

Net Value

Marketing Travel On The Internet



From Travel Business Analyst

Pegasus findings

Pegasus Solutions shows a slowdown in ADS* hotel bookings – down 5% worldwide for Jan-Apr compared with +6% for all-2011 and +10% for all-2010, see Table 1. However, this may be linked to growth in average room rate – up a big 8% worldwide compared with +4% in 2011 and -1% in 2010.

Revenue – the result of bookings and rate movements – is just ahead, growing near 2% worldwide, compared with +10% in both 2011 and 2010.

In the regions, Asia Pacific was ahead, with 19% growth in bookings, only a 3% growth in ARR, but that was enough to push revenue up 24%.

Table 1

Percentage growth* in Pegasus ADS hotel activity

Region	2012			2011			2010		
	Jan-Apr			Jan-Dec			Jan-Dec		
	Res	ARR	Rev	Res	ARR	Rev	Res	ARR	Rev
North America	-5.7	7.4	-1.5	6.3	4.2	11.5	8.9	-2.5	5.7
Europe	0.7	4.3	8.5	5.3	0.4	6.2	21.7	2.2	22.9
Asia Pacific	19.2	3.1	23.6	-8.9	10.7	4.4	16.2	1.8	18.5
World	-4.5	8.3	1.7	5.8	3.5	10.1	10.3	-0.5	9.5

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

Forward booking data is mixed, see Table 2. In April, forward bookings for the three months of June, July, August this year varied between a 5% drop and 10% growth. A comparison with 2011 shows a much-steadier booking pattern (between +11% and +12%) and in 2010 (16-18%).

Table 2

Forward bookings* in hotels by ADS, April

Bookings in:	2012	2011	2010
Month of stay:			
June	2.1	11.7	16.0
July	-4.5	11.0	17.9
August	10.2	12.2	18.0

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

*ADS (alternative delivery systems); Pegasus says ADS is mostly for leisure travel.

Google in Singapore

Two case studies from Google Travel:

- **Swissotel.** In targeting guests from Australia and the UK, they found UK visitors to their website were spending twice as much as Australia visitors. But UK volume (already below Australia) was falling, but the hotel wanted more because they were better spenders.

They found UK visitors were looking at rooms and restaurants but Australia were looking at rates and/or packages. So Swissotel decided to create a site for the UK concentrating on rooms and suites. And for Australia a new landing page concentrating on deals. As a result, basic revenue increased 28% and revenue from website increased 68%.

- **Marriott.** Fewer than 4% of visitors to its site purchased from the site. They were losing 75% of visitors at the room-selection stage. But it was because they were getting an 'error' message. Also there was a login requirement, and people don't want to fill all their details in before booking. After fixing these problems, the site had additional paying visitors, and the conversion rate increased 15%.

PhoCusWright reports

- PCW says only three in 10 have 'liked' or 'followed' a travel company

on social-media sites.

- PCW's OTAI (Online Travel Agency Index), which measures stock prices of OTAs, was up 7% in April. That compares with 1% growth for the Nasdaq stock market index, and a 1% fall for the S&P index.

- **Mobile.** PCW says* US mobile leisure/unmanaged business travel gross bookings were US\$2.6bn in 2011, representing a 2.4% share of the US online travel market. By 2013, that share is projected to grow to 6.5%, when mobile bookings (excluding managed corporate bookings) will represent 2.6% of the total US travel market – representing US\$8bn in 2013.

*Mobile Hits the Mainstream.

Bites

- The 'Hotel Price Radar' from the HRS (Hotel Reservation Service) online booking site reports following for Q1:

- In Europe: London rates +4.9% to an average US\$156 (at US\$1 to €0.80); Moscow, highest cost in Europe, -0.3% to US\$190.

- In Asia Pacific: Bangkok +4.8% to US\$73; Beijing +8.6% to US\$78; Mumbai -18.0% to US\$125; Sydney +4.6% to US\$225.

- **Air France** targets an increase in revenue from mobile and online from US\$2.5bn (at US\$1 to €0.80) in 2011 to US\$3.8-4.4bn in 2015.

- Online bookings for the **Villa Magna** in Madrid represent about 15% share, considered high for this type of upper-market hotel.

- **Orient Express Hotels** gets 35-40% of its business from its own OEH web outlets.

- A survey by **Skyscanner**, the flight-comparison site, found that if mobile use was available inflight, 48% of passengers would send text messages, 35% would access internet, 10% would send emails, and 6% would make and take calls.

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