



# Net Value

## Marketing Travel On The Internet

### Share 3% to 30%!

Malaysia Airlines makes the remarkable claim (via Dr Amin Khan, its senior general manager, network & revenue management) that it increased its online penetration between February and October this year from a 3% share to 30%.

Khan says there has been substantial increase in sales in all segments but sales on domestic and regional routes have grown more than longhaul.

He adds that this growth was achieved by a combination of using social websites such as Facebook, and marketing such as guaranteeing lowest fare.

He says his actual target was to reach a 25% share by this month, and then a 40% share by December 2010. When he reached the 25% target early, the airline's management brought forward the 40% target to this month, but Khan responded that he would not be able to reach 40% this month, but that he will reach it in 2010, without specifying the month.

By comparison with this growth in online sales, the airline's total seat sales fell about 8% over this same period on domestic routes, and fell about 12% on international routes, and down about 10% systemwide.

Khan, who was previously with subsidiary MAS Wings, says the online share there has increased from 0% to 60% from end-2007 to now.

### Hotel helpers

- US-based **Rate Tiger** is promoting its new RTSuite, which has integrated the company's online benchmarking, channel management, alerts, and booking report products. RTS enables hoteliers to have control and flexibility when managing their sales-over-internet.
- US-based **IDeaS** (sic), which provides pricing and forecasting for hotels, has introduced 'IDeaS V5i' - which helps hoteliers achieve accurate and consistent forecasting from booking data. IDeaS is part of SAS - the software company, not the airline.
- Booking portal **HRS.com** has improved its hotel self-administration tool, HSA3. This has added options to increase sales such as targeted participation in price specials, and simplified management of avail-

ability and prices.

HRS.com is also offering a free application for BlackBerrys, making hotel booking easier for corporate travellers. A similar solution is also available for iPhone users.

### 'Looking' good

Perhaps surprisingly, there is growth in visitors to looking-only travel sites.

When online travel sites started to proliferate fast around 10 years ago, visitors quickly demanded the facility to book what they could see on the site. Quite quickly, certainly within two years, all travel sites needed to have a booking capability.

But although the trend may not be reversing, there has recently been a growth in looking-only travel sites, detailed in a new PhoCusWright report on online traffic and conversion.

| Share of travel sites, % |         |  |         |  |
|--------------------------|---------|--|---------|--|
| Year*                    | Booking |  | Looking |  |
| 2009                     | 67      |  | 33      |  |
| 2008                     | 67      |  | 33      |  |
| 2007                     | 71      |  | 29      |  |

Notes: \*Q2 in each year. Source: PhoCusWright.

PCW says "companies no longer need to sell travel to be a major online travel player, and many don't actually generate any revenue until consumers leave their site. Online brands now can rely on advertising, referral payments and other non-traditional revenue to succeed. Attractions like user reviews and deals listings are resonating with travellers and non-transactional websites are growing steadily."

Sites in the metasearch, planning and reviews, lead generators, destination and tourism, and travel guides categories clearly play a role in influencing travellers, and impact both traffic and conversion rates on bookable sites.

PCW data indicates that in terms of visitors, looking-only sites have increased their share from 29% in 2007 to 33% this year, see table.

### PhoCusWright reports

- A PCW report on **France** says the total travel market will have fallen 8.7% this year, but that online sales in the market (leisure and unmanaged business travel)

were unchanged. That would result in a growth in share from 30% to 33%.

PCW indicates sales on regular airlines will have dropped 14% this year and hotels by 6%.

- **Australia/New Zealand's** online travel markets are expected to have grown 23% this year to US\$7.6bn (quoted in US\$), according to PCW. That is faster than PCW expected. Its previous report, in 2007, reported an online market of US\$4.1bn in 2006 with growth to US\$6.1bn in 2009.

- PCW says online sales in **Asia Pacific** will have increased 17% this year.

### Bites

- **Japan's** online travel market share is estimated to be 17.5% (US\$11.5bn on US\$65.7bn), according to two online travel agencies, Rakuten and Recruit.

**Rakuten Travel** is believed to be the largest travel site in Japan in terms of transaction numbers.

- Travel company **&Beyond** (sic) is selling wristbands and flash drives. It uses part of the proceeds to educate children in communities neighbouring &Beyond's locations on how to conserve Africa's wilderness areas. At mid-year, 16,000 wristbands (at US\$10 each) and 577 flash drives (US\$35) had been sold.

- New research by **Forrester** indicates that 15% fewer travellers enjoy using the internet in 2009 compared with 2008. Also, 33% believes that travel sites do a good job presenting travel choices - down from 39% in 2008.

- **JNTO, Japan's** destination marketing organisation, counted 16.6mn visitors to its website over Jun-Aug 2008, and 23.6mn, up 42%, this year.

*Although dates would not tally, visitor numbers to Japan fell 25% over that same period. What does that tell us about internet marketing?*

- **Webjet**, an Australia-based OTA, plans to open in Asia, but has not decided when. It is unlikely to be as early as 2010.

- **Air China**, which opened its first overseas website in 2006, now has 20.

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