

Travel Business Analyst

Markets + Marketing + Strategy

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Airlines

Jan-Sep results

Airline members of the Association of European Airlines reported a 5.8% growth in seats sold over the first three quarters of this year. That compares with 6.3% growth at the first-half stage, and 4.3% at Q1.

Our report also includes the major low-fare-airlines, not AEA members. These include Sky Europe, which we have now also started tracking; but although growing fast, SE is much smaller than the other three LFAs.

Among the **big three** regular airlines, see Table 2, Air

Table 2

Percentage growth at big-three airlines, Jan-Sep 06

Air France	5.0
British AW	2.1
Lufthansa	3.9
All-AEA	5.8

Notes/Source: see Table 2.

France is growing at a fast clip, 5%, but the region's largest, Lufthansa, is also growing well. British needs faster growth.

Our list of **com-bines** include two that are not, yet – Alitalia linked to Air France+KLM,

and British and Iberia. The current Air France+KLM combine is the largest in Europe, and its growth rate is good as well – almost 5%.

If AF+KL adds Alitalia, the resulting group would be much bigger than any other – 50% larger than the next, Lufthansa+Swiss. For that reason, an AF+KL takeover of Alitalia would likely prompt others – Lufthansa with Austrian and/or Scandinavian+Spanair, and British with Iberia?

That said, Alitalia has been a loser for at least five years, and AF+KL would be busy trying to hold an Alitalia 'division' from disaster. Alitalia staff fights ownership/management almost constantly; that would probably get worse, if that is possible, if ownership/management was 'foreign'. And certainly traffic growth would be less.

In fact, looking at the possibilities in the future, it must be a surprise that any company would be interested in taking on Alitalia.

Outlook for the other two com-
contd on p2

Outbound travel

Up 4%

Spending on international outbound travel from Europe was growing at an average of 3.5% through the first half of this year.

Of the top-five markets, see Table 1, outbound spending by travellers from Germany was good with 5% growth (and getting better), UK and France fair with 4% growth (UK improving, France falling), but Italy was in decline.

Table 2

Spending on foreign travel by residents, 2006

Source	Growth,%			Total spend US\$bn	Per-capita spend,US\$
	H1*	Q2	Q1		
Belgium	9.5	10.8	7.9	16.3	1580
Denmark	6.0	6.0	6.0	6.8	1267
France*	3.9	5.6	5.0	32.4	539
Germany*	4.6	7.6	2.9	76.0	922
Ireland	13.5	13.0	13.9	6.6	1649
Italy*	-1.5	-3.3	-0.2	22.1	384
Netherlands	-2.3	-3.9	-0.1	15.8	981
Norway	9.9	9.8	9.9	10.7	2382
Russia	9.3	9.2	9.4	19.5	136
Spain*	11.9	6.2	18.2	16.9	411
Sweden	7.0	5.8	8.3	11.5	1295
Switzerland	10.9	10.9	10.8	10.3	1433
UK	3.5	4.5	2.5	61.6	1039

Notes: Spending above US\$5bn in 2005; no 2006 data for Austria. *Latest month for markets so marked; not H1. †Full-year outcome based on H1 growth. Source: World Tourism Organization.

Main News

Corporate

Recent corporate developments – big or significant.

- Airbus plans an A320 assembly line in China. Previous decade it failed to build 100-seat aircraft in China.
- US Airways proposes to take over Delta. Two (US & Australia) companies may bid for Qantas.
- Air France forms Transavia.fr, a hybrid charter/low-fare. Hybrids might work, but they don't (perhaps can't) make money.

Market

Recent market developments – big or significant.

- World airport passengers up 3.6% Jan-Oct.

Russia is growing fastest among the top five, and it could overtake Italy in 2007. However, based on information elsewhere, the Russia market may be stronger in terms of spending growth than in actual traveller numbers. And in terms of yield, Russia is the lowest of this leading group.

Of the other markets, see Table 2, above US\$5bn total spend in 2005, fastest growth this year was from Ireland – up 14%.

Three years ago, we flagged this as a high-yield market along with
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.

cont'd from p1 – airlines

bines looks good. Lufthansa seems to be bringing growth to Swiss (although that might have happened anyway as Swiss had been reorganising itself into a smaller airline, almost from the time it was created in 2002, and that work is now complete).

Also, Scandinavian+Spanair together look good, but Scandinavian seems

Table 2

Seats sold* on selected Europe airlines, Jan-Sep 06		
Airline	No,mn	Growth,%
BIG-THREE		
Lufthansa	38.5	3.9
Air France	37.2	5.0
British AW	27.5	2.1
COMBINES		
AF + KL + AZ	72.6	3.9
AF + KL	54.2	4.8
BA + IB	48.2	1.4
LH + LX	46.5	4.5
SK + JK	25.1	5.5
OTHERS		
Iberia	20.7	0.6
SAS	18.9	1.3
Alitalia	18.4	1.3
KLM	16.9	4.4
Turkish	12.5	19.1
Swiss	8.0	7.6
Austrian	6.6	10.1
Spanair	6.2	20.8
TAP	5.2	5.2
Finnair	4.9	8.0
Olympic	4.4	-3.2
Virgin A'tic	3.6	7.5
LOT-Polish	2.8	1.7
LOW-FARE		
Ryanair	30.3	22.7
Easyjet	25.5	11.6
Air Berlin	11.7	13.3
Sky Europe	2.2	49.3

Notes: *Domestic and international. Figures for low-fare airlines includes free tickets and no-shows. Source: airlines, Association of European Airlines.

heading for a regional split – even if the rest of the world is moving in the opposite direction. Its 1%-only growth may be a sign that times are tough; the combine's 5.5% growth comes mostly thanks to Spanair's 21% growth.

Of the **other** airlines, Iberia is the largest, although its traffic has stopped growing. Alitalia, despite Italy having a much larger population than Spain, has fallen back.

KLM seems to be growing well since its takeover by Air France, but growth is slowing, and is now slower than the (larger) parent airline. Turkish continues to grow fast, supported by a big population (72mn) albeit still poor.

Some others are reporting fast growth – including Austrian and Spanair. Only Olympic is spoiling the results, *and seems to be in terminal decline like Alitalia – unless a brave buyer can be found.*

New to our lists is Polish, but its growth is weak and is threatened in some markets by Sky Europe – which will out-market Polish, and which seems likely to become larger than Polish when the full 2006 counts are made.

Among the **low-fare-airlines**, the biggest, Ryanair, is still growing fast.

(Seat sales totals of LFAs should not be directly compared with those of regular airlines. LFAs include no-shows and certain free tickets in their counts.)

It seems even as Ryanair attracts ever-more negative comment from professional commentators, the public continue to love the airline – despite the bag charges, no seat-pockets, take-it-or-leave-it brashness, etc.

We agree with those passengers, because the airline remains fiercely attached to the single most important factor for its target market – low fares. Many (indeed, most) LFAs have succumbed to the attraction of frills of whatever sort to attract passengers.

If any reminder is needed, see Trends on p11 – Southwest Airlines, arguably the first LFA in the modern sense, became the largest airline in the US this past summer.

Easyjet, even with growth half Ryanair's, is still growing fast, and this year may overtake British Airways' total in

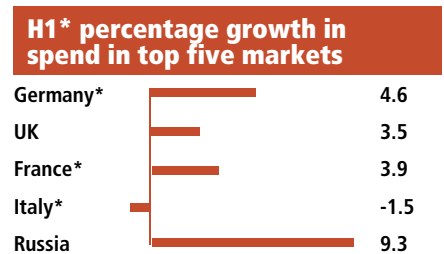
terms of those basic counts.

Air Berlin is half Easy's size and seems not convinced it should expand with more bases outside Germany. If it does, it will find its name a tough handicap, but seems too proud to even consider changing.

A long way behind is Sky Europe, but it will probably take what Air Berlin seems reluctant to take – Europe-wide opportunities. For this reason, we believe SE will fast become Europe's No 3 LFA, possibly with a takeover of one of the many struggling LFAs, to quickly give it new operational bases and aircraft.

cont'd from p1 – outbound travel

Table 1



Notes/Source: *Or latest period. Then see Table 2.

those traditionally considered high-yield – Scandinavia and Switzerland. Current data indicates that this year Ireland will be second after Norway in terms of spend-per-capita.

Netherlands looks in trouble, but its neighbour Belgium is growing fast. Like Ireland it is already a good-yield market, and is in third place in this measure.

(No 2006 data for Austria, whose 2005 spend topped US\$11bn.)

Marriott rooms

100k more

Marriott expects to be adding up to 100,000 rooms worldwide over 2007-09 – which would be an annual growth of 5-6% – see table. By the end of 2009, its portfolio would then be almost 600,000 rooms.

Growth is expected to be quicker outside North America, with 30,000 more rooms being added in the 2-year period

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Marriott additional hotel rooms, 2007-09

Region	Rooms,x1000
EMEA	12
North America	58-69
Asia Pacific	11-12
Caribbean/Latin Am	4-5
World	85-100

Notes: EMEA = Europe, Middle East, and Africa. Source: company.

- 9-10% annual growth. That would give it about 120,000 rooms outside North America by end-2009.

That said, the actual growth in room numbers will be greater in North America. Target growth would result in up to 69,000 more rooms - partly driven by conversions and new construction of self-service facilities.

Of the 30,000 outside North America, Marriott's EMEA division would account for 12,000 - from 48,000. Asia Pacific growth would be up to 12,000 more rooms - an impressive 25% of those expected to be under Marriott's Ritz-Carlton brand. For its Caribbean/Latin America division, there are expected to be up to 5000 new rooms in the next two years.

Air France Going low

Air France plans to launch another airline operation in France next year, offering charters, and regular flights with low fares (not yet known).

The airline's name may be Transavia. fr (Tfr), based on Transavia.com (Tcom), a 100% subsidiary of AF's KLM division. Tfr would be 60% owned by AF and 40% by Tcom. Initial aircraft fleet would be four leased 186-seat B737-800s, due to increase to nine by 2009.

Tfr flights from its Paris Orly base would be to "favourite destinations" of travellers from France - naming Italy, Morocco, Spain, and Tunisia. Those are not the top four, and missing from that list are Germany, UK, and a medium-haul route, the US.

Tfr would not operate on routes flown by AF, and would operate only leisure routes - with 67 flights weekly starting next spring, presumably April.

At the same time, Tcom plans unspecified charter flights from Paris Orly. Tcom in the Netherlands has 31 B737-700s and -800s. In its latest fiscal year, its revenue was US\$585mn (€468mn).

Other relevant factors:

- AF says its decision was based on growth in the leisure market, and re-

quests from the travel trade.

- AF says Tcom has been looking "for some time" into the possibility of operating from bases outside Netherlands.

- Tfr staff will be employed under French labour laws.

- Seats will be sold by the travel trade, on Tcom's website, and through call-centres.

We see numerous faults with the business plan as announced:

- *Hybrid airlines do not work or, rather, they do not make profit. Part of the problem is the intense flexibility required for a LFA, but not in a charter airline.*

However, if Tcom is running the charter operation from Paris Orly, this can be considered two airlines under (almost) the same name. That could work.

- *French labour laws. Social costs make staff costs high, but more important is the lack of labour flexibility. And that is precisely what is required in a LFA.*

Lotfi Belhassine, founder of would-be LFA Air Liberte, now closed, told Travel Business Analyst that his mistake was to establish the airline in France - because of French labour laws, and unresponsive working attitudes.

- *Late launch. For an operation starting April, the website should be operating before Christmas. Nothing there yet.*

- *Leisure flights. Limiting an airline to these restricts Tfr to an at-best 7-month season. What happens to those high-cost staff in the off-season, particularly if fares are to be low? And why limit to leisure routes if there is already a big limitation in that it will not compete with AF? Why not also business routes not operated by AF?*

- *And that in itself threatens the viability of Tfr. If it cannot fly routes on which it sees a market if AF is already there, then its viability is threatened.*

That said, we doubt Tfr is a commercial venture. It is a way to stop airlines such as Easyjet and Ryanair expanding as much as they would like in the France market. Just by being there, Tfr would limit the airport slots that could be allocated to other airlines - and possibly on routes that would compete with AF.

Hotel results Q3 2006

Occupancy in Europe hotels in the first three quarters of the year increased 3 points to 73%, with average room rate up 9% to US\$207, see table.

In occupancy, a few centres hardly moved. But there was fast growth in Berlin, Brussels, and in London - taking it above 80%. A few observers say Berlin's growth was related to hosting the World

Growth* in hotel results in Europe, Jan-Sep 06

Location	Occupancy	Average room rate	Revpar
Amsterdam	3.9	12.1	17.9
Berlin-all	7.4	25.2	39.9
L-4	NA	NA	NA
U-4	NA	NA	NA
Brussels	6.0	2.3	11.8
Copenhagen	-0.8	14.1	12.9
Frankfurt-all	-0.3	6.8	6.3
L-4	3.2	6.3	12.3
U-4	-1.3	7.7	5.7
Geneva	-0.2	6.8	6.5
London-all	8.5	11.4	24.1
L-4	8.2	-4.0	6.1
U-4	5.3	15.4	23.4
Madrid	0.9	7.1	8.5
Moscow	-4.4	24.4	17.5
Paris-all	4.9	5.2	12.9
L-4	8.2	1.0	13.2
U-4	4.3	1.6	7.7
Rome	6.7	0.9	10.2
Zurich	4.0	-7.5	-2.6
All Europe	3.0	8.9	13.7

Notes: *Points for occupancy, percentage for rates. Source: hotels to Travel Business Analyst.

Cup in June/July; Frankfurt, however, was unchanged.

In terms of average daily rate, a few cities showed strong growth. fastest was Berlin again, followed by Moscow and London.

Briefs

- **Geneva** counted 834,873 visitors, up 16.2%, over January-August this year. Overnights increased 12.8% to reach 1.79mn.

- **Bulgaria** counted 2.8mn international visitors, up 5%, in the first seven months of 2006. The marketing focus in 2007 will be on Bulgarian Spa resorts and hotels both at the Black Sea and up in the mountains, along with the ski resorts of Bankso, Borovets, and Pamporovo and some coastal towns along the Black Sea.

- The **Park Plaza** hotel group plans to enter Romania with a 62-room Art'otel in Bucharest, due end-2007. The hotel will be created by converting an existing office building in the old centre of the city.

The Art'otel brand features unusual,

even eccentric, design, a small number of rooms, special architecture, and contemporary artworks, usually created by just one local artist. There are only four Art'otels – two in Berlin, Budapest, and Dresden.

- International hotel company **Hotel-REZ** has near-doubled its business in 2006. Representing independent and small-chain hotels, it now has 550 hotels. It has now launched its own chain code, HO.

- Taking one part of the low-fare-airlines business plan, **Worldhotels** is offering lower rates for rooms booked at least 21 days in advance. Also as with LFAs, payment on booking, no refund. But, unlike LFAs, also no amendment. Discounts vary, but generally are around 20%.

- The small UK-based **Dorchester** Group of hotels (set up a decade ago) has re-branded and changed its company name – to the Dorchester Collection – this month.

But the group's five hotels – in London, Los Angeles, Milan, and Paris (2) – will keep their own names. The group wants to expand to 20 hotels, but this may be a long process as it seeks landmark buildings in gateway cities, with an optimum size of 250 rooms.

- **US air traffic**, which increased 7.1% to 738.6mn seats sold in 2005, is forecast to reach 1bn in 2015. And by 2017, US airlines are projected to sell 1.07bn seats.

In 2005, international markets grew almost twice as fast as domestic markets propelled by double-digit increases in both the Latin American and Pacific regions.

Passenger traffic of airlines returned to pre-9/11 levels in 2005. This year, capacity is projected to grow just 0.9% as regular-airline cuts in domestic markets offset increases in international markets.

Total international passenger traffic to/from the US increased 3.9% to 138.7mn in 2005 – still 1.4% below its 2000 peak.

Growth this year is expected to be 5.8% (which would take it back above the pre-9/11 peak), then 6.5% in 2007, then an annual average of 4.7% to reach 247.9mn in 2017.

Average annual growth to 2017 is forecast to be 7.0% for Asia Pacific, and 4.3% for transAtlantic.

- Germany-based representation company **Aviareps** increased turnover 50.9% to US\$74mn (€58.8mn) in the past year.

It has also expanded ownership of Mangu Management and PR agency Hills Balfour Synergies.

- **News from the UK:**

- **Wales** National Waterfront Museum in Swansea, has counted 240,000 visitors, an average of around 600 daily, since opening in October 2005.

- Malmaison's 128-room hotel at Princess Dock in **Liverpool**, originally due to open last month – is now rescheduled for next month. And the 216-room Hilton hotel is due to open in 2008.

- An estimated 2mn visitors are expected to watch the start of the *Tour de France* cycle race – in London next July.

- **Glasgow** Airport targets handling 12-15mn passengers in 2015; it counted 8mn in the year through March 2006. But it has not started well to reach that target – growth in the first half was under 1%.

And at Glasgow Prestwick Airport, 50km south of the city, passenger numbers were up 8.2% to 2.4mn in the year through March 2006. But, like Glasgow, it has been struggling this year; static (up 0.1%) to 1.1mn in the first half.

- Visit **Florida**, fearing that its UK market is threatened, plans to spend US\$1.9mn (£1mn) on an advertising campaign in early 2007. Some 1.5mn UK residents, up 7%, visited Florida in 2005, making the state the UK's biggest medium/long-haul destination. But it was below the 2000 peak – when 1.7mn were counted. And anecdotal evidence from the trade suggests that there will have been a decline this year – as much as 10%, says VF.

- **Manchester**, third in international visitor arrivals in UK cities, after London and Edinburgh, counted 7% more in 2005. But this year, increase at the city's airport for the first-half of this year was only 1.6%.

- In **Jersey**, the US\$91mn (£50mn) Radisson SAS hotel, the first international chain on the island, is due to open September 2007.

- Despite a downturn in visitation in many attractions in **London** in 2005, the Tate Modern counted 4mn visitors to its permanent collections – 50% from the UK, 31% rest of Europe, and 10% North America. And Tate Britain counted 1.7mn visitors – 62% UK, 22% rest of Europe, and 10% North America.

- Visit Britain is spending US\$2.2mn (£1.2mn) on an 'Enjoy England' campaign. Although too early to assess the impact of the campaign VB says there were 50% more visits to its website in the first three weeks of the campaign.

- Over 10,000 new *hotel rooms* could

open in the UK by end-2007, says the British Hospitality Association. Half would be budget level, with the two big players in this sector – Travelodge and Premier Travel Inn – adding 3300 between them. Boutique hotels in city centres are growing fast, with 20 due to open before the end-2007.

- The **US market** is in trouble, see table. The first figures for 2006 – just now made available, covering the first quarter – show total air passenger traffic down 1%.

This results worsens average growth rate since 2000 – which has been an average of 1% growth each year.

But if that is bad, then routes to Europe are worse – declines in all the markets we track. Growth this year started off badly. In the leading market – to/from UK – traffic fell 7%. And declines in the two other markets making up the top three were 2% to/from Germany, and 3% to/from France.

There seems no obvious pattern. The UK should be performing the best, with close connections between the two markets and, apparently, growth in airline offers. If the UK is doing badly, then there seems not much hope for the rest.

In normal circumstances (if such exist) then we would assume that the double-digit fall to/from Netherlands is related to the steady abandonment of the previous close link between KLM and Northwest (no matter if the companies deny this).

Passenger traffic to/from US, Jan-Mar 06

To/from	No,x1000	Growth*,%	AAGR, %
France	1220	-3.0	1.6
Germany	1600	-1.8	2.1
Italy	416	-6.3	-2.8
Netherlands	809	-12.8	-2.3
Spain	281	-13.5	-0.7
Switzerland	285	-12.9	-7.2
UK	3456	-7.3	-0.9
Total	27589	-0.7	0.9

Notes: AAGR = average annual growth rate, since Jan-Mar 00. *Over Jan-Mar 05. Source: US Department of Commerce (International Trade Administration, Tourism Industries, www.tinet.ita.doc.gov).

But there were similar drastic declines for Spain and Switzerland, and so our KL/NW argument seems less plausible.

Overall then, this decline is probably no more than the worsening formalities of travel to the US. Getting visas is not easy, new passports are required, etc. Even if the people and the travel trade in the US are welcoming, their efforts are dashed by the logistics in place – which are not welcoming.



Net Value

Marketing Travel On The Internet

Travelport's Q3

Travelport (the ex-Cendant online travel agency operation) does not separate the results of its main parts. The main Travelport businesses are Orbitz, an online travel agency; Galileo, a GDS; and Gullivers Travel Associates, a "wholesaler of travel content". But it has a total 20 brands.

Its latest financial results show US\$1.96bn net revenue, up 6.3%, over January-September this year. But accounting changes resulted in a giant operating loss of US\$2.25bn, compared with an operating profit of US\$274mn in the same 2005 period.

The company is due to reorganise to operate in three divisions starting next month – under Galileo, Orbitz, and GTA.

And the overall operation will be decentralised, so these three will operate with a lot in independence. This seems questionable because they would be more powerful in the market as a single force, and that some parts or divisions of the three will be competing with other parts.

Travelport, however, believes that a decentralised structure enables them each to provide better service to their customers.

Not much operational data is revealed, see table.

New PCW report

PhoCusWright has published the latest edition of its review of internet activity in the three major travel regions – Asia Pacific, Europe, US.

In 2005, the US represented one third of the total travel gross bookings in the three key economic regions of the world. But according to PhoCusWright's Online Travel Overview, the US takes a much higher share of total online travel bookings – over 60%. However, that share is expected to fall.

• 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

Barry's back

Barry Sternlicht, who runs Starwood Capital – a separate and unconnected company from Starwood Hotels, which he created earlier – is back where he likes to be. The centre of attraction.

• 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

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Net Value

- Travelport's Q3.
- New PCW report.
- Iberia tickets.

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

People-in-Travel

- Barry's back; Gary Rogliano; Jean-Cyril Spinetta; others

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Headlines

Comments on tables pages 6-12

Special Note: This month we start the expansion of the tables on the following pages. Due to shortage of space, we have needed to limit showing some data each month. We have now corrected this, and over the next few months will expand the tables in a way that should enhance the task for those tracking the business.

T1. Airlines seats sold YTD: *Lufthansa* subsidiary *Swiss* is growing fast, but this follows a decline almost since the airline was started in 2002. The incredible-shrinking *Olympic* is now only one-third the size of its neighbour, *Turkish*. For LFAs, *Air Berlin's* seat factor, which we have added from this month, is now looking credible; we reckon SFs on LFAs need to be above 80%. Note also that its growth is faster than *Easyjet's*, and it is half its size. **T2.** Seat sales YTD for AEA association members in Europe at a fair 5% growth; capacity lower, so seat factor grows. Similar for ATA members in the US, but capacity and traffic growth too close for comfort. Odd results for AAPA members in Asia Pacific; a few airlines are cutting capacity – biggest is Japan, but also All Nippon, China, Malaysia, Philippines. **T3.** *Barcelona* airport added, but data shown for some airports that were previously included-but-hidden in a city's overall total. Thus *Berlin's* Tegel, *Milan's* Malpensa, *Rome's* Fiumicino – all data supplied us by ACI. Overall total growth at 7% (but this includes faster-growing 'low-fare' airports). LFAPs growing at 12% YTD. *London Luton* needs to increase its growth. **T4.** First-half air passenger traffic to/from *Germany*; comfortable 7% growth overall, with remarkable growth to/from Italy. For UK YTD up 6%, and for *France* (through July) up 5%. As noted before, that matches growth at main airline Air France, but others are growing faster. We know enough about maths to understand that not everyone can grow faster than the average, so where is the trick?

Inbound.

T14. More 2006 visitor spending data for Europe, courtesy WTO – *Belgium, Russia, Switzerland, UK*. **T15.** And also for visitor arrivals, also courtesy WTO – *Austria, Netherlands, Portugal, Switzerland, Turkey*.

Outbound.

T7. Start of 2006 outbound spending data, for *France, Germany, Italy, UK*, courtesy WTO.

Hotels.

T10. Full data shown this month, with other non-Europe coverage added – Sydney in Asia Pacific, and all-US (courtesy Smith Travel Service) and all-Asia Pacific. Note, however, than different competitive-sets suggest caution in making cross-continent comparisons. YTD Europe occupancy up three points to 72%, average room rate up US\$14 to US\$203, helping yield to increase US\$15 to US\$146. In the US repair unchanged, in Asia Pacific up US\$6.

Others.

T5. In our stock market price listing BAA dropped because no longer a quoted company, and replaced with the world's biggest cruise company, New York-quoted *Carnival*. Meanwhile, trading in Eurotunnel shares still suspended. As usual, some trading seems odd (which the market always explains as "movement) has already been discounted", but we do agree with marking down of Alitalia and EADS, owner of the extraordinarily-self-righteous Airbus. But Fraport down? (We might even be bold enough to suggest 'Buy') And TUI up? ('Sell'). **T8.** *Internet* half-year results for Expedia. **T12.** *Eurotunnel* managed a slight increase in car traffic in the Jul-Sep quarter, although this should have been much bigger – given the August disruptions to air traffic following a terrorist alarm. That said, even rail passenger traffic (not managed by Eurotunnel) increased only 10%; we would have thought there was opportunity for at least 20% growth. YTD continues to look miserable; bus numbers down 15%!

MARKET DATA

Special

Air passenger traffic

The UK remained Europe's largest aviation market in 2005 – with its international traffic growing a fast 10%. (The measurement is RPKs – revenue-passengers multiplied by the distance they flew – sourced from the International Civil Aviation Organization.)

This is remarkable given the population – around 60mn, compared with around 90mn in 2nd-placed Germany. One difference is visitor traffic - 30mn visitors compared with 21mn in Germany.

There were no changes in position in those markets counting at least 20bn RPKs - but there were falls in Scandinavia and Switzerland.

The continuing surprise is Russia's weak position. Despite a population of over 100mn, its international traffic is small. The UK's for instance, is 13-times greater relative to population. World growth was 9%.

RPKs in Europe markets*, bn

	2005		2003		2001	
	Intl	Dom	Intl	Dom	Intl	Dom
UK	191	10	157	9	152	8
Germany	173	10	141	8	103	9
France	108	27	83	33	76	37
Netherlands	82	0	69	0	70	0
Spain	48	23	39	19	37	18
Ireland	45	0	27	0	NA	NA
Russia	25	38	20	33	19	29
Scandinavia	24	7	22	7	20	8
Italy	23	28	26	12	31	10
Switzerland	20	0	24	0	33	0
World	2197	1522	1734	1257	1717	NA

Notes: Markets above 20bn international. Source: International Civil Aviation Organization.

1 Passenger traffic* on selected Europe airlines, 2006

Low-fare airline traffic, 2006

Airline	Sep		YTD										Airline		
	SS,x1000	+/-,%	RPK,mn	+/-,%	SS,x1000	+/-,%	ASK,mn	+/-,%	RPK,mn	+/-,%	SF	+/-,pts		Sep	YTD
Air France	4302	3.4	10472	5.5	37241	5.0	116656	6.0	93065	7.2	79.8	0.9	Air Berlin	Sep	YTD
Alitalia	2207	-2.1	3494	0.7	18394	1.3	38721	-2.2	28767	1.9	74.3	3.0	SS,x1000	1599	11747
Austrian	844	6.9	1820	-2.2	6629	10.1	20267	6.8	15098	7.6	74.5	0.5	Growth,%	15.1	13.3
British AW	3247	1.1	9999	1.5	27547	2.1	113425	3.5	87417	4.7	77.1	0.9	SF,%	85.8	80.7
Finnair	585	10.3	1209	23.6	4922	8.0	13086	6.4	9645	13.8	73.7	4.8			
Iberia	2402	0.4	4605	6.6	20671	0.6	49466	3.9	39458	7.1	79.8	2.3	Easyjet	Sep	YTD
KLM	2025	4.1	6336	5.4	16939	4.4	64036	4.8	54003	5.5	84.3	0.5	SS,x1000	3011	25548
LOT-Polish	365	3.0	699	8.4	2809	1.7	7045	7.9	5275	6.6	74.9	-0.9	Growth,%	9.8	11.6
Lufthansa	4871	5.0	10497	0.9	38543	3.9	109795	1.0	86617	0.5	78.9	-0.3	SF,%	86.5	85.5
Olympic	565	3.1	727	-3.3	4408	-3.2	7820	-2.3	5499	-4.8	70.3	-1.8	Growth,pts	0.1	-0.3
SAS	2345	-2.5	2515	-1.6	18861	1.3	27965	-4.1	21000	0.1	75.1	3.2			
Spanair	737	8.3	698	13.7	6200	20.8	8177	11.9	5686	21.5	69.5	5.5	Ryanair	Sep	YTD
Swiss	953	9.3	1948	7.6	7958	7.6	20543	4.0	16402	5.0	79.8	0.8	SS,x1000	3537	30278
TAP	668	11.7	1603	19.8	5245	5.2	16803	12.2	12461	12.2	74.2	0.0	Growth,%	17.0	22.7
Turkish	1668	23.4	2463	25.4	12480	19.1	26281	24.4	18407	17.2	70.0	-4.3	SF,%	86.0	84.0
Virgin A'tic	391	9.1	2845	10.5	3620	7.5	35450	10.3	25954	8.1	73.2	-1.4	Growth,pts	-1.0	0.6

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 airline members of regional associations, 2006

Item	Europe,AEA									
	Jun 06	Growth,%	Jul 06	Growth,%	Aug 06	Growth,%	Sep 06	Growth,%	YTD	Growth,%
SS,mn	20.6	7.1	22.5	5.3	21.9	5.3	21.5	5.2	174.5	5.8
ASKs,mn	72,838	4.7	78,286	4.3	78,100	4.9	75,050	5.4	649,554	4.7
RPKs,mn	58,406	6.2	64,486	4.5	63,102	4.3	60,246	4.8	507,095	5.4
Pax LF,%	80.2	1.3	82.4	0.2	80.8	-0.5	80.3	-0.5	78.1	0.6

MARKET DATA

US,ATA										
	Jun 06	Growth,%	Jul 06	Growth,%	Aug 06	Growth,%	Sep 06	Growth,%	YTD	Growth,%
SS,mn	6.2	7.6	6.7	5.5	6.3	5.8	5.0	4.2	51.2	5.3
ASKs,mn	36,311	5.8	38,161	5.1	37,712	7.0	34,575	4.4	312,733	4.8
RPKs,mn	31,298	7.2	32,886	6.3	31,077	6.4	27,154	4.5	252,237	5.1
Pax LF,%	86.2	1.1	86.2	1.0	82.4	-0.4	78.5	0.0	80.7	0.3

Asia Pacific,AAPA										
	May 06	Growth,%	Jun 06	Growth,%	Jul 06	Growth,%	Aug 06	Growth,%	YTD	Growth,%
SS,mn	10.0	4.7	11.0	4.1	11.2	2.7	11.3	3.9	84.0	3.6
ASKs,mn	55,905	1.6	59,763	0.2	56,591	-0.7	56,653	-0.3	445,405	-0.1
RPKs,mn	39,706	4.3	46,262	4.2	44,511	1.5	44,404	2.4	335,804	2.5
Pax LF,%	71.0	1.9	77.4	3.0	78.7	1.7	78.4	2.0	75.4	2.0

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

3 International passengers* through: Europe's leading airports,x1000

Airport	Month	Month	Growth,%	YTD	Growth,%	Airport	Month	Month	Growth,%	YTD	Growth,%
Amsterdam	Aug	4,614	3.9	30,909	4.3	Zurich*	Jul	1,894	5.7	10,842	5.9
Barcelona	Jul	2,860	5.9	17,029	10.6	EUROPE*	Jul	135,035	5.8	743,319	6.7
Berlin*,x3	Jul	1,754	6.9	10,441	9.2						
TXL	Jul	1,081	3.5	6,682	1.8						
Brussels*	Jul	1,783	1.4	9,626	3.8						
Copenhagen*	Jul	2,065	4.4	12,032	6.0						
Frankfurt	Jul	4,478	6.3	26,016	2.1						
London,x3	Aug	11,127	1.6	76,189	3.5						
LHR	Aug	5,528	-0.9	41,441	1.2						
LGW	Aug	3,465	2.6	20,530	4.2						
Madrid*	Jul	4,221	3.5	25,695	7.9						
Milan*,x3	Jul	3,680	10.3	21,135	11.9						
MXP	Jul	2,203	9.5	12,432	11.3						
Moscow*,x2	Jul	3,707	10.9	18,212	12.7						
Paris*,x2	Jul	8,028	4.3	47,750	4.9						
CDG	Jul	5,540	5.5	32,734	5.9						
ORY	Jul	2,488	1.7	15,016	2.8						
Rome*,x2	Jul	3,436	5.8	19,998	6.5						
FCO	Jul	2,984	5.5	17,227	4.2						

Europe's 'low-fare' airports†,x1000

Berlin Schonefeld*	Jul	620	12.4	3,364	23.8
Cologne*	Jul	972	5.1	5,620	6.0
Frankfurt Hahn*	Jul	367	24.1	2,055	19.0
Dublin*	Jul	2,277	14.9	12,072	15.1
Geneva*	Jul	877	3.4	6,010	5.2
London Luton*	Jul	962	5.3	5,444	4.2
London Stansted	Jul	2,141	11.2	12,083	10.0
Milan Bergamo*	Jul	548	17.6	2,951	20.4
Rome Ciampino*	Jul	452	7.4	2,772	23.1
Paris Beauvais*	Jul	182	-0.7	1,099	2.5
LFA total‡	na	9,398	10.4	53,468	11.6

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			
	Sep	+/-*	YTD	+/-*	Sep	+/-*	YTD	+/-*	Aug	+/-*	YTD	+/-*	Dec	+/-*	YTD	+/-*
To/from	06	%	06	%	06	%	06	%	06	%	06	%	05	%	05	%
France	na	na	na	na	664	13.7	5177	13.9	1152	3.4	8057	5.4	432	-0.4	5973	2.7
Germany	422	15.7	3373	16.4	na	na	na	na	1036	6.0	7648	5.2	668	19.7	8192	7.2
Italy	488	11.1	3903	9.9	1091	16.1	8202	18.0	1110	-2.8	7256	-1.6	139	-6.1	2470	4.1
Netherlands	95	-0.6	803	1.9	261	6.8	2039	11.4	714	3.4	6122	0.7	295	-7.7	4143	3.0
Spain	501	14.6	4154	12.5	2291	3.3	16578	3.7	4112	1.2	23889	2.1	92	-22.7	1534	-12.2
Switzerland	156	11.6	1385	7.1	445	17.3	3514	15.8	387	6.4	3527	10.2	106	-7.6	1397	-0.5
UK	389	-2.0	3498	1.5	1025	6.2	8617	5.1	na	na	na	na	1259	-5.0	17016	-2.2
US	542	-1.1	4567	-1.2	824	1.6	6752	4.4	1678	-3.7	12212	-0.9	na	na	na	na
Total	7669†	2.9†	55418†	4.6†	13262	4.7	100665	5.9	19392	3.7	125680	5.4	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.

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

5 Stock market last-day closing prices

Company	Market	Price, local currency*		Growth†,%			
		Dec 04	Dec 05	Sep 06	Oct 06	stock	market
Airlines							
Air France	Paris	14.0	18.4	23.8	27.9	17.4	1.9
Alitalia‡	Milan	0.25	1.03	0.81	0.76	-6.3	3.3
British Airways	London	235	334	427	460	7.6	2.8
Easyjet	London	188	381	486	527	8.4	2.8
Iberia	Madrid	2.59	2.29	2.12	2.46	16.0	6.3
Lufthansa	Frankfurt	10.6	12.6	16.7	18.1	8.1	4.4
Ryanair	Dublin	5.25	8.30	8.44	8.85	4.9	4.8
Hotels							
Accor	Paris	32.2	46.9	53.8	54.4	1.2	1.9
Hilton	New York	22.7	24.1	25.7	29.0	12.9	3.2
InterContinental	London	648	840	936	1010	8.0	2.8
Sol Melia	Madrid	7.40	11.0	14.2	14.8	4.2	6.3
Others							
Avis Europe	London	53.8	72.8	63.5	65.0	2.4	2.8
Carnival	New York	NA	53.5	48.0	49.0	2.0	3.2
EADS	Paris	21.4	32.0	22.7	21.3	-6.3	1.9
Eurotunnel	London	17.0	18.0	na	na	na	2.8
Fraport	Frankfurt	31.4	44.9	54.3	53.9	-0.8	4.4
Kuoni	Zurich	500	557	643	675	4.9	1.7
My Travel‡	London	17.4	233	187	191	2.0	2.8
TUI	Frankfurt	17.4	17.8	16.3	17.1	5.3	4.4

Notes: See Master Notes, page 6. *Euro in Euro countries (in table includes FR, DE, IE, IT, ES). †Latest month over month earlier. ‡Reissue means not all prices comparable. Source: respective stock markets.

6 Outbound travel by residents

Country	Jan thru*	Departures x1000	Growth	
			%	Source:
Austria	Dec	4,660	17.9	WTO
Belgium	Dec‡	7,746	-18.0	WTO
Denmark	Dec	5,125	5.9	WTO
Finland	Dec‡	6,318	6.8	WTO
France	Dec‡	19,265	-3.1	WTO
	Dec‡	15,934	3.2	Ot
Germany	Dec‡	87,000	2.0	ETM
	Dec 05	76,000	2.0	ETM
Ireland	Dec	3,814	6.7	WTO
Italy	Dec	21,993	16.0	WTO
	Dec‡	21,502	-2.2	WTO
Netherlands	Dec	13,896	-2.0	WTO
	Dec‡	14,220	2.3	WTO
Russia	Dec‡	25,000	22.5	WTO
Spain	Dec‡	4,600	17.1	NTO
	Dec 05	5,290	15.0	ETM
Sweden	Dec‡	10,500	1.0	WTO
Switzerland	Dec	12,351	4.5	WTO
UK	Dec‡	64,200	4.5	NTO
	Dec 05	66,300	3.2	NTO

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

7 Spending on foreign travel by residents

Source	Jan thru*	Growth %	Spending US\$m	Spending US\$m
Austria	Dec	-7.4	11,051	NA
Belgium	Jun‡	9.5	NA	16,222
Czech R	Dec	-1.1	2,412	NA
France	Dec	8.9	31,190	NA
	Aug‡	3.9	NA	32,406
Germany	Dec‡	1.6	72,271	NA
	Aug‡	4.6	NA	76,547
Greece	Dec	5.9	3,043	NA
Hungary	Dec	2.0	2,920	NA
Ireland	Dec	11.7	5,811	NA
Italy	Dec	9.0	22,394	NA
	Jul‡	-1.5	NA	22,058
Luxembourg	Dec	2.0	2,979	NA
Netherlands	Jun‡	-2.3	NA	15,745
Norway	Dec	10.6	9,752	NA
Portugal	Dec	11.2	3,077	NA
Russia	Jun‡	9.3	NA	19,460
Spain	Jul‡	11.9	NA	16,880
Sweden	Jun‡	7.0	NA	11,529
Switzerland	Dec	10.4	9,699	NA
Turkey	Dec	13.8	2,872	NA
UK	Dec	6.1	59,529	NA
	Jun‡	3.5	NA	61,613

Notes: Growth may not tally with previous figure shown. *2005 unless stated otherwise. †2004. ‡2006. 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
Expedia group	gross bookings	H1 06	\$9212m	\$8219m	company
Iberia website	daily visits	J-S 06	350k	300 J-D	company
Iberia website	revenue	J-S 06	\$431m	\$361m J-D	company
Iberia website	revenue/visitor	J-S 06	\$3.38	\$3.29 J-D	company
US transport	online share	2005	35%	up 25%	Shifflet
US accommodation	online share	2005	24%	up 9%	Shifflet
Online AsPac	corp share	2008	10%	5% '06	PCW
Egypt.travel	visits	M-O 06	1.6m	NA	Tralliance

Notes: See Master Notes, page 6, and Net Value. All \$ 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 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

MARKET DATA

10 Hotel results in Europe*, September

Location	Occupancy,%				Average room rate,				Revpar,				
	2006		2005		local	US\$*		2005		US\$*		2005	
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD	Mth	YTD
Amsterdam	87.5	77.6	84.7	73.7	162.65	246.31	203.45	216.55	181.51	215.61	157.84	183.46	133.82
Berlin-all	87.8	70.4	76.5	63.0	142.23	182.86	177.91	144.41	142.08	160.59	125.22	110.50	89.51
L-4	89.5	71.5	NA	NA	95.1	128.97	118.9	NA	NA	115.39	85.0	NA	NA
U-4	87.1	69.9	NA	NA	164.2	208.17	205.3	NA	NA	181.25	143.5	NA	NA
Brussels	80.8	70.7	76.6	64.7	110.71	158.17	138.48	145.38	135.40	127.86	97.86	111.29	87.56
Copenhagen	81.8	68.9	81.2	69.7	970.02	208.65	162.65	172.39	142.52	170.68	112.04	140.05	99.27
Frankfurt-all	73.1	63.9	75.5	64.2	132.53	171.35	165.77	179.78	155.23	125.28	105.90	135.72	99.66
L-4	70.8	59.8	72.1	56.6	107.04	136.24	133.89	130.90	125.95	96.50	80.02	94.32	71.27
U-4	73.8	65.2	76.4	66.5	140.06	182.05	175.20	192.16	162.65	134.41	114.25	146.84	108.12
Geneva	71.7	64.7	73.6	64.9	322.21	249.03	256.99	230.46	240.53	178.66	166.15	169.62	156.08
London-all	90.0	84.0	78.8	75.5	150.71	367.39	275.60	256.89	247.32	330.65	231.56	202.42	186.66
L-4	88.2	85.6	79.6	77.4	92.29	188.38	168.76	179.35	175.87	166.19	144.51	142.70	136.21
U-4	88.2	81.3	80.6	76.1	171.21	357.62	313.08	290.39	271.21	315.26	254.66	233.94	206.35
5-star	93.1	84.8	67.9	65.4	290.80	600.99	531.76	440.44	424.85	559.73	451.15	299.09	277.93
LHR AP	94.0	88.3	89.7	85.5	100.04	471.82	182.93	120.68	120.11	443.56	161.60	108.27	102.73
Madrid	80.5	69.1	80.1	68.2	162.71	223.04	203.53	195.63	190.03	179.47	140.60	156.64	129.58
Moscow	88.2	74.6	86.3	79.0	7240.59	300.28	265.72	218.96	213.55	264.86	198.21	188.98	168.73
Paris-all	85.8	72.9	80.6	68.0	184.90	287.40	231.29	216.73	219.83	246.48	168.69	174.64	149.48
L-4	90.3	75.9	72.8	67.7	126.44	201.06	158.15	168.08	156.63	181.59	119.98	122.34	106.00
U-4	86.9	75.1	84.0	70.8	161.47	245.94	201.97	217.06	198.84	213.70	151.71	182.40	140.82
5-star	90.1	76.9	87.7	66.3	302.14	477.79	377.93	413.39	360.36	430.33	290.49	362.52	238.75
CDG AP	74.3	59.6	75.0	62.5	127.67	182.72	159.69	158.86	147.90	135.81	95.25	119.19	92.39
Rome	90.9	79.2	86.1	72.5	207.55	286.18	259.61	254.51	257.34	260.06	205.54	219.25	186.46
Zurich	86.9	79.0	88.6	75.0	184.51	156.60	147.16	155.12	159.12	136.17	116.29	137.38	119.42
All Europe	83.8	72.9	80.7	69.9	na	236.44	207.35	198.90	190.37	199.70	152.16	160.83	133.85
Otherst†													
Los Angeles	75.5	76.7	77.0	78.4	113.79	111.57	113.79	104.96	104.24	84.24	87.32	80.82	81.69
Miami	57.3	72.3	63.7	67.7	141.80	107.20	141.80	103.23	107.80	61.41	102.51	65.76	72.97
New York	87.4	82.2	87.1	85.7	221.21	273.13	221.21	243.23	215.81	238.76	181.91	211.85	184.90
US	65.1	65.2	66.0	67.9	96.90	97.66	96.90	91.27	91.16	63.61	63.14	60.24	61.89
Beijing	83.4	73.1	84.1	76.4	968.87	134.11	121.35	118.28	106.83	111.83	88.76	99.43	81.64
Sydney	79.1	74.6	70.6	77.4	206.16	155.24	154.48	147.30	144.34	122.73	115.23	104.05	111.65
Tokyo	78.5	76.5	75.6	77.5	22366	194.87	193.67	205.55	215.19	152.94	148.13	155.39	166.84
Asia Pacific	71.4	71.4	71.0	71.4	na	119.94	118.10	106.87	107.16	86.90	85.59	78.09	78.50

Notes: See Master Notes, page 6. 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	-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	NA
Belgium	Jun‡	9.5	NA	10,742
Bulgaria	Dec	8.0	2,401	NA
Croatia	Jun‡	8.6	NA	8,105
Cyprus	Dec	2.4	2,329	NA
Czech Republic	Jun‡	2.0	NA	4,724
Denmark	Jun‡	6.1	NA	4,765
Estonia	Dec	6.2	938	NA
Finland	Dec	3.7	2,154	NA
France	Dec	3.5	42,276	NA
	Apr‡	1.2	NA	42,783
Germany	Apr‡	2.2	NA	29,846
Greece	Apr‡	-0.7	NA	13,635
Hungary	Jun‡	-12.2	NA	3,750
Ireland	Jun‡	6.6	NA	4,873
Italy	Dec	-0.7	35,398	NA
	Mar‡	-0.8	NA	35,115
Lithuania	Dec	18.4	921	NA
Luxembourg	Dec	-0.9	3,632	NA
Malta	Dec	1.8	775	NA
Netherlands	Mar‡	1.6	NA	10,645
Norway	Dec	6.5	3,441	NA
Poland	Jun‡	8.8	NA	6,837
Portugal	Mar‡	4.4	NA	8,280
Romania	Dec	1.1	7,931	NA
Russia	Jun‡	9.3	NA	19,460
Slovakia	Dec	29.1	1,210	NA
Slovenia	Dec	10.6	1,800	NA
Spain	Dec	5.8	47,891	NA
	Mar‡	-7.6	NA	44,251
Sweden	Jun‡	21.5	NA	9,024
Switzerland	Jun‡	10.9	NA	10,317
Turkey	Apr‡	2.1	NA	18,533
UK	Dec	8.4	30,373	NA
	Jun‡	3.5	NA	61,735

Notes: See Master Notes, page 6. 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	Jan-Mar 06	Growth %	Apr-Jun 06	Growth %	Jul-Sep 06	Growth %	YTD 06	Growth %
Cars	370	-15.6	517	0.8	626	2.7	1513	-3.0
Buses	13	-27.1	20	-9.1	17	-11.0	50	-15.1
Seats sold*	1699	0.3	2035	2.7	2152	9.8	5885	4.4

Notes: *On Eurostar. Source: Eurotunnel.

13 Economic indicators of major markets in Europe, 2006

Country	GNP/GDP		Retail sales		Consumer prices†		Wages/earnings‡	
	1 year	3 mths*	1 year	1 year	year ago	1 year	year ago	
France	1.9 Q3	0.0	1.7 Sep	1.1	1.8 Oct	3.1	3.0 Q2	
Germany	2.8 Q3	2.6	-1.2 Sep	1.1	2.3 Oct	0.8	0.9 Aug	
Italy	1.7 Q3	1.3	0.1 Aug	1.8	2.2 Oct	3.0	3.1 Sep	
Netherlands	2.6 Q3	2.6	3.5 Jul	0.9	1.6 Oct	1.9	0.9 Oct	
Spain	3.8 Q3	3.6	3.8 Sep	2.5	3.5 Oct	3.1	3.4 Q2	
Switzerland	3.2 Q2	3.0	4.5 Aug	0.3	1.3 Oct	1.0	0.9 '05	
UK	2.8 Q3	2.8	3.2 Sep	2.4	2.3 Oct	3.9	4.1 Sep	
Euroland	2.6 Q3	2.0	1.4 Sep	1.6	2.5 Oct	2.4	2.5 Q2	
Others								
Japan	2.7 Q3	2.0	0.3 Aug	0.6	-0.3 Sep	1.0	0.1 Sep	
US	2.9 Q3	1.6	6.1 Sep	2.1	4.7 Sep	3.9	3.1 Oct	

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

15 Visitor arrivals in Europe destinations

Destination	Jan thru*:	Arrivals		Source	Stay days	PVPD US\$-C
		x1000	Growth %			
Andorra	Dec	2,418	-13.4	WTO	2.93	NA
Austria	Dec	19,952	3.0	WTO	5.2-F	142.90
	Aug†	NA	0.4	WTO	5.2-F	142.90
Belgium	May†	NA	4.7	WTO	2.5	55E
Bulgaria	Aug†	NA	5.8	WTO	2.8-F	48.39
Croatia	Jul†	NA	0.8	WTO	5-E	473-V
Cyprus	Dec	2,470	5.2	WTO	11	59.13
Czech R	Jun†	NA	4.0	WTO	2.8-F	48.39
Denmark	Aug†	NA	-0.4	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
	Aug†	NA	-1.6	WTO	7.16-F	77.69
Germany	Dec	21,500	6.8	WTO	7-F	194.05
	Aug†	NA	9.2	WTO	7-F	194.05
Greece	Dec‡	12,872	9.0	WTO	14	20.23
Hungary	Jun†	NA	-11.3	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

Low is highest

US low-fare airline Southwest sold 8.7mn domestic and international seats in August. That was more than any other US airline, and the first time a LFA has been the largest.

SW has been the largest US domestic airline since May 2003. American was previously the top domestic and international airline.

Seats sold on regional LFA leaders

Airline	Region	No,mn
Air Asia	Asia Pacific	1.1
Ryanair	Europe	4.0
Southwest	North America	8.7

Notes: In August 2006. LFA = low-fare-airlines. Source: airlines.

SW is twice as large as Europe's largest LFA, Ryanair, see table, which is four-times larger than Asia Pacific's largest, Air Asia. (Virgin Blue sold 1.2mn seats that month, but it is no longer a LFA.)

Making it in China

Airbus plans to build an assembly line for A320 aircraft in Tianjin, about 125km east of Beijing. Date for the first aircraft flight has not been given, but Airbus says assembly will begin in early 2009, and it hopes to reach four aircraft per month by 2011.

Indications are that the aircraft will be only for Chinese airlines, but this has not been clarified. Airbus partners are the Tianjin Free Trade Zone and China Aviation Industry Corporation.

Airbus is seeking to reduce costs of its assembly plants in Europe, particularly in France. This agreement is a way to present a positive development – increased business with China – rather than negative, reduced activity in France.

At the same time, Airbus has cut its forecast for large-aircraft sales in China from 200 to 113, the equivalent of 44%, and increased its forecast for single-aisle aircraft such as the A320 by 66%. These changes are presumably to fit in with the Tianjin A320-assembly plans, but certainly discredit the company's forecasting efforts.

Airbus failed in an earlier attempt to build aircraft in China. Its partners at that time were Aviation Industries of China (46%) and Singapore Technologies (a state-owned company; 15%). The plan was to build a 100-seat aircraft, the Air Express 100 – initially due to start flying 2002, then

2003, then abandoned.

Before that, in the late-1980s and 1990s, what became a Boeing company assembled about 50 MD80 and MD90 twin-engine aircraft in China. They were planned for China's airlines, but the last five assembled when the contract was abandoned were bought by Boeing and eventually sold to an airline that is now part of American Airlines.

Shangri-La exports culture

The Shangri-La group says it plans to establish 'brand leadership' in the locations outside Asia where it is now adding hotels.

Its first move was into Sydney where it took over an existing hotel, refurbished it, established what the company calls "the Shangri-La culture", and the hotel now claims to be the rate leader (in terms of revenue-per-available-room) in the city.

The company does things differently. Among these, it says, it aims to create a "belongingness" and pride among staff, so they learn ("as with Singapore Airlines") how to serve, and more – such as making eye contact.

SL aims to have concern for the expectations of the hotel owner, and to balance the needs of brand and needs of owner. The fact that it is also an owner/operator helps it to understand that better, making for a more harmonious relationship.

SL believes it is possible to do same in Europe and North America. One way is for staff to work in its hotels in Asia. Some are already there, and more are going.

Emirates – still expanding, fast

Dubai-based Emirates continues with its almost-unbelievable expansion. Since the start of this year, the airline has added Abidjan, Addis Ababa, Beijing, Kolkata, Nagoya, and Thiruvananthapuram.

Latest developments are as follows (routes are all from Dubai):

- In October, the airline opened four premium-class lounges at airports in Hong Kong, London Heathrow, Melbourne, and Singapore. Its first lounge outside Dubai was in April 2004, since when it has opened seven.

- To Hamburg and New York, providing the only direct service Hamburg-NYC, started October.

- On one day, October 29: new routes to Bangalore and Tunis; third-daily to New York; second-daily to Zurich.

For many flights, Emirates uses the B777-200, equipped with what it calls its

ICE system (information, communication, entertainment), providing 500 channels of inflight entertainment.

A380 delay will hurt London

As deliveries of Airbus's double-deck A380 are delayed now by two years from the initial delivery dates, there is likely to be a shortage of capacity on some routes.

The most likely to suffer is the London market – as most of the early A380 customers such as Emirates, Qantas, and Singapore Airlines planned to operate their A380s to the UK capital.

The aircraft is ideal for the crowded London airport market as it would have added capacity without increasing the number of flights.

Given the length of the delay, some airlines may consider operating into one of the other London airports (there are four apart from Heathrow). But in the meantime, air fares are almost certain to increase – to reflect higher passenger load factors.

Briefs

- Are **luxury, adventure, and sustainable** travel morphing into something new and combined?

At this month's ILTM luxury travel show in Cannes, some companies handling luxury travel are talking about something that is in reality adventure travel – because that is something different for their clients who are demanding something new.

Perhaps it all started when Aman Resorts opened the first luxury tents, its Amanwana on Moyo island in Indonesia.

- The Queen (of Britain) has approved a scheme to illuminate the facade of her residence in London, **Buckingham Palace**. The palace is one of the few major tourism sights in London that is not floodlit.

Light engineers have been told to find an environmentally-friendly and cost-efficient way of carrying out the illuminations.

- Sailing higher. **Premier Christian Cruises**, a charter cruise company based in Nashville, has started its own travel office to cater to Christian cruise passengers.

- Perhaps fearing stricter border rules for travel, more **US** citizens are applying for passports. The government says it is receiving 225,000-250,000 applications a week, a 70% increase over what it was two years ago.

In 2005, about 7mn passports were issued. The government expects that about 12.2-12.3mn were issued in the year through September.

Currently about 26% of American citizens have passports.

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	36,513	-1.5	WTO	4.36-F	178.42
	Jul†	NA	10.3	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	10,012	3.8	WTO	3.67-F	221.99
	Jun†	NA	12.5	WTO	3.67-F	221.99
Norway	Dec	3,859	6.4	WTO	7-E	445-V
Poland	Aug†	NA	0.4	WTO	4.7	56.32
Portugal	Aug†	NA	7.5	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
	Aug†	NA	4.9	WTO	12.7	67.85
Sweden	Dec	3,133	4.3	WTO	7-E	338.65
Switzerland	Aug†	NA	7.8	WTO	3.8-F	148.58

Destination	Jan thru*:	Arrivals x1000	Growth	Source	Stay days	PVPD US\$-C
Turkey	Dec	20,272	20.5	WTO	8	83.83
	Sept†	NA	-5.9	WTO	8	83.83
UK	Dec	29,971	8.0	WTO	10.1	69.41
	Aug†	NA	6.0	WTO	10.1	69.41
Europe	Dec	441,624	4.0	WTO	5-E	na
	Aug†	NA	3.1	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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