

Travel Business Analyst

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Big events

Win or lose?

Do big events bring more visitor business? Hotel results for Germany for June – the host country for this year's soccer's world cup, and the main month of the tournament – do not quite give a clear answer.

We have a semi-serious theory, Big Event Blues, suggesting that momentous international events actually reduce visitor arrival totals. Although these events attract international visitors, many traditional travellers (such as business travellers and even holidaymakers) will stay away from that destination just before, during, and just after the

Hotel results in selected host cities in Germany, June 2006

Location	Occupancy %	Growth %	Average room rate,US\$*	Growth %	Revpar, US\$*	Growth %
Main cities						
Berlin	64	-7.6	182	61.2	115	49.0
Frankfurt	67	-4.8	213	52.8	144	45.5
Munich	66	-18.9	221	48.0	145	20.1
Secondary cities						
Cologne	65	5.1	167	63.0	109	71.2
Dortmund	64	19.9	164	115.9	105	158.8
Hamburg	72	-2.6	177	49.7	128	45.8
Hanover	62	1.3	128	24.0	78	25.7
Leipzig	69	11.7	121	53.2	83	71.1
Nuremberg	69	-4.5	159	43.6	110	37.1
Stuttgart	68	-0.8	164	45.8	112	44.7
Germany	65	-2.7	146	39.3	96	36.7

Notes: *Converted at US\$1 to €0.78. Source: Deloitte.

event. They assume that there will be too much disruption to normal movement in the destination. In general, they are right – not only is movement curtailed, but many prices are higher.

According to a survey by Deloitte, more than half (54%) of German hoteliers saw no improvement in occupancy as a result of the world cup. However, 88% said average room rates had increased. The conclusion from that would be that visitor numbers fall, but those that do come pay more – usually a lot more.

contd on p2

Airlines

First half

Despite generally-negative commentary about results in the airline business in Europe, at least traffic growth seems encouraging. Member airlines of the Association of European Airlines increased their seats sold by 6%, see Table 1.

AEA members represent probably at least 75% of Europe airline traffic – excluding low-fare airlines.

The AEA airlines added 4% capacity in the first half, and overall traffic growth of 6% gave them a slight 1% increase in loads.

Table 1

Operating results on airline members of regional associations, Jan-Jun 06

Item	Europe,AEA	Growth,%	US,ATA	Growth,%
SS,mn	108.7	6.3	33.2	5.3
ASKs,mn	418,151	4.6	202,285	4.4
RPKs,mn	319,294	6.1	161,120	4.7
Pax LF,%	76.4	1.1*	79.6	0.3*

Notes: ASK = available seat kilometre, Pax = passenger, pts = points, RPK = revenue passenger kilometre, SS = seats sold. International. *Points. Source: Air Transport Association, Association of European Airlines.

This was broadly better than international traffic for US airlines. Member airlines of the Air Transport Association – representing closer to 90% of non-LFA and regional airline traffic in the US – sold 5% more seats, after a 4% increase in capacity and a 5% increase in traffic. However, growth in international traffic to/from US is held back by the passenger-limiting visa requirements for non-Americans.

We guess (and it cannot be much more accurate than that) this situation reduces traffic by 5%, and possibly as much as 10%. This includes would-be visitors who just do not bother to go through the formalities to visit the US and book a trip to Asia instead.

Among the regular airlines, only **Olympic** is falling in terms of seats sold, and at a lower rate than in the past, see Table 2. Is its period of decline over?

contd on p2

Main News

Corporate

Recent corporate developments – big or significant.

- Sol Melia Hotels backs out of its failed deal to develop Hard Rock hotels.
- Air Berlin, LFA pretender, to buy DBA, also Germany-based and also an LFA pretender.

Market

Recent market developments – big or significant.

- International passengers through ACI-member airports increased 6% in first half.
- WTO says international visitors spent US\$682bn, up 3.4%, in 2005.

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 – big events

There was not much additional evidence from the airlines. At Lufthansa there was a 3% increase in seats sold for June and 3% YTD – indicating no (net) change for the world cup. Air Berlin's increase in seat sales that month was 15%, ahead of its YTD growth of 13%, but the airline is currently in a fast-expansion phase, and that rather than the world cup, could explain the difference.

The soccer games in the world cup began June 24 and ended July 9, and comprised 64 matches in 12 cities. Deloitte research shows that revpar (revenue per available room) increased 37% in June, see table. The increase in average room rates was actually higher, 39%, but there was a 3% decline in occupancy. That fall was attributed to the world cup's negative effect on conference business – with many events postponed until after the tournament or cancelled for 2006.

Results indicate that the BEB seems justified but that it probably needs to be modified. These hotel results indicate a difference in cities. This is almost as simple as the smaller the city the greater the improvement. The three big cities – Berlin, Frankfurt, Munich – all lost customers, and in Munich the fall was 19%.

Munich hoteliers may have priced themselves out of the market, however. A 48% increase in average rates – the highest in the survey – appears to have put off some travellers, judging from that big fall in occupancy. Munich is also a popular tourist destination and as a result of the tournament missed out on some of its traditional tourist traffic, with many visitors deciding to avoid the football crowds. Yet in Dortmund, occupancy growth was up a remarkable 20%, and rates did even better – more than doubling.

But there is an even more delicate matter for the future of these type of events. Hotel occupancies were low, and that if the customers knew this, they might have got lower rates.

And/or, many of those high rates would probably have been not from walk-in bookings, but pre-booked by the travel trade. In other words, the trade pre-booked rooms at higher rates in order to secure them, when pre-booking was not necessary in most cases.

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- Fran Bailey; Rossi Ralenkotter; Ho Kwon Ping; others

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Taking this further, then the trade forced their customers to pay rates higher than necessary.

Is this a commercial edifice that will fall as more travellers work through the internet? Certainly travellers would not be happy if they knew their travel agents were actually responsible for them paying a premium. Surely then, the travel trade would be working itself out of a job? In Berlin, the ongoing problem of over-supply also had an impact on the decline in occupancy. On the night after the final match (on July 9), the city was fully booked and revpar was up 1000%.

Deloitte said 57% of hoteliers said the world cup did not live up to their expect-

tations in terms of its impact on their hotel's performance.

The importance of this finding is difficult to judge. Because it surprising that still so many observers – including those, perhaps particularly those, in the travel trade – still have what seems unreasonably-high expectations on results at big events.

Most – led by the tourist offices – look only at the additional business that will be generated by the event – but omit to deduct those regular travellers who decide not travel at that time. For instance, how many fewer businessman would have decided against an arrival in Berlin on July 9 to start work on the Monday? And arrive Monday night instead, or perhaps the following Sunday?

It was a widely-held view that the world cup had a negative impact on conference business, which explains the slight drop in occupancy in June. Conferences were postponed to before or after the event or not held at all this year. For many hotels, this appears to have had negative consequences on food and beverage revenues.

The majority of hotels agreed that they were fully-booked only on the match days – as fewer than expected fans decided to stay on for additional nights. Presumably, though, because of those much-higher rates.

contd from p1 – airlines

There was very fast growth for **Spain** – now one-third larger than Olympic, for instance, larger than Finnair, but still about one-third the size of its local competitor, Iberia. But even better is that this growth is coming in much faster than capacity growth – so its seats factor managed a 7-point growth in the first half.

There was also fast growth for **Austrian**, and for **Turkish** – despite recent concerns that terrorist attacks at some leisure resorts in Turkey will reduce traffic. That said, the airline's expansion is greater than traffic growth – capacity increased 22% and traffic only 13%, so loads fell 6%. That will have to be controlled if the airline is to maintain profitability.

Of the Big Three (in order of seats

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Table 2

Passenger traffic* on selected Europe airlines, Jan-Jun 06								
Airline	SS,x1000	Growth,%	ASK,mn	Growth,%	RPK,mn	Growth,%	SF	Growth,pts
Air France	24133	5.6	75989	6.7	59687	8.6	78.5	1.4
Alitalia	11647	2.2	25080	-2.8	18029	2.4	71.9	3.7
Austrian	4161	12.9	13141	11.3	9512	14.9	72.4	2.3
British AW	17655	2.3	74775	3.5	56611	5.4	75.7	1.4
Finnair	3253	6.3	8322	1.5	5982	8.8	71.9	4.8
Iberia	13460	3.0	32548	5.0	25334	8.8	77.8	2.7
KLM	10727	4.5	41717	4.9	34426	6.0	82.5	0.9
Lufthansa	24399	3.5	70843	1.3	54724	0.7	77.2	-0.5
Olympic	2607	-3.6	4950	-2.3	3224	-4.3	65.1	-1.4
SAS	12389	1.8	18359	-5.9	13483	0.5	73.4	4.7
Spanair	3941	28.7	5257	15.5	3493	28.3	66.5	6.6
Swiss	5019	6.0	13352	2.8	10372	3.7	77.7	0.7
TAP	3139	1.6	10507	9.1	7436	7.5	70.8	-1.1
Turkish	7269	16.5	15661	21.7	10572	12.6	67.5	-5.5
Virgin A'tic	2362	8.1	23028	9.3	16910	8.5	73.4	-0.5

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

sold), Lufthansa's growth was 4% – fair but well short of what it said (foolishly, we added at the time) it would achieve. At the start of the year, it said it would grow as fast as the low-fare airlines. Not only is that 4% lower than the 13% achieved by its compatriot Air Berlin, but it can only dream of the 24% growth achieved by Ryanair.

Air France's 6% growth is good, and particularly so for an airline this size. And it was confident enough to add 7% capacity in this period. This data is without KLM (see below), and so more surprising.

We are still amazed that AF can grow at these rates – although AF is unusual in Europe in that it has no local competitor of any comparable size – in fact, none comes close to 10% AF's size. Notwithstanding that, non-French airlines are steadily adding services within the country and to/from – services that would normally be operated by a locally-based competitor. Many of these are by low-fare airlines.

Growth at British Airways was only 2%, but capacity growth was a cautious 4% as well.

Other results of note are slow growth at SAS and TAP-Air Portugal. At Swiss, now a Lufthansa subsidiary,

Table 3

Seats sold on combines, Jan-Jun 06		
Airlines	No,x1000	Growth,%
AF+KLM+Alitalia	46507	4.4
AF+KLM	34860	5.2
LH+Swiss+Austrian	33579	4.9
BA+Iberia	31115	2.6
LH+Swiss	29418	3.9
SAS+Spanair	16330	7.2

Notes/Source: See editorial, then as Table 1.

growth looks good, at 6%, although this follows annual declines, almost since it was formed to take over from Swissair four years ago.

Also showing good growth is Virgin Atlantic, with 8%, but it is the smallest in our list in terms of seats sold.

Perhaps British Airways is (still) at most risk, as indicated by Table 3, based on results of what we call combines.

(Of those listed there, we have added Alitalia to AF+KLM because that is the latest speculation – without any official confirmation, and so should also be slotted in the 'academic' box. And BA+Iberia was once a mooted combination, but not for the past two years, and so is also here for academic reasons.)

Does BA need to rethink its strategy? Even with Iberia the combined airline would not be much larger than LH+Swiss, and would be growing more slowly. But add Austrian, a Lufthansa associate, to LH+Swiss, and BA+Iberia is the smallest (of the Big Three groupings).

We think BA should create a low-fare airline (LFA), but as it has already created two (one of which was a success) then sold them off because they did not suit the then-strategy, it might be too professionally embarrassed to create a third.

Lufthansa has done just that (and so its business plan/strategy looks the most solid of the Big Three), in the form of Germanwings. Unfortunately, Germanwings is not on our list of LFAs because it does not regularly produce traffic statistics (in 2005 its seat sales increased 57%). We reckon its growth is faster than Air Berlin's 13%.

Also shown among the combines is SAS and its associate, Spanair. This is

Table 4

Low-fare airline traffic*, Jan-Jun 06			
Airline	Air Berlin	Easyjet	Ryanair
SS,x1000	6927	16223	18797
Growth,%	12.5	12.6	23.7
SF,%	NA	83.8	81.2

Notes: *Includes free tickets and no-shows, then as Table 1. Source: airlines.

the smallest of the combines, but thanks to rapid growth at Spanair, combined growth is the fastest, 7%.

Among LFAs, there are interesting indicators. Two of the three that reveal traffic figures, were growing at only 13% in the first half, see Table 4. That is slower or the same as three of Europe's regular airlines. Does this indicate that the period of extraordinary growth for LFAs is over? Particularly as one of the two was Easyjet, generally considered to be one of the two 'smartest' LFAs.

That said, the other smart one, Ryanair, was growing at 24%. And in some ways, the number of seats sold on Ryan make it Europe's third-largest airline – still smaller than Lufthansa and Air France, but larger than British Airways.

(But note that Ryanair has a different way of counting seat sales – basically, by including booked/paid travellers, not just those that actually fly – and we guess this could reduce Ryan's count shown here by 5% or even 10%.)

The other factor is that Easyjet count. It needs to move faster than this. For Air Berlin, faster growth is less important, partly because its fares are higher, it has a partner airline, Niki, in Austria, and has agreed to buy another pseudo-LFA in Germany, DBA.

However, Air Berlin's costs are higher, and we are not yet convinced that it will survive with its current cost structure.

(Air Berlin sold 13.5mn seats in its most-recent fiscal year, DBA sold 4.3mn, and Niki around 1.1mn.)

The other surprise is that still no other airline, apart from LFAs, have set up bases in countries other than their own. LFAs – in particular Easy and Ryan – are opening bases all over the continent. (Apart from acquisitions, such as AF of KLM, and Lufthansa of Swiss.)

For that reason alone, the LFA future seems brighter than for regular airlines.

Briefs

- Ireland's Aer Lingus is due to be privatised. This would leave the state with 25% of the once struggling airline, 15%

Hotel results in Europe*, Jan-Jun 06

Location	Occupancy %		Average room rate, US\$*		Revpar, US\$*	
	2006	Growth,pts	2006	Growth,%	2006	Growth,%
Amsterdam	75.2	4.5	203.72	11.9	153.17	19.0
Berlin-all	67.0	6.1	176.19	16.3	118.05	28.0
L-4	66.6	NA	118.6	NA	79.0	NA
U-4	67.2	NA	202.1	NA	135.7	NA
Brussels	70.4	4.8	139.14	-2.0	98.01	5.2
Copenhagen	64.6	-2.1	242.45	71.2	156.74	65.9
Frankfurt-all	63.8	-1.5	172.41	7.8	109.97	5.3
L-4	59.7	2.5	140.72	4.7	84.06	9.3
U-4	65.1	-2.7	181.87	9.1	118.40	4.8
Geneva	61.8	-1.2	249.25	3.7	154.12	1.7
London-all	81.0	6.5	253.92	2.2	205.67	11.2
L-4	84.0	6.5	166.31	-8.9	139.74	-1.3
U-4	78.4	3.2	295.96	10.2	231.96	14.8
5-star	80.9	17.6	487.51	15.8	394.16	48.1
LHR AP	83.7	0.2	120.54	-3.3	100.88	-3.1
Madrid	71.2	0.5	205.09	4.1	146.00	4.8
Moscow	73.1	-5.8	261.16	18.3	190.85	9.6
Paris-all	70.6	3.8	222.36	-1.6	157.03	4.0
L-4	72.0	6.1	155.54	-3.6	111.96	5.4
U-4	73.0	3.1	200.43	-2.1	146.28	2.2
5-star	73.8	9.8	351.30	-2.5	259.20	12.5
CDG AP	58.8	-4.1	158.40	3.8	93.18	-3.0
Rome	76.1	4.2	258.01	-3.5	196.28	2.2
Zurich	75.8	5.2	149.46	-9.4	113.24	-2.7
AVERAGE	70.9	2.1	211.10	8.2	149.93	10.9
Otherst						
Los Angeles	75.6	0.9	113.60	10.9	85.90	12.3
New York	80.7	-1.0	216.18	12.9	174.45	11.5

Notes: L = lower 4-star, Revpar = revenue per available room, U = upper 4-star. Source: *Travel Business Analyst Europe, †Smith Travel Research.

with an employee trust, and 60% with private investors through the Dublin and London stockmarkets.

The airline has been turned from a lossmaking regular airline to a hybrid with full service 2-class routes to the US and Dubai, and a 'low fare' European operation.

The airline made profits in 2005, although turnover fell 2.6%. Seat sales increased 15% that year to 8mn, but staff numbers fell 10%.

There are still a few larger airlines still owned by their countries – including Air France, Alitalia, Iberia.

- Europe's hotel results.

First-half hotel occupancy in Europe increased two points to 71%, average room rate increased 8% to US\$211, helping yield to increase 11% to US\$150.

This is a good increase, and slightly above the US – where occupancy in the first half increased one point, average rate 7%, and revpar 9%. (See also Special on page 6.)

- Spending on international **outbound travel** was growing slowly – at an average of 3% through into the second quarter of 2006. But there were wide variations, see table.

Of the largest markets, outbound

spending by travellers from France was good with 5% growth, Germany fair with 4% growth, but Italy was in decline.

Of the Scandinavian countries reporting, both Norway, up 10%, and Sweden, up 8%, lived up to their generally-high expectations. But Denmark – the largest numerically of the Scandinavia markets – was sluggish.

The market to watch seems unquestionably to be Spain – which has been steadily growing in recent years. In 2005, total spend was registered as

Spending on foreign travel by residents, 2006

Source	Jan thru*	Growth %
Czech R	Mar	1.3
Denmark	Mar	1.1
France	Apr	4.6
Germany	Apr	3.5
Greece	Apr	-6.4
Italy	Mar	-0.2
Netherlands	Mar	0.4
Norway	Mar	9.7
Portugal	Mar	9.5
Spain	Mar	18.2
Sweden	Mar	8.3
Turkey	Apr	-14.6

Source: World Tourism Organization.

US\$15bn, up 24%, which put it close to US\$16bn for the Netherlands market, and not far below US\$22bn for the Italy market.

(Biggest outbound-spend market in 2005 was Germany with US\$73bn, followed by the UK with US\$60bn and France US\$31bn.)

- In the first week in August following additional terrorist-related security checks at London airports, the **Eurostar** rail service to Brussels and Paris counted an increase in traveller numbers of about 25%.

- The UK-based **Malmaison** hotel group has agreed to buy UK-based **De Vere** Hotels.

De Vere owns some trophy hotels such as the Cavendish in London's Mayfair district and the Grand in Brighton on the southern coast, but also 16 Village-brand mid-market hotels.

- **Iberia's** planned new Barcelona-based low fare airline subsidiary is to be called **Clickair** and be flying as early as next month. In three years it is expected have around 30 aircraft – which indicates around 5mn seat sales.

Clickair will not compete with Iberia and its regular-airline subsidiaries like Air Nostrum, so its future-or-profitability is at risk.

It is expected to operate on some domestic routes from Barcelona, including Seville but not Madrid. Bases in Spain will be in Barcelona, Seville and Valencia at least, with flights to Geneva, Lisbon, Paris, Rome, and Zurich – but not all from all three bases in Spain.

- The first two **Yotels** are due to open at the London airports of Heathrow and Gatwick in spring 2007.

Yotels are designed to be built without external windows, but with other facilities to make up for this. Rooms are called 'cabins', are 10.5sqm, and will sell for US\$45 (at US\$1 to £0.55) for minimum four hours, and US\$73 to US\$127 overnight.

These rates are high, and there is likely to be some consumer resistance – although in-airport demand is usually greater than supply.

The two hotels planned are like many in-airport hotels – with no windows, for instance – simply a clean, modern design with many facilities.

- World **airport** passenger traffic was slowing in July, see table.

Worldwide airport passenger throughput, July 2006

Region	Month	Jan-Jul	12 mths-Jul
International	5.0%	6.1%	5.6%
Domestic	0.5%	2.1%	2.6%
Total	2.6%	3.9%	4.0%

Source: Airports Council International.

International passenger throughput was up 5% in that month, but that compares with 6% growth Jan-Jul, and also 6% for 12-months to July.

- According to TRI, **hotels** in Paris had the best revpar (revenue per available room) in Europe in the first half of this year, but Moscow hotels make the most money.

Revpar in Paris moved ahead of London in the last few months of the first half of this year to leave it at US\$184 (at US\$1 to €0.78) compared to London's US\$181.

The difference between these two cities is more pronounced, however, when it comes to how much of this revenue is converted into profit.

In London, income before fixed charges per available room is US\$118, well ahead of the US\$89 in Paris. But Moscow's IBFC is US\$167.

In revpar Moscow is fourth in Europe, despite having the highest average rate at US\$242. This is due to its low occupancy, 66.7%.

- **Orient-Express** Hotels has paid US\$25mn for the 6-hotel Pansea group, which has hotels in Southeast Asia.

- Aircraft updates.

- **Airbus** has replaced the head of the A380 program.

This follows a crisis over production delays, technical problems, and shares insider-trading worries – and which led to the resignation of the company's chief executive and the co-head of parent company, EADS.

Mario Heinen, who was in charge of the A320-family jets, takes over from Charles Champion to run the program for the double-deck A380, only one of which is now due to be delivered this year.

- Also, **BAE Systems** has agreed to sell its 20% stake in **Airbus** to EADS for US\$3.4bn (£1.87 billion). That would mean EADS, which currently owns 80% of Airbus, would own the firm outright.

- **Boeing's** former chief of the commercial aircraft division, Alan Morally, has become chief executive at Ford.

- **Eos** has expanded its Stansted-New York flight frequency to a double daily operation.

- **Hilton** is due to open its first no-smoking hotel this month – in Manchester, UK.

- **Accor** is completing a strategic review of its business. This should see the disposal of some assets to concentrate on its hotels and services businesses.

For hotels, it plans a new brand for non-standardized economy hotels in Europe – although it already has something similar with its Mercure brand. The new brand will be offered to franchisees from 2007 in France.

Its Sofitel brand will be “repositioned”. What this will mean is not yet clear, *although earlier we have commented that Sofitel has not been broadly recognised among travellers and/or as a brand at the top of the market, where it has been aimed.*

Accor also plans to relaunch its hotel brands Formule 1 (budget), Ibis (budget), Novotel (midscale) – *but this may not be a comprehensive change.*

Accor has also changed its philosophy on owning hotels. It now plans to sell more of its hotels – hopefully 535 through 2008, which it has priced at about US\$4.1bn (£3.2bn).

- The TIA (Travel Industry Association of America) forecasts 6.1% growth in visitors to **the US** for this year. That would finally take it past 2000 the peak – 51.2mn visitors – with 52.05mn.

In 2007, arrivals are forecast to increase 5.3% to 52.3mn.

But domestic travel is not doing so well. Leisure trips this year are expected to grow 2%, to just under 1bn (999.8mn). Growth in 2005 was 4%. Domestic business trips are expected to grow 1-2% this year.

- Boeing has dropped its Connexion By Boeing inflight communications project.

- Amadeus revenues increased 12.7% to US\$1.8bn (£1.4bn) in the first half of this year. Growth in total bookings was lower – at 5.5% – meaning a slower growth in revenue-per-booking. Bookings totalled 263.9mn.

Online bookings were growing faster, at 22.7%, taking it to a 13.9% share.

Overall, Amadeus claims a 30.5% share in overall air reservations by travel agencies, up 1.3 points.

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This follows a crisis over production delays, technical problems, and shares insider-trading worries – and which led to the resignation of the company's chief executive and the co-head of parent company, EADS.

Mario Heinen, who was in charge of the A320-family jets, takes over from Charles Champion to run the program for the double-deck A380, only one of which is now due to be delivered this year.

- Also, **BAE Systems** has agreed to sell its 20% stake in **Airbus** to EADS for US\$3.4bn (£1.87 billion). That would mean EADS, which currently owns 80% of Airbus, would own the firm outright.

- **Boeing's** former chief of the commercial aircraft division, Alan Morally, has become chief executive at Ford.

- **Eos** has expanded its Stansted-New York flight frequency to a double daily operation.

- **Hilton** is due to open its first no-smoking hotel this month – in Manchester, UK.

- **Accor** is completing a strategic review of its business. This should see the disposal of some assets to concentrate on its hotels and services businesses.

For hotels, it plans a new brand for non-standardized economy hotels in Europe – although it already has something similar with its Mercure brand. The new brand will be offered to franchisees from 2007 in France.

Its Sofitel brand will be “repositioned”. What this will mean is not yet clear, *although earlier we have commented that Sofitel has not been broadly recognised among travellers and/or as a brand at the top of the market, where it has been aimed.*

Accor also plans to relaunch its hotel brands Formule 1 (budget), Ibis (budget), Novotel (midscale) – *but this may not be a comprehensive change.*

Accor has also changed its philosophy on owning hotels. It now plans to sell more of its hotels – hopefully 535 through 2008, which it has priced at about US\$4.1bn (£3.2bn).

- Boeing has dropped its Connexion By Boeing inflight communications project.



Net Value

Marketing Travel On The Internet

Travellers online spend

Visa International in Asia Pacific has completed a mammoth task in categorising the spend patterns of its cardholders when they travel to other destinations.

Visa International has passed its findings to us. We have extracted the online elements of this spend, and recalculated some data to highlight trends.

Visa's data indicates visitors will spend around US\$2bn online on its credit cards this year (basic 4-times Q1 calculation) in Asia Pacific. Making another heroic back-of-envelope calculation, that means something like US\$10bn overall (we give Visa a 20% market share, but it may have a higher share in online activity because many sites, low-fare airlines for instance, accept payment only from Visa or Mastercard).

We also regard this as 'travel spend' - even if it is not spend on travel - primarily because it is 'traveller spend'.

The other factor, though, is fast growth - average 65% for the region in Q1. Note, however, that this is not necessarily additional spend. More likely, it is spend that previously was made via a variety of methods.

That said, we do believe that convenience does encourage greater spend.

Note also that some growth would be related to Visa-business factors and not traveller-factors. Where, for instance, Visa has substantially increased the number of outlets in a destination that accept payment by Visa.

Overall market share (online compared with offline) is just under 8%. Compared with sales-over-internet shares that some principals achieve (closer to 15%), this may look low. In fact, it is higher than we expected.

• 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

Rossi Ralenkotter

Ralenkotter, head of the Las Vegas visitor promotion body, says:

"For us to be successful we have to be very creative and strategic in the way we market our destination.

"Las Vegas has a lot of competitors - the cruise industry is going to be a competitor way into the future. And we have to be concerned about gaming industry competitors too. The wake-up call for [us] was when they legalised gaming in Atlantic City - it was time for us to look at our product and we realised we needed to reinvent ourselves. We couldn't just be a one-dimensional destination.

"It's not about marketing, not about the destination. It is branding, about knowing what the essence of your brand is. You need to know who your customers are and who they will be, so you must have solid research.

"You have to very flexible in your advertising strategy and marketing programs in our volatile environment. If you can connect the experience between your brand and the customer you'll be very, very successful.

"To define the brand we made a critical decision not to market products. Instead we realised from research that Las Vegas is essentially adult freedom.

"In growing the brand, to make sure we can fill new rooms, we're looking at four areas to take Las Vegas to a new level. We're reaching out more to specific domestic markets, opening marketing offices in other countries, working with international airlines to bring nonstop flights, and bringing special sporting events to the city."

• 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. Half-year. Review in Market Intelligence. Quick notes - only Olympic falling, very fast growth for Spanair, and fast for Austrian and Turkish (despite terrorist concerns).

T2. Half-year for AEA airline association members in Europe (seat sales up 6%) and ATA in the US (up 5%). Asia Pacific (only thru May) slower, up 4%.

T3. Substantial change in airport table presentation to add or separate results at what we call low-fare-airports; most data for this table supplied us by ACI. Growth at LFAs 12%, more than double overall results (which includes LFAs), 5%. More segmentation planned over next few issues to show international and domestic trends. Half-year for Amsterdam and London; growth at 4% for both.

T4. Air passenger traffic to/from France up 5%, Germany YTD up 6%, UK YTD up 6%; still no US 2006 data.

Inbound.

T14. First 2006 visitor spending data for Greece, Netherlands, Portugal, Turkey, courtesy WTO. **T15.** More 2006 visitor arrivals, including total from Europe - up 4% YTD-April.

Outbound.

T7. More full-year outbound spending data, for Czech R, Greece, Hungary, Luxembourg, Netherlands, Norway, Portugal, and Turkey, courtesy WTO.

Hotels.

T10. Half-year. Review in Market Intelligence. But Europe YTD occupancy up 2 points to 71%, average room rate up US\$16 to US\$211, helping yield to increase US\$15 to US\$150.

Others.

T5. Divergent stock prices - 9 down, 9 up. And generally quite different from performance in markets, which moved little; maybe pre-holiday slowdown?

T8. More hotel internet data from Travelclick.

T13. Good GDP growth from the US and (surprisingly?) France.

Special.

Half-year hotels in the US.

MARKET DATA

Special

Smith Travel Research says hotel occupancy in the US in the first half of 2006 improved 2.1% to 63.5%. Average room rate was up 6.8% to US\$96.56 and revpar gained 9.0% to US\$61.30.

First half industry room supply increased 0.4% while demand (roomnights sold) grew 2.4%. Room revenue grew 9.4% to US\$49bn.

Smith believes that year-over-year comparisons will be even more difficult in the second half. In addition, many forecast slower economic growth for the balance of 2006.

It anticipates continued revpar growth in the second half but probably slower than the 9.0% experienced in the first half.

Special

US hotel results, first half

Category	Occupancy %	Growth %	Average room rate,US\$	Growth %	Category	Occupancy %	Growth %	Average room rate,US\$	Growth %
Atlanta	67	7	87	11	Luxury	72	3	272	9
Boston	65	5	137	9	Upscale	71	2	111	9
Chicago	65	6	116	10	Economy	57	2	51	6
Dallas	64	9	86	10	Urban	69	2	132	8
Los Angeles	76	1	114	10	Airport	71	2	94	10
Miami	77	1	155	11	Resort	69	1	140	7
New York	81	-1	216	13					
Oahu	84	0	154	15	California	69	2	109	8
San Francisco	70	3	134	9	Florida	73	-3	118	9
Seattle	67	3	108	11	Hawaii	81	0	183	13
Washington	71	-3	145	9					
					US	64	2	97	7

Source: Smith Travel Research.

1 Passenger traffic* on selected Europe airlines, 2006

Low-fare airline traffic 2006

Airline	Jun				YTD				Airline						
	SS,x1000	+/-,%	RPK,mn	+/-,%	SS,x1000	+/-,%	ASK,mn	+/-,%	RPK,mn	+/-,%	SF	+/-,pts			
Air France	4508	4.7	10583	6.6	24133	5.6	75989	6.7	59687	8.6	78.5	1.4	Air Berlin	Jun	YTD
Alitalia	2168	0.5	3354	0.8	11647	2.2	25080	-2.8	18029	2.4	71.9	3.7	SS,x1000	1503	6927
Austrian	792	6.6	1719	4.7	4161	12.9	13141	11.3	9512	14.9	72.4	2.3	Growth,%	14.9	12.5
British AW	3347	4.4	10384	6.5	17655	2.3	74775	3.5	56611	5.4	75.7	1.4	Easyjet	Jun	YTD
Finnair	576	8.9	1123	13.7	3253	6.3	8322	1.5	5982	8.8	71.9	4.8	SS,x1000	2990	16223
Iberia	2420	1.9	4516	11.1	13460	3.0	32548	5.0	25334	8.8	77.8	2.7	Growth,%	15.6	12.6
KLM	2000	6.2	6136	7.0	10727	4.5	41717	4.9	34426	6.0	82.5	0.9	SF,%	87.6	83.8
Lufthansa	4591	2.4	10160	-0.8	24399	3.5	70843	1.3	54724	0.7	77.2	-0.5	Growth,pts	2.0	-1.6
Olympic	512	-2.3	662	-4.7	2607	-3.6	4950	-2.3	3224	-4.3	65.1	-1.4	Ryanair	Jun	YTD
SAS	2353	-0.5	2602	-0.5	12389	1.8	18359	-5.9	13483	0.5	73.4	4.7	SS,x1000	3671	18797
Spanair	794	22.8	716	29.3	3941	28.7	5257	15.5	3493	28.3	66.5	6.6	Growth,%	22.8	23.7
Swiss	951	10.2	1941	8.0	5019	6.0	13352	2.8	10372	3.7	77.7	0.7	SF,%	87.0	81.2
TAP	586	8.7	1397	17.4	3139	1.6	10507	9.1	7436	7.5	70.8	-1.1	Growth,pts	0.0	1.4
Turkish	1514	25.1	2202	24.0	7269	16.5	15661	21.7	10572	12.6	67.5	-5.5			
Virgin A'tic	414	7.3	2950	7.5	2362	8.1	23028	9.3	16910	8.5	73.4	-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, 2006

Item	Europe,AEA									
	Mar 06	Growth,%	Apr 06	Growth,%	May 06	Growth,%	Jun 06	Growth,%	YTD	Growth,%
SS,mn	17.8	3.0	19.5	9.8	19.8	7.2	20.6	7.1	108.7	6.3
ASKs,mn	70,314	4.9	70,704	4.5	73,743	4.7	72,838	4.7	418,151	4.6
RPKs,mn	53,067	3.2	56,297	9.9	55,831	6.0	58,406	6.2	319,294	6.1
Pax LF,%	75.5	-1.0*	79.6	4.5*	75.7	1.0	80.2	1.3	76.4	1.1
Item	US,ATA									
	Mar 06	Growth,%	Apr 06	Growth,%	May 06	Growth,%	Jun 06	Growth,%	YTD	Growth,%
SS,mn	5.8	2.8	5.7	9.6	5.7	6.5	6.2	7.6	33.2	5.3
ASKs,mn	33,961	4.5	33,856	4.8	36,311	6.9	36,311	5.8	202,285	4.4
RPKs,mn	27,697	3.6	27,156	7.7	28,652	5.2	31,298	7.2	161,120	4.7
Pax LF,%	81.6	-0.7*	80.2	2.1*	78.9	-1.3	86.2	1.1	79.6	0.3

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 passengers* through Europe's leading airports, x1,000						Europe's 'low-fare' airports†, x1000'					
Airport	Month	Month	YTD	Growth,%	Airport	Month	Month	Growth,%	YTD	Growth,%	
Amsterdam	Jun	4,233	7.2	21,547	4.3						
Berlin*,x3	Apr	1,508	11.3	5,378	11.0						
Brussels*	Apr	1,464	7.2	4,754	4.4						
Copenhagen*	Apr	1,692	7.2	6,132	7.2	Berlin Schonefeld*	Apr	494	36.2	1,689	30.6
Frankfurt	Apr	3,801	5.3	13,320	0.9	Cologne*	Apr	796	2.1	2,767	4.3
London,x3	Jun	10,545	4.7	53,605	3.7	Frankfurt Hahn*	Apr	311	26.3	1,013	15.6
LHR	Jun	5,589	3.1	29,928	1.5	Dublin*	Apr	1,707	23.9	5,873	14.5
LGW	Jun	2,951	2.8	13,736	4.6	Geneva*	Apr	877	11.8	3,610	5.1
Madrid*	Apr	3,868	14.8	13,663	8.4	London Luton*	Apr	780	8.6	2,771	4.2
Milan*,x3	Apr	3,160	17.6	10,897	12.8	London Stansted	Apr	1,818	17.6	6,055	8.2
Moscow*,x2	Apr	2,485	15.8	8,468	14.2	Milan Bergamo*	Apr	444	34.2	1,479	24.5
Paris*,x2	Apr	7,176	9.4	25,175	5.3	Rome Ciampino*	Apr	430	47.4	1,459	35.0
CDG	Apr	4,907	10.6	17,121	6.2	Paris Beauvais*	Apr	162	-0.4	583	9.1
ORY	Apr	2,269	6.8	8,054	3.6						
Rome*,x2	Apr	3,028	12.4	10,209	7.2	LFA total‡	Apr	7,818	18.5	27,299	11.7
Zurich*	Apr	1,608	8.1	5,580	3.8						
EUROPE*	Apr	107,032	11.0	261,314	5.4						

Notes: *Domestic and international. †Airports with sizeable portion of LFA traffic (some are in main city counts). ‡Of those listed above. Source: Airports Council International, except for Amsterdam and London.

4 Air passenger traffic to/from selected countries, x1000																
From/to	France†				Germany				UK				US			
	May	+/-*	YTD	+/-*	Apr	+/-*	YTD	+/-*	May	+/-*	YTD	+/-*	Dec	+/-*	YTD	+/-*
To/from	06	%	06	%	06	%	06	%	06	%	06	%	05	%	05	%
France	na	na	na	na	590	12.7	1986	8.3	998	6.5	4604	5.6	432	-0.4	5973	2.7
Germany	408	19.8	1775	13.3	na	na	na	na	985	4.6	4401	1.3	668	19.7	8192	7.2
Italy	475	10.3	1985	9.4	975	21.1	2968	17.1	984	1.9	3931	-2.0	139	-6.1	2470	4.1
Netherlands	100	5.8	424	2.2	225	7.3	802	11.9	723	5.5	3670	2.9	295	-7.7	4143	3.0
Spain	513	15.0	2059	13.4	1857	18.2	5568	3.1	3328	2.5	11961	2.4	92	-22.7	1534	-12.2
Switzerland	157	12.0	776	5.3	374	7.8	1398	9.6	331	8.1	2357	11.0	106	-7.6	1397	-0.5
UK	401	5.6	1868	2.7	967	7.6	3404	0.9	na	na	na	na	1259	-5.0	17016	-2.2
US	541	-3.2	2253	-0.7	726	9.5	2433	4.7	1601	0.5	6898	-1.1	na	na	na	na
Total	7176†	9.4†	25175†	5.3†	10842	12.0	35946	5.6	16369	5.9	68507	5.9	9481	0.9	117647	2.7

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

5 Stock market last-day closing prices								6 Outbound travel by residents				
Company	Market	Price, local currency*				Growth†,%		Country	Jan thru*:	Departures x1000	Growth %	Source:
		Dec 04	Dec 05	Jun 06	Jul 06	stock	market					
Airlines												
Air France	Paris	14.0	18.4	18.4	19.3	5.2	0.9	Austria	Dec	4,660	17.9	WTO
Alitalia‡	Milan	0.25	1.03	0.96	0.83	-13.4	0.7	Belgium	Dec‡	7,746	-18.0	WTO
British Airways	London	235	334	343	387	12.9	1.6	Denmark	Dec	5,125	5.9	WTO
Easyjet	London	188	381	386	446	15.3	1.6	Finland	Dec‡	6,318	6.8	WTO
Iberia	Madrid	2.59	2.29	2.02	1.90	-5.9	2.3	France	Dec‡	19,265	-3.1	WTO
Lufthansa	Frankfurt	10.6	12.6	14.4	14.6	1.6	0.0		Dec‡	15,934	3.2	Ot
Ryanair	Dublin	5.25	8.30	7.10	7.79	9.7	-0.1	Germany	Dec‡	87,000	2.0	ETM
Hotels												
Accor	Paris	32.2	46.9	47.6	46.2	-3.0	0.9		Dec 05	76,000	2.0	ETM
Hilton	New York	22.7	24.1	28.2	24.0	-14.9	0.7	Ireland	Dec	3,814	6.7	WTO
InterContinental	London	648	840	946	867	-8.4	1.6	Italy	Dec	21,993	16.0	WTO
Sol Melia	Madrid	7.40	11.0	12.6	12.8	1.8	2.3		Dec‡	21,502	-2.2	WTO
Others												
Avis Europe	London	53.8	72.8	75.5	71.3	-5.6	1.6	Netherlands	Dec	13,896	-2.0	WTO
BAA	London	584	627	933	933	-0.1	1.6		Dec‡	14,220	2.3	WTO
EADS	Paris	21.4	32.0	22.5	22.6	0.4	0.9	Russia	Dec‡	25,000	22.5	WTO
Eurotunnel	London	17.0	18.0	25.0	na	na	1.6	Spain	Dec‡	4,600	17.1	NTO
Fraport	Frankfurt	31.4	44.9	55.8	57.0	2.2	0.0		Dec 05	5,290	15.0	ETM
Kuoni	Zurich	500	557	686	640	-6.7	3.8	Sweden	Dec‡	10,500	1.0	WTO
My Travel‡	London	17.4	233	237	223	-5.9	1.6	Switzerland	Dec	12,351	4.5	WTO
TUI	Frankfurt	17.4	17.8	15.5	15.8	1.7	0.0	UK	Dec‡	64,200	4.5	NTO
									Dec 05	66,300	3.2	NTO

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.

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.

MARKET DATA

7 Spending on foreign travel by residents

Source	Jan thru*	Growth %	Spending US\$m	Spending US\$m
Austria	Dec†	-7.4	11,051	11,051
Belgium	Dec†	5.6	14,815	14,815
Czech R	Dec†	-1.1	2,412	2,412
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	Dec†	5.9	3,043	3,043
Hungary	Dec†	2.0	2,920	2,920
Ireland	Dec†	11.7	5,811	5,811
Italy	Dec	-9.4	20,544	NA
	Dec†	9.0	22,394	22,394
Luxembourg	Dec†	2.0	2,979	2,979
Netherlands	Dec†	-1.9	16,116	16,116
Norway	Dec†	10.6	9,752	9,752
Portugal	Dec†	11.2	3,077	3,077
Russia	Dec†	11.1	17,804	17,804
Spain	Dec†	24.1	15,085	15,085
Sweden	Dec†	7.8	10,775	10,775
Switzerland	Dec†	10.4	9,699	9,699
Turkey	Dec†	13.8	2,872	2,872
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/description	(same)	Period	Number	Previous	Source
Intl hotel bookings	at 30 major brands	2005	up 27%	NA	Travelclick
online share	at 30 major brands	2005	35%	30%	Travelclick
share of agencies	Expedia/Hotels	2005	60%	NA	Travelclick
share of agencies	Travelocity	2005	22%	NA	Travelclick
share of agencies	Orbitz	2005	10.1%	NA	Travelclick
share of opaque	Priceline	2005	74.5%	NA	Travelclick
share of opaque	Hotwire	2005	25.5%	NA	Travelclick
Rocco Forte	online sales share	current	6%	NA	company

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

9 Networks of computer reservations systems

System	Country
	Ww: A62000 S269000. Ap: A11077 S34658. Eu: A37567 S125299. Na: A5066 S11551. FR: A4470 S9952 (B: Q1-05 S770m). DE: A16300 S41300. IT: A492 S804. ES: A4800 S13000. CH A200. GB: A126 S370. B: 386mn.
Amadeus	Ww: A43000† S176100. Ap: A7250† S20708. Eu: A18300† S38596. Na: A14200† S62125. BE: A214 S652. FR: A710† S380. IT: A467 S1221. NL: A786 S2286. ES: A360 S3000. CH: A261 S1752. GB: A1683 S9503. B: \$345mn.
Galileo	Ww: A56000† S124828. Ap: A11771† S4500. Eu: A5783† S13428. Na: A17478. FR: A401 S937. DE: A736 S1856. IT: A797 S1473. NL: A61 S130. ES: A150. CH: A380 S1184. GB: A854 S3546. B: \$467mn.
Sabre‡	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.
Worldspan	

Notes: See Master Notes, page 4. 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*, June

Location	Occupancy, %				Average room rate, local				Revpar, US\$*				
	2006		2005		2006		2005		2006		2005		
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD		
Amsterdam	87.6	75.2	79.3	70.7	164.37	254.02	203.72	190.81	182.13	222.56	153.17	151.31	128.73
Berlin-all	67.9	67.0	68.1	60.9	142.16	254.75	176.19	136.96	151.49	173.10	118.05	93.25	92.25
U-4	67.7	67.2	NA	NA	163.0	298.30	202.1	NA	NA	201.95	135.7	NA	NA
Brussels	78.9	70.4	74.1	65.6	112.26	148.01	139.14	136.60	141.93	116.78	98.01	101.20	93.14
Copenhagen	74.4	64.6	82.0	66.7	1459.26	204.03	242.45	152.10	141.61	151.85	156.74	124.68	94.46
Frankfurt-all	72.9	63.8	70.5	65.3	139.11	225.01	172.41	141.47	159.89	164.00	109.97	99.74	104.42
U-4	72.9	65.1	72.3	67.8	146.73	234.29	181.87	150.22	166.63	170.75	118.40	108.56	113.01
Geneva	70.3	61.8	74.5	63.0	314.29	239.29	249.25	220.52	240.43	168.30	154.12	164.31	151.48
London-all	88.7	81.0	83.0	74.5	140.72	286.15	253.92	257.04	248.37	253.80	205.67	213.32	184.92
5-star	87.3	80.9	75.4	63.2	270.17	556.65	487.51	427.79	420.84	485.78	394.16	322.62	266.15
LHR AP	92.8	83.7	89.9	83.4	66.80	126.05	120.54	120.94	124.72	116.96	100.88	108.67	104.07
Madrid	79.7	71.2	79.6	70.7	165.47	229.40	205.09	195.01	197.03	182.84	146.00	155.20	139.25
Moscow	82.6	73.1	85.3	78.9	7176.20	307.40	261.16	222.01	220.72	253.79	190.85	189.33	174.12
Paris-all	79.2	70.6	78.2	66.8	179.40	247.99	222.36	245.99	225.96	196.37	157.03	192.41	150.98
5-star	86.5	73.8	81.7	64.0	283.43	399.69	351.30	400.30	360.34	345.69	259.20	327.17	230.49
CDG AP	63.8	58.8	69.0	62.9	127.80	160.30	158.40	162.55	152.61	102.19	93.18	112.23	96.03
Rome	88.3	76.1	83.0	71.8	208.17	305.46	258.01	289.95	267.43	269.69	196.28	240.67	192.12
Zurich	83.2	75.8	80.8	70.6	188.47	151.95	149.46	156.19	165.00	126.37	113.24	126.25	116.42
AVERAGE	79.5	70.9	78.2	68.8	na	237.79	211.10	195.39	195.17	189.95	149.93	154.31	135.19
Others†‡													
Los Angeles	77.9	75.6	78.4	74.7	113.60	114.87	113.60	101.55	102.44	89.50	85.90	79.62	76.52
New York	87.4	80.7	87.6	81.7	216.18	241.06	216.18	210.66	191.42	210.68	174.45	184.54	156.39
Tokyo	75.8	77.3	75.7	76.8	23353	194.71	203.19	206.09	235.73	147.51	157.05	155.92	181.03

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\$m ⁿ *	Growth %	Per agency US\$m ⁿ *	Growth %
Austria	236	-6.7	1,094	-3.5	4.64	3.5
Belgium‡	586	-22.4	1,779	7.6	3.04	38.7
Bulgaria	161	8.1	135	25.8	0.84	16.4
Croatia	91	-2.2	98	8.3	1.08	10.7
Cyprus	147	0.7	264	7.4	1.80	6.6
Czech R‡	217	na	434	21.4	2.00	21.4
Finland	278	-2.8	1,105	11.6	3.97	14.8
France	3,633	na	10,318	8.4	2.84	8.4
Germany	4,441	na	10,467	4.0	2.36	4.0
Greece	1,001	-0.9	1,192	13.3	1.19	14.3
Hungary	261	2	285	4.6	1.09	2.6
Ireland	416	-9.6	640	-10.1	1.54	-0.5
Italy	5,154	-6.2	6,505	6.5	1.26	13.5
Malta	76	-18.3	66	2.4	0.87	25.3
Netherlands	447	-19.7	2,657	10.2	5.94	37.3
Nordics‡	1,443	na	5,417	9.1	3.75	9.1
Poland	526	43.8	526	22.7	1.00	-14.7
Portugal	975	13	975	4.6	1.00	-7.5
Romania	227	4.1	266	10.7	1.17	6.4
Serbia	148	na	103	19.8	0.69	19.8
Slovenia	51	-3.8	65	-2.1	1.28	1.7
Spain	7,740	6.5	5,841	11.2	0.75	4.4
Switzerland‡	853	na	2,421	4.6	2.84	4.6
Turkey	394	4	648	6.5	1.65	2.5
UK	2,504	-7.7	15,263	3.6	6.10	12.2
Europe	32,006	-0.4	68,565	6.5	2.14	6.9
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 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.

14 Visitor spending in Europe destinations

Destination	Jan thru*: Growth,%	Spending-A	Spending-A
Austria	Dec 0.9	15,467	15,467
Belgium	Dec 6.3	9,810	9,810
Bulgaria	Dec 8.0	2,401	2,401
Cyprus	Dec 2.4	2,329	2,329
Czech Republic	Dec 3.5	4,631	4,631
Denmark	Dec -20.7	4,491	4,491
Estonia	Dec 6.2	938	938
Finland	Dec 3.7	2,154	2,154
France	Dec 3.5	42,276	42,276
	Apr‡ 1.2	NA	42,783
Germany	Apr‡ 2.2	NA	29,846
Greece	Apr‡ -0.7	NA	13,635
Hungary	Dec 5.1	4,271	4,271
Ireland	Dec 6.6	4,571	4,571
Italy	Dec -0.7	35,398	35,398
	Mar‡ -0.8	NA	35,115
Lithuania	Dec 18.4	921	921
Luxembourg	Dec -0.9	3,632	3,632
Malta	Dec 1.8	775	775
Netherlands	Mar‡ 1.6	NA	10,645
Norway	Dec 6.5	3,441	3,441
Portugal	Mar‡ 4.4	NA	8,280
Romania	Dec 1.1	7,931	7,931
Russia	Dec 4.6	5,466	5,466
Slovakia	Dec 29.1	1,210	1,210
Slovenia	Dec 10.6	1,800	1,800
Spain	Dec 5.8	47,891	47,891
	Mar‡ -7.6	NA	44,251
Sweden	Dec 21.9	7,427	7,427
Switzerland	Dec 8.4	11,269	11,269
Turkey	Apr‡ 2.1	NA	18,533
UK	Dec† 7.5	27,299	27,299
	Dec 8.4	30,373	30,373

Notes: See Master Notes, page 7. Growth may not tally with previous figure shown. *2005 unless stated otherwise. †2004. ‡2006. A = In millions of US\$. Source: WTO.

Notes: Full year 2006, based on YTD growth rate.

12 Eurotunnel traffic

Item,x1000	Oct-Dec 05	Growth %	Jan-Mar 06	Growth %	Apr-Jun 06	Growth %	YTD 06	Growth %
Cars	486	-11.7	370	-15.6	517	0.8	887	-6.7
Buses	18	0.1	13	-27.1	20	-9.1	33	-17.1
Seats sold*	1820	-2.8	1699	0.3	2035	2.7	3733	1.6

Notes: *On Eurostar. Source: Eurotunnel.

13 Economic indicators of major markets in Europe, 2006

Country	GNP/GDP		Retail sales	Consumer prices†		Wages/	
	1 year	3 mths*	1 year	1 year	year ago	1 year	year ago
France	1.5 Q1	2.2	-0.3 Apr	2.1	1.5 May	3.3	2.9 Q1
Germany	1.4 Q1	1.6	3.2 May	1.9	2.0 Jul	1.1	0.6 May
Italy	1.5 Q1	2.4	1.5 Ape	2.3	1.8 Jun	2.9	3.0 Jun
Netherlands	2.9 Q1	0.7	4.0 Mar	1.3	1.3 May	1.9	0.4 May
Spain	3.5 Q1	3.3	1.3 May	3.9	3.2 Jun	3.0	4.2 Q1
Switzerland	3.5 Q1	3.8	0.7 Mar	1.4	1.1 May	1.0	0.9 '05
UK	2.2 Q1	2.3	3.0 Apr	2.2	1.9 May	4.4	4.6 Apr
Euroland	1.9 Q1	2.4	0.8 May	2.5	2.1 Jun	2.2	3.2 Q1
Others							
Japan	3.8 Q1	3.1	-0.3 May	0.6	0.2 May	0.6	0.1 May
US	3.7 Q1	5.6	4.7 May	4.3	2.5 Jun	3.9	2.7 Jun

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	Growth	Source	Stay	PVPD
		x1000	%		days	US\$-C
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	76,001	1.2	WTO	7.16-F	77.69
	Apr†	NA	-0.2	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 8

New world

The shock of terrorism – with the scares in London in early August – maybe another warning that the world is changing, and that the travel business will also need to adjust as well.

The main factor for the industry is that even if the destination itself does not suffer a direct blow, it can still be badly ‘damaged’ by a loss or reduction of source traffic. For instance, hotels that have a higher share of UK-originating business would have been more badly hurt by the travel disruptions in August than those with a big share from, say, Australia and Japan.

The first protection against that loss, then, is to reduce the share of main source markets. No market should be more than (10%?). And even within those, there should be a greater spread – mainly between business and leisure, but also other segments like MICE, VFR, as well as FIT/group etc – and seasons.

Broadly, this is the marketing aim of most travel suppliers today. But the difference now is that there seems a greater chance that over one year there will be some disruptions to travel for non-travel reasons.

And so the value of taking a different source – just to spread the risk and even if the rate is lower – may make more sense than it did before.

Rock off

Hard Rock Hotels and Sol Melia have now said they will abandon their JV formally at the end of this year. It was a barren partnership. Melia played along with redevelopment of one of its many hotels in Madrid to convert to Hard Rock, and listed the other target centres that would give the brand some credibility internationally – like Jamaica and London.

In February, we said Melia seemed “uncertain of the market”. We noted that the planned Hard Rock hotel in Madrid – a conversion from Melia’s Reina Victoria hotel – and Queen Victoria hardly went together. “Is Sol Melia trying to hold on to an old market before it is sure of the new?,” we asked.

But, in fact, after three years of the JV, Melia failed. But maybe it did not want to succeed; refurbishment of the Reina Victoria hotel into a Hard Rock was slow, then delayed. It will now not open as a HR, and Melia may create another ‘lifestyle’ brand to fit this hotel – and the market trend.

Top Rank, owners of HR, having also taken back control of Australia, cover the world except for Asia – still with a Singapore-based franchisee.

Another question is whether Melia will also exit from its other odd-looking agree-

ment signed at the same time as HR – for Flintstone Hotels.

US travellers

Travelocity’s yearly forecast poll on US travellers found:

- 60% take at least one annual vacation, but 60% of those go to the same spot every year.
- 77% travel at least 300km from home; 18% travel internationally.
- Half of business trips include a leisure component. On 72% of these combined trips, travellers bring their spouse and/or children with them.
- 25% plan to travel in 2006 for a special occasion (such as a birthday or anniversary) or family reunion.
- 20% expected their travel plans will be affected by hurricanes and dangerous weather in 2005. But only 5% of those said that this would cause them to buy trip insurance.

Mobiles inflight Two developments:

• Skytrax is a research company, but one which we are now close to categorising as one that comes up with improbable findings.

Earlier, its research showed Hong Kong’s airport the world’s best – when it is not. It refused to give us more information on methodology when we requested it – saying our enquiry was not “serious”.

Now, it has found that 89% of those questioned do not want mobile phones to be operable on short- and long-haul flights (presumably medium-haul as well, thus all flights, but we are not clear on this).

Rather pompously, we believe this is rubbish. Furthermore, we think that 90% of passengers with mobiles would use them on flights.

Is Skytrax asking the wrong questions, or the right questions in the wrong context?

• Air France, meanwhile, is due to take delivery at the start of 2007 of the first aircraft equipped with GSM OnAir, which should allow the use of private mobile phones inflight.

The system will be on test for six months, but for marketing, not operational. To find out what passengers think, and how they use it.

Briefs

• Ireland’s airline, **Aer Lingus**, plans to charge its economy-class passengers who want to check their luggage. AL is an odd mix of regular and low-fare airline.

Its ‘free’ baggage allowance will be 20kg short-haul and long-haul (which means just

Dubai and the US) 35kg. But passengers will be charged US\$5 (at US\$1 to €0.78) per bag to actually load them on the aircraft – if booked in advance on the internet. Or US\$10 if not booked in advance.

Excess-baggage charges remain at US\$10 per kilo.

• ACI forecasts world **airport passenger traffic** will grow at 4.1% annually to 2020, doubling current numbers, to reach 7.4bn, see table.

Airport passenger forecasts, bn

2004		2.9
2007		4.4
2010		4.9
2020		7.4

Source: Airports Council International.

• **Rooms on the move.**

UK-based budget-hotel operator **Travelodge** may introduce a mobile bedroom, named **Travelpod**, in early 2007. This follows trials this past summer.

The pod is a 6x2.4x2.6-m glass box containing double bed, bedside tables, lights, duvet, pillows, fully carpeted floor, dressing table with light, mirror, chair, and toilet. Room rate has not been decided, but probably will be around US\$50 (£26).

The target market is festivals and other major outdoor events.

• When a **Jet Blue** aircraft had a jammed nosewheel this past summer, it had to fly around for more than an hour to dump fuel before making an emergency landing.

This exercise was filmed on regular TV, and because US-based JB also offers ‘Direct-TV’ onboard, passengers on the flight could also view their own near-crash.

The aircraft landed safely.

• UK-based **Silverjet** hopes to start twice-daily London Luton-New York Newark all-business class flights in April 2007. It says the ‘average’ fare for the flat-bed business service will be US\$1800 (£999) roundtrip.

It will operate B767-200 aircraft with 100 seats. It says it plans to add three other long-haul routes in the next 2-3 years with 10 aircraft.

The company is the concept of Lawrence Hunt, CEO. He has no airline experience, but bills his experience with start-up businesses as key.

• The 94-room Oxford Castle Prison Hotel in the UK opened (as a prison) in 1166 and housed prisoners until as late as 1996.

Now a hotel, the cells and many of the fixtures have been kept. Hotel is managed by Malmaison.

continued from page 7

15 Visitor arrivals in Europe destinations

Destination	Jan thru*	Arrivals x1000	Growth	Source	Stay days	PVPD US\$-C
Italy	Dec	36,513	-1.5	WTO	4.36-F	178.42
	Mar†	NA	4.6	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	55,577	6.0	WTO	12.7	38.16
	May†	NA	6.1	WTO	12.7	67.85
Sweden	Dec	3,133	4.3	WTO	7-E	338.65
Switzerland	Dec	7,229	NA	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	29,971	8.0	WTO	10.1	69.41
	Apr†	NA	8.4	WTO	10.1	69.41
Europe	Dec	441,624	4.0	WTO	5-E	na
	Apr†	NA	2.5	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 4. WTO changes data, so its data should always be considered provisional. Growth may not tally with previous figure shown. *2005 unless stated otherwise. †2004. B=Bednights. H=Nights at hotels. Source: NTO=national tourist office (or equivalent), Ot=Other, WTO=World Tourism Organization.

Notes: See Master Notes, page 4. 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: As 'Source' above.

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