120.32	111.65	103.09	104.86	105.05	72.24	72.51	61.07
L-4	81.9	72.9	73.9	57.2	214	69.09	64.68	60.64	62.36	56.58	47.14	44.83	35.70
Macau-all	83.7	82.8	74.5	71.6	1498	173.2	183.06	158.24	172.93	145.1	151.56	117.91	123.78
U-4	84.2	82.8	71.1	72.2	831	94.9	101.50	48.59	92.25	80.0	84.04	34.53	66.60
casino hotels	83.6	82.8	75.4	71.4	1670	193.3	204.11	184.50	193.82	161.6	168.97	139.10	138.42
Maldives-all	63.4	59.7	NA	NA	7190	348.66	554.29	NA	NA	221.19	331.00	NA	NA
U-4	62.4	59.1	NA	NA	4792	276.80	369.44	NA	NA	172.83	218.44	NA	NA
5-star	64.7	60.4	51.8	58.6	9987	434.86	769.96	750.94	1161.30	281.27	465.20	388.99	680.19
Manila†	67.4	67.1	64.5	67.9	4612	95.98	100.42	98.92	103.65	64.65	67.35	63.80	70.41
Melbourne-all†	81.3	74.2	71.0	71.2	203	169.67	171.62	158.79	153.79	137.86	127.40	112.67	109.53
L-4	80.2	77.6	71.9	73.1	166	148.59	140.66	135.11	123.27	119.11	109.21	97.13	90.09
Mumbai†	45.2	65.3	53.8	62.7	8446	177.62	182.16	170.53	193.41	80.28	118.96	91.80	121.18
Pattaya	67.1	64.3	51.2	60.2	2625	72.81	79.81	43.27	68.55	48.83	51.29	22.14	41.27
Penang	74.8	50.0	74.5	56.0	263	112.28	79.46	90.24	79.72	83.96	39.71	67.20	44.68
Phuket-all	58.5	64.3	60.4	59.9	4268	92.94	129.77	77.20	108.52	54.34	83.40	46.64	65.03
L-4	62.3	66.2	62.5	61.0	4050	91.38	123.15	75.27	105.37	56.94	81.56	47.06	64.27
U-4	35.7	49.6	38.8	50.1	6435	109.10	195.66	109.27	143.83	38.96	97.14	42.41	72.06
Seoul-all	82.7	79.3	74.9	76.1	200992	152.22	167.74	153.78	145.82	125.96	132.97	115.25	111.00
U-4	84.5	84.3	79.0	80.1	165315	131.56	137.97	124.30	119.74	111.16	116.36	98.17	95.96
Shanghai-all	76.2	61.5	55.3	49.9	917	109.08	134.41	122.45	139.10	83.13	82.71	67.76	69.47
L-4	80.9	63.6	59.7	51.9	514	79.56	75.39	62.35	69.76	64.38	47.96	37.24	36.23
U-4	76.2	63.2	56.6	54.1	908	131.08	133.21	109.93	122.10	99.90	84.23	62.24	66.11
Shenzhen	57.4	65.9	51.2	48.0	831	101.54	121.91	101.72	105.83	58.28	80.40	52.10	50.76
Singapore†	92.0	84.1	81.5	71.3	233	169.16	165.36	143.02	153.42	155.56	139.09	116.62	109.45
Sydney-all	82.2	77.7	78.9	78.6	206	162.50	174.44	151.64	150.06	133.61	135.50	119.58	117.90
L-4	78.3	79.7	81.9	80.0	168	139.10	142.05	127.17	121.46	108.92	113.21	104.09	97.18
5-star	77.2	78.9	61.2	69.1	292	198.97	246.87	212.55	216.97	153.60	194.81	130.13	149.94
Taipei	68.2	68.4	60.1	62.6	4577	125.41	142.29	126.67	142.22	85.51	97.28	76.14	88.98
Tokyo-all	67.6	66.8	69.1	63.3	22196	235.63	244.42	237.30	255.09	159.37	163.30	163.95	161.46
L-4	68.8	70.1	70.4	76.8	15500	173.70	170.68	102.60	125.61	119.55	119.61	72.21	96.47
OTHERS													
Dubai	NA	77.4	70.7	72.3	657	NA	178.86	133.41	168.50	NA	138.38	94.39	121.88
London	NA	79.3	90.9	79.5	153	NA	230.08	244.71	204.75	NA	182.40	222.46	162.68
New York	83.4	79.7	80.6	73.8	209	204.68	208.66	182.70	195.86	170.67	166.23	147.30	144.61
Asia Pacific-total	70.2	66.2	62.7	60.3	na	130.03	136.90	122.59	131.12	92.75	92.80	78.14	80.75
US-total	67.9	58.1	64.1	56.0	98	99.14	97.53	97.18	98.41	67.35	56.65	62.34	55.12
Europe-total	76.4	69.2	69.8	64.3	na	214.18	210.46	209.35	212.37	169.73	145.85	149.16	136.82
World	71.5	64.5	65.5	60.2	na	147.78	148.30	143.04	147.30	109.94	98.43	96.55	90.90

Notes: See Master Notes, page 6. Asia Pacific total excludes Maldives. Totals may be adjusted later as final figures are filed. Not all categories are shown every month; all categories available at low additional cost. L = lower 4-star, Revpar = revenue per available room, U = upper 4-star. \*At exchange rate for relevant month, YTD at same month; exchange rate can be calculated by taking the ARR YTD in local currency and US\$. †4-star unless marked. ‡Unrepresentative sample for this month's figures; guide only. Source: Asia Pacific, Europe, Dubai – Travel Business Analyst Europe; US – Smith Travel Research.

# Trends

## 'J-Plan' for airlines

The J-Plan is our name for what we think regular airlines need to survive – survive the cost pressure (if they want to maintain their high level of customer service) and the low-fare-airline (LFA) challenge.

The J-Plan is named after the Qantas group's activities with one of its four Jetstar subsidiary airlines – Jetstar International. Ironically, there is no sign Qantas actually has a J-Plan or that it knows it has stumbled on a way out of its problems – high costs and passenger migration to LFAs.

Many regular airlines have been making poor business decisions – offering near-LFA fare levels even though they have much-higher costs. Some have bought/aligned-with airlines with the same business pattern – notably Air France and Lufthansa. At least Singapore Airlines' 49% ownership in Virgin Atlantic makes sense in that VA operates primarily in another continent – but a world away in terms of management co-operation.

Most customers are no longer willing to pay what were high fares. And it is no surprise that they want lower fares but not less comfort, convenience, etc.

A few airlines have the structure to start a J-Plan airline (JPA). But most are not moving in that direction:

- Air France. AF has 25% of Alitalia and (technically about 80%; the structure is complex) of KLM – both in the same market segment. But AF also owns 100% of Irish-registered, UK-based City Jet. CJ is for specific city routes from London City airport, although it could be converted into a JPA if AF recognised the need.

- AF also has owns LFA-hybrid Transavia, but that seems to have been a protective move in case business gets bad. There are now signs of that. AF's total seat sales fell 4% in the first half. Time to bring in CJ as a JPA for domestic-France?

- Alitalia. Yes, it has Air One, a potential JPA. But Alitalia manage-

ment cannot overcome its line-staff problem (who want more, and then more), and politics so endemic (also business-politics, now Air France/KLM is a shareholder). Even if Alitalia wanted to make AO a JPA, it probably could not.

- British Airways. Has a lower-cost subsidiary, but its Open Skies (sic) is at a higher-level of service. OS should have used the BA name; only if OS becomes BA's JPA is the OS name anything but bad.

Brussels, Swiss), of which two (BMI and Brussels) could be JPAs – particularly as at present BMI is a dud airline and Brussels is unproven.

- LH also has an LFA, Germanwings – but GW has weak growth, perhaps because LH has its own LFA-competing low fares. Even more incoherent, LH has started an out-of-Germany hub, in Milan, but under the LH name.

In many ways, LH is doing nearly everything wrong, and none of its owned airlines except Swiss are doing well.

- Singapore. Has a new CEO (see this month's People-in-Travel), and in theory in a good position to operate a JPA with its lower-cost subsidiary, Silk Air. It also has an apparently-effective LFA, Tiger. But SIA shows no interest in a JPA.

If it had some influence over management of its 49% asset, Virgin Atlantic, that could be useful as a JPA substitute. But it seems SIA's voice counts for nothing at VA.

- Others.

- China. All three main airlines – Air China, China Eastern, China Southern – have subsidiaries. But lower-cost expansion is not a factor yet, and traffic demand is high enough that costs need not be so closely controlled.

- Japan. Both All Nippon and Japan Airlines did have subsidiaries that could have been JPAs. But ANA is a timidly-run airline, and would not be so bold as to have an international strategy. JAL is in financial trouble. Some management would make that a catalyst for change, but at JAL it means just cut 'back to basics'.

- US. The airline business structure in the US (such as freedom in operations, reasonably homogenous wages) makes a JPA less suitable. Mergers could have enabled the disappearing airline (such as Northwest after its absorption into Delta) to become a JPA, but for operations outside the US. But US airlines are under such financial pressure that they are unlikely to be thinking of operating outside-US airlines.

### Airlines with JPA potential

Master	JPA*	Comment
Air France	City Jet	CJ is used only for ex-London flights
Alitalia	Air One	AO plans for a Milan hub could be a JPA
British	Open Skies	OS is good name for a JPA; bad otherwise
Cathay	Dragonair	D used primarily as a China-route airline
Lufthansa	see text	Incoherent plans in that L has low fares itself
Malaysia	Firefly	M is too busy competing with Air Asia to think strategically
Qantas	Jetstar Intl	Implemented; JI taking Q's intl growth potential when necessary
Singapore	Silk	SK operates on developmental regional routes, not as JPA
Thai	Nok	Incoherent plans, but N may become a JPA
China	Mandarin	(Taiwan). Implemented for political not financial reasons

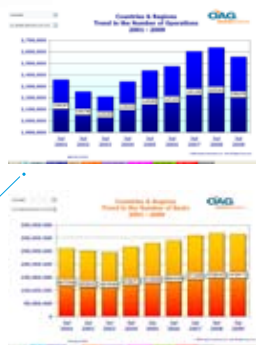
Notes: Not all covered in text, and some additional in text. JPA = J-Plan Airline. \*Potential, except for Qantas; no other airline has implemented what we call a J-Plan. Source: Travel Business Analyst.

- Cathay Pacific. Has Dragonair, which could be a perfect JPA. But C seems to want D only for China operations. If C is waiting for D to get domestic-China routes, then this may be good strategy. But that will not happen, because China does not like Hong Kong companies, even if Air China owns part of C, and indeed that AC share means that all other China airlines would work against C and D.

- Iberia. IB had a minority share in Clickair, an oddball airline from the start. IB gave C some IB flights to operate – although C was supposed to be an LFA. But C was then merged into Vueling – another hybrid airline. V now operates some IB flights, but it is probably too far removed from IB to become its JPA.

- Lufthansa. Assumed to be a smart airline, but its current strategy looks confused at best. It has recently acquired four airlines (Austrian, BMI,





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