

Travel Business Analyst

Markets + Marketing + Strategy

EUROPE • JULY 2006

Hotels in Germany

Football results

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In Berlin on the night before

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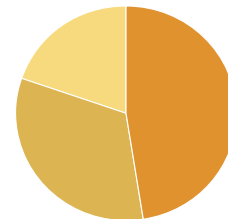
Travel agencies

World results

Regional percentage share of IATA BSP travel agencies, 2005

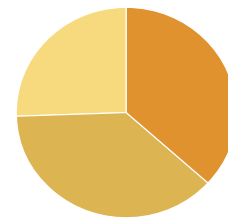
Locations

Europe	47.5	(37.9)
US	32.7	(47.7)
Asia Pacific	19.7	(14.5)



Sales

Europe	36.8	(29.7)
US	37.8	(48.0)
Asia Pacific	25.4	(22.3)



Notes/Source: (Figures in brackets for 2000), then see main table.

Main News

Corporate

Recent corporate developments – big or significant.

- Airbus in trouble. Its A380 delayed 6-7 months, second delay in 18 months. Now due early-2007, along with fewer deliveries in 2007 and 2008. Also, for various reasons, the heads of Airbus and its main owning company, EADS, resign; EADS' Noel Forgeard would probably have been fired.
- Blackstone, which owns hotels, is buying the Cendant travel distribution system, now named Travelport.
- Club Med gets new owners as Accor reduces its ownership – the government of Morocco and Air France.
- Spain's Grupo Ferrovial has made a successful bid to buy BAA (which was British Airports Authority, but which also manages airports outside the UK).

Market

Recent market developments – big or significant.

- World visitor arrivals up 4.5% Jan-Apr.

Once again, IATA (the International Air Transport Association) has provided Travel Business Analyst with annual data on the travel agency business.

(Since 2000 IATA has released gross sales for its BSP (Billing & Settlement Plan) for travel agencies rather than net sales before that. We requested and have obtained net figures since then – courtesy of IATA. Our comparative measures, therefore, are all correct. We believe IATA's switch to gross sales can be misleading, particularly since 2001 when so many travellers change their travel plans after non-travel traumas such as 9/11, Bali, Iraq, SARS, etc.)

Following is a review of regional results in terms of location

contd on p2

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 in Germany

the game, average room rates increased 77%, then on the night of the game, ARRs doubled to US\$237. However occupancies were not the 100% expected, but only 72% on the night of the game, falling to 37% the following day.

In Hamburg on the night of the game, average room rates increased 142% to US\$232; ARR was US\$202 the night before the match. On the night occupancy was 98%, then falling to 53%.

Revpar (revenue per available room) around the days of the two matches showed strong increases – in Berlin up 83% the day before, see table, 144% on the day, and 8% day after. In Hamburg, 220%, 227%, and 23%.

With its commentary, Deloitte appears to support our BEB theory, but adds that 1mn hotel rooms were returned (we assume this should be ‘roomnights’, but probably some days before and some days after the matches).

Deloitte notes that the World Cup was “not to everyone’s taste and a number of tourists may have decided not to visit Germany during the tournament due to anticipated high prices.”

The corporate and conference business “has also seen a downturn...A number of conferences have been cancelled and business trips would have been postponed until after the competition. For cities such as Frankfurt and Berlin for which this corporate market is vital, so these occupancy levels may not come as much of a surprise.”

Deloitte says “it seems the World Cup has not brought the boom that German hoteliers had hoped for”. The consultancy is due to produce a fuller report after the event finishes July 9.

Another consultancy, France-based MKG, still believes the

World Cup is overall beneficial. It expected a 20% increase in revpar in June and July, producing 4-6 points of additional growth in 2006.

Of other earlier events, MKG says:

- Turin recorded a 222.2% increase in revpar in February due to the Winter Olympic Games.
- Greece recorded a 137% increase in August 2004 due to the Summer Olympic Games.
- Portugal recorded a 70% increase in June 2004 during soccer’s European Championship.
- France recorded a 30% increase June and July for soccer’s World Cup in 1998.

contd from p1 – travel agencies

tions, revenue, and productivity. A comprehensive report on agencies in Europe is scheduled for the August edition of this newsletter.

Locations. In the world’s three main regions, Europe managed 2%

growth in travel agency locations in 2001, dropped 1% in 2002, was unmoved in 2003, up 2% in 2004, then unmoved in 2005. In 2002, numbers surpassed those in the US. But that may not be good news if the fall that the US experienced is still to come in Europe. If the same happens in Europe, then 10,000 of its 30,000 agencies may close over the next 4/5 years, and 15,000 over 10 years.

The continuing US decline (down 6% in 2005, and falling since 1997) is caused by reduced agency commissions from airlines, growth of OTAs (online travel agencies), 9/11, other insecurity/terrorism shocks since 9/11, then SARS in 2003. The US total is half what it was 10 years earlier.

Asia Pacific numbers fell almost 1% in 2003, fair considering business loss as a result of SARS. We expected the fallout from SARS to take place in 2004; the slight increase that year, of 2%, despite an increase in Asia Pacific travel numbers of over 20%, could actually indicate a weakening. But the 1% growth in 2005, even if small, was better than the decline in the two other regions.

Sales. Europe has started to look stronger. Its 6% growth in 2002 matched growth in Asia Pacific, despite a volume nearly 50% greater. Then growth speeded up in 2003 to 12%, followed by a remarkable 17% in 2004. However, these are US dollar results; a good part of growth was related to the growing strength of the Euro.

In 2005, growth was still good, at 7%, but slower than the two other regions. Europe is now close to the size of the US market.

Asia Pacific had a good year, despite setbacks caused by the Indian Ocean tsunami at the end of 2004, and another bomb attack in Bali in October 2005.

Productivity. Average sales

IATA BSP travel agency profile

Market	Number 2005	Growth,% 2005	2004	Number 2000	Number 1995
Locations					
Europe	32006	-0.4	2.4	30,974	23,418
US‡	22043	-5.5	-9.0	38,861	45,168
Asia Pacific	13262	1.1	1.7	11,777	6,332
World	67311	-1.9	-1.9	81,612	74,918
Net sales,US\$mnn*					
Europe	68,565	6.5	16.9	51,713	37,273
US‡	70,529	7.0	6.6	83,532	61,194
Asia Pacific	47,347	12.2	26.6	38,720	29,148
World	186,441	8.1	17.8	173,966	127,615
Sales/agency,US\$mnn*					
Europe	2.14	6.9	14.2	1.67	1.48
US‡	3.20	13.2	17.1	2.15	1.31
Asia Pacific	3.57	11.0	28.4	3.29	4.18
World	2.77	10.1	26.7	2.13	1.62

Notes: See text. Growth over 2004. ‘World’ is the total of the three regions shown; major market excluded with this formula is Canada, which recorded a further fall in agency numbers in 2005, of 1% to 2993, but a 25% increase in revenue to US\$6.3bn. IATA = International Air Transport Association, BSP = Billing & Settlement Plan. *Quoted in US\$. Source: IATA BSP, ‡Airlines Reporting Corporation.

Volume 16 Number 7

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.

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per agency in Europe – a leveller in terms of travel agency performance – were US\$1.5mn per agency in 1995. Ten years later, the figure has not moved much – it was just over US\$2mn in 2005.

For a long time, agencies in Asia Pacific earned much more than their counterparts in Europe, US, and the world average – but now the difference is less. In fact, results 10 years ago were a particular reflection of results in Japan – which had been 20-times world average. Now it is a mere five-times world average.

Market developments in the US (fewer agencies, but more revenue) caused productivity there to increase substantially up to 2001. Sales then began to fall (actually starting before 9/11), so productivity dropped over the whole year, recovered in 2002, dropped again in 2003, increased 17% in 2004, then another 13% in 2005.

Europe remains the lowest of the world's three main regions, although it was ahead of the US in the mid-1990s. The region is also below the world average.

Internet

Big move?

The (descending) Cendant has agreed to sell its renamed travel distribution services (TDS), now named Travelport, to the Blackstone Group, for US\$4.3bn. The deal is due to be finalised this August.

This seems a poor price for Cendant, which has paid around US\$5.6bn since 2001 for the four main companies of the around-20 in Travelport:

- US\$2.9bn for Galileo in 2001.
- US\$404mn for UK-based/Europe-operating Ebookers in 2004.
- US\$1.1bn for UK-based/world-operating Gullivers Travel/Octopus Travel in 2004.
- US\$1.25bn for US-based/US-operating Orbitz in 2004.

This sale would end definitively the structure that we thought had the potential to change the travel world. After a series of acquisitions, Cendant had a number of hotel brands (enough to make it the world leader in some hotel counts), some other travel companies (such as Avis, Budget, and the RCI timeshare operation), and then its TDS.

But almost as soon as all this was in place, and before any strategic syner-

gies were put in place, the company decided to unravel itself. The hotel group was renamed Wyndham, and TDS named Travelport.

What will now happen?

Blackstone is a private-equity company and not an operating company. The company has made only the usual – and thus unbelievable – comments that it wants to retain existing management and strategies of the companies. But there seems three main options:

- One. As some key management is new (Jeff Clarke, CEO of Travelport, for instance, has been there only two months), and strategies in many cases are non-existent under the Travelport umbrella, that indicates Blackstone will sell off the individual companies that make up the group.

- Two. To reduce costs and build up the companies before selling them. But in this segment of the travel business, that may not be a viable option – because the business for online travel agencies is (still) in a period of great change. If Blackstone misses keeping and making those changes, then the money it has paid to buy Travelport will start to look too high.

- Three. To run the companies (which would initially be indistinguishable from Two). Does Blackstone want to explore the possibility of linking its other travel investments – which include theme parks as well as hotels in the Accor and Hyatt brands – with Travelport?

In other words, find a synergy

that Cendant did not have time to look for? Travelport's CEO says no; because Blackstone is an investment company, it does not look for synergies across its investments. However, we believe this requires watching.

To/from Europe

Q1 2006

Air traffic to-and-from the main markets in Europe to/from Asia Pacific in the first quarter was mixed – a few declines as well as some big growths.

But then the overall trend in growth was not much, see table – 3% in Germany, 4% in UK, although it may have been around 5% in France (Jan-Feb was 5%).

For traffic to/from Asia Pacific (only the destinations listed) growth was 10% for France, 6% for Germany, and 15% for the UK.

The continuing decline of Japan is a surprise – given the size and purchasing power of its population, and the size of its economy. Although there was growth to/from France, there were declines to/from Germany and the UK.

Some markets show surprising movement, including:

France. To/from Japan still moving slowly, but Japan's leading position unlikely to change this year. China is second largest in the region, and that is growing faster, at 12%, but third-place India is growing faster, 34%, and may overtake China this year.

Germany. Two of the top three

Air passengers Europe-Asia Pacific, Q1 2006

From To	France*		Germany		UK	
	No,x1000	Growth,%	No,x1000	Growth,%	No,x1000	Growth,%
Australia	na	na	25	-7.1	304	-5.7
China	210	11.9	268	3.8	114	37.2
Hong Kong	110	5.6	133	-1.8	339	17.1
India	188	34.0	303	0.1	644	54.0
Indonesia	na	na	6	7.4	na	na
Japan	300	3.0	234	-0.7	272	-6.3
Korea	70	10.0	118	4.4	56	-2.3
Malaysia	33	-8.6	39	-7.6	153	-11.3
New Zealand	na	na	na	na	46	-3.5
Philippines	na	na	38	42.5	na	na
Singapore	104	7.6	179	4.3	303	6.2
Taiwan	21	7.1	28	19.1	42	72.6
Thailand	112	9.2	333	20.9	169	-11.7
Total-AsPact	1148	10.2	1679	5.6	2138	15.0
TOTAL	11600*	4.7*	25104	3.0	37162	3.6

Notes: *Paris airports only; total is Jan-Feb. †AsPac = Asia Pacific markets shown here. Source: Aeroports de Paris (France), Statistisches Bundesamt (Germany), Civil Aviation Authority (UK). Contacts: Germany – luftverkehr@destatis.de, www.statistik-bund.de.

markets – India and China – were slow movers, even though these are generally assumed to be fast-moving markets.

However, the largest, Thailand, increased 21% – although part of this was recovery from a post-tsunami decline in 2005.

UK. The India market, despite being the region's largest, increased at an astonishing 54% – thanks to liberalisation on the routes. It is now almost double the next largest, Hong Kong, which also grew fast, taking it past a declining Japan.

The Thailand market is in trouble, with a 12% decline – even though this was compared with the immediate post-tsunami period. Traffic this year was down on 2004 as well, and has been in decline since 2003.

Visitor arrivals

Up 4.5%

The number of visitors around the world is estimated to have increased 4.5% in the first four months – January up 4%, February 4%, March down 1%, April up 11%.

(Easter Holidays caused some distortion as it was in March in 2005, but April in 2006.)

But the details are not so comforting. Only Asia Pacific matched its all-year result, and even that is less good when seen against the same 2005 period – which was reduced by destinations damaged by the tsunami at end-2004.

Possibly 2% of that 7.5% growth would be tsunami-recovery. Figures are not clear because some traffic was diverted – travelling to Fiji rather than Phuket, for instance.

The Americas was half its all-2005 growth, and Europe was not much better.

In key destinations (not necessarily the largest), signals were mixed:

- In Europe:

- **France** is in decline, possibly because of continuing social disruptions (strikes, demonstrations, oc-

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- Japan agencies in Q1 2006.
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- Online in Europe.
- UK business travel.

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casional riots). Although these have not been dangerous – as a terrorism attack, for instance – travellers probably do fear their travels will be disrupted.

That seems to be supported by the **UK** counts, up a strong 8% – despite the London bomb attacks one year ago.

- **Germany** also increased strongly, by 6%. But although many will expect soccer's World Cup to boost this, that may not happen – explained by our BEB theory (see other report in this issue). Some of that growth may be from travellers (including business travellers) wanting

to get in their trip before the World Cup.

- **Spain** (what we regard as the leading destination) is showing strong results.

- **Turkey's** decline is puzzling. It has produced reasonable counts – seemingly unaffected by the turmoil in the neighbouring Middle East. So is this decline another factor?

(In the past there has been some linkage with Turkey and results in Greece, but since the 2004 Summer Olympic Games, Greece has been reluctant to release any current figures; 2005 counts are still not formally available.)

- Of Other destinations in Europe, declines in **Hungary** and **Poland** may be related to changes in methodology. **Switzerland** will be pleased with its 9% growth, the fastest of the major destinations, and following a few bad years.

- Of the other destinations, North America is in trouble. Mexico down and the US static. Given terrorism-related entry barriers, the US will find it hard to get much growth.

In Asia Pacific, all except Australia seem to be doing well. (There are no figures for Thailand, but arrivals through Bangkok airport grew 26% and the overall figures will be compared with poor post-tsunami counts in Q1 2005).

The WTO's China counts are based

Table 1

Growth in selected world visitor destinations, 2006

Destination	Growth,%	Jan-
Europe		
Austria	1.7	Apr
France	-0.2	May
Germany	5.8	Apr
Hungary	-16.1	Mar
Italy	4.6	Mar
Netherlands	7.8	Feb
Poland	-1.0	Mar
Portugal	7.1	Apr
Spain	6.1	May
Switzerland	8.6	Apr
Turkey	-6.5	Apr
UK	8.4	Apr
Rest of world		
Australia	-0.5	Apr
China	3.6	Mar
Egypt	3.0	May
Hong Kong	11.5	Apr
Mexico	-2.2	Apr
UAE	7.3	Mar
US	0.5	Mar

Notes: Greece NA. Source: World Tourism Organization.

Percentage growth* in visitor arrivals

	2006	2005*
Europe	2.5	4.3
Americas	2.7	5.8
Asia Pacific	7.5	7.4
World	4.5	5.5

Notes: Jan-Apr. *Full year. Source: World Tourism Organization.

on its own (unrevealed) formula, but these growths look slow. And Hong Kong is boosted by technically-domestic arrivals from China (which the WTO still lists as international arrivals).

Our Middle East destinations look good, but Egypt will probably suffer as the year goes on with collateral image problems related to Israel/Palestine struggles. UAE is separated from this, and growth will be heavily related to continued growth at two of the three dynamic airlines strong in the region (Emirates and Etihad, based in the UAE, and Qatar Airways).

Germany outbound

Old news

FUR findings show that there has been a big growth in the desire of old people (above 60) in Germany to travel – from 41% in 1971 to 75% in 2005 for those aged 60-69, and from 33% to 60% for those above-70.

(FUR – Forschungsgemeinschaft Urlaub und Reisen, an independent association of users of travel research – measures only holiday trips.)

This increase does not only reflect a shift in the age structure of the population, but also that people

Holiday behaviour after aged-60

Type	Aged 50-59 Intention when 60+ More	Aged 60+ Actual		
		Less	More	Less
Holiday trips	36	11	20	30
City trips	30	12	17	26
Travel to Europe	28	17	12	35
Air travel	26	14	11	29
Package tours	23	10	14	24

Source: Forschungsgemeinschaft Urlaub und Reisen.

largely keep their travel habits as they grow older.

However, intention-to-travel is not the same as actual travel. Before they reach 60-years, more expect to travel more than less.

But the reality is that when they reach that age, more travel less than more – see table.

Briefs

• According to OAG, **air seat capacity** for this month was only 1% up. In Europe, the increase was 9%, with 1.5m extra seats on sale this month; most of this is assumed to come from low-fare airlines.

Transatlantic flights North America – Europe increased 5%, but there was no growth on transPacific routes.

And perhaps the clearest sign that there could be trouble ahead is that US domestic capacity was down 5%.

• London is expected to retain its dominant position in the **UK hotel market** this year. However, occupancy is expected to slip, see table, and growth in average rate the slowest.

Given the terrorist-caused occupancy fall in 2005, another slow year looks surprising, although the difference is slight.

Forecasts for hotels in the UK, 2006

Location	Occupancy %	Growth %	Average room rate,US\$*	Growth %
London	76	-0.1	183	3.4
Edinburgh	77	0.6	138	3.6
Birmingham	70	0.8	121	4.0
Manchester	76	0.5	126	4.7
UK provinces	71	0.9	112	3.0
UK total	72	0.3	136	4.5

Notes: *Converted at US\$1 to £0.57. Source: Price Waterhouse Coopers.

Overall UK is expected to have a 1% increase in occupancy, but better growth – near 5% in average rate.

• Initially, we thought the business plan for what became **Oasis Hong Kong Airlines** was sound – albeit because it was partly our proposal. Low fares longhaul into Berlin from Hong Kong, connecting to Easyjet flights with a special arrangement, and thus covering much of Europe.

Since then, the message has got mixed, and is now not only changed, but more complicated. As

a result, we think the Oasis plan will not work.

At three months before launch, Oasis had still not revealed its fares. Press reports note US\$130 (at US\$1 to HK\$7.80), which we presume is one-way (reports do not specify). We presume no more than 10 seats will be sold at this price.

We also presume other fares will be up to around US\$650 roundtrip, and its business class fares US\$2000-2500.

(In the late-1980s, the low-fare airline longhaul pioneer, Laker Airways, offered US\$175 roundtrip on this same route.)

Flights will operate Hong Kong-London Gatwick five times weekly, then other routes (Berlin, Bonn/Cologne, Chicago, Milan, Oakland) "... in the months after" the London launch.

Given the requirement for additional aircraft, we believe the first additional route will be at least six months after London.

And others possibly never if the business plan shows obvious signs of being faulty before the first 12 months is up.

• Results at **chain hotels in Europe** for the first four months shows a fall in average room rate in Berlin, Brussels, Munich, and Rome, see table.

But in revpar (revenue per available room, a measure that incorporates occupancy) only Munich was in decline.

Germany seemed to be in change because it was another city in the country, Hamburg, that recorded the fastest revpar growth, 14%, followed by Paris with 12%, and then Berlin with 10%.

Results at chain hotels in Europe, Jan-Apr 2006

City	Occupancy,%	Growth,pts	Average room rate,US\$*	Growth,%	Revpar,US\$*	Growth,%
Amsterdam	74	2.8	163	5.1	122	9.1
Berlin	64	6.9	147	-1.9	93	10.1
Brussels	67	4.4	129	-5.3	86	1.4
Budapest	61	0.1	106	6.0	65	6.2
Hamburg	70	4.3	116	6.6	81	13.5
London	78	2.2	197	4.6	153	7.7
Munich	64	1.6	112	-4.5	72	-2.0
Paris	73	5.0	203	4.1	148	11.8
Rome	69	3.4	231	-3.7	160	1.3
Vienna	64	0.9	154	6.7	99	8.2

Notes: *Converted at US\$1 to €0.86. Source: TRI Hospitality Consulting.



Net Value

Marketing Travel On The Internet

Online in Europe

The online travel market in Europe in 2007, despite expected to have grown almost threefold since 2004, would still be some way from the penetration of the US market, see Table 1.

The new PhoCusWright *European Online Travel Marketplace* report concentrating on the UK, says the online travel market in Europe grew 49% in 2005 to US\$35bn (at US\$1 to €0.85). PCW reports slower growth for the UK market (about 33%, after 38% in 2004), but that is partly because it is more mature, at US\$12bn Euros in 2005.

(PCW does not make clear if UK figures are included in Europe-wide totals. We believe not.)

PCW believes that traditional tour operators and airlines are "beginning to redefine the marketplace as they develop coherent internet strategies". It adds that the UK market is leading Europe in terms of online development. This includes some PCW 'favourite' internet travel trends such as mapping applications and messaging.

It believes the investment and drive of major players such as British Airways and Thomson brand will accelerate these developments.

We challenge this. Even if some companies are progressive, many still seem unsure how to react – Thomas Cook, for instance, also Germany-owned, like TUI's Thomson.

PCW expects, however, that the tour operator share will increase, and the OTA share will fall, see Table 2.

We might also dispute this, or rather that these moves assume some change on the way the industry seems to be working at present; basically, that tour operators will grasp the internet challenge.

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

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



People-in-Travel

Tracking Travel's Leaders

Barbs from Bisignani

In the past we have criticised Giovanni Bisignani, head of IATA, in his previous positions – head of Alitalia followed by the then-airline-owned OTA (online travel agency) Opodo.

We have also criticised some early comments in his time at IATA – as being protectionist and illiberal.

But there has been an enormous about-turn. We now feel he is leading IATA, and thus airlines, into an era of great change, with great confidence – and with sound ideas and policies. We now believe he is a great leader for aviation. At IATA's June AGM, he delivered his state-of-the-industry report. Some paraphrased excerpts follow.

• Myths.

- *Air transport is a major cause of global warming.* Wrong. We are 2% of CO2 emissions – but support 8% of GDP.

- *International air transport is excluded from Kyoto and doing nothing.* Wrong. We were concerned about the environment long before Kyoto. Fuel efficiency improved 70% over 40 years.

- *Aviation is the most polluting form of transport.* Wrong. Modern aircraft consume 3.5 litres per 100 passenger kilometres. Show me a hybrid car that can achieve that.

- *Air transport is a luxury.* Wrong. We are a necessity. 80% of our emissions are from trips over 1500km for which there is no economic alternative.

• Governments.

- **Taxation:** Airlines are the heart of a US\$3tn value chain; 29mn jobs. We make the global village a reality – 2.2bn passengers will fly this year. But we are taxed like luxuries or tobacco.

• 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. 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.

T2. 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).

T3. 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.

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

Hotels.

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

Others.

T5. 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.

T8. PCW internet data on some Europe markets.

T12. 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.

MARKET DATA

Special

The total number of air passengers to/from the UK increased nearly 4% in Q1, but performance on the main routes in Europe and to/from the US did not perform so well. Only France and Switzerland showed growth, plus fractional growth to/from the Netherlands.

The main reason will probably be Easter holiday traffic – the holidays were in March in 2005, but in April this year. However, there were declines in each of the three months for Italy and the US – so Easter is not a factor in those markets.

There should be great concern over those US results. For the US inbound market, the UK should be the 'friendliest' of markets in Europe (including facilitation for entry). If there is still decline, then the US will find it harder to get growth in other markets. And so will start-up airlines targetting transAtlantic passengers.

Air passenger traffic to/from the UK, 2006

To/from	Jan		Feb		Mar		Q1	
	No,x1000	Growth,%	No,x1000	Growth,%	No,x1000	Growth,%	No,x1000	Growth,%
France	797	0.4	854	6.6	928	1.5	2580	2.8
(Paris airports count)	327	-1.1	347	1.8	385	-0.4	1059	0.1
Germany	768	1.6	789	-1.0	885	-6.3	2441	-2.2
(Germany counts)	765	1.9	787	-0.0	885	-5.7	2437	-1.6
Italy	647	-0.1	664	-2.8	763	-11.5	2074	-5.4
Netherlands	569	1.4	583	-0.2	661	1.5	1813	0.9
Spain	1789	2.0	1862	1.1	2270	-2.5	5921	-0.1
Switzerland	488	5.9	509	13.6	558	6.9	1556	8.7
US	1226	-4.2	1077	-2.6	1416	-4.1	3719	-3.7
Total	11856	4.6	11699	5.3	13607	1.2	37162	3.6

Source: Civil Aviation Authority, Aeroports de Paris, Statistisches Bundesamt, Travel Business Analyst.

1 Passenger traffic* on selected Europe airlines, 2006

Low-fare airline traffic, 2006

Airline	April		YTD				YTD			Airline					
	SS,x1000	+/-,%	RPK,mn	+/-,%	SS,x1000	+/-,%	ASK,mn	+/-,%	RPK,mn	+/-,%	SF	+/-,pts	YTD	YTD	
Air France	4177	7.0	10255	10.9	15383	6.1	50045	8.0	39063	10.0	78.1	1.4	Air Berlin	May	YTD
Alitalia	2078	3.9	3199	5.8	7263	2.0	16271	-2.8	11379	2.8	69.9	3.8	SS,x1000	1460	5412
Austrian	727	13.2	1653	20.8	2591	15.2	8424	13.4	6153	20.0	73.0	4.0	Growth,%	9.0	11.5
British AW	3069	4.9	9831	9.8	11177	1.4	49069	3.2	36559	4.7	74.5	1.1	Easyjet	April	YTD
Finnair	561	3.0	1015	8.5	2127	4.8	5436	0.0	3843	6.5	70.7	4.3	SS,x1000	2848	10293
Iberia	2446	7.5	4588	19.4	8596	3.9	21272	4.0	16465	8.1	77.4	2.9	Growth,%	16.8	11.1
KLM	1932	5.9	6034	7.6	6810	4.1	27105	4.4	22378	5.8	82.6	1.0	SF,%	86.4	82.7
Lufthansa	4249	2.0	9479	1.2	15179	2.6	45420	2.2	34439	0.8	75.8	-1.1	Growth,pts	1.2	-2.0
Olympic	497	5.7	621	8.1	1616	-2.5	3172	-2.6	1950	-3.3	61.5	-0.4	Ryanair	April	YTD
SAS	2009	-6.2	2312	-1.3	7718	2.1	11777	-7.6	8395	0.6	71.3	5.8	SS,x1000	3439	11570
Spanair	681	21.4	635	29.9	2398	31.7	3283	15.1	2089	27.3	63.6	6.1	Growth,%	29.4	24.3
Swiss	918	8.0	1826	4.0	3136	3.6	8649	1.5	6576	2.0	76.0	0.4	SF,%	85.0	79.3
TAP	633	20.4	1397	23.5	1959	-2.1	6622	4.3	4664	2.3	70.4	-1.4	Growth,pts	4.0	1.7
Turkish	1328	26.3	1930	21.8	4365	13.8	9677	18.0	6386	8.7	66.0	-5.6			
Virgin A'tic	434	11.1	3085	11.7	1567	8.5	15231	9.6	11232	9.0	73.7	-0.5			

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									
	Jan 06	Growth,%	Feb 06	Growth,%	Mar 06	Growth,%	Apr 06	Growth,%	YTD	Growth,%
SS,mn	15.9	4.5	14.9	5.4	17.8	3.0	19.5	9.8	88.1	5.9
ASKs,mn	68,382	3.8	62,104	4.9	70,314	4.9	70,704	4.5	345,324	4.5
RPKs,mn	50,510	5.2	45,118	5.9	53,067	3.2	56,297	9.9	260,899	6.1
Pax LF,%	73.9	1.1*	72.6	0.8*	75.5	-1.0*	79.6	4.5*	75.6	1.1*
Item	US,ATA									
	Jan 06	Growth,%	Feb 06	Growth,%	Mar 06	Growth,%	Apr 06	Growth,%	YTD	Growth,%
SS,mn	5.2	2.8	4.5	1.9	5.8	2.8	5.7	9.6	21.2	4.3
ASKs,mn	32,684	2.2	29,259	1.4	33,961	4.5	33,856	4.8	129,662	3.3
RPKs,mn	24,964	2.0	21,353	1.7	27,697	3.6	27,156	7.7	101,170	3.9
Pax LF,%	76.6	-0.1*	73.0	0.3*	81.6	-0.7*	80.2	2.1*	78.0	0.4*
Item	Asia Pacific,AAPA									
	Dec 05	Growth,%	Jan 06	Growth,%	Feb 06	Growth,%	Mar 06	Growth,%	YTD	Growth,%
SS,mn	11.0	1.3	11.1	0.0	9.6	0.0	10.4	0.0	30.2	2.1
ASKs,mn	61,921	1.5	62,592	4.1	50,452	2.2	55,418	2.5	162,204	-1.4
RPKs,mn	45,782	2.1	47,052	5.4	37,377	4.7	41,006	4.3	120,592	0.4
Pax LF,%	73.9	0.4*	75.2	0.9*	74.1	1.7*	74.0	1.3*	74.3	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, 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, 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, 2005/06

Airport	Month	Passengers,x1000				Aircraft movements,x1000				Seats sold per aircraft	
		Month	Growth,%	YTD	Growth,%	Month	Growth,%	YTD	Growth,%	Month	YTD
Amsterdam	Apr	3,814	7.4	13,133	3.9	34.7	2.8	126.4	1.6	110	104
Berlin*,x3	Feb	1,222	12.8	2,406	10.8	17.6	8.9	35.3	116.2	69	68
Brussels*	Feb	1,031	3.0	2,038	2.6	18.8	-0.3	37.6	0.0	55	54
Copenhagen*	Feb	1,426	9.7	2,778	7.6	19.7	-4.0	39.2	-6.5	72	71
Frankfurt	Mar	3,464	-2.5	6,055	0.3	33.0	-0.0	61.0	0.8	105	99
London,x3	Apr	9,516	9.8	33,392	3.1	63.6	2.8	244.0	2.8	150	137
LHR	Apr	5,295	5.8	19,148	0.8	34.0	0.4	133.8	1.0	156	143
STN	Apr	1,818	17.6	6,055	8.2	13.5	8.7	49.4	6.4	134	123
Madrid*	Feb	3,096	7.3	6,219	7.9	32.2	3.4	66.5	3.6	96	94
Milan*,x3	Feb	2,421	15.2	4,902	12.3	31.1	9.6	62.9	7.0	78	78
Moscow*,x2	Feb	1,830	14.4	3,844	13.4	25.7	11.2	53.2	10.7	71	72
Paris*,x2	Feb	5,580	4.9	11,600	4.7	56.1	1.8	117.8	1.7	99	98
CDG	Feb	3,793	5.7	7,854	5.8	39.0	1.2	81.5	1.5	97	96
ORY	Feb	1,787	3.2	3,746	2.6	17.2	3.2	36.3	2.3	104	103
Rome*,x2	Feb	2,203	6.2	4,455	6.2	27.3	1.3	55.5	0.3	81	80
Zurich*	Feb	1,221	4.1	2,492	2.0	18.7	-4.3	39.6	-4.1	65	63
EUROPE*	Feb	81,362	6.0	164,412	6.2	1,238	3.0	1,275	2.5	66	129

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				
	Mar 06	+/-* %	YTD 06	+/-* %	Mar 06	+/-* %	YTD 06	+/-* %	Mar 06	+/-* %	YTD 06	+/-* %	Dec 05	+/-* %	YTD 05	+/-* %
France	na	na	na	na	528	7.4	1396	6.6	928	1.5	2580	2.8	432	-0.4	5973	2.7
Germany	368	11.9	976	10.3	na	na	na	na	885	-6.3	2441	-2.2	668	19.7	8192	7.2
Italy	386	7.4	1053	8.0	790	11.8	1993	15.3	763	-11.5	2074	-5.4	139	-6.1	2470	4.1
Netherlands	85	1.1	234	0.9	217	18.0	577	13.8	661	1.5	1813	0.9	295	-7.7	4143	3.0
Spain	393	-0.5	1049	7.2	1496	-2.5	3711	-3.1	2270	-2.5	5921	-0.1	92	-22.7	1534	-12.2
Switzerland	168	4.8	462	3.6	385	11.3	1025	10.2	558	6.9	1556	8.7	106	-7.6	1397	-0.5
UK	385	-0.4	1059	0.1	885	-5.7	2437	-1.6	na	na	na	na	1259	-5.0	17016	-2.2
US	465	-3.1	1224	-0.3	662	2.7	1706	2.8	1416	-4.1	3719	-3.7	na	na	na	na
Total	5580†	4.9†	11600†	4.7†	9528	1.4	25104	3.0	13607	1.2	37162	3.6	9481	0.9	117647	2.7

Notes: *Over same period, year earlier. †Paris airports only; total is year-to-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	Apr 06	May 06	stock	market
Airlines							
Air France	Paris	14.0	18.4	17.9	16.8	-6.2	-6.6
Alitalia‡	Milan	0.25	1.03	0.96	0.84	-12.7	-6.9
British Airways	London	235	334	342	341	-0.3	-5.9
Easyjet	London	188	381	357	349	-2.1	-5.9
Iberia	Madrid	2.59	2.29	2.10	1.97	-6.2	-6.0
Lufthansa	Frankfurt	10.6	12.6	14.5	13.6	-5.7	-7.0
Ryanair	Dublin	5.25	8.30	6.67	6.67	0.0	-4.4
Hotels							
Accor	Paris	32.2	46.9	49.3	45.8	-7.2	-6.6
Hilton	New York	22.7	24.1	25.3	27.7	9.5	-5.4
InterContinental	London	648	840	970	911	-6.1	-5.9
Sol Melia	Madrid	7.40	11.0	13.1	12.0	-8.4	-6.0
Others							
Avis Europe	London	53.8	72.8	75.8	78.0	3.0	-5.9
BAA	London	584	627	841	873	3.8	-5.9
EADS	Paris	21.4	32.0	30.4	27.8	-8.6	-6.6
Eurotunnel	London	17.0	18.0	25.0	na	na	-5.9
Fraport	Frankfurt	31.4	44.9	59.3	53.5	-9.7	-7.0
Kuoni	Zurich	500	557	685	651	-5.0	-6.3
My Travel‡	London	17.4	233	239	242	1.3	-5.9
TUI	Frankfurt	17.4	17.8	16.2	15.8	-2.3	-7.0

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	WTO
	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	WTO
	Dec 05	66,300	3.2	WTO

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

MARKET DATA

7 Spending on foreign travel by residents

Source	Jan thru*	Growth %	Spending US\$m	Spending US\$m
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
	Dec†	8.9	31,190	31,190
Germany	Dec	1.6	72,271	NA
	Dec†	3.1	73,181	73,181
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
	Dec†	9.0	22,394	22,394
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	Dec†	11.1	17,804	17,804
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
	Dec†	6.1	59,529	59,529

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
British AW's own online booking	2008	50%	30% '05
Iberia daily visits,x1000	2005	300	140 '03
Iberia revenue per visitor	2005	\$3.10	\$4.20 '00
Virgin Express revenue/booking	2005	\$79	dwn 1%
Europe shares – Expedia, Travelocity (PCW)	2005	19%,17%	NA
– Opodo, Cendant, Priceline (PCW)	2005	11%,9%,4%	NA
Europe online on hotel websites,share (PCW)	2007	41%	32% '04
Small Luxury Hotels, online share	2006	20%	18%

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.
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*, April

Location	Occupancy,%				Average room rate,				Revpar,				
	2006		2005		local		US\$*		2006		2005		
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD	Mth	YTD
Amsterdam	88.4	69.4	78.1	67.0	147.66	213.81	178.01	194.14	177.01	189.10	123.62	151.55	118.67
Berlin-all	72.1	64.1	63.6	58.7	124.88	151.85	150.55	141.67	157.98	109.54	96.45	90.12	92.76
U-4	71.7	64.7	NA	NA	141.0	171.66	170.0	NA	NA	123.05	110.1	NA	NA
Brussels	70.5	66.7	74.0	63.0	107.39	126.00	129.47	149.83	147.09	88.78	86.36	110.94	92.66
Copenhagen	66.6	63.0	70.2	61.6	832.28	148.68	134.44	150.30	137.29	98.99	84.75	105.56	84.58
Frankfurt-all	57.2	61.1	69.3	65.9	127.60	158.54	153.82	155.20	169.73	90.68	93.97	107.50	111.86
U-4	58.1	62.8	71.1	68.6	135.66	168.19	163.55	164.58	178.14	97.72	102.67	117.02	122.12
Geneva	52.8	58.0	69.9	60.3	305.68	306.96	235.17	259.33	243.94	161.98	136.47	181.23	147.19
London-all	81.1	77.7	73.6	72.0	133.76	241.49	234.65	257.41	245.77	195.78	182.24	189.34	176.90
U-4	76.3	73.7	73.7	72.7	155.37	293.02	272.56	274.51	262.42	223.61	200.76	202.26	190.70
5-star	76.1	78.1	61.6	59.8	256.96	471.08	450.78	450.35	419.07	358.43	351.94	277.30	250.79
Madrid	76.1	67.1	74.2	67.5	157.42	185.13	189.77	196.18	196.94	140.81	127.32	145.53	132.92
Moscow	76.3	71.9	80.2	77.9	6378.41	223.81	228.18	208.13	224.12	170.67	164.10	166.87	174.62
Paris-all	75.6	67.6	67.9	63.5	170.10	224.31	205.06	222.13	216.85	169.47	138.55	150.73	137.80
U-4	76.9	69.4	73.6	66.7	156.79	209.57	189.02	207.38	198.66	161.19	131.18	152.68	132.53
5-star	79.6	69.3	64.7	58.3	266.83	347.88	321.67	339.52	340.89	276.96	222.99	219.72	198.83
Rome	81.6	69.4	79.0	66.1	187.19	270.08	225.66	279.75	254.28	220.38	156.53	220.88	168.20
Zurich	68.5	72.0	73.9	68.3	189.15	165.14	145.51	181.19	169.54	113.12	104.82	133.91	115.86
AVERAGE	72.2	67.3	72.8	66.0	na	201.32	184.19	199.61	195.04	145.77	124.60	146.18	129.50
Others††													
Los Angeles	74.5	74.7	73.4	74.0	112.12	110.87	112.12	102.70	102.57	82.61	83.70	75.38	75.90
New York	85.3	78.0	85.2	82.0	202.61	222.52	202.61	198.29	187.76	189.88	157.94	168.94	154.01
Tokyo	77.4	76.9	81.9	76.5	23701	192.08	202.64	254.01	252.67	148.70	155.75	208.15	193.20

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, 2005

Country	Locations	Growth %	Net sales US\$mn*	Growth %	Per agency US\$mn*	Growth %
Austria	236	-7	1,094	-3.5	4.64	3.5
Belgium‡	586	-22	1,779	7.6	3.04	66.4
Bulgaria	161	8	135	25.8	0.84	56.5
Croatia	91	-2	98	8.3	1.08	31.0
Cyprus	147	1	264	7.4	1.80	28.5
Czech R‡	217	0	434	21.4	2.00	48.3
Finland	278	-3	1,105	11.6	3.97	60.9
France	3,633	0	10,318	8.4	2.84	28.1
Germany	4,441	0	10,467	4.0	2.36	25.8
Greece	1,001	-1	1,192	13.3	1.19	26.0
Hungary	261	2	285	4.6	1.09	14.9
Ireland	416	-10	640	-10.1	1.54	10.8
Italy	5,154	-6	6,505	6.5	1.26	19.8
Malta	76	-18	66	2.4	0.87	46.9
Netherlands	447	-20	2,657	10.2	5.94	63.8
Nordics‡	1,443	0	5,417	9.1	3.75	15.8
Poland	526	44	526	22.7	1.00	-3.0
Portugal	975	13	975	4.6	1.00	4.3
Romania	227	4	266	10.7	1.17	4.5
Serbia	148	0	103	19.8	0.69	501.0
Slovenia	51	-4	65	-2.1	1.28	26.8
Spain	7,740	7	5,841	11.2	0.75	10.4
Switzerland‡	853	0	2,421	4.6	2.84	18.3
Turkey	394	4	648	6.5	1.65	34.1
UK	2,504	-8	15,263	3.6	6.10	41.8
Europe	32,006	-0	68,565	6	2.14	6.91
US	22,043	-5	70,529	7	3.20	13.22
Asia Pacific	13,262	1	47,347	12	3.57	11.00
World	67,311	-2	186,441	8	2.77	10.12

Notes: See Master Notes, page 7. 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.

14 Visitor spending in Europe destinations

Destination	Jan thru*	Spending-A	Growth,%	Source
Austria	Dec	15,467	0.9	WTO
Belgium	Dec	9,810	6.3	WTO
Bulgaria	Dec	2,401	8.0	WTO
Cyprus	Dec	2,329	2.4	WTO
Czech Republic	Dec	4,631	3.5	WTO
Denmark	Dec	4,491	-20.7	WTO
Estonia	Dec	938	6.2	WTO
Finland	Dec	2,154	3.7	WTO
France	Dec†	40,842	1.5	WTO
	Dec	42,276	3.5	WTO
Germany	Dec	29,204	5.5	WTO
Greece	Dec	13,731	6.7	WTO
Hungary	Dec	4,271	5.1	WTO
Ireland	Dec	4,571	6.6	WTO
Italy	Dec†	35,658	3.8	WTO
	Dec	35,398	-0.7	WTO
Lithuania	Dec	921	18.4	WTO
Luxembourg	Dec	3,632	-0.9	WTO
Malta	Dec	775	1.8	WTO
Netherlands	Dec	10,477	1.4	WTO
Norway	Dec	3,441	6.5	WTO
Portugal	Dec	6,284	-3.1	WTO
Romania	Dec	7,931	1.1	WTO
Russia	Dec	5,466	4.6	WTO
Slovakia	Dec	1,210	29.1	WTO
Slovenia	Dec	1,800	10.6	WTO
Spain	Dec†	45,248	3.8	WTO
	Dec	47,891	5.8	WTO
Sweden	Dec	7,427	21.9	WTO
Switzerland	Dec	11,269	8.4	WTO
Turkey	Dec	18,152	14.2	WTO
UK	Dec†	27,299	7.5	WTO
	Dec	30,373	8.4	WTO

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

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

Country	GNP/GDP		Retail sales		Consumer prices†		Wages/earnings‡	
	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.

15 Visitor arrivals in Europe destinations

Destination	Jan thru*	Arrivals		Source	Stay days	PVPD US\$-C
		x1000	%			
Andorra	Dec	2,418	-13.4	WTO	2.93	NA
Austria	Dec‡	19,373	1.5	WTO	5.2-F	142.90
	Dec	19,952	3.0	WTO	5.2-F	142.90
Belgium	Dec	6,747	0.6	WTO	2.5	55E
Bulgaria	Dec	4,837	4.5	WTO	2.8-F	48.39
Croatia	Dec	8,467	7.0	WTO	5-E	473-V
Cyprus	Dec	2,470	5.2	WTO	11	59.13
Czech R	Dec	6,336	4.5	WTO	2.8-F	48.39
Denmark	Dec	4,562	24.5	WTO	3.60	1928-V
Estonia	Dec	1,900	8.6	WTO	5.40	28.31
Finland	Dec	3,140	10.6	WTO	5.86	62.92
France	Dec‡	75,123	0.1	WTO	7.16-F	54.4
	Dec	76,001	1.2	WTO	7.16-F	77.69
Germany	Dec‡	20,137	9.5	WTO	7-F	194.05
	Dec	21,500	6.8	WTO	7-F	194.05
Greece	Dec‡	12,872	9.0	WTO	14	20.23
Hungary	Dec	10,047	-17.7	WTO	3.41-F	15.19
Iceland	Dec	871	4.2	WTO	2.8	267.56
Ireland	Jul	NA	4.0	WTO	11.0-F	39.06

continued on page 12

Airbus

This is becoming a bad year for Airbus – delays, top-level resignations, product inferiority.

- For the second time Airbus has delayed deliveries of its double-deck A380. In 2005, deliveries were put back six months, and in June the company announced new delays – of up to seven months. The reason given is complications with electrical wiring; most modern aircraft send messages for operational changes rather than direct mechanical control, so electronics has become more important thus more complicated.

Delivery of the first A380, due to be for Singapore Airlines, is still scheduled to take place this year, but that would be the only A380 delivered to any customer. And perhaps it would be a symbolic delivery – with Airbus taking back the aircraft after ‘delivering’ it, or continuing to work on the aircraft while it is based in Singapore.

But the delay is actually more than seven months, in that fewer aircraft will be delivered than expected – only nine deliveries expected in 2007, a shortfall of 5-9 aircraft in 2008, and even in 2009 a shortfall of five.

Orders for the A380 had slowed, even before this setback, and although 160 have been ordered, some may be cancelled, and new orders may be difficult to win – given what is becoming a bad reputation at Airbus.

Aircraft left to deliver

Airbus	Boeing
A380: 159	B747: 11
A330, A340, A350: 331	B777: 280; B787: 370
A320: 1578	B737: 1277

Source: companies, Le Figaro.

As a result of this delay, the stockmarket value of EADS, the parent company of Airbus, fell by 25%. This is partly because of the increased costs and lower revenue that the delay will cause. Some of the increased costs will be compensation to the airlines – which could be major. Airbus has said that the delay will cost US\$2.4bn (€2bn) in lost profits 2007-10.

- In June, the head of EADS and the head of Airbus resigned. Noel Forgeard from EADS partly for the A380 debacle, and partly because he sold a batch of shares in Airbus in March – before the announcement of the delay in A380 deliveries.

If he knew of the delay when he sold his shares, that would be a criminal offence (insider trading). If he didn't know, then arguably he was not doing his job properly.

- After so long deriding Boeing for its products, Airbus is now finding that customers are preferring the Boeing products, and asking Airbus to improve its own.

The A350, introduced as an easy/quick/cheap answer to the B787, is not selling well. Airbus may have to improve it, at some cost in dollars and time – defeating the original purpose, as well as adding to the financial load on the company.

And now the A340, once considered by Airbus to manifest the company's technical superiority to Boeing, is being outsold by the B777.

Only in the A320/B737 category is Airbus ahead, see table.

But even if Airbus is in trouble with its A380, it is still well ahead of Boeing, which is selling almost no B747s – which can be considered the nearest aircraft to the A380.

The A380 is likely to seat around 550 passengers. That can be increased to 800 in one-class configuration, but most airlines will operate with first-, business-, and economy-class.

We have long said that Boeing should stretch its B747 to come closer to the A380. There is no sign yet that it will do this – even with the A380 in trouble.

That said, it did announce a 3.6m-stretch version at end-2005; the B747-8 will provide 450 seats in three-class configuration – 100 seats short of the A380. The B747-8 is due to enter in service from end-2009. So far, though, only the freight version has been ordered.

We believe that if there is no announcement or hint from Boeing at this month's air show in the UK that it will not happen. We think that is a sad mistake for Boeing – which is, in effect, being offered a place back in the jumbo jet race.

Briefs

- OAG says low-fare-airline flights accounted for 3% of the Europe total in

2001, increasing to 14% this year.

In terms of seats on LEAs, the data looks suspect – 3% in 2001, but 17% this year. Given that most LEA flights are in aircraft around the size of B737s, we would have assumed the seat share is smaller than the flight share.

- The number of travel agencies in Germany fell 8.1% in 2005 to 12,640.

- Another new airline plans business-class transAtlantic flights, starting early 2007; Silverjet.

Details – Luton-New York Newark, 100-flat seats, twice-daily, B767, about US\$1750 roundtrip.

- Growth in sales of Japan's top-50 outbound travel agencies increased 12% in the first quarter of this year. So business is good?

Unfortunately no; the figures are still below those of 10 years earlier, perhaps by 20%!

Of the leading eight (well ahead of the others), all but HIS and Hankyu have fallen over this period. However, JTB has a number of other agencies (JTB World Vacations, JTB Traveland, JTB Business Travel Solutions) and their total added to the main JTB grew an average 2% over the past 10 years.

Q1 2006 international outbound sales of top-50 outbound travel agencies in Japan, US\$m*

2006		5010 (11.5)
2005		4495 (10.0)
2004		4163 (-7.4)
2003		4088 (-1.8)
2002		3893 (-4.8)
2001		5239 (34.6)
2000		4647 (-11.3)

Notes: (% growth in brackets.) *Converted at US\$1 to ¥111. Source: Travel Journal International.

- Is the low-fare airline hype dwindling? Answer (not in their words, but interpreting recent comments):

Germanwings. Yes because there are no viable routes left (at least out of Germany).

Kingfisher Airlines, India. Yes; it is adding first class cabins, and seeking to introduce a “high-quality inflight product”.

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
	Dec	36,513	-1.5	WTO	4.36-F	178.42
Latvia	Dec	1,116	3.4	WTO	5-E	61.11
Liechtenstein	Dec	50	2.6	WTO	2.10	NA
Lithuania	Dec†	1,800	20.7	WTO	6.00	15.93
Malta	Dec	1,171	1.3	WTO	8.40	52.70
Netherlands	Dec	9,646	5.1	WTO	3.67-F	221.99
	Dec	10,012	3.8	WTO	3.67-F	221.99
Norway	Dec	3,859	6.4	WTO	7-E	445-V
Poland	Dec	15,200	6.4	WTO	4.7	56.32
Portugal	Nov	NA	5.2	NTO	7	70.73
Romania	Dec	1,430	5.2	WTO	3.20-F	21.16
Serbia	Dec	725	25.0	WTO	4-E	NA
Slovakia	Dec	1,515	8.1	WTO	3.60	4.17
Slovenia	Dec	1,552	3.5	WTO	3.12	4.84
Spain	Dec†	53,592	3.4	WTO	12.7	38.16
	Dec	55,577	6.0	WTO	12.7	67.85
Sweden	Dec	3,133	4.3	WTO	7-E	338.65
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	20,272	20.5	WTO	8	83.83
UK	Dec†	27,710	12.1	WTO	10.1	69.41
	Dec	29,971	8.0	WTO	10.1	69.41
Europe	Dec†	414,504	3.9	WTO	5-E	na
	Dec	441,624	4.0	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.

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