



# Net Value

Marketing Travel On The Internet

## UK update

• A **Travel Trust** survey of travel-booking behaviour and preferences in the UK indicates 78% use the web to search and to book travel, and 77% trust the web for travel-related advice. Only 6% of respondents said travel agents are their most trusted source for travel-related information.

A year ago, the survey showed that friends and families were the people that travellers trusted most for travel advice. So in 12 months, that role has been usurped by online travel sites and reviews.

The research indicated that the UK public is becoming more discriminating about which online 'reviews' to take seriously, and it appears to trust its own compatriots most, though reviews by Spaniards, Scandinavians, and Italians, were also thought to be trustworthy.

• **British Airways** is allowing passengers to select their seats from their PDA or web-enabled mobile phone. BA says that it developed this facility after research revealed that 40% of its customers use online check-in, but can use it only for the flight in one direction because they do not have access to a computer at the other end of the journey. BA already launched check-in through an Apple iPhone application earlier this year.

• **Comtec**, which offers travel selling and management systems for travel agencies and tour operators, has signed a contract with UK tour operator Shearings worth US\$1.6mn (£1mn). The deal enables Shearings to outsource all its IT to Comtec.

• **East of England Tourism** has relaunched its website, with a new destination management system that includes a booking engine to deal with accommodation, and also allows users to book for local events at the same time. EET is training local tourism businesses on how to upload their

availability information. The website receives 90,000 hits a month. EET has also launched an 'Eat East' site, dedicated to food and drink in the region.

## Online travel forecasts

Two new reports\* from PhoCusWright, on Europe and the US, on leisure travel and the business travel segment that is not corporate-controlled. Among the findings:

- **Europe.**

Table 1

Online travel† in Europe, US\$bn*								
Year	OTAs	+/-,%	Airlines	+/-,%	Tour operators	+/-,%	Hotels	+/-,%
2010	41	16	38	9	16	19	12	19
2009	35	15	35	6	13	11	10	14
2008	30	26	33	13	12	27	9	17
2007	24	36	29	18	9	7	8	33

Notes: Data estimated by Travel Business Analyst from PCW data. OTA = online travel agency. \*Converted at US\$1 to €0.79. †Business travel not under corporate travel rules, and leisure travel. Source: PhoCusWright, Travel Business Analyst.

PCW expects Europe's online travel sales will have increased 19% this year, compared with 3% for total travel - which indicates a slight fall in offline travel sales. Online sales are estimated to represent 29% of the region's US\$311bn (at US\$1 to €0.79) travel business. PCW expects overall travel sales to increase 3% over the next two years, but online travel to grow above 10%.

PCW says online shares vary from 40% in the UK and 37% in Scandinavia in 2007, to below 20% in Italy and Spain.

OTAs (online travel agencies) are expected to overtake airlines in volume in 2010, see Table 1.

Other trends/comments:

-Regular airlines are gaining share as low-fare-airlines reach online saturation. They achieved 22% online share in 2007.

-Online hotel bookings grew 30% in 2007.

-Online rail sales will have in-

creased by US\$1.5bn this year. (No share data shown; we estimate under 5%.)

-Online tour operator sales increased 12.4% in 2007. (No share data shown; we estimate under 10%.)

-Scandinavia represents only 5.5% of total Europe travel sales but 8% of its online sales. The online travel share in Scandinavia in 2008 is put at 40%.

-PCW forecasts that 50% of travel in Scandinavia and the UK will be booked on leisure/unmanaged business travel sites by 2010.

- **US.**

PCW estimates that US online sales will represent 36% of total travel this year, see Table 2. It forecasts that online travel growth will slow in 2009 from 9% this year to 7%, but that will still be faster than overall travel sales - 4% growth this year, and 2% in 2009.

PCW expects the share between supplier websites (such as InterContinental, Lufthansa) and OTAs (online travel agencies, such as Expedia) to remain at 61% and 39% through 2010. But it hints that OTAs may get a boost in these times, as (fewer) travellers look harder for lower prices.

The company also says dynamic packaging is "experiencing a moderate resurgence" as bargain-hungry consumers respond to the "book together and save" proposition.

\**European Online Travel Overview, Fourth Edition. US Online Travel Overview Eighth Edition.*

Table 2

US travel*, US\$bn					
Year	Total	+/-,%	Online	+/-,%	Share,%
2010	291	4	112	7	38.5
2009	281	2	104	7	37.0
2008	276	4	98	9	35.5
2007	265	6	90	12	34.0

Notes: \*Business travel not under corporate travel rules, and leisure travel. Source: PhoCusWright.