



From Travel Business Analyst

Net Value

Marketing Travel On The Internet

Iberia online

In the first nine months of this year, ticket sales on Iberia's website increased 62%, see table. Of this, 71% originated in Spain, accounting for sales of US\$305mn (at US\$1 to €0.80), and representing a 55.5% increase.

Sales on Iberia's 36 country-specific web sites increased 80% in the same period, generating still-small revenues of US\$126mn. Also small, but with a big increase (doubling) were sales by other companies, such as hotels, car rentals. In the first three quarters, 40,000 hotel stays and 12,000 car rentals were booked; for all-2005, it was 36,000 and 7000.

Online ticket sales started in 2000. Average dollar-sales per-site-visit have started to increase, but they are still US\$1 down on that first year.

Iberia's internet profile

Item	Jan-Sep 06	2005	2000
Daily visits,x1000	350	300	27
Revenue,US\$mn*	431	361	43
Revenue per visitor,US\$*	3.38	3.29	4.35

Notes: *Converted at US\$1 to €0.80. Source: company.

However, share of total sales seems to have fallen. We calculated it was 6% in 2005. These new figures indicate 4.6% this year.

Bites

- Tralliance, which runs **.travel**, says Egypt's tourism authority counted 1.6mn visits to its official website, **egypt.travel**, between its launch in March and through October 2006.

However, despite our request, Tralliance will give us no data to indicate whether this 230,000-monthly matches pre-launch forecasts. It says the number is "staggering"; we would expect a worldwide travel site such as this to attract 100-400k monthly – admittedly a wide range.

- From statements made by **Club Med**, we estimate that its sales via the internet represent about 5% of its total. Its half-year report said that these had grown 30% in that period.

Head of the company says he hopes

the internet share will reach (what we calculate to be) 7.5% of total sales – *although he gave no date, making the comment near meaningless.*

Both these numbers are weak, and show that Club Med has not grasped the importance of this sales mode.

- **Amadeus** says its online bookings grew 22.7% in the first half of this year, taking them to a 13.9% share – of a US\$1.8bn (€1.4bn) total.

- More forecasts from **PhoCusWright**, following a study in summer 2006 in five markets in Europe:

- A remarkable 40% of all types of travel purchased in Europe will be booked online by end-2008. *This seems high, unless only in the five markets studied (which we assume to be France, Germany, Netherlands, Spain, UK).*

For example, we guess markets such as Albania and Ukraine would be under 5%; to balance that out to reach a continent-wide 40%, the major markets would need to be up around 60%.

- Transaction volume in 2008 will be more than double the 2005 volume.

- Over the next three years, online corporate bookings will grow at twice the rate of online leisure/unmanaged business travel.

- By 2008, 20% of corporate travel spend will be online, compared with 5% in 2005.

- The US office of Tourism **Australia** says almost all its target audience has broadband access. *But it is imprecise in its targets. It expects 2mn or 3mn to visit Australia.com in the next 12 months; that is a wide range.*

TA says travel research in the US is now a web business; 80% are doing their research online, and doing this in 7/8 minute bursts of information-gathering. Trip planning, though, still takes place 7.1 months in advance.

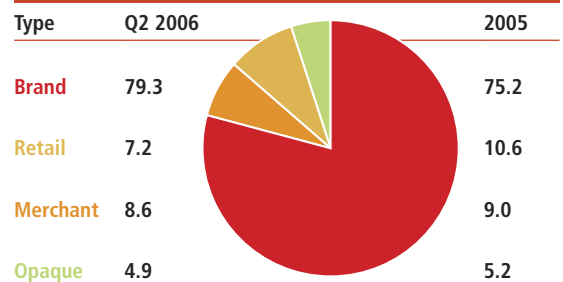
- Travelclick, a hotel business company, says **internet bookings through hotel**

reservations offices increased their share by 3.7-points to 37.3% in Q2. That was a 19.9% increase.

This took it past the share for GDS, which fell 1.2-points to 36.4%, although volume through GDS actually increased, by 4.8%. *This is the first time that the internet has taken a greater share than GDS.*

(The other segment is voice, which

Internet booking sources by website type



Notes: Percentage share. Source: Travelclick.

also declined, 2.5-points to 26.3%, with volume also falling, by 1.2%.)

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

Brand websites took near-80% share. And bookings through the others – Merchant, Retail, Opaque websites – lost share.

- Surely the big(gest?) **dynamic-packaging** market potential – certainly in Australasia, Japan, Europe, and North America – is for car travel? Currently poorly-packaged, it seems a natural for those who want to bundle elements of their trip to obtain better prices.

And it could also end the decline in some destinations that for domestic or shorthaul regional travel are not on a flight map.

Link this potential with the PwC-theory*, and the travel world could be in for yet another great shift.

**What we call (for the sake of brevity) the 'PwC-theory', from Pricewaterhouse Coopers, is that online travel agencies like Expedia and Travelocity will start to put non-chain hotels into a chain-like travel offer as part of an overall dynamic-packaging offer.*

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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