



# Net Value

## Marketing Travel On The Internet

### Destination marketing

PhoCusWright says more than half of US travellers use the internet to select a leisure destination.

But it adds that travellers use DMO\* websites for more than just destination selection. It says consumers are as active on DMO sites after they book their travel as they are when planning and shopping for their trip.

This indicates that "destination marketers are facilitators of travel at all points in the travel planning process." As a result, PCW says DMOs should adjust their online services to facilitate pre- and post-booking needs of travellers.

Table 1 gives some of the information that is important for websites.

These findings are part of a PCW report which looks at the web requirements for DMOs. It also includes site visitation patterns for travellers that book online, see Table 2.

\*PCW uses the term DMOs for Destination Marketing Organisations but also generically to include what it calls CVBs (convention and visitor bureaus) and NTOs (national tourism organisations). TBA uses VPOs (visitor-promotion organisations) generically, and sometimes NTOs – better known in the trade although increasingly a misnomer. We hope to move to DMO as a single generic term,

Table 2

### Time patterns for those booking travel online

Booking time	Share,%
Same day	14
1-10 days before visiting destination website	42
1-10 days after visiting destination website	44



Notes: Current findings. Source: PhoCusWright.

Table 1

### Importance of DMO website features for travellers

Feature	Share,%
Activities, events	81
Special offers/promotions	80
Accommodation	79
Dining	74

Source: PhoCusWright.

but wish to avoid a lengthy explanation, such as this, each time.

### China watching

Tracking findings from Research and Markets, a company, on the China online travel market has become an art as fine as China-watching itself.

Data in one of R&M's reports released in 2007 put the value of the China online market in 2006 at US\$1.5bn (quoted in US\$). An earlier R&M report had put the market at US\$178.5mn (at US\$1 to ¥7.00) in 2005, growing 52.8% to US\$272.9mn in 2006, with R&M expecting the market to reach US\$1.86bn in 2010.

In 2008, a new report put the 2007 total at US\$364mn, following a 65.4% growth. R&M forecast that the market would increase 70.9% that year to US\$626mn, and reach US\$781mn in 2010.

The current report shows the market in 2008 as worth US\$500mn, up 50%.

### Tour packaging

The US travel market is three times larger than Europe's largest market, the UK, and yet the UK's tour package market\* is 50% larger, see table.

### Tour package markets

Market	Total market	Tour package market	Share
US	US\$271bn	US\$18bn	7%
UK	US\$84bn	US\$30bn	35%

Notes: Current findings. Source: PhoCusWright.

But this is greatly different for the OTAs (online travel agencies), which have grown their tour package business from almost nothing in 1999 to US\$6bn in 2008. Also, it represents 17% of their total gross bookings. OTAs have taken share from traditional vacation packagers, and their dynamic-packaging business generates annual average growth of 50%; for traditional tour operators it is a 5% fall.

\*Data from the US Packaged Travel Landscape, by PhoCusWright for the American Society of Travel Agents; US\$699.

### Searching travel

Recent Hitwise findings for top travel-company searches were (in the top 10 only; excluding sites such as Google

Earth, Trip Advisor, maps, directions), in order:

- In **Hong Kong**: In 2009, mid-year (top-5 only) - Kowloon Motor Bus (1.37%), Cathay Pacific (1.34%). Earlier years not available.

- In **Singapore**: In 2009, mid-year (top-5 only) - Tiger (1.04%), Jetstar (0.86%), Singapore Airlines (0.81%), Air Asia (0.58%).

Earlier years: 2008, August - Singapore Airlines (0.95%), Jetstar (0.69%), Tiger (0.67%), Changi Airport (0.55%), SMRT (0.36%). 2007 - Singapore Airlines, Tiger, Jetstar, Changi, Sentosa.

This year, Tiger leaps ahead of its parent, Singapore Airlines. Newcomer to Singapore (with flights from Malaysia) is Air Asia; as the airline expands its network, its position seems likely to grow.

- In the **UK**: In 2009, mid-year - National Rail (1.84%), Thomson Holidays (1.66%), Expedia (1.57%), Easyjet (1.57%), Ryanair (1.50%), then Lastminute, Booking, Thomas Cook, Travelodge, Late Rooms.

Earlier years: 2008, August - Easyjet (0.81%), Ryanair (0.79%), Thomas Cook, Cheap Flights, Expedia, Cheap Holidays. 2007 - Easyjet, Ryanair, Thomas Cook (0.54%), First Choice (0.47%).

This year, the economic slowdown appears to have produced a move to rail (not always a sensible economic move, although there are obviously cheaper overall offers on rail). A surprise is that Thomson has generated more interest than Expedia - even though Expedia has a wider travel product range.

- In the **US**: In 2009, mid-year - Expedia (3.60%), Southwest (2.44%), Priceline (2.15%), Travelocity (2.13%), Yahoo Travel (1.49%), Orbitz (1.43%).

Earlier years: 2008, August - Southwest (0.57%), Expedia (0.49%), Travelocity (0.47%). 2007 - Southwest, Travelocity, Expedia.

This year, there appears to be a trend towards OTAs (online travel agencies), but what could be the most significant is the growth of Priceline, a bid sight, into third place. Does this indicate that more travellers are moving only if the price is right, and the right price is the one travellers are willing to pay?