

Travel Business Analyst

Markets + Marketing + Strategy

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Visitors 2005

Up 5.5%

The World Tourism Organisation estimates the number of international visitor arrivals grew 5.5% in 2005 to 808mn.

This is surprisingly good considering terrorist attacks (particularly in London in July and Bali in October), the Indian Ocean tsunami, and hurricanes Katrina and Wilma in North America.

WTO claims its forecast was on target, but surely those disruptions noted above mean that without them, visitor growth would have been higher?

Percentage growth* in visitor arrivals, 2005

Europe	4.3
Americas	5.8
Asia Pacific	7.4
Total	5.5

Notes/Source: See Table 1.

Growth 2005 was below the 10.0% in 2004, but that 10% was primarily a statistical recovery from a SARS-stained 2003. And 2005 growth was above the 2000-05 average growth rate of 3.2%.

The WTO notes 100mn more arrivals 2002-05. In fact, that should be 100mn since 2000; WTO omits the year of decline in 2001.

Asia Pacific was generally good, apart from those destinations damaged by the tsunami, and Bali/Indonesia after the October bombing. In the Americas, most major destinations grew – even, surprisingly, those affected by the hurricanes, notably Mexico and Cuba (although all-year figures were not available).

Europe's percentage growth looks low, but as it counts for more
contd on p2

Spain

Hotels in Madrid

In some measures, Spain is the world's leading tourist destination. And the travel business is the country's second most important industry, representing 10% of GDP.

Madrid is Spain's political and financial capital. It counted

Hotel results in Madrid

Item	2005	2004	2000
Occupancy,%	66	63	75
Average room rate,US\$*	125	153	136

Notes: *Converted at US\$1 to €0.85. Source: Travel Business Analyst estimates from Deloitte & Touche data.

about 3.8mn, up 18%, domestic visitors in 2004. The international visitor count, although also growing about 16% in 2004 to 2.6mn, is still below the pre-9/11 total of 2.8mn in 2000.

That high growth rate in 2004 came despite the terrorist attacks in March that year. Growth in 2005 was probably about 10-11% higher.

Perhaps surprisingly, the US is Madrid's main market source, with 24% (and only two points below its share 10 years earlier), followed by the UK (18% 14%), France (14% 14%), Italy (14% 14%), Germany (11% 11%).

Madrid accounts for 39% of the roomnight demand among the country's 10 major cities.

Although Spain is considered a leisure destination, the capital is predominantly a business destination, with lowest visitation in July and August – the opposite to much of the rest of the country.

Hotel occupancy has fallen since reaching a peak of 80% in 1999 – due to increased supply of rooms and almost no increase in the number of international visitors. Improvement was expected for 2005, see table.

Average room rate increased until 2002, reaching US\$171 (at US\$1 to €0.85), but has fallen since then. Thus revpar (revenue per available
contd on p2

Main News

Recent corporate developments – big or significant.

- Fairmont Hotels. Kingdom buys what it did not already own, with Colony Capital. Together they will merge Fairmont with CC's recently-bought Raffles. More, it seems certain, will happen as a result.
- US-based Hilton Hotels to buy UK-based Hilton International for US\$6bn. And to create top-level sub-brand, Waldorf-Astoria Collection.
- Hyatt buys AmeriSuites and Summerfield Suites.
- Pegasus Solutions, which provides technology and services to hotels and travel distributors, sold to an equity group led by Prides Capital Partners for US\$275mn.
- Starwood Capital launches a top-level brand – Crillon. This is a separate but linked company to Starwood Hotels – which already has 2-or-3 top-market brands.
- United Airlines exits from Chapter 11 bankruptcy protection after three years there, with new-launched LFA Ted, 30% fewer staff (58,000), and 20% fewer aircraft (450).

Main News...1; Market Intelligence...1; Net Value...6; People-in-Travel...6; Trends...11; Tables...7: Airlines; Air traffic – associations, regions; Airports; Travel company stock prices; Resident departures; Resident spending; Internet sales; GDS Sales; Hotels; Travel agencies; Channel tunnel; Economics; Visitor spending; Visitor arrivals.

contd from p1 – visitors 2005

Table 1

Growth in visitor arrivals, %			
Region	2000-05	2004	2003
Europe	2.3	4.2	0.3
Americas	0.8	11.2	-3.1
Asia Pacific	7.0	27.3	-9.4
Total	3.2	10.0	-1.7

Notes: *Estimated. Source: World Tourism Organization.

Table 2

Growth in significant world visitor destinations, 2005		
Destination	Growth, %	Jan-
Australia	5.4	Dec
China	12.8	Nov
Egypt	6.1	Sep
France	2.4	Nov
Germany	6.5	Nov
Hong Kong	7.3	Nov
Italy	-0.3	Oct
Mexico	8.0	Oct
Spain	2.8	Dec
Thailand*	-6.0	Jun
UAE	6.7	Sep
UK	9.7	Nov
US	8.0	Sep

Notes: Greece NA. *But arrivals through Bangkok airport through September increased 3.6%. Source: World Tourism Organization.

than half the world total, its growth in numbers is bigger. The region's 4% growth represented 18mn more arrivals, compared with, say, Asia Pacific, whose 7% growth was 11mn more arrivals.

UK was one of strongest, seemingly not much affected by the London bomb attacks in July. Of the giants, Spain was up 6%, and France 2%.

Oddly, arrivals in UK in July increased (albeit at a slower rate in the following month). Yet in November in France there was a decline. Does this mean that the travelling public is more concerned about general disturbances (such as the rioting in France in November) more than individual acts of terrorism (the London bombing)?

The WTO forecasts 4-5% further growth this year. But it adds three ca-

veats – terrorism (where it hits, and how hard); energy prices, as well as linked inflation, interest rates and thus the overall economic position; and bird flu (whether, when, and where).

contd from p1 – hotels in Madrid

room) has fallen since 1999, although there may have been a slight increase in 2005.

Despite poor operating results, there are a substantial number of new projects – 50 with 6000 rooms – although not all are expected to be built. Current supply is about 27,000 rooms, so the new hotels would represent an increase of around 22%.

For the future, some observers consider Spain is at risk, given cheaper destinations offering a similar product – say, sun and sand.

In fact, this is by no means certain, not least because Spain and particularly Madrid, are not just leisure destinations. Also, because Spain has a well-developed travel infrastructure. This is particularly important now in terms of low-fare airlines. (See report in this issue on low-fare airline traffic into Spain.)

LFA service is one element, but the other related factor is dynamic packaging. Spain (and another destination, Italy) would therefore seem to be best positioned for any growth in holiday-package bookings by travellers themselves.

A move upmarket – the usual solution proposed when a product can no longer compete on price – is not certain either, partly because much of Spain's tourism product was built for the mass market. It is not a simple matter to change this.

But, as noted, the city of Madrid is primarily a business destination that is gradually attracting more leisure visitors. In this sense, it may be able to take

New hotels planned in Madrid

Period	5-star	4-star	Others
2005-6 (H/R)	3/376	21/2034	7/802
2007	2/290	9/1079	0
Later	1/500	5/730	320

Notes: H = hotels, R = rooms. Source: Deloitte & Touche.

advantage of those two factors above – customer self-booking, and upmarket positioning.

But hotel results seem likely to continue to deteriorate, mainly because of increase in supply. For that reason, some hotels will change owners over the next 3-5 years, and that will likely bring more international-brand hotels. Another sector expected to expand is boutique and extended-stay hotels.

Perhaps a start will be the opening of Sol Melia's Hard Rock hotel, due this Spring 2006, a few months late.

But Sol Melia, despite being Spain's largest hotel group, seems uncertain of the market. Hard Rock – a conversion from the Reina Victoria hotel – and Queen Victoria hardly go together. Is Sol Melia trying to hold on to an old market before it is sure of the new? Or is it waiting for a Hard Rock in its own Palma base – which is perhaps more suited to hedonism than the more culture-conscious Madrid?

This report was based substantially on information from an HVS International report on Spain's Hotel Market. Comment by Travel Business Analyst.

Spain 2

Other news

- **Outbound travel** from Spain in 2005 was 4.3mn. Growth for this market, once considered to have strong potential, has been disappointing recently – an annual average 1.4% growth since 2000.

- The Tourism Studies Institute says **low-fare airlines** flew about 15.3mn international visitors, up 31%, into Spain in 2005, see Table 1.

Studies on LFA traffic patterns are an important aid to understanding the market, but there are still some shortcomings. The main points (*with our comments*):

- The three leading LFAs into Spain have about the same total. After Iberia, they rank 2nd-4th in a total of all airlines. The biggest 'line/traditional' airline after Iberia is Air France, with not much more than one-third the total of each of the top three LFAs.

We have separated airlines we have de-

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Table 1

Air travel patterns into Spain, 2005							
Item	No,mn	+/-,%	Share,%	Item	No,mn	+/-,%	Share,%
On low-fare airlines				On other airlines			
Airline				Line			
Ryanair	3.2	70	21	Iberia	6.3	5	17
Easyjet	3.2	15	21	Air France	1.1	0.8	3
Air Berlin	3.1	18	20	Spanair	1.2	-8	3
				Part-charter			
				Britannia	2.2	-12	6
				Hapag-Lloyd	1.9	3	5
				Condor	1.9	6	5
				Monarch	1.4	5	4
				Air Europa	1.4	14	4
Market sources							
UK	6.8	36	45	UK	10.4	-11	29
Germany	4.0	17	26	Germany	6.4	1.3	18
Italy	0.8	103	6	Italy	2.9	5	8
Netherlands	1.0	8	7	France	2.8	5	8
Belgium	0.7	13	4	Netherlands	1.0	-7	3
Destination							
Catalonia	3.8	25	25	Madrid	10.4	10	29
Balearics	3.4	20	22	Canaries	8.4	-2.2	23
Andalucia	2.8	33	18	Balearics	6.1	-7	17
Valenciana	2.5	50	17	Catalonia	5.5	4	15
Canaries	0.9	1.5	6	Andalucia	3.1	-6	8
Madrid	0.7	48	5	Valenciana	2.1	-12	6
Airport							
Palma	3.1	21	20	Madrid	10.4	10	29
Malaga	2.2	18	15	Barcelona	5.0	5	14
Alicante	1.9	22	12	Palma	4.5	-6	12
Barcelona	1.9	21	12	Canaries (T)	3.1	-0.9	9
Gerona	1.6	24	10	Malaga	2.5	-8	7
Madrid	0.7	48	5	Canaries (GC)	2.4	-4	7
TOTAL	15	31	100	TOTAL	36	-0.1	100

Notes: Excludes Spanish passengers. Criteria: airlines above 1mn; top 5 sources; top 6 destinations; top 6 airports. GC = Grand Canary, T = Tenerife. Source: Instituto de Estudios Turisticos.

fined 'part-charter', but this is still an inadequate designation, because some of these, on some of their flights, are actually LFAs. But so, indeed, are some of the 'line' airlines when they offer discounted tariffs. After all, Easyjet can have fares higher than Iberia on the same route sector on the same day.

But note growth patterns. Gigantic growth at Ryanair, overtaking Easyjet – which has been the dominant LFA UK-Spain. Line airlines look to be at risk – Iberia had good growth, but Air France is hardly moving, and Spanair is moving backwards. And 'charter' airlines are in trouble also – particularly for Britannia, which was the

dominant leisure airline to Spain. Good growth at Air Europa, but this airline is a hybrid – and actually could be in all three categories.

- Top three market sources are the same – but greatly different shares. LFA passengers from the UK represent 45% of the market on LFAs, but only 29% of the non-LFA markets. And from Germany 26% of the LFA market, but 18% of the other markets.

Note that France-Spain seems good potential market for LFAs.

- Major destinations for LFA passengers are Catalonia (centred on Barce-

lona), and the Balearic islands; Madrid is only 6th. The pattern is much different for other airlines. Madrid top with a 29% share, then the Canaries (a route too long for many LFA flights, and primarily a winter-sun destination). But Balearics and Catalonia also figure highly.

- For airports, for LFA passengers Palma in the Balearics counted 1mn more than the next, Malaga in the south of the mainland. For other airlines, Madrid was twice as busy as the next, Barcelona, with Palma 3rd largest.

Of the bigger airports, Malaga is closest to being bigger in LFAs than others – 2.2mn LFA passengers, compared with 2.5mn on other airlines. (And, as noted above, given that some 'part-charter' airlines fly LFA flights, Malaga probably does have more LFA passengers than non-LFA.)

- Visitor arrivals in Spain increased about 6.2% in 2005; the total in 2004 was 52.4mn. Catalonia counted the biggest share, 25%. The largest market source, with 29%, was the UK.

- Iberia says that seat sales in its new intercontinental business travel class, launched May 2005, increased 20% – despite the fact that only 70% of its A340 fleet has been equipped. The balance should be finished this spring.

- Results from January's **Fitur** travel exhibition in Madrid appear to indicate that the show has reached maturity in terms of trade visitors. Growth in the past four years has not been above 3%, see Table 2.

Net exhibition area has increased 44% (to 87,000sqm) since 2000. But exhibitor growth has been faster than that – 52% – and clearly can continue growing.

The international part of **Fitur** represents 43%; it is growing slightly faster than the Spain share.

Lufthansa

Group news

- The main Lufthansa airline seems in trouble; the number of seats it sold in 2005 hardly increased; growth was 1%, see table.

The trouble is not just on Europe (including domestic), where it is to be expected that low-fare airlines are taking the growth. But there was also no growth on the airline's North America routes.

The only region with good results was Asia Pacific, up 6%. There was also 5% growth on Middle East/Africa, but this is a small sector.

- Expected sales for the Lufthansa **Private Jet** service, launched in March 2005,

Table 2

Statistical profile of Fitur								
Item	Number	Growth,%						
Fitur	2006	2006	2005	2004	2003	2002	2001	2000
Exhibitors	12,065	4.8	4.4	10.1	17.5	2.8	4.6	5.0
Trade visitors	105,000	2.8	1.9	2.7	2.9	11.6	19.1	77.1*

Notes: *Sic. Source: Ifema.

was 25 sectors monthly (Frankfurt-Kiev roundtrip would be two, no matter how many passengers on board). But by the end of 2005 LPJ was doing much better – about 50 sectors monthly.

Target for this year is not known, but as LPJ was an initiative of Lufthansa's chairman, target seems likely to be pushed much higher.

(LPJ is a private-jet service – available to any Lufthansa customer, with aircraft based at Frankfurt and Munich, although passengers can request other pick-up points. Key

Seats sold on Lufthansa

Region	No,mn		Growth,%		
	2005	2005	2004	2003	2002
Europe*	39.5	0.1	11.0	0.2	-5.1
Americas	6.0	0.3	10.5	7.6	-3.5
Asia Pacific	3.8	5.8	26.0	-4.5	6.6
Total	51.3	0.7	12.0	1.0	-3.8

Notes: *Includes Germany. Source: company.

elements are that it operates like a connecting flight in terms of payment and ticketing – but more importantly, in terms of scheduling control, operational control, safety audits, and insurance. And each sector also earns 10,000 miles on Lufthansa's FFP. LPJ aircraft actually belong to Net Jets.)

- Slight improvement at **Swiss**, now a Lufthansa subsidiary. Total seats sold in 2005 totalled 9.6mn, up 4.1%.

Given decline almost since Swiss took over from Swissair, this is actually good news.

Briefs

- Showing the extraordinary market power of low-fare airlines, Europe's leading LFA, **Ryanair**, managed a one-quarter growth in seats sold in 2005, see table.

This compares with a still-fast 18% growth at the region's second largest LFA, **Easyjet** – but both companies now have an annual count above 30mn.

And both run high seat factors – necessary when fares are so low. Easyjet

Performance of Europe's leading low-fare airlines

Item/year	Easyjet	Ryanair
2005		
Seats sold,mn	30.3	33.4
Growth,%	17.8	25.5
Seat factor,%	84.9	83.0
Growth,pts	0.3	0.0
2004		
Seats sold,mn	25.7	26.6
Growth,%	22.0	24.4
Seat factor,%	84.6	83.0
Growth,pts	0.2	1.0

Notes: See text. Source: companies.

even managed a slight increase; Ryanair's, whose figure is lower, was unchanged.

Note that for both airlines, 'seats sold' include no-show passengers (because they pay anyway), and free passengers. We guess this is about 10% of the totals.

- Deloitte data on **hotel results** in Europe show only slight increases in the three measures in 2005, see table.

For Asia, it shows a slight fall in occupancy (which presumably reflects a greater increase in new rooms), but strong growth – heading for 10% – in average room rate. And almost as good, 9%, in the resulting revpar (revenue per available room).

Separately, Smith Travel Research reports 3% increase in occupancy in the US, 5% in ARR (good for a mature market and Smith's comprehensive coverage of that market), pushing up revpar by 8%.

There are risks with inter-regional comparisons – because the number of hotels reporting in Asia are broadly at a higher grade than those in, say, Europe.

In addition, Deloitte's data for Europe shown here appears to exclude the thousands of low-cost hotels – probably because such hotels do not track or report results in the same way. Yet Smith's data for the US covers a wider spectrum of hotels than Deloitte – which partly explains apparently lower rates in the US.

**Travel Business Analyst data on 3-, 4-, and 5-star hotels in Europe and Asia Pacific will be available next month.*

- Selected findings from Barclaycard's **business travel** survey, with our comments. (Although we have an overall comment that it is useless to ask respondents about 2015; even 2010 would be stretching predictive capability.)

- The number of flights per business traveller is expected to increase from 7.6 flights at present to 8.5 flights in 2015.

- 74% of business travellers use low-fare airlines, and no change is expected by 2015. Barclaycard (or the survey company it uses) has not grasped the facts here. That 74% is the share that use LEAs for some flights (the reason the share is so high). That

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- Selected airline results.
- Travel stocks 2005.
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Net Value

- Travelocity buys Zuji.
- Travelclick's Emonitor.
- Travelocity in 2005.

Excerpts from the single-page **Net Value** report are included in the Asia Pacific and Europe editions of **Travel Business Analyst**. **Net Value** is delivered only via email.

People-in-Travel

- Stephen Bollenbach; Henry Silverman; Jennie Chuah; others

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could be one out of 100 flights, but likely in the future is that the share of LFA flights will increase; we would guess double in the next five years.

- 45% say they travel for business more now than last year.

- Video conferencing is expected to be used by 50% of workers in 2015, compared to 26% at present.

- Air One – Going for Alitalia?

Does Air One's order for 30 A320s mean it is getting ready to challenge Alitalia as Italy's leading airline in Europe?

Unfortunately, it is not yet clear – with unclear information from AO and from

Performance of global hotel markets, 2005

Region	Occupancy,%	Growth,%	Average room rate,US\$*	Growth,%	Revpar,US\$*	Growth,%
Europe	68	2.3	133	1.7	89	4.1
US	63	2.9	91	5.3	57	8.4
Asia	72	-0.4	108	9.5	78	9.1

Notes: *Quoted in US\$. Revpar = revenue per available room. Source: Deloitte, Smith Travel Research.

Airbus (which is frequently disingenuous with its information).

AO's A320s will have two classes (apparently ending Air One's uncertain pretension to being a low-fare airline), and will replace its B737s. Neither AO nor Airbus provide the planned schedule for this – but we believe the replacement program could start this year.

AO also says it will add new routes to its existing 23. None named, although it has recently pulled off some international routes.

These moves indicate to us that either AO is a poor communicator, or it fears giving more than basic information, or its strategy is muddled, therefore bad. Unfortunately, we think the airline's shortcoming is more in strategy than in communications.

Meanwhile, **Alitalia's** problems continue. A state-guaranteed US\$476mn (€400mn) bridging loan from a German bank is due to be paid back this March.

- At the end of 2005 **Choice Hotels** had 339 hotels in Europe. Added during the year were:

Clarion – nine, most in Ireland and UK

Comfort – nine.

Quality – six in France, Ireland, UK.

Sleep – one. Two are due to open in the UK by the end of this month, and planning permission is being sought for eight more in the UK.

- Troubled TUI still holds 28% of the tour operating market in **Germany**, see table.

Tour operators in Germany

Operator	Turnover US\$m*	Share %	Clients mn	Turnover/client, US\$*
TUI	3630	28.1	7.5	485
Thomas Cook	2542	19.6	6.9	366
Rewe	2415	18.7	5.7	421
Alltours	948	7.3	1.5	623
Oger	575	4.5	1.4	421

Notes: Year through Oct 05. *Converted at US\$1 to €0.85. Source: Travel Inside.

- UK airport round-up:

- **Luton's** airport plans a new terminal and replacement runway. The US\$3bn project, which would triple Luton's capacity to 30mn passengers a year.

In 2005, Luton handled about 26% more passengers, getting close to 8mn – although there was a decline on domestic routes

- BAA, owner/operator of **London Heathrow** airport (among others) wants to demolish Terminal 2 and the adjacent

Queen's Building (used mainly for administration), and replace them with a single US\$3bn facility.

This work would be possible after Terminal 5 opens.

- Belgian airline VLM has added a second early-morning departure to **London City** from Brussels to meet growing demand for same-day travel. VLM already operates two early morning flights from Antwerp.

Passenger traffic through London City grew 29% in 2004 to 549,000, and about 25% in 2005.

- Switzerland round-up

- The Switzerland-based **Kempinski** hotel group, with 51 hotels (adding one-third in 2005), has a further 29 projects under development or construction.

Due this year are hotels in Latvia and Slovakia, and in the Middle East (Dubai, Israel). And in China; by end-2008, Kempinski expects to be running 15 hotels in the country.

- The number of **visitor overnights** in Switzerland increased 1.6% to 16.02mn in the first half of 2005. Foreign overnights grew 6.4% to 9.0mn, but domestic overnights fell 3.9%.

Cantons with the highest number of overnights were the Grisons (3.0mn), Berne (2.3mn), Valais (2.3mn), Zurich (1.6mn), Vaud (1.1mn), and Geneva (1.1mn).

- Travel Inside says **Kuoni** Switzerland is expected to report a drop in turnover in 2005; it fell 7% in the first nine months.

However, turnover for the whole company increased slightly, by 1.4%. There were big differences in segment results, see table.

Kuoni turnover, Jan-Sep 05

Segment	Growth, %	Share, %
Switzerland	-7.2	22.1
Scandinavia	17.9	19.8
UK/North America	-8.6	20.3
Rest of Europe	0.2	16.7
Incoming/Asia	10.2	22.5
Total	1.4	100

Source: company, Travel Inside.

- Managed decline. **British Airways** plans a 35% reduction in its 1715 managers by March 2008 – 50% fewer senior managers (from 414 to 207), and 30% fewer middle managers (1301 to 911).

BA says this will save US\$86mn (at US\$1 to £0.58). This is part of its plan to cut costs by US\$517mn by March 2007 – announced in January 2004.

Presumably, this is a new cut, and as

the total amount has not changed, BA's announced cost-cutting plan may still not be enough. In addition, oil price increases should mean that more money needs to be saved.

- France round-up

- The **Asia Voyages** tour operator, says sales in its tour year through October 2005 increased 5.5% thanks to China, and AV's largest destination, Vietnam.

The main tsunami destinations fell – Maldives 68%, Sri Lanka 63%, Thailand 28%.

- According to Odit **France** (Observatoire D'Observation et d'Ingenierie Touristique), the development of holiday residences or second homes for foreigners has a strong impact on the country's tourism. Odit says 23% of the residences are occupied by visitors from the UK, 13% from Germany, 10% from Belgium, and 8% from the Netherlands.

- CETO, France's association of **tour operators** (which represents 80% of the market) says tour sales totalled 6.54mn, up 5.5%, in the tour year through October 2005, see Table 1. Of this, package tours increased 6.5% to 5mn.

Table 1

Tour package sales in France

Destination	Sales, x1000	Growth, %
Morocco	526	21.4
Tunisia	501	16.7
Egypt	296	20.5
Turkey	202	36.8
Dominican R	170	-2.8
F Caribbean	119	-7.7
Croatia	80	76
US	74	27.7
Mexico	70	14.8
Cuba	47	-20.1
Mauritius	35	8.3
China	19	63.5

Notes: Year through Oct 05. Source: CETO, Tour Hebdo.

- Turnover at Marsans Transtours hardly increased in 2005, see Table 2, but growth in clients was faster – resulting in a 6.5% decline in revenue per client.

Table 2

Marsans Transtours profile

Year	Revenue US\$m*	Clients, x1000	Revenue per client, US\$*
2005	182	145	1259
2004	181	135	1346
2000	35	25	1391

Notes: *Converted at US\$1 to €0.85. Source: Tour Hebdo.



Net Value

Marketing Travel On The Internet

Travelocity buys Zuji

As we predicted in 2005, in January Travelocity bought the 86.4% of Zuji, the Singapore-based online travel agency that it did not already own.

Sellers were Abacus International and AGC Holdings, a consortium of 15 airlines in the region.

Not much new information about secretive Zuji has been revealed as a result of this transaction. Travelocity says Zuji is "the leading" OTA in Asia Pacific, but provides no data on Zuji or others – so this must be unsubstantiated humbug.

The purchase price was believed to be US\$34.6mn – a price that is tiny compared with other recent OTA sales, which include:

- Sabre, which owns Travelocity, paid US\$1bn for UK-based/Europe-operating Lastminute, in 2005.
- Cendant, US\$404mn for UK-based/Europe-operating Ebookers, in 2004.
- Cendant, US\$1.1bn for UK-based/world-operating Gullivers Travel/Octopus Travel, in 2004.
- Cendant, US\$1.25bn for US-based/US-operating Orbitz, in 2004.

A crude calculation based on the cost/revenue of Sabre's purchase of Lastminute indicates Zuji's annual turnover is around US\$76mn. Earlier, we put the Asian OTA's turnover at "probably under US\$100mn".

In some respects, Zuji failed. It has operations in Australia, Hong Kong, Korea (as Nextour), New Zealand, Singapore, and Taiwan (as Zuji Buylow). (The New Zealand site is powered by Zuji, but managed by Gullivers Pacific which now, ironically, is owned by rival Cendant – and something that will likely change quickly.)

• *There is insufficient space here to show the rest of this report. Subscribers wishing to see the full report, please email TBAoffice@gmail.com.*

This is an extract from **Net Value**, a monthly report on marketing travel on the internet. A combination subscription to NV costs US\$50 for one year; full price is US\$100. For more information, contact Raymonde Perpignani at Travel Business Analyst, TBAoffice@aol.com



People-in-Travel

Tracking Travel's Leaders

De-Cendant; part 2

More problems for Cendant chairman Henry Silverman – who we think is making a mistake in splitting the Cendant group (into four).

He has now fired Samuel Katz, head of the travel services unit – which includes Ebookers and Orbitz, leading interline travel agencies. Apparently because growth is slower than expected.

But the main problem seems to be Ebookers, which is not producing as well as it should, and has been difficult to incorporate into Cendant's business operations.

We said earlier that Ebookers was over-rated, and the market now seems to agree that as a result Cendant paid too much for a company that had revenues of nearly US\$2bn (£1bn) but with profits to come later. Now, there may not even be growth. But all that would seem to have been Silverman's mistake, not Katz's. Maybe this is a case of shooting the messenger?

Dinesh Dhamija, who was the founder and CEO of Ebookers, told People-in-Travel "for us most important is reach. We need to be bigger in France, Germany, Italy. We need coverage. (That's the reason) we bought Travel Bag – to give us coverage of Australasia and the Pacific."

"Our strategy is to buy travel companies that are offline, and bring them online."

What Silverman may to have missed is that Dhamija appears to have been successful in growth – buying travel companies in many countries.

• *There is insufficient space here to show the rest of this report. Subscribers wishing to see the full report, please email TBAoffice@gmail.com.*

This is an extract from **People-in-Travel**, a monthly report tracking travel's leaders. A combination subscription to PinT costs US\$50 for one year; full price is US\$100. For more information, contact Raymonde Perpignani at Travel Business Analyst, TBAoffice@aol.com

Headlines

Comments on tables pages 7-12

Aviation.

T1. Near-year-end data for airlines.

Amazing results from *Air France*, which we thought would start to decline in the face of low-fare airline competition. And its KLM subsidiary is growing as fast. AF is now much larger than BA and getting closer to LH. Not much improvement at LH-owned Swiss. At low-fare-airlines, Easyjet sells 18% more seats YTD, and Ryanair 24% more.

T2. Near-year-end data for Europe (good; traffic up 7%) and the US (better; up 9%).

T3. First three quarters for most airports (those whose data supplied us by ACI); two of the three that are doing well (Berlin, Rome; the other is Madrid) are boosted by low-fare-airline traffic. And Europe overall growing at a fast 8%. Near-year-end data for Amsterdam and London.

T4. In UK market, traffic to/from Italy, which overtook Germany in July, continued its growth, and was on track to overtake France before year-end. Extraordinary; that's what low-fare airlines can do for you.

Inbound.

T14. More 2005 results, courtesy WTO.

T15. Ditto.

Outbound.

T7. More 2005 results, courtesy WTO – but percentage growth, not actuals.

Hotels.

T10. Near year-end figures. Europe YTD occupancy up 1-point to 71%, average rate down US\$10 to US\$189, through exchange-rate distortions, pushing yield down US\$4 to US\$134.

Others.

T5. Year-end stock prices; annual review due in next issue.

T8. Forecasters are close on US internet sales in 2005 – PCW \$65bn, Jupiter \$68bn.

T13. Some consumer-price data for year-end – Germany, Italy, and Euroland.

MARKET DATA

Special

Airline traffic

Latest data shows Europe airlines increasing 5% through August – slower than the two other main regions, North America and Asia Pacific, and also slower than the World average. But there may be trouble ahead because capacity was growing faster than traffic in all three regions – with Europe having the biggest gap between capacity and traffic.

All are down against all-year 2004 figures – where Europe increased 10%, North America 15%, and Asia Pacific 21%. But the reason was that these were compared with 2003, when traffic collapsed in much of Asia Pacific because of the SARS pandemic. And SARS also affected, of course, travel from Asia Pacific to/from Europe and North America.

Growth in air traffic on IATA airlines, %

Region*	Jan-Dec 05		Dec 05		Jan-Aug 05		Aug 05		Jan-Jul 05		Jan-Jun 05		Jan-Dec 04	
	ASK	RPK	ASK	RPK	ASK	RPK	ASK	RPK	ASK	RPK	ASK	RPK	ASK	RPK
Europe	4.5	6.4	4.2	6.9	6.3	4.6	5	3.1	6.5	4.9	6.3	4.9	8.4	10.1
North America	8.0	8.9	4.8	6.0	10.0	8.9	7.1	6.9	10.9	9.7	11.1	9.8	11.0	14.8
Asia Pacific	5.8	6.3	2.8	2.9	7.7	7.0	5.8	5.7	8.1	7.4	8.1	7.0	15.5	20.5
World	6.3	7.6	4.3	6.1	8.3	7.0	6.1	5.3	8.8	7.4	8.8	7.4	12.1	15.3

Notes: *Of airline registration. Source: International Air Transport Association.

1 Passenger traffic* on selected Europe airlines, 2005

Low-fare airline traffic, 2005

Airline	November				YTD				Airline	November		YTD			
	SS,x1000	+/-,%	RPK,mn	+/-,%	SS,x1000	+/-,%	ASK,mn	+/-,%		RPK,mn	+/-,%		SF	+/-,pts	
Air France	3746	9.4	9244	13.3	43409	6.0	134503	4.3	105961	8.1	78.8	2.7	Easyjet		
Alitalia	1874	3.7	2895	5.9	22293	8.1	48038	9.3	34361	9.3	71.5	-0.0	SS,x1000	2298	27930
Austrian	653	13.5	1506	14.8	7449	5.3	23377	4.8	17301	6.7	74.0	1.4	Growth,%	8.3	18.2
British AW	2733	1.7	8837	6.3	32883	0.5	134371	2.3	101777	4.1	75.7	1.3	SF,%	80.2	85.3
Iberia	2069	4.1	3790	4.1	24932	4.3	58182	4.7	45080	7.1	77.5	1.7	Growth,pts	-1.0	-0.1
KLM	1701	6.8	5530	9.8	19811	5.5	75078	6.2	62796	8.3	83.6	1.6	Ryanair		
Lufthansa	3900	3.8	8564	2.7	45709	1.8	132824	2.6	104732	3.1	78.9	0.4	SS,x1000	2749	30452
Olympic	371	-9.4	448	-6.5	5291	-1.6	9671	0.1	6864	9.4	71.0	6.1	Growth,%	25.1	23.8
SAS	2174	35.9	2211	25.1	23510	23.7	35681	9.9	25778	15.2	72.2	3.3	SF,%	81.0	83.3
Swiss	693	3.5	1485	-2.2	8930	4.0	24051	-4.6	18868	-0.7	78.4	3.1	Growth,pts	-1.0	-0.3
TAP	440	4.0	1056	8.0	5976	-4.8	18261	3.3	13424	2.1	73.5	-0.8			
Turkish	1058	20.5	1537	14.1	12669	20.3	25829	14.1	18944	17.5	73.3	2.1			
Virgin A'tic	378	9.9	2675	12.7	4127	3.8	39438	11.4	29417	6.7	74.6	-3.3			

Notes: See Master Notes this page. pts-points. *Domestic and international. SS and SF for low-fare airlines includes free tickets and no-shows. Source: airlines, Association of European Airlines.

2 Operating results on airlines of regional associations, 2005

Item	Europe,AEA									
	Aug 05	Growth,%	Sep 05	Growth,%	Oct 05	Growth,%	Nov 05	Growth,%	YTD 05	Growth,%
SS,mn	20.7	4.2	20.4	6.0	19.5	4.7	16.7	7.6	202.6	5.0
ASKs,mn	74,497	3.3	71,283	4.3	72,172	4.9	66,550	4.5	763,231	4.4
RPKs,mn	60,555	5.2	57,489	7.3	55,964	6.0	49,660	8.3	589,119	6.5
Pax LF,%	81.3	1.6*	80.7	2.5*	77.5	0.9*	74.6	3.0*	77.2	1.5*
Item	US,ATA									
	Aug 05	Growth,%	Sep 05	Growth,%	Oct 05	Growth,%	Nov 05	Growth,%	YTD	Growth,%
SS,mn	5.9	5.9	4.8	9.1	4.9	5.4	4.7	4.8	58.3	9.7
ASKs,mn	35,261	6.2	33,110	9.7	32,644	5.7	30,273	2.8	361,416	8.9
RPKs,mn	29,195	6.2	25,989	8.8	25,235	4.6	23,297	4.3	288,485	9.4
Pax LF,%	82.8	-0.0*	78.5	-0.7*	77.3	-0.8*	77.0	1.1*	79.8	0.4*
Item	Asia Pacific,AAPA									
	Jul 05	Growth,%	Aug 05	Growth,%	Sep 05	Growth,%	Oct 05	Growth,%	YTD 05	Growth,%
SS,mn	10.9	5.4	10.9	3.7	9.9	3.7	10.2	0.0	99.9	6.0
ASKs,mn	57,001	4.9	56,803	3.6	54,346	3.6	55,633	4.0	554,243	5.1
RPKs,mn	43,857	5.7	43,371	4.4	39,814	4.4	40,302	3.7	406,576	5.8
Pax LF,%	76.9	0.6*	76.4	0.6*	73.3	0.6*	72.4	-0.2*	73.4	0.5*

Notes: International. *Points. Source: Air Transport Association, Association of European Airlines, Association Of Asia Pacific Airlines.

Master Notes: AL = Airline, ASK = available-seat km, ATK = available-tonne km, AW = Airways, CH = Switzerland, DE = Germany, E = TBA estimate, ES = Spain, FR = France, GB = UK, IT = Italy, J-D = January-December, LF = load factor, NA = not available, na = not applicable, NL = Netherlands, P = provisional, Pax = passenger, RPK = revenue-passenger km, RTK = revenue-tonne km, Q = quarter (of year), SE = Sweden, SF = seat factor, SS = seats sold, YTD = year-to-date.

MARKET DATA

3 International traffic* at Europe's leading airports, 2005

Airport	Month	Passengers,x1000				Aircraft movements,x1000				Seats sold per aircraft	
		Month	Growth,%	YTD	Growth,%	Month	Growth,%	YTD	Growth,%	Month	YTD
Amsterdam	Nov†	3,204	3.6	41,070	3.8	31.5	-0.5	374.5	0.6	102	110
Berlin*,x3	Sept†	1,701	14.4	12,826	15.9	22.5	8.2	180.2	7.3	76	71
Brussels*	Sept†	1,596	3.9	12,509	3.9	23.0	3.6	192.4	0.6	69	65
Copenhagen*	Sept†	1,902	7.2	15,107	3.9	23.9	-2.0	203.5	-0.5	79	74
Frankfurt	Sept†	4,289	3.3	34,219	3.3	36.0	6.0	305.9	4.6	119	112
London,x3	Nov†	7,719	2.3	100,947	3.3	58.3	1.3	701.6	1.7	133	144
LHR	Nov†	4,647	2.4	56,192	1.4	33.2	1.4	375.7	0.1	140	150
LGW	Nov†	1,672	1.1	26,895	4.9	13.5	2.2	187.7	4.6	124	143
STN	Nov†	1,400	3.7	17,860	7.1	11.5	0.1	138.2	2.4	121	129
Madrid*	Sept†	3,856	11.7	31,701	8.6	35.8	3.1	312.4	4.0	108	101
Milan*,x3	Sept†	3,054	5.1	25,231	6.3	36.5	2.8	305.5	4.6	84	83
Paris*,x2	Sept†	6,969	5.2	59,940	4.8	64.9	-0.8	566.2	-0.8	107	106
CDG	Sept†	4,847	5.9	40,950	5.3	44.9	-1.7	394.8	-1.5	108	104
ORY	Sept†	2,121	3.5	18,990	3.6	20.0	1.3	171.4	1.0	106	111
Rome*,x2	Sept†	3,042	3.7	24,959	7.6	32.0	1.3	277.0	4.7	95	90
Zurich*	Sept†	1,635	2.5	13,595	4.1	23.1	-3.0	204.0	1.9	71	67
EUROPE*	Sept†	120,519	7.4	946,651	7.9	1,619	3.3	13,508	4.7	74	70

Notes: *Domestic and international. Source: respective airports, except ACI for Berlin, Brussels, Copenhagen, Madrid, Milan, Paris, Rome, Zurich, and all-Europe.

4 Air passenger traffic to/from selected countries, x1000

From/to	France†				Germany				UK			US				
	Oct	+/-*	YTD	+/-*	Oct	+/-*	YTD	+/-*	Oct	+/-*	YTD	+/-*	Aug	+/-*	YTD	+/-*
To/from	05	%	05	%	05	%	05	%	05	%	05	%	05	%	05	%
France	na	na	na	na	551	-0.9	5096	3.8	884	-3.2	9532	0.3	572	-0.4	4071	3.5
Germany	360	-1.5	3257	1.7	na	na	na	na	949	1.1	9188	7.0	797	8.8	5444	6.9
Italy	432	1.1	3984	-4.6	968	15.1	7920	10.8	934	7.1	9420	8.3	271	5.1	1722	9.1
Netherlands	94	-2.6	882	1.8	240	7.2	2071	4.9	687	-0.8	7459	3.3	387	5.2	2819	4.8
Spain	413	11.2	4107	13.0	2210	4.9	18195	8.4	3435	2.9	30636	3.1	153	-15.6	1073	-12.3
Switzerland	144	-5.1	1437	3.6	370	4.7	3404	9.6	305	4.3	3826	7.4	129	-1.9	953	2.5
UK	390	-7.7	3835	-5.0	941	3.9	9138	10.6	na	na	na	na	1571	-6.5	11542	-1.9
US	527	5.8	5154	7.9	775	7.0	7240	7.2	1583	0.9	15565	2.0	na	na	na	na
Total	6969†	5.2†	59940†	4.8†	12294	5.4	107338	8.7	15942	4.7	152767	6.7	11040	-3.1	81065	3.5

Notes: *Over same period, year earlier. †Paris airports only; total is month earlier. Source: Aeroports de Paris, Statistisches Bundesamt, Civil Aviation Authority, Department of Transportation.

5 Stock market last-day closing prices

Company	Market	Price, local currency*				Growth†,%	
		Dec 03	Dec 04	Nov 05	Dec 05	stock	market
Airlines							
Air France	Paris	12.2	14.0	16.2	18.4	13.2	3.2
Alitalia†	Milan	0.26	0.25	0.99	1.03	3.7	3.4
British Airways	London	233	235	316	334	5.6	3.6
Easyjet	London	NA	188	342	381	11.3	3.6
Iberia	Madrid	2.28	2.59	2.19	2.29	4.6	1.7
Lufthansa	Frankfurt	13.3	10.6	11.5	12.6	9.6	4.1
Ryanair	Dublin	6.59	5.25	7.36	8.30	12.8	7.3
Hotels							
Accor	Paris	35.9	32.2	45.6	46.9	2.8	3.2
Hilton	London	225	285	336	364	8.2	3.6
InterContinental	London	529	648	791	840	6.2	3.6
Sol Melia	Madrid	6.79	7.40	10.6	11.0	3.9	1.7
Others							
Avis Europe	London	95.0	53.8	70.0	72.8	3.9	3.6
BAA	London	496	584	642	627	-2.3	3.6
EADS	Paris	18.9	21.4	31.5	32.0	1.5	3.2
Eurotunnel	London	37.5	17.0	17.3	18.0	4.3	3.6
Fraport	Frankfurt	NA	31.4	41.7	44.9	7.6	4.1
Kuoni	Zurich	414	500	501	557	11.2	2.4
My Travel†	London	16.5	17.4	180	233	29.0	3.6
TUI	Frankfurt	16.5	17.4	16.5	17.8	8.1	4.1

Notes: See Master Notes, page 7. *Euro in Euro countries (in table includes FR, DE, IE, IT, NL, ES). †Latest month over month earlier. ‡Reissue means not all prices comparable. Source: Wall Street Journal(s).

6 Outbound travel by residents

Country	Jan thru*	Departures x1000	Growth %	Source:
Austria	Dec	4,660	17.9	WTO
Belgium	Dec†	7,746	-18.0	WTO
Denmark	Dec	5,125	5.9	WTO
Finland	Dec†	6,318	6.8	WTO
France	Dec	19,886	19.0	WTO
	Dec†	19,265	-3.1	WTO
Germany	Dec†	73,400	NA	WTO
	Dec	74,400	1.4	WTO
Ireland	Dec	3,814	6.7	WTO
Italy	Dec	21,993	16.0	WTO
	Dec†	21,502	-2.2	WTO
Netherlands	Dec	13,896	-2.0	WTO
	Dec†	14,220	2.3	WTO
Russia	Dec†	17,940	-2.3	WTO
Spain	Dec	4,100	16.7	WTO
	Dec†	4,139	1.0	WTO
Sweden	Dec†	10,500	1.0	WTO
Switzerland	Dec†	11,823	NA	WTO
	Dec	12,351	4.5	WTO
UK	Dec	56,837	5.5	NTO
	Dec†	59,030	3.9	NTO

Notes: ETM=European Travel Monitor, NTO=national tourist office, Ot=Other. *2000 unless stated otherwise. †1999. ‡2001. Source: See column.

MARKET DATA

7 Spending on foreign travel by residents

Source	Jan thru*	Spending US\$m	Growth %
Austria	Mar‡	NA	-2.3
Belgium	Mar‡	NA	1.2
Czech R	Dec	2,271	7.2
France	Dec	28,636	11.1
	Jul‡	NA	10.7
Germany	Dec	72,271	1.6
	Jul‡	NA	2.0
Greece	Dec	2,874	8.2
Hungary	Dec	3,870	0.0
Ireland	Mar‡	NA	3.7
Italy	Dec	20,544	-9.4
	May‡	NA	4.6
Luxembourg	Dec	3,347	14.0
Netherlands	Jun‡	NA	0.0
Norway	Dec	8,428	20.3
Portugal	Jul‡	NA	11.9
Russia	Mar‡	NA	11.1
Spain	Jun‡	NA	27.6
Sweden	Jun‡	NA	8.0
Switzerland	Mar‡	NA	-4.2
Turkey	Dec	2,524	19.5
UK	Dec	55,930	4.1
	Jul‡	NA	6.9

Notes: Growth may not tally with previous figure shown. *2004 unless stated otherwise. †2003. ‡2005. A=Local currency. Source: WTO, national tourist offices.

8 Internet bookings/sales of selected companies/markets

Company, item	Period	Number	Previous period
Agencies' online share of US hotel bookings	2006	54%	NA
Etravel passenger bookings	Jan-Jun 05	\$2.5b	up 67%
Airport CUSS check-in desks, share	current	40%	70% '07
Leading Hotels internet share	current	11%	0% '01
US online sales (PCW)	2005	\$65b	up 26%
US online sales (Jupiter)	2005	\$68b	\$54b
US online sales share (PCW)	2007	40%	30% '05
US online sales (PCW)	2007	\$94b	up 19%

Notes: See Master Notes, page 7, and Net Value. All \$s are US\$. Source: various.

9 Networks of computer reservations systems

System	Country
Amadeus	Ww: A62000 S269000. Ap: A11077 S34658. Eu: A37567 S125299. Na: A5066 S11551. FR: A4470 S9952 (B: Q1-05 \$770m). DE: A16300 S41300. IT: A492 S804. ES: A4800 S13000. CH A200. GB: A126 S370. B: 386mn.
	Ww: A43000† S176100. Ap: A7250† S20708. Eu: A18300† S38596. Na: A14200† S62125. BE: A214 S652. FR: A710† S380. IT: A467 S1221. NL: A786 S2286. ES: A360 S3000. CH: A261 S1752. GB: A1683 S9503. B: \$345mn.
Galileo	Ww: A56000† S124828. Ap: A11771† S4500. Eu: A5783† S13428. Na: A17478. FR: A401 S937. DE: A736 S1856. IT: A797 S1473. NL: A61 S130. ES: A150. CH: A380 S1184. GB: A854 S3546. B: \$467mn.
	Ww: A20000† S49500. Ap: 714. Eu: A10208† S11000. Na: A35106. BE: A251 S541. FR: A180 S700. DE: A480. IT: A192 S304. NL: A220 S600. CH: A140 S981. GB: A1450 S1980. US: A8560.
Sabre‡	
Worldspan	

Notes: See Master Notes, page 7. Latest figures available; A and S dates may not be the same; †denotes later figure. A-Agencies/other outlets, Ap-Asia Pacific, B-bookings (in numbers or US\$), BE-Belgium, Eu-Europe, Na-North America, S-Screens, Ww-worldwide. ‡With Abacus. Source: companies.

10 Hotel results in Europe*, US†, and Asia‡, November

City	Occupancy, %				Average room rate, local US\$*			Revpar, US\$*			2004		
	2005 Mth	YTD	2004 Mth	YTD	2005 YTD	2005 Mth	YTD	2004 Mth	YTD	2005 Mth	YTD	2004 Mth	YTD
EUROPE*													
Amsterdam	79.4	74.7	77.4	75.4	147.78	184.28	183.42	181.58	185.79	146.29	137.05	140.48	140.02
Berlin	70.2	64.6	61.9	65.9	111.68	125.95	138.62	165.48	161.30	88.43	89.60	102.39	106.24
Brussels	71.8	66.0	69.3	66.2	108.55	135.47	134.73	149.48	144.63	97.21	88.98	103.52	95.79
Copenhagen	75.1	69.5	80.0	73.7	843.84	161.50	140.48	145.50	141.48	121.35	97.62	116.34	104.21
Frankfurt-all	66.7	64.5	67.7	62.3	124.35	132.93	154.34	141.46	161.82	88.70	99.59	95.75	100.82
U-4	70.1	66.9	NA	NA	131.03	144.00	162.63	NA	NA	100.93	108.74	NA	NA
Geneva	59.4	64.3	52.6	59.4	291.06	199.71	233.57	214.19	249.56	118.66	150.28	112.61	148.12
London-all	77.3	76.0	80.8	75.1	135.63	245.87	246.85	266.69	276.20	189.96	187.48	215.50	207.34
U-4	68.2	75.4	NA	NA	151.34	284.70	275.44	NA	NA	194.23	207.55	NA	NA
5-star	86.2	66.9	NA	NA	236.03	451.65	429.58	NA	NA	389.24	287.56	NA	NA
LHR AP	85.8	85.8	NA	NA	65.99	121.00	120.10	NA	NA	103.84	103.01	NA	NA
Madrid	77.0	70.3	74.0	65.7	154.53	197.40	191.80	217.57	214.44	151.94	134.90	160.93	140.96
Moscow	82.6	79.5	83.1	78.7	5971.89	243.18	211.10	195.26	193.19	200.81	167.91	162.32	152.03
Paris-all	71.0	68.5	64.9	67.3	176.91	210.23	219.57	216.48	237.28	149.30	150.51	140.40	159.57
U-4	73.9	71.2	NA	NA	158.94	192.27	197.27	NA	NA	142.04	140.52	NA	NA
CDG AP	65.0	63.2	NA	NA	119.45	151.59	148.26	NA	NA	98.52	93.67	NA	NA
Rome	72.5	73.5	70.9	69.2	200.99	187.32	249.46	238.05	269.56	135.88	183.45	168.85	186.51
Zurich	75.4	75.2	70.7	73.7	198.04	163.43	158.92	154.08	148.83	123.30	119.48	108.86	109.75
AVERAGE	73.2	70.6	71.1	69.4	na	182.27	188.57	190.48	198.67	134.32	133.90	135.66	137.61
Others†‡													
New York	84.6	85.1	84.3	84.7	245.80	260.89	245.80	218.58	207.82	220.71	209.16	184.26	176.10
Tokyo	86.8	77.1	85.3	77.5	26474	249.85	240.20	263.13	266.24	216.85	185.25	224.49	206.39

Notes: See Master Notes, page 7. Not all categories are shown every month; all categories available at low additional cost. Source: *Travel Business Analyst Europe, †Smith Travel Research, ‡Travel Business Analyst Asia Pacific.

MARKET DATA

11 IATA travel agencies† in Europe, 2004

Country	Locations	Growth %	Net sales US\$mn*	Growth %	Per agency US\$mn*	Growth %
Austria	253	-1.9	1,133	27.0	4.48	29.5
Belgium‡	755	0.0	1,653	20.0	2.19	20.0
Bulgaria	149	8.8	107	46.3	0.72	34.5
Croatia	93	6.9	91	26.6	0.97	18.4
Cyprus	146	-0.7	246	19.7	1.69	20.5
Czech R‡	217	4.3	358	27.5	1.65	22.2
Finland	286	-2.4	990	36.8	3.46	40.2
France	3,633	0.0	9,516	18.2	2.62	18.2
Germany	4,441	-2.6	10,061	17.8	2.27	20.9
Greece	1010	-0.7	1,051	9.4	1.04	10.2
Hungary	256	-1.5	273	10.3	1.06	12.0
Ireland	460	-2.3	712	8.8	1.55	11.4
Italy	5,493	4.7	6,109	10.6	1.11	5.6
Malta	93	2.2	64	19.9	0.69	17.3
Netherlands	557	-3.8	2,412	14.8	4.33	19.3
Nordics‡	1443	0.0	4,967	6.2	3.44	6.2
Poland	366	7.3	429	22.1	1.17	13.7
Portugal	863	3.4	933	16.4	1.08	12.6
Romania	218	19.8	241	17.7	1.10	-1.7
Serbia	148	na	86	398.5	0.58	401.9
Slovenia	53	3.9	67	29.5	1.26	24.6
Spain	7,265	10.0	5,251	16.2	0.72	5.7
Switzerland‡	853	1.3	2,313	14.6	2.71	13.1
Turkey	379	8.6	608	42.1	1.61	30.9
UK	2,712	-4.8	14,732	20.3	5.43	26.3
Europe	32,142	2.4	64,402	16.9	2.00	14.2
US	23,324	-9.0	65,911	6.6	2.83	17.1
Asia Pacific	13,116	1.7	42,185	26.6	3.22	28.4
World	68,582	-1.9	172,498	17.8	2.52	26.7

Notes: See Master Notes, page 4. World; regions listed here. IATA=International Air Transport Association. *Quoted in US\$. †Under the IATA billings and settlement plan. ‡Additional countries, in order of listing: Luxembourg, Slovakia, (3) Baltics, Liechtenstein. Source: IATA.

12 Eurotunnel traffic

Item,x1000	Jan-Mar 05	Growth %	Apr-Jun 05	Growth %	Jul-Sep 05	Growth %	YTD 05	Growth %
Cars	439	4.2	513	-2.1	609	0.6	1561	0.7
Buses	18	48.6	22	23.6	19	24.2	59	30.3
Eurostar passengers	1695	5.5	1981	10.1	1959	-1.9	5635	4.3

Source: Eurotunnel.

13 Economic indicators of major countries in Europe, 2005

Country	GNP/GDP		Retail sales		Consumer prices†		Wages/earnings‡	
	1 year	3 mths* 1 year	1 year	1 year	1 year	year ago	1 year	year ago
France	1.3 Q2	0.5	4.1 Aug	2.2	2.1 Sep	2.9	2.8 Q2	
Germany	1.4 Q3	2.5	-0.7 Sep	2.3	2.0 Oct	1.1	1.0 Sep	
Italy	0.0 Q3	1.2	1.1 Aug	2.2	2.0 Oct	3.1	2.5 Sep	
Netherlands	1.3 Q2	4.9	0.7 Jul	1.8	1.0 Sep	1.0	0.9 Sep	
Spain	3.2 Q3	3.5	1.9 Sep	3.5	3.6 Oct	3.4	3.1 Q2	
Switzerland	1.0 Q2	1.1	4.7 Aug	1.4	0.9 Sep	0.9	1.4 '04	
UK	1.5 Q2	2.0	0.7 Sep	2.5	1.1 Sep	4.2	3.8 Aug	
Euroland	1.5 Q3	2.6	0.9 Sep	2.5	2.4 Oct	2.3	2.1 Q2	
Others								
Japan	3.0 Q3	1.7	0.4 Sep	-0.3	0.0 Sep	0.2	1.6 Sep	
US	3.6 Q3	3.8	2.6 Sep	4.3	3.2 Oct	2.9	2.6 Oct	

Notes: All figures are percentage changes, at annual rate. *Average of latest 3 months compared with average of previous 3 months, at annual rate. †Figures not seasonally adjusted. ‡Germany, hourly wages; Japan and UK, monthly earnings; USA, hourly earnings. Source: The Economist.

14 Visitor spending in Europe destinations

Destination	Jan thru*:	Spending-A	Growth,%	Source
Austria	Mar†	NA	0.5	WTO
Belgium	Mar†	NA	-1.0	WTO
Bulgaria	Dec	2,168	19.6	WTO
Cyprus	Dec	2,096	-3.2	WTO
Czech Republic	Dec	4,169	6.8	WTO
Denmark	Dec	5,669	-7.7	WTO
Estonia	Dec	806	20.3	WTO
Finland	Dec	2,060	0.0	WTO
France	Dec	40,842	1.5	WTO
	Jul†	NA	3.8	WTO
Germany	Jul†	NA	4.3	WTO
Greece	Jul†	NA	9.9	WTO
Hungary	Dec	4,061	-9.3	WTO
Ireland	Mar†	NA	4.6	WTO
Italy	Dec	35,658	3.8	WTO
	Jun†	NA	-4.1	WTO
Lithuania	Dec	817	16.9	WTO
Luxembourg	Dec	3,666	11.9	WTO
Malta	Dec	779	2.5	WTO
Netherlands	Jun†	NA	5.7	WTO
Norway	Dec	3,087	10.6	WTO
Portugal	Jul†	NA	-2.8	WTO
Romania	Dec	505	10.8	WTO
Russia	Dec	5,226	16.1	WTO
Slovakia	Dec	901	-8.4	WTO
Slovenia	Dec	1,630	13.0	WTO
Spain	Dec	45,248	3.8	WTO
	Jun†	NA	-0.5	WTO
Sweden	Dec	6,167	5.8	WTO
Switzerland	Mar†	NA	5.0	WTO
Turkey	Jul†	NA	16.7	WTO
UK	Dec	27,299	7.5	WTO
	Jul†	NA	10.1	WTO

Notes: See Master Notes, page 7. Growth may not tally with previous figure shown. *2004 unless stated otherwise. †2005. A = In millions of US\$. Source: As shown.

15 Visitor arrivals in Europe destinations

International arrivals						
Destination	Jan thru*:	Arrivals x1000	Growth %	Source	Stay days	PVPD US\$-C
Andorra	Dec	2,791	-11.0	WTO	2.93	NA
Austria	Dec	19,373	1.5	WTO	5.2-F	142.90
	Jul‡	NA	3.0	WTO	5.2-F	142.90
Belgium	Dec	9,120	-2.1	WTO	2.5	55E
Bulgaria	Dec	4,630	14.4	WTO	2.8-F	48.39
Croatia	Dec	7,912	6.8	WTO	NA	473-V
Cyprus	Jul‡	NA	7.1	WTO	11	59.13
Czech R	Jun‡	NA	8.7	WTO	2.8-F	48.39
Denmark	Jul‡	NA	-3.0	WTO	3.60	1928-V
Finland	Dec	2,840	9.2	WTO	5.86	62.92
France	Dec	75,123	0.1	WTO	7.16-F	54.4
	Jul‡	NA	1.7	WTO	7.16-F	54.4
Germany	Dec	20,137	9.5	WTO	7.16-F	54.4
	Jul‡	NA	5.8	WTO	7.16-F	54.4
Greece	Dec	12,872	9.0	WTO	14	20.23
Hungary	Dec	12,212	-22.2	WTO	3.41-F	15.19
Iceland	Dec	836	8.4	WTO	2.8	267.56
Ireland	Dec	6,575	3.2	WTO	11.0-F	39.06
	Jul‡	NA	4.0	WTO	11.0-F	39.06

continued on page 12

Trends

Tax heavy

• **France** now seems likely to continue with its tax on air tickets (starting at US\$6, at US\$1 to €0.85) this June or July. Billed as a way to collect money for the poor around the world, we believe it is actually an odious way of raising money for the government.

After all, who will be able to determine if the money collected goes to poor countries, or whether it will simply be used to in effect, provide the money that the government already allocates for aid?

What will happen? One possibility is that airlines will simply declare that in France their BC 'economy class' and EC 'budget class' or similar.

There is already a precedent in France. The government decided to charge a higher tax rate for 5-star hotels. So hotels simply changed their categories to 4-star or even 4-star-luxe, etc. There are no 5-star hotels in France.

• **Sweden** has followed the French 'lead' by proposing a tax of at least US\$12 on low-cost shorthaul tickets, double for standard fares, and US\$54 for longhaul journeys.

But this is not for the poor. The purpose is, says the Association of European Airlines, to reduce airline growth by pricing passengers out of the air-travel market – ostensibly for environmental reasons.

We are reduced to cynicism. Sweden's government should also shut down the Volvo factory, ban import and use of cars, and make everyone walk – across the street in Stockholm or to Bangkok. The environment would improve.

Top heavy

Multitude and significant developments at the top of the hotel market:

• **Starwood Capital** plans to launch a top-level brand – **Crillon** – off its purchase of about 800 hotels from Societe du Louvre/Louvre Hotels in 2005.

This looks a questionable move in its own right. Only perhaps five of the 800 are at the Crillon level. And some are well-known names in their own right – such as Martinez in Cannes. Does this become the Crillon, or 'Martinez, a Starwood Crillon hotel', or version thereof?

SC is a separate but linked company to Starwood Hotels – which already has 2-or-3 top-market brands, depending how you count. **Luxury Collection** (carved out of **Ciga** Hotels a decade ago; Ciga had the reputation that Crillon probably wants to recreate), **St Regis**, and **Westin**.

(Other Starwood Hotels brands include Four Points, Sheraton, and W.)

Barry Sternlicht (head of SC and founder and ex-head of SH) says his 12 open or planned

St Regis hotels in 10 years proves his success at this level of hotel. We would challenge 1/year as being good, although top-level hotels are more difficult to develop. But, more to the point:

• Is SC becoming a rival to SH?

• If not, are there too many at the top? **Luxury Collection** was created to handle those hotels that were assumed to be better if they kept their own names. So what now?

• **Canada-based Fairmont Hotels** is expected to be bought for US\$3.9bn by a new company owned by **Kingdom Hotels** and **Colony Capital**. (Kingdom, a Saudi Arabian company with close links to the government there, already owned part of Fairmont.)

But Kingdom and Colony plan to merge Fairmont's 87 hotels with those of Singapore-based **Raffles Hotels** – which Colony bought in mid-2005 for about US\$1bn. (The Raffles group has 33 hotels, of which 23 are in its Swissotel brand.)

The combined group would become "a luxury global hotel leader" with 120 hotels in 24 countries – including the Swissotels.

The new owners say Fairmont and Raffles will remain independent with their respective headquarters. This seems unlikely; how can one 'global hotel leader' have two CEOs, two marketing directors, strategies, etc?

What else? There is still much to unravel as a result of this transaction:

• As noted above, the Raffles group is primarily **Swissotel**, which are not 'luxury' hotels; they are good 4-star hotels.

• Fairmont also owns **Delta Hotels** (nothing to do with the airline), with 38 3-star hotels, mainly in Canada (although it did try, and failed, international expansion a decade ago).

• Colony also owns 29% of **Accor Hotels**.

• Kingdom also owns shares in **Four Seasons Hotels** and **Movenpick Hotels**.

There are clear conflicts in these arrangements, but unclear how they will be resolved.

• Finally, US-based **Hilton Hotels** – which is expected to buy the UK-based Hilton Group – has launched **The Waldorf-Astoria Collection**, an "elite brand designation". WAC will start with the 1245-room Waldorf-Astoria in New York and three resorts – Grand Wailea, Hawaii; Arizona Biltmore; La Quinta, California.

Hilton says WAC will grow through co-branding of existing hotels including those currently designated Hiltons or **Conrads**, and adding new-builds.

Briefs

• **Reed Travel Exhibitions**, which owns the France-held ILTM (International Luxury Travel Market) may launch a similar luxury travel show in China.

Although it is aware that this may be too early, it says that one factor would be to get ahead of the competition.

• **The World Tourism Organisation** wants us to abbreviate its name to UNWTO – even though its full name remains World Tourism Organisation – because of confusion with the better-known, albeit newer, World Trade Organisation.

We would have preferred to see a name change – away from 'tourism', because the WTO includes travel movement for all purposes – business, MICE, sports, religion, etc – under the misleading 'tourism' name.

But the WTO is too star-struck by the UN link to even think of that. But that UN prefix may come to haunt WTO. After all, the UN is not regarded as an efficient and effective body by everyone; will the WTO come to be seen that way as well?

(We will continue to use the 'WTO' abbreviation until UNWTO is widely-enough accepted, or it becomes too confusing to continue to resist.)

• Some development trends from around the world:

• **Avis** car rental is adding environmentally-friendly cars. In Europe this started in Sweden with the introduction of a Saab car which runs on E85 fuel (85% ethanol and 15% petrol). In Portugal, some Avis stations have petrol/electric hybrid cars. Rental rates for these may be lower than for regular cars – to encourage usage.

• Work on **Aqua Dunya**, a US\$2.5bn theme park in **Dubai**, is due to start this month, with completion planned for 2008. The 74ha resort is being marketed as a Disneyland. Developer is Saudi Arabia's Al Sharq Group.

• **Europcar** is offering customers in the UK what is, in effect, a self-drive airport service.

You rent a car from your local depot, drive to your airport for your flight, leave the car with Europcar, and on your return you can pick up the car to drive back home.

• The first phase of the Waikiki Beach Walk redevelopment in **Hawaii**, covering 3ha, is due to be ready this October – comprising outdoor entertainment plaza, 40 retail outlets, restaurants, and two hotels.

• The **Holiday Inn** group is adapting two of its sub-brands to attract specific market segments – its Holiday Inn Select brand for 'Generation X', and Holiday Inn Recreation Centers for family travellers.

• Ten years after **Montserrat's** volcano eruption (it destroyed two thirds of the island), the Caribbean island is back promoting itself as a tourism destination.

This spring, Sir George Martin, the famed producer of the Beatles' recordings, who has a home on the island, plans to open a cultural centre on the island.

MARKET INTELLIGENCE

continued from page 10

15 Visitor arrivals in Europe destinations

Destination	Jan thru*	Arrivals x1000	Growth %	Source	Stay days	PVPD US\$-
Italy	Dec	37,071	-6.3	WTO	4.36-F	178.42
	Jun†	NA	-7.2	WTO	4.36-F	178.42
Latvia	Dec	1,080	11.2	WTO	NA	NA
Lithuania	Dec†	1,491	4.4	WTO	6.00	15.93
Malta	Dec	1,156	6.1	WTO	8.40	52.70
	Dec	9,646	5.1	WTO	3.67-F	221.99
Netherlands	May†	NA	6.4	WTO	3.67-F	221.99
	Dec	3,483	6.5	WTO	NA	445-V
Poland	Dec	14,296	4.2	WTO	4.7	56.32
	Jul‡	NA	5.2	WTO	4.7	56.32
Portugal	Dec	11,617	-0.8	NTO	7	70.73
	Jul‡	NA	3.7	NTO	7	70.73
Serbia	Dec	580	20.6	WTO	NA	NA
Slovakia	Dec	1,401	1.0	WTO	3.60	4.17
Slovenia	Dec	1,499	9.2	WTO	3.12	4.84
Spain	Dec	53,592	3.4	WTO	12.7	38.16
	Aug‡	NA	6.0	WTO	12.7	38.16
Sweden	Dec	6,167	5.8	WTO	NA	1469-V
Switzerland	Jun‡	NA	4.5	WTO	3.8-F	148.58

Destination	Jan thru*	Arrivals x1000	Growth %	Source	Stay days	PVPD US\$-C
Turkey	Dec	16,930	26.9	WTO	8	83.83
	Aug‡	NA	23.2	WTO	8	83.83
UK	Dec	27,710	12.1	WTO	10.1	69.41
	Jul‡	NA	11.4	WTO	10.1	69.41
Europe	Dec	414,504	3.9	WTO	5-E	na
	Jul‡	NA	4.6	WTO	5-E	na

International arrivals

City/region	Period	Number		Stay, days	Comment	Source
Berlin	2000	1.214mn	23.6	2.6	none	TourMIS
Canary islands	2002	10.6mn	-0.9	NA	none	NTO
London	2000	15.1mn	2.0	NA	none	TourMIS

Domestic arrivals

Destination	Period	Number		Stay, days	Comment	Source
London	2000	13.2mn	0.2	NA	none	TourMIS
Paris	2000	5.624mn	14.2	1.9	none	TourMIS
UK	2001	163.1mn	NA	3.2	trips	NTO

Notes: See Master Notes, page 7. *2001 unless stated otherwise. †2003. ‡2002. B = Bednights. H = Nights at hotels. Source: ETM-European Travel Monitor, NTO-national tourist office (or equivalent), Ot-Other, TourMIS.

Notes: See Master Notes, page 7. Latest figures. E-Travel Business Analyst estimate (some based on statistically-incompatible measures), PVPD-per visitor per day. C = Quoted in US\$. F = In hotels. V = Per visitor. Source: ETM-European Travel Monitor, NTO-national tourist office, Ot-Other.

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