

# Net Value

## Marketing Travel On The Internet



From Travel Business Analyst

### India online

A new study on online travel in India\*, see table, reports that 40% of internet users visited a travel site, up 45% in unique visitors, in Q4 2010. Over the same period, the total internet audience grew only 13%.

Traffic to OTAs (online travel agencies) grew 65% - faster than that to airline and hotel sites. The unique monthly visitor count to OTA sites was double that to airline sites, and nearly seven times more than that to hotel websites.

Top-3 OTAs are Make My Trip, Yatra, and Cleartrip, all India-based companies. First foreign OTA is Travelocity India, then Expedia India. Both are growing rapidly - 250% at TI, and 100% at EI.

Half of all unique visitors to India's online travel category visited a ground transport website, making it the largest category. In fact, 8-out-of-10 most-trafficked ground transport websites are focused on rail.

The site of IRCTC (Indian Railway Catering and Tourism Corporation), part of the government-owned Indian Railways, is the largest travel website in Asia Pacific in terms of transactions. But it has technical issues; 25% of transactions fail at the payment gateway.

\*Indian Online Travel Traffic Report, from Comscore and PhoCusWright.

### Average monthly unique visitors, India

Category	No.,x1000
Travel	17.5
Ground transport	9.5
OTAs*	6.8
Airlines	3.1
Hotels*	0.9

Notes: In Q4 2010. \*Those tracked by PCW. Source: Travel Business Analyst from Comscore/PhoCusWright data.

### Reports from PhoCusWright

• PCW forecasts\* that travellers will book one-third of the world's travel sales online by end-2012. Online leisure/unmanaged business travel bookings will grow twice as fast as the total market, to surpass US\$313bn in 2012.

PCW forecasts world travel bookings will increase 6% this year and also in 2012 - which would mean a recovery from losses in 2009.

The US and Europe represent 75% of online sales, but 66% of total travel sales. As online travel bookings in Asia Pacific and Latin America grow faster, the US/Europe share will fall to 73% in 2012 and further thereafter.

\*In Global Online Travel Overview.

• The Asia Pacific travel market, increasing 17% in 2010 to US\$255.8bn, passed the US, according to a new PCW report\*. In 2009, travel markets in both Europe and US fell 15%, but AsPac fell only 7%.

PCW expects AsPac's online leisure/unmanaged business gross bookings will be US\$70.6bn in 2012. They were US\$53bn in 2010.

\*Asia Pacific Online Travel Overview.

### Pegasus on UK wedding

Pegasus Solutions has measured impact on online bookings for London around the time of the UK royal wedding, which took place April 29. Comparisons with 2010 could be skewed because much of Europe's air space was closed April 16-21 2010 because of volcanic ash fears from a volcano eruption in Iceland.

On bookings through the Pegasus system, through Apr 21, hotel average room rates were 88% higher on the day of the wedding, and 134% the day after. On the following day, May 1, they were 100% higher. Length-of-Stay patterns were similar - increasing 100-130%.

The main source of bookings was domestic UK, followed by US, France, and Germany. That said, actual numbers from the UK were down 15-points - meaning that more people who might normally travel to London over this period than those who actually booked. This is the essence of our Big Event Blues\* theory.

That said, the US total was 10-points higher, France up 3%, but Germany down 1%.

\*The Big Event Blues is a semi-serious theory suggesting that momentous international events actually reduce visitor arrival totals. Although these events attract international visitors, many traditional travellers (such as business travellers and even holidaymakers) will stay away from that destination just before, during, and just after the event. They assume that there will be too much disruption to normal movement in the destination. In general, they are right - not only is movement curtailed, but many prices are higher.

### Growth in London hotel bookings, %

Date	Average room rate	Revenue-per-booking rate
Apr 22	78	182
Apr 28	91	191
Apr 29	88	191
Apr 30	134	384
May 1	101	377

Notes: Wedding on Apr 29. See text. Source: Pegasus Solutions.

### Bites

• To us, three months make a trend. Online sales through travel agencies in the US (measured by ARC, Airlines Reporting Corporation) fell in the first three months of the year - 8%, 10%, 11% - which compares with growths in the same 2010 months of 15%, 16%, 14%.

• A new study\* on online travel in China reports that 57% of trip takers from Shanghai say that information gathered online had most impact on their travel purchases - of airline, bus, train tickets, and group tours for leisure travel. That would be worth US\$8.9bn.

\*The Influence Online Information has on Chinese Consumer Buying Behavior 2011: Travel & Tourism Category Report' (sic), Research and Markets. (Our experience with R&M reports is that data is often taken from other sources without credit, and sometimes mis-interpreted or over-interpreted.)

• Ryanair expects to sell 75mn seats this year, of which 99% would have been sold online - from 180mn individual site-visitors annually.

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.

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