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Airports 2005

Lows slow

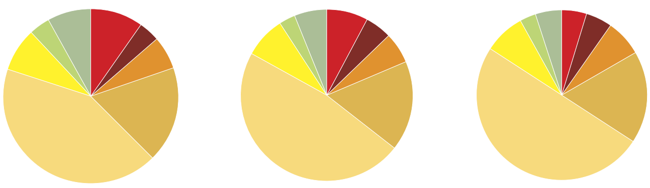
Air passenger growth through what we call 'low-fare airports' (LFAPs) in 2003 was clearly helping many cities in Europe to show positive airport totals. Even if traffic numbers through these LFAPs (those where low-fare airlines (LFALs) are dominant or prominent) are still small.

In 2004, growth was not so prominent, and in 2005 there was even one LFAP in decline – Brussels Charleroi,

Table 3

Traffic share* of 'low-fare' airports, %

Airport	2005	2004	2003
Berlin Schoenefeld	10	8	5
Brussels Charleroi	4	5	5
Frankfurt Hahn	6	6	7
London Luton	18	17	18
London Stansted	43	48	51
Milan Bergamo	8	8	8
Paris Beauvais	4	3	3
Rome Ciampino	8	6	5



2005 **2004** **2003**

Notes/Source: *Of airports shown here, then see Table 1.

although for understandable reasons (its main airline, Ryanair, stopped most of its flights after a subsidy was dropped).

Overall, passengers through airports in Europe in 2005 totalled 1.2bn*, increasing a strong 8% after an also-good 9% in 2004. Annual totals increased 4% in 2003, having fallen 1% in 2002 and in 2001, and increased 8% in pre-9/11 2000.

The region's main **city groupings**, see Table 1, accounted for

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Q! 2006

Air traffic

World air traffic has started the year at a good pace. Members of IATA (International Air Transport Association) increased capacity (ASKs) by near-5% and traffic (RPKs) increased at a faster pace, nearly 6%.

Table 1

Operating results on airlines in Europe and the US, first quarter 2006

Item	Europe,AEA	Growth,%	US,ATA	Growth,%	World growth†,%
SS,mn	48.8	4.3	15.5	2.5	NA
ASKs,mn	200,899	4.6	95,806	2.7	4.9
RPKs,mn	148,793	4.7	74,014	2.5	5.9
Pax LF,%	74.1	0.1*	77.3	-0.2*	-0.7*

Notes: International. ASK = available-seat km, Pax = passenger, RPK = revenue-passenger km, SF = seat factor, SS = seats sold. *Points. Source: Air Transport Association, Association of European Airlines, †(members of) International Air Transport Association.

That is fast. IATA members account for a steadily smaller share of total traffic, as low-fare-airlines (LFA) take more of the growth. But, although there are no industry-wide reports on LFA traffic, they are likely to be growing at an even faster pace.

Growth in seat sales for the three largest in Europe (see elsewhere in this report) was 9-22%.

A heroic estimate therefore, might put overall traffic growth (including LFAs) in Q1 at at least 7%, perhaps 8%. Given the size of the business, this is formidable.

But, as often, there are caveats.

The comfortable growth appears to be from the Asia Pacific region (data not yet available), because in Europe and the US, results are not so encouraging.

In Europe, traffic growth was just a smidgen above capacity growth. However, although 5% growth for both, see Table 1, may not be spectacular, it is good for a mature market. Plus, as noted above, LFA traffic is almost certainly growing fast-

contd on p3

News

Corporate

Recent corporate developments – big or significant.

- Aer Lingus plans to pull out of the Oneworld airline alliance.
- Alitalia's bid to buy closed Volare has been disallowed.

Market

Recent market developments – big or significant.

- Q1 Europe hotel occupancy up three points to 66%.
- US 2005 outbound (excludes Canada, Mexico) up 5.1% to 19.6mn.

contd from p1 – airports 2005

Table 1

Passengers at selected airports in Europe

Airport	No,mn 2005	Growth,% 2005	2004	2003	2002	2001	2000
Amsterdam	44	4	6	-2	3	0	8
Berlin total	17	15	12	9	-3	-5	8
excluding LFAP	12	5	-1	10	-2	-4	6
Brussels total	18	2	4	8	-23	-7	8
excluding LFAP	16	3	3	5	-27	-9	NA
Copenhagen	20	5	7	-3	1	-1	5
Frankfurt total	55	3	6	2	2	-1	8
excluding LFAP	52	2	6	0	0	-2	NA
London total	134	4	7	3	3	-2	7
excluding LFAP	103	2	6	0	1	-5	4
Madrid	42	9	8	5	0	3	18
Milan total	33	7	6	10	-1	-5	13
excluding LFAP	29	4	4	4	-2	-4	13
Moscow total	30	8	16	15	8	NA	NA
Paris total	80	5	6	-1	1	-3	7
excluding LFAP	79	5	6	-1	1	-3	7
Rome total	33	7	9	7	0	-3	8
excluding LFAP	29	2	7	4	-1	-3	7
Zurich	18	4	1	-5	-15	-4	8

Notes: LFAP = 'low-fare' airport. Totals (3 airports in Berlin, 2 Brussels, 2 Frankfurt, 5 London, 3 Milan, 3 Moscow, 3 Paris, 2 Rome) including LFAPs listed separately. Source: Calculations by Travel Business Analyst from Airports Council International data.

around half that, and the top-five airports for 25%. Growth at the top three airports – evenly matched in 2004 – changed in 2005. London Heathrow was up only 1%, Paris Charles de Gaulle grew nearly 6% to overtake Frankfurt, which was up only 2%.

London's five airports were by far the largest city group, totalling 134mn passengers, but growing only 4%, compared with 80mn, and up 5%, at Paris' three.

There are some surprises among the big groupings. In 2004, Rome grew faster than Milan and almost overtook it – even though Milan is the government's favoured international gateway to Italy. In 2005 the battle continued, although Milan remained slightly ahead.

In fact, the battle is being fought at the cities' LFAPs. Milan's Bergamo is slightly bigger in traffic, but Rome's Ciampino has been growing faster for the past two years, and may become bigger than Bergamo this year.

As in 2004, Berlin's total 15% growth in 2005 looks impressive (even though its total is still smaller than Brussels and Copenhagen, for example). But most of Berlin's growth is coming from Schoenefeld, which we define a LFAP. Ironically, traffic at Tempelhof – which authorities want to close quickly because it is right in the city – surged. Its total is small, mainly because most aircraft serving the airport are smaller. Growth at the city's main Tegel airport was slowest and, following a fall in 2004, it has now surpassed its 2003 total.

Also worth watching is fast growth at Moscow's three; 8%, making its total almost as large as Milan's, for instance, even though there was a 6% decline at Moscow's Sheremetyevo. In 2004, there was a 11% decline at Vnukovo.

If/when LFALs become more active in Moscow, this total seems likely to quickly surpass Milan and Rome.

Table 2

Passengers at selected airport categories in Europe

Airport	No,mn 2005	Growth,% 2005	2004	2003	2002
All Europe	1232	8	9	4	-1
Top five airports	260	4	6	1	49
'Low-fare' airports	61	16	16	22	NA
'Holiday' airports	35	8	7	6	-6
Ibiza	4	0	0	2	-8
Palma	21	4	6	8	-7
London Luton	9	21	11	5	-1

Notes/Source: See Table 1.

Table 4

Growth at low-fare airports, %

Airport	2005	2004	2003
Berlin Schoenefeld	50	93	4
Brussels Charleroi	-8	13	42
Frankfurt Hahn	12	14	67
Geneva	10	6	6
London Luton	21	11	5
London Stansted	5	12	17
Milan Bergamo	31	18	127
Paris Beauvais	29	54	31
Rome Ciampino	67	43	90
TOTAL	**16**	**16**	**22**

Notes: Geneva included here, not in Table 3. Source: See Table 1.

All LFAPs are attached (*or rather we attach them*) to the (seven) main cities in Europe. In all cases except Brussels, LFAPs boosted total traffic – 15% instead of 5% for Berlin without LFAPs; 2% and 3% Brussels; 3% and 2% at Frankfurt; 4% and 2% London; 7% and 4% Milan; both 5% at Paris; and 7% and 2% at Rome.

However, results at **LFAPs** indicate a crucial business fact – growth is not for ever. In 2003, five LFAPs recorded stunning growth – 42% at Charleroi, 67% at Hahn, 127% at Bergamo, 31% at Beauvais, and 90% at Ciampino. In 2004, 13% 14% 18% 54% and 43%; in other words, apart from Beauvais and Ciampino, unexciting growth (for LFAPs). Where were they in 2005? Down 8%, up 12% 31% 29% and 67%.

This shows that big growth continues at the two LFAPs in Italy, but part of this is certain to be because of the market weakness of the country's main airline, Alitalia.

A key is new operational bases for low-fare airlines. Such as Easyjet at Schoenefeld, and perhaps Ryanair at Marseille (due to start this November). One year after their move, traffic growth becomes more steady – albeit still higher than for airports where LFALs have a small share.

That, then, would seem to be the reason for big growth at Sch-

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oenefeld, where Easyjet established a base in 2004, followed by others – including Air Berlin, although its business has been mediocre. And at Ciampino, where Easyjet has also started a base, but smaller.

In any case, this cannot be perfect analysis, as airports do not handle just one type of traffic. And not all LFALs use LFAPs all the time. Easyjet, for instance, uses Orly and CDG in Paris, not the LFAP Beauvais.

But Easyjet can also transform some non-LFAPs. As we predicted, a world first happened in 2003 – a LFAL has the largest passenger share at a major airport. The airline now produces over 30% of Geneva's passenger traffic, compared with around 15% from second-place Swiss.

We have also added '**holiday airports**' as a category. But two, Ibiza and Palma, are in Spain and so reflect leisure travel into that destination. London Luton is also included in this section as well as in LFAPs, although LFAL growth is reducing Luton's holiday (mainly charter) share.

The news from these holiday airports is better. After a bad 2002, they recovered in 2003, with a 6% increase, again in 2004, up almost 7%, then 8% more in 2005.

**All data for this report has been compiled from statistics from the Geneva-based Airports Council International, and we are grateful for access to its data. The totals cover only ACI member airports, but we estimate the non-ACI total is around 5%.*

contd from p1 – air traffic

er, and broadly reckoned to have an intraEurope market share of around 25-30%.

International traffic to-and-from the US, however, looks in trouble – even at this time as more observers comment that traffic of all types has finally caught up to pre-9/11 levels. But in air transport, even though capacity growth was under 3%, airlines were not managing to fill it, so loads fell.

Results for individual airlines, see Table 2, differed widely. In capacity terms, three airlines known to be in trouble – Alitalia, Olympic, and SAS – reduced capacity. But Swiss – despite being a new airline it has been in trouble since it was established – may now be moving towards stability following its takeover by Lufthansa.

Table 2

Passenger traffic* on selected Europe airlines, first quarter 2006

Airline	SS,x1000	Growth,%	ASK,mn	Growth,%	RPK,mn	Growth,%	SF,%	Growth,pts
Air France	11206	5.7	37429	9.1	28808	9.7	77.0	0.4
Alitalia	5186	1.2	12036	-2.5	8180	1.7	68.0	2.8
Austrian	1864	15.9	6192	12.5	4499	19.8	72.7	4.4
British AW	8109	0.1	36583	2.8	26727	2.9	73.1	0.1
Finnair	1565	5.4	4086	1.7	2828	5.8	69.2	2.6
Iberia	6150	2.5	15695	3.1	11877	4.3	75.7	0.9
KLM	4879	3.5	20050	4.6	16345	5.1	81.5	0.4
Lufthansa	10931	2.8	33338	3.1	24960	0.6	74.9	-1.9
Olympic	1119	-5.8	2301	-3.6	1330	-7.8	57.8	-2.7
SAS	5709	5.3	8740	-7.1	6083	1.3	69.6	5.8
Spanair	1717	36.3	2390	15.9	1454	26.1	60.8	4.9
Swiss	2218	1.9	6387	1.2	4750	1.3	74.4	0.1
TAP	1326	-10.1	4858	2.1	3267	-4.7	67.2	-4.8
Turkish	3037	9.1	6996	15.3	4456	3.9	63.7	-7.0
Virgin A'tic	1132	7.5	11445	9.5	8147	8.0	71.2	-1.0

Notes: See also Table 1. pts-points. *Domestic and international. Source: Association of European Airlines.

In terms of traffic, again the usual suspects, although only Olympic is in decline (but surely a fall as big as 8% means the airline will not survive this year). But there is one unusual suspect – TAP-Air Portugal. This may be the first sign of suffering from what KLM and Swiss have earlier discovered – surviving as an independent regular medium-sized airline in Europe is tough, if not impossible. It therefore seems likely that TAP will link up – in whatever form – with another airline before the end of this year.

There are some surprises. A continued one for us – how can Air France, an unrestructured (in mind and body) regular airline – continue to grow (let alone quickly) in a home market which is being invaded by LFAs? But, it does, and even faster than its subsidiary, KLM. Most would think that it would be KLM that would gain more from the association that AF, but perhaps not.

Austrian and Turkish continue to grow fast. British Airways looks vulnerable, and Lufthansa is not much better.

New to our list is Spanair. As it is number two after Iberia, it has not been considered among the leaders – partly also because its growth rates have been at new-airline high levels. But note that it is already bigger than Olympic and, in some measures, around the same size as Austrian and Swiss.

In addition, it is part-owned by SAS – which needs the help.

Table 3

Passenger traffic* on selected Europe airline combines, first quarter 2006

Airlines	SS x1000	Growth %	ASK mn	Growth %	RPK mn	Growth %
AF + KL	16084	5.0	57478	7.5	45153	8.0
BA + IB	14258	1.1	52277	2.9	38604	3.3
LH + Swiss	13148	2.6	39724	2.8	29710	0.7
SAS + Span	7426	11.2	11130	-3.0	7538	5.3

Notes/Source: BA+IB is speculative. Then, as Table 2.

Our list of combines (including BA+IB, which is speculative) shows AF+KL as not only the largest but growing the fastest – taking the three measures combined.

BA+IB would be almost as big as AF+KL, but BA's slow growth would hold back overall results. And LH+LX is not doing much better.

Spanair, as noted above, is boosting the SK+JK combine, but not enough to stop a decline in capacity.

Among the LFAs, see Table 4, we

Table 4

Low-fare airline traffic, first quarter 2006

Airline	Air Berlin	Easyjet	Ryanair
SS,x1000	2752	7445	8131
Growth,%	8.5	9.1	22.3

Notes: includes free tickets and no-shows. Source: airlines.

have commented before on Air Berlin's slow growth for an LFA. Well, Easyjet is not much better, and certainly needs to improve that rate of growth to fill the new aircraft it has ordered. But what will probably happen is that Easyjet will sell off more of its older aircraft, making the new arrivals replacement aircraft rather than additional.

Meanwhile, Ryanair *(our preferred 'genuine' LFA, even if its CEO is rude about us)* continues at a blistering pace. The surprise is that so few other LFAs have understood what makes Ryanair a more profitable airline than them.

It is simple, really. Ryanair is demonic about cutting costs, and demonic about passing on those savings to its customers with remarkably low fares – which attract a growing number of purchasers.

Outbound Germany

Down; time to worry?

FUR findings showed international holiday travel from Germany fell again in 2005, by 2%, see Table 1. This is beginning to look a serious problem. Before this, there were two years of growth, but before that three years of decline in four years.

(FUR – Forschungsgemeinschaft Urlaub und Reisen, an independent association of users of travel research – measures only holiday trips for those aged above 14, and for trips at least five days. Shorter leisure trips, business travel etc, is not included.)

FUR counted 45mn international holidaymakers in 2005. The market's travel propensity (based on all travel, including domestic) fell to 73.6% of the population – it was 76.8% in 2004 and 2003, 75.3% in 2002, 76.1% in 2001, and 75.9% in 2000. And 77.8% in 1995. *This indicates that the famed Germany outbound market could be in relative decline.*

The number of trips per traveller also fell in 2005, to 1.34 trips. In 2004 it was 1.36, in 2003 1.34; the 2004 rate was a 10-year-high.

Table 1

International leisure travel from Germany

Item	2005			2004		2003	2002	2001	2000
Destination	No mn	Growth %	Share* %	Growth %	Share* %	Share* %	Share* %	Share* %	Share* %
Spain	8.7	-2.7	19.4	6.0	19.6	18.8	18.7	19.2	20.0
Italy	4.9	2.0	11.1	-14.9	10.7	12.7	12.8	13.4	13.2
Turkey	4.2	1.1	9.5	3.8	9.2	9.0	8.4	7.3	6.6
Austria	4.0	-5.0	9.1	-5.4	9.4	10.1	11.2	10.7	9.3
Greece	1.9	-5.1	4.3	5.8	3.1	2.9	5.0	4.9	4.8
TOTAL	**44.6**	**-1.5**	**100**	**1.6**	**100**	**100**	**100**	**100**	**100**
TOTAL†	**64.1**	**-2.0**	**na**	**-1.1**	**na**	**na**	**na**	**na**	**na**

Notes: See text for qualifications and disclaimers. *Of international. †Including domestic travel. Source: Forschungsgemeinschaft Urlaub und Reisen.

Table 2

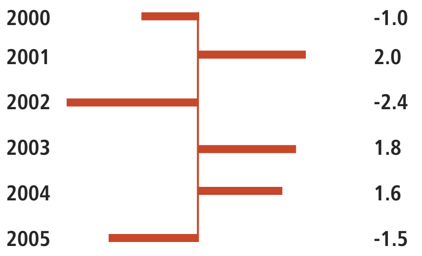
Spend on travel and length of trip in holiday travel from Germany

Year	Per trip per day US$*	Growth %	Length of trip days	Growth %
1998	63	1.1	13.9	0.0
1999	62	-2.0	14.0	0.7
2000	68	10.4	13.8	-1.4
2001	68	0.1	13.8	0.0
2002	72	5.5	13.5	-2.2
2003	80	10.5	13.7	1.5
2004	82	2.5	13.7	0.0
2005	86	5.6	13.4	-2.2

Notes: Domestic and international. *Converted at US$1 to €0.84. Source: FUR.

Unfortunately, unexplained inconsistencies in some of FUR findings make a destination analysis difficult. For instance, the France total was shown to have fallen 20% in 2002 – a gigantic collapse for such a large market. FUR did not attempt any explanation then, but further large changes for 2003 (down 14%), 2004 (up 22%) and 2005 (down 17%) indicates that FUR does not believe such changes at least require flagging.

Growth of international holiday travel from Germany, %



Notes/Source: see Table 1.

A further major shortcoming in FUR's coverage is its treatment of the UK. We have long complained about that (it was combined with the US – both significant destinations). FUR has now changed this, but hardly an improvement – UK is included with a bunch of destinations in Europe. It is still not separated. This is not a matter of size; Croatia warrants its own count, for instance.

As each year passes, observers will be forgiven for assuming that FUR's work – comprehensive as it is – is an academic exercise, and is related to analysing trends in travel markets only by accident.

There have been significant changes in the positions of Germany's top nine holiday destinations*

Table 3

Travel patterns for holiday travel from Germany

Mode/booking	2005			2004	
	No mn	Growth %	Share* %	Growth %	Share* %
By vehicle	21.1	-6.0	32.9	-8.0	34.3
By air	33.6	0.1	52.4	6.4	51.3
By bus	6.5	2.1	10.1	-6.8	9.7
By rail	1.5	-5.9	2.4	-14.7	2.5

Notes/Source: Domestic and international, then as Table 1.

('longhaul' is counted as the 10th). Spain's recovery ended in 2005, although its share of the total has not changed much.

The second-largest market, Italy, increased, after falling a substantial 15% in 2004, but is well below its 6mn peaks in 1999 and 2001.

Turkey has had rapid growth over recent years, but we expected it to fall in 2003 (partly because of Iraq war scares). But FUR found that was actually a good year – although we still find this difficult to understand.

Growth in 2004 was a little less good, at 4%, but even though it was only 1% in 2005, this was enough to take it past Austria. Market share for Turkey has grown almost three points this decade to 9.5%.

Austria, after a sizeable fall in 2000, had two years of growth, then three years of decline – 8% in 2003, then 5% in both 2004 and 2005.

Greece was displaced by France from the top five in 2004, but reversed this in 2005 – despite a 5% fall.

That is because, as noted above, FUR seems to have problems with measuring the market for France. The destination has had remarkable (and inexplicable) declines of 20% in 2002 and another 14% in 2003, then 22% growth in 2004, and now 17% decline in 2005.

We can see no reason – or other indicators – of such fluctuations. For instance, Germany shows air travel between the two increased 4% in 2005, and France shows 3%, so can there really be a 17% decline in holiday traffic, which concomitantly would mean a huge growth in non-holiday travel?

FUR also does not attempt analysis of means of transport – probably because there are often unbelievably large changes. As an example, FUR wants us to believe car/mobile-home travel share decreased 24% in 2003 and air increased 58%. Sorry.

For this reason, we have excluded analysis for this, and method of booking, for earlier years, but show recent changes, see Table 3.

Spending in 2005 increased nearly 6% per trip per day, see Table 2, coming after good growth in two of the three earlier years. But although the strength of the Euro may make some feel they have the good old strong deutschmark in their pockets, the spend growth is coming from reduced trip-lengths.

Are travellers cutting back their trip-lengths because of the cost of travel, or increasing their spend which means they must cut their trip-lengths?

(*As noted here, the UK is not included. We estimate it is fifth largest.)

Briefs

- Q1 2006 **hotels**.

Occupancy in main centres in Europe in the first quarter of this year increased three points to 66%, but average room rate fell 6% to US$182, making revpar (revenue per available room) fall 3% to US$120.

The measures include additional categorisation in Berlin, into lower- and upper-4 star hotels.

Hotel† measures in selected Europe centres, first quarter 2006

Location	Occupancy %	Growth %	Average room rate,US$*	Growth %
Amsterdam	63	0	168	-1
Berlin-all	62	8	149	-9
L-4	59	NA	101	NA
U-4	63	NA	167	NA
Brussels	66	11	133	-9
Frankfurt-all	63	-3	156	-11
L-4	57	0	119	-19
U-4	64	-5	165	-10
Geneva	59	3	227	-4
London-all	77	7	238	-1
L-4	82	10	158	-14
U-4	73	1	273	6
5-star	79	33	455	11
LHR AP	77	-6	120	-4
Madrid	64	-1	196	-1
Moscow	71	-8	221	-3
Paris-all	65	5	203	-6
L-4	69	16	143	-6
U-4	67	4	186	-5
5-star	67	20	324	-5
CDG AP	56	-15	152	-3
Rome	66	6	216	-11
Zurich	73	10	144	-13
AVERAGE	**66**	**3**	**182**	**-6**

Notes: L = lower 4-star, Revpar = revenue per available room, U = upper 4-star. *At exchange rate for relevant months. †4-star unless marked. Source: hotels to Travel Business Analyst.

- **Alitalia**'s bid to buy closed **Volare** has been disallowed by an Italian court. Rival **Air One** has instead been given the go-ahead to purchase the airline, which has valuable departure slots at Milan's Linate airport.

This could turn Air One into a proper competitor to Alitalia. But it may also further confuse Air One's mixed business plan – part low-fare-airline, part not.

- The European Travel Commission risks confusion, at best, with its effort to talk-up **US-Europe** travel prospects this year.

The ETC believes Europe could receive more travellers from the US this year than the 13.12mn peak in 2000. Following 9/11 there were declines in 2001 and 2002. There followed three years of growth, reaching 12.6mn in 2005.

ETC says there has been a downturn in world travel since 2001; incorrect – numbers declined only in 2001. It also says Europe has maintained market share – despite "fluctuating exchange rates and competition from emerging destinations". But of course, exchange rates have always fluctuated, and there have always been competitors.

ETC also gives costs of travelling intraEurope on low-fare airlines – but quotes only pre-surcharge prices. Surcharges for intraEurope seem to be around US$30 one way – which can double the lowest fares.

- A survey by CWT on **business travel** prospects for this year indicates that 59% of travel managers expect their company's spend on business travel in 2006 to increase.

Another 30% think there will be no change, with 10% expecting a fall.

The shares are different for actual business travellers. There, 32% expect an increase in spend, 48% no change, and 19% a fall.

Net Value

Marketing Travel On The Internet

Expedia

• Growth in all operating measures at the Expedia group that we track declined in 2005 – some by a substantial amount.

Growth at the principal brand – Expedia itself – was almost unchanged – 23% in 2005 compared with 25% in 2004, see table. But results at the other brands indicate that the company may need to rethink its business plan.

At Hotels.com, the second-largest brand in the group, growth was 7% in 2005 – *a rate that, for an internet company, is almost the same as zero.*

And although the percentage growth at the other brands looks an impressive 33%, it is down on 1200% growth in 2004; in dollar terms, that 33% represented US$400mn.

• Shock for the first quarter this year. Or, rather, the company is shocked – Barry Diller, head of Expedia, "anticipated negative growth in the first half of 2006 [but] our performance this quarter was far below those expectations".

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

Expedia operating profile

Item	Q1 06 growth,%	2005	Growth %
Gross bookings US$bn			
US	10.2	12.1	15.5
Outside US	26.4	3.5	50.0
Expedia	13.2	12.2	23.2
Hotels.com	20.5	1.9	6.5
Other brands	9.7	1.5	33.2
Agency	13.0	9.2	25.0
Merchant	14.9	6.4	17.3
Packages revenue US$mn	0.0	472	16.3
Transactions,mn	12.5	39	16.2
Merchant hotel roomnights,mn	11.0	35	9.1

Source: company.

People-in-Travel

Tracking Travel's Leaders

Sound bites

From heads of their companies:

• **Stephen Bollenbach**, Hilton Hotels Corporation.

I believe the hotel business is about customer service and providing a great guest experience. But the reality is you have to be a big company in order to offer this effectively. The solution to the paradox is electronic systems – the ability to recognise guests when they come, and know their needs. If you're not able five years from now to give a potential guest a virtual tour before they buy a room you're not going to get customers.

• **Simon Cooper**, Ritz Carlton.

Pent-up demand for travel means that new destinations, new hotels and new services of a luxury calibre can thrive. The exceptional growth in luxury travel is a result of an improved world economic climate and new levels of personal wealth as the baby boom generation retires or inherits unprecedented sums money from their parents.

This generation considers travel a lifestyle priority.

• **Maurice Flanagan**, Emirates Group.

The intimate relationship between the Arab world and the US is being disrupted and distorted – and as a result much of that high-value tourism is going instead to the UK, Germany, even the Australian Gold Coast.

There should be no protection for airlines – that way the most efficient survive. Too many coun–tries are stopping traffic growth by protectionism, hindering development of tourism and economy.

• **Michael Frenzel**, TUI.

The effects of [low-fare airlines] are visible not only in the airline industry itself, but also in neighbouring economic topics such as destination structures and real estate business.

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

Headlines

Comments on tables pages 7-12

<u>Aviation</u>.

<u>T1</u>. Q1 for airlines. Full report due this issue. Alitalia recommences its decline, *Olympic* tumbles, passing a roaring Spanair on the way up. Spain's second airline is an affiliate of *Lufthansa*, which needs the help, as its own figures fall. Remember this was the year the airline's top marketing man (Thierry Antinori) said LH would grow as fast as LFAs; at the time we said unlikely. Among LFAs, *Ryanair* still growing faster, twice as fast, as its *Easyjet* rival. But that is still not enough; Ryan's seat factor still under 80%. Seems pretender-LFA *Air Berlin* will issue only quarterly traffic data; that means bad news every 3 months instead of every month.

<u>T2</u>. Q1 for airline associations in Europe (fair) and the US (weak). Asia Pacific down because of fall in January (and which should have been up, because Lunar New Year was in the month of January this year, but not in 2005).

<u>T3</u>. The three main Moscow airports added. To make space London Gatwick dropped (but still included in the London total). Q3 for Amsterdam (fair), Frankfurt (storms), London (clouds). Moscow starts the year fast.

<u>T4</u>. Germany YTD up 8% (contrary to poor results at Lufthansa and Frankfurt, see other notes), UK YTD 6%.

<u>Hotels</u>.

<u>T10</u>. Europe YTD occupancy up two points to 66%, but average room rate falls to US$182, making *yield* fall US$3 to US$120.

<u>Others</u>.

<u>T5</u>. See T12 below about Eurotunnel. Travel stock prices out of favour. All stock markets except Dublin grew, but only seven stocks out of 19 grew. And some fell substantially – Alitalia (understandable), Ryanair (why?). And EADS. Understandable, because its Airbus division has stopped boasting it has the newest and most-advanced aircraft, because Boeing beats it. And that old accusation that for years Airbus threw at Boeing (your aircraft are old and out of date) can now be applied to Airbus. Funny that.

<u>T8</u>. PCW internet data on some Europe markets.

<u>T12</u>. No new tunnel data but financial crisis at Eurotunnel, share-trading suspended, and comprehensive refinancing planned. Followers of this section, like us, will not be surprised.

Special

Airport passengers

In 2005 London Heathrow remained the largest international passenger airport - still by far, more than 10mn passengers. But its actual growth (under 1mn passengers) was the slowest of the top 10 with the exception of Tokyo – where traffic growth is known to be sluggish.
However, London also has two other airports in the top 20 – Gatwick and Stansted – as well as another UK airport, Manchester.
Clearly the UK is the most international of destinations. France only has one airport in the top 20, and both Germany and the US have two each.
The only airport outside the world's three main regions was Dubai – 11th, but growing the fastest, almost by a factor of two except for Madrid, 12th.
In Asia Pacific, the leading pair, Hong Kong and Singapore, both grew fast, pulling away from a sluggish Tokyo Narita.
There were 11 airports from Europe in the top 20, two from North America, and six from Asia Pacific.

International passengers at airports, 2005

Airport	Passengers,mn	Growth,%	Airport	Passengers,mn	Growth,%
London Heathrow	61.0	1.4	Dubai	23.9	16.2
Paris CDG	48.8	5.5	Madrid	22.3	10.4
Frankfurt	44.8	3.1	Munich	19.5	8.5
Amsterdam	44.0	4.0	London Stansted	19.3	6.7
Hong Kong	39.8	9.7	Taipei	19.2	8.4
Singapore	30.7	7.4	Manchester	18.7	5.6
London	28.8	4.7	New York JFK	18.5	6.3
Tokyo Narita	27.1	2.0	Copenhagen	18.2	5.1
Bangkok	26.8	3.9	Dublin	17.7	8.1
Seoul	25.6	8.3	Los Angeles	17.5	6.2

Source: Airports Council International.

1 Passenger traffic* on selected Europe airlines, 2006

	March				YTD							
Airline	**SS,x1000**	**+/-,%**	**RPK,mn**	**+/-,%**	**SS,x1000**	**+/-,%**	**ASK,mn**	**+/-,%**	**RPK,mn**	**+/-,%**	**SF**	**+/-,pts**
Air France	4006	5.3	10087	8.1	11206	5.7	37429	9.1	28808	9.7	77.0	0.4
Alitalia	1936	1.3	2974	-1.0	5186	1.2	12036	-2.5	8180	1.7	68.0	2.8
Austrian	687	15.0	1556	16.9	1864	15.9	6192	12.5	4499	19.8	72.7	4.4
British AW	2942	-1.3	9502	1.9	8109	0.1	36583	2.8	26727	2.9	73.1	0.1
Finnair	599	7.4	1028	2.6	1565	5.4	4086	1.7	2828	5.8	69.2	2.6
Iberia	2295	0.9	4292	4.0	6150	2.5	15695	3.1	11877	4.3	75.7	0.9
KLM	1759	1.8	5697	3.5	4879	3.5	20050	4.6	16345	5.1	81.5	0.4
Lufthansa	4051	3.1	9080	-0.1	10931	2.8	33338	3.1	24960	0.6	74.9	-1.9
Olympic	403	-7.6	483	-10.0	1119	-5.8	2301	-3.6	1330	-7.8	57.8	-2.7
SAS	2213	10.6	2337	2.0	5709	5.3	8740	-7.1	6083	1.3	69.6	5.8
Spanair	667	31.9	557	20.5	1717	36.3	2390	15.9	1454	26.1	60.8	4.9
Swiss	853	2.5	1766	2.7	2218	1.9	6387	1.2	4750	1.3	74.4	0.1
TAP	477	-10.1	1145	-3.1	1326	-10.1	4858	2.1	3267	-4.7	67.2	-4.8
Turkish	1117	13.4	1621	5.6	3037	9.1	6996	15.3	4456	3.9	63.7	-7.0
Virgin A'tic	402	4.8	2891	5.6	1132	7.5	11445	9.5	8147	8.0	71.2	-1.0

Low-fare airline traffic, 2005/06

Airline		
Air Berlin	**J-D 05**	**Q1 06**
SS,x1000	13500	2752
Growth,%	12.5	8.5
Easyjet	**March**	**YTD**
SS,x1000	2755	7445
Growth,%	7.1	9.1
SF,%	86.3	81.4
Growth,pts	-4.9	-3.2
Ryanair	**March**	**YTD**
SS,x1000	3001	8131
Growth,%	17.0	22.3
SF,%	79.0	77.1
Growth,pts	-1.0	0.9

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, 2005/06

Item	**Europe,AEA**									
	Dec 05	**Growth,%**	**Jan 06**	**Growth,%**	**Feb 06**	**Growth,%**	**Mar 06**	**Growth,%**	**YTD**	**Growth,%**
SS,mn	16.4	6.3	15.9	4.5	14.9	5.4	17.8	3.0	48.8	4.3
ASKs,mn	67,623	4.4	68,382	3.8	62,104	4.9	70,314	4.9	200,899	4.6
RPKs,mn	50,201	7.2	50,510	5.2	45,118	5.9	53,067	3.2	148,793	4.7
Pax LF,%	74.2	2.2*	73.9	1.1*	72.6	0.8*	75.5	-1.0*	74.1	0.1*
	US,ATA									
	Dec 05	**Growth,%**	**Jan 06**	**Growth,%**	**Feb 06**	**Growth,%**	**Mar 06**	**Growth,%**	**YTD**	**Growth,%**
SS,mn	5.3	6.6	5.2	2.8	4.5	1.9	5.8	2.8	15.5	2.5
ASKs,mn	30,364	3.5	32,684	2.2	29,259	1.4	33,961	4.5	95,806	2.7
RPKs,mn	25,587	4.7	24,964	2.0	21,353	1.7	27,697	3.6	74,014	2.5
Pax LF,%	78.3	0.8*	76.6	-0.1*	73.0	0.3*	81.6	-0.7*	77.3	-0.2*
	Asia Pacific,AAPA									
	Nov 05	**Growth,%**	**Dec 05**	**Growth,%**	**Jan 06**	**Growth,%**	**Feb 06**	**Growth,%**	**YTD**	**Growth,%**
SS,mn	9.9	0.4	11.0	1.3	11.1	0.0	9.6	0.0	19.9	1.2
ASKs,mn	53,870	3.2	61,921	1.5	62,592	4.1	50,452	2.2	106,786	-3.3
RPKs,mn	38,972	2.5	45,782	2.1	47,052	5.4	37,377	4.7	79,587	-1.5
Pax LF,%	72.3	-0.5*	73.9	0.4*	75.2	0.9*	74.1	1.7*	74.5	1.3*

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.

3 International traffic* at Europe's leading airports, 2005/06

Airport		Passengers,x1000				Aircraft movements,x1000				Seats sold per aircraft	
	Month	Month	Growth,%	YTD	Growth,%	Month	Growth,%	YTD	Growth,%	Month	YTD
Amsterdam	Mar	3,407	3.7	9,319	2.6	33.0	3.8	91.7	1.1	103	102
Berlin*,x3	Jan	1,184	8.8	1,184	8.8	17.7	8.5	17.7	8.5	67	67
Brussels*	Jan	1,007	2.2	1,007	2.2	18.8	0.3	18.8	0.3	53	53
Copenhagen*	Jan	1,351	5.5	1,351	5.5	19.5	-8.8	19.5	-8.8	69	69
Frankfurt	Mar	3,464	-2.5	9,519	-0.7	33.0	-0.0	94.0	0.5	105	101
London,x3	Mar	8,646	-1.8	23,875	0.7	63.0	2.2	180.4	2.8	137	132
LHR	Mar	4,954	-3.2	13,853	-1.0	34.5	1.2	99.8	1.2	143	139
STN	Mar	1,540	0.2	4,237	4.6	12.8	5.2	35.8	5.6	121	118
Madrid*	Jan	3,123	8.6	3,123	8.6	34.3	3.8	34.3	3.8	91	91
Milan*,x3	Jan	2,481	9.7	2,481	9.7	31.8	4.7	31.8	4.7	78	78
Moscow*,x2	Jan	2,014	12.5	2,014	12.5	27.4	10.3	27.4	10.3	73	73
Paris*,x2	Jan	6,020	4.6	6,020	4.6	61.7	1.7	61.7	1.7	98	98
CDG	Jan	4,061	5.9	4,061	5.9	42.6	1.7	42.6	1.7	95	95
ORY	Jan	1,958	2.1	1,958	2.1	19.1	1.6	19.1	1.6	102	102
Rome*,x2	Jan	2,251	6.3	2,251	6.3	28.2	-0.7	28.2	-0.7	80	80
Zurich*	Jan	1,271	0.1	1,271	0.1	20.9	-3.9	20.9	-3.9	61	61
EUROPE*	**Jan**	**83,050**	**6.2**	**83,050**	**6.5**	**1,275**	**3.7**	**1,275**	**2.5**	**65**	**65**

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

4 Air passenger traffic to/from selected countries, x1000

From/to	France†				Germany				UK				US			
	Feb	+/-*	YTD	+/-*	Feb	+/-*	YTD	+/-*	Feb	+/-*	YTD	+/-*	Dec	+/-*	YTD	+/-*
To/from	06	%	06	%	06	%	06	%	06	%	06	%	05	%	05	%
France	na	na	na	na	431	6.6	6002	4.4	797	0.4	10993	0.7	432	-0.4	5973	2.7
Germany	300	6.6	3881	2.6	na	na	na	na	768	1.6	10903	6.0	668	19.7	8192	7.2
Italy	339	3.2	4669	9.9	584	14.1	9185	11.5	647	-0.1	10711	7.4	139	-6.1	2470	4.1
Netherlands	75	0.4	1044	5.1	181	12.4	2464	5.6	569	1.4	8728	3.0	295	-7.7	4143	3.0
Spain	317	11.9	4782	12.7	1084	-4.6	20521	7.9	1789	2.0	34488	3.2	92	-22.7	1534	-12.2
Switzerland	150	2.7	1732	13.0	314	7.6	4059	9.7	488	5.9	4496	7.6	106	-7.6	1397	-0.5
UK	327	-1.1	4543	4.3	765	1.9	10842	9.5	na	na	na	na	1259	-5.0	17016	-2.2
US	419	5.0	6033	7.8	571	4.6	8451	7.1	1226	-4.2	18305	1.7	na	na	na	na
Total	6020†	4.6†	6020†	4.6†	7943	4.3	124076	8.4	11856	4.6	176855	6.4	9481	0.9	117647	2.7

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 04	Dec 05	Mar 06	Apr 06	stock	market
Airlines							
Air France	Paris	14.0	18.4	19.4	17.9	-7.9	1.1
Alitalia‡	Milan	0.25	1.03	1.16	0.96	-17.2	2.3
British Airways	London	235	334	353	342	-3.3	2.0
Easyjet	London	188	381	351	357	1.6	2.0
Iberia	Madrid	2.59	2.29	2.28	2.10	-7.9	1.8
Lufthansa	Frankfurt	10.6	12.6	14.8	14.5	-2.1	2.5
Ryanair	Dublin	5.25	8.30	7.83	6.67	-14.8	-1.3
Hotels							
Accor	Paris	32.2	46.9	47.6	49.3	3.6	1.1
Hilton	New York	22.7	24.1	25.6	25.3	-1.3	4.8
InterContinental	London	648	840	942	970	3.0	2.0
Sol Melia	Madrid	7.40	11.0	12.8	13.1	2.0	1.8
Others							
Avis Europe	London	53.8	72.8	71.3	75.8	6.3	2.0
BAA	London	584	627	829	841	1.4	2.0
EADS	Paris	21.4	32.0	34.8	30.4	-12.5	1.1
Eurotunnel	London	17.0	18.0	26.5	25.0	-5.7	2.0
Fraport	Frankfurt	31.4	44.9	62.8	59.3	-5.6	2.5
Kuoni	Zurich	500	557	676	685	1.3	1.1
My Travel‡	London	17.4	233	245	239	-2.4	2.0
TUI	Frankfurt	17.4	17.8	16.2	16.2	0.0	2.5

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

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‡	19,265	-3.1	WTO
	Dec‡	15,934	3.2	Ot
Germany	Dec†	87,000	2.0	ETM
	Dec 05	76,000	2.0	ETM
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†	25,000	22.5	WTO
Spain	Dec†	4,600	17.1	NTO
	Dec 05	5,290	15.0	ETM
Sweden	Dec‡	10,500	1.0	WTO
Switzerland	Dec	12,351	4.5	WTO
UK	Dec†	64,200	4.5	NTO
	Dec 05	66,300	3.2	NTO

Notes: ETM = European Travel Monitor (figures often do not tally one year to next), NTO = national tourist office, Ot = Other. *2000 unless stated otherwise. †2004. ‡2001. Source: See column.

7 Spending on foreign travel by residents

Source	Jan thru*:	Growth %	Spending US$mn	Spending US$mn
Austria	Mar‡	-2.3	NA	11,152
Belgium	Mar‡	1.2	NA	14,019
Czech R	Sep‡	1.8	NA	2,312
France	Dec	11.1	28,636	NA
	Nov‡	9.0	NA	31,213
Germany	Dec	1.6	72,271	NA
	Nov‡	3.2	NA	74,584
Greece	Sep‡	7.1	NA	3,078
Hungary	Sep‡	4.7	NA	4,052
Ireland	Mar‡	3.7	NA	5,392
Italy	Dec	-9.4	20,544	NA
	Sep‡	12.1	NA	23,030
Luxembourg	Sep‡	2.4	NA	3,427
Netherlands	Sep‡	0.9	NA	16,826
Norway	Sep‡	13.9	NA	9,599
Portugal	Nov‡	10.9	NA	3,069
Russia	Mar‡	11.1	NA	17,476
Spain	Jun‡	27.6	NA	15,511
Sweden	Jun‡	8.0	NA	10,933
Switzerland	Mar‡	-4.2	NA	7,984
Turkey	Nov‡	10.0	NA	2,776
UK	Dec	4.1	55,930	NA
	Nov‡	5.8	NA	59,174

Notes: Growth may not tally with previous figure shown. *2004 unless stated otherwise. †2003. ‡2005. Source: WTO.

Notes: Full year 2005, based on YTD growth rate.

8 Internet bookings/sales of selected companies/markets

Company, item	Period	Number	Previous period
Virgin Express online share	2005	78%	up 11pts
Dot.travel subscribers	J-M 06	16.5k	(15k tgt)
Europe online share (PCW)	2006	20%	4% '02
Growth Germany online travel (PCW)	2006	60%	60%
Growth UK online travel (PCW)	2006	30%	40%
Growth France online travel (PCW)	2006	40%	40%
Growth Spain online travel (PCW)	2006	65%	75%
Growth Scandinavia online travel (PCW)	2006	40%	50%

Notes: See Master Notes, page 7, and Net Value. All $s are US$s. 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.
Galileo	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.
Sabre‡	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.
Worldspan	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.

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*, March

Location	Occupancy,%				Average room rate, local	US$*				Revpar, US$*			
	2006		2005		2006	2006		2005		2006		2005	
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD	Mth	YTD
Amsterdam	75.7	63.2	68.9	63.4	139.18	173.00	167.78	171.27	169.65	130.89	105.97	117.92	107.50
Berlin-all	67.0	62.1	58.8	57.4	123.79	166.86	149.24	170.20	163.13	111.87	92.73	100.07	93.59
L-4	65.8	58.8	NA	NA	83.4	118.24	100.6	NA	NA	77.85	59.1	NA	NA
U-4	67.6	63.4	NA	NA	138.5	188.50	167.0	NA	NA	127.42	105.9	NA	NA
Brussels	72.0	65.6	62.6	59.3	110.23	141.34	132.89	149.61	145.73	101.72	87.18	93.67	86.39
Frankfurt-all	67.5	62.7	61.0	64.9	129.21	139.93	155.77	162.00	174.66	94.41	97.63	98.81	113.28
L-4	58.7	57.1	51.1	56.9	99.00	102.52	119.35	139.42	146.98	60.18	68.18	71.30	83.59
U-4	70.6	64.3	64.5	67.7	137.20	151.01	165.40	168.38	182.94	106.60	106.40	108.61	123.86
Geneva	67.0	58.7	62.9	57.0	295.27	221.56	227.16	249.67	237.14	148.47	133.32	156.97	135.26
London-all	79.7	76.6	74.9	71.4	135.66	245.11	237.98	237.89	241.50	195.35	182.40	178.14	172.46
L-4	87.0	82.1	77.0	74.5	89.79	162.90	157.52	183.66	182.13	141.79	129.28	141.39	135.73
U-4	75.0	73.0	75.5	72.3	155.46	281.54	272.73	256.31	258.03	211.14	199.00	193.57	186.57
5-star	83.8	78.7	62.6	59.3	259.46	466.24	455.17	405.76	408.30	390.67	358.38	254.06	241.99
LHR AP	77.9	76.7	87.0	82.0	68.17	119.40	119.58	124.05	123.96	93.00	91.77	107.86	101.60
Madrid	71.7	64.4	66.4	65.1	162.26	195.28	195.61	185.56	197.06	139.94	125.99	123.25	128.34
Moscow	75.6	71.1	75.3	77.3	6183.88	264.10	221.22	234.25	228.94	199.68	157.32	176.48	176.86
Paris-all	69.6	65.3	68.6	62.1	168.21	213.84	202.79	216.00	214.84	148.92	132.43	148.19	133.48
L-4	68.7	68.6	69.7	59.2	118.55	146.57	142.91	155.25	152.58	100.67	98.09	108.14	90.32
U-4	72.4	66.9	71.2	64.6	154.53	192.77	186.29	195.17	195.54	139.64	124.62	138.88	126.32
5-star	74.4	67.1	63.3	56.2	268.83	336.44	324.09	343.82	341.16	250.22	217.50	217.61	191.59
CDG AP	57.1	56.1	68.5	65.6	126.10	149.23	152.01	155.93	156.41	85.14	85.24	106.87	102.59
Rome	75.9	65.7	74.4	61.9	178.78	222.70	215.53	256.15	242.92	168.94	141.57	190.67	150.33
Zurich	77.1	73.0	68.0	66.4	186.73	149.60	143.66	168.42	164.97	115.40	104.86	114.60	109.59
AVERAGE	**72.3**	**65.9**	**67.0**	**63.8**	**135.66**	**188.83**	**181.87**	**194.34**	**192.75**	**137.20**	**120.30**	**131.73**	**123.76**

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.

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	Jul-Sep 05	Growth %	Oct-Dec 05	Growth %	Jan-Mar 05	Growth %	J-D 05	Growth %
Cars	609	0.6	486	-11.7	370	-15.6	2047	-2.6
Buses	19	24.2	18	0.1	13	-27.1	77	21.7
Seats sold*	1959	-1.9	1820	-2.8	1699	0.3	7454	2.4

Notes: *On Eurostar. Source: Eurotunnel.

13 Economic indicators of major countries in Europe, 2005/06

	GNP/GDP		Retail sales	Consumer prices†		Wages/earnings‡	
Country	1 year	3 mths*	1 year	1 year	year ago	1 year	year ago
France	1.2 Q4	0.9	-0.3 Jan	1.9	1.6 Feb	3.3	3.0 Q4
Germany	1.0 Q4	0.0	1.7 Jan	2.1	1.8 Feb	0.8	1.4 Dec
Italy	0.1 Q3	1.1	1.3 Dec	2.1	1.9 Feb	2.3	3.3 Dec
Netherlands	1.6 Q4	3.9	2.9 Dec	1.1	1.6 Feb	1.6	0.6 Feb
Spain	3.5 Q4	3.9	-0.9 Jan	4.0	3.3 Feb	2.5	2.7 Q4
Switzerland	2.7 Q4	2.1	3.1 Dec	1.4	1.4 Feb	0.9	1.4 '04
UK	1.7 Q4	2.4	2.1 Feb	2.0	1.6 Feb	3.5	4.2 Jan
Euroland	1.7 Q4	1.2	0.9 Jan	2.3	2.1 Feb	2.4	2.4 Q4
Others							
Japan	4.0 Q4	5.4	-0.7 Jan	0.5	-0.1 Jan	-0.6	0.0 Jan
US	3.2 Q4	1.6	6.1 Jan	3.6	3.0 Feb	3.5	2.6 Feb

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	Sept†	NA	1.5	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	Sept†	NA	3.3	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	Sept†	NA	-0.4	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	Sept†	NA	-0.7	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
	Nov‡	NA	2.5	WTO	5.2-F	142.90
Belgium	Dec	9,120	-2.1	WTO	2.5	55E
Bulgaria	Dec‡	4,838	4.5	WTO	2.8-F	48.39
Croatia	Dec	7,912	6.8	WTO	NA	473-V
Cyprus	Dec‡	2,471	5.2	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
Estonia	Dec	1,750	19.7	WTO	5.40	28.31
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	Jul‡	NA	4.0	WTO	11.0-F	39.06

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Trends

Easyhotel CEO

Your editor has applied for the job. This is what he submitted:

Dear Stelios

You have met me 2/3 times. I once came to your office to explain to you about dynamic packaging. I am interested in the Easyhotel job.

I have said:

1. "I can get a higher occupancy than any professional hotelier every day of the year." (I don't charge for the rooms.)

2. "Using a phrase over-used by low-fare airline management, [Easyhotel's prices in London] are a 'rip-off'."

Let me explain.

Most low-fare-airline (LFA) managers does not understand the LFA business plan. Most hotel managers are even further from understanding a 'LRH' (low-rate-hotel) business plan – partly because it has not been written. You must already have a sense of this – at least from one of meetings you panelled, where I was present, at ITB in Berlin in March. (So why are you looking for someone with hotel skills?)

If you don't choose me to run Easyhotel, you would be better to choose an airline person for this job – but from Air Asia, Easyjet, Ryanair, or Southwest, not the pretenders. (Although working for those four airlines does not automatically bring understanding of the LFA psyche.)

The success for a LRH will be in cost control and marketing. You don't need – as the job spec noted – an expert in franchising to run Easyhotel. In fact, you should not have a franchise expert in that position. The franchise person can be No 2 or No 3 in the company, as it is a straightforward function.

The most-important skill would be to apply an LFA business plan to Easyhotel – not to apply a franchising skill to a new type of company. (I hope it was not you who put that in the job spec...)

In addition, it should be noted that franchising for a LRH business plan could be risky. It can be done – must be done – but nevertheless, some careful thought is needed in advance.

(Your new master franchiser has plans for 38 properties in the next five years. Man, you should have more than that each year! This could be big, big. Surely you are disappointed at how slow it has been so far?)

Voila. There you have it.

I know more about how LFAs work than most who work in them, and many who run them. I know a lot about hotels. Over the past five years I've asked hotel management about LRHs. Most don't get it. I know that running Easyhotel would be more about running an idea than a hotel company.

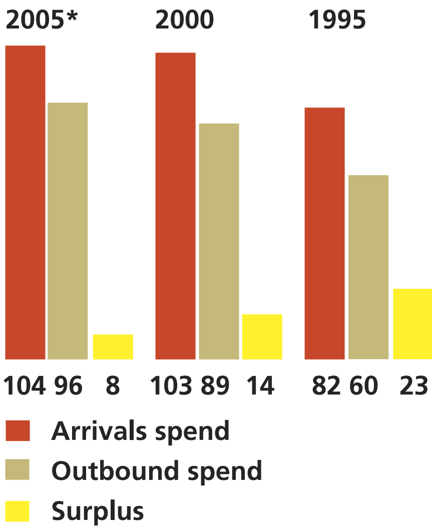
My CV won't tell you much about all of this. And it won't touch on most items you've listed in that job spec. However, I believe you may see that this might not be important for the success of Easyhotel. Let me know if you need to know more.

US slippage

Not much good news for the US from 2005 travel data. The country's travel 'surplus' (visitor spend minus resident spend) has fallen greatly over the past 10 years. From US$23bn to US$8bn, see table.

Overall inbound growth was a fair 7%, but the overseas share (non Canada, Mexico) has fallen from 51% in 2000 to 44%. TIA (Travel Industry Association of America) forecasts that this year the US should finally surpass its pre-9/11 2000 peak with 52.1mn arrivals, which would be 6% growth.

US travel balance of payments, US$bn



Notes: *Provisional. Source: As main table.

Visitor arrivals in the US

Region	2005 No mn	Growth %	Share %	2000 Share %
North America	27.7	7.6	56.1	49.3
Canada	14.9	7.3	30.1	28.6
Mexico	12.9	8.0	26.0	20.7
Overseas	21.7	6.7	43.9	50.7
Europe	10.3	6.5	20.9	22.6
Asia Pacific	6.9	7.3	14.0	16.2
Total	**49.4**	**7.2**	**100.0**	**100.0**

Source: US Department of Commerce, International Trade Administration, Office of Travel and Tourism Industries & Bureau of Economic Analysis.

Briefs

- *Nice touch; shame it's a mistake.*

***Air Berlin**, ostensibly a low-fare airline, is offering what it calls "an English breakfast" on its intraUK routes. Described as gourmet meals, the cost is US$12 (€10), and it includes...well, it doesn't matter.*

Because LFAs need to be low-cost as well. And that meals no-frills, not offering extras. Even if paid, they cost money to organise, serve, clear away, pay (pay the supplier, the deliverer).

As we said about Ryanair's no-seat-pocket plans, start thinking of the seat-pocket cost-factor, or the bacon cost-factor.

All those costs must be added to the cost of the air ticket – or taken from the profits.

Air Berlin is already offering free meals, so it clearly does not see the point. It will end up costing the customers and, now, the investors.

- *From Asia Pacific:*

*• In the first quarter of this year, occupancy in Asia Pacific **hotels** was down one point to 71%, average-room-rate increased 10% to US$125, with revenue-per-available-room also increasing 10% to US$92.*

*• One highlight of a report on the extraordinary plans to transform **Macau**, near Hong Kong, into the world's entertainment capital concerns hotel plans.*

At present there are 11,000 rooms (nearby Hong Kong has 55,000).

Within 10 years that is due to be 50,000, planned to open at a fairly-steady pace. Some are giants – one of 3000 rooms, and at least two others of 1500-2000 rooms.

- *Trouble for **Airbus**, after years of telling airlines that its aircraft are more technologically advanced than Boeing's.*

Now, transport ministers of the four countries that own shares parts of the Airbus company are due to decide this month whether to provide loans for the A350.

Apparently, some airlines say the aircraft is not competitive with Boeing's B787.

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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‡	1,300	20.4	WTO	NA	NA
Liechtenstein	Dec	49	-1.0	WTO	2.10	NA
Lithuania	Dec	1,800	20.7	WTO	6.00	15.93
Malta	Dec	1,156	6.1	WTO	8.40	52.70
Netherlands	Dec	9,646	5.1	WTO	3.67-F	221.99
	May‡	NA	6.4	WTO	3.67-F	221.99
Norway	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	Nov‡	NA	5.2	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
	Dec‡	20,383	20.4	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. *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.