

Travel Business Analyst

Markets + Marketing + Strategy

EUROPE • MARCH 2006

Hotels

2005 results

2005 was a flat year for hotels in Europe. But, given many unwelcome external shocks, maybe that in itself is exciting. Based on the cities we track, occupancy increased 1 point to 70%, and average room rate increased 3% to US\$189 (at exchange rates current each month).

Our tracking increased hotel categories in 2005, meaning that some cannot be compared with 2004 except in the all-city measure.

On that basis, Geneva and Rome recorded the fastest increase in occupancy, at nearly 5 points. In rate in US\$, fastest growth was recorded in Moscow, at 19%, followed by Zurich and Copenhagen.

Rate declines were recorded in Berlin, London, and Madrid, but with percentages that could be an exchange-rate factor.

Among the categories added were 5-star hotels in Lon-

Hotel occupancy and ARR from selected centres, US\$*

	Occ	ARR
Berlin	64	140
London	75	273
Paris	71	198
Moscow	79	214
Total	70	189

Notes/Source: Upper-4-star hotels, then see main table.

don and Paris (in other cities they are included with the upper-4-star measure or the overall total). And hotels at those cities' main airports – London Heathrow and Paris Charles de Gaulle.

London is well ahead of Paris, although Paris data was slightly affected by a legal case towards the end of the year, and Mandarin-Oriental's loss of its hotel there.

But Paris CDG is ahead of London LHR – even if international passenger traffic at Paris is 75% of London's.

(Data provided by numerous hotel groups including Accor, Hilton, Hyatt, InterContinental, Marriott, contd on p2

Air traffic

2005 results

Overall passenger numbers on Europe's main airlines* increased 4% in 2005, see Table 1. That followed from sluggish domestic traffic, up 3%, but better international performance, up 5%.

Longhaul was the best performer, although this was mainly growth on routes to/from Asia Pacific; this grew 12%.

Surprisingly weak were North Atlantic routes. Many commentators automatically add 'lucrative' as an adjective. This has not been true for some years, although before this 'graveyard' was a common description for the North Atlantic airlines.

On individual airline performance, there are a number of results that need to be 'flagged'. Of the big three, see Table 2, British Airways is in trouble. Nil growth and still a fight for the future.

A separate report in this issue reinforces our concern for this airline's outlook.

Lufthansa is not much better, but it seems to have wider coverage – with associate and subsidiary airlines (Condor; Germanwings, a low-fare airline; and Swiss). And a travel company – Thomas Cook – although there are signs that this company does not know how to handle the changes in the travel business.

That said, Lufthansa may have a bad year, having made what can only be described as a stupid decision to cut service in economy. New longhaul aircraft have no seatback

contd on p2

Table 1

Air seats sold* to/from Europe, 2005

Item	No,mn	Growth,%
Domestic	101	2.9
International	219	5.1
Intl short-/medium-haul	158	4.8
Total longhaul	61	5.9
Geographical Europe	147	4.7
Total Europe	248	3.9
North Atlantic	27	1.9
Europe-Asia Pacific	16	12.3
Europe-Middle East	7	7.1
Total scheduled	320	4.4

Notes: *AEA members. Source: Association of European Airlines.

Main News

Recent corporate developments – big or significant.

- The Accor group to pull out of Carlson-Wagonlit travel agency group. When it was created, in 1994, we said the joint-venture, with the Carlson group, would not last 5 years; we were 7 years out.
- Carlson is changing the name of its Radisson cruise operation to Regent. We predicted that would happen in 2005.
- Thomas Cook, 50% owned by Lufthansa, is selling its 60% stake in India-listed Thomas Cook India to Dubai Holding.

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 – hotels

Rezidor SAS, Starwood, Warwick, plus some independents and hotels from outside-Europe groups such as Mandarin Oriental, Okura, Taj.)

Hotel results in Europe, 2005

City	Occupancy %	Growth pts	ARR US\$*	Growth %
Amsterdam	74	-1.6	183	6.7
Berlin	64	-0.4	140	-5.6
Brussels	66	-0.1	134	0.3
Copenhagen	70	-2.2	143	10.2
Frankfurt-all	63	1.9	153	3.9
L-4	55	NA	119	NA
U-4	66	NA	161	NA
Geneva	63	4.6	232	1.6
London-all	76	0.8	246	-3.4
L-4	78	NA	175	NA
U-4	75	NA	273	NA
5-star	67	NA	432	NA
LHR AP	85	NA	120	NA
Madrid	69	4.1	193	-2.8
Moscow	79	0.8	214	19.1
Paris-all	68	1.5	219	0.5
L-4	69	NA	155	NA
U-4	71	NA	198	NA
5-star	66	NA	354	NA
CDG AP	62	NA	148	NA
Rome	72	4.6	246	-0.1
Zurich	74	1.9	160	15.6
Europe	70	1.3	189	3.1

Notes: Totals may be adjusted later as final figures are filed. ARR = average room rate, L = lower 4-star, U = upper 4-star. *At exchange rate for relevant month, YTD at same month. †4-star unless marked. ‡Unrepresentative sample for this month's figures; guide only. Source: Travel Business Analyst.

contd from p1 – aircraft

screens; just in-cabin screens in the main cabin showing two movies at fixed times. A flashback to the 1960s. The airline's competitors are probably delighted with Lufthansa's move.

There are indications that Lufthansa has realised its mistake and will correct it starting 2007. But passengers lost over two years may be difficult to recover. If we were stock-market analysts, we would say Sell!

That leaves Air France, whose 6% growth is remarkable. We still cannot

understand this; the airline's service is often inferior to others (although, see above, Lufthansa has helped Air France improve by default), and its prices are not competitive.

Two of the Big Three airlines have subsidiaries outside their home bases. Air France's KLM is doing as well as the mother airline, so together their growth was 6%. Lufthansa's Swiss, after poor results almost since it was started four years ago, has at least started to grow. Together, though, their growth was an unimpressive 2%.

We have also grouped British and Iberia, although they are not together. A merger was once mooted, when British was stronger. Now it is weak, and Iberia stronger, presumably Iberia would want a stronger part in any grouping, and British is unlikely to give.

Of the others, Europe's two leading low-fare airlines stand out – with growth rates around 20%, making them only slightly smaller than British Airways, and both likely to overtake British this year.

Note, however, that the LFAs count bookings (including some free ones) and not those that actually fly. We believe that the LFAs count could be reduced by as much as 10% to be comparable with the others.

Growing well is Spanair. Putting its traffic with Iberia's show how far the market is ahead of Alitalia's Italy (34mn compared with 24mn for Alitalia, yet Spain's population of 40mn is well below Italy's 57mn). Conclusion? Italy is ready for another strong airline.

BMI (which was British Midland) fell 6%. As this airline is a hybrid, with some LFA-type flights, this is a disaster. Watch for changes there this year.

Likewise with Olympic, which has serious financial problems, a disgruntled staff, and now – probably a result of those two – a fall in traffic.

And for SN Brussels? Still assumed to be a new airline with immature growth rates, so this 1% growth is poor. In addition, its link with Virgin Express – which was the troubled air-

Table 2

Seats sold* on selected Europe airlines, 2005

Airline	No,mn	Growth,%
Lufthansa	49.2	2.0
Air France	47.3	6.2
British AW	35.6	0.4
Ryanair	33.3	24.2
Easyjet	30.3	17.6
Iberia	26.9	4.1
SAS	25.3	24.3
Alitalia	24.1	7.8
KLM	21.5	5.6
Turkish	13.7	19.7
Swiss	9.7	4.0
Austrian	8.1	5.9
Spanair	6.9	21.4
BMI	6.5	-6.3
TAP	6.4	-5.0
Finnair	5.9	-1.7
Olympic	5.7	-2.2
Virgin A'tic	4.5	4.2
CSA-Czech	4.5	12.5
Lot-Polish	3.6	1.7
SN Brussels	3.2	0.6
Groups		
AF + KL	68.7	6.0
LH + LX	58.9	2.3
BA + IB†	62.5	2.0

Notes: Above 3mn. AEA members except LFAs. For low-fare airlines includes free tickets and no-shows. *Domestic and international. †Not a merged operation Source: airlines, Association of European Airlines.

line – should have brought more traffic. But Virgin seems to be the one doing better.

(Notes: *See tables for main qualifications.)

UK Ins and outs

According to government statistics, outbound travel from the UK increased 3%, see table, and visitor arrivals in the UK increased 8%.

In general, patterns for outbound travel are more steady than for inbound. This decade, annual outbound growth has varied between 2% and 5%, compared with inbound – which has varied between a 9% fall and 12% growth. In the period un-

Volume 16 Number 3

ISSN-0256-419X

Email annual subscription rate is US\$795 for the monthly 12-page Europe edition, US\$795 for the monthly 12-page Asia Pacific edition, US\$100 for the monthly single-page Net Value, and US\$100 for the monthly single-page People-in-Travel. There are linked rates for these four products; see back page for more details and subscription form. Airmailed print-copy subscriptions are also available.

Europe: 46 Blvd des Arbousiers, 83120 Ste Maxime, France. Tel: (33-4)-9443-8160, Fax: (33-4)-9449-0949, Email: TBAoffice@gmail.com

Asia Pacific: GPO Box 12761, Hong Kong, China. Tel: (852)-2507-2310, Fax: (33-4)-9449-0949, Email: TBAoffice@gmail.com

Editor: Murray Bailey. Business Development Managers: Raymonde Perpignani, Simmy Wong.

Design by Context Design & Publishing. Printed by Image Press. Copyright Travel Business Analyst Ltd, 2006. www.travelbusinessanalyst.com

UK travel, in and out, mn

Year	Outbound	Growth,%	Inbound	Growth,%	Share*,%
2005	66.3	3.2	30.0	7.9	45.2
2004	64.2	4.5	27.8	12.3	43.2
2003	61.4	3.4	24.7	2.2	40.2
2002	59.4	1.9	24.2	5.9	40.7
2001	58.3	2.8	22.8	-9.4	39.2
2000	56.7	5.2	25.2	-0.7	44.5

Notes: *Inbound, of Outbound. Source: National Statistics.

der review, inbound arrivals have been between 39% of the outbound travel total, and 45% – the highest point, reached last year, 2005.

Arrivals. The main factor is that the good-8% growth happened despite the terrorist bombings in London in July. That misses the point. There was a fall in travel – and so the World Tourism Organisation is wrong to say the bombing did not have an effect.

It would seem fair to say that the increase could have been at least 10% without the bombings. Growth in the first half of the year – before the bombings – was 13.1%, and 3.6% in the second half.

Because of this, the outlook for this year looks good.

Departures. Growth in 2005 was close to the average for this decade, and continued growth looks likely, even if at a slow pace.

Air travel

Germany 2005

Overall air passenger traffic to/from Germany increased 8% in 2005, see table, to 124mn.

Traffic to/from Spain remains the largest market, almost twice as large as the next, to/from the UK. Most (broadly 35%) of the Spain traffic is to/from Majorca, and thus mainly leisure traffic. A surprise is that although the next largest is

Air passenger traffic to/from Europe to/from Germany, mn

Destination	2005	Growth,%	Share,%	2004	Growth,%	Share,%
Spain	20.5	7.9	16.5	19.0	12.3	16.6
UK	10.8	9.5	8.7	9.9	13.8	8.6
Turkey	10.5	4.3	8.5	10.1	16.1	8.8
Italy	9.2	11.5	7.4	8.2	14.2	7.2
France	6.0	4.4	4.8	5.8	9.0	5.0
Greece	4.7	2.2	3.8	4.6	4.6	4.0
Austria	4.5	11.0	3.6	4.1	21.4	3.5
Switzerland	4.1	9.7	3.3	3.7	19.1	3.2
US	8.5	7.1	6.8	7.9	11.3	6.9
Total	124.1	8.4	100	114.5	14.5	100.0

Notes: Above 3mn in 2005. Source: Statistisches Bundesamt.

Madrid (just under 10%), Barcelona has almost the same total and the same near-10% share.

But Spain lost market share, fractionally; it was taken (statistically) by the UK.

Traffic to/from Turkey lost growth in 2005; this market had been

expected to continue growing fast. Another surprise in traffic to/from neighbouring Austria. For a mature market, percentage growths in the past two years have been fast – 21% and 11%. But the reason is most likely with low-fare airlines in general, and the association between Germany's Air Berlin and Austria's Niki in particular.

Also shown is traffic to/from US – the largest country-pair outside Europe. Growth has been good, but below overall growth, so losing market share.

British Airways

No thrills

The 2006-08 business plan for British Airways is interesting for its absence of new ideas. This is the first BP since Willie Walsh became chief executive in 2005.

It includes previously-announced cost reduction plans, for US\$776mn (at US\$1 to £0.58) and "setting new standards for airline customers".

This includes US\$345mn on a new business-class seat, on-demand films in all cabins, and ba.com. Plus unspecified "new procedures" to improve punctuality and "baggage performance", and greater use of self-service check-in. Also unspecified "proposals" to enable 10% operating margin.

Willie Walsh, who was known in his previous job as a cost cutter, has detailed only this. He talks of "resolving our pensions deficit, reducing cost" but then "delivering world-class customer service".

To us, BA already delivers world-class customer service (al-

though we must ask "What's That?"), so what can be so different that it will make such a difference? Surely not in-flight videos? Singapore Airlines has been doing it for three years already.

Research

Outbound unbounded

We generally appreciate any research on travel as helpful at least in adding to the overall knowledge. All too frequently, however, material is produced without qualification – which can mislead those who are not working a lot with similar data, and confuse those, like us, who are.

Such is the latest from Mintel – a report on travel abroad from what it has termed the world's leading 15 outbound markets. Following are Mintel's data and comments, followed by our own:

- We have no serious objection to Mintel's top-15*, apart from the inclusion of Hong Kong, where Australia should have taken its place. Mintel seems to have used World Tourism Organisation outbound-spending data to determine market size, but missed WTO's own misinterpretation of Hong Kong's travel counts, which include travel to mainland China. Plus, of course, the much more important fact that WTO's counts are not actually outbound figures – despite being so named. They are spending by visitors from those outbound markets in destinations. We hope Mintel makes this distinction.

- Overseas trips, says Mintel, will double from 433mn in 2005 to a "staggering" 839mn by 2020, see table. Although we do not quite see why 839mn, but not 433mn, is "staggering", this would represent a rather-pedestrian average annual growth of 4.5%.

Also, overall, we do not see great purpose in forecasting so far ahead – apart for presentations at conferences, or to present marketable headlines for travel reports.

- "...in 2003 Germany knocked the US off the top spot as the world's leading outbound market..." We missed this event, having Germany ahead for at least 10 years, since the reunification of Germany.

But the confusion is in the systems. Because of land borders, which make some international travel like a casual excursion, domestic and international travel should be counted together.

That puts China and the US ahead with over 1bn, and Germany with a much smaller 282mn.

- Mintel says Germany produced 87mn trips in 2005, the UK 65mn, the US 58mn. Data source is unspecified, but surveys by another research company, IPK, puts Germany's outbound total in 2005 at 76mn, and the US department of transportation gave US figures for part of the year (all-2005 not yet available) that would indicate about 40mn by air alone; add in land and the total would be far higher than Mintel's 58mn. Mintel's UK figures appear to be from National Statistics, although NS's 2005 total shows 66mn, not 65mn.

Outbound travel forecasts, mn

Item	2020	AAGR,%	2005*
Germany	148	3.6	87
Japan	140	9.7	35
China	113	9.7	28
UK	102	3.0	65
US	85	2.6	58
France†	NA	4.9	NA
Russia‡	40	NA	NA
All-15	839	4.5	433

Notes: See text for other qualifications. AAGR = average annual growth rate. *Presented as actuals, Travel Business Analyst believes these are estimates or survey indications. †Predicted position in 2020. ‡Mintel commentary presents these as arrivals from Russia; see text. Source: Mintel.

- Mintel forecasts that Germany will remain ahead until at least 2020, when it would generate 148mn trips. That represents an average annual 3.6% growth; IPK puts 2005 growth at 2%.

- Mintel says Japan and China are the 4th and 5th largest outbound markets but over 2005-20 they will be the "fastest growing [and are] set to generate around four times as many outbound trips in 2020, overtaking the US and the UK".

We are not sure where Mintel gets its figures and enthusiasm for the Japan market. The data we have from the country's NTO shows just over 17mn in 2005 (Mintel data indicates twice that, so not a minor difference). The NTO shows growth was 3% in 2005, and an average annual 1% over the past 10 years, which seems to indicate near-10% a year for the next 15 years particularly optimistic.

Thus in numbers and outlook, Mintel appears to have misjudged Japan.

China is admittedly a difficult market to interpret. That said, Mintel's data, which shows 28mn departures,

seems to be for 2004; new figures we have indicate 2005 increased 7.5% to 31mn.

Hopefully Mintel knows the bulk of these trips are to neighbouring Hong Kong and Macau and therefore technically domestic travel. Another key factor is that regulations since 2003 allow Chinese nationals to travel to these two places for leisure as individuals. Anywhere else in the world, if they can go at all, leisure travellers must travel in groups.

That liberalisation has caused China's outbound numbers to increase substantially over the past two years. For instance, travellers under this system of visas now represents 50% of arrivals in Hong Kong from China.

Thus, if this scheme is extended to destinations other than Hong Kong and Macau – which seems a reasonable bet, certainly in the 15 years covered by Mintel's outlook – then Mintel's growth forecast looks too low. If it does not, then it may be too high.

We would put China in top place, above Germany, well before 2020. On our figures for 2005 (see above), within five years. Mintel has it in third place after 15 years.

- France is expected to grow two-fold thanks to what Mintel says is a changing culture – with the "stay-at-home" attitude replaced by a desire to discover other countries".

- In its last comment, Mintel forecasts Russia will generate "more than 40mn arrivals" in 2020. Mimicking Mintel's descriptive commentary, this is the "staggering" statement – Mintel does not appear to know the difference between 'arrivals' and outbound travel. If that is the case, what value its other findings and comments?

*Alphabetically: Austria, Belgium, Canada, China, France, Germany, Hong Kong, Italy, Japan, Korea, Netherlands, Russia, Sweden, UK, US.

Briefs

- Results for 2005 for Eurotunnel were slightly better than previous years – arguably.

Eurotunnel traffic

Item	Shuttle	Growth, %	Buses,	Growth, %	Passengers*,	Growth, %
	Cars,x1000		x1000		x1000	
2005	2047	-2.6	77	21.7	7454	2.4
2004	2101	-7.8	63	-11.8	7277	15.2
2000	2784	-14.6	79	-3.2	7130	8.1
Peak/year	3351	1998	96	1998	7454	2005

Notes: *On Eurostar. Source: company.

Cars loaded onto the shuttle have fallen one-third since the peak, in 1998, see table. And there was a further fall in 2005, albeit a slightly-smaller 3%.

Bus traffic, however, showed a strong recovery, growing 22%. Although even after this, the total is about one-quarter below its peak.

Worrying, though, is what has been the strongest traffic sector – passengers on the Eurostar rail service. This sector has fallen only in three of the past 10 years, and the total in 2005 was the highest so far.

So the worry is its weak growth in 2005, just 2%, for what has been the only sector that has shown reasonable – rather than bad – performance over the past 10 years.

In addition, this sector is controlled by Eurostar, a different company to Eurotunnel – which receives a royalty payment from Eurostar.

- Visa, the payment card at February's Olympic Winter Games in Turin,

recorded US\$9.4mn in point-of-sale (POS) transaction volume at the Games' venues – including ticket sales and Olympic store sales.

Average point-of-sale transaction value was US\$107, which was 40% higher than at the previous winter games in Salt Lake City. A difference large enough, however, that it demands additional explanation – which Visa does not give.

International visitors to the Games accounted for 68% of purchases. That may account for the per-transaction difference; international travellers are likely to spend more than domestic.

- Air Berlin sold 13.5mn seats, up 12.5%, in 2005. Revenue was US\$1.45bn (at US\$1 to €0.85), up 17.1%. That calculates to US\$107 per seat filled (note, however, that revenue includes revenue other than for seats sold).

For comparative purposes, Easyjet sold 30.3mn seats, revenue was US\$2.4bn (at US\$1 to €0.58), calculating to US\$79 per seat filled.

Single seat sales represent 58%

share of Air Berlin's revenues. The segment grew 24.6% in 2005; the tour operator segment grew 10.3%.

- **Cyprus** counted a 5.2% increase in visitor arrivals in 2005, to 2.5mn, see table.

The major market by far continues to be the UK; its 4% growth

Main visitor markets for Cyprus, x1000						
Market	2005	Growth %	Share %	2004	Growth %	Share %
UK	1392	4.4	56.3	1333	-1.1	56.7
Germany	183	13.1	7.4	162	25.2	6.9
Greece	130	-2.4	5.3	133	21.0	5.7
Russia	98	16.4	4.0	84	-20.2	3.6
Sweden	88	5.0	3.6	84	-3.3	3.6
Total	2470	5.2	100.0	2349	2.0	100.0

Source: Statistical Service, Cyprus.

follows a shock in 2004, when the market fell slightly. A long way behind is Germany, but growth was a strong 13%, following an even-faster 25% increase in 2004.

The third-largest market was Greece, but which fell in 2005, following a fast increase in 2004. Russia climbed past Sweden again, following a 20% fall in 2004; this probably cannot be considered a reliable market.

Other markets making up the top 10 are, in order: France, Ireland, Norway, Israel, and Switzerland. The biggest longhaul market is the US, but with a share of only 1%.

Peak months for Cyprus are July-September, but in 2005, there were strong increases, of over 10%, in both July and August, but a slight fall, of 0.2%, in September.

There were falls in some other months as well – in February, April, November, and December – making five months of decline over the whole year, and obviously something which needs to be monitored.

- Of the 11 companies acquired in 2005 by **First Choice**, six were for its activity adventure division – which the group believes is the largest business of its type in terms of revenue and operating profit.

Most costly of the acquisitions was the group's first Australian purchase – adventure-holiday specialist Peregrine, which is the leader in polar expedition cruises, costing US\$34mn (at US\$1 to £0.58).

Other activity sector purchases were: UK group The Imaginative Traveller, a land-based adventure specialist; a 4-star ski hotel Fitzroy in Val Thorens in France, which it will market with its other two hotels in Les Trois Vallees under its 'Luxury Mountain Hotels' banner; France-based operator Groupe Aventuria; Denmark-based operator MyPlanet Holding; and soft-adventure company, Magic of the Orient.

Maximum aggregate cost for these acquisitions was US\$73mn. First Choice now operates from 16 countries.

- Mozart is a good-selling 'tourism product' in **Austria**. This year, the country celebrates the 250th anniversary of the composer's birth with an intensive marketing campaign designed to attract visitors – partic-

ularly from Belgium, the Czech Republic, France, Germany, Hungary, Italy, Poland, Spain, Switzerland, and the UK.

A marketing unit, working under the brand 'Mozart 2006', is funded by the Austrian Office of Tourism, the cities of Vienna and Salzburg, plus the tourist office of the province of Salzburg.

- Developments in South Tyrol should help **Italy's** Alpine ski region compete better with the world's leading resorts. These include:

- At Plan de Corones/Kronplatz, the region's flagship ski resort, US\$42mn was invested in 2005 to improve facilities – ski gondolas are replacing older chairlifts, for instance.

- The new Piculin lift system is due to be ready for the 2006/07 ski season, giving access to Alta Badia resort and the renowned Sella Ronda circuit.

- The Hotel Terme Merano and spa, due to open this month.

- The Messner Mountain Museum, initiated by mountaineer Reinhold Messner, is due to open in April at Castle Sigmundskron near Bolzano.

- France.

- The 6.5ha US\$38mn Bioscope theme park is due open this June in **Mulhouse**. It wants to be the "park to explore life" – looking at human nature, relations between humans and nature, and including exhibitions on ecosystems.

The park targets 200,000 visitors in the first 12 months, and 400,000 in 2007. Part owner is Grevin, which also runs the Asterix Park and others.

- The south-western city of **Biarritz**, known for its spa, now also wants to become Europe's capital of surf.

The 'Cite du Surf', a 3700sqm centre dedicated to this sport, is due to open in 2008. The Cite will contain museum, exhibition rooms, media library, restaurant, and a workshop for children.

Biarritz expects 150,000 visitors per year will visit this new centre.

- **Radisson Edwardian** says it will spend US\$132mn on refurbishing its Mayfair hotel. All is due to be finished by this September.

Reports in current issues of other **Travel Business Analyst** publications:

Travel Business Analyst Asia Pacific:

- Hotel results for 2005.
- Airline sales by cabin class.
- Hong Kong, and FIT from China.
- Plus: Extracts from **Net Value** and **People-in-Travel**; **Market Outlook**; and 20 regular tables of market data.

Net Value

- Phocus on Europe.
- Iberia online.
- IPK on Europe.

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

- New Carlson controllers; Freddie Laker; Adrian Zecha; others

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

Please contact us with your order or queries, at TBAoffice@gmail.com

Link-up annual subscription rates for current subscribers:

- Travel Business Analyst Europe**, with
 - (A) **Travel Business Analyst Asia Pacific** US\$605 (full price US\$795)
 - (V) **Net Value** US\$55 (full price US\$100)
 - (P) **People-in-Travel** US\$55 (full price US\$100)
 - A + V US\$635 (full price US\$895)
 - A + P US\$635 (full price US\$895)
 - A + P + V US\$665 (full price US\$995)

Net Value, with

- (P) **People-in-Travel** US\$50 (full price US\$100)

See back page for more offers.



Net Value

Marketing Travel On The Internet

Phocus on Europe

PhoCusWright says Europe's online leisure/unmanaged business travel in 2005 was worth US\$33.6bn (at US\$1 to €0.85), up 49%.

Unfortunately, following PCW's reports is not easy; figures change without explanation. In 2004, PCW forecast that sales would increase 49% in 2005, see table – taking the total to US\$41bn, at current exchange rates of US\$1 to €0.85.

But PCW has now reported that the 2005 increase was indeed 49% (prompting us to admire such accuracy in a fast-growing market). However, it also says that the resulting total was US\$34bn – which calculates to a 22% increase, not 49%.

And back in 2003 – a long time in internet and travel terms – PCW restated Europe's 2002 total.

These discrepancies divert attention from something that should be more important.

With many companies forecasting internet-share growths of around 50%, plus new companies entering the business, plus more travel sales being made over the net, plus more country markets coming into the net, and spreading more in existing markets, why is annual growth not closer to 100%?

Online travel sales in Europe, US\$bn*

2006-F	59.6
2005-F	41.0
2005	33.6
2004	27.5
2003	18.2
2002	11.0
2001†	6.0
2000†	2.9

Notes/Source: See main table.

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

Freddie Laker

Sir Freddie Laker died last month; he was 83. After he formed his own airline, Laker Airways, which initially operated cheap charter flights from the UK to holiday destinations, he launched the London-New York 'Skytrain' in 1977 at extraordinarily-low prices.

Although many believe he did not pioneer today's so-called 'low-fare airlines', we believe he did – even if there are operational differences between his and today's LFAs.

His Laker Airways operation was low-cost, and so his fares were low (about US\$200 London-Hong Kong one-way, although this was a launch offer). And he once told us (then repeating later in a route-licensing hearing) that he would find his passengers everywhere – including looking under bushes. And he did; the London-Hong Kong passenger total doubled in the first year of competition; before it was a British Airways monopoly.

Earlier, he had done similar on London-New York. The route made profits for the airline in the first year – despite (or, of course, because of) those low fares. And the number of LON-NYC passengers increased 30% that year – remarkable for what is the world's most mature medium-haul route.

And he opened up the public's eyes to the possibility of flying London–New York with prices that most people in normal economic activity – such as secretaries, factory workers – could pay. No longer, and since then, was scheduled air travel a preserve of the relatively privileged.

• *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. Full year for all airlines. Review in this issue, but some essentials here. Stunning growth (or, rather, we are stunned; how can?) for *Air France* and its subsidiary *KLM*. Trouble for *British*. And *Alitalia* seems to be making a real effort to head off bankruptcy. But outlook not so good for *Olympic*; already in financial problems, its traffic is now tumbling. At the low-fare airlines, *Easy* grows 17% (but only 11% in December), and *Ryan* 24%. (See also Special on *Lufthansa* next page.). **T2.** Not a bad year to Europe's main airlines; capacity increased 4%, but nearly 7% more of that was filled. And in the *US*, despite (or because of?) the fact that half the airline capacity is from airlines in bankruptcy protection, growth was near double-digit! **T3.** *Berlin* airports will be the star performers for 2005. This is actually just *Schoenefeld* but also surprising growth at the small in-city *Tempelhof*. Authorities want to close it; passengers like it. And, funny (to us, not to authorities), *Rome's* two airports are growing faster than *Milan's* three, and traffic is catching up – this, after attempts to switch more longhaul flights through *Milan*. **T4.** *France* (*Paris*) airports continue to lose traffic to/from the *UK*, presumably to the train – but, wait, train traffic is not doing so well either, see *Eurotunnel* below. Traffic to/from *Germany* up a strong 8% thru November. And despite pundits believing that *Spain* is losing its attraction, look at those figures – twice as big as the next big market, *UK*, and growing at 8% over the year. First nine months to/from *US* – overall growth a disappointing 3%.

Inbound.

T14. More 2005 results (*France*, *Germany*, *Italy*, *Spain*, *UK*), courtesy *WTO*. **T15.** Ditto.

Outbound.

T7. More 2005 results (*France*, *Germany*, *Italy*, *Netherlands*, *UK*), courtesy *WTO* – but percentage growth, not actuals.

Hotels.

T10. Europe YTD occupancy up 1 point to 70%, average rate up US\$6 to US\$189, helping yield increase US\$7 to US\$132.

Others.

T5. Start of year for stocks. Not bad, but both *Easy* and *Ryan* down; what are investors expecting? *BAA*, currently the target of a takeover from *Spain*, falls. And investors still unimpressed with *TUI*.

T12. Another year, another decline, for *Eurotunnel*. No-one seems to care, yet the way to solve the problem (lower and more flexible tariffs is the easy part, but the tough part is to reduce staffing/costs) is quite simple. Even train traffic (not controlled by *Eurotunnel*) is not doing so well. **T8.** *Cendant* and *Travelocity* comment on 2005. **T13.** Some year-end data trickles in; not impressive.

MARKET DATA

Special

Lufthansa 2005 results

Long considered an efficient airline, Lufthansa seems to be losing its strengths. Overall in 2005, it filled about the same number as seats as in 2004. It added a little more capacity, 3%, and filled more, so its seat factor increased.

Certainly some of this is due to Germany's sluggish economic performance (GDP up about 1.1%), but visitor arrivals increased around 6%, and outbound may have increased 3%. Meaning? Lufthansa is losing share, presumably to low-fare airlines. Passengers through Berlin's Schoenefeld airport, new buzz of activity for LFAs, may have increased 30% in 2005.

Will Lufthansa be distracted in solving the problem of its new subsidiary, Swiss, rather than this much bigger problem?

Lufthansa results, 2005

Item	Total		Europe		Americas		Asia Pacific	
Seats sold,x1000	51255	0.7	39493	0.1	6007	0.3	3813	5.8
ASKs,mn	144182	2.5	42419	1.6	53181	0.0	37178	6.5
RPKs,mn	108185	4.0	27362	2.5	42986	2.0	29540	7.4
SF,%	75.0	1.0	64.5	0.6	80.8	1.5	79.5	0.8

Notes: ASK = Available seat kilometre, RPK = Revenue-passenger kilometre, SF = Seat factor. * Includes Germany . Source: company.

1 Passenger traffic* on selected Europe airlines, 2005

Airline	December		YTD										Low-fare airline traffic, 2005		
	SS,x1000	+/-,%	RPK,mn	+/-,%	SS,x1000	+/-,%	ASK,mn	+/-,%	RPK,mn	+/-,%	SF	+/-,pts	Airline	December	YTD
Air France	3866	7.7	9918	13.1	47275	6.2	147103	4.8	115879	8.5	78.8	2.7	Easyjet		
Alitalia	1836	4.5	2875	6.9	24129	7.8	52195	8.5	37236	9.1	71.3	0.4	SS,x1000	2372	30302
Austrian	621	13.3	1534	16.3	8070	5.9	25471	4.9	18835	7.4	73.9	1.7	Growth,%	11.1	17.6
British AW	2728	-0.2	9162	4.7	35611	0.4	146712	2.3	110939	4.2	75.6	1.4	SF,%	80.5	84.9
Iberia	1939	2.5	3837	4.1	26871	4.1	63431	4.2	48917	6.9	77.1	1.9	Growth,pts	-0.3	-0.1
KLM	1656	6.7	5527	9.7	21466	5.6	81864	6.3	68322	8.4	83.5	1.7			
Lufthansa	3523	4.5	8062	2.8	49232	2.0	143600	2.6	112795	3.0	78.5	0.3	Ryanair		
Olympic	378	-9.6	476	-7.9	5669	-2.2	10453	-0.5	7340	8.1	70.2	5.6	SS,x1000	2834	33286
SAS	1807	32.1	1946	18.5	25317	24.3	38454	9.7	27724	15.4	72.1	3.6	Growth,%	29.0	24.2
Swiss	734	4.2	1590	0.4	9663	4.0	26174	-4.4	20458	-0.6	78.2	3.0	SF,%	82.0	83.2
TAP	466	1.6	1112	5.8	6442	-5.0	19948	3.1	14536	1.6	72.9	-1.1	Growth,pts	-1.0	-0.3
Turkish	1026	12.6	1508	8.4	13694	19.7	28171	14.0	20452	16.8	72.6	1.8			
Virgin A'tic	384	8.7	2717	8.2	4511	4.2	43289	11.3	32134	6.8	74.2	-3.1			

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										
	Sep 05	Growth,%	Oct 05	Growth,%	Nov 05	Growth,%	Dec 05	Growth,%	YTD 05	Growth,%	
SS,mn	20.4	6.0	19.5	4.7	16.7	7.6	16.4	6.3	219.0	5.1	
ASKs,mn	71,283	4.3	72,172	4.9	66,550	4.5	67,623	4.4	830,854	4.4	
RPKs,mn	57,489	7.3	55,964	6.0	49,660	8.3	50,201	7.2	639,319	6.5	
Pax LF,%	80.7	2.5*	77.5	0.9*	74.6	3.0*	74.2	2.2*	921.4	1.5*	
US,ATA											
	Sep 05	Growth,%	Oct 05	Growth,%	Nov 05	Growth,%	Dec 05	Growth,%	YTD	Growth,%	
SS,mn	4.8	9.1	4.9	5.4	4.7	4.8	5.3	6.6	63.6	9.4	
ASKs,mn	33,110	9.7	32,644	5.7	30,273	2.8	30,364	3.5	394,082	8.5	
RPKs,mn	25,989	8.8	25,235	4.6	23,297	4.3	25,587	4.7	314,072	9.0	
Pax LF,%	78.5	-0.7*	77.3	-0.8*	77.0	1.1*	78.3	0.8*	79.7	0.4*	
Asia Pacific,AAPA											
	Aug 05	Growth,%	Sep 05	Growth,%	Oct 05	Growth,%	Nov 05	Growth,%	YTD 05	Growth,%	
SS,mn	10.9	3.7	9.9	3.7	10.2	0.0	9.9	0.4	109.8	5.5	
ASKs,mn	56,803	3.6	54,346	3.6	55,633	4.0	53,870	3.2	608,113	4.9	
RPKs,mn	43,371	4.4	39,814	4.4	40,302	3.7	38,972	2.5	445,548	5.5	
Pax LF,%	76.4	0.6*	73.3	0.6*	72.4	-0.2*	72.3	-0.5*	73.3	0.4*	

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	Dec†	3,093	4.1	44,163	3.8	30.1	-1.5	404.6	0.5	103	109
Berlin*,x3	Oct†	1,690	13.3	14,516	15.6	22.0	9.6	202.2	7.5	77	72
Brussels*	Oct†	1,418	2.0	13,926	3.7	22.0	0.7	214.4	0.6	65	65
Copenhagen*	Oct†	1,846	8.2	16,953	4.4	23.7	-1.5	227.2	-0.6	78	75
Frankfurt	Sept†	4,289	3.3	34,219	3.3	36.0	6.0	305.9	4.6	119	112
London,x3	Dec†	8,159	2.2	109,106	3.2	59.6	3.0	761.1	1.8	137	143
LHR	Dec†	4,819	1.0	61,011	1.4	33.1	1.6	408.8	0.2	146	149
LGW	Dec†	1,857	2.3	28,753	4.7	14.7	4.5	202.4	4.6	126	142
STN	Dec†	1,483	6.1	19,343	7.0	11.8	5.2	150.0	2.6	125	129
Madrid*	Oct†	3,724	9.0	35,425	8.7	35.6	2.8	348.0	3.8	105	102
Milan*,x3	Oct†	2,808	6.5	28,039	6.3	34.1	4.4	339.7	4.6	82	83
Paris*,x2	Oct†	6,657	2.5	66,596	4.5	63.5	-2.8	629.8	-1.0	105	106
CDG	Oct†	4,642	3.6	45,592	5.1	44.4	-3.0	439.2	-1.7	105	104
ORY	Oct†	2,015	0.0	21,005	3.2	19.1	-2.3	190.5	0.6	105	110
Rome*,x2	Oct†	2,959	4.4	27,918	7.2	31.5	0.9	308.5	4.3	94	90
Zurich*	Oct†	1,654	1.0	15,249	3.7	23.1	-1.9	227.1	1.5	72	67
EUROPE*	Oct†	110,869	5.8	1,057,520	7.7	1,538	2.9	15,047	4.6	72	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						
	Nov	+/-*	YTD	+/-*	Nov	+/-*	YTD	+/-*	Nov	+/-*	YTD	+/-*	Nov	+/-*	YTD	+/-*
To/from	05	%	05	%	05	%	05	%	05	%	05	%	05	%	05	%
France	na	na	na	na	473	8.6	5568	4.2	682	1.5	10215	0.3	533	2.2	4604	3.3
Germany	324	9.4	3581	2.3	na	na	na	na	817	-0.6	10005	6.4	774	7.1	6219	6.9
Italy	340	4.7	4325	-3.9	663	13.6	8583	11.0	629	-0.7	10049	7.7	246	-0.6	1968	7.8
Netherlands	86	2.6	968	1.9	204	6.9	2275	5.0	653	1.7	8111	3.2	369	6.9	3188	5.1
Spain	329	10.0	4436	12.8	1271	6.3	19466	8.2	2012	4.4	32647	3.2	139	-10.2	1211	-12.1
Switzerland	146	7.1	1583	3.9	332	9.5	3736	9.6	268	4.6	4094	7.2	123	-1.6	1076	2.0
UK	349	-1.0	4184	-4.7	813	2.5	9951	9.9	na	na	na	na	1514	-0.8	13055	-1.8
US	433	8.6	5586	7.9	595	5.3	7835	7.0	1377	0.8	16942	1.9	na	na	na	na
Total	6657†	2.5†	66596†	4.5†	8718	5.9	116056	8.5	11855	4.8	164622	6.6	9245	3.0	90310	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	Dec 05	Jan 06	stock	market
Airlines							
Air France	Paris	12.2	14.0	18.4	18.8	2.2	4.9
Alitalia‡	Milan	0.26	0.25	1.03	1.12	9.5	3.9
British Airways	London	233	235	334	326	-2.5	2.5
Easyjet	London	NA	188	381	372	-2.3	2.5
Iberia	Madrid	2.28	2.59	2.29	2.20	-3.9	3.5
Lufthansa	Frankfurt	13.3	10.6	12.6	13.1	3.9	4.9
Ryanair	Dublin	6.59	5.25	8.30	7.73	-6.9	2.7
Hotels							
Accor	Paris	35.9	32.2	46.9	49.3	5.2	4.9
Hilton	London	225	285	364	364	0.2	2.5
InterContinental	London	529	648	840	866	3.2	2.5
Sol Melia	Madrid	6.79	7.40	11.0	11.4	4.3	3.5
Others							
Avis Europe	London	95.0	53.8	72.8	76.5	5.2	2.5
BAA	London	496	584	627	625	-0.3	2.5
EADS	Paris	18.9	21.4	32.0	32.3	0.9	4.9
Eurotunnel	London	37.5	17.0	18.0	23.5	30.6	2.5
Fraport	Frankfurt	NA	31.4	44.9	52.4	16.7	4.9
Kuoni	Zurich	414	500	557	599	7.5	3.0
My Travel‡	London	16.5	17.4	233	236	1.3	2.5
TUI	Frankfurt	16.5	17.4	17.8	17.5	-2.0	4.9

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
	Sep‡	NA	9.0
Germany	Dec	72,271	1.6
	Sep‡	NA	3.2
Greece	Dec	2,874	8.2
Hungary	Dec	3,870	0.0
Ireland	Mar‡	NA	3.7
Italy	Dec	20,544	-9.4
	Sep‡	NA	12.1
Luxembourg	Dec	3,347	14.0
Netherlands	Sep‡	NA	0.9
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
	Sep‡	NA	5.8

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
Estimated Zuji turnover	2005	\$76m	NA
Internet roomnight sales (Travelclick)	Jan-Sep 05	18m	2%
Internet average room rate (Travelclick)	Jan-Sep 05	\$100	-0.6%
Travelocity estimated revenue	2005	up 65%	NA
Cendant estimated revenue	2005	\$1b	0%
World share – Expedia Cendant Travelocity	current	50% 23% 22%	na
Amtrak, daily peak bookings	Thanksgiving	17269	NA
Agencies' online share of US hotel bookings	2006	54%	NA

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‡, December

City	Occupancy, %				Average room rate,				Revpar,				
	2005		2004		local		US\$*		US\$*		2004		
	Mth	YTD	Mth	YTD	2005	2005	2004	2004	2005	2005	2004	2004	
EUROPE*													
Amsterdam	61.1	73.7	59.4	75.4	147.39	160.57	182.94	166.23	171.40	98.10	134.92	98.74	129.17
Berlin	60.6	64.1	52.7	64.5	112.40	124.01	139.51	139.82	147.84	75.09	89.48	73.70	95.40
Brussels	59.7	65.6	59.7	65.7	108.30	117.71	134.41	151.29	134.00	70.27	88.13	90.31	87.97
Frankfurt-all	48.4	63.3	53.2	61.4	123.19	123.53	152.90	133.04	147.17	59.79	96.76	70.74	90.41
L-4	38.4	55.3	NA	NA	96.18	78.28	119.37	NA	NA	30.03	65.98	NA	NA
U-4	51.4	65.7	NA	NA	129.95	133.53	161.29	NA	NA	68.60	105.91	NA	NA
Geneva	42.8	62.5	44.2	58.0	288.54	187.39	231.55	212.02	227.94	80.26	144.83	93.66	132.09
London-all	72.6	75.7	67.0	75.0	134.95	219.58	245.62	227.08	254.29	159.48	185.97	152.13	190.59
L-4	72.5	77.7	NA	NA	96.40	161.93	175.46	NA	NA	117.42	136.34	NA	NA
U-4	73.1	75.2	NA	NA	150.25	244.43	273.46	NA	NA	178.57	205.67	NA	NA
5-star	71.6	67.2	NA	NA	237.26	447.47	431.82	NA	NA	320.43	290.01	NA	NA
Madrid	52.2	68.9	53.1	64.8	155.26	174.59	192.71	201.20	198.27	91.08	132.71	106.91	128.44
Moscow	74.0	79.2	74.5	78.4	6063.64	200.97	214.34	176.42	180.01	148.61	169.77	131.35	141.16
Paris-all	59.4	68.0	59.0	66.5	176.61	195.39	219.20	209.11	218.16	115.98	149.01	123.34	145.04
L-4	67.2	69.2	NA	NA	124.84	132.75	154.94	NA	NA	89.26	107.15	NA	NA
U-4	60.9	71.0	NA	NA	159.89	182.75	198.45	NA	NA	111.34	140.87	NA	NA
Rome	58.2	72.4	53.9	67.8	198.17	183.47	245.96	230.67	246.27	106.86	177.97	124.23	166.99
Zurich	63.5	74.1	59.2	72.2	199.18	142.02	159.84	159.66	138.23	90.22	118.49	94.44	99.83
AVERAGE	60.4	69.8	58.0	68.5	na	164.35	188.53	178.36	182.80	99.99	132.39	103.30	125.10
Other†‡													
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	79.6	77.8	74.5	77.5	26741	239.51	242.62	275.66	249.23	190.64	188.84	205.49	193.27

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\$m ⁿ *	Growth %	Per agency US\$m ⁿ *	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	Apr- Jun 05	Growth %	Jul- Sep 05	Growth %	Oct- Dec 05	Growth %	YTD 05	Growth %
Cars	513	-2.1	609	0.6	486	-11.7	2047	-2.6
Buses	22	23.6	19	24.2	18	0.1	77	21.7
Eurostar passengers	1981	10.1	1959	-1.9	1820	-2.8	7454	2.4

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	year ago	1 year	year ago
France	1.2 Q4	0.9	2.1 Dec	2.0	1.6 Jan	3.2	2.9 Q3	
Germany	1.4 Q3	2.5	-0.6 Nov	2.1	2.1 Dec	1.0	2.3 Oct	
Italy	0.1 Q3	1.1	0.4 Oct	2.0	2.0 Dec	3.0	2.7 Nov	
Netherlands	1.6 Q4	3.9	4.0 Nov	1.3	1.5 Jan	1.4	0.7 Jan	
Spain	3.5 Q3	3.3	0.1 Nov	3.4	3.5 Nov	1.9	2.2 Q3	
Switzerland	2.3 Q3	4.3	3.1 Dec	1.3	1.1 Jan	0.9	1.4 '04	
UK	1.7 Q4	2.4	1.3 Jan	1.9	1.6 Jan	3.6	4.3 Dec	
Euroland	1.5 Q3	2.6	0.3 Nov	2.2	2.4 Dec	2.2	1.8 Q3	
Others								
Japan	2.9 Q3	1.0	0.4 Oct	-0.8	0.8 Nov	-0.3	3.5 Nov	
US	3.6 Q3	4.1	4.4 Nov	3.5	3.5 Nov	3.1	2.6 Dec	

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
	Nov†	NA	3.5	WTO
Germany	Nov†	NA	4.5	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
	Oct†	NA	0.6	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
	Oct†	NA	3.3	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
	Nov†	NA	7.3	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
	Nov‡	NA	2.4	WTO	7.16-F	54.4
Germany	Dec	20,137	9.5	WTO	7.16-F	54.4
	Nov‡	NA	6.5	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

Hotels in Asia Pacific

Hotel results in Asia Pacific in 2005 (see Intelligence for Europe results) showed a slight fall in occupancy, see table, but a 10% increase in average room rate.

Best performer by far was Singapore, with a 6% increase in occupancy and a remarkable near-one-quarter growth in ARR. Of the two other most-visited cities, Bangkok occupancy was static but ARR increased 7%. And Hong Kong, usually the region's star performer, took a slight fall in occupancy, probably to push ARR higher; it increased 17%.

Of the region's main resorts, Bali was down 8% in occupancy, too big a fall to be an adjustment to increase ARR, although that did increase comfortably, by 16%.

Hotel measures in selected Asia Pacific centres, 2005

Location	Occupancy %	Growth pts	ARR US\$*	Growth %
Bangkok	74	0	72	7
Hong Kong	84	-1	144	17
Shanghai	73	-6	156	20
Singapore	85	6	124	24
Sydney	74	-4	154	14
Tokyo	78	0	243	-3
Bali	53	-8	86	16
Phuket	49	-24	75	-19
Total	74	-1	112	10

Notes: Totals may be adjusted later as final figures are filed. ARR = average room rate. *Based on exchange rate for each month. †Upper-4-star except Shanghai and Tokyo, which include 4- and 5-star hotels. Source: hotels to Travel Business Analyst.

But Phuket, badly affected by the December 2004 tsunami, lost nearly one quarter of its occupancy (although air passenger numbers at the airport dropped 35%), and almost as much, 19%, in ARR.

(Full subscribers wishing to see full Asia Pacific results, please send your request to Ray Perpignani, TBAoffice@gmail.com.)

Briefs

- Dubai Holding, an arm of the Dubai government, is the recent subject of political posturing in the US over a related company's planned operation of six ports there.

DH and others in the group, have also recently been investing in travel-related developments. As well as P&O shipping – which prompted the US ports controversy – these include the **Madam Tussauds** tourist attraction in London, and some hotel investments including Dubai-based **Jumeirah Hotels** and an underwater hotel, a theme park twice the size of Disney World in Florida, and an indoor ski resort.

Some recent news from DH companies:

- **Jumeirah** wants to have 40 hotels in its portfolio by end-2010. Started in 1997, it currently has nine – six in the Middle East, two in London, and one in New York. Most are owner-operated, with the sail-like architecture of the 5-star **Burj al Arab** hotel in Dubai its best-known.

- **Thomas Cook**, 50% owned by Lufthansa, is selling its 60% stake in India-listed **Thomas Cook India** to DH.

- US tour operator **Abercrombie & Kent**, which had its best year in China in 2005 since pre-9/11 2000, says bookings for this year indicate a further 20% increase.

Most of the bookings are coming from the US, and the reason this is doing well is that China is considered a safe destination. Ironically, this safety comes largely because China eschews what the US is trying to promote internationally – western-style democracy.

- **Accor** says it plans to sell all or most of its 50% share in **Carlson-Wagonlit Travel** – one of the world's top five travel agency groups, but with an uncertain future in the face of competition from OTAs (online travel agencies).

CWT is a joint venture between the France-based **Accor** group and the US-based **Carlson Hospitality** group.

CWT was created in 1994. At the time we said the JV would not last five years – a belief based on competition between Accor's hospitality companies (main brands – **Sofitel**, **Novotel**, **Club Med**) and **Carlson's** (**Radisson**, **Regent**, **Regent Cruises**).

However, we were seven years out.

- US update.

- Surviving **travel agencies** in the US continue to get higher average revenues, see table.

Although the number of travel agencies registered with ARC continued to fall (which it has annually since 1997), sales grew again, by 7%, pushing average sales per agency up 13% to more than US\$3mn.

Travel agency sales in the US

Year	Outlets	Sales US\$mn	Sales/outlet xUS\$1000
2005	22,043	70,529	3,200
2000	38,861	83,532	2,150
1995	46,765	61,194	1,309
1990	37,807	49,492	1,309

Source: Airlines Reporting Corporation, Travel Business Analyst.

And these should be more profitable as well, as more are etickets.

In fact in January this year, the etickets share topped 90%.

- **Smith Travel Research** results for US hotels in 2005: occupancy 63.1%, up 2.9%; average room rate US\$90.84, up 5.3%; **repar** (revenue per available room) US\$57.34, up 8.4%; room supply up 0.4%; demand (roomnights sold) up 3.3%; room revenue US\$93bn, up 8.8%.

Smith expects **repar** should increase 8% this year.

- **Outs and outs.** **United Airlines** has exited from Chapter 11 bankruptcy protection after three years. It has been flying in the meantime, and even launched a low-fare airline subsidiary, **Ted**.

The company has 30% fewer staff (58,000) than when it declared bankruptcy in 2002, and 20% fewer aircraft (450).

Delta is due to join **British Airways** in the dubious record of having created two low-fare airlines and then abandoning them. As we have said, how can you create two airlines by mistake?

BA created **DBA** and **Go**, selling both; Delta absorbed **Delta Express** and now **Song** is due to be absorbed this June.

- **Hilton** and **Hilton**.

As a result of the merger, we expect to see greater separation by moving some upper **Hiltons** into the **Conrad** brand. And some brand-defiling **Hilton International** hotels into **Hilton Corp's** other brands. But they – **Doubletree**, **Embassy Suites**, **Hampton Inn** – are hardly-known outside the US, despite costing Corp almost as much, US\$4bn in 1999.

HI also has another brand, **Scandic**, but that will probably go, being geographically limited, and hardly-known outside Scandinavia.

- Another challenger for **Alitalia**.

Eurofly, a private Italian airline, plans New York-Rome weekend nonstops over May-November starting at around US\$600 roundtrip. **Eurofly** also operates New York-Bologna/Naples/Palermo.

- **Royal Caribbean International** has ordered a new 5400-guest, 220,000-tonne cruise liner, due for delivery in autumn 2009. The company estimates the cost to be US\$230,000 per berth. Its size compares with the **Titanic** at 46,000 tonnes, and the new **Queen Mary 2** at 150,000 tonnes.

MARKET INTELLIGENCE

continued from page 10

15 Visitor arrivals in Europe destinations

Destination	Jan thru*	Arrivals x1000	Growth %	Source	Stay days	PVPD US\$-C
Italy	Dec	37,071	-6.3	WTO	4.36-F	178.42
	Oct†	NA	-0.3	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
	Dec‡	56,808	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
	Nov‡	NA	9.7	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	Growth,%	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	Growth,%	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. WTO changes data, so its data should always be considered provisional. Growth may not tally with previous figure shown. *2004 unless stated otherwise. ‡2005. B=Bednights. H=Nights at hotels. Source: NTO=national tourist office (or equivalent), Ot=Other, WTO=World Tourism Organization.

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.

Travel Business Analyst Market Intelligence For Management

New subscription; 12 issues

- A: Asia Pacific edition US\$775 PDF copy email delivery (12 pages).
- A: Asia Pacific edition US\$750 printed copy airmail delivery (12 pages).
- E: Europe edition US\$775 PDF copy email delivery (12 pages; includes V).
- E: Europe edition US\$750 printed copy airmail delivery (12 pages; includes V).
- V: Net Value report US\$100 (1 page; PDF copy email delivery only).
- A+E: Asia Pacific and Europe editions US\$1400 PDF copy email delivery (12 pages both editions; includes V).
- A+E: Asia Pacific and Europe editions US\$1300 printed copies airmail delivery (12 pages both editions; includes V).
- A+V: Asia Pacific edition and Net Value report US\$850 PDF copy email delivery (12 pages A, 1 page V).
- A+V: Asia Pacific edition and Net Value report US\$825 printed copy airmail delivery (of A); V via email (12 pages A, 1 page V).
- NF: 'No Frills'. Asia Pacific and Europe editions US\$899 PDF copy email delivery (12 pages both editions; includes V). *Contact us for conditions.*

Start from..... issue.

SUBSCRIPTION FORM

Renewal subscription; 12 issues

- A: US\$675 email. US\$650 airmail.
- E: US\$675 email. US\$650 airmail.
- V: US\$80 email.
- A+E: US\$1250 email. US\$1150 airmail.
- A+V: US\$750 email. US\$730 airmail.
- NF: US\$899 email. *Contact us for conditions.*

Restart from..... issue.

Single and Back issues, months.....
Rates on application.
Bulk subscription, number.....
Rates on application.

Tick items required, and complete form below.

(Prices valid for month of issue and following month only.) For orders as above, mail to Travel Business Analyst, GPO Box 12761, Hong Kong, China. Fax (33-4)-9449-0949.

METHOD OF PAYMENT

- Cheque made out to Travel Business Analyst Ltd.
Amount enclosed: _____

- American Express Your Name (Name of cardholder): _____

Address (or attach business card): _____

Phone: _____

Email: _____

Credit Card No: _____

Expiry Date: _____

Signature: _____