



From Travel Business Analyst

Net Value

Marketing Travel On The Internet

Dot.travel

Ron Andruff, president and CEO of Tralliance, which runs the dot.travel (.travel) domain name, wanted to attract 15,000 companies to register under dot.travel during the 12-week launch period starting this January. It got 16,500.

He has no target for registrations in the first year. *To put some figure on progress, however, we think 250,000 companies will have registered by year-end.*

Andruff thinks there will be about 1mn entities that will register under dot.travel, but does not know if they will take one or more names, for example. But add in entities such as national parks, cities, etc, then the number would increase to 5mn.

Tralliance's research showed there were about 45,000 travel sites, but only about 8000 active – *a curiously small total.*

When it started, Tralliance registered 18 travel sectors, but another two have since been added – travel insurance, and travel training institutions. *Likewise, 18 seems low but is obviously dependent on categories – will hotel designers come under 'Hotels'?*

Tralliance has control of dot.travel for 10 years. If the company fails in some way, then ICANN, which still controls the internet, can take it back.

More Phocus

PhoCusWright, the internet research company, has published more findings of its Europe research study. Some of the information included:

- The online market is estimated to have increased from a 4% share of Europe's total travel market in 2002, to a forecast 20% this year, see table.

- Market shares among online travel agencies in Europe were Expedia with 19%, Travelocity/Sabre/Lastminute 17%, Opodo 11%, Cendant/Ebookers 9%, Priceline 4%, leaving others with 40%.

- Growth in the Germany online travel market increased an estimated 60% in 2005, with another 60% growth expected this year. UK was 40% and 30%, France 40% and 40%, Spain 75%

Online travel share in Europe

Year	Share*, %	
2006-F	20	(48.9)
2005-F	14	(33.6)
2004	9	(22.6)
2003	6	(14.9)
2002	4	(9.1)

Notes: (Figures in brackets is online travel business in US\$bn, converted at US\$1 to €0.85). F = estimate/forecast. *Of total travel market. Source: PhoCusWright.

and 65%, Scandinavia 50% and 40%.

- Hotel sales in 2004 were 60% online travel agencies, 32% hotel-branded websites, and 7% tour operators. But in 2007, the breakdown is expected to be 46%, 41%, and 13% respectively.

- Online sales as a percentage of total sales was 8-11% for hotels that are part of international chains, 2-5% with regional chains, and 4-7% for small chains and independents.

- PhoCusWright finds that online purchasers in Germany look at an average of 5.09 websites before purchasing, compared with 4.74 in the UK, and 4.42 in France.

Cendant in Asia

In an interview, Mark Rizzuto, who heads the Asia office of Cendant TDS (travel distribution services) says that as some low-fare airlines mature they need GDS support; "to reach a Europe or US agency you need a GDS".

He adds that LFAs stimulate travel demand, which is obviously good for Cendant. He believes in Asia Pacific there is more regulation and barriers, but that these will be broken down over the next few years.

Although LFAs are generally not liked by travel agencies, the agencies should sell other travel products to those flying LFAs. "There is going to be a truckload of people wanting hotels," Rizzuto adds.

"Asia will go to a zero-commission basis, so agents will need to look at how to get more out of travellers."

He says Cendant does not bypass the travel agency. The company thinks the travel agency model still has a future, and agencies will stay longer in

Asia than they did in the US; some reasons – convenience, caution on credit card payment, online penetration, preference for face-to-face transaction.

Looking or booking?

We are frequently puzzled by some information emanating from IPK, which researches Europe's travel market, including online activity. Latest observations:

Looking. Earlier, IPK said 40% of travellers used the internet to gather information about travel (looking) – in 2005. Earlier, it said the 2004 share was 15%.

We now believe that 40% was the total of looking-plus-booking. At the ITB travel show last month in Berlin, IPK said the looking share for 2005 was 15%. (However, it contrived to calculate that this was a 1% increase, despite giving the same 15% share in 2004.)

Booking. IPK said, in late 2004, that the booking share was running at about 27%, in comparison with 19% for all 2003. Later, however, it put the all-2004 share at 23%.

At ITB, IPK said the booking share for 2005 was 30%, up 35%.

Look+Book. The resulting 45% L+B share in 2005 was up 22%, says IPK. It says the total this year may grow to 51%.

Bites

- In the past 12 months about 30% of **British Airways** customers bought their seats directly from the airline, most booking on ba.com. The airline's business plan aims to raise that share to 50% by March 2008.

- UK-based **Hilton International** estimates that by 2008 half of all bookings will be made via electronic channels.

- The **Small Luxury Hotels of the World** association sells 18% of its rooms over the internet (and 17% GDS) – a surprisingly-high share which probably needs some additional qualification.

This year it expects 20%.

An annual subscription to Net Value, costing US\$100, is delivered via email in PDF format. A small extract from Net Value is normally included in the Asia Pacific and Europe editions of Travel Business Analyst.

For more information, contact Raymonde Perpignani at Travel Business Analyst, TBAoffice@gmail.com
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