

# TRAVEL BUSINESS ANALYST

Markets • Marketing • Strategy

ASIA PACIFIC • JUNE 2011

## 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.

- TBA Travel Industry Index, World: 2011: Mar +5E; Feb +5E; Jan +7P. 2010: Dec +4.2; Nov +7.2; Oct: +8.4; Sep +9.4; Aug +8.6; Jul +10.0. TBA.
- TBA Travel Industry Index, Asia Pacific: 2011: Mar +5E; Feb +5E; Jan +7P. 2010: Dec +3.9; Nov +6.3; Oct +6.9; Sep +10.4; Aug +8.1; Jul +10.0. TBA.
- TBA Travel Industry Index, US: 2011: Mar +3E; Feb +7E; Jan +7P. 2010: Dec +6.1; Nov +8.6; Oct +8.2; Sep +8.1; Aug +9.3; Jul +9.1. TBA.
- World airport passengers; ttl, intl: 2011: Feb +3.9 +4.4; Jan +6.5 +7.8. 2010: Dec +4.5 +4.1; Nov +6.8 +8.5. ACI.
- World air traffic, RPKs: 2011: Mar +3.8; Feb +6.0; Jan +8.2. 2010: Dec +4.9. IATA.
- World hotel occupancy, pts: 2011: Feb +3.3; Jan +5.4. 2010: Dec +3.1; Nov +3.8; Oct +6.0. TBA.
- World travel stocks index, on 100: 2011: Apr 86; Mar 83; Feb 81; Jan 88. TBA.
- World visitor arrivals: 2011: Jan +4.7. 2010: Dec +4.6; Nov +5.3; Oct +7.5; Sep +8.5; Aug +5.0. WTO.
- AsPac airlines seat sales: 2011: Jan +7.2. 2010: Dec +5.7; Nov +9.1; Oct +11.2. AAPA.
- AsPac airport passengers; ttl, intl: 2011: Feb +5.7 +7.4; Jan +9.6 +9.7. 2010: Dec +7.8 +7.1; Nov +7.8 +9.9; Oct +10.0 +12.4. ACI.
- AsPac air traffic, RPKs: 2011: Mar +0.0; 2011: Feb +3.0; Jan +5.8. 2010: Dec +2.9; Nov +5.8. IATA.
- AsPac hotel occupancy, pts: 2011: Feb +5.7; Jan +3.8. 2010: Dec +3.3; Nov +2.9. TBA.
- AsPac travel stocks index, on 100: 2011: Apr 112; Mar 106; Feb 104; Jan 116. 2010: Dec 125. TBA.
- AsPac visitor arrivals: 2011: Jan +6.0. 2010: Dec +6.1; Nov +8.8; Oct +10.3; Sep +13.1; Aug +11.3. WTO.
- Air France-KLM seat sales, Asia: 2011: Mar +1.0; Feb +4.1; Jan +5.9.
- Australia resident departures: 2011: Mar -4.7; Feb +9.2; Jan +12.1. 2010: Dec +10.3. PATA.
- Australia visitor arrivals: 2011: Mar -5.2; 2011: Feb -0.2; Jan +5.1. 2010: Dec +4.4; Nov +6.6; Oct +1.6. NTO.
- Bali visitor arrivals: 2011: Feb +7.2; Jan +20.0. 2010: Dec +18.2; Nov +18.7; Oct +6.0. PATA.
- Bangkok airport visitor arrivals: 2011: Mar +15.8; Feb +6.7. PATA.
- British Airways (inc Iberia from Jan 11) seat sales, AsPac: 2011: Mar +18.2; Feb +2.1; Jan +0.8.
- Cathay Pacific seat sales: 2011: Apr +4.1; Mar -2.8; Feb -1.2; Jan +6.8. 2010: Dec +2.9.
- China citizen departures, estimates: 2011: Feb +2.0; Jan +23.3. 2010: Dec +21.4; Nov +16.0; Oct +15.1. TBA.
- China Southern seat sales: 2011: Apr +7.0; Mar +1.3; Feb +1.5; Jan +14.5.

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## Visitors

### First 2011 data

Visitor arrivals increased 4.7% over January and February this year, see table. All-year growth in 2010 was 6.6%. The 2011 counts look good considering the Middle East was down 10% and North Africa 9% - although these regions account for only 8% of world arrivals.

Growth slowed in Asia Pacific, the region with the fastest growth in 2010 among the three main regions. But Europe was better than expected.

WTO believes destinations in Southern and Mediterranean Europe are getting diverted traffic from North Africa and the Middle East. But with its growth at only 3%, this looks unlikely.

Our analysis differs from WTO's. We believe many travellers do not switch to nearby or even similar destinations in these circumstances. A traveller cancelling Egypt or Tunisia is just as likely to switch to Thailand or Barbados or even London, and not necessarily Turkey or Spain.

Perhaps surprisingly, given the serious disturbances in many destinations this year, the WTO has not changed its visitor forecast for all-2011, which is for a 4-5% growth. The reason, it says, is that although Northeast Asia, North Africa, and the Middle East are below forecast, Europe and South America are above.

The WTO has also reported some rankings. Although presented as definitive, they are not - because of different criteria.

For example, China arrivals include some travel from Hong Kong and Macau, which are technically domestic movements. Likewise with WTO's count for visitor spending. Yet the WTO excludes arrivals in Singapore from Malaysia - which is clearly an international movement. Although, conversely and perversely, it counts the mirror movement - arrivals in Malaysia from Singapore.

Given these faults, the WTO reports:

- In visitor arrivals China overtakes Spain to become third, after France and the US.

- In visitor spend, China overtakes Italy to become fourth, after the US, Spain.

### Visitor arrivals growth, %

Region	2011*	2010
World	5	7
NE Asia	3	14
SE Asia	9	12
Oceania	2	6
S Asia	15	13
N America	1	7
N Eur	2	1
W Eur	3	3
C/E Eur	12	5
S/Medit Eur	3	3

Notes: \*Jan-Feb. Source: World Tourism Organization.

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# MARKET OUTLOOK

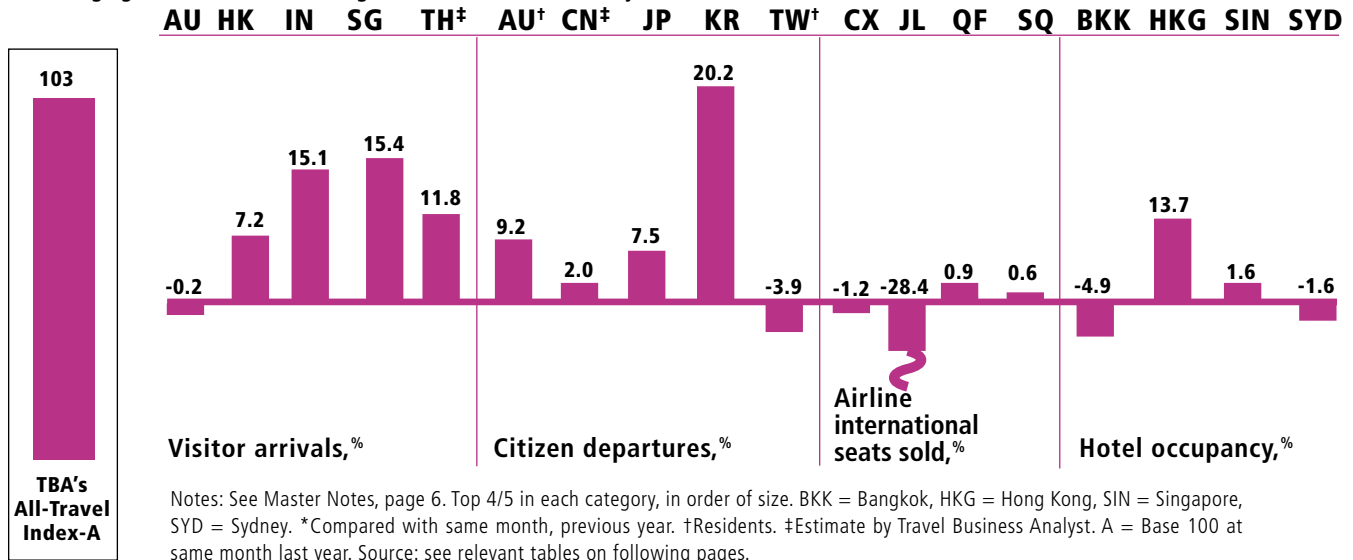
## Headlines

### Commentary on tables

- **Inbound trends.** Forecast for next 12-month period - China slips, to below 30mn again, as does Hong Kong to below 14mn; Singapore unchanged. What does troubled Thailand do? Grows fast, topping 19mn.
- **Outbound trends.** Forecast for next 12-month period – China no change, Japan down below 17mn, and Korea falls also, but it still looks likely to become a bigger outbound market than Japan in next 12 months. Taiwan steady.
- **Forecasts.** Some new IATA data.

## Barometer

Percentage growth in latest matching month\* available; February 2011



## Visitor arrival trends\*, next 12 months

Source	Number, x1000
China	29,035
Hong Kong	13,993
Singapore	14,020
Thailand	19,247

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>	67,082
Japan	16,914
Korea	15,358
Taiwan	9,665

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
Air travellers,ttl '14	Mar	3.3b;2.5b '09	IATA
Air travellers,dom '14	Mar	2b;1.5b '09	IATA
Air travellers,intl '14	Mar	1.3b;952m '09	IATA
Accor hotels,'15	Feb	1550,double	company
Accor owned hotels,'15	Feb	20%;now 60%	company
Accor A Club members,end-'11	Feb	7m;now 6.5m	company
Harris hotel rooms,'12	Feb	3500;now 1200	company
Nepal visitor arrivals,'11	Feb	1m,+40%	VPO
ADS hotel bookings,Jun 11	Jan	+22%	Peg'sus
Indonesia visitor arrivals,'11	Jan	8m +10%	VPO
Malaysia visitor arrivals,'20	Jan	38m	VPO
Myanmar visitor arrivals,'11	Jan	+20%	VPO
Thailand visitor arrivals,'11	Jan	17m +4%	VPO
Vietnam visitor arrivals,'11	Jan	5m +13%	VPO
Europe outbound;plan to travel more '11	Jan	23%	IPK/ITB
Europe outbound;plan to travel same '11	Jan	44%	IPK/ITB
Asia outbound,'11	Jan	+6-8%	IPK/ITB
India outbound;plan to travel more '11	Jan	43%	IPK/ITB
World visitor arrivals,'11	Jan	+4-5%	WTO
Carlson hotels AsPac,'15	Dec	160;now 67	company
Marriott hotels China,'11	Dec	80;now 50	company
Nepal visitor arrivals,'11	Dec	1m +40%	DMO
Sri Lanka visitor arrivals,'15	Dec	950k;655k '10	BMI
Member net profits	Dec	\$9b	IATA
Member net profits,NAM	Dec	\$3.2b	IATA
Member net profits,AsPac	Dec	\$4.6b	IATA

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

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IT&CM China

## MICE business

More news from this year's IT&CM China exhibition/mart in Shanghai:

- MICE business for **HNA Tourism**, part of the Hainan Airlines group, comprises (some of it surprising):

- 22.5% medical/pharmaceutical, 19.7% financial services, 13.4% automotive, 12.1% healthcare, 11.1% communications/electronics.

- 31.2% incentive, 27.1% overseas meeting, 27.1% overseas business survey, 14.6% overseas exhibition.

- (High) Europe share of 23%, Japan/Korea 15%, North America 15%, Southeast Asia 13%, Hong Kong/Macau/Taiwan 11%, Australia 11%.

- A **SITE** survey found 13% of respondents expect it will take 6-12 months for the 'motivational events industry' (broadly, incentives) to return to pre-recession levels, 36% 1-2 years, 36% 2-3 years, and 14% more than three years. *That looks bad, but most SITE respondents are in North America, where the recession hit harder.*

- A **SITE** presentation claimed its members were loyal, *but to us, the data it gives to support this comment indicates the opposite.* 34% look to other members first when doing business – which seems to say 66% will choose others, whether SITE or not. Also, 38% referred business to SITE members – so 62% did not, indicating that membership may not be very valuable.

- **Malaysia's** MICE promotion office, MyCEB, forecasts an increase in business arrivals (not necessarily MICE) from China from 1.2mn in 2010 to 2.9mn in 2020. It says that would increase the business share from 5% to 8%. *Note, however, that some market measures in Malaysia are skewed by its inclusion of some land arrivals from Singapore, which represent around 50% of Malaysia's visitor total.*

- Business forecasts from MICE **handling agencies** for this year: Singapore's The Traveller expects a 15% increase in incentive business, and 25% in corporate meetings. Singapore's Borneo Travel, expects overall 15-20% growth. Malaysia's Ping Anchorage a 5-10% increase in meeting and incentives from Asia. Indonesia's Bali Plus 10% growth.

- **STB, Singapore's** visitor promotion office, wants Singapore to be the travel industry capital of Asia Pacific. *(We think it already is, by a wide margin. Try to think of any other centre in the region that has more than two internation-*

*al travel trade events in a year.)*

International events this year include conference/exhibitions on low-fare-airlines (Jan), Attractions in Asia (Jun), budget hotels (Sep), 'Travel Rave' (about five separate events; Oct), cruise (Nov).

- There are plans to open in **Shanghai** what would be Asia's largest exhibition centre, with 555,000sqm, in about three years. Current largest is Guangzhou's, with 290,000sqm, and 4th in the world.

- **ICCA** in China: 10 years ago it had 6 members, now it has 29; LoS for meetings is 5.5 days (worldwide 3.8).

- The **Hawaii** visitor promotion office hopes to fill the shortfall in arrivals from Japan – which has been its second-largest market after the US – from North America and Korea.

The potential from Korea will be helped by already-existing direct flights, and it is part of the US easy-visa program (general in-advance visa approval).

*Some of above information provided by TTG Asia.*

**Sound Bites in our People-in-Travel report this month from CEOs/heads of the following companies/organisations: Maldives tourism ministry, Movenpick, Poland tourism ministry, Rezidor, WTO.**

Germany outbound

## Good or bad?

FUR\*, which produces a study on outbound holiday trips from Germany, describes 2010 as a "good year", and adds that 2011 will be "even better". As there was a drop in outbound travel, our interpretation of FUR's findings is quite different – '2010 was another bad year for outbound travel from Germany; hopefully the decline will stop this year'.

FUR reports that international holiday trips from Germany fell 3% in 2010 (following 3% growth in 2009). Compared with 20 years earlier, however, that means a growth of 20% and

Table 1

International holiday trips from Germany, mn					
Year	Intl	Growth,%	Share,%	Total	Growth,%
2010	42.6	-2.6	67.0	63.6	-1.9
2009	43.7	3.5	67.5	64.8	1.3
2000	44.0	-1.0	70.7	62.2	-0.6

Notes: See text for qualifications and disclaimers.  
Source: Studienkreis für Tourismus to 1999, Forschungsgemeinschaft Urlaub und Reisen from 2000.

10mn more trips, see Table 1.

The indications are that the famed Germany outbound market is in steady decline, but FUR's analysis does not build confidence. FUR said the 2007 decline was a switch from quantitative growth to qualitative demands – even though one indicator of quality, spend, was also in decline. *Then did numerical growth in 2008 mean the opposite – quantitative rather than qualitative, even though spending increased, then back to qualitative in 2009?*

The market's travel propensity (based on domestic and international travel) fell to 75.1% of the population – 75.7% in 09, 76.2% 08, 73.6% 05, and 75.9% in 00, but 77.8% in 1995.

*FUR also does not attempt analysis of means of transport – probably because there are often unbelievably large changes. For example, FUR wants us to believe car/campervan travel share decreased 24% in 2003 and air increased 58%. Sorry, but that is simply wrong, even if FUR's researchers produced such figures. As a result, we do not analyse this segment.*

Other comments:

- On spend, FUR has stopped separating international measures, and the resulting overall count is of less interest to most observers outside Germany. That said, the 5% increase in total spend, matched with a 2% reduction in length-of-trip, produced an unsurprising growth in daily spend – up 7% to US\$97 (at US\$1 to €0.72).

Not all our analysis – about travel trends and the FUR report itself – is negative, however. There have been two interesting developments – FUR now also tracks travel for trips shorter than five days, and it separates respondents into Germans and foreigners (*resident in Germany, we presume*).

We have manipulated some of the information this shows to note:

- Travel propensity for the shorter trips is much less – 58% for the shorter trips, compared with 75% for 5+ days. *We would have assumed the opposite.*

- Germans and foreigners:

- Propensity to travel is higher for foreigners for 5+ trips – 82% compared with 75% for nationals – but closer for shorter trips, 58.3% compared with 57.5%.

- Average trips per traveller is lower for 5+ trips – 1.23 compared with 1.31. But much lower for shorter trips – 1.97 compared with 2.51.

- Foreigners are unsurprising-

## ZERO

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

### WTO tries harder

We have criticised the WTO (World Tourism Organisation) for talking-not-acting on the environment, often scoring 1-or-2 in our out-of-10 scale. A recent project may have a little more action, and so may warrant a 2-or-3.

With Indonesia's ministry of tourism, the WTO has launched what it calls an "energy efficiency project". True to form, it has a catchy name - Stream, for Sustainable Tourism through Energy Efficiency with Adaptation and Mitigation Measures in Pangandaran, even though that does not quite fit into 'Stream'.

The two want this project "to serve as a model of innovative climate change mitigation and adaptation measures in tourism destinations" in Southeast Asia.

The WTO describes the beach/surfing town of Pangandaran as a "popular tourism destination" in Indonesia, but most observers will probably have to google the place. Pangandaran is in Java, on the south coast, roughly between Bandung and Yogyakarta. It might be popular as the WTO says - we have seen no surveys - but it is hardly known outside backpackers and surfers, and little visited by foreign visitors.

The problem with the project and the main reason for our low 2/3 rating, is that nothing specific has been done. Worse, as well as the environmental measures, the project is also designed "to strengthen local structures for the long-term success of the destination". We are not sure what these actions will be, but they do not seem related to the environment.

And some planned measures are purely marketing - viz, "seminars and workshops to in-

crease the knowledge and capacity of local [travel companies]".

In reference to the environment, the WTO says it will: apply energy efficiency and renewable energy technologies in hotels and public buildings; introduce low-carbon tourism planning tools; and adapt measures such as the rehabilitation of mangroves and coral reefs - which capture carbon emissions.

All of that is good - but there are simply no details, no timetable, no measurement (existing and planned).

Stream comes with good credentials. It is part of the 'International Climate Initiative' of Germany's ministry of environment. That ICI followed a vote in Germany's parliament to help "developing, newly industrialising and transition countries in order to contribute effectively to emission reductions and mitigation and adaptation to climate change".

But in the meantime, no-one has given details of the level of Germany's funding for this project, nor the results expected. We suggest Germany's government looks more carefully to ensure that it is not paying for something that will not advance its ICI program.

### Meeting green

Among ICCA's practices for a 'green' conference, from its 2010 event:

-Delegate badge made of biodegradable material. Lanyard made of corn fibre.

-Delegate bags. Delegates asked to bring their own. But those supplied were made of jute, and biodegradable. When the event was over, delegates could return bags, which were donated to a local charity.

-Practical 'Spot Me' device for delegates enabled: to locate a delegate; provide information on delegates; messaging; program and evaluation; appointments.

-No gifts for speakers, but donations given to a local charity. Prize was a tree planted (in Scotland).

Table 2

### Longhaul holiday trips from Germany, mn

Year	Trips,mn	Growth,%	Share,%
2010	4.2	-0.3	6.6
2009	4.2	9.2	6.5
2005	3.9	-2.0	6.1
2000	4.4	2.9	7.0
1995	4.5	NA	6.9

Source: See Table 1.

ly more likely to travel outside the country - 91% compared with 67% for nationals.

- The foreigner share is higher than nationals for travel to the Mediterranean (56% against 34%) and eastern Europe (20% 6%), but lower to Western Europe (8% 13%) and long haul (6% 7%).

- The foreigner air share is higher (42% 36%), car and bus are similar, but rail is lower (3% 5%).

- Surprising is the much lower hotel share (24% 49%), but foreigner shares in this category do not add up, so we presume there may be a correction later.

- And there are two other surprisingly wide differences - lower spend, and longer trip. These result in a daily spend of only US\$52 for foreigners compared with US\$97 for nationals. This again is a puzzle, given the higher incidence of within-Germany travel, which is usually assumed to be lower-cost than international travel.

(\*FUR - Forschungsgemeinschaft Urlaub und Reisen, an independent association of users of travel research - measures only holiday trips for those aged above 14. Before 2010, FUR tracked only trips of at least five days. Starting with 2010 data, 2-4 day trips are added.)

### Briefs

- STR Global reports 502 hotel projects in **China** (including Hong Kong and Macau), which would total 164,900 rooms. That count would represent 13% on the existing room stock.

- Horwath says hotel occupancy in **Tokyo** fell 30 points in March 2011, but average room rates fell only slightly (no data). Travel Business Analyst reports a fall from 75% to 52%.

- **Sydney** jumped 17 places to 10th in 2010 ICCA (International Convention and Congress Association) ratings, and 2nd in Asia Pacific after Singapore. It values its bookings to date this year for 2011 as worth US\$190mn (A\$185mn), up 50%.

Commentary on tables pages 6-10

- China foreign visitor arrivals: **2011:** Mar -4.0; Feb +13.9; Jan -0.4. **2010:** Dec +3.6; Nov +12.3. *PATA.*
- Dubai airport passengers: **2011:** Feb +5.2; Jan +10.2. **2010:** Dec +11.6. *ACI.*
- Eva Air seat sales: **2011:** Mar -8.6; Feb -5.9; Jan -4.6.
- Fiji visitor arrivals: **2011:** Jan +8.3. **2010:** Dec +9.7; Nov +14.8; Oct +11.6; Sep +5.8. *PATA.*
- Hawaii visitor arrivals: **2011:** Mar +11.8; Feb +3.1; Jan +12.0. **2010:** Dec +9.5; Nov +18.4. *PATA.*
- Hong Kong airport passengers: **2011:** Mar +1.8; Feb +2.0; Jan +10.0.
- Hong Kong visitor arrivals: **2011:** Mar +13.9; Feb +2.0; Jan +21.5. **2010:** Dec +15.7; Nov +17.1; Oct +18.0. *NTO.*
- India visitor arrivals: **2011:** Mar +7.4; Feb +15.1; Jan +9.6. **2010:** Dec +1.4; Nov +14.7. *PATA.*
- Indonesia visitor arrivals: **2011:** Mar +0.6; **2011:** Feb +8.6; Jan +11.1. *PATA.*
- Japan Airlines intl seat sales, total/transPacific/Southeast Asia: **2011:** Feb -28.4 -26.3 -19.2.
- Japan citizen departures: **2011:** Mar +7.5; Feb -18.0; Jan +2.5. **2010:** Dec +2.1. *PATA.*
- Japan travel agencies, top-62 (sic) outbound sales: **2011:** Feb +9.2; Jan +14.3. **2010:** Dec +5.1. *TJI.*
- Japan visitor arrivals: **2011:** Mar -50.3; Feb +2.2; Jan +11.6. *PATA.*
- Jet Airways seat sales: **2011:** Mar +14.6; Feb +16.1.
- Jetstar Intl seat sales: **2011:** Mar +5.6; Feb +5.2; Jan +5.3. **2010:** Dec +3.5.
- Korea resident departures: **2011:** Mar -8.6; Feb +20.2; Jan +13.4. **2010:** Dec +14.9. *PATA.*
- Korea visitor arrivals: **2011:** Mar +1.5; Feb +4.4; Jan +2.9. **2010:** Dec +2.4. *PATA.*
- Kuala Lumpur airport passengers: **2011:** Mar +12.6; Feb +13.5; Jan +16.8. **2010:** Dec +7.6.
- Macau visitor arrivals: **2011:** Mar +8.9; Feb +5.2; Jan +1.4. **2010:** Dec +11.6. *NTO.*
- Malaysia Airlines seat sales: **2011:** Mar +2.4; Feb -1.6; **2011:** Jan +6.1. **2010:** Dec +3.0.
- Malaysia visitor arrivals: **2011:** Jan +1.2. **2010:** Dec -0.8; Nov +1.6; Oct +2.9; Sep +2.8. *PATA.*
- Maldives visitor arrivals: **2011:** Mar +6.7; Feb +13.0; **2011:** Jan +17.8. **2010:** Dec +13.2. *PATA.*
- New Zealand visitor arrivals: **2011:** Feb +0.2; Jan +3.5. **2010:** Dec +1.3; Nov +3.0. *PATA.*
- Qantas intl seat sales: **2011:** Mar -1.8; Feb +0.9; Jan +3.3. **2010:** Dec +0.0.
- Singapore Airlines seat sales: **2011:** Mar -1.9; Feb +0.6; Jan +3.2. **2010:** Dec -1.0.
- Singapore airport passengers: **2011:** Mar +7.5; Feb +9.1; **2011:** Jan +11.9. **2010:** Dec +6.0.
- Singapore visitor arrivals: **2011:** Mar +15.3; Feb +15.5; Jan +16.2. **2010:** Dec +15.9; Nov +16.1. *PATA.*
- Tahiti visitor arrivals: **2011:** Feb +13.4; Jan +26.1. **2010:** Dec +6.5; Nov -0.8. *PATA.*
- Taiwan resident departures: **2011:** Feb -3.9; Jan -5.6. **2010:** Dec +1.7; Nov +3.3; Oct +7.1. *PATA.*
- Thai Airways seat sales: **2011:** Mar -3.9; Feb -6.0; Jan -6.6. **2010:** Dec -4.9.

- Thailand visitor arrivals: **2011:** Mar +20.6; Feb +11.8; **2011:** Jan +11.6. **2010:** Dec +7.0; Nov +8.2. *PATA.*
- Tokyo Narita intl airport passengers: **2011:** Mar -30.1; Feb -10.3; Jan -9.5. **2010:** Dec -9.4.
- United Airlines (inc CO) RPKs, Pacific: **2011:** Mar -6.6; Feb +4.7.
- US air international passengers: **2010:** Dec +6.8; Nov +8.0; Oct + 10.1. *gov.*
- US hotels occupancy, pts: **2011:** Feb +2.7; Jan +5.8. *Smith.*
- US hotel rooms planned: **2011:** Apr -12.2; Mar -8.2; Feb -11.1. *Smith.*
- US resident departures: **2010:** Jun +11.0; May +7.7; Apr -4.5. *PATA.*
- US travel agency sales: **2011:** Mar -3.4; Feb +11.9; Jan +10.5. **2010:** Dec +8.1. *ARC.*
- US visitor arrivals: **2011:** Jan +2.8. **2010:** Dec +1.0; Nov +1.6. *PATA.*
- Vietnam visitor arrivals: **2011:** Mar +0.5; Feb +18.6; Jan +17.4. **2010:** Dec +19.4; Nov +10.4. *PATA.*

**Market Headlines**

Full-year market results. (none)

**Main News**

**Corporate**

Recent corporate developments - big or significant.

- Rumours that Qantas may start Asia-based airline, Qantasias, perhaps in China (which will be hard) or Singapore (easy).
- Singapore says it will start a medium/long-haul lower-cost subsidiary airline. This seems to be what we call a J-Plan-airline (after what Qantas is doing with Jetstar International).
- Virgin Blue in Australia becomes Virgin Australia. Other VB losers (Pacific Blue, V Australia) due to come under VA franchise as well. VA agreement with 15%-owner Air New Zealand – which could be important for VA, ANZ, and Qantas.

**Market**

Recent market developments - big or significant. (none)

**CURRENT ISSUES**

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

**Travel Business Analyst, Europe:**

- ICCA rankings.
- Greece progress.
- Travel bookings.
- Plus: Market Monitor; World Travel Industry Index; ZER0; Extracts from Net Value or People-in-Travel; Market Headlines; and 15 regular tables of market data.

**Net Value:**

- Germany online; Facebook, Groupon; PhoCusWright reports; others.
- Excerpts from the single-page **Net Value** report are included in the Asia Pacific and Europe editions of Travel Business Analyst. **Net Value is delivered only via email.**

**People-in-Travel:**

- Katarzyna Sobierajska; Taleb Rifai; Mariyam Zulfa; 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. Q1 for *Kuala Lumpur*. Up a strong 14%; even the largest city-pair, to-&-from Singapore, was up 6%, and No2, t&f Jakarta, was up 9%. YTD for Tokyo was down 1%; the triple-hit in March will likely knock the figures down for the rest of the year. **T2.** Country-pair results. YTD for *France* (except total, YT Feb); going against the rest of the market - to-&-from China flat, but t&f Japan up 8% (although down 5% in March). Still no 2011 data for *Germany* and the *US*. **T3.** Airlines traffic. Q1 for *Cathay* (with *Dragonair*; seat sales up 1%), *China Southern* (+6%), *Jet* (+15%; intl +19%), *Malaysia* (+2%), *Qantas* (+6%; intl +1%), *Singapore* (+1%), *Thai* (-6%). *Jetstar Intl*, on which we base our JPA theory, J-Plan Airline, up only 5%; maybe we got the potential wrong? For LFAs and ex/part-LFAs, Q1 for all. *Air Asia* group (+19%; AAX +56%), *Jetstar Australia* (+20%), *Jetstar Asia* (+12%), *Tiger Asia* (+19%), *Virgin Australia* (-3%). **T4.** New annual financial results for airline members of AAPA (YTD seat sales +5%) and for other-region equivalents in the US (+4%) and Europe (+7%). **T6.** Airport passenger traffic. Q1 for *Hong Kong* (+5%), *Osaka* (-3%), *Singapore* (+10%), *Tokyo Narita* (-17%). YTD *Asia Pacific* whose data is supplied to us by Airports Council International, up 8%, with intl up 9%.

**Inbound. T8.** Visitor arrivals. Q1 for *Australia*, *Cambodia*, *China* (total +1%, foreigners +2%), *Hawaii* (+9%), *Hong Kong* (+5%), *Japan* (-13%), *Korea*, *Macau* (+5%), *Maldives*, *Marianas*, *Myanmar*, *Nepal*, *New Caledonia*, *New Zealand*, *Palau*, *Singapore* (+16%), *Sri Lanka* (+34%), *Taiwan*, *Thailand* (+14%), *Vanuatu*, courtesy *PATA*. Full-year (2010) for *Fiji* (+17%).

**Outbound. T11.** Outbound travel. Q1 for *Australia* (+5%), *China* (our estimates; +12%), *Hong Kong* (flat), *Japan* (-4%; get used to it), *Korea* (+8%), *Taiwan*, courtesy *PATA*.

**Hotels. T18.** Q1 *Asia Pacific* occupancy up 2 points to 72%, average rate up US\$7 to US\$152, resulting in yield up US\$8 to US\$111.

**Others. T12.** *Travel stock indices and prices*. Falls (and underperforming their local markets) at *All Nippon* and *Thai*. Index for *Asia Pacific* good up 12 points on 2010. **T14.** Leading travel agency groups in *Japan*. We expect another bad year; even before the March triple-hit, four operators were down YTD.

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# MARKET DATA

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## Special

### Airlines reduce profit outlook

IATA (International Air Transport Association) further downgraded its 2011 airline industry profit forecast to US\$4bn, a 54% fall on its forecast in March and a 78% fall compared with the US\$18bn profit in 2010.

The expected reasons given are the natural disasters in Japan, unrest in the Middle East and North Africa, plus the increase in oil prices.

The average oil price for 2011 is now expected to be US\$110 per barrel, up 15% on the earlier forecast of US\$96. For each \$1 increase, airline costs increase US\$1.6bn. Traffic is now expected to grow 4.4% this year, compared with the 5.6% forecast in March.

Price-sensitive leisure travel has fallen 3-4% this year, but premium passenger growth is expected to be 5-6%.

By regions: Asia Pacific airlines are expected to earn US\$2bn this year, down from the US\$10bn in 2010, with traffic expected to increase 6.4%; North America airlines US\$1.2bn, down from US\$4bn, with traffic up 4.0%; Europe airlines US\$500mn, down from US\$1.9bn, with traffic up 3.9%.

### Airline outlook

Item	2011	2010	2009	2007
Passenger revenue, US\$bn	457	425	374	399
Seats sold, mn	2793	2681	2479	2497
Rev/seat sold, US\$	164	159	151	160
Traffic* growth, %	4.7	10.3	-4.3	6.0
Asia Pacific	6.4	12.6	-2.2	7.8
North America	4.0	9.9	-6.3	3.5
Europe	3.9	5.0	-7.7	2.1
Net profit, US\$bn	4.0	18.0	-9.9	14.7
Asia Pacific	2.1	10.0	-2.7	3.0
North America	1.2	4.1	-2.7	5.5
Europe	0.5	1.9	-4.3	6.4

Notes: Forecast for 2011. \*RTKs, a measure that includes freight. Source: IATA.

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

From:	Kuala Lumpur				Sydney				Tokyo*					
	Mar	+/-, %	YTD	+/-, %	Feb	+/-, %	YTD	+/-, %	Feb	+/-, %	YTD	+/-, %		
To:	11		11		To:	11		11		To:	11		11	
Bangkok	131	8.2	370	5.2	Auckland	117	-0.8	261	-0.8	China	1892	9.4	3922	6.8
Chennai	33	19.1	102	14.0	Bangkok	46	-7.6	98	-9.3	Hong Kong	594	-8.2	1250	-8.2
Hong Kong	107	7.4	288	4.9	Beijing	11	-4.9	27	2.4	Korea	1010	-7.0	2139	-5.4
Jakarta	120	6.1	333	9.5	Denpasar	16	23.0	41	10.2	Taiwan	604	-18.6	1252	-19.2
London	47	-5.2	148	4.9	Hong Kong	81	-4.2	175	-1.0	Asia-other	2194	14.0	4614	13.0
Los Angeles	2	-17.6	6	-2.1	Kuala Lumpur	29	42.8	65	42.6	Guam	630	-4.5	1309	-6.2
Shanghai	31	15.5	90	10.6	London	32	0.2	72	-0.5	Pacific	2350	-2.2	4963	-2.8
Singapore	240	2.2	687	6.2	Los Angeles	71	10.6	168	15.0	Oceania	403	-4.5	853	-4.5
Sydney	30	35.5	97	40.7	Singapore	92	2.9	203	4.8	Europe	1296	2.9	2710	3.9
Tokyo	24	-28.0	79	-10.2	Tokyo	31	10.1	64	9.3					
<b>TOTAL</b>	<b>2154</b>	<b>12.6</b>	<b>6200</b>	<b>14.3</b>	<b>TOTAL</b>	<b>916</b>	<b>2.4</b>	<b>2074</b>	<b>3.6</b>	<b>TOTAL</b>	<b>11037</b>	<b>-0.7</b>	<b>23192</b>	<b>-1.1</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		
	Feb 11	YTD	+/-, %	Mar 11	YTD	+/-, %	Dec 10	YTD	+/-, %	Feb 11	YTD	+/-, %	Dec 10	YTD	+/-, %
To	+/-, %	11	%	+/-, %	11	%	+/-, %	10	%	+/-, %	11	%	+/-, %	10	%
Australia	na	na	na	na	na	na	-4.4	102	-9.0	0.1	181	3.6	15.0	2098	19.8
China	35.8	234	50.2	-3.7	240	0.3	10.6	1635	6.9	16.2	94	23.6	19.9	2637	29.5
Hong Kong	-4.5	368	-0.9	10.2	152	9.7	-2.8	621	-3.7	-12.0	218	-6.7	2.2	3192	53.9
India	-8.4	2	-12.7	21.0	163	23.4	-11.7	1433	5.1	9.9	484	10.0	18.2	832	-5.4
Indonesia	27.5	300	28.4	na	na	na	-22.9	33	-27.3	na	na	na	na	na	na
Japan	-9.6	168	-6.7	-4.7	259	8.0	19.2	1140	18.0	3.2	102	1.3	-1.3	10715	7.7
Korea	-5.5	90	-6.4	-9.9	100	-7.3	-7.7	584	-0.6	-9.6	45	-6.0	-2.0	3912	18.5
Malaysia	18.4	359	24.4	128.9	56	91.9	5.5	141	19.0	5.1	101	9.9	na	na	na
New Zealand	2.5	1000	4.6	na	na	na	na	na	na	-28.4	49	-22.3	-3.0	664	-3.7
Philippines	15.1	42	10.1	na	na	na	na	na	na	na	na	na	-3.0	880	11.3
Singapore	-0.1	718	3.2	-10.8	107	-7.2	7.2	802	8.9	-2.8	180	-2.6	-51.7	208	-19.6
Taiwan	-29.8	37	-25.9	4.3	19	1.3	-19.7	110	-13.0	29.7	26	42.3	-6.9	1962	10.1
Thailand	-1.4	245	-2.7	-0.3	129	-3.0	1.1	1136	3.4	-9.7	109	-8.9	14.9	134	53.2
<b>TOTAL</b>	<b>4.8</b>	<b>4827</b>	<b>7.3</b>	<b>6.3</b>	<b>12562</b>	<b>6.2</b>	<b>3.3</b>	<b>141914</b>	<b>5.6</b>	<b>0.5</b>	<b>22297</b>	<b>2.1</b>	<b>6.8</b>	<b>135928</b>	<b>7.1</b>

Notes: \*Paris airports only; total is Feb and Jan-Feb. †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, luftverkehr@destatis.de, www.statistik-bund.de; US (for International Trade Administration, Tourism Industries), www.tinet.ita.doc.gov

Master Notes: Exchange rates (start of previous month) - US\$1 to A\$0.93, Y6.51, HK\$7.77, IRp44.4, ¥82.7, W1080, MR2.98, NZ\$1.31, S\$1.23, NT\$28.9, Bt30.0.

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, 2010/11

Regular airlines -Systemwide	Mth	Mth		YTD		ASK mn	+/- %	RPK mn	+/- %
		SS +/-,%	RPK +/-,%	SS 1000	+/- %				
All Nippon AW	Feb	21.6	20.9	854	21.5	5344	31.5	3776	18.2
Asiana	Feb	1.4	-2.7	1660	2.0	5906	4.3	4441	-1.8
Cathay Pacific AW*	Mar	-2.8	-1.6	6440	0.9	30385	9.6	23870	1.8
China AL	Feb	-3.5	-6.8	1796	0.7	6618	-1.2	5163	-3.8
China Southern AL	Mar	1.3	4.2	18716	5.5	35523	5.8	28387	8.2
Eva Air	Feb	-5.9	-8.2	1011	-5.2	4955	0.0	3738	-7.2
Garuda	Feb	37.8	53.4	439	35.0	2382	44.0	1609	46.9
Japan AL	Feb	-20.8	-24.3	4861	-20.9	12350	-23.8	8311	-23.9
Jet AW	Mar	14.6	10.0	3732	15.1	8809	13.5	6865	12.5
Korean Air	Feb	5.3	4.4	2481	5.8	12242	0.9	9690	4.3
Malaysia AL	Mar	2.4	15.3	3186	2.3	13027	11.2	9894	12.8
Philippine AL	Feb	13.4	15.2	676	12.1	3657	13.2	2893	14.4
Qantas AW*	Mar	4.8	3.3	10796	6.4	33310	7.8	26132	5.7
Royal Brunei AL	Feb	3.2	18.2	218	16.0	1152	50.4	837	46.2
Silk Air	Feb	9.1	13.3	457	10.3	884	14.1	679	14.9
Singapore AL	Mar	-1.9	-3.3	4092	0.6	27487	5.3	20758	-0.2
Thai AW	Mar	-3.9	-4.4	4923	-5.5	19571	2.8	14881	-3.5
Vietnam AL	Feb	44	37	916	43.6	3201	30.8	2680	36.7

### -International

China Southern AL	Mar	14.7	21.8	1375	17.6	6050	25.2	4396	23.5
Japan AL	Feb	-28.4	-28.8	1184	-27.3	7303	-26.0	5208	-28.0
Jet AW	Feb	22.2	17.2	808	19.4	3858	14.9	3190	14.5
Jetstar	Mar	5.6	2.2	1059	5.4	4092	12.0	3086	6.9
Malaysia AL	Mar	9.9	17.8	2150	9.9	11686	12.5	9086	15.2
Qantas AW*	Mar	-1.8	0.1	1511	0.9	15613	3.3	12703	3.1
Thai AW	Feb	-1.0	-2.0	2264	-1.5	12080	3.1	9394	-2.1
Virgin Aust	Feb	-23.7	14.0	407	-20.0	2499	12.8	2011	12.9

### Low-fare-airlines

-Systemwide	Period	SS,x 1000	Growth, %	Period	SS,x 1000	Growth, %	Period	SS,x 1000	Growth, %
Air Asia-all	Jan-Mar	7229	19.3	Mar	2488	19.2	Feb	2295	22.1
Air Asia X	Jan-Mar	640	56	J-D 09	1034	NA	Q4-09	382	33
Jetstar,AU	Jan-Mar	2485	19.8	Mar	795	14.1	Feb	728	15.2
Jetstar Asia	Jan-Mar	660	12.2	Mar	226	9.2	Feb	215	14.4
Tiger AW,Asia	Jan-Mar	1613	19.2	Mar	576	18.0	Feb	484	10.8
Virgin,AU	Jan-Mar	3869	-2.8	Mar	1356	-1.2	Feb	1176	-6.7

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. 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-Dec 10	CX Y-Dec 10	CZ Y-Dec 10	QF Y-Jun 10	SQ Y-Mar 11	TG Y-Dec 10
Revenue,mn	11477	11625	4560	12635	11809	6022
Op Profit,mn	1417	883	42	232	1033	741
Revenue per						
ASK,USc*	9.92	8.27	8.97	10.1	10.9	7.97
RPK,USc*	11.88	10.4	11.8	12.5	13.9	10.8
Pax,US\$*	428	152	290	305	710	332
Profit per						
ASK,USc*	1.22	0.63	0.08	0.19	0.96	0.98
RPK,USc*	1.47	0.79	0.11	0.23	1.22	1.33
Pax,US\$*	52.9	11.5	2.68	5.6	62.2	40.8

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	
	Feb 11	+/- %	YTD 11	+/- %	Jan- Feb 11	+/- %	Jan- Feb 11	+/- %
SS,mn	14.6	2.8	30.8	5.0	14.3	3.8	35.4	6.6
ASKs,bn	72.2	6.8	152.7	7.2	80.8	8.1	149.0	8.4
RPKs,bn	55.0	2.9	118.3	4.9	59.4	5.5	108.0	6.1
Pax LF,%	76.1	-2.9	77.5	-2.1	73.4	-1.8	72.4	-1.6

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, 2010/11

City	Month*	Number	Growth %	Jan thru month shown	Growth %
Auckland	Feb†	575,139	4.4	1,263,135	4.6
Bali	Feb†	360,755	-5.4	754,017	-1.0
Bangkok	Dec	3,136,984	6.4	31,417,712	9.0
	Feb†	3,092,680	9.0	6,341,460	7.9
Beijing	Dec	1,117,004	17.1	14,154,319	20.4
	Feb†	1,022,830	5.9	2,200,991	12.3
Brisbane	Feb†	307,099	0.0	703,265	2.9
Chennai	Feb†	318,556	7.8	700,493	6.6
Colombo	Feb†	462,367	17.6	973,855	16.9
Delhi	Feb†	794,772	12.7	1,624,001	12.8
Guangzhou	Feb†	417,595	12.9	884,807	17.7
Hong Kong	Dec	4,441,000	6.4	50,984,000	10.4
	Mar†	4,220,000	1.8	12,549,000	4.5
Jakarta	Feb†	693,640	14.3	1,479,317	14.1
Kuala Lumpur	Feb†	1,947,467	13.5	4,046,055	15.2
Macau	Feb†	301,259	-14.3	602,762	-15.2
Male	Feb†	199,766	10.3	391,513	11.9
Manila	Feb†	995,252	8.7	2,146,070	8.0
Melbourne	Feb†	495,121	10.5	1,122,963	15.0
Mumbai	Dec	829,322	5.8	8,559,556	12.2
	Feb†	696,832	10.1	1,510,843	7.8
Noumea	Feb†	39,003	-2.3	93,006	2.0
Osaka KIX	Mar†	888,542	-7.4	2,511,216	-3.3
Papeete	Dec	45,006	5.4	86,379	-83.6
Perth	Feb†	241,861	7.0	565,722	8.5
Phnom Penh	Feb†	142,190	8.6	296,242	9.5
Phuket	Feb†	465,026	25.0	921,997	27.3
Seoul	Feb†	2,984,387	7.1	6,243,594	8.8
Shanghai	Dec	1,179,867	23.1	15,067,051	29.9
	Feb†	1,487,074	38.2	2,759,742	29.6
Singapore	Dec	4,063,874	6.0	42,038,777	13.0
	Mar†	3,708,592	7.5	10,885,926	9.5
Sydney	Dec	1,102,422	3.8	11,409,131	7.3
	Feb†	916,286	1.9	2,073,655	3.2
Taipei	Feb†	1,757,082	-8.0	3,531,156	-3.1
Tokyo Narita	Dec	2,334,162	-9.7	32,216,298	4.3
	Mar†	2,043,888	-30.1	6,648,224	-17.3
ASIA PACIFIC-A	Dec	101,052,781	7.8	1,171,232,331	11.5
	Feb†	95,744,765	5.7	197,686,787	7.7
Intl	Dec	38,388,110	7.1	429,453,267	14.2
	Feb†	36,303,430	7.4	75,276,262	8.6

Notes: See Master Notes, page 6. \*2010 unless stated otherwise. †2009. †2011. 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	PVPD
	Jan thru:		%	days‡	US\$-A
Australia	Dec	5,885,429	5.4	30.0	150.60
	Mar‡	1,537,500	-0.3	30.0	150.60
Bhutan	Jun	11,313	8.4	8.0	200.00
Cambodia	Mar‡	778,467	20.7	6.5	95.00
China	Mar‡	31,776,000	1.1	7.0	100E
foreigners	Dec	26,126,900	19.1	7.0	100E
	Mar‡	5,857,700	1.9	7.0	100E
Cook Islands	Dec	102,156	1.7	10.5	115.84
Fiji	Dec	631,868	17.3	8.7	124.58
Guam	Feb‡	218,293	3.0	3.1	302.93
Hawaii	Dec	6,986,602	8.8	9.19	179.88
	Mar‡	1,780,458	8.7	9.19	179.88
Hong Kong	Dec	12,565,555	14.6	3.28	200.10
	Mar‡	3,061,929	5.3	3.28	200.10
India	Dec	5,584,000	9.3	16.0	92.68
	Apr‡	2,154,000	12.3	16.0	92.68
Indonesia	Feb‡	1,116,878	9.8	9.09	107.70
Japan	Dec	8,611,660	26.8	6.5	160.42
	Mar‡	1,746,399	-13.3	6.5	160.42
Korea	Dec	8,797,658	12.5	6.9	163
	Mar‡	586,152	2.8	6.9	163
Lao	Dec	2,513,028	25.1	4.5	23.03
Macau	Mar‡	6,431,178	5.2	1.36	181.80
Malaysia	Dec	24,577,196	3.9	6.2	105.67
	Jan‡	1,918,751	1.2	6.2	105.67
Maldives	Mar‡	246,606	12.3	8.5	56.00
Marianas	Mar‡	98,773	-10.0	3.52	100.00E
Mongolia	Dec	557,414	19.9	NA	NA
Myanmar	Mar‡	115,885	30.4	7.0	70.00
Nepal	Mar‡	116,989	12.5	9.1	14.09
New Caledonia	Mar‡	21,043	6.4	19.1	87.09
New Zealand	Mar‡	749,365	-2.4	20.22	115.33
Pakistan	Sep	662,183	9.8	25.0	13.20
Palau	Mar‡	25,728	11.9	E4	NA
PNG	Dec	146,928	16.3	17.3	28.24
Philippines	Feb‡	668,625	17.9	11.94	82.96
Singapore	Dec	10,510,026	8.3	4.6	161.07
	Mar‡	3,116,312	15.7	4.6	161.07
Sri Lanka	Mar‡	215,124	34.1	10.0	79.10
Tahiti	Feb‡	22,409	19.5	13.21	150.88
Taiwan	Mar‡	400,617	9.8	6.52	180.52
Thailand	Dec	15,797,198	12.1	9.19	119.38
	Mar‡	5,333,815	14.5	9.19	119.38

### International arrivals

Destination	Months*	Arrivals	Growth	Stay	PVPD
	Jan thru:		%	days‡	US\$-A
Tonga	Sep	32,563	-11.1	5.0	56.87
Vanuatu	Mar‡	49,108	-8.8	9.7	146.17
Vietnam	Apr‡	1,971,472	10.5	9.6	64.04
Asia Pacific	latest-E	50,061,133	6.0	NA	NA

### International arrivals

City/region	Period	Number	Growth,%	Source	Comment
Bali	Jan-Feb 11	403,980	13.3	PATA	direct arrivals
Sabah	Jan-Dec 10	785,038	39.7	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	2009	650.0	15.5	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. \*2010 unless stated otherwise. †2009. ‡2011. E = Indicative selected totals only; approx Jan-Jan/Feb 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 10	26,127	19.1	12,566	14.6	11,637	19.9	15,797	12.1
Feb 11	26,329	17.9	12,653	13.5	11,916	19.1	16,176	8.5

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 10	57,387	20.4	16,637	7.7	12,488	31.5	9,415	15.6
Feb 11	58,373	16.9	16,752	8.3	12,822	28.8	9,341	11.0

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



# MARKET DATA

## 11 Overseas travel by Asia Pacific residents

Market	Jan* thru:	Departures	Growth,%	Source	Spend,US\$m
Australia	Dec	7,111,400	13.2	PATA	18,400
	Mar†	1,541,800	4.9	PATA	18,400
China	Dec	57,386,500	20.4	PATA	36,200
	Mar†	15,773,529	12.4	TBA-E	36,200
Hong Kong	Dec	84,442,451	3.0	PATA	16,100
	Mar†	20,138,859	-0.2	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	16,636,978	7.7	NTO	27,900
	Mar†	3,951,348	-4.0	NTO	27,900
Korea-B	Dec	12,488,364	31.5	NTO	19,100
	Mar†	3,228,329	8.5	NTO	19,100
Macau	Feb‡	124,125	25.4	PATA	71
Malaysia	Dec 03	32,200,550	7.8	PATA	6,700
New Zealand	Mar†	364,326	3.1	PATA	3,000
Philippines	Dec 06	2,745,191	29.1	PATA	632
Singapore-D	Dec	7,342,276	5.5	PATA	14,200
Taiwan-B	Dec	9,268,436	13.8	NTO	9,100
	Mar†	2,162,759	-5.4	NTO	9,100
Thailand	Jun 08	2,176,465	10.1	PATA	5,000
Asia Pacific	latest-E	14,560,532	3.7	various	NA

Notes: See Master Notes, page 6. \*2010 unless stated otherwise. †2009. ‡2011. A = Excludes travel to China and Macau. B = Citizens. D = Excludes departures by land. E = Indicative selected totals only; approx Jan-Jan/Feb 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‡		
	Apr 11	stock market	Growth†,%	TBA 100 index*	Region	April 2011
Air Asia	2.87	6.7	0.2	176	Asia Pacific	112
Air China	7.86	9.2	1.1	262		
Air NZ	1.11	0.9	2.5	1		
All Nppn AW	237	-2.1	1.5	61		
Cathay P AW	19.4	4.0	1.1	135	Europe	77
China AL	18.3	8.0	4.2	93		
Malysn AL	3.40	13.7	0.2	51		
Qantas AW	4.06	17.3	0.0	60		
Singpre AL	478.2	3.7	2.7	82	World	86
Thai AW	1.8	-1.6	4.1	120		
Mndrn-Orntl	2.12	1.9	2.7	na		
Shangri-La	21.7	7.7	1.1	256		

Notes: See Master Notes, page 6. \*100 base on Dec 00 prices except Dec 04 for AK and 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, 2009

Country	Locations	Growth %	Net sales US\$m	Growth %	Per agency US\$m	Growth %
Australia†	1,852	0.0	7,578	-24.8	4.09	-24.8
China	4,335	0.0	15,999	-8.4	3.69	-8.4
Hong Kong	236	-0.4	2,367	-21.4	10.03	-21.1
India	2,605	0.0	5,177	-25.1	1.99	-25.1
Indonesia	474	0.0	1,293	-12.8	2.73	-12.8
Japan	942	0.0	14,422	-18.8	15.31	-18.8
Korea	782	-6.3	3,533	-35.3	4.52	-30.9
Malaysia	641	0.0	1,226	-29.0	1.91	-29.0
New Zealand†	549	0.0	1,286	-25.9	2.34	-25.9
Philippines	248	0.0	819	-23.7	3.30	-23.7
Singapore	202	2.5	2,101	-30.1	10.40	-31.8
Taiwan	368	-3.2	1,804	-19.5	4.90	-16.9
Thailand†	411	0.5	1,162	-23.4	2.83	-23.7
Asia Pacific	13,645	-0.4	58,768	-20.0	4.31	-19.6
US‡	15,928	-9.9	65,806	-17.3	4.13	-8.2
Europe	28,740	-0.7	74,474	-22.7	2.59	-22.2
World	58,313	-3.3	199,048	-20.2	3.41	-17.4

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\$m\*

Agency	Jan 11	+/-†,%	Feb 11	+/-†,%	YTD 11	+/-†,%
JTB	283	14.6	343	7.7	626	10.7
HIS	232	14.8	312	16.4	543	15.7
Hankyu	162	-3.3	178	0.4	340	-1.4
NTA	106	25.7	121	28.8	226	27.3
KNT	101	5.2	108	4.4	210	4.8
Jalpak	48	-14.6	48	-20.2	97	-17.5
NEC	36	-23.1	48	-4.7	85	-13.6
Club Tourism	41	13.1	42	12.7	84	12.9
Nissin	35	27.1	37	30.0	72	28.6
Travel Plaza	27	-2.4	31	-3.2	58	-2.8
<b>Top 62</b>	<b>1691</b>	<b>9.8</b>	<b>1931</b>	<b>9.2</b>	<b>3621</b>	<b>9.5</b>

Notes: Data for Mar, May and Aug 10 and thus YTD are recalculations from earlier data. 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
<b>Bookings growth</b>	New Zealand	Mar 8	-35%	-26%	Pegasus
<b>Bookings share</b>	Supplier/OTA	2011	59/41	59/41	PCW
<b>Bookings share</b>	Supplier/OTA	2012	60/40	59/41	PCW
<b>Airline sites</b>	Conversions	Q2 '10	10%	12% '08	PCW
<b>OTA sites</b>	Conversions	Q2 '10	8%	7% '08	PCW
<b>Yoursingapore.com</b>	Visitors	current	5m	3x	VPO
<b>Accor mobile sites</b>	Monthly visitors	current	600k	na	company
<b>Accor mobile sites</b>	Turnover	current	\$11m	na	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/PPP per person,US\$	Inflation period	Growth*,%
	2011	2012				
Australia	3.0	3.8	Q4: 2.7	39,692	Q1: 3.3	
China	9.0	8.7	Q1: 9.7	7,518	Apr: 5.3	
Hong Kong	5.2	4.2	Q4: 6.2	45,277	Mar: 4.6	
India	8.9	8.8	Q1: 7.8	3,290	Apr: 9.1	
Indonesia	6.1	6.3	Q4: 6.9	4,380	Mar: 6.7	
Japan	-0.2	2.6	Q1: -1.0	33,828	Apr: 0.3	
Korea	4.7	3.9	Q1: 4.2	29,791	Mar: 4.7	
Malaysia	5.1	5.5	Q1: 4.6	14,603	Apr: 3.2	
Singapore	4.7	5.0	Q1: 8.5	57,238	Mar: 5.0	
Taiwan	4.0	4.6	Q1: 6.5	34,743	Apr: 1.3	
Thailand	4.3	4.8	Q4: 3.8	8,643	Mar: 3.1	
Vietnam	6.4	7.0	Q1: 5.4	3,123	May: 19.8	

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

## 17 Economic indicators of major visitor-producing countries for Asia, 2011

Country	GNP/GDP	Retail sales	Consumer prices	Wages/earnings
Australia	2.7 Q4	1.1 Q4	3.3 Q1	4.3 Q3
Germany	5.4 Q1	-0.6 Mar	2.3 May	1.4 Mar
Japan	-1.0 Q1	-8.5 Mar	0.3 Apr	-0.5 Apr
UK	1.8 Q1	1.5 Feb	4.0 Mar	2.0 Feb
US	2.3 Q1	4.2 Mar	3.2 Apr	2.1 Apr
Euroland	2.5 Q1	-1.6 Mar	2.7 May	1.6 Q4

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

# MARKET DATA

## 18 Hotels measures in Asia Pacific, March

Location	Occupancy,%				Average room rate, local US\$*				Revpar, US\$*				
	2011		2010		2011		2010		2011		2010		
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD	Mth	YTD
Bali-all	60.3	67.4	67.7	69.0	1280031	137.24	144.39	114.21	114.82	82.75	97.36	77.33	79.27
U-4	66.7	71.4	69.1	71.0	1007567	107.08	113.65	79.70	75.69	71.41	81.12	55.09	53.76
Bangalore	60.2	63.8	53.1	53.3	9117	193.46	201.34	215.79	214.94	116.41	128.47	114.52	114.65
Bangkok-all	61.6	63.7	62.6	67.1	3847	117.04	125.55	120.94	119.92	72.14	80.00	75.73	80.50
L-4	59.6	63.5	55.2	62.1	2147	69.74	70.07	63.30	61.36	41.59	44.50	34.95	38.08
U-4	60.4	61.8	68.4	70.2	3055	98.14	99.70	95.91	93.32	59.29	61.65	65.60	65.53
Beijing-all	71.8	57.7	71.9	56.2	638	97.68	97.09	114.93	106.66	70.17	56.03	82.59	59.91
L-4	74.6	61.3	75.5	60.4	448	69.58	68.21	67.87	65.06	51.89	41.81	51.27	39.29
U-4	69.4	57.1	68.0	53.6	699	122.79	106.31	115.66	102.91	85.18	60.67	78.70	55.18
Delhi	73.4	79.4	81.6	79.6	10660	227.58	235.43	215.28	219.28	166.96	186.95	175.68	174.49
Fiji	61.4	57.1	60.2	53.6	192	101.49	105.14	94.40	101.89	62.29	60.02	56.82	54.66
Goa	47.7	65.0	67.0	74.4	6462	119.82	142.71	200.40	210.73	57.21	92.69	134.36	156.80
Guangzhou	78.4	64.6	70.8	52.1	446	71.77	67.81	90.02	84.31	56.25	43.80	63.73	43.91
Hanoi	58.1	57.6	73.7	62.4	2398767	132.40	117.43	135.30	132.67	76.95	67.64	99.74	82.73
Ho Chi Minh City	76.6	71.0	74.1	65.3	2439858	124.44	119.44	120.84	117.67	95.32	84.74	89.55	76.79
Hong Kong-all	89.7	83.8	82.9	75.6	1721	234.47	220.93	219.01	198.63	210.39	185.21	181.61	150.24
3-star	93.1	86.6	89.0	83.9	780	104.63	100.10	96.15	85.96	97.44	86.65	85.61	72.16
L-4	92.1	88.0	89.3	85.6	1406	202.98	180.47	170.17	153.82	186.86	158.74	152.04	131.63
Jakarta-all	71.1	67.4	67.0	61.4	765891	77.89	86.39	94.78	85.28	55.41	58.23	63.48	52.38
U-4	67.8	63.8	66.7	60.4	563013	65.17	63.51	55.43	49.80	44.15	40.54	36.99	30.07
Kuala Lumpur-all	71.8	68.0	76.8	65.9	342	110.87	112.11	121.57	113.57	79.64	76.23	93.32	74.80
L-4	73.1	66.6	78.0	64.1	202	65.18	66.28	64.77	62.28	47.67	44.15	50.52	39.90
Macau-all	83.4	85.0	80.7	82.9	1558	171.1	192.92	201.88	187.57	142.6	163.96	162.84	155.56
U-4	88.6	85.7	81.0	80.2	948	99.7	117.39	88.89	111.77	88.3	100.56	72.03	89.61
casino hotels	82.0	84.8	80.6	83.7	1715	190.7	212.31	227.68	208.08	156.5	180.07	183.46	174.19
Maldives-all	58.7	72.2	65.5	69.2	9541	560.91	741.95	669.58	772.35	329.23	535.94	438.72	534.83
U-4	66.1	76.0	58.6	63.5	6992	474.18	543.70	472.36	495.99	313.65	413.03	276.72	314.85
Manila-all	74.9	74.5	80.2	77.4	5166	106.26	117.98	117.81	112.88	79.64	87.88	94.54	87.33
L-4	69.6	76.0	81.7	78.9	3185	70.76	72.75	65.24	65.84	49.21	55.31	53.32	51.92
Melbourne-all	86.3	80.4	81.1	78.0	196	215.21	198.44	199.79	172.75	185.70	159.61	161.94	134.70
L-4	85.3	89.3	81.5	78.8	165	179.83	166.47	167.51	140.16	153.45	148.63	136.49	110.46
Mumbai	46.9	58.1	69.6	70.0	8821	203.90	194.82	195.69	188.85	95.57	113.11	136.16	132.19
Pattaya	84.6	89.4	61.6	73.5	2862	85.61	93.40	79.20	83.89	72.43	83.48	48.76	61.65
Penang	60.9	69.5	57.0	59.8	277	61.66	90.87	86.60	90.38	37.53	63.19	49.39	54.08
Phuket-all	80.3	85.2	76.7	81.7	5380	153.14	175.58	140.99	159.70	122.92	149.56	108.13	130.45
L-4	81.0	86.5	79.5	83.6	5204	147.97	169.83	135.02	151.55	119.82	146.88	107.30	126.69
Seoul-all	78.2	73.0	86.0	76.1	210494	193.55	188.64	187.18	166.51	151.39	137.70	160.99	126.73
U-4	82.7	74.8	87.1	81.1	171060	160.71	153.30	149.90	131.09	132.87	114.60	130.53	106.32
Shanghai-all	58.7	48.3	66.3	52.2	735	113.24	111.80	149.30	135.52	66.51	53.95	99.01	70.69
L-4	59.5	48.4	58.6	46.7	466	74.64	70.88	69.79	61.43	44.39	34.31	40.89	28.69
U-4	58.4	48.7	70.6	56.0	864	144.66	131.36	135.62	121.43	84.46	63.98	95.76	68.04
5-star	54.6	45.5	68.9	52.2	1434	204.64	218.05	262.45	245.33	111.74	99.17	180.84	128.16
Shenzhen	74.3	67.1	68.0	57.6	781	121.63	118.80	115.37	114.93	90.35	79.73	78.45	66.25
Singapore-all	88.2	83.6	87.9	83.7	263	203.64	207.20	184.50	176.25	179.64	173.21	162.11	147.45
L-4	93.4	87.2	91.0	88.5	205	166.41	161.35	129.81	120.49	155.41	140.62	118.13	106.68
U-4	86.5	84.9	90.8	85.7	252	206.93	198.87	181.95	174.10	178.96	168.90	165.13	149.25
Sydney-all	89.4	87.8	85.2	86.8	226	222.84	228.89	207.61	184.72	199.14	201.06	176.87	160.28
L-4	88.3	85.4	80.6	84.2	177	181.91	179.26	158.72	144.65	160.57	153.09	127.94	121.76
U-4	92.7	91.6	89.9	90.0	253	257.48	256.20	228.05	199.63	238.72	234.67	205.12	179.63
Taipei	76.6	74.1	79.6	70.4	3946	147.71	134.10	156.79	141.63	113.21	99.42	124.84	99.73
Tokyo-all	52.3	63.8	75.0	69.9	21879	285.81	266.51	237.12	242.57	149.61	169.98	177.90	169.47
L-4	45.4	63.6	83.1	68.4	14619	178.41	178.07	160.36	172.52	81.04	113.20	133.30	118.03
U-4	NA	63.8	74.8	70.0	22127	NA	269.53	239.44	249.98	NA	171.92	179.12	175.05
<b>OTHERS</b>													
Dubai	NA	80.1	76.4	81.1	511	NA	139.11	265.06	234.09	NA	111.49	202.50	189.83
London	83.1	77.1	80.9	76.7	156	253.37	250.63	249.26	238.62	210.52	193.26	201.66	183.00
New York	78.2	70.1	81.4	72.0	197	206.84	197.29	194.53	188.06	161.77	138.35	158.37	135.34
<b>Asia Pacific-total</b>	73.0	72.0	74.0	69.5	na	150.49	151.90	151.49	144.97	110.03	111.14	113.87	102.65
<b>US-total</b>	61.4	54.9	57.9	51.9	99	101.72	99.37	97.90	96.27	62.47	54.56	56.67	50.01
<b>Europe-total</b>	72.8	66.3	69.4	63.6	na	245.91	242.30	222.29	209.17	180.20	159.75	155.56	133.48
<b>World</b>	69.1	64.4	67.1	61.7	na	166.04	164.52	157.23	150.14	117.56	108.48	108.70	95.38

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

## Airport security checks

IATA (International Air Transport Association) has proposed 'Checkpoint of the Future'. The reason? "We spend US\$7.4bn a year to keep aviation secure. But our passengers see only hassle. Passengers should be able to get from curb to boarding gate with dignity. That means without stopping, stripping or unpacking, and certainly not groping," said Giovanni Bisignani, who retires as head of IATA this month.

The main concepts of the Checkpoint are:

- Strengthened security by focusing resources where risk is greatest.
- Supporting that risk-based approach by integrating passenger information into the checkpoint process.
- Maximising throughput for the vast majority of travellers who are deemed to be low risk.

At the checkpoint passengers would be directed to one of three lanes - known, normal, 'enhanced'. The choice will be based on a biometric identifier in the travel document that triggers the results of a risk assessment conducted by government before the passenger arrives at the airport. The three lanes will have technology to check passengers according to risk.

- Known travellers. For those who have registered and completed background checks with government authorities. They will have faster channels.
- Normal screening. For most travellers.
- High risk. "For those passengers for whom less information is available, who are randomly selected or who are deemed to [have a greater potential risk] would have an additional level of screening."

IATA's description of this category is not quite clear - because it means in part 'profiling' travellers. But that is a sensitive description - even if sensible from a security viewpoint - so IATA's description of the category is less clear, and hardly makes sense.

IATA, ICAO (International Civil Aviation Organization), and 19 governments, are working to define standards for the Checkpoint of the Future. Bisignani believes there could be major changes in two or three years.

## IT&CM China

Trends/indicators from this year's IT&CM China exhibition/mart in Shanghai:

- The China office of PATA (Pacific Asia Travel Association) reports on some special requirements for meetings held in China. A selection:

- Organisers to show respect for cultural differences and protocol.

- Attendance (without payment if relevant) by senior officials from China is the host country's priority.

- People must be listed in order of their importance, in terms of local government, central government, etc.

- Balance between insistence and compromise.

- Be patient and keep balance between hosts.

- On site security required. Names of attendees, for instance, must be same as on passport, so 'Cho Wye Ling' even if everyone calls you, and your name card reads, 'Liz Cho'.

- Visas are a problem.

- Be flexible and ready for last-minute changes.

- Businesses and regulators must change perceptions from 'red tape' that obstructs business to 'road map' that points the way.

- Having meetings in China in cities other than Beijing is easier.

For us, the best advice on the basis of this is to use a destination other than China. Is China worth the trouble? It seems only if there are special reasons to use China should the MICE industry bother. Come back in 10 years when the welcome is more practical.

- For PATA's annual conference in Beijing this April:

- Beijing's tourism promotion office gave US\$770,000 (at US\$1 to Y6.51) to support the conference. CNTA, The country's TPO, paid more - US\$2.3mn.

- Despite this, or perhaps because of it, half the delegates did not pay the registration fee.

## New airline names and games

Two significant airline developments:

- Odd in Oz.

Australia's Virgin Blue (VB) has changed its name to Virgin Australia (VA). And the Virgin Australia name will also be used on VB's subsidiary-airline operations, Pacific Blue and the medium- to long-haul V Australia.

Until now, VB has paid for the franchise only for its Virgin Blue domestic Australia operations. Now, the fran-

chise is presumably expanded, although neither VB nor the Virgin Group (VG) has commented on the franchise, or additional payment. There is a possibility, however, that VB is not paying VG any more - because VG gets better exposure through a VA name than VB.

The additional franchise fee, if any, will presumably show up in future annual reports. Surprisingly, this matter has not been noted in any financial presentations, although we regard it as a material factor about which investors should be informed.

There are other oddities in these developments.

Singapore Airlines (SA) owns 49% of a VG subsidiary, the main Virgin Atlantic Airways (which, despite that name, also operates to Asia and Australia). SA has signed a marketing agreement with VA - despite the fact that SA has its own associate airline, Tiger Airways, operating domestic flights in Australia. This means that SA prefers to send business to a non-owned airline, VA, than its own related airline.

This seems to indicate that more developments should be expected.

- Singapore Airlines (SA) plans to launch what Travel Business Analyst calls a JPA, a J-Plan Airline. JPA is named after Jetstar International, the lower-cost subsidiary of Qantas.

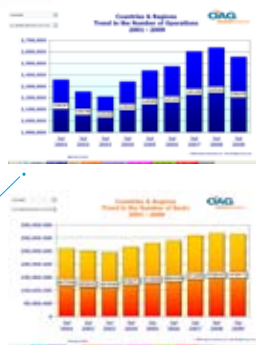
Note that for us the key operator factor for a JPA is lower-(operating)-costs than for the parent airline. But SA has said that its new subsidiary will be a no-frills low-fare airline and will operate widebody aircraft on medium- and long-haul routes; nothing about costs, although they seem likely to be lower.

Those criteria make it similar to Air Asia's AAX subsidiary, flying out of Malaysia. We believe AAX loads average under 80%, but that it needs loads at least 85% to be profitable.

Is SA forming a higher-cost-Singapore-based JPA for competitive reasons, and not for profit-making reasons?

SA says the so-far-unnamed airline will start flying before June 2012. The airline will be 100% owned by SA, but will be operated and managed independently.

We expected SA to launch such an airline via its already-operating subsidiary, Silk Air. SA has made no further announcement, so this could still be a possibility.



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