From Travel Business Analyst

Net Value

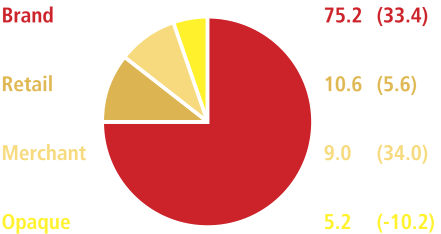
Marketing Travel On The Internet

Hotel bookings

Internet reservations received at the central reservation offices of 30 major hotel brands grew 26.8% in 2005. That pushed the internet share up 5-points to 35%, see table.

And the number of internet bookings overtook GDS bookings, just, after GDS bookings fell slightly.

Internet booking sources by website type, 2005



Notes: (Percentage growth in brackets). Source: Travelclick.

Brand websites grew and gained share against third-party merchant and opaque websites – *although we continue to be surprised at that development, but still watch for a swing to the opposite direction*.

Brand websites took 75% share, up from 71%, following fast 33% growth. However, bookings through Merchant websites – such as Expedia, Orbitz, Travelocity – grew faster, albeit only by one point.

Both Retail and Opaque websites – such as Priceline and Hotwire – lost share in 2005, and Opaque lost volume as well.

The major hotel brands say 27% of their reservations were received from their own website (such as marriott.com, etc.).

Among the agencies, Expedia/Hotels.com had a 59.5% market share of merchant bookings, Travelocity 21.8%, and Orbitz 10.1%. For opaque bookings, Travelclick tracks only two; Priceline had 74.5%, leaving Hotwire 25.5%.

Travelclick, which measures these results, expects GDSs to maintain share above 30% over the next two years, but decline in voice bookings to continue.

All hotel booking sources, 2005

Type	Share,%	Growth,pts
Total electronic	69.8	4.2
Total internet	35.2	5.2
brand websites	26.6	5.2
retail websites	3.7	-0.1
merchant websites	3.1	0.9
opaque websites	1.8	-0.8
GDS travel agent	34.6	-1.1
Voice	30.2	-4.2

Notes: For 30 selected hotel brands; totals are 30837970 internet bookings, 30410234 GDS. Source: Travelclick.

Travel tech trends

PhoCusWright has come up with six. We have kept the names (broadly), but greatly reduced the explanations, and attempted to simplify them:

- **GNE/GDS**. GNE is GDS New Entrant – GDSs with new technology geared almost entirely to the internet. Companies such as ITA and G2. Some think they will put GDSs out of business.
- **Mapping**. Or, rather, mapping mashups – combining two or more services, often a mapping application and a data source, to create new services. Maps that track favourite hotels, drink prices, recommended walking tours, etc. Blogs are appearing that track new maps.
- **Mingles**/user-generated content. The rapid rise of social networks, blogs, and user-generated content has caught the attention of the travel industry's technorati. OTAs (online travel agencies), suppliers, portals, etc, say they have started incorporating user-generated content into their sites, or they plan to.
- **Personalisation**, or CRM (customer relationship management). Broadly, CRM is still not working properly for companies. Now, chat rooms, blogs, social networks, and tagging and bookmarking activities are changing CRM. It is now (or needs to be) a relationship based on shared information, not just purchases. Similar, in effect, to dating sites.
- **Richer**. To 'counter commoditisation', meaning to differentiate the product from simply an airline seat or a hotel room – with sound, animation, real-time video, interactive maps, etc. But not expected this year, and maybe not even in 2007.
- **Snacking**. Providing snippets of information and travel offers to consumers as they buy and travel.

Online inflight

Connexion by Boeing (CBB) believes its inflight internet service, launched in May 2004, is changing traveller behaviour. According to a recent survey it conducted:

- 83% said the availability of CBB will have an impact on their choice of airline;
- 94% plan to use CBB again on a future flight;
- 92% would recommend CBB;
- 84% said CBB is good or fair value;
- 78% said that the service's speed met or exceeded their expectations.

Asked to name key benefits of CBB, respondents said the ability to be productive (44%), stay in touch (25%), and access email (22%).

What do most users do? 90% accessed their work email, most of then having a private network; 76% accessed their personal email; 69% browsed the internet; 41% engaged friends/family via instant messaging or live-chat.

CBB prices start at US$10. Airlines providing the service on some of their flights are All Nippon, Asiana, China, El Al, Etihad, Japan, Korean, Lufthansa, SAS, Singapore. And Air China and Austrian have signed up.

Briefs

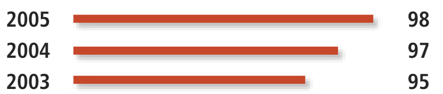
• Sales from the **Marriott** Hotels website increased by an impressive 42% to nearly US$3bn in gross room revenue in 2005. For the first time, more reservations were booked through marriott.com than through voice channels.

• **Rocco Forte** Hotels gets 6% of its business through the internet.

• **Eurostar** generated 30% of its sales on its website in 2005.

• Surely it can only go higher if **Ryanair** stops non-internet sales? Over the past three years, the low-fare airline has increased "it" (its internet-sales share) from 95% to 98%.

Ryanair internet sales share,%



Source: company.