



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

Travelport's operational results Jan-Sep 06

Item	Number	Growth, %
Gross bookings, US\$m	7,749	27.6
Business to business, xUS\$1000		
Americas		
Air	81,457	4.5
Non-air	13,768	4.0
Outside Americas		
Air	123,754	-0.1
Non-air	3,826	8.3

Source: company.

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

Table 1

Region	2008	2007	2006	2005
US	53	55	58	62
Europe	33	32	30	28
Asia Pacific	14	13	12	10

Notes: Estimates by Net Value from PCW data. Source: PhoCusWright.

Table 2

Region	2008	2007	2006	2005
US	60	54	49	42
Europe	38	31	21	15
Asia Pacific	20	15	11	9
All 3	41	35	29	23

Notes: Estimates by Net Value from PCW data. Source: PhoCusWright.

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, see Table 1.

PCW estimates that in 2005, travel revenue totalled nearly US\$700bn in the three regions, and close to 25% of that total was spent online. And that share, comprising both online leisure/unmanaged business and corporate travel, is projected to surpass 40% by 2008, see Table 2.

Bites

- Following US-based Sabre group's purchase of UK-based **Lastminute.com**, Sabre's **Travelocity** online travel agency subsidiary earned 29% of its US\$2.5bn bookings in Q3 2006 in Europe.

- UK tour operator **First Choice** has opened a site in France selling tours direct. Travel agencies need to add their mark-up to the FC prices. And another big local tour operator, **Marmara**, has also introduced a website showing net prices.

- Hotel-de is expanding into other Europe markets under the name **TravelRes**. The UK office is already open, and this should be followed by France, Italy and Spain – all before end-2007.

- **GoQuo** – a UK-based company pro-

viding technology systems to segments of the travel business – targets triple-digit growth in 2007. Its customer base grew from six in 2005 to 32 this year. The aim is to find technology solutions to help travel agencies, product suppliers, and consolidators compete more effectively in the online market. Its growth strategy is to:

- Expand the benefit of its three core products – GQ Dynamic, GQ Agent and GQ Consol – with improved travel product content such as cruises, and other functions such as a planned flight calendar feature.

- Find new content partners, mainly for hotels, in Asia.

- Expand in Asia, where GoQuo already has some customers. Establish an office in Manila, expand its office in Colombo.

- Build a presence in the US travel market.

- Develop solutions for tour operators and for destination management companies.

- **Resorthoppa.com**, a company that provides transfers for packaged holidays constructed on the internet – dynamic-packages – plans to launch more products. Services currently include shuttle buses, taxis, limos, helicopters. Planned:

- UKhoppa – which provides UK door-to-door transfers home-to-airport/railway station/port.

- Extending its Skihoppa product to include US resorts.

- Resorthoppa's first Platinum Lounge was due to open last month at Mallorca's Palma airport. This is designed as an arrivals point for the company's luxury-service customers as well as a meeting point for conference and incentive groups. If successful, others might be added.

- An 'online transfer-training' program for travel agents.

- **Jupiter** Research estimates that online travel revenue in the US will reach US\$85bn this year and US\$128bn by 2011 – and that would represent 38% of travel revenue. At different times earlier, the company has forecast the 2009 total at US\$79bn, and 2010 at US\$104bn.

- In October, etickets accounted for 95% of all **Iberia** tickets sold – 97.5% on domestic flights, 92% international.

The ratio is even higher on its own website – 99.98% domestic, 98.0% international. Iberia tickets issued by travel agencies were 99.0% electronic domestic, 92.5% for international.

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
Editor: Murray Bailey. Design: Context Design & Publishing. Copyright Travel Business Analyst Ltd, 2006. www.travelbusinessanalyst.com