

Net Value

Marketing Travel On The Internet



From Travel Business Analyst

ANZ up 11% in 2012

PhoCusWright has completed a new study on the ANZ (Australia and New Zealand) online travel market. Some findings:

- Gross bookings for online leisure and unmanaged business travel grew 27% to US\$12bn in 2011 (but only 13% in A\$), see table. Growth is expected to have slowed this year, to 11%.

- With 36% of travel booked online in 2011, ANZ is a mature online travel market, more in line with Europe and North America than its Asian neighbours.

- Air share was two-thirds in 2011. PCW expects air passenger revenues will be the fastest-growing online segment in ANZ through 2013, partly due to growth in low-fare-airline online activity. *Although PCW wrongly categorises Virgin Australia as an LFA, this should not change PCW's overall growth outlook.*

- Supplier websites dominate online distribution over OTAs (online travel agencies), but there are few suppliers – and most are airlines.

- Gross bookings via supplier websites account for 82% of online leisure and unmanaged business travel gross bookings, and online air bookings account for nearly 80% of that volume. PCW does not see much change in this, although it has slightly marked down the OTA share.

- Airline websites (ie, suppliers) account for 90% of total online air bookings. But for hotels, OTAs account for 60% of total online hotel bookings.

- Supplier websites represented 82% of the region's total online bookings and 30% of the overall travel market in 2011. Supplier-site gross bookings were up 28% to US\$10bn in 2011 (in US\$, but about half of that growth came from the fall in the value of the US\$ against the A\$ and NZ\$).

- After a fall in 2009, supplier websites recovered in 2010 and outgrew OTAs in 2011. They are expected to be the fastest-growing distribution channel in ANZ through 2013, when more than US\$12bn is forecast to be booked on supplier sites – one-third of the to-

tal ANZ travel market.

- OTA gross bookings were US\$2bn, up 23% (boosted by the fall in the value of the US\$) in 2011.

Online travel gross bookings in Australia and New Zealand, US\$bn*

Item	2013	2012	2011	2010
Suppliers	12.2	11.1	10.0	7.8
Growth,%	9.9	11.0	28.2	30.0
Share,%	82.4	82.2	82.0	81.3
OTAs	2.6	2.4	2.2	1.8
Growth,%	8.3	9.1	22.2	38.5
Share,%	17.6	17.8	18.0	18.8
Total	14.8	13.5	12.2	9.6
Growth,%	9.6	10.7	27.1	31.5

Notes: Forecast for 2012-3. *Quoted in US\$. Leisure travel and un-managed business travel. Source: PhoCusWright.

- Hotel bookings, led by local OTA Wotif, account for most of the region's OTA gross bookings. But as PCW believes online growth of the hotel segment has peaked, it expects OTAs will focus on air bookings, particularly overseas flights, and packages - where shopping and other web capability on their websites can be better than on supplier sites.

- ANZ OTA gross bookings are forecast to grow at a slowish 8-9% until 2013, although that would mean a doubling since 2009.

Mobile updates

- Internet Retailer Mobile 400 estimates mobile gross bookings at **Orbitz** this year will top US\$700mn in US sales. That would put it 4th, behind Amazon, Apple, Marriott; 5th is Wal Mart.

- **Air Berlin** says 1mn check-ins have been made via its iPhone app, although 500,000 have installed AB's

app on their phones.

- According to an online survey by Corporate Traveller, which specialises in business travel, 88% said mobile phones should be used **inflight** only for texting, emailing, internet browsing and not for voice calls.

We believe reality will be different. As prices fall – a key factor - we expect that a majority will use all the capabilities of their mobile devices inflight, including voice.

Bites

- **Air France** now has 1mn fans* on its Facebook page, which it opened in July 2010. They are widespread – (only) 20% France, 9% Brazil, 8% Italy, 6% India, 6% Tunisia, 5% Japan, which leaves a high 46% from, presumably, small markets.

After Venice showed up as the most 'liked' destination, AF discounted fares to Venice by 30%, for one day.

**AF has a total of 1.5mn fans/followers/etc on social media – including 250,000 on Twitter, 4600 on Instagram.*

- France-based **Lounge Up***, established in 2011, has signed up 11 hotels. All are in France - six in Paris, four 5-star, five 4-star, two 3-star.

LU notes:

- 70-75% of travellers use mobile devices while travelling. *Trip Advisor.*

- 95% of travellers say local recommendations are very important. *Monitor Venture Services.*

- 75% of LU's clients rank in the top 20% of their category on Trip Advisor.

**A mobile application that enables hotels to post their ancillary services, provide entertainment, and keep guests informed on their mobile devices.*

- According to PhoCusWright, **online travel shoppers** in France, Germany and the UK have reduced the number of websites they visited when shopping for travel this year.

The percentage of online travel shoppers who used only 1-2 websites to shop for travel products increased to 41% in France, 30% in Germany, and 37% in the UK.

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