

Net Value

Marketing Travel On The Internet



From Travel Business Analyst

Interview: Google

With Rob Torres, Google's 'Head of Travel', during an Eye-for-Travel conference. May be paraphrased.

- 84% of travellers are using the internet as a source of planning. In 2008, they took eight sessions of visits before making a booking; in 2009 that went up to 8.7, and now it is almost 10 sessions.

- During those sessions, travellers are visiting more sites; two years ago, they visited an average 18.5 sites, but it was 22 sites in 2010.

- There is no significant change in advance booking time for hotels; it was 5.8 weeks, and now it is 5.4 weeks.

- How people are searching is changing. Value is top of mind. There is a big increase in search for 'cheap', 'bargain', 'value' – but 'value' means 'cheap' in this case.

- 65% of personal travellers are members of a frequent traveller club. And 90% of business travellers. Both are increases.

- Destinations are key. People are putting in destinations in their search query. We are now seeing 4-word query strains in search queries.

- Maps are important. More people are booking hotels from reading from maps.

- Mobile. 2010 was the year of mobile for travel. The iPad was introduced, smartphones experienced hockey-stick growth. It is not important whether mobile will overtake desktop in 2013 or 2015; just that it will happen.

- In 2010 we experienced a 1200% increase in travel searches from mobile devices. For hotel searches the growth was 3000%. In 2008 we got US\$20mn in revenue from mobile bookings; in 2010 it was US\$200mn, of which US\$80mn was from hotels.

- There is a lot of travel-related viewing on mobiles. So it is important that mobile sites have a 'click to call' option. That can increase the click-through rate by 15-30%.

- Another important trend is videos. 2011 will be the year of the video. 86% of personal travellers watch all

types of videos, and 90% of business travellers. For travel-related videos it is 63% of personal travellers, and 69% of business travellers.

Pegasus findings

Pegasus Solutions showed a slowdown in ADS (alternative delivery systems) hotel bookings – 10.3% growth worldwide for the whole year compared with 10.7% in the first half, see Table 1.

Table 1

Region	Jan-Dec			Jan-Jun		
	Res	ARR	Rev	Res	ARR	Rev
North America	8.9	-2.5	5.7	9.7	-5.7	2.3
Europe	21.7	2.2	22.9	16.3	1.0	17.3
Asia Pacific	16.2	1.8	18.5	22.3	-2.7	18.6
World	10.3	-0.5	9.5	10.7	-2.4	5.7

Notes: ADS = alternative distribution system, ARR = average room rate, Res = net reservation, Rev = net revenue. *Over same period previous year. Includes Africa. Source: Pegasus.

And growth in average room rate is still lagging actual bookings by some way – there was a fall of almost 1% worldwide. However, that is a

Table 2

Bookings in: Month of stay	Jan	Dec	Nov	Oct	Sep
	January	na	3.0	8.6	2.9
February	3.8	4.3	9.1	-2.8	-2.1
March	13.7	16.9	17.0	18.0	19.7
April	20.9	19.4	na	na	na
May	20.5	23.4	na	na	na
June	22.2	19.3	na	na	na

Notes: ADS = alternative distribution system. *Net reservations; growth against same month year earlier. Source: Pegasus.

sizeable improvement on the first-half, when worldwide was down 2%.

Revenue – the result of bookings and rate movements – looks comfortable, growing near 10% worldwide, compared with 6% at half year.

Forward bookings are picking up fast, see Table 2. In December 2010, forward bookings for June this year were 19% above the same periods a year earlier. By this January, they were 22% higher.

Bites

- **Abacus** says its booking transactions increased 11% in 2010, taking it above pre-recession 2007. North Asia increased 14%, Southeast Asia 8%, and the Indian sub-continent 10%.

Hotel average room rates were up 4%. Most markets experienced an overall hotel booking increase of 126% in 2010.

- **Hotel groups:**

- **Carlson Hotels** says that 10% of its sales are via the internet, but it expects 30% in 2015.

- **Mandarin-Oriental Hotels** says its internet booking share is 15% of room revenue, up from 8% over 3/4 years ago. It expects this growth rate will continue.

- Singapore-based **Park Hotels** says 10-20% of its sales are online. *This wide range probably means that the company does not track the figure – bad for a company due to be listed on the stockmarket later this year.*

- **IPK** has produced the first of its ITB-sponsored reports for outbound travel in Europe – the ITB World Travel Trends Report. (*See December's Travel Business Analyst Europe edition for a review of non-internet data.*)

The WTTR found the number of **online bookings** in Europe increased 17% in 2010, and is now nearing the 50% mark.

- **Hotels.com** says that in China 40% of those who book a hotel book for a room that same day.

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