

# Travel Business Analyst

Markets + Marketing + Strategy

ASIA PACIFIC • OCTOBER 2005

First half

## Hotel results

Overall, the hotel business in Asia Pacific did not have a great first half. Occupancy was static at 71%, see table. And although average rates increased 13% to US\$108, some growth was related to an increase in the value of some regional currencies against the US dollar.

In turn, these resulted in a 13% increase in revpar.

As to be expected, specific market results varied widely. Most tragically, the tsunami damaged **Phuket's** results, with occupancy down 38%, and rates down 26%. Although bad, maybe not quite as bad as expected. Phuket's air traffic numbers (over almost the same period), for instance, fell over 60%. This appears to indicate that visitors are staying longer, and the domestic share has increased.

**Bali's** slight fall in occupancy may also be tsunami-related, although the island was not touched by the tsunami.

In the big-three visitor cities – Bangkok, Hong Kong, Singapore – occupancies were in the 70s in Bangkok, but the 80s in the other two. Rates seem to reflect this, with Bangkok some way below Singapore, which is below Hong Kong. Indeed, Hong Kong's upper-four-star rates are almost as high as 5-star rates in Singapore, and higher than those in Bangkok.

The city that should really be making it to the Big Four is Beijing – as visitor arrivals increase. Hotel occupancy was above 80% in the upper-four-star level. Rates are below those in Bangkok, but Bangkok's upper-four includes some hotels that we will soon break out into a five-star category. We expect this will show Beijing ahead of Bangkok in five-star, but below in four.

In other selected centres:

- Macau is not doing as well as could be expected from its growth in China business.

- In the four main Southeast Asian resorts – Pattaya (sheltered from the tsunami) seems to be getting a boost after the tsunami, but maybe Penang's fall is related to the tsunami (it was lightly touched), or simply further, and it seems, inexorable, decline. See above for Bali and Phuket.

contd on p3

Travel agencies

## Results for 2004

In 2004, travel agency locations in Asia Pacific increased 2%, sales revenue increased a remarkable 27%, resulting in a 28% increase in sales-per-agency, see tables in this report. Following is a review of markets.

(A review of the major world regions was published in the September edition of this newsletter. Data is provided Travel Business Analyst by IATA (the International Air Transport Association).)

### IATA BSP travel agencies in Asia Pacific

1990*	3,991
1995*	6,332
2000	11,777
2004	13,116

Notes: New criteria from 1993. \*At end-June of year stated. Source: See Table 1.

**Locations**, see Table 1. Growth in 2004 followed a drop of almost 1% in 2003, fair considering business loss as a result of SARS – so numbers have more than recovered.

In 2003, numbers did not fall further because there slight growth in China – despite being the region's largest market – and declines in most other markets. This made China 50% larger than the second largest. It became the largest agency market in 2000, even though its first IATA agency licence was awarded only in 1995.

Growth continued in 2004 at a faster pace, to give it near 30% of the region's BSP agencies. It could reach 4000 agencies this year – which would give it more than the France and UK markets in Europe, but fewer than Germany's 4400.

But in 2004 that other Asian giant, India, took its own great leap forward – growing 32% to overtake Australia and become Asia Pacific's second largest. Without India's growth, agency numbers in the region would have fallen – by nearly 4%.

The only concern for the India market is that IATA has given us revised figures, which earlier showed a period of literally-unbelievable gyrations. The indication is that data was interim, but not so marked.

IATA corrected what it initially

contd on p3

### Main News

Recent corporate developments – big or significant.

- Cendant to acquire the Wyndham hotel brand. Although not a big name, important because it moves Cendant into 4-star level, maybe higher, and management.
- Delta and Northwest both apply for bankruptcy protection in the US, joining United.
- Hong Kong Disneyland opened last month.
- Ford sells Hertz to a financial consortium for US\$15bn.
- Meridien accepts bid from Starwood to buy it out.
- Toll, a company, bids to buy Patrick, which owns 62% of Virgin Blue. Toll would oblige Patrick would sell most of VB. The Virgin group says it would increase its share of VB from 26% to 41%. Meanwhile, VB launches Polynesian Blue; it also has Pacific Blue.
- German tour operator TUI has bid for CP Shipping, a container-ship company.
- The World Trade Organisation begins its investigation into the Airbus and Boeing subsidy dispute.

# MARKET OUTLOOK

## Headlines

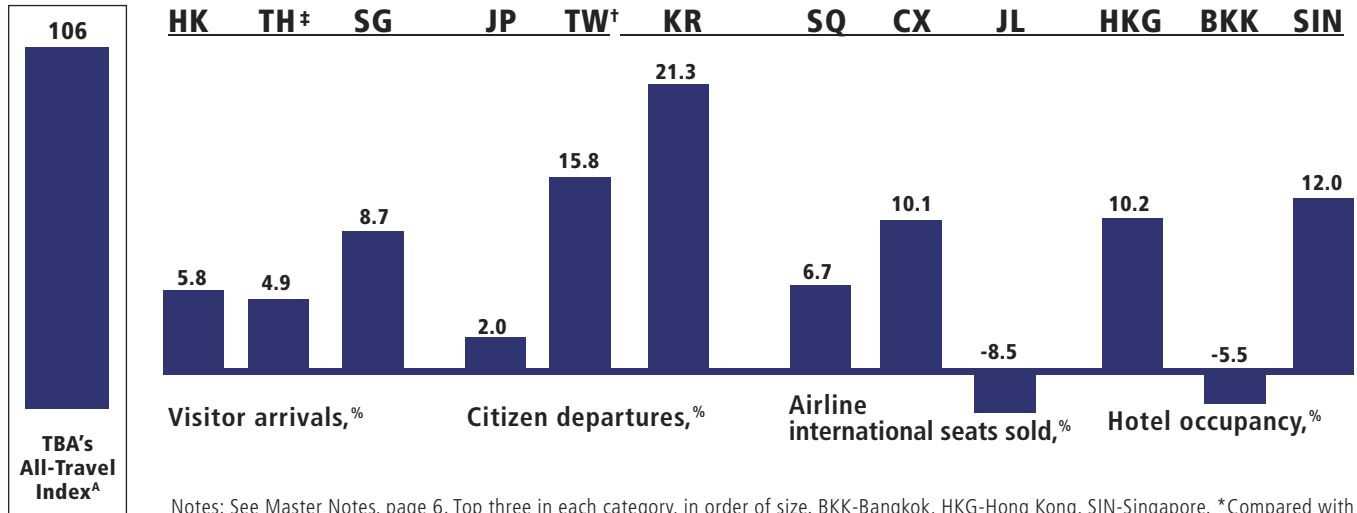
### Comments on tables

Barometer. Results at the half-year mark. Only 6% growth – despite much comment about boom times. And this is before the London bombing and Hurricane Katrina (albeit probably small affect in Asia Pacific) and the hike in oil prices. Yet, good growth in outbound apart from Japan; same with airlines.

- Inbound trends. Starts to look weak, caused by slowing Outbound China, and Inbound Thailand.
- Outbound trends. Growth goes.
- Forecasts. Column added to show source of data.

## Barometer

Percentage growth in latest matching month\* available; June 2005



### Visitor arrival trends\*, next 12 months

Source	Number, x1000
China	22,256
Hong Kong	24,684
Singapore	9,345
Thailand	12,006

Notes: \*Statistical base on past performance; aggregates for latest 3 and 6 months, and full calendar year. Source: NTOs, Travel Business Analyst.

### Citizen departure trends\*, next 12 months

Source	Number, x1000
Hong Kong†	5,054
Japan	19,026
Korea	10,376
Taiwan	8,850

Notes: China monthly data not available. \*Statistical base on past performance; aggregates for latest 3 and 6 months, and full calendar year. †By residence. Source: NTOs, Travel Business Analyst.

### Official\* travel industry forecasts

Item	Date†	Forecast	Source
Virgin Blue business market share, 2008-10	Jun	30%, now 10%	company
Australia visitor spend, 2007/8	Jun	\$17b; \$13b 03/4	NTO
Australia visitor arrivals, 2005	Jun	6m, up 5%	NTO
Starwood new hotels, 2005-7	Mar	70; now 750	company
Meridien new hotels	Mar	21; now 130	company
Days Inn hotels in China	Mar	14; end 06	Cendant
Howard Johnson hotels in China	Mar	21; end 06	Cendant
Ramada hotels in China	Mar	15; end 06	Cendant
Super 8 hotels in China	Mar	38; mid 06	Cendant
US air passengers, 2005	Mar	pre-9/11 level	FAA
US air passengers, 2005-16	Mar	up 3.4%/yr	FAA
World air passengers, 2004-8	Mar	up 6%/yr	IATA
World air passengers, 2004-23	Mar	up 5.3%/yr	Airbus
China visitor arrivals, 2006	Mar	22m; up 10%	PATA
Marriott hotels in China (inc HK), end 06	Mar	33	company
Accor hotels in China, 2012*	Mar	200	company, *TBA
Air passengers in China, 2020	Mar	950m; 174m 03	CAAC
Shanghai visitor arrivals, 2010	Mar	6m; 5m 05	CTO
Singapore Airlines capacity, yr-Mar 06	Mar	up 19%	CAPA

Notes: All \$s are US\$. †When forecast made. Source: \*Management statements or documentation from relevant authority.

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contd from p1 – hotel results

- In the southern hemisphere, both Melbourne and Sydney showed big increases.

## Hotel† measures in Asia Pacific, Jan-Jun

City	Occupancy,%		Average room rate,US\$		Revpar,US\$	
	2005	2004	2005	2004	2005	2004
Auckland	78	83	120	96	94	79
Bali	56	58	79	70	44	40
Bangkok-all	74	NA	98	NA	73	NA
L4	75	73	48	43	36	32
U4	71	69	71	64	50	44
5-star	77	76	138	125	107	95
Beijing all	75	NA	112	NA	83	NA
L-4	80	79	74	67	59	53
U-4	73	62	127	113	92	70
Fiji	71	63	125	106	88	67
Ho Chi Minh City	69	54	72	68	50	36
Hong Kong all	82	NA	147	NA	121	NA
3-star	82	NA	78	NA	65	NA
L-4	86	89	104	84	90	75
U-4	81	81	143	118	116	96
5-star	78	73	251	209	197	154
Jakarta U	54	48	76	69	41	33
Kuala Lumpur all	73	73	72	65	53	48
L-4	76	NA	49	NA	37	NA
U-4	71	NA	90	NA	64	NA
Macau	72	75	91	75	65	56
Manila all	80	75	70	65	56	48
L-4	83	NA	57	NA	47	NA
U-4	78	NA	78	NA	61	NA
Melbourne	76	75	145	131	110	99
Pattaya	71	64	57	50	40	32
Penang	49	59	48	52	24	30
Phuket	42	68	66	89	28	60
Seoul	73	72	178	151	130	109
Shanghai	73	77	134	112	98	86
Shenzhen	73	77	80	74	58	57
Singapore all	80	NA	101	NA	81	NA
L-4	83	78	68	57	57	44
U-4	85	77	123	98	104	75
5-star	72	71	144	122	103	86
Sydney	78	80	143	122	111	97
Taipei	76	71	133	110	101	78
Tokyo	73	73	211	217	155	158
<b>Asia Pacific total</b>	<b>71</b>	<b>71</b>	<b>108</b>	<b>96</b>	<b>78</b>	<b>69</b>

Notes: L = lower 4-star, Revpar = revenue per available room, U = upper 4-star. \*At exchange rate for relevant month. †4-star unless marked. Source: hotels to Travel Business Analyst.

contd from p1 – travel agencies

said was zero growth for India in 1999, but confirmed zero growth for Hong Kong (listed separately from China) and Indonesia, and the same for Singapore in 2000.

Now in third spot is Australia, with 15% of the total but a 3% decline in 2004, possibly because of growth in online sales. Worryingly, that is the fourth consecutive year of decline, and the sixth in the past 10 years.

These three markets now have near-64% share of the region's IATA agencies,

up from 59% in 2003.

There were other declines. Indonesia fell 58%, indicating agencies moving out of IATA licensing requirements to hold back cost increases at a time when air fares, for instance, are falling.

But the decline for the Korea market is a surprise, particularly as it follows an unchanged total in 2003. The decline in New Zealand follows the Australia pattern – and perhaps for the same internet-based reasons – declines for the past four years, and in eight of the past 10 years.

And is Singapore's decline also internet-related? Numbers are small, so there can be a sizeable percentage change, but there has now been declines two years running.

**Revenue**, see Table 2. Analysis is more secure now that most currency exchange fluctuations since 2000 have been minor and/or steady.

Asia Pacific volume dropped 3% in 2003 – most caused by traffic loss as a result of SARS. Yet the bounce back in 2004 was complete – taking the total right back above the level in 2002.

In 2004, all markets increased, but the top three increased their share from 47% to 63%. In 2003, Japan caused most of the decline and in 2004 most of the increase.

There was also fast growth in the next two – China, which took second place from Australia starting 2001.

China topped US\$4bn in 2001. Since then our annual forecasts for the market have been correct every year, even in the SARS year – just under US\$5bn in 2002, topping US\$5bn in 2003, and US\$7bn

total in 2004. However, we did not predict the rapid recovery in Japan, so China now looks unlikely to overtake Japan's total in the next three years. And China's outbound has been growing slowly this year, so another leap of around-30% for 2005 may not happen.

Another forecast we made was realised in 2002 – Korea overtaking Hong Kong, to become the region's fourth largest. However, our forecast was pedestrian ("seems likely to pass") whereas it actually raced past

Table 1

## IATA BSP travel agency locations in Asia Pacific

Area	2004		2000	1995
	Number	Growth,%	Number	Number
Australia	1973	-2.7	2302	1628
China	3873	5.6	3388	11
Hong Kong	238	0.8	240	294
India	2482	32.4	1641	967
Indonesia	447	-58.3	366	230
Japan	852	1.2	797	734
Korea	784	-2.9	525	437
Malaysia	649	1.9	663	516
New Zealand†	593	-1.7	733	648
Philippines	246	0.4	226	202
Singapore	196	-1.5	200	180
Taiwan	396	3.4	416	275
Thailand	387	29.0	280	210
<b>Asia Pacific</b>	<b>13116</b>	<b>1.7</b>	<b>11777</b>	<b>6332</b>
<b>US‡</b>	<b>23324</b>	<b>-9.0</b>	<b>38861</b>	<b>45168</b>
<b>Europe</b>	<b>32142</b>	<b>2.4</b>	<b>30974</b>	<b>23418</b>
<b>World</b>	<b>68582</b>	<b>-1.9</b>	<b>81612</b>	<b>74918</b>

Notes: See text. 'World' is the total of the three regions shown. IATA = International Air Transport Association, BSP = Billing & Settlement Plan. \*Quoted in US\$. †Includes Fiji. Source: IATA BSP, ‡Airlines Reporting Corporation.

Hong Kong with a growth of 14%. But in 2003 it fell faster, by 17%, but recovered all the loss in 2004.

India's growth over the past five has been good – mostly in the high-teens. But in 2004 most others were growing faster, so India lost share. And results were not so good when growth in locations is considered.

Changes in locations and sales lead to indicators on...

...Productivity, see Table 3. A leveller in terms of travel agency performance is

Table 2

## IATA travel agency net sales in Asia Pacific, US\$m\*

Area	2004		2000	1995
	Number	Growth,%	Number	Number
Australia	6214	36.6	4287	3128
China	7231	38.5	2527	na
Hong Kong	1984	24.9	1725	1581
India	2140	15.9	1168	NA
Indonesia	853	9.3	533	522
Japan	13320	34.7	20225	16819
Korea	3073	25.7	2139	2034
Malaysia	1141	18.6	908	817
New Zealand†	1337	21.6	880	877
Philippines	674	15.1	571	463
Singapore	1638	23.5	1535	1108
Taiwan	1624	30.2	1580	1255
Thailand	955	27.5	642	544
<b>Asia Pacific</b>	<b>42185</b>	<b>26.6</b>	<b>38720</b>	<b>29148</b>
<b>US‡</b>	<b>65911</b>	<b>6.6</b>	<b>83532</b>	<b>61194</b>
<b>Europe</b>	<b>64402</b>	<b>16.9</b>	<b>51713</b>	<b>37273</b>
<b>World</b>	<b>172498</b>	<b>17.8</b>	<b>173966</b>	<b>127615</b>

Notes/Source: See Table 1.

Table 3

BSP net sales in Asia Pacific per agency, US\$m* <sup>†</sup>				
Area	2004	Growth,%	2000	1995
Australia	3.15	40.3	1.86	1.82
China	1.87	31.1	0.75	0.01
Hong Kong	8.34	23.8	7.19	5.36
India	0.86	-12.5	0.71	NA
Indonesia	1.91	162.0	1.46	1.95
Japan	15.63	33.1	25.38	
Korea	3.92	29.4	4.07	4.38
Malaysia	1.76	16.4	1.37	1.31
New Zealand†	2.25	23.7	1.20	1.36
Philippines	2.74	14.7	2.53	2.19
Singapore	8.36	25.4	7.68	5.60
Taiwan	4.10	26.0	3.80	4.06
Thailand	2.47	-1.2	2.29	2.30
<b>Asia Pacific</b>	<b>3.22</b>	<b>28.4</b>	<b>3.29</b>	<b>4.18</b>
US‡	2.83	17.1	2.15	1.31
Europe	2.00	14.2	1.67	1.48
World	2.52	26.7	2.13	1.62

Notes/Source: See Table 1.

the measure for revenue per agency.

By far the most productive agencies (in the world) are those in Japan, earning an amazing US\$16mn per agency; however, that is well below the peak, which was 2000 with an even-more-amazing US\$25mn. Other big agency earners are Singapore, with an average of US\$8mn each) and Hong Kong (a few dollars below Singapore).

But if India has become second after China in agency numbers, its per-agency sales are weak – under US\$1mn on average, and US\$1m less than each agency in China.

Indonesia's lurches up and down and related to agency moves rather than market moves.

In 1998, India, Malaysia, and New Zealand were below US\$1mn annual revenue per agency; in 1999 and 2000 only China and India; in 2001 only India; in 2002 and 2003 India and Indonesia; and in 2004 only India.

### Briefs

- **Air traffic** for airlines based in Asia Pacific showed continued fast growth in the first half of this year, 8% (in RPKs, see table notes).

This was well below the 21% growth for all-2004, and for the first half of 2004, but both those results reflect recovery from the year before, SARS-scarred 2003.

And traffic growth was above growth

Table 1

Growth in world air traffic RPKs, over earlier period	
Jan-Jun 2005	8.8
Jan-Jun 2004	20.4
Jan-Dec 2004	15.3
Jan-Dec 2003	-2.4

Notes/Source: As Table 2.

Table 2

Air traffic growth, over earlier period						
Region	2005		2004		2004	
	Jan-Jun	Jan-Jun	Jan-Dec	Jan-Jun	Jan-Jun	Jan-Jun
	ASK	RPK	ASK	RPK	ASK	RPK
Asia Pacific	7.0	8.1	15.5	20.5	19.4	35.0
North America	9.8	11.1	11.0	14.8	11.6	20.1
Europe	4.9	6.3	8.4	10.1	8.9	12.8

Notes: % growth in periods shown over same period year earlier. ASK = available-seat kilometre, RPK = revenue-passenger kilometre. Source: International Air Transport Association.

in capacity (ASK), which was just under 7% in H1.

Asia Pacific's results were slower than the 9% world average. That was primarily because of fast traffic growth for airlines based in North America – 11% in H1. But airlines in Europe were running behind, with 6% growth.

- If 11% growth for **outbound sales of Japan's top-50 travel agencies** looks encouraging, see table, the shock is that the total is still below the amount earned 10 years earlier.

There were notably different results in the eight agency groups that currently produce 74% of the top 50, see table. Hankyu, which in recent years has looked in danger of losing its number-

### International outbound sales, in US\$m\*, of leading outbound travel agencies in Japan, Jan-Jun

	2005	Growth†,%	2000	1996
JTB	1714	9.8	2162	2356
Other JTB	1235	42.0	NA	NA
Hankyu	1137	30.0	999	618
HIS	953	15.8	736	NA
KNT	740	1.3	1040	1211
NTA	648	11.3	604	818
NEC	505	4.4	480	575
Jalpak	456	1.6	585	586
Tokyu	198	-0.8	289	380
<b>Top 50</b>	<b>10222</b>	<b>10.9</b>	<b>10247</b>	<b>NA</b>

Notes: JTB = (originally Japan Travel Bureau), HIS = (originally Hideo's International Services), KNT = Kinki Nippon Tourist, NEC = Nippon Express Company, NTA = Nippon Travel Agency. \*All years converted at US\$1 to ¥108. †Over Jan-Jun 04. Source: Travel Journal International.

two spot to HIS, has been growing much faster.

However, the other fast grower is HIS, even if slower than Hankyu.

Growth at market leader JTB was relatively slow. But that was at its core company; sales at three of its subsidiary companies combined are bigger than Hankyu. Together, these four Jobs have 29% of the top 50.

- Seats sold on selected **Asia Pacific airlines** in the first half increased 6.5% on average.

There were declines. For Thai – understandably, because of the tsunami last December. For Qantas – most likely the winds of competition. And Royal Brunei – which is cutting capacity, albeit at 12% compared with its 14% fall in traffic.

Growth at Singapore Airlines, the regional leader in seat sales, was below its preferred 7-8%. And it may not improve much over the rest of the year, as Singapore is missing out of some of the region's growth.

### Seats sold on selected Asia Pacific airlines, Jan-Jun 05

Airline	No.,x1000	Growth,%
Singapore AL	7906	3.7
Cathay Pacific AW	7333	14.5
Japan AL	6300	6.1
Thai AW	5983	-7.7
Korean Air	5283	10.9
China AL	4585	11.3
Malaysia AL	4512	17.0
Qantas AW	4198	-0.7
Asiana AL	3266	10.7
Eva Air	2884	9.5
Dragonair	2373	9.9
All Nippon AW	1789	7.3
Philippine AL	1582	8.6
Garuda	1109	-2.1
Air Macau	981	24.1
Silk Air	498	4.8
Royal Brunei AL	545	-14.4
Australian AL	385	3.8

Notes: Source different, so criteria of counts may not be comparable between all airlines. Source: airlines, Association of Asia Pacific Airlines.

The big performer was Cathay Pacific, up a very fast 15%. Part of this is traffic growth caused by some fare wars, and part from the airline's relatively-recent (re)entry into the China market, particularly on routes to Beijing and Shanghai.

The other surprise is growth at Malaysia Airlines – which is prompted in part by competition-forced discounting of fares.

Some of the region's 'secondaries' – relatively-new airlines challenging incumbents in their home markets – are already quite large.

Largest is Korea's Asiana, followed by Taiwan's Eva and Hong Kong's Dragonair. All are bigger, for instance, than established Philippine Airlines, and a still-downsizing Garuda.

Air Macau, also relatively-new, is growing fast, and seems likely to become larger than Garuda, probably this year.

Two subsidiaries – Australian, of Qantas, and Silk, of Singapore – are both matching their parents in terms of lower-than-average growth. Does that send a message?



# People-in-Travel

## Tracking Travel's Leaders

### Good work; goodbye

Paris-based Accor's CEO, Jean-Marc Espalioux, 53, has been rewarded for his recognised good work by being asked to leave – like Richard North, from InterContinental in 2004.

Or, as announced officially, JME will not ask that his term, to January 2006, be renewed. Surprisingly, he says he is participating in finding his own replacement. Then last month he added – as if we doubted it – “what I say counts, and my experience matters”. Even odder, he said such departures are “natural and normal” – even, in his case, “good news”.

Earlier, he told us his priorities at Accor were:

- to increase awareness of the brands
- grow 5%-per-year, and
- create a balanced portfolio – in terms of geography, type (luxury, budget, and managed, owned, leased).

JME was perfect with first-half results – revenue on a like-for-like basis increased 5.0%.

So why was he asked to leave?

The strongest point against him seemed to be that he was not a ‘star’; no charisma. He just did his job – well, according to most observers.

He is seen as an administrator (in the sense that this alone was not good enough). But that should be no surprise. He came to Accor in 1997 from a water company that is private but well supported by the French state. He is also an ‘enarque’, the term for those graduating from the Paris college ENA that provides many of the country’s government ministers and heads of the state-owned companies.

He also didn’t like travel or dinners in town – definite disadvantages for a company that operates worldwide.

But maybe he had other weaknesses. This May, for instance, we listed a series of operational shortcomings at Accor hotels, terminating the report by saying “that Accor may be neglecting operational matters in its hotels”.

Local observers list the following favourites to replace JME (in alphabetical order):

- Benjamin Cohen, 66, and number two after JME. If he stands a chance, probably only on an interim basis because of his age.

- Henri Giscard d’Estaing, 48, who since 2002 has been running Club Med, of which Accor has just bought 29%. However, he has not proved himself there.

### Thai; in knots

In July 2002 we said government interference had “damaged one-time great airline Thai Airways, and that interference is certain to continue for the foreseeable future”.

In November 2004 we said Thai Airways was weakening. So it was no surprise that in August, Kanok Abhiradee was replaced as head of Thai by Somchainuk Engtrakul, named interim president.

The airline’s board sanctioned Kanok because he could not solve the problem that most airline CEOs cannot solve – how to make money with rising costs and falling product rates (tickets).

But worse, government interference continues. At the time of these changes, the country’s prime minister, no less, told Thai to postpone delivery of two A340 aircraft due this year.

Meanwhile, one of the prime minister’s family group companies, Thai Air Asia continues to add aircraft without ministerial interference.

### New Cook, new menu?

Thomas Holtrop, 50, appointed chairman and CEO of Frankfurt-based Thomas Cook, is due to take over the 50%-Lufthansa-owned travel agency group next month, after joining the board in September.

Holtrop replaces a 4-man executive board that has been running the group since it fired Stefan Pichler in 2003.

Holtrop’s appointment is seen as an indicator of TC’s business direction in the future. Over 2001-04, Holtrop worked at Deutsche Telekom as chairman of T-Online, a leading online portal. Earlier, he was at Club Med and American Express, and with Gruner & Jahr, the big Germany-based international publishing company.

His short (three years) spell at Deutsche Telekom, and creation of an online portal, is believed to be the key element in his appointment at TC. But obviously those travel jobs also improved his CV.



# Net Value

## Marketing Travel On The Internet

### Cendant survey

Cendant TDS\* says growth of low-fare airlines (LFAs) will mean travellers will travel more often. *Its research, however, does not show this. It shows, see table, that a greater percentage will book online – not quite the same thing.*

Also, although surveys of travel intentions must always carry some risk, Cendant does not appear to have flagged one in this survey – carried out for the company by Marketshare – concerning Malaysia.

Intentions by travellers in Malaysia to book online are beyond belief – particularly when it is considered that there are more online options in Singapore. This includes three ‘onlinet’ airlines, Jetstar, Tiger, Valuair, plus Zuji (an online travel agency owned partly by Travelocity, one of the world’s top three online travel agencies).

### Online bookings\*, Asia

Market	Air	Hotel
Hong Kong	23	15
Malaysia	43	38
Singapore	45	41

Notes/Source: See main table.

In Malaysia, no Zuji and only one online airline, Air Asia.

*So does this survey result mean greater enthusiasm/belief in the internet in Malaysia, or merely “irrational exuberance”?*

The research indicates that 87% of air travellers in Malaysia intend to book travel online in the next year – which, if it happened, would probably make the market world number one.

*In fact, expansion in Asia by LFAs is seriously limited by air traffic rights. Protectionism is breaking down steadily but there is still a long way to go. When Air Asia can establish an operating base in Hong Kong (or Macau or Shenzhen), and fly to China, Manila, etc – then you know liberalisation has arrived.*

This is an extract from **Net Value**, a monthly report on marketing travel on the internet. A combination subscription to NV costs US\$50 for one year; full price is US\$100. For more information, contact Raymonde Perpignani at Travel Business Analyst, TBAoffice@aol.com

This is an extract from **People-in-Travel**, a monthly report tracking travel’s leaders. A combination subscription to PinT costs US\$50 for one year; full price is US\$100. For more information, contact Raymonde Perpignani at Travel Business Analyst, TBAoffice@aol.com

# MARKET DATA

For a copy of a document showing how to get the best out of these tables, subscribers should circle this paragraph and mail to us, and separately send a cheque for "International Committee of the Red Cross" for a token amount in any currency to ICRC, 19 Ave de la Paix, CH-1202 Geneva, Switzerland

## Headlines

### Comments on tables

- Singapore's YTD up a strong 8%; but Japan falls and UK looks weak, although Hong Kong is good. Sydney's YTD also up 8%, yet some star routes are in surprising trouble – declines to/from New Zealand and Singapore, saved by Hong Kong's 25% growth. Tokyo's YTD up 3%; not good but better than some figures coming out of Japan.
- First half for France, Germany, UK. For France the biggest markets performing well except, understandably, Thailand. YTD for Germany up a strong 10%; most doing well except, as for France, to/from Thailand. YTD for UK up 7%; Australia up 46% but Singapore only 1%, indicating that Singapore is losing its role as a transit point for UK-Australia traffic. For others – YTDs up 10% for Australia, and 6% the US. Full review in this issue.
- Half year figures for Air Macau (good), Royal Brunei (dreadful), Thai AW (damaged); some others covered already in September issue. Full review in this issue.
- August was a bad month – prices of 10 stocks fell, only two increased. Their markets were not much better – six down, six up.
- Data at half-year.
- Data at half-year.
- Half year figures for Osaka (good) and Tokyo (fair). Phuket still suffering badly from December's tsunami; and worryingly, traffic is still down the same rate on a monthly basis; this means travellers, understandably, still prefer to avoid tsunami scars.
- Half year figures. Not so good in that four are falling – Brunei, Garuda, All Nippon, Thai. Full review in this issue.
- Half year figures; good growth in seat sales. Full review in this issue.
- That looks better – top-50 growth at 9%.
- Selected first-half data from Expedia and Priceline.
- Asia Pacific YTD was unchanged in occupancy, up US\$12 in average rate to US\$108, pushing revpar up US\$10 to US\$80. Full review of half-year figures in this issue.

### 1 Air passenger\* traffic to and from major Asia Pacific centres, x1000

From:	Singapore				Sydney				Tokyo*					
	Jul 05	+/- %	YTD 05	+/- %	May 05	+/- %	YTD 05	+/- %	May 05	+/- %	YTD 05	+/- %		
Indonesia	333	7.0	1998	7.4	Auckland	83	-2.8	534	-1.0	Pacific	3051	2.8	14915	5.1
Malaysia	204	6.3	1369	3.2	Bangkok	35	0.1	190	-3.0	Oceania	545	-4.9	2808	0.1
Thailand	306	8.7	1942	5.7	Denpasar	14	-5.5	70	-8.8	SE Asia	3642	1.3	17778	3.1
Hong Kong	200	20.0	1234	22.5	Hong Kong	53	19.2	312	25.0	China	1913	2.4	9107	6.0
Japan	145	-6.1	925	-2.9	London	36	20.1	194	20.8	Korea	1181	1.4	5762	0.1
UK	117	1.4	767	0.3	Los Angeles	49	-1.8	268	4.5	Europe	1537	2.5	7263	0.7
Australia	320	7.9	2026	6.3	Singapore	67	-5.8	380	-4.7					
US	69	4.3	439	8.1	Tokyo	30	-12.3	199	3.6					
TOTAL	2742	9.2	17370	7.9	TOTAL	665	2.7	3923	7.7	TOTAL	12438	1.6	60400	3.1

Notes: See Master Notes, this page. Routes are selected; may not be largest. \*Flights from Tokyo Narita, not passengers; double for approximate city-pair total. Source: Airports Authority of Thailand, New Tokyo International Airport Authority, Civil Aviation Authority of Singapore, Department of Transport and Communications (Australia).

### 2 Air passenger traffic to and from Asia Pacific, x1000

From	Australia			France			Germany			UK			US		
	May 05	YTD	+/-t, %	Jun 05	YTD	+/-t, %	Jun 05	YTD	+/-t, %	Jun 05	YTD	+/-t, %	Apr 05	YTD	+/-t, %
Australia	na	na	na	na	na	na	5.8	49	0.7	48.9	611	46.0	16.8	519	11.0
China	35.4	204	55.3	18.2	424	15.9	21.9	570	21.5	52.4	193	46.0	33.4	385	38.9
Hong Kong	13.2	658	22.3	5.0	208	8.1	3.7	266	10.0	14.1	606	-1.1	5.5	537	12.0
India	na	28	na	47.6	267	25.3	21.6	572	19.7	53.9	742	36.4	17.6	80	-3.5
Indonesia	-1.5	295	-2.8	na	na	na	114.1	14	23.3	na	na	na	5.5	7	32.9
Japan	-14.3	711	1.4	6.9	606	7.0	3.2	503	1.9	1.6	584	4.0	5.5	3869	5.6
Korea	-0.5	186	6.6	-0.7	149	-1.9	-1.3	246	-2.1	13.9	122	10.2	6.2	850	6.6
Malaysia	43.7	509	24.2	32.7	72	33.7	-8.7	78	2.5	12.8	338	7.0	1.1	32	3.1
New Zealand	5.9	2042	8.8	na	na	na	na	na	na	20.1	94	-1.1	-15.6	286	-7.5
Philippines	-14.6	67	-8.1	na	na	na	11.2	59	16.7	na	na	na	-12.6	255	-1.7
Singapore	6.0	1369	5.2	17.8	194	21.6	2.5	340	1.0	27.5	584	0.7	14.2	110	9.3
Taiwan	24.1	102	20.8	17.4	41	2.0	28.7	52	20.4	11.8	45	8.9	4.3	648	10.5
Thailand	-5.9	332	-6.2	-10.6	187	-16.9	3.7	500	-2.7	23.4	373	10.7	7.1	28	-12.5
TOTAL	7.4	8488	10.2	NA	NA	NA	9.9	56683	9.7	7.5	81863	7.4	2.1	37352	6.4

Source: Department of Transport and Communications (Australia), Aeroports de Paris (France), Statistisches Bundesamt (Germany), Civil Aviation Authority (UK), US Department of Commerce (US).

Contacts: Germany - fax (49-0611)-724000, email luftverkehr@destatis.de, website www.statistik-bund.de; US (for International Trade Administration, Tourism Industries), website tinet.ita.doc.gov

**Master Notes: Exchange rates (start of previous month) - US\$1 to A\$1.33, Y8.10, HK\$7.77, ¥111, W1041, MR3.77, NZ\$1.44, S\$1.68, NT\$32.8, B41.3. AL = Airlines, ASK = available seat kilometre, AW = Airways, BI = Royal Brunei AL, BR = Eva AW, CI = China AL, CX = Cathay Pacific AW, E = TBA estimate, GA = Garuda, HK = Hong Kong, ID = Indonesia, IN = India, J-D = Jan-Dec, JL = Japan AL, JP = Japan, KE = Korean Air, KR = Korea, LF = load factor, MH = Malaysia AL, MI = Silk Air, MY = Malaysia, NA = not available, na = not applicable/nil, NH = All Nippon AW, NZ = Air New Zealand, OZ = Asiana, P = provisional, Pax = passenger, PH = Philippines, PR = Philippine AL, RPK = revenue passenger kilometre, Q = quarter (of year), QF = Qantas AW, SF = seat factor, SG = Singapore, SQ = Singapore AL, SS = seats sold, TG = Thai AW, TH = Thailand, TW = Taiwan, VN = Vietnam AL, YTD = year-to-date.**

# MARKET DATA

## 3 Traffic on international routes of selected Asian airlines, 2005

Airline	Mth	SS		+/-		Jan thru	SS		+/-		ASK mn	+/-		RPK mn	+/-		SF %	Low-fare airline traffic*, 2005		
		1000	%	mn	%		1000	%	mn	%		mn	%		pts	Jetstar		Jun	Jan-Jun	
Air Macau*	Jun	175	16.5	205	17.7	Jun	981	24.1	1663	16.4	1150	21.8	69.1	3.0	SS,x1000	380	2399			
Cathay Pacific*	Jun	1258	10.1	5254	11.5	Jun	7333	14.5	39535	12.2	30882	15.1	78.1	2.0	Growth,%	43.4	na			
China AL	May	819	18.5	2779	11.6	May	3763	11.9	16997	10.0	12797	8.7	75.3	-0.9	SF,%	70.4	72.1			
Dragonair*	Jul	455	10.3	582	8.6	Jul	2828	10.0	5683	8.0	3651	9.1	64.2	0.7						
Eva Air	Jul	548	8.0	2090	6.2	Jul	3432	9.2	16749	5.3	13355	4.3	79.7	-0.8	Virgin Blue	Jul	Jan-Jul			
Japan AL	Jul	1114	-13.9	5828	-4.2	Jul	7549	-5.2	55944	-1.7	37993	-2.2	67.9	-0.4	SS,x1000	1242	7728			
Korean Air	Jun	932	10.1	4049	12.3	Jun	5358	10.0	30252	9.6	21473	7.9	71.0	-1.2	Growth,%	10.2	13.8			
Malaysia AL	Jul	813	14.8	3740	13.1	Jul	5356	17.3	34138	8.2	24608	18.2	72.1	6.1	SF,%	82.3	76.1			
Qantas AW	Jun	664	-1.2	4461	4.0	Jun	4198	-0.7	35789	4.3	27317	3.8	76.3	-0.3						
Australian	Jun	66	-5.7	294	-10.6	Jun	385	3.8	2793	0.9	1851	1.0	66.3	0.1	Air Asia*	Mar-Jun	Jan-Jun			
Royal Brunei	Jun	103	-10.7	330	0.3	Jun	545	-14.4	2630	-11.8	1756	-8.5	66.8	2.4	SS,x1000	1203	2303			
Singapore AL	Jul	1495	6.9	7353	6.6	Jul	9401	4.1	62782	7.0	45884	4.8	73.1	-1.5	Growth†,%	9.4	NA			
Thai AW	Jun	1019	-5.2	3701	1.8	Jun	6149	-7.4	32276	-1.1	22319	-3.4	69.2	-1.6	SF,%	76.0	74.1			

Notes: See Master Notes, page 6. pts-points. \*Domestic and international. †Growth against earlier period. Virgin is booked loads, including free passengers; Jetstar paid travelled passengers only (add 4-5 points for others); Air Asia does not specify. Source: companies.

## 4 Airline financial results, US\$\*

Item	CX	KE	QF group	SQ	TG
	Y-Dec 04	Y-Dec 04	Y-Jun 05	Y-Mar 05	Y-Sep 04
Revenue,mn	5008	7161	9582	7325	3902
Op Profit,mn	673	1404	850	827	517
Revenue per					
ASK,USc*	6.76	11.1	8.41	7.00	5.59
RPK,USc*	8.75	15.6	11.02	9.44	7.71
Pax,US\$*	367	335	293	459	200
Profit per					
ASK,USc*	0.91	2.17	0.75	0.79	0.74
RPK,USc*	1.18	3.05	0.98	1.07	1.02
Pax,US\$*	49	66	26	52	26

Notes: See Master Notes, page 6. Although these figures show indicative comparisons between airlines, they do not provide precise comparisons because of different definitions. Op = Operating, USc = US cents, Y = year. \*See Master Notes for approximate conversion rate. Source: companies.

## 5 Stock market last-day airline and hotel closing prices

Airline/ Hotel	Price, local currency			Growth†,%		TBA 100 index*	
	Dec 04	Jul 05	Aug 05	stock	market	AL	All AL
Air NZ	1.64	1.30	1.22	-6.2	-0.2	5	7
All Nppn AW	361	348	361	3.7	4.3	18	26
Cathay P AW	14.7	14.5	14.4	-0.7	0.2	181	257
China AL	18.1	17.2	15.6	-9.3	-4.4	32	45
Japan AL	297	300	311	3.7	4.3	18	26
Korean A†	182	197	178	-9.9	-2.5	55	79
Malysn AL	4.42	3.76	3.10	-17.6	-2.5	32	45
Qantas AW	3.71	3.32	3.21	-3.3	1.3	147	209
Singpre AL	11.4	11.9	11.8	-0.8	-3.3	80	114
Thai AW	49.3	40.0	37.3	-6.9	3.3	69	98
Mndrn-Orntl	0.78	0.99	0.95	-3.6	-3.3	na	na
Shangri-La	11.2	13.7	13.5	-1.5	0.2	na	na

Notes: See Master Notes, page 6. \*100 base on Jan 90 prices except Jan 93 for NZ and TG, Jan 95 for CI, Jan 96 for QF. †x100. ‡Latest month over month earlier. Source: Wall Street Journal(s), Travel Business Analyst.

## 6 Running 12-month total citizen departures, x1000

12 mths through	CN†	+/- %	JP	+/- %	KR	+/- %	TW	+/- %
Dec 90	620	24.0	10,997	13.8	1,561	28.7	2,942	39.6
Dec 95	4,521	21.1	15,298	12.7	3,819	21.1	5,189	9.4
Dec 00	10,473	13.4	17,812	8.9	5,508	27.0	7,329	11.7
Jun 05	28,654	19.8	17,592	16.8	9,518	17.4	8,174†	10.4†

Notes: See Master Notes, page 6. †Estimates by Travel Business Analyst. Source: NTOs, Travel Business Analyst.

## 7 Overseas travel by Asia Pacific residents

Market	Jan* thru:	Departures	Growth,%	Source	Spend,US\$mn*
Australia	Dec	4,368,701	29.0	PATA	7,291
	Jun†	2,226,370	11.1	PATA	9,407
China	Dec†	20,221,939	21.8	NTO	13,100
	Dec	28,500,000	40.9	PATA	15,187
Hong Kong	May‡	29,261,283	5.8	PATA	NA
Hong Kong-A	Dec	5,013,960	13.2	NTO	11,447
	May‡	1,993,310	-1.1	NTO	13,123
India	Dec†	4,615,376	1.1	PATA	2,255
Indonesia	Jun	1,563,292	4.8	PATA	3,082
Japan-B	Dec	16,811,290	26.5	PATA	28,971
	Jun‡	8,346,191	10.3	PATA	38,103
Korea-B	Dec	8,825,442	24.5	NTO	8,136
	Jun‡	4,779,112	17.0	NTO	9,499
Macau	Dec	498,437	36.1	NTO	71
New Zealand	Dec	1,733,210	26.1	PATA	1,775
	Jun‡	805,186	10.5	PATA	2,360
Philippines	Dec†	1,780,454	-8.3	PATA	1,005
	Jun	1,042,858	18.7	PATA	632
Singapore-D	Dec	5,164,906	22.3	NTO	4,925
	Mar‡	1,168,702	3.1	NTO	7,744
Taiwan-B	Dec	7,780,652	31.4	NTO	6,480
	May‡	3,281,309	9.8	NTO	8,170
Thailand	Dec	2,709,105	25.9	PATA	3,495

Notes: See Master Notes, page 6. \*2004 unless stated otherwise. †2003. ‡2005. A = Excludes travel to China and Macau. B = Citizens. D = Excludes departures by land. Source: NTO-national tourist office, Ot-Other, PATA-Pacific Asia Travel Association.

Notes: \*Quoted in US dollars for latest whole year; may not match period in other columns. Source: World Tourism Organization.

## 8 Running 12-month total visitor arrivals, x1000

12 mths through	CN	+/- %	HK	+/- %	SG	+/- %	TH	+/- %
Dec 90	1,747	19.6	5,933	10.7	5,313	10.0	5,299	10.2
Dec 95	5,887	13.6	10,200	9.3	7,137	3.5	6,952	12.7
Dec 00	10,160	20.5	13,059	16.5	7,686	10.5	9,579	10.7
Jun 05	18,919†	32.8†	22,776	16.2	8,640	15.6	11,639†	3.0†

Notes: See Master Notes, page 6. †Estimate by Travel Business Analyst. Source: NTOs, Travel Business Analyst.

# MARKET DATA

## 9 Visitor arrivals in Asia Pacific destinations

### International arrivals

Destination	Months* Jan thru:	Arrivals	Growth %	Stay days†	PVPD US\$-A
Australia	Dec	5,219,549	10.0	27.0	69.87
	Jun‡	2,611,950	8.0	27.0	69.87
Bangladesh	Dec	271,270	10.9	5.0	50.00
Bhutan	Dec	9,249	47.7	5.0E	230.19E
Cambodia	Jun‡	682,431	52.6	5.0	200.00
China foreigners	May‡	48,415,740	13.9	7E	100E
	Dec	16,932,506	48.6	7E	79.13
	May‡	7,786,763	28.0	7E	100E
Cook Islands	Jun‡	37,705	4.2	5.0	115.84
Fiji	Oct‡	419,399	17.5	7.5	124.58
Guam	May‡	508,933	6.6	4.0	302.93
Hawaii	Dec	6,892,455	8.6	11.4	179.98
	May‡	2,935,680	8.0	11.4	179.98
Hong Kong	Dec	20,062,242	43.4	3.6	79.13
	Jun‡	10,978,048	9.6	3.6	79.13
India	Dec	3,367,980	22.5	27.0	46.62
	Jun‡	1,808,091	18.8	27.0	46.62
Indonesia	Jun‡	2,049,487	-3.9	10.0	231.71
Japan	Dec	6,143,000	17.9	9.4	96.95
	Jun‡	3,257,786	8.7	9.4	96.95
Korea	Dec	5,818,298	22.4	6.3	163
	Jun‡	2,908,745	7.9	6.3	163
Laos	Dec	1,144,512	80	5.0	23.03
Macau	Mar‡	2,109,092	11.7	1.2	141.65
Malaysia	Dec	15,703,406	48.5	4.8	76.95
	May‡	6,828,747	4.9	4.8	76.95
Maldives	Jun‡	161,493	-49.0	8.8	56.00
Marianas	Jun‡	261,373	-1.1	1.0E	100.00E
Mongolia	Dec†	201,153	-12.1	5.0	100.00E
Myanmar	Mar‡	72,264	0.7	7.3	70.00
Nepal	Jun‡	111,705	-25.3	10.0	14.09
New Caledonia	May‡	37,887	5.2	5.0	235.95
New Zealand	Dec	2,347,672	11.5	19.2	115.33
	Jun‡	1,202,116	4.9	19.2	115.33
Pakistan	Dec	647,963	38.1	5.0	68.06
Palau	Dec	89,161	36.2	NA	NA
PNG	May‡	29,310	18.8	5.0	255.48
Philippines	Jun‡	1,285,762	12.7	8.9	132.26
Singapore	Dec	7,671,283	40.0	2.7	327.87
	Jun‡	4,183,425	8.2	2.7	327.87
Sri Lanka	Jun‡	254,088	13.0	9.8	57.00
Tahiti	Jun‡	94,843	-3.5	5.0	223.98
Taiwan	May‡	1,353,436	19.3	7.3	212.10
Thailand	Dec	11,726,262	14.8	9.2	111.44
	Jan‡	857,266	-29.9	9.2	111.44
Tonga	Dec	17,959	0.8	5.0	56.87
Vanuatu	Dec	98,481	-2.3	5.0	146.17
Vietnam	Jun‡	1,757,008	24.2	5.4	200.00

### International arrivals

City/region	Period	Number	Growth,%	Source	
Bali	Jan-Jun 05	688,950	6.3	PATA	direct arrivals
Jakarta	2002	1,267,106	14.0	CTO	none
Sabah	Jan-Oct 04	629,618	41.5	PATA	direct arrivals
Sarawak	Jan-Dec 03	1,668,005	NA	PATA	direct arrivals

### Domestic arrivals

Destination	Period	Number	Growth,%	Source	Comment
Australia	2002	75.3mn	1.0	NTO	overnights
Malaysia	2001	15.8mn	NA	NTO	1998 8.32mn
Thailand	2001	60mn	NA	NTO	2% growth in 2002

Notes: See Master Notes, page 6. \*2004 unless stated otherwise. †2003. ‡2005. Source: national tourist offices, PATA.

Notes: See Master Notes, page 6. Latest figures; may not tally with period. PVPD-per visitor per day. \*Figure for period as shown. †In nights for Australia, Bangladesh, Guam, Hong Kong, Korea, Macau, Maldives, Philippines, Sri Lanka, Switzerland, Taiwan and UK. A = Converted at current rates. Source: national tourist offices, PATA, WTO.

## 10 Asia Pacific international airport passengers

City	Month*	Number	Growth %	Jan thru month shown	Growth %
Bali	Apr‡	247,878	18.0	950,750	13.8
Bangkok	Dec†	2,456,834	9.6	25,825,064	21.5
	May‡	2,043,315	5.5	10,567,019	2.6
Beijing	Dec†	654,396	12.4	8,322,625	53.8
	May‡	766,308	23.5	3,445,935	16.9
Brisbane	May‡	259,439	15.0	1,401,501	14.3
Chennai	May‡	213,095	12.1	962,631	7.2
Colombo	May‡	353,273	16.3	1,624,204	3.8
Delhi	May‡	373,165	16.6	2,123,946	14.4
Guangzhou	May‡	242,257	14.0	1,240,022	18.6
Hong Kong	Dec†	3,346,000	11.5	37,125,000	35.3
	Jul‡	3,790,000	10.3	23,178,000	11.8
Jakarta	May‡	436,240	4.0	2,248,748	4.4
Kuala Lumpur	May‡	1,158,911	21.4	5,668,736	19.3
Macau	May‡	355,711	41.9	1,684,064	25.1
Male	May‡	71,348	-25.0	370,831	-42.1
Manila	May‡	851,397	12.2	3,937,143	8.9
Melbourne	May‡	298,782	7.9	1,741,586	11.4
Mumbai	May‡	525,760	17.5	2,490,163	11.8
Nadi	May‡	91,434	6.1	461,312	13.8
Noumea	May‡	28,692	-3.7	168,893	8.2
Osaka KIX	Dec†	913,300	-2.0	10,792,359	26.3
	Jun‡	890,100	2.8	5,417,000	8.7
Papeete	Feb‡	42,299	-5.8	96,914	2.1
Perth	May‡	144,530	16.3	825,448	12.4
Phnom Penh	May‡	63,005	3.2	346,685	5.8
Phuket	May‡	45,685	-63.4	259,407	-67.0
Seoul	Dec†	2,081,374	11.5	24,235,807	24.7
	May‡	2,092,944	10.7	10,459,856	13.2
Shanghai	Dec†	1,172,699	27.3	12,856,218	54.8
	May‡	1,168,699	18.1	5,875,893	24.7
Singapore	Dec†	2,956,668	9.4	30,352,290	23.1
	Jul‡	2,898,656	8.2	18,342,581	7.4
Sydney	Dec†	881,147	7.6	8,942,420	11.9
	May‡	665,221	2.7	3,923,150	7.7
Taipei	Dec†	1,429,043	10.8	17,721,939	30.3
	May‡	1,602,565	16.3	7,590,225	11.5
Tokyo Narita	Dec†	2,489,994	4.9	30,081,752	17.7
	Jun‡	2,483,846	-0.2	14,756,070	4.2
ASIA PACIFIC-A	Dec†	66,671,662	11.5	781,831,223	20.8
	May‡	67,246,703	8.6	328,596,367	5.9

Notes: See Master Notes, page 6. \*2003 unless stated otherwise. <2004. †2005. A = Domestic and international. Source: civil aviation departments, airports, Airports Council International.

# MARKET DATA

## 11 Operating results of AAPA airlines, 2005

AL	SS,x1000				RPK,mn			
	Jun 05	+/-,%	YTD	+/-,%	Jun 05	+/-,%	YTD	+/-,%
BI	87	-24.3	461	-27.6	270	-10.3	1147	-10.9
BR	496	4.9	2884	9.5	1841	5.5	7446	5.0
CI	823	8.7	4585	11.3	2600	11.0	10018	7.9
CX	1258	10.2	7333	14.5	5039	12.3	20549	16.4
GA	207	-6.8	1109	-2.1	534	-14.1	2169	-11.4
JL	1048	1.0	6300	6.1	4790	-2.2	21161	4.5
KE	913	9.5	5283	10.9	3426	12.7	13630	9.7
MH	769	15.8	4512	17.0	3422	16.8	13975	17.5
NH	290	-4.3	1789	7.3	1347	-1.2	5732	5.3
OZ	550	7.6	3266	10.8	1477	6.6	5798	4.9
PR	256	6.7	1582	8.6	1227	4.8	4749	6.7
MI	91	3.4	498	4.8	159	9.5	596	10.3
SQ	1409	7.4	7906	3.7	6360	5.8	25272	2.3
TG	987	-5.5	5983	-7.7	3805	-1.9	14882	-6.5
VN	202	13.5	NA	NA	569	36.7	NA	NA

Notes: See Master Notes, page 6. Source: Association Of Asia Pacific Airlines.

## 12 Operating resultst of AAPA member airlines

Item	Apr	+/-	May	+/-	Jun	+/-	YTD	+/-
	05	%	05	%	05	%	05	%
SS,mn	9.6	6.9	9.6	8.0	10.6	5.1	58.0	7.3
ASKs,bn	53.0	5.6	55.0	5.9	59.6	5.8	330.5	5.6
RPKs,bn	37.7	6.3	38.1	6.7	44.4	6.2	239.2	6.5
Pax LF,%	71.1	0.5*	69.2	0.5*	74.4	0.3*	72.4	0.6*

Notes: See Master Notes, page 6. \*Points. †Because some member airlines have not supplied data to AAPA, these are not complete totals; however, percentage changes have been adjusted. Source: Association Of Asia Pacific Airlines.

## 13 IATA travel agencies in Asia Pacific, 2004

Country	Locations	GrowthNet		Growth	Per	Growth
		%	sales US\$m*			
Australia†	1,973	-2.7	6,214	36.6	3.15	40.3
China	3,873	5.6	7,231	38.5	1.87	31.1
Hong Kong	238	0.8	1,984	24.9	8.34	23.8
India	2,482	32.4	2,140	15.9	0.86	-12.5
Indonesia	447	-58.3	853	9.3	1.91	162.0
Japan	852	1.2	13,320	34.7	15.63	33.1
Korea	784	-2.9	3,073	25.7	3.92	29.4
Malaysia	649	1.9	1,141	18.6	1.76	16.4
New Zealand†	593	-1.7	1,337	21.6	2.25	23.7
Philippines	246	0.4	674	15.1	2.74	14.7
Singapore	196	-1.5	1,638	23.5	8.36	25.4
Taiwan	396	3.4	1,624	30.2	4.10	26.0
Thailand	387	29.0	955	27.5	2.47	-1.2
Asia Pacific	13,116	1.7	42,185	26.6	3.22	28.4
US‡	23,324	-9.0	65,911	6.6	2.83	17.1
Europe	32,142	2.4	64,402	16.9	2.00	14.2
World	68,582	-1.9	172,498	17.8	2.52	26.7

Notes: IATA = International Air Transport Association. \*Quoted in US\$. †Includes, in order as shown: Kiribati, Fiji. Source: IATA Billing & Settlement Plan, ‡Airlines Reporting Corporation.

## 14 International outbound sales of leading outbound travel agencies in Japan, US\$m\*

Agency	Jun 05	+/-,%	Jul 05	+/-,%	YTD	+/-,%
JTB	317	2.6	322	-5.1	2036	7.1
Other JTB	215	10.5	246	2.3	1481	33.4
Hankyu	245	25.2	182	3.8	1318	25.6
HIS	158	11.9	201	7.5	1154	14.3
KNT	147	-6.0	124	-3.7	864	0.6
NTA	117	4.1	140	-1.4	788	8.8
NEC	91	3.4	101	2.6	606	4.1
Jalpak	75	-7.4	86	-6.7	542	0.2
Tokyu	40	-1.7	33	-3.2	231	-1.2

Top 50 1884 1.1 1925 -1.6 12147 8.7

Notes: JTB = (originally Japan Travel Bureau), HIS = (originally Hideo's International Services), KNT = Kinki Nippon Tourist, NEC = Nippon Express Company, NTA = Nippon Travel Agency. \*Converted at US\$1 to ¥103. †Over same period, year earlier. Source: Travel Journal International.

## 15 Internet bookings/sales of selected companies/markets

Company,item	Period	Number	Previous
Expedia bookings	Jan-Jun 05	\$8b	up 24%
outside US share,%	Jan-Jun 05	22%	12% '03
Expedia transaction growth	Jan-Jun 05	18%	28% '04
Expedia roomnight growth	Jan-Jun 05	7%	21% '04
Expedia revenue/transaction	Jan-Jun 05	\$417	\$365 '03
Priceline air tickets	Jan-Jun 05	1.5m	up 6%
Priceline roomnights	Jan-Jun 05	5.3m	up 44%
Priceline car days	Jan-Jun 05	2.8m	up 7%

Notes: See Master Notes, page 6, and Net Value. All \$s are US\$. Source: various.

## 16 Economic indicators of major countries in Asia Pacific

Country	Forecast GDP growth*†,%			GDP per capita,US\$	Inflation	
	2005	2006	Period		2005	period
Australia	2.3	3.1	Q1: 1.9	19,070	Q2:	2.5
China	8.7	8.0	Q2: 9.5	900	Jul:	1.8
Hong Kong	4.6	4.6	Q1: 6.0	23,260	Jun:	1.2
India	6.7	6.8	Q1: 7.0	470	Jul:	4.1
Indonesia	5.1	5.5	Q2: 5.5	680	Jul:	7.8
Japan	1.9	1.9	Q2: 1.4	32,520	Jul:	-0.3
Korea	3.6	4.5	Q2: 3.3	23,260	Jul:	2.5
Malaysia	4.8	5.3	Q2: 4.1	3,890	Jul:	3.0
Philippines	4.7	5.0	Q1: 4.6	23,260	Jul:	7.1
Singapore	3.8	4.7	Q2: 5.2	20,850	Jul:	0.1
Taiwan	4.1	4.2	Q1: 2.5	23,260	Jul:	2.4
Thailand	4.8	5.6	Q2: 4.4	1,800	Aug:	5.6

Notes: See Master Notes, page 6. F=forecast. GDP=gross domestic product. \*Over period year earlier. †Official and other estimates. Source: The Economist, Wall Street Journal(s).

## 17 Economic indicators of major visitor-producing countries for Asia, 2005

Country	GNP/GDP	Retail sales	Consumer prices	Wages/earnings
Australia	1.9 Q1	1.6 Q2	2.5 Q2	5.0 Q1
Germany	0.6 Q2	-3.0 Jul	2.0 Aug	1.4 Jun
Japan	1.4 Q2	3.6 Jun	-0.1 Jul	1.7 Jul
UK	1.7 Q2	1.7 Jun	1.4 Jul	4.2 Jun
US	3.6 Q2	7.5 Jul	3.0 Jul	2.2 Aug
Euroland	1.1 Q2	0.0 Jul	2.3 Aug	3.0 Q1

Notes: All figures are percentage changes, compared with one year earlier. Source: The Economist.

# MARKET DATA

## 18 Hotels measures in Asia Pacific, July

Location	Occupancy,%				Average room rate, local US\$*					Revpar, US\$*			
	2005		2004		2005		2004		2005		2004		
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD	Mth	YTD
Auckland	70.6	77.3	67.9	80.4	170.17	123.96	121.02	87.68	95.78	87.48	93.54	59.55	77.05
Bali	78.0	59.1	72.4	59.9	764477	86.84	80.38	80.77	71.83	67.73	47.52	58.45	43.00
Bangkok-all	72.7	74.1	NA	NA	3852.25	87.13	96.64	NA	NA	63.37	71.58	NA	NA
L-4	71.6	74.9	78.1	73.4	1883.62	43.37	47.25	45.37	43.72	31.06	35.37	35.42	32.09
U-4	70.5	70.8	74.5	69.6	2769.80	59.82	69.49	68.89	64.70	42.15	49.20	51.36	45.00
Beijing-all	78.1	75.0	NA	NA	914.94	105.48	110.87	NA	NA	82.37	83.15	NA	NA
L-4	84.5	80.4	82.5	79.8	609.69	73.31	73.88	62.30	65.94	61.93	59.41	51.43	52.59
U-4	75.4	73.0	65.4	62.6	1041.29	120.74	126.18	108.56	111.96	91.01	92.06	71.04	70.08
Fiji	86.1	72.5	85.9	66.5	213.42	145.15	128.05	114.23	107.88	125.00	92.79	98.12	71.70
Ho Chi Minh City	60.0	67.7	57.7	54.5	1142343	74.17	72.16	67.70	67.58	44.52	48.82	39.06	36.85
Hong Kong-all	84.6	82.6	NA	NA	1115.02	123.17	143.22	NA	NA	104.16	118.33	NA	NA
3-star	90.8	83.7	95.6	88.1	591.87	63.31	76.02	58.88	64.29	57.51	63.60	56.30	56.62
L-4	89.2	86.7	91.6	89.4	795.31	89.92	102.15	77.40	82.95	80.24	88.55	70.87	74.15
U-4	82.5	81.1	89.7	82.1	1095.28	126.68	140.68	105.42	116.19	104.52	114.05	94.61	95.38
Jakarta U-4	54.8	53.9	50.4	48.3	714250	70.25	75.10	57.21	67.21	38.52	40.50	28.81	32.48
Kuala Lumpur-all	86.5	75.1	87.6	75.3	273.32	73.57	72.06	67.67	65.42	63.64	54.13	59.30	49.24
U-4	84.6	73.1	NA	NA	341.24	89.84	89.97	NA	NA	76.04	65.81	NA	NA
Macau	76.8	72.4	89.2	76.7	727.72	89.67	90.90	74.52	74.99	68.89	65.77	66.48	57.50
Manila-all	73.8	79.2	73.1	74.6	3809.93	67.07	69.24	64.94	64.73	49.53	54.83	47.46	48.27
U-4	70.0	77.2	NA	NA	4248.04	74.05	77.20	NA	NA	51.86	59.62	NA	NA
Melbourne	74.6	75.4	79.5	76.0	185.78	131.43	142.96	114.22	128.34	98.02	107.84	90.78	97.57
Pattaya	55.9	69.1	63.3	64.2	2225.35	50.19	55.83	47.84	49.56	28.05	38.59	30.30	31.84
Penang	69.6	51.9	76.2	61.2	187.29	53.75	49.38	57.68	52.79	37.40	25.62	43.94	32.33
Phuket	52.0	43.9	79.0	69.6	2490.57	49.35	62.48	146.35	99.52	25.67	27.43	115.60	69.24
Seoul	69.0	72.3	76.3	72.8	180065	173.18	177.36	142.41	149.70	119.52	128.25	108.71	108.91
Shanghai	70.0	72.8	82.0	77.9	1092.26	124.21	132.36	104.50	110.41	86.90	96.30	85.69	85.98
Shenzhen	70.0	72.5	80.1	77.3	658.58	80.95	79.81	73.26	73.75	56.68	57.88	58.65	57.01
Singapore-all	85.5	80.9	NA	NA	165.96	98.96	100.39	NA	NA	84.64	81.19	NA	NA
L-4	87.9	83.4	87.1	78.8	112.71	67.38	68.18	53.70	56.18	59.20	56.88	46.79	44.28
U-4	89.6	85.7	84.3	77.6	202.25	120.96	122.34	92.99	97.03	108.41	104.84	78.36	75.31
Sydney	66.3	75.9	74.2	78.9	183.57	133.93	141.26	114.11	120.76	88.80	107.27	84.64	95.33
Taipei	63.8	74.0	71.4	70.8	4154.66	120.86	131.88	109.45	109.90	77.14	97.55	78.15	77.82
Tokyo	74.9	73.7	75.3	73.0	22369	194.64	208.18	195.84	213.94	145.81	153.37	147.44	156.16
<b>Asia Pacific-total</b>	<b>74.2</b>	<b>72.9</b>	<b>77.1</b>	<b>72.7</b>	<b>na</b>	<b>102.67</b>	<b>108.03</b>	<b>94.42</b>	<b>96.03</b>	<b>76.93</b>	<b>80.08</b>	<b>72.80</b>	<b>70.25</b>
<b>Others</b>													
London	80.6	76.0	80.1	70.7	132.80	239.47	245.45	281.50	256.96	192.99	186.62	225.56	181.70
New York	85.1	83.4	82.2	83.1	189.40	187.38	189.40	165.22	172.66	159.46	157.96	135.81	143.46

Notes: See Master Notes, page 6. Totals may be adjusted later as final figures are filed. Not all categories are shown every month; all categories available at low additional cost. L = lower 4-star, Revpar = revenue per available room, U = upper 4-star. \*At exchange rate for relevant month, YTD at same month; exchange rate can be calculated by taking the ARR YTD in local currency and US\$. †4-star unless marked. ‡Unrepresentative sample for this month's figures; guide only. Source: Asia Pacific - Travel Business Analyst Asia Pacific; London - Travel Business Analyst Europe; New York - Smith Travel Research.

## 19 Comparison\* of visitor arrival measurements

Destination	Ratio*
Australia	44
China	150
Hong Kong	100
Indonesia	49
Japan	55
Korea	45
Malaysia†	28
New Zealand	20
Philippines	28
Singapore	78
Taiwan	39
Thailand	130

Notes: \*Air arrivals in latest 12-month period in comparison with Hong Kong (100); no account taken of length of stay or spending. †Excludes Sabah and Sarawak. Source: Travel Business Analyst.

## 20 Standardisation of visitor arrival measurements

Destination	Ratio*
Australia	99
China	14
Hong Kong	42
Indonesia	61
Japan	98
Korea	73
Malaysia†	24
New Zealand	99
Philippines	99
Singapore	72
Taiwan	99
Thailand	82

Notes: \*Air arrivals as share of total arrivals. †Excludes Sabah and Sarawak. Source: Travel Business Analyst.

# Trends

## Duty free sales

Duty-free and other travel retail sales increased 22% in 2004 to US\$25bn, according to Swedish company Generation. However, fastest growth came from Asia Pacific – but this was almost entirely due to recovery from the air traveller fall due to SARS in 2003.

Duty-free and other travel retail sales, 2004	
Region	US\$m
Asia Pacific	7,525
Europe	11,199
Americas	5,954

Source: Generation.

The region's 34% growth, see table, puts it back to a 30% share of the total. Overall, airport shops took 51% of the total, and also grew fastest – nearly 25%.

Generation estimates that most sales were made at London Heathrow airport – as much as US\$900mn. That is almost more than the next two combined – Dubai and Seoul, both estimated at up to US\$500mn.

Although the data is imprecise, we have calculated per-passenger sales – based on passenger throughput data from Airports Council International. This shows Dubai the highest, but this is because big-cost cars are sold there through lottery tickets.

But it is interesting to note that Dubai airport is no longer a small-but-growing operation – its 21mn passenger throughput is similar size to Seoul's.

In addition, the operating structure of Dubai's main airline customer, Emirates, helps duty-free sales. The airline has a big share of transit passengers. Dubai airport has around 850,000 passengers in direct transit – more than three times the number of transit passengers through, for instance, London Heathrow, a much bigger airport.

There are some surprises:

- the absence of China airports from the list. Given the size of its travel market, we believe this is an omission and not the

Sales per passenger in 2004, US\$	
Location	Amount
London Heathrow	13.41
Dubai International	23.92
Seoul Incheon	20.75
Amsterdam Schiphol	9.43
Singapore Changi	13.99

Notes: See text. Order based on total throughput count. Source: Airports Council International, Generation, Travel Business Analyst.

## Duty-free and other travel retail sales, 2004

Item	Growth,%	Share,%
Asia Pacific	33.8	30.1
Europe	16.6	44.8
Americas	18.8	23.8
Airport shops	24.5	51.4
Other shops	20.9	31.7
Airlines	24.1	7.2
Ferries	11.3	9.7

Source: Generation.

fact that sales are lower than the lowest category listed – up to US\$150mn.

- similarly for India.

- Figures are given for Rome's main airport, but not Milan's – which has a similar passenger throughput.

## Empty spaces

A new segment of the travel business is doing badly – space travel. Capacity per year on the space shuttle is two roundtrip seats – one in April and one in October.

This month, US-based Space Adventures is due to send its third passenger into space – an American, Greg Olsen. The first (Tito, an American) was in 2000, and the second (Shuttleworth, a South African) the following year.

That means the vessel's load factor was 50% in 2000 and 2001, then 0% in the following three years, before reaching 50% again this year.

And there may also have been a 'no-show'. SA was working with Japan's Dentsu advertising agency to send a "prominent Japanese figure" into space in 2004 or this year. Whoever he or she was, they appear to have disappeared – or maybe they are waiting for a lower-fare operator to start operating?

We have suggested the operator, the Russian Space Agency, and SA, reduce their US\$20m roundtrip airfare – or at least make sure it includes other costs such as travel to Russia for the launch, accommodation during six-months' training, etc.

We know there is no such thing as a free launch, but this looks excessive.

## Briefs

- Following an initial agreement in 2004, fashion group **Giorgio Armani**

and developer Emaar Hotels have signed a contract for the development of Armani Hotels & Resorts.

Emaar will be responsible for real estate, construction, management and operations of Armani hotels, with Armani overseeing content, design, and style, including interiors and amenities.

Even in theory there are crossovers in responsibilities. If Armani looks after 'style', that surely is one element of Emaar's 'operations'?

The agreement foresees the opening of at least seven hotels and three resorts in the next 10 years. The first announced hotel is part of an existing Emaar development in its home base, Dubai.

The 175-room Dubai Armani is due to open Q1 2008. Following that will be Milan, London, and New York, along with the first resort.

That list of destinations seems to be a specific plan rather than a priority list. Is that just initial enthusiasm for a joint-venture from companies that have no hotel-business experience, or a new way of doing hotel business?

### • Starwood-plus-plus.

Meridien, Starwood, and Lehman have mutually agreed the terms for Meridien's takeover by Starwood and Lehman. The deal was expected to be finalised around end of last month.

Meridien says the 130-hotel company will retain its identity. Our comments:

- Starwood is starting to look over-stretched, with the group committed to creating a new brand (codename XYZ), and its new purchase in France (brands Concorde, Campanile, Kyriad, etc; see July issue), as well as Meridien.

- Surely, at least one brand will be on-sold.

- Meridien's alliance with Japan Airlines-owned Nikko Hotels looks vulnerable. The alliance seems likely to be abandoned, or the Nikko name bought and absorbed into one of the Starwood brands.

- At the half-way mark, **Cendant's** travel distribution division was running below its whole-year projections for 2005, see table.

## Cendant TDS net revenue, 2005

Item	Actual, Jan- Jun		Forecast*, Jan-Dec	
	US\$m	Growth,%	US\$b	Growth,%
Hospitality services	762	17.1	1.6	17.5
Timeshare resorts	805	10.1	1.7	11.7
Vehicle rental	2312	9.1	5.0	13.0
Total travel content	3879	10.8	8.3	13.6
Travel distribution services	1213	34.8	2.7	51.0
Total travel	5092	15.7	11.0	20.9

Notes: \*High-end. Source: company.

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