



Net Value

Marketing Travel On The Internet

Splendia hotels

Splendia is a hotel marketing company, but different in that it sells over the internet. The company, now based in Hong Kong, was established in Morocco in 2004, and represents what it calls 'luxury and character hotels'. It now also has offices in France, Spain, and the US (Miami). See table for its profile.

The company was funded by a subsidiary of France-based bank Credit Agricole. But its US\$6.9mn (at US\$1 to €0.72) it gave does not seem much, when linked to Splendia's claim to spend annually that same amount on its website.

Other measures:

- Splendia targets a 5000-hotel portfolio, adding them mainly in Asia and North America. It has not put a date for achieving that, but on current growth patterns, that should happen this year. At present, 70% of its hotels are in Europe, and 9% each in Asia Pacific and North America.

- It counts 1mn visitors to its site each month, and claims higher traffic than direct competitors such as Design, Epoch, LHW, Preferred, SLH.

- 86% of its customers are leisure, and they book hotels five times/year - very high for leisure travellers. Other profiles (but from a 2007 survey) show US\$275 average room rate (which it says is above those for competitors such as LHW), US\$722 total shopping basket, meaning a 2.83-night stay - which looks on the low side for a leisure booking.

- 22% of its customers come from France (its two founders are French), 15% UK, 11% Spain, 6% Italy. Which means it is weak in the US (6%) and Germany (5%).

- It has created a frequent-guest club, The Club, currently with 2500 members. Splendia says hotels that have signed up for this program get 2.4-times more bookings than non-Club hotels. Note, however, that this may be a small figure; Splendia does not say how many hotels participate in Club.

- Despite its online emphasis,

Splendia profile

Item	2008	Growth,%	AAGR,%	2004
Staff	70	40	93	5
Hotels	3000	122	166	60
Destinations	70	32	189	1
Sales,US\$m*†	49	36	176	0.8

Notes: AAGR = annual average growth rate, 2004-8. *Converted at US\$ to €0.72. †Over 2007. Source: company.

Splendia has also printed a guidebook. Print-run is small, 10,000, but this makes sense when hotel numbers are growing rapidly.

- Some hotels, currently about 125, now display a Splendia brassplate.
- This year Splendia hopes to have website suitable for mobile devices, initially in Asia, but it says this is not a priority.

Europe's online trends

The World Travel Trends Report* includes a section on internet growth, primarily in Europe.

Although there is 'more of the same' - following past patterns - the main interpretation appears to be steady growth of internet business, and no longer fast growth.

In some ways, this is different from general commentary, which indicates that more travel principals and more travellers are using the internet. However, IPK's data is through August of each year, and in 2008 that was before the fast downturn, starting September. From that time, the almost-universal comment was about moving more to the internet - in whatever form.

That said, use of the internet in Europe for booking international travel (rather than 'looking' - gathering information before booking) was increasing 14% (for at least part of a trip) in 2008, see Table 1. That pushed the resulting

Table 1

Europe online travel trends

Item	2008		2007	
	Growth,%	Share,%	Growth,%	Share,%
Booking	14	41	13	36
Looking	8	14	3	14
Internet users	10	55	10	50
Non-internet users	-10	45	-8	50

Notes: Jan-Aug. Source: Extrapolations by Net Value from IPK data.

share to 41%; it was 19% five years earlier.

And overall, internet users-v-non-users moved from 50/50 in 2007 to 55% for users in 2008.

The internet is now twice as important generally as travel agencies as a source of information, see Table 2. *But (a surprise?), the internet share is hardly growing. However, some caution is advised as these movements are slight, and within the margins of error. They do show, though, that since 2006 travel agencies have increased fractionally more than the internet as a source of information.*

However, agencies should still be worried that their share has fallen so low - less than one-quarter, and so not much higher than friends/relatives.

Table 2

Information sources for Europe outbound travellers, % share

Item	2008	2007	2006
Internet	47	47	45
Travel agency	23	24	20
Friends/relatives	19	15	17
Travel guide	8	7	8
Travel brochure	7	7	7
Newspaper	2	2	3
Tourist office	1	2	2
TV	1	1	2
Others*	3	16	5
No response*	17	7	NA

Notes: Multiple responses possible. Jan-Aug. *Sic. Source: IPK.

IPK comments that the growing ease of direct bookings through the internet is working to undermine the role of the retail travel trade, but at the same time the rise in dynamic packaging offered directly by tour operators to clients booking online is working in the opposite direction.

While nearly 40% of all bookings are made at least partly online, 25% involve travel agencies, 10% are booked direct with hotels and 7% direct with transport companies.

(WTTR is compiled by research company IPK and sponsored by ITB, the trade show in Berlin.)*