



# Net Value

## Marketing Travel On The Internet

### China online

Nielsen's China Outbound Travel Monitor (COTM) reports that 61% of leisure travellers will search for destination information on conventional websites, see Table 1, but an extraordinary 48% on online travel discussion forums.

Table 1

#### Sources of information for leisure trips from China

Item	Share,%
Online destination sites	61
Online travel forums	48
Travel agencies	41
Recommendation	38
Free travel books etc	34
Travel agency sites	34
Online travel agency	32
Newspaper/magazine	30
Promotion posters at destination	26
Purchased travel books etc	25
TV/radio	20
Tour guides	16

Source: Nielsen.

This suggests that opinions and comments about travel experiences posted on forums are nearly as likely to influence travellers' decisions as the destination websites themselves. Conventional travel agencies were approached on 41% of trips.

Table 2

#### Advertising channels for travel from China

Item	Leisure	Business
Internet	68	72
Print ad	40	35
Travel agencies	40	29
TV/radio	38	36
Print articles	32	30
Outdoor billboard	31	26
Brochure etc	24	22
Others	28	35

Source: Nielsen.

However, there are some shortcomings with the Nielsen study:

*Adding free books with purchased books totals 59% - thus the second-most important source. Add in others (and travellers are unlikely to be precise about what constitutes a book, pamphlet, etc),*

*such as newspapers, and this type of medium becomes easily the largest.*

*It would appear that Nielsen needs to better clarify its categories. Surely 'promotion posters at destination' cannot be so important - unless Nielsen is including, say, posters for local restaurants or nightclubs at the traveller's destination.*

However, findings on most-used advertising channels do match data in Table 1, giving high numbers to print media, see Table 2. *Given the high internet count for sources of information, internet could be expected to be higher, however.*

The COTM also found that 70% could recall seeing travel advertisements on the internet. Only 40% recalled seeing a travel advertisement in a magazine or newspaper, at a travel agency, or on TV and radio.

According to the COTM, total destination media spend in China in 2008 from the top-15 destinations (by visitor numbers) was US\$68mn - Korea, the biggest, with 31%, was followed by Singapore (22%), New Zealand (15%), and Australia (11%).

Oddly, despite all those findings, actual spending patterns do not match. Only 1.6% of the total destination media expenditure was spent on internet advertising. Most - a dominating 84.6% - went on TV, 10.7% on newspapers, 2.9% on magazines, and 0.2% on radio.

### Bites

• China-based **Elong**, partly owned by the world's largest OTA (online travel agency), US-based Expedia, is a long-way from an OTA.

Most of its revenue comes from hotel commissions, see table, making it more like an online hotel reserva-

tions office. Although air is growing faster, the hotel share has fallen only from 80% in the first half of 2005 to 68% this year.

• PhoCusWright says that with 70% of frequent business travellers carrying a smartphone, 77% of have used the **mobile web** to find local services and attractions. It says US mobile bookings will reach US\$160mn in 2010.

• PhoCusWright reports that travellers who select and book their destination online **spend** almost twice as much as travellers who do some of those activities offline, see table.

#### Internet usage relate to travel spend

Looking online	Booking online	Average annual spend
Yes	Yes	US\$4066
Yes	No	US\$2490
No	Yes	US\$2568
No	No	US\$1938

Notes: Current findings. Source: PhoCusWright.

• **Abacus**, the Singapore-based GDS, says online bookings in Asia were flat in the second half of 2008, up 13% in Q1 this year, and up 30% in Q2.

The company says 20% of bookings through the Abacus system come through online sources, and the Abacus GDS system has been processing an estimated 70% of all online travel bookings starting this year.

In terms of growth, Abacus expects the online segment volume to increase 10% this year.

• Tourism **Australia** is looking at adding more language sites for australia.com.

#### Elong revenue profile, Jan-Jun

Item	2009	2008	2007	2006	2005
	US\$m*	Growth,%	Share,%	Growth,%	Growth,%
Hotel commission	16.9	-4.1	68.2	10.4	10.4
Air commission	6.3	13.3	25.4	46.6	46.6
Other	1.6	19.9	6.4	3.5	3.5
<b>Total</b>	<b>24.8</b>	<b>1.2</b>	<b>100.0</b>	<b>16.5</b>	<b>16.5</b>

Notes: \*Converted at US\$1 to Y6.86. Source: company.