



From Travel Business Analyst

Net Value

Marketing Travel On The Internet

Expedia's first half

First half results at Expedia showed fairly steady progress, see table. But there are some new indicators.

The non-US total continues to gain share, and was near-25% in the first half. But part of the reason was the relatively-slow growth in the US – which, despite claiming to be a global company, Expedia still designates “domestic”.

Breakdown in brands continues to oscillate. But even though growth at Hotels.com was faster, it continues to

winces through April 2006. The new program covers all Thailand. There are 27 target markets.

The word “hot” is intended to mean “bargain”. For that reason, the sales might not be to new customers, but just those seeking a special deal. Over 100 hotels have created special prices and packages for ThailandHotDeal.

Last month's military coup in Thailand may not affect tourist traffic – if it remains bloodless. And this online program is also unlikely to be affected. But there may be

more activities (2.3 on average) than do trips booked offline (1.7 activities) or with no advance bookings (1.5).

– Average age of online travellers is 44 – similar to the age of travellers who booked offline (45).

Bites

• Air France says 16% of its tickets are sold on the internet (half via its own site), but representing only 9% of its sales. This means that the cheaper tickets sell better on the internet.

The airline believes that in the next three years, 40-50% of its short- and medium-haul tickets will be sold on the internet.

• US-based Hitwise, which tracks website hits in the US, shows a fairly-standard positioning in travel sites visited*, see table.

In recent months, Orbitz (owned by Travelport (ex-Cendant)) has overtaken Travelocity, although both are well short of leader Expedia.

Southwest Airlines is the leading travel provider, with more than double the next, American. But with only 65% of its sales over the internet (compared with mid-90s for low-fare-airlines in Europe), there could be further to go.

*We have excluded map websites (and tripadvisor.com), even though there are three in the top 10 including mapquest.com which is the most visited – more than the total of the next three (our top three shown here).

Jan-Jun gross bookings at Expedia, US\$m

Category	2006	Growth,%	Share,%	2005	Growth,%	Share,%
US	6963	8.7	75.6	6408	16.0	78.0
Outside US	2249	24.2	24.4	1811	66.5	22.0
Expedia	7270	12.8	78.9	6443	21.4	78.4
Hotels.com	1203	22.8	13.1	980	1.7	11.9
Other brands	740	-7.2	8.0	797	133.7	9.7
Agency	5423	12.8	58.9	4807	29.6	58.5
Merchant	3790	11.1	41.1	3412	17.5	41.5
Packages revenue	245	2.9	2.7	238	20.2	2.9
Transactions,mn	21	8.6	na	20	18.0	na
Merchant hotel roomnights,mn	18	13.0	na	16	5.2	na
Total	9212	12.1	100.0	8219	24.3	100.0

Source: company.

lose share – from 15% in the first half of 2004, down to 12% in 2005, before recovering slightly this year to 13%.

And are ‘merchant’ sales reaching a peak? They are steadily losing share, from 44% in 2004.

Revenue-per-transaction has grown from US\$396, to US\$417 in 2005, and US\$430 this year. Disappointing must be packages revenue – increasing only 3% this year.

Thailand online

The Tourism Authority of Thailand, the country's NTO, has launched an emarketing campaign – Thailand-HotDeal.com.

Its target is 20,000 online bookings through August 2007 selling US\$5.3mn (at US\$1 to B37.7) – meaning an average US\$265 each.

Earlier, the TAT ran a similar program selling US\$2.1mn online for the destination's six Andaman-Sea pro-

some change in business traffic – which, of course, is included in the overall visitor count.

US travel

Research by DK Shifflet and TIA (Travel Industry Association of America) shows that in 2005, for the first time, more trips were booked online than by any other method.

In 2005, 19% of all US resident travellers travelled by common carrier (aircraft, train, bus, ship). Reservations for 35% of these travellers were made online, up 25%.

Accommodation bookings were not so strong – 24% share, up 9%.

Other findings:

– Trips booked online involve much higher trip spend (US\$754, excluding the cost of transportation) than trips booked offline (US\$406) or with no advance booking (US\$219).

– Internet-booked trips also entail

US travel websites visited, Jul 06

Site	Share,%
Expedia	5.2
Orbitz	3.14*
Travelocity	2.9†
Southwest Airlines	2.8
Cheap Tickets	2.2
Priceline	1.6
Yahoo Travel	1.6
Hotels.com	1.43*
American Airlines	1.1†
Delta Airlines	1.0

Notes: *Up one place since Apr 06; †down one place. Source: Hitwise.

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.

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