



# Net Value

## Marketing Travel On The Internet

### China, Europe, US

New reports from PhoCusWright on China, Europe, US:

- PCW expects the OTA market (online travel agencies) in **China** to reach US\$8.3bn by 2011. It estimates a 19% increase this year to US\$6.9bn. That represents an 11% online share. If the forecast growth is achieved, PCW said the share in 2011 would be 20%.

PCW estimates the total China travel market was US\$61.1bn in 2008, and it projects that the market will grow to \$65.3bn by 2011.

*Research and Markets, a company whose data we frequently dispute, put China's total online travel market (not just OTAs) at US\$1.5bn (quoted in US\$) in 2006, and an earlier report expected it would become US\$1.86bn in 2010. These were later adjusted significantly with no explanation. A 2007 R&M report expected US\$1.69bn in 2010, but a later report, in 2008, expected US\$781mn in 2010!*

*The Data Center of the China Internet reported the travel market US\$519mn (Y3.84bn) in 2008.*

- Online leisure-plus-unmanaged business travel bookings in **Europe** are projected to increase 0.6% this year, as the region's total travel market fell 10%. At the start of this year, PCW was expecting 3% growth for total travel, and an unspecified 'better' for online.

OTAs are projected to reach gross bookings of US\$34bn (€23bn) this year, with much of the growth driven by hotel sales. The corporate travel market in Europe is projected to fall 17%, substantially more (no figures) than the total market decline.

- PCW has increased the extent of the fall in travel sales in the **US** this year.

Earlier in the year, PCW forecast that the online leisure-plus-unmanaged business travel market in the US would fall 3% to US\$93bn, with total industry sales falling 11% to US\$241bn.

Now it says online will fall 7% and the total market fall 16%. As a result, the online share would have

increased from 35% to 39% this year. That is higher than PCW was expecting; at the start of the year it forecast the share would reach 38% in 2010.

### Tailored advertising

Tailoring advertisements has been around for a long time. But video analysis of the audience will make this potentially more personal.

One way is to think of a visual version of Google ads. Include something on a hotel in your email, and ads will show hotels or hotel booking agencies in the destination of the email, if known, or sometimes in the origin market.

Now Nicta, a media laboratory funded by Australia's government, has developed a digital sign called Tabanar, with an in-built camera.

When a passer-by approaches, software determines his sex, approximate age, and hair growth. Shoppers can then be enticed with targetted advertisements - such as action figures for boys, or razors for beardless men.

If the person begins to turn away, Tabanar launches a different ad, perhaps with dramatic music. If he comes back later, Tabanar can show yet another advertisement.

Many uses in the travel business could be possible. A travel agency could display cruises for elderly passers-by, or couples, sports resorts for those wearing sporting clothes. Likewise at airports, and at departure gates, some destination advertisements could be displayed.

*(Information from The Economist; commentary by Net Value.)*

### Bites

- The Swan & Dolphin resort at Walt Disney World are now available on Apple's **iPhone** and **iTouch**. Developers at Florida State University have created an app (application) with tailored video and photography as well as text-based information.

Users staying at the 2265-room resort or planning a trip there can ac-

cess details on rooms, restaurants, activities, take a video tour, or navigate while on property.

FSU is developing similar apps for other individual hotels. Next on the launch list is the Westin Times Square in New York.

- The Asia Pacific operation of **Amadeus** reports improved results in the year through September 2009, although data provided prevents even elementary confirmation of its claims. These include:

- Market share of regional travel agency air bookings up 2% to 33%.
- Online travel agency bookings up 18.8% to give a 51% market share.
- Travel agencies using Amadeus up (no number given) to 19,500.

- **Trip Advisor** has bought **Kuxun**, a major travel search engine in China. **Expedia**, owner of TA, plans further expansion in the market, with an investment budget of US\$50mn for the next two years.

TA is owned by Expedia, which wants to catch China's largest online travel company, Ctrip, whose market share is five times bigger than Expedia-owned Elong (bought by Expedia in 2004). Other Expedia companies in China are Daodao (a recently-launched travel-review site), and Egencia China (a travel management company).

- **Iberia** passengers flying from Terminal-4 at Madrid airport can use their mobile phones to download boarding card information and to board aircraft.

- **Jalan.net**, a leisure-travel site in Japan, says that 20% of its bookings are coming from mobile devices.

- Germany's **TUI** travel group says 15% of its sales are online, and it hopes to get to 20% in 2010. Shares vary greatly - whereas it is only 10% in Germany, it is 40% in the UK, and 75% in Scandinavia.