

Net Value

Marketing Travel On The Internet



From Travel Business Analyst

Abacus counts

Some findings from the Singapore-based Abacus, *with our comments*:

The company:

- Trends of 8-10% growth in booking volumes and more in travellers (*about 12-14%*) are expected to continue through this quarter.
- Corporate travel increased 10% in 2010.
- Expected an impressive 60% growth in hotel bookings in 2010, taking it to 1mn roomnights in Asia.

The industry:

- There are 450mn mobile internet subscribers in Asia Pacific (China 155mn, India 127mn). Abacus has some programs for mobile - Mobile, Trip Case, Virtually There, Web Start. 85% of travellers take their phones when they travel, *but Abacus does not attempt to note how many mobilers are travelling.*

- Internet users in Asia total 786mn, or 44% of the total, and forecast to reach 50% in 2020. In the second half of 2010, 32% of the total intended to buy airline tickets online, with another 26% intending to book tours or make hotel reservations.

These broad-brush statements prompt more questions than answers, and as presented, are little more than meaningless sound-bites.

- Asia's online travel is expected to total US\$55.4bn, up 25%, this year. *That indicates a sizeable growth in travel, unless this is based on online taking a bigger share of all-travel bookings; Abacus gives no indication.*

- Nearly 50% of online travellers aged 35-64 have participated in a social network, as have 29% of seniors.

PCW reports

Data extracted from PhoCusWright reports:

- **Europe's** online travel market is forecast* to grow 10% this year.

PCW reports Germany is expected to grow 13%. *PCW usually puts Germany in second or third place (after UK and France), but we believe it should be 2nd if not 1st.*

It reports fast growth, 14%, for Spain – despite that market's weak economy this year (a flat GDP, and

already 20% unemployment). And it notes low online penetration – 22% – compared with 50-60% in the leading markets in Europe.

Growth for other markets this year – France 9%, Italy 9%, Scandinavia 10%, UK 6%.

**Source: PCW's European Online Travel Overview.*

- PCW **India's** total travel market will be US\$23bn in 2012. A few months ago PCW reported a market total of US\$15.8bn in 2009, and forecast that it would grow to US\$20bn this year. *This new forecast indicates PCW has marked the market down.*

The online sector has not been restated. Earlier PCW data put its share at around 20-25%.

PCW says Indian Railways sells 1.72bn rail tickets annually (either direct or through intermediaries), and that in 2010, 23% were transacted online, either through IR's IRCTC (Indian Railway Catering and Tourism Corporation), or online travel agencies.

Last available data for IR, for 2008, was about 30mn online tickets. These new PCW figures calculate to an annual total just under 400mn. But we believe the criteria is different, and not that there has been an annual 265% growth.

**Source: PCW's Indian Online Travel Overview.*

Bites

- *The Foxtrots blog once renamed Skyscanner's travel research site 'Skyscammer'. Some of Skyscanner's interpretations of its own data into travel trends are open to challenge – at best.*

Another example is its interpretation of 2010 searches for what it calls "emerging destinations" for visitors to its site in the US. That in itself is open to misinterpretation – because presumably Sky decides what is 'emerging', not the statistics.

The top-10, in order, were Shanghai, Taipei, Beijing, Tokyo, Ho Chi Minh City, Moscow, Kiev, Kuala Lumpur, Singapore, Hong Kong.

We might just challenge most of these being designated 'emerging', but note only the inclusion of Kiev, capital of Ukraine. If Sky is telling us that Kiev was in the top-10 visited cities from the US in 2010, then we would challenge that.

Unless, of course, the number went from 10 to 100 – but that too would raise questions on Sky's interpretations.

As we have noted before, Skyscanner's data is certainly of value. But until the company works on the figures more carefully, the information is not much more valuable than a blank screen.

- Data from ARC (Airlines Reporting Corporation) shows a 0.2% growth in **online transactions** for ARC member US travel agencies in December, see table. The year average growth was 5.6%, much lower than the 18.3% average in 2009.

Growth in online transactions for US travel agencies, %

Month	2010	2009
Dec	0.2	19.8
Nov	5.0	19.5
Oct	-0.8	26.6
Sep	5.4	19.4
Aug	7.7	19.5
Jul	1.3	20.2

Source: Airlines Reporting Corporation.

- The Preferred Hotel Group has conducted a study on the travel potential of so-called baby boomers in the US.

It estimates 78mn were born between 1946 and 1964 and that at age 65 from last month, they start to retire. A report on other aspects of the PHG research was included in the January issues of the Travel Business Analyst newsletters.

For internet related data:

- 99% go online from home, 53% from an office, 16% with a smartphone, 8% with other types of phone.
- 84% have made travel reservations online.
- 67% check Trip Advisor, 57% Expedia, 56% Travelocity, 47% Orbitz, 33% Hotels.com, 32% Priceline.
- 40% are on social networks; 60% "actively consume" socially-created content such as blogs.

An annual subscription to Net Value, costing €100, is delivered via email in PDF format. A small extract from Net Value may be included in the Asia Pacific and Europe editions of Travel Business Analyst. ISSN-1998-6289.

For more information, contact Raymonde Perpignani at Travel Business Analyst, TBAoffice@gmail.com

Editor: Murray Bailey. Design: Context Design & Publishing. Copyright © Travel Business Analyst Ltd, 2011. www.travelbusinessanalyst.com