

Net Value

Marketing Travel On The Internet

US travellers

PhoCusWright has completed a study on US travellers (US Consumer Travel Report). We have extracted here some of the internet-related findings for 2012:

- Internet related sources represented four of the top-5 information sources for destination selection – 66% noting websites via a personal computer (60% in 2011 and 54% in 2010), despite the fact that many believe PCs are slowing down as more use tablets and smartphones.

Second was the only non-internet source, recommendations from friends/family – 29% 31% 31%. Following this, online advertising and email promotions – 14% 17% 13%. The next two, surprisingly high, are websites via tablets (11% in 2012; no information or too small for the two years earlier) and websites via smartphones (also 11% in 2012; no comparison).

- Websites used for destination selection: general search engines 53% 57% 53%; on-line travel agency websites 43% 42% 38%; traveller review websites 29% 30% 27%; travel search engines 25% 27% 21%; travel provider websites 24% 22% 22%.

- Websites used for shopping: OTA websites 59% 61% 59%; general search engines 49% 54% 51%; travel provider websites 36% 36% 37%; travel search engines 36% 33% 28%; traveller review websites 29% 32% 28%.

- Websites used to view traveller-submitted ratings/reviews: OTA websites 44% (44% in 2011); general search engines 40% 41%; travel review websites 38% 38%; hotel websites 32% 30%; travel search engines 25% 23%.

- Online features used most during online shopping: interactive maps 11% used for most trips in 2012 (11% also in 2011); traveller reviews 11% 10%; professional reviews 10% 9%; professional photos 7% 6%; traveller photos 7% 6%; social networks (friends) 4% 4%; professional videos 3% 2%; traveller videos 4% 3%; social networks (companies) 3% 2%.

More information scheduled for next month.

Elong's 2012

Some measures for 2012 from Elong, the



From Travel Business Analyst

China-based subsidiary of Expedia, show encouraging progress. Others are not so clear.

- There was a 3% increase in ticket-segments (a Beijing-Singapore roundtrip would be two segments). But that does not recover the 5% drop in 2011; sales were 2.4mn in 2010.

- There was a slight, 1%, growth in revenue per ticket, but clearly the market is competitive – commissions were down 1%, despite those other growths.

- In terms of accommodation, Elong's growth is extraordinary – 75% growth in roomnights sold, and that followed 44% growth in 2011!

- But the good news stops there – growth in room rate took another tumble, and commission per roomnight an even bigger fall, 22%.

- Thanks to that increase in roomnight sales, however, actual growth in commissions was also good, 36%.

Table 1

Elong revenue profile, US\$m*

Item	2012	Growth,%	Share,%	AAGR,%	2011	Growth,%	2010	Growth,%
Air commission	20	-1.0	15.5	16.6	20	-1.0	20	31.6
Hotel commission	98	35.8	76.3	20.4	72	36.0	53	28.2
Other	10	25.2	8.2	63.4	8	25.0	7	55.8
Total	128	27.6	100	21.3	100	25.7	80	31.0

Notes: AAGR = average annual growth rate, 2007-12. *Converted at US\$1 to Y6.23. Source: company.

Total revenue increased 28% - faster than the 26% growth in 2011, see Table 1, and faster than the average 21% over the past five years. But the company is still not able to boost non-hotel business to become a proper OTA (online travel agency) like its parent.

In 2007 (when we started to track this data), hotel commission represented 79% of the company's revenue. In 2012, that had fallen, but only to 76%. And the difference was not made up by air activity – that has actually fallen from 19% in 2007 to 16% in 2012. (The growth was in 'other' revenue.)

Expedia/Elong should be worried.

Some explanations are shown in the company's operating data, see Table 2:

Table 2

Elong operating profile

Air	2012	2011
Ticket segments sold,x1000	2378	2317
Growth,%	3	-5
Revenue-per-ticket growth,%	1	5
Commissions growth,%	-1	2
Accommodation		
Roomnights sold,mn	16124	9202
Growth,%	75	44
Room rate growth,%	-12	-7
Commission-per-roomnight growth,%	-22	-10
Commissions growth,%	36	29

Source: company.

Bites

- In 2011, **Rakuten Travel**, a Japan-based OTA (online travel agency) bought ET Solution Beijing, which operates an online travel website in China named ET Pass. Revenue from ETP bookings increased 11-times to US\$88mn (Y550mn) in 2012!

- Global web revenue of the **Carlson Rezidor** Hotel Group (presumed the total of the separate Carlson and Rezidor sites) increased 9% in 2012, and 50% since the launch of a new online strategy three years ago.

- **Hot Hotels**, from Hotels.com, has started in France selling hotel rooms at least 50% discount (on full rates) for last-minute bookings - for that night (up to 0300 in the morning).

Hotels.com says empty rooms represent 38% (which would mean hotel occupancy at 62% - about 15-points lower than the official figure for occupancy in France.

HH was launched in Spain in March 2012, then Ireland and the UK in November. Hotels.com says there have been 100,000 downloads of the app which allows travellers to book last-minute rooms.

Although there is no benchmark, this download rate does not seem high. Hotels.com has not said how many roomnights have been booked.

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