



# Net Value

## Marketing Travel On The Internet

### Expedia on Asia Pacific

Some recent findings from Expedia on the Asia Pacific market:

- Impressions (the potential number of times an advertisement on a web page, on the Expedia sites, is seen): within Asia Pacific 600,000 daily, but Europe (plus Middle East and Africa) 1mn, and Americas 900,000.
- Foreign exchange factor. For UK travellers buying in pounds, Asia Pacific increased from being 6% more costly at the start of this year (over Jan 07), to 13% more by this September (over Sep 07). For US\$ travellers from 10% to 2%, and for Euro travellers from 6% cheaper to 2% cheaper.
- Air fares. Within Asia Pacific, falling from an 11% increase at the start of this year (over Jan 07), to a 7% increase this September (over Sep 07). And from 3% to 2% for US-Asia Pacific (but passing through a decline over Mar-Aug), and from a 3% growth to a 10% fall for Europe-Asia Pacific.
- Based on its booking patterns, Expedia shows a surprising list of 'top destinations', see Table 1. *Note that these findings do not convert into, or match, actual travel patterns, and they also reflect Expedia's product offer, but nevertheless they could be an indication of online-travel purchase-patterns.*
- Another measure is what star-level

Table 1

#### Leading destinations on Expedia

Source	Leading destinations, in order
Australia	Thailand, Hong Kong, Singapore. (No changes.)
China	Thailand, Hong Kong, Japan. (No changes.)
India	Thailand, Singapore, Hong Kong. (No changes.)
Japan	Thailand, Hong Kong, Australia (up 1-point).
Korea	Japan, China, Hong Kong. (No changes.)
New Zealand	Australia, Thailand, Hong Kong. (No changes.)
North America	China, India (up 1-point), Japan (down 1-point).
European Union	India, China (up 1-point), Thailand (down 1-point).

Notes: See editorial for comment and clarification.  
Source: Expedia.

Table 2

Destination	Growth* in hotel grade booked, %			
	2-star	3-star	4-star	5-star
Bali	1	0	4	-5
Bangkok	-2	-1	-3	6
Hong Kong	0	-2	3	-1
Singapore	-1	-4	4	1
Tokyo	0	-2	2	0

Notes: \*In roomnight share, Jan-Sep 08. Source: Expedia.

el hotel is being booked, see Table 2. *Star-rating is based on Expedia's own criteria, and so may not match others; plus, as noted above, the findings are linked to Expedia's product offer. But the remarkable fact is that through September, the bad financial news (the news got worse starting mid-September) seemed to be having no affect on bookings - Bangkok 5-star up 6%, for instance.*

- The importance of traveller reviews. *There are indications that these are more important than presumed, or even more important than they should be - PhoCusWright says 87% of travellers found traveller-generated reviews (which means from people they didn't know) influential in deciding where they would purchase their leisure travel. According to Expedia and its Travel Advisor travel-review site, there is 8% conversion after good reviews, and a 5% loss after bad reviews. Moves of that size must/should be a focussing fact for the travel industry.*

### Bites

- **Carlson Hotels** (main brands Park, Radisson, and Regent) says three years ago its online sales took a 10% share; today it is 32%.
- **Qunar**, Chinese-language search engine on the China market:
  - 1.6bn domestic trips in 2007.
  - 37mn outbound trips in 2007. And 41mn expected this year, *which would be a relatively-slow 11%; our estimates indicated 19% growth YT-July.*
  - 60% of Qunar's customers say they want to travel internationally. Unfortunately, that is not far short of meaningless; most people want to travel abroad.
  - China has 250mn internet users,

75mn on broadband, and 600mn mobile telephones.

- Research & Markets, a company, says **India's** online travel market will be US\$6bn in 2010. *We believe this measure is actually from PhoCusWright, which predicted US\$5.7bn for 2010; R&M frequently uses data without providing the source.*

Earlier, R&M (or some other not-credited company) forecast the India online market would reach US\$4bn in 2011.

- **Conference Bay** is an opaque travel service formed in Singapore in 2007. In the same opaque way as Priceline sells travel, CB allows a would-be conference attendee to name the price he is willing to pay to attend a conference. The organiser then decides whether to accept.

CB targets 1% of the market, which it puts at 7mn seats, and growing at 10%/year.

- **Visit Britain**, which has been adding booking capability on its website, is selling US\$7.3mn annually (at US\$1 to £0.62). This is in addition to the US\$6.5mn monthly of hotel room-nights it sells.

- Until 2007, travel agencies in *Switzerland* were the main source of bookings, but this year they have been overtaken by the internet - in 2007 agencies 30% and internet 27%, and this year 29% and 32%, see table.

Lookers on the internet (for travel information) also became the most important source this year.

#### Internet booking and information share in Switzerland, %

Year	Booking		Looking	
	Internet	Brochures	Third persons	Internet
2008	32	31	35	37
2007	27	35	36	32
2006	23	34	33	33
2005	17	42	36	34
2000	NA	55	31	12
1998	NA	55	28	4

Source: Elvia.

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