

# Net Value

## Marketing Travel On The Internet



From Travel Business Analyst

### India online

According to a report in The Economist, travel companies represent five of the top-10 internet companies in India, see table.

Total ecommerce sales in 2012 in India were US\$10bn (quoted in US\$), about 80% of these on travel products, according to a McKinsey report. And it forecasts that sales will be US\$100bn within the next five years.

Most of that growth is expected to come from an increase in the number of people accessing the web on their phones. In this scenario, India would bypass the PC era and go straight to the mobile internet.

About 25% of internet traffic in India is now from mobile phones, according to Google, compared with 14% world-

Indian Railways site, probably India's most frequently used, fail.

### PhoCusWright reports

#### • On China, in 2Q12:

- Visitors to travel websites are increasing nearly six times faster than total internet traffic - 40% for travel, compared with 7% for the total.

- 20% of internet users in China vis-

ited a travel website - yet online travel traffic during the quarter was greater than that in Australia, India, and Japan combined.

- Traffic to half of the 10 most-visited Chinese OTAs

(online travel agencies) grew in triple digits. At Tuniu, which sells travel packages, monthly unique visitors increased 300%; at Qunar, a metasearch site (which bought Baidu in 2011), also 300%.

- Supplier sites count the smallest share, but visits to hotel and airline sites doubled.

#### • Mobile.

- Travel bookings from smartphones and tablets are on track to 20% of online travel dollars in the US by 2014. They will have tripled over 2012-14, to US\$25.8bn.

- In 2012, 30% of mobile web users booked/purchased travel products, up from 26% in 2011. By comparison, 80% mobile web users viewed maps/directions via a mobile phone, and 50% researched travel destinations or products.

### Bites

- In 2012, HRS (Hotel Reservation Service) doubled its sales via mobile devices

to 6% of the total, and it forecasts 20% of bookings will be via mobile in 2014.

Other findings, on business travelers:

- 19% have reserved a hotel room at least once via their phone.

- 34% have used a mobile app for their hotel booking.

- **Small Luxury Hotels** internet activity:

- Facebook-fans 57k, up 30% in 2012. That is above competitors such as Leading Hotels, although hotel groups such as Shangri-La, the biggest, have 200k.

- Twitter-likes growth was 61%.

- iPad-bookings growth 168% in 2012 to 425k.

- iPhone app downloads growth 12% in 2012 to 79k.

- Website visits projected to increase 25% this year to 4mn; 3.5mn in 2012.

- Online bookings projected to increase 27% this year; 25% in 2012.

- **Skyscanner**, a mainly-Europe travel portal, asked visitors about airline food. Results are surprising.

*Indeed, many of Skyscanner findings are surprising, but usually because it misinterprets its own data - often by presuming searches equate to subsequent activity. However, that should not be the case with a survey on airline food.*

It placed airlines in three categories of flights - short-, long-range, "low-cost" - which it defines as "cheap" thus comprising NFAs (no-frills-airlines), as well as charter airlines.

Its findings on those "serving the best food in Europe on board aircraft":

- NFAs. Pegasus, a small mainly-charter Turkish airline top, then three UK airlines - Flybe, Monarch (also mainly a charter airline), Easyjet - and then Vueling.

- Shorthaul flights (under six hours). SAS top, then Lufthansa, Turkish, British, Aeroflot.

- Longhaul flights. KLM top, then Aeroflot, SAS, Air France, British.

Another Skyscanner survey showed that 54% of passengers rate airline food quality "good", with 75% believing quality has improved.

### India's leading etravel sites

Site	Sales,US\$mn*	Notes
IRCTC	1754	State-run railway-ticket system.
Make My Trip	1103	US listed.
Yatra	655	Started in 2006.
Clear Trip	552	Making push on mobile. Also operates in Mideast.
Redbus	109	Long-distance bus-ticket system.

Notes: \*Gross, quoted in US\$, in latest available full-year. Source: The Economist.

wide, according to Stat Counter.

Other information from the report:

- Almost 50% of reserved train tickets are bought online.

- Bangalore-based Redbus has begun to transform long-distance bus travel by bringing a fragmented market of over 1000 private bus firms online and centralising ticket sales onto its system.

- Sundar Lakshmanan has now moved from mobile to set up a travel site Trip Thirsty. It was Lakshmanan who designed the Suruk mobile app to check if your rickshaw driver is cheating. That app became a media sensation, but he made no money from it.

- Hrush Bhatt of Clear Trip says 8% of its sales are now from mobile and that this will reach 25-30% in a year.

- Only about 20% of Indians have debit or credit cards and those who do are uncomfortable about using them online. And sometimes the experience is not good - 25% of attempts to pay on the

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