

Travel Business Analyst

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Eurotunnel

Light in sight?

Eurotunnel, operator of the Channel Tunnel, inactive after six years of losses, now promises a "radical change in commercial policy", due in time for this summer peak season. Given market lead-times, that should mean an announcement this month, latest.

As the company has lost much traffic to low-fare airlines, direction of the new business plan must be, at least, much-lower prices (50% below today's rates), if not also a major part of the LFA methodology – advance booking and payment over the internet for even lower prices.

Table 1

Eurotunnel traffic, x1000					
Item	2004	Growth, %	2000	Growth, %	1996
Cars	2101	-7.8	2029	-17.4	2077
Buses	63	-11.8	58	-6.9	58
Passengers*	7277	15.2	7130	8.1	4867

Notes: Growth over year earlier. 1996 was first full year of operation. *On Eurostar; not managed by Eurotunnel. Source: company.

France's SNCF is trying such a concept with Paris-Marseille trains to beat LFAs – albeit without appearing to understand the crucial elements that make LFAs profitable. And its ultra-cheap internet-only service seems to be winning against airlines – but in terms of traffic share only; SNCF is not in the business of making profits.

Eurotunnel's traffic is two-thirds its peak, and now in about its sixth year of continuous decline. There appears to be little complaint from shareholders, despite such poor results.

Although Eurotunnel's overall traffic has increased, see Table 1, revenue yields may have fallen. A crude count indicates total traffic increased around 5% in 2004, but revenue fell by 4%.

Revenue from Eurostar (and rail freight) comes from a 'Minimum Usage Charge' paid to Eurotunnel by the railways. Despite continued growth in Eurostar traffic, this is below levels (Eurotunnel says "significantly" below, but provides no data to support use of that word) the MUC minimum. Payments under the MUC system are due to continue through November 2006.

But Eurotunnel seems to be badly managing other activities as

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Airlines

2004 results

Well, that was a good year. Overall, seat sales of AEA* member airlines increased 4.8%, capacity was up 7.3%, below the 9.0% traffic growth, and so resulting in a 1.2% increase in seat factor.

Admittedly that is traffic, and yields are another story. AEA does not track revenue/yields in the same way, but it is known that in 2004 yields fell yet again. We reckon that airlines would actually need more like 7-10% traffic growth to cancel out the negative affect of a yield decline.

AEA estimates airlines' profit for the year was US\$900mn – which would be, amazingly, the first since 1998.

Main regional contributor to traffic growth in 2004 was over Europe-Far East, with RPKs up 19%, although this is mainly because SARS caused a decline of 5% in 2003. In the biggest markets, North Atlantic volume grew 7%, and intra-Europe was up 6% (international up 8%, domestic down 1%).

For the three airline leaders in Europe (Air France + KLM, Lufthansa, British, in that order in terms of seats sold, with a combined 60% of the market) results were markedly different. BA sold only 2% more seats, AF+KL sold 6% more (of which AF sold 4% more), but LH added a storming 9%, see Table 1.

Serial underperformer in terms of traffic (RPKs) was Swiss, but it was joined in terms of seat sales by Alitalia and SAS. That was the second-year of decline for SAS; the once-proud airline seems in disarray as LFAs take its traffic growth, and the Scandinavian country governments are taking its traffic base by breaking it up into single-country operations.

Those governments do not need to look far to see that the trend seems to be to make bigger airline units, not smaller ones. Witness AF+KL and the fact that Swiss is slowly coming to the realisation that it cannot run a medium-size airline from a small-sized country market.

Another example is those LFAs. Not just their business practices, but their pan-Europe coverage. Want to fly nonstop Nice-Berlin? Or Berlin-Copenhagen? Fly 'UK-based' Easyjet.

Olympic is technically a new airline, replacing the old Olympic with almost the same name ('Airlines' instead of 'Airways'), the same government owner (albeit trying to sell out), two-thirds fewer staff but the same aircraft, routes, etc.

contd on p2

Main News

Recent corporate developments – big or significant.

- Boeing's B7E7 becomes B787; Airbus launches rival, A350.
- Aloha files for Chapter 11 bankruptcy protection; Hawaiian expected to emerge soon. Shouldn't they get married in the Chapter?
- Bob Cotter, president of Starwood Hotels, is due to retire – but not until end-2005.

Main News...1; Market Intelligence...1; Net Value...6; Trends...11; Tables...7 : Airlines; Air traffic – associations, regions; Airports; Travel company stock prices; Resident departures; Resident spending; Internet sales; GDS Sales; Hotels; Travel agencies; Channel tunnel; Economics; Visitor spending; Visitor arrivals.

contd from p1 – Eurotunnel

Table 2

Eurotunnel operating revenue, 2004		
Item	US\$m ⁿ *	Growth,%
Transport	961	-3.2
Shuttle	528	-6.9
Railways	433	1.7
Non-transport	35	-20.8
Total	996	-3.9

Notes: See text. *Converted at US\$1 to £0.54. Source: company.

well. Its non-transport revenue (telecoms, land sales, retail) fell 23%.

contd from p1 – airlines

The airline's 6% traffic growth in 2004 was weak – given a 15% decline in 2003, and the staging of the Summer Olympics in Greece that year.

Table 1

Airline	2004			2003		
	SS,mn	Growth %	RPK bn	Growth %	RPK growth %	
AF + KL	64.9	36.0	169.8	8.2	-0.6	
Air France	44.5	4.2	106.8	7.8	0.6	
KLM	20.3	8.3	63.0	8.8	-2.5	
Lufthansa	48.3	8.5	109.5	13.3	3.2	
British AW	35.5	1.8	106.5	6.1	1.1	
Iberia	25.8	4.6	45.8	9.1	3.7	
Alitalia	22.4	-1.2	34.1	7.5	6.2	
SAS	20.4	-0.4	24.0	4.4	-4.8	
Turkish	11.4	16.1	17.5	15.7	-3.7	
Swiss	9.3	-15.2	20.6	-15.0	-11.3	
Austrian	7.6	10.5	17.5	20.4	5.5	
BMI	6.9	9.1	5.4	23.3	27.6	
TAP	6.0	13.9	14.4	14.7	8.1	
Finnair	6.0	7.6	10.5	23.0	2.1	
Olympic	5.8	8.5	6.8	6.4	-15.4	
Virgin A'tic	4.3	12.4	30.1	11.7	-0.3	
Czech	3.9	19.4	5.7	19.2	24.3	
LOT	3.5	7.4	5.9	7.9	5.2	
Total	307.1	4.8	653	9.0	1.2	

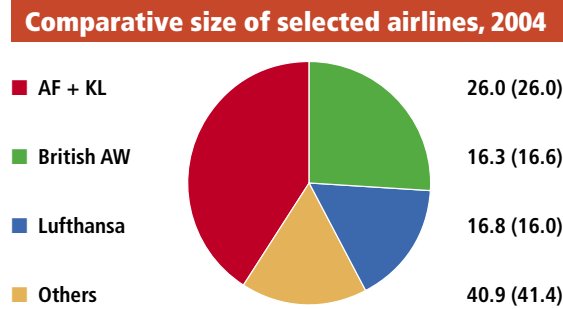
Notes: Order by seats sold (SS not available in 2003). RPK = revenue passenger kilometre, SS = seats sold. *Domestic and international. †Above 5bn RPKs. Source: Association of European Airlines

Table 2

Low-fare airline traffic*						
Airline	2004			2003 growth		
	SS,mn	Growth,%	SF,%	Growth,pts	SS,%	SF,pts
Easyjet	25.8	22.3	85.0	0.6	36.0	1.7
Ryanair	26.8	25.4	83.6	1.6	47.5	-3.5

Notes: SF = seat factor, SS = seats sold, pts = points. *Domestic and international. Includes free tickets and no-shows. Source: airlines.

Table 3



Notes/Source: (2003 in brackets.) Percent share of AEA RPKs, then see Table 1.

Adding the almost-merged Air France-and-KLM (2nd and 6th largest in Europe) makes it/them by far the largest airline group in Europe. KLM pulled the combined performance up in 2004, after pulling it down in 2003.

As we expected, Virgin Atlantic made a strong recovery in 2004 after disappointing results in 2003. Most other fast-movers were on the edge of Europe – Austrian (which professes concern because of LFA competition), Czech, Turkish, and TAP.

The end came for the two low-fare airlines we track (the leaders Easyjet and Ryanair) in 2003. Not the end

of their world, but the end of unending growth...

We began noting slower growth and falling loads in 2003. There was continued decline in 2004, see Table 2. Seat sales growth for both slowed to 22-25%; although that is faster than the fastest 'regular' airline, it is a worrying trend for the LFAs. That said, both increased their seat factors, despite already being above 80% – levels the

'regulars' no longer even dream about.

Note that the two LFAs are now about the same size, see Table 4, as Iberia in terms of seats sold – itself now 4th largest in Europe as Alitalia has shrivelled. (However, for the two LFAs, no-show and free passengers are counted.)

(Note that figures for some airlines may be different from our standard table on page 7 because data here is taken from AEA, not taken direct from those airlines' reports for page 7. Note also that the one major absence from AEA statistics among members is Aer Lingus – contrary to a (unfulfilled) promise three years ago by its now-departed CEO to provide this data.)

*AEA = Association of European Airlines. 32 of the region's main airlines;

Table 4

Comparative size of selected airlines			
Airline	2004		2003
AF + KL	65		62
Ryanair	27		21
Iberia	26		25
Easyjet	26		21

Notes/Source: By mn SSs, then see Table 1.

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Aeroflot is the only major company not a member.

Tsunami Update

We believe the data now required on Asia's tsunami aftermath is detailed information on recovery progress – to encourage reliance of travel to the region.

This month we focus on Maldives and Sri Lanka.

In the **Maldives**, more than 60 hotels and resorts are now operating. Most damaged areas were Baa Atoll, North and South Kaafu, and Meemu.

Resorts closed are: Club Med Farukolhufushi, Club Med Kanifinolhu, Dhigufinolhu Island, Four Seasons, Fun Island, Hakuraa Club, Kandooma, Medhufushi

Hotels closed in Sri Lanka

District	Total	Closed
Kalutara	26	9
Galle	51	20
Matara	7	6
Hambantota	16	5
Ampara	2	2
Trincomalee	7	5
Total	248	47

Notes: At start February. Districts with no hotels closed are Anuradhapura, Badulla, Colombo, Gampaha, Kandy, Kurunegala, Matale, Monaragala, Nuwara Eliya, Polonnaruwa, Ratnapura. Source: Sri Lanka Tourist Board.

Island, Olhuvveli Beach, Palm Tree Island, Reethi Beach, Rihiveli Beach, Soneva Gili, Taj Exotica.

The south and southeastern coasts of **Sri Lanka**, including the tourist city of Galle, were particularly damaged by the tsunami. See table for details.

(Hotel names are included in the current Asia Pacific edition of Travel Business Analyst; this will be sent to subscribers of the Europe edition at no cost, on request.)

Spain 1 Industry results

We use Spain as a barometer of Europe's leisure market. Overall, its visitor numbers increased 2.1%, see Table 1. *(Based on data released for 2003 and 2004; the WTO shows different totals for 2003, producing a different growth.)*

Varying patterns make it difficult to determine what is happening with Spain's travel business, although that variety does indicate a weakness of sorts. Of the seven markets producing at least 1.5mn visitors (which would be just under 3% of the total), all but the UK are in Euroland,

Table 1

Visitor arrivals in Spain					
Market	2004		2003		
	No,mn	Growth,%	Share*,%	Growth,%	Share*,%
UK	16.4	1.6	30.6	9.7	30.7
Germany	10.0	1.4	18.7	-3.2	18.8
France	7.5	-3.0	14.0	-5.1	14.7
Italy	2.6	9.0	4.9	-5.4	4.6
Netherlands	2.3	-4.0	4.3	-1.0	4.6
Portugal	2.0	17.8	3.7	-3.3	3.2
Belgium	1.7	-2.4	3.3	0.6	3.4
Others					
Other Europe	7.9	-12.2	14.8	NA	NA
US	0.9	-0.8	1.7	0.1	1.8
Main regions visited					
Catalonia	12.8	9.2	23.8	0.9	22.3
Canary islands	10.1	-3.6	18.9	-1.5	20.0
Balearic islands	9.8	2.9	18.3	-0.5	18.2
Andalusia	7.6	1.9	14.2	0.9	14.3
Air	38.5	4.3	71.9	5.7	70.4
Road	12.1	-0.2	22.6	-12.6	23.1
Sea	2.6	-15.0	4.8	-0.7	5.8
Rail	0.4	-1.3	0.8	-10.7	0.8
Visitors	53.6	2.1	100.0	0.3	100.0
Excursionists	32.1	6.6	na	8.7	na
Grand total	85.7	3.8	na	3.2	na

Notes: Above 1.5mn visitors. *Of visitors. Source: Instituto de Estudios Turisticos.

so currency appears not to be a major factor – as performance of Euroland markets varied between an 18% growth and a 4% decline.

In 2003, a frightening five of Spain's top-7 markets fell. In 2004 it was only three – although that is hardly a good result. Falling in both years were France and Netherlands, although Germany was falling for three continuous years until 2004.

The biggest market, the UK, seems the surest; even if its growth was under 2% in 2004, it has grown in each of the past five years. In share, the UK has added two points over the past five years, Germany has lost nearly three points, and the others are little changed.

But the number of nights in hotels by UK visitors fell by 3.5% in 2004, meaning length of stay fell from 2.78 nights to 2.62. Hotel nights by visitors from Germany increased 2%, but length of stay still fell,

Table 2

Per visitor spend in Spain		
Year	US\$*	Growth,%
2004	927	-2.3
2003	949	4.7
2002	906	-7.0
2001	974	3.7
2000	939	8.4

Notes: *Converted at US\$1 to €0.75. Source: Exceltur.

from 3.91 nights to 3.88.

Of the regions visited, only Catalonia of the four main regions is gaining share – growing from a 20% share in 2001. The other three – Canaries, Balearics, Andalusia – have all lost share.

And in terms of transport, there is a singular trend also, albeit marginal. Air has increased one point from 71% to

Table 3

Visitor arrival forecasts in Spain, 2005		
Market	No,mn	Growth,%
UK	16.8	2.3
Germany	10.3	2.9
France	7.6	1.3
Italy	2.7	3.1
Netherlands	2.3	0.1
Total	55.0	2.6

Source: Exceltur.

72%, but the other three – road, sea, and train – have all lost share, albeit also by small amounts. But there has been a giant change since 1990, when only 32% of arrivals came by air, and 60% by car.

Visitors are estimated to have spent less in 2004, see Table 2, although certainly the value of the Euro and the exchange rate will have had an affect.

One factor may be that fewer visitors, proportionately, are staying in hotels, although the actual number increased. In 2000, it was 70%; in 2004 only 64%. That

is also a comment on the growth of apartments and apartment hotels available for rent in Spain.

For 2005, Exceltur thinks there will be a near-3% increase in visitors, taking the total to 55mn. This year, it expects Germany will grow faster than the UK – the opposite of what happened in 2004. Still disappointing are results from third-largest France – after two years of decline, only a 1% increase is expected. Is that hope more than a forecast?

And more bad news on spending. A further 1.7% decline to US\$911 (€683).

(See separate report on companies in the industry.)

Spain 2

Industry results

The largest travel group in Spain remains the one around the main airline, Iberia, followed by Marsans – which includes Iberia's main airline challenger, Spanair, see Table 1. Both lost share, however.

Barcelo is a hotel and agency retailer, although it also owns shares in First Choice (21%) and Mundo-social (25%). There was a decline at its hotels, and growth at its travel agency division was not enough to prevent an overall 2% decline, see Table 2.

The country's leading retailer, **El Corte Ingles** (part of the department-store group), produced strong 9% growth despite its size, see Table 1. The company has 35 agencies as well as 167 inplants, providing mainly business-travel services to companies.

Growth at **Globalia** was around 24%, see Table 3, mainly with good results among its different companies. Its largest retail agency in-

Table 2

Sales at Barcelo and Sol Melia, 2003				
Category	Barcelo		Sol Melia	
	US\$m ⁿ *	Growth,%	US\$m ⁿ *	Growth,%
Hotels	750	-7.7	1282	-4.3
Retail agency	641	4.9	35	101.0
Total	1392	-1.8	1317	-2.2

Notes: *Converted at US\$1 to €0.75. Source: Nexotur.

Table 3

Sales of other leading companies, 2003			
Company	Category	US\$m ⁿ *	Growth,%
Globalia			
Halcon Viajes	Retail agency	1059	8.1
Viajes Ecuador		255	-8.8
Travelplan	Wholesaler	539	45.4
Air Europa	Airline	926	5.7
Global	Hotels	21	-3.1
Other companies	Others	3	NA
Total		2803	NA
Iberostar			
Viajes Iberia	Retail agency	583	4.8
Iberojet [†]	Wholesaler	877	17.9
Iberoservice	Inbound	555	-0.6
Iberworld/Aerobaleaer	Aviation	282	14.5
Iberostar	Hotels	633	11.2
Total	na	2929	6.9
Marsans			
Viajes Marsans	Retail agency	893	14.9
VIE Viajes		25	-46.6
Tiempo Libre/Mundicolor	Wholesaler	320	-1.6
Pullmantur		205	63.0
Club Vacaciones/Trapsatur		80	12.6
Spanair	Airline	1174	8.9
Aerolineas Argentinas		693	26.8
Other air companies		155	-10.5
Hotetur	Hotels	213	-10.3
Other companies	Others	148	-1.8
Total	na	3906	22.3

Notes: Not all companies may be 100% owned. *Converted at US\$1 to €0.75. †Turavia, Solplan, Viamed, Viva. Source: Nexotur.

creased 8%, but its smaller Ecuador dropped 9%. There was good growth at its wholesaler Traveplan, at 45%, but even its airline, Air Europa, managed to add 6%.

All but near-10% of **Iberia's** group sales are from its main airline (where sales dropped 2%); the other came from its domestic and regional airline subsidiary Air Nostrum, where sales increased 8%.

Overall growth at **Iberostar** was 7%, see Table 3, with its wholesaler Viajes Iberia producing most of the growth.

At **Marsans**, main growth came from its retail agency division and its airline, Spanair, see Table 3. Two companies, its retail agency and Spanair, produce 50% of sales. Fortunately, both are growing, helping to produce overall growth of 22%. But some of its smaller companies, plus its largest wholesaler Tiempo Libre/Mundicolor, reported revenue falls.

Sol Melia is joining others in expanding its non-core business, which is hotels. However, although its travel agency sales increased over 100%, the division is still tiny, under 3% of its hotel sales, see Table 2. But as with Barcelo, its hotel sales fell, by 4%.

Finally, Spain's **Fitur** travel trade exhibition, held every January in Madrid, increased its net exhibition area by 5% to 83,000sqm, and exhibitors 6% to 799. But the number of trade visitors may have reached a limit; the 101,000 counted this year – essentially unchanged.

(See other report on visitor arrivals analysis for Spain.)

Europe

Airlines graded

From the start of 2003, the Association of European Airlines has bravely compiled a report where members list baggage mishandling and flight delays. Figures are now available for all-2004, see table.

AEA asks that this not be treated as 'best-and-worst', but unfortunately that is inevitable. But it also adds that non-AEA member airlines should not make statements on comparative results – because criteria and measures may be different.

Partly for that reason we provide a list of AEA member airlines who did not provide data, and who thus could be considered the 'worst'.

In addition, non-member airlines are included in our resulting 'worst' list. Al-

Table 1

Sales of main travel groups in Spain, US\$m ⁿ *				
Group	2003		Share,%	2002
	US\$m ⁿ *	Growth,%		Share,%
Iberia	6759	-0.9	32.3	34.9
Marsans	3906	22.3	18.6	16.3
Iberostar	2889	6.9	13.8	13.8
Globalia	2448	23.6	11.7	10.1
El Corte Ingles	1934	8.6	9.2	9.1
Barcelo	1392	-1.8	6.6	7.3
Sol Melia	1317	-2.2	6.3	6.9
Total†	20944	7.2	100.0	100.0

Notes: See text for additional descriptions. *Converted at US\$1 to €0.75. †Includes Serhs. Source: Nexotur.

though slightly unfair, inclusion is to encourage such airlines to participate in AEA studies, without becoming AEA members. However, we also accept that for low-fare airlines, this starts to become a cost factor that would eventually threaten their LF status.

Table 1

'Worst'* airlines in Europe

Aer Lingus†
Aeroflot
Easyjet
Olympic‡
Ryanair
Virgin Atlantict
Virgin Express

Notes: *See text; based on non-reporters, and those outside AEA. †AEA member. ‡Partial inclusion. Source: Association of European Airlines, Travel Business Analyst.

We suggest – as we did in 2004 – that AEA asks non-members for the same data, and simply list them in the table if they do or do not respond. It now does this for AEA members, in some lists.

AEA members that have come in after initial absence are Icelandair, LOT-Polish, Luxair, Meridiana, and Swiss.

Of the best and 'second-worst', see table, the only sizeable airline in the best list was SAS (for the second full year), but in the second-worst, there were a few – Air France (for the second year), British, and KLM (also for the second year, and, ironically, now a merged airline with AF).

However, we find it difficult to believe

This month in Travel Business Analyst Asia Pacific:

- Developments in the 10 Asean destinations.
 - Marco Polo hotel group.
 - Abacus results.
 - Plus 20 regular tables of market data.
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Air Malta's and Icelandair's 100% flight regularity (percentage of flights performed as planned) – particularly as both airlines also figured in the 'second-worst' list for late arrivals or departures.

Presumably, any change that the airlines make to its schedules, it defines them as 'planned'. We believe either AEA drop this section, or institute a reality-check.

For the year, AEA says 98.7% of short/medium-haul flights operated as planned, and 82.7% departed within 15 minutes of schedule; for longhaul it was 99.4% and 72.6%.

Briefs

• Some destinations have reported provisional visitor totals to WTO for 2004 – see Table 15, Page 10. This shows France unchanged, Poland up 4%, Spain up 3%, and Turkey up 27%. And for Europe overall, the WTO estimates 4% growth.

For France, which technically reports

the highest counts in Europe, earlier data showed visitor nights from Europe were down, but other regions increased.

Europe was down 2.5%, the Americas up 7% (with the US up 7%), Asia Pacific up 17% (Japan 10%) – but mainly because this had been slowed in 2003 by SARS.

From Europe, most major markets were down (Belgium 1%, Germany 2%, Italy 3%, Netherlands 2%, Switzerland 9%, UK 3%); only Spain increased, by 6%. One market from which so much was expected, Russia, fell 18% – despite being numerically small.

• London hotels in 2004: occupancy 77%, up 5%; average room rate US\$187 (at US\$1 to £0.54), up 5%; pushing revpar (revenue per available room) to US\$144, up 11%.

(Data from Deloitte.)

• Of sun and beach destinations around the Mediterranean in 2004, Turkey counted more additional visitors than others, see table.

Fastest growth was in Egypt.

Additional visitors in Mediterranean destinations, 2004

Destination	No,x1000	Growth,%
Turkey	3604	25.8
Egypt	2771	37.1
Spain	1769	3.4
Bulgaria	905	14.5
Tunisia	870	16.9
Croatia	500	6.8
Morocco	322	13.6
Malta	291	NA
Cyprus	53	2.3

Source: Exceltur.

• Tour operator sales per client in Germany fell in 2004, for the second year running.

However, this may be good news – either indicating a fall in prices in the destination countries (which should show in tour prices in Germany), or the increased buying power of the Euro.

Tour operator sales per client in Germany

Year	US\$*	Growth,%
2004	713	-1.5
2003	724	-0.7
2002	728	1.6
2001	717	4.7
2000	685	-2.1

Notes: *Converted at US\$1 to €0.75. Source: Tour Hebdo.

Table 2

Best and 'second-worst'* airlines for baggage and punctuality

On-time arrival†,%	On-time departure†,%	Flight regularity*	Bags missing/ 1000 pax
Best; all-2004			
Finnair 90	Tarom 93	Icelandair 100	Meridiana 4
Luxair 87	Luxair 90	Tarom 99.9	Turkish 4
SAS 86	Finnair 89	Finnair 99.7	Air Malta 6
Best; all-2003			
Finnair 91	Luxair 93	Air Malta 100	Turkish 4
Luxair 91	Tarom 93	Icelandair 99.9	Air Malta 5
SAS 89	SN Brussels 92	Adria 99.7	Meridiana 6
Best; start-2003			
Spanair 88	Spanair 89	Air Malta 100	Turkish 1
Finnair 83	SN Brussels 88	KLM 99.2	Spanair 8
SN Brussels 82	Tarom 87	Finnair 99.0	Tarom 9
Second worst*; all-2004			
TAP 66	TAP 71	Air France 97.8	KLM 20
Icelandair 68	Air Malta 74	Croatia 97.9	British 18
Turkish 74	Olympic 76	JAT 98.0	Austrian 17
Second worst*; all-2003			
Turkish 69	Olympic 77	Air Portugal 98.2	Air France 19
Alitalia 68	Swiss 76	Air France 98.1	Alitalia 22
Air Portugal 67	Alitalia 75	Olympic 97.3	KLM 23

Notes: *See text. †Within 15 minutes of scheduled time. Source: Association of European Airlines.



Net Value

Statistics and Analysis on Travel and the Internet

Online at Orient Express

Online profile at Orient Express Hotels*:

– Because its hotels do not operate under the OE name, the company has taken the expensive option of building a website for each hotel – although there is also cross-selling to other OE hotels.

– It expected its train in Europe and perhaps its best-known hotel, the Cipriani in Venice, would get most visitors. But most goes to its Club 21 restaurant in New York.

This is no surprise to us. Online buyers of travel are biggest in the US (although China will soon overtake?). Plus, numbers alone are not important.

– Conversion is high. OE, usually reluctant to give numbers, told Net Value this was 3% maximum.

– A high 12-14% of its sales are online, with 90% through its own sites. Sales increased 80% in 2003, and were recording the same growth in 2004.

– After it stopped listing with Leading Hotels in GDSs, and went under its own name, its GDS bookings were increasing 12% in 2004. *This is a surprise, because: Leading generally does good marketing work; going independent would usually require more promotional work; and those searching OE before the split with Leading would still have found the site. So the reason for this change may have other causes.*

– The more expensive the product, the higher the internet share of sales. On the OE train in Europe, where the cost is around US\$2500, it gets around 25% sales over the internet.

This is astonishing, in that the market generally assumes the opposite – the lower the price (above a certain level, say US\$50), the higher the online share. But a factor for OE is that a high share of the train's clientele comes from the

US, and because the product is a continent away and US travel agencies may know less about the product than many would-be customers, it would be easier for relatively-more travellers to use the internet to book.

*Travel company, despite its name, comprising 40 hotels (most under 100 rooms; most in Europe, but credible

Table 1

Online travel sales in Europe

Year	US\$bn*	Growth,%
2006	54.0	45.5
2005	37.1	49.0
2004	24.9	51.2
2003	16.5	64.9

Notes: *Converted at US\$1 to €0.77. Source: PhoCusWright.

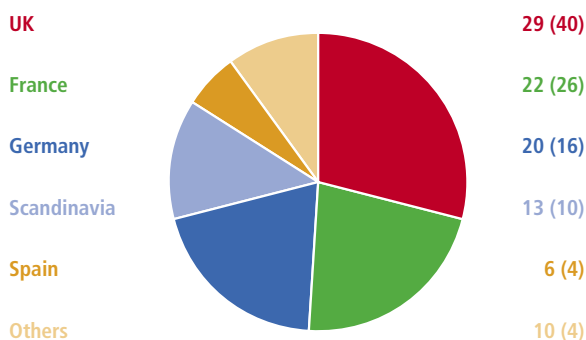
coverage in the Americas and Asia; all owned, except one) plus Orient Express train in Europe, E&O Express train in Asia, and river cruiser on the Ayerawady river in Myanmar, and some other activities such as restaurants.

Phocus on Europe

PhoCusWright estimates there was a 51% increase in online sales in

Table 2

Travel internet sales share in 2006, %



Notes: Estimates by Travel Business Analyst from PCW data. (2003) Source: PhoCusWright.

Europe in 2004, and expects online penetration to more than double from 9% in 2004 to 20% by 2006.

(Data covers leisure and unmanaged business travel gross bookings.)

Back in 2003 – a long time in internet and travel terms – PCW restated Europe's 2002 total as US\$9.8bn (at today's rate of US\$1 to €0.77), and forecast that it would reach US\$36bn in 2005. Allowing some differences as a result of currency exchange rates, PCW today forecasts the same for 2005 (actually US\$37bn), see Table 1.

Progression from an earlier period is difficult to determine as PCW previously quoted in US dollars; for the record, it said the Europe online market was worth US\$2.9bn in 2000 and US\$6bn in 2001.

If anything, PCW's forecasts look conservative. With many companies forecasting growths around 50%, plus new companies entering the business, plus more travel sales being made over the net, more country markets coming into the net (sorry), and spreading more in existing markets, annual growth of 100% looks more likely.

PCW is most bullish on the Germany market – *but mainly, we think uncharitably, because Germany is one of the three markets, with France and the UK, where US-based PCW is well-informed.*

It says online travel sales in Germany (third-largest market in Europe, according to PCW) doubled in 2003, then grew an estimated 62% in 2004 to reach US\$4.3bn. Annual growth of 60% is expected to give Germany 20% of the Europe market in 2006, up from 16% in 2003, see Table 2.

Bites

- High for lows:
 - Low-fare airline **BMI Baby** is booking 91% online.
 - **Norwegian's** online share of sales has been increasing, but it is only at 65%; most LFAs would aim for over 85%. Indeed, Norwegian targets 80% this year.
 - Online share at **Ryanair** in 2004 was 97%, up two points on 2003, which was up two points on 2002.
- **Carlson Hotels** says online represents about 7% of its bookings. It believes this will be at 10% in one or two years.

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MARKET DATA

Headlines

Comments on tables

- 1 Full-year. Review in this issue. Decline in seat sales at Alitalia, SAS, Swiss. Low-fare airlines still report reasonable growth – 22-25%.
- 2 Full-year for Europe and the US. Good results in Europe: seat sales up 7%, capacity up 8%, but loads up nearly 10% so 1-point increase in seat factor to 76%. But even better in the US: seat sales up 17%, capacity 12%, and loads 15%, so a comfortable 3-point increase in seat factor to 79%. Asia Pacific figures through November; looks like growth faster than in the US, but year-end figures will be down on these.
- 3 Berlin's three airports added. All the growth is through Schönefeld – about doubling, as the Tegel and Tempelhof decline slightly. Full-year for Frankfurt (up 7%) and London (Heathrow up 6%).
- 4 Data through October: Germany up 15%, US 14%; no comparative data for UK.
- 5 First-of-year data. Good start; no declines among airlines and hotels, but half 'Others' fell.
- 7 Data through November for France, Germany, UK.
- 10 Presentation changed to include more data, particularly YTD information, with most figures comparable with previous year. Distortions caused by change in value of US dollar; each period is converted in rate at that time (end of month for monthly data, average of year for YTD). Although we prefer to list in dollars, additional tests being made to determine if data shows less distortion if expressed in Euros.
- 12 Another disastrous year, yet Eurotunnel carries on regardless. But blame shareholders, who seem undisturbed about a sixth year of continuous decline; traffic is two-thirds what it was.
- 14 Continued updating, courtesy WTO.
- 15 Continued updating, courtesy WTO. Europe totals added; WTO says provisional figures indicate 4% growth in 2004. Also, full-year for France (unchanged), Spain (up 3%), Turkey (up 27%).

1 Passenger traffic* on selected Europe airlines, 2004

Airline	Mth:	SS	+/-	RPK	+/-	Jan	SS	+/-	ASK	+/-	RPK	+/-	SF	+/-	Airline	Month	Jan thru
		1000	%	mn	%	thru:	1000	%	mn	%	mn	%	pts				
Air France	Dec	3591	2.1	8772	4.1	Dec	44535	4.2	140392	6.7	106831	7.8	76.1	0.8			
Alitalia	Dec	1757	3.7	2689	7.0	Dec	22385	-1.2	48102	8.4	34141	7.5	71.0	-0.6	Easyjet	Dec	Dec
Austrian	Dec	548	0.0	1319	2.4	Dec	7619	10.5	24274	18.9	17530	20.4	72.2	0.9	SS,x1000	2135	25765
British AW	Dec	2734	1.8	8747	3.2	Dec	35458	1.8	143387	4.0	106484	6.1	74.3	1.4	Growth,%	28.0	22.3
Iberia	Dec	1891	-1.3	3685	5.5	Dec	25806	4.6	60871	8.8	45779	9.1	75.2	0.2	SF,%	80.8	85.0
KLM	Dec	1551	8.8	5040	13.4	Dec	20323	8.3	77025	5.5	63005	8.8	81.8	2.5	Growth,pts	0.8	0.6
Lufthansa	Dec	3370	4.9	7846	7.6	Dec	48256	8.5	139974	12.7	109470	13.3	78.2	0.4	Ryanair	Dec	Dec
Olympic	Dec	418	27.9	516	25.5	Dec	5794	8.5	10504	2.7	6788	6.4	64.6	2.3	SS,x1000	2197	26790
SAS	Dec	1368	-2.9	1643	0.3	Dec	20375	-0.4	35056	5.2	24023	4.4	68.5	-0.5	Growth,%	9.5	25.4
Swiss	Dec	704	-9.0	1584	-12.1	Dec	9289	-15.2	27368	-18.2	20577	-15.0	75.2	2.8	SF,%	83.0	83.6
TAP	Dec	510	3.9	1163	9.4	Dec	6033	13.9	19395	11.4	14390	14.7	74.2	2.1	Growth,pts	0.0	1.6
Turkish	Dec	911	21.9	1391	20.8	Dec	11445	16.1	24715	9.1	17511	15.7	70.9	4.0			
Virgin A'tic	Dec	353	1.1	2511	2.3	Dec	4329	12.4	38880	9.2	30081	11.7	77.4	1.7			

Notes: See Master Notes this page. pts-points. *Domestic and international. SS and SF for low-fare airlines includes free tickets and no-shows. Source: airlines, Association of European Airlines.

2 Operating results on airlines of regional associations, 2004

Item	Europe,AEA									
	Sep 04	Growth,%	Oct 04	Growth,%	Nov 04	Growth,%	Dec 04	Growth,%	YTD 04	Growth,%
SS,mn	19.3	6.4	18.2	4.0	15.6	3.7	15.5	5.1	207.3	7.3
ASKs,mn	68,294	6.6	68,899	7.2	63,763	5.9	64,858	7.0	792,930	7.9
RPKs,mn	53,616	7.7	52,906	7.0	45,911	4.3	46,963	6.0	599,227	9.8
Pax LF,%	78.5	0.9*	76.8	-0.2*	72.0	-1.2*	72.4	-0.8*	75.6	1.3*
Item	US,ATA									
	Sep 04	Growth,%	Oct 04	Growth,%	Nov 04	Growth,%	Dec 04	Growth,%	YTD 04	Growth,%
SS,mn	4.4	10.5	4.6	11.6	4.5	7.6	5.0	8.9	58.1	16.5
ASKs,mn	30,170	12.1	30,874	10.4	29,438	10.6	31,546	13.1	363,373	11.7
RPKs,mn	23,880	10.8	24,124	12.4	22,339	8.3	24,445	9.8	288,081	15.4
Pax LF,%	79.2	-1.0*	78.1	1.4*	75.9	-1.7*	77.5	-2.3*	79.3	2.6*
Item	Asia Pacific,AAPA									
	Aug 04	Growth,%	Sep 04	Growth,%	Oct 04	Growth,%	Nov 04	Growth,%	YTD 04	Growth,%
SS,mn	9.8	12.7	8.8	10.2	9.2	10.4	9.2	11.5	97.4	24.7
ASKs,mn	53,989	13.0	51,066	10.6	52,651	8.2	51,453	5.7	561,829	13.8
RPKs,mn	40,970	10.0	37,156	8.7	38,275	9.2	37,493	7.0	408,907	21.0
Pax LF,%	75.9	-2.1*	72.8	-1.3*	72.7	0.7*	72.9	0.8*	72.8	4.4*

Notes: International. *Points. Source: Air Transport Association, Association of European Airlines, Association Of Asia Pacific Airlines.

Master Notes: AL = Airline, ASK = available-seat km, ATK = available-tonne km, AW = Airways, CH = Switzerland, DE = Germany, E = TBA estimate, ES = Spain, FR = France, GB = UK, IT = Italy, J-D = January-December, LF = load factor, NA = not available, na = not applicable, NL = Netherlands, P = provisional, Pax = passenger, RPK = revenue-passenger km, RTK = revenue-tonne km, Q = quarter (of year), SE = Sweden, SF = seat factor, SS = seats sold, YTD = year-to-date.

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3 International traffic* at Europe's leading airports, 2004

Airport	Month	Passengers,x1000				Aircraft movements,x1000				Seats sold per aircraft	
		Month	Growth,%	YTD	Growth,%	Month	Growth,%	YTD	Growth,%	Month	YTD
Amsterdam	Nov	3,093	4.1	39,570	7.0	31.6	1.9	372.1	2.4	98	106
Berlin*,x3	Oct	1,492	11.2	12,553	11.3	20.1	1.1	188.1	3.5	74	67
Brussels*	Oct	1,390	1.4	13,431	2.5	21.8	-3.3	213.1	-0.1	64	63
Copenhagen	Oct	1,706	5.1	16,245	7.7	24.0	2.0	228.6	4.8	71	71
Frankfurt	Dec	3,051	4.0	43,483	7.3	30.8	7.4	389.7	5.6	99	112
London,x3	Dec	7,985	4.6	105,713	7.3	57.8	1.8	747.5	3.2	138	141
LHR	Dec	4,772	2.4	60,183	6.4	32.5	0.4	407.9	2.5	147	148
LGW	Dec	1,815	9.4	27,456	5.7	14.1	5.9	193.5	3.7	129	142
STN	Dec	1,398	6.6	18,074	13.3	11.2	1.4	146.2	4.7	124	124
Madrid*	Oct	3,417	6.2	32,598	8.3	34.6	2.5	335.1	4.6	99	97
Milan*,x3	Oct	2,638	1.3	26,377	NA	32.7	-3.2	324.8	NA	81	81
Paris*,x2	Oct	6,497	NA	63,643	6.7	65.3	NA	642.8	6.4	99	99
CDG	Oct	4,483	3.7	43,313	6.3	45.8	1.7	452.2	4.7	98	96
ORY	Oct	2,014	2.8	20,330	7.7	19.5	3.4	190.6	10.5	103	107
Rome*,x2	Oct	2,836	4.8	26,033	10.0	31.2	4.6	295.8	4.4	91	88
Zurich*	Oct	1,637	0.3	14,698	1.3	23.5	3.1	223.8	-1.7	70	66
EUROPE*	Oct	104,644	7.2	981,702	9.3	1,487	4.1	14,384	3.9	70	68

Notes: *Domestic and international. Source: respective airports, except ACI for Berlin, Brussels, Copenhagen, Madrid, Milan, Paris, Rome, Zurich, and all-Europe.

4 Air passenger traffic to selected countries, x1000

From	Germany				UK				US			
	Oct	+/-*	YTD	+/-*	Oct	+/-*	YTD	+/-*	Oct	+/-*	YTD	+/-*
To	04	%	04	%	04	%	04	%	04	%	04	%
France	556	10.4	4909	9.2	914	8.7	9507	7.7	511	9.4	4967	12.1
Germany	na	na	na	na	938	3.6	8583	6.7	707	8.9	6522	10.7
Italy	841	11.7	7145	16.1	872	8.9	8701	12.4	239	26.4	2065	27.8
Netherlands	224	7.5	1975	13.4	692	-0.3	7219	10.0	352	5.0	3386	9.1
Spain	2106	22.5	16791	12.0	3338	4.6	29716	3.9	139	77.2	1517	26.7
Switzerland	353	17.8	3106	20.7	292	-6.1	3563	1.8	127	76.3	1182	7.3
UK	906	13.7	8259	12.5	na	na	na	na	1478	3.9	14766	10.7
US	725	7.2	6754	12.5	1568	6.2	15254	9.4	na	na	na	na
Total	11664	14.9	98772	15.0	15230	NA	NA	NA	9230	8.1	96507	13.5

Notes: *Over same period, year earlier. Source: Statistisches Bundesamt, Civil Aviation Authority, Department of Transportation.

5 Stock market last-day closing prices

Company	Market	Price, local currency*			Growth†,%		
		Dec 02	Dec 03	Dec 04	Jan 05	stock	market
Airlines							
Air France	Paris	9.24	12.2	14.0	14.0	0.0	2.4
Alitalia	Milan	0.24	0.26	0.25	0.25	0.8	2.0
British Airways	London	135	233	235	267	13.4	0.8
Easyjet	London	NA	NA	188	215	14.6	0.8
Iberia	Madrid	NA	2.28	2.59	2.65	2.3	1.6
Lufthansa	Amsterdam	9.70	13.3	10.6	10.7	1.6	0.0
Ryanair	Dublin	6.90	6.59	5.25	6.30	20.0	3.5
Hotels							
Accor	Paris	28.9	35.9	32.2	33.6	4.3	2.4
Hilton	London	167	225	285	293	3.1	0.8
InterContinental	London	502	529	648	667	2.9	0.8
Sol Melia	Madrid	3.83	6.79	7.40	8.55	15.5	1.6
Others							
Amadeus	Madrid	4.20	5.15	7.57	7.23	-4.5	1.6
Avis Europe	London	97.5	95.0	53.8	50.0	-7.0	0.8
Ebookers	London	NA	444	312	318	1.8	0.8
Eurotunnel	London	39.8	37.5	17.0	16.5	-2.9	0.8
Kuoni	Zurich	285	414	500	525	5.0	1.4
Lastminute.com	London	103	216	121	109	-10.3	0.8
My Travel	London	20.5	10.9	6.00	6.50	8.3	0.8
TUI	Frankfurt	14.0	16.5	17.4	17.9	2.8	0.0

Notes: See Master Notes, page 7. *Euro in Euro countries (in table includes AT, FR, DE, IE, IT, NL, ES). †Latest month over month earlier. Source: Wall Street Journal(s).

6 Outbound travel by residents of selected countries

Country	Jan thru*:	Departures x1000	Growth %	Source
Austria	Dec	4,660	17.9	WTO
Belgium	Dec†	7,746	-18.0	WTO
Denmark	Dec	5,125	5.9	WTO
Finland	Dec†	6,318	6.8	WTO
France	Dec	19,886	19.0	WTO
	Dec†	19,265	-3.1	WTO
Germany	Dec†	73,400	NA	WTO
	Dec	74,400	1.4	WTO
Ireland	Dec	3,814	6.7	WTO
Italy	Dec	21,993	16.0	WTO
	Dec†	21,502	-2.2	WTO
Netherlands	Dec	13,896	-2.0	WTO
	Dec†	14,220	2.3	WTO
Russia	Dec†	17,940	-2.3	WTO
Spain	Dec	4,100	16.7	WTO
	Dec†	4,139	1.0	WTO
Sweden	Dec†	10,500	1.0	WTO
Switzerland	Dec†	11,823	NA	WTO
	Dec	12,351	4.5	WTO
UK	Dec	56,837	5.5	NTO
	Dec†	59,030	3.9	NTO

Notes: ETM-European Travel Monitor, NTO-national tourist office, Ot-Other. *2000 unless stated otherwise. †1999. ‡2001. Source: See column.

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7 Spending on foreign travel by residents

Source	Jan thru*	Spending US\$m	Growth %
Austria	Dec	11,761	4.8
Belgium	Dec	12,106	-0.2
Czech R	Dec	1,928	5.6
France	Dec	23,273	0.6
	Nov‡	NA	9.3
Germany	Dec	63,402	3.0
	Nov‡	NA	1.6
Greece	Dec	2,370	-17.3
Hungary	Dec	2,594	-1.7
Ireland	Dec	4,709	6.2
Italy	Dec	20,584	2.4
Luxembourg	Dec	2,373	5.0
Netherlands	Dec	14,599	-5.6
Norway	Dec	6,436	14.4
Portugal	Dec	2,704	0.3
Russia	Dec	12,880	14.1
	Sep‡	NA	26.4
Spain	Dec	8,275	4.2
Sweden	Dec	8,269	-5.7
Switzerland	Dec	7,471	0.0
Turkey	Dec	2,113	12.4
UK	Dec	47,443	7.2
	Nov‡	NA	4.3

Notes: Growth may not tally with previous figure shown. *2003 unless stated otherwise. †2002. ‡2004. A = Local currency. Source: WTO, national tourist offices.

8 Internet bookings/sales of selected companies/markets

Company, item	Period	Number	Previous period
Swiss trip decision, internet share	2004	29%	21%
Expedia (new) revenue	Yr-Sep 04	\$1825m	na
Ebookers gross sales	9 mths-Sep 04	\$857m	up 22%
Japan online booking share	2003	25%	10%
JTB online sales	2005	\$660	\$433
Europe online booking share	current	27%	19% '03
Active Hotels conversion rate	2004	4%	3%
Aer Lingus internet share	2004	60%	2% '02

Notes: See Master Notes, page 7, and Net Value. Source: various.

9 Networks of computer reservations systems

System	Country
Amadeus	Ww: A64377† S184347. Ap: A11077 S34658. Eu: A37567 S125299. Na: A5066 S11551. FR: A4470 S9952. DE: A16300 S41300. IT: A492 S804. ES: A4800 S13000. CH A200. GB: A126 S370. B: 386mn.
Galileo	Ww: A41900 S176100. Ap: A7250† S20708. Eu: A18300† S38596. Na: A14200† S62125. BE: A214 S652. FR: A710† S380. IT: A467 S1221. NL: A786 S2286. ES: A360 S3000. CH: A261 S1752. GB: A1683 S9503. B: \$345mn.
Sabre‡	Ww: A56000† S124828. Ap: A11771† S4500. Eu: A5783† S13428. Na: A17478. FR: A401 S937. DE: A736 S1856. IT: A797 S1473. NL: A61 S130. ES: A150. CH: A380 S1184. GB: A854 S3546. B: \$467mn.
Worldspan	Ww: A20000† S49500. Ap: 714. Eu: A10208† S11000. Na: A35106. BE: A251 S541. FR: A180 S700. DE: A480. IT: A192 S304. NL: A220 S600. CH: A140 S981. GB: A1450 S1980. US: A8560.

Notes: See Master Notes, page 7. Latest figures available; A and S dates may not be the same; †denotes later figure. A-Agencies/other outlets, Ap-Asia Pacific, B-bookings (in numbers or US\$), BE-Belgium, Eu-Europe, Na-North America, S-Screens, Ww-worldwide. ‡With Abacus. Source: companies.

10 Hotel results in Europe, US, and Asia, December

City	Occupancy, %				Average room rate, local US\$*				Revpar, US\$*				
	2004		2003		2004		2003		2004		2003		
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD		
EUROPE*													
Amsterdam	58.4	73.7	56.9	73.4	133.97	159.79	167.08	144.86	157.18	93.30	123.10	82.43	115.37
Berlin	53.0	65.7	59.6	65.4	114.50	132.68	142.80	174.30	156.21	70.31	93.88	103.95	102.15
Brussels	61.1	67.3	61.3	66.0	106.97	150.01	133.41	126.48	129.76	91.71	89.76	77.55	85.59
Copenhagen	59.9	72.6	57.1	66.9	759.35	130.32	127.31	137.86	130.28	78.06	92.44	78.68	87.22
Frankfurt	52.9	60.7	46.1	58.7	124.36	142.64	155.09	128.17	146.14	75.53	94.15	59.15	85.72
Geneva	46.2	60.2	48.2	66.1	299.73	223.14	242.05	192.58	204.29	103.14	145.78	92.73	134.99
London	72.8	72.8	69.7	69.9	141.46	257.66	259.92	230.21	220.45	187.62	189.16	160.45	154.15
Madrid	56.4	67.6	56.5	71.5	149.88	192.18	186.92	183.47	175.62	108.32	126.27	103.60	125.53
Moscow	79.8	81.4	85.2	80.7	4508.90	150.62	156.91	83.72	112.31	120.25	127.78	71.35	90.64
Paris	59.3	66.5	63.4	64.6	161.37	196.74	201.26	150.51	183.05	116.67	133.93	95.35	118.31
Rome	53.6	67.1	48.8	61.6	200.97	225.78	250.64	198.21	201.05	120.94	168.08	96.64	123.86
Zurich	60.3	73.5	56.0	66.8	173.96	149.08	140.49	137.71	131.42	89.89	103.29	77.07	87.77
AVERAGE	59.5	69.1	59.1	67.6	na	175.89	180.32	157.34	162.31	104.65	123.97	91.58	109.28
US†													
Chicago	48.0	56.9	47.7	55.4	103.80	96.38	103.80	95.55	100.60	46.22	59.07	45.58	55.69
Los Angeles	60.7	65.8	50.7	59.9	93.35	92.85	93.35	86.50	88.37	56.38	61.43	43.86	52.91
Miami	66.6	66.5	64.5	65.0	113.96	123.21	113.96	114.76	107.93	82.09	75.83	74.02	70.16
New York	81.6	83.2	78.7	79.9	219.49	230.84	219.49	205.69	195.37	188.45	182.68	161.88	156.09
San Francisco	56.4	62.4	51.6	58.9	115.10	112.39	115.10	106.67	112.46	63.35	71.79	55.04	66.21
ASIA‡													
Tokyo	62.8	73.7	71.8	71.4	23325	240.13	217.05	227.19	206.60	150.74	159.92	163.08	147.53

Notes: See Master Notes, page 7. For Europe, hotels of leading groups and independent 4- and 5-star hotels. Figures may be adjusted later. Source: *Travel Business Analyst Europe, †Smith Travel Research, ‡Travel Business Analyst Asia Pacific.

MARKET DATA

11 IATA travel agencies† in Europe, 2003

Country	Locations	Growth %	Net sales US\$mn*	Growth %	Per agency US\$mn*	Growth %
Austria	258	-4.1	892	16.3	3.46	21.3
Belgium‡	755	-0.8	1,378	16.2	1.82	17.1
Bulgaria	137	-0.7	73	25.5	0.54	26.4
Croatia	87	0.0	72	15.3	0.82	15.3
Cyprus	147	4.3	206	19.5	1.40	14.6
Czech R‡	208	1.5	281	11.8	1.35	10.2
Finland	293	-6.4	723	11.5	2.47	19.2
France	3,633	2.6	8,053	21.4	2.22	18.4
Germany	4,560	-3.9	8,544	9.9	1.87	14.3
Greece	1017	0.7	961	28.0	0.95	27.1
Hungary	260	7.0	247	14.1	0.95	6.7
Ireland	471	0.4	654	5.3	1.39	4.9
Italy	5,247	5.1	5,526	15.9	1.05	10.2
Malta	91	23.0	54	9.9	0.59	-10.6
Netherlands	579	1.2	2,101	8.1	3.63	6.7
Nordics‡	1443	2.2	4,678	9.5	3.24	7.1
Poland	341	-5.3	351	13.2	1.03	19.5
Portugal	835	-0.2	801	20.9	0.96	21.1
Romania	182	28.2	204	52.2	1.12	18.8
Serbia	149	na	17	na	0.12	na
Slovenia	51	-1.9	51	120.1	1.01	124.4
Spain	6,607	1.8	4,517	22.3	0.68	20.1
Switzerland‡	842	-1.3	2,019	4.7	2.40	6.1
Turkey	349	-3.9	428	7.7	1.23	12.0
UK	2,848	-10.5	12,246	5.0	4.30	17.3
Europe	31,390	0.4	55,081	12.4	1.75	11.9
Asia Pacific	12,891	-0.7	32,287	-32.6	2.50	-2.4
US	25,620	-13.2	61,849	-3.6	2.41	11.1
World	69,901	-5.2	149,217	-10.0	2.13	-5.0

Notes: See Master Notes, page 4. World; regions listed here. IATA-International Air Transport Association. *Quoted in US\$. †Under the IATA billings and settlement plan. ‡Additional countries, in order of listing: Luxembourg, Slovakia, (3) Baltics, Liechtenstein. Source: IATA.

14 Visitor spending in Europe destinations

Destination	Jan thru*: Spending-A	Growth,%	Source
Austria	Dec 14,068	4.6	WTO
Belgium	Dec 8,288	-1.0	WTO
Bulgaria	Dec 1,623	21.3	WTO
Czech Republic	Dec 3,554	4.2	WTO
Cyprus	Dec 1,977	-10.4	WTO
Denmark	Dec NA	-7.7	WTO
Estonia	Dec 682	1.8	WTO
Finland	Dec 1,894	0.0	WTO
France	Dec 36,347	-5.4	WTO
	Nov† NA	1.6	WTO
Germany	Dec 22,829	1.3	WTO
Greece	Dec 10,629	-8.0	WTO
Hungary	Dec 3,426	-12.1	WTO
Ireland	Dec 3,875	4.7	WTO
Italy	Dec 31,286	-2.1	WTO
	Oct† NA	3.5	WTO
Lithuania	Dec 568	4.0	WTO
Luxembourg	Dec 2,779	2.3	WTO
Malta	Dec 693	5.2	WTO
Netherlands	Dec 9,228	0.2	WTO
Norway	Dec 2,548	4.3	WTO
Portugal	Dec 6,927	1.2	WTO
Romania	Dec 792	12.5	WTO
Russia	Dec 4502	8.0	WTO
Slovakia	Dec 863	-3.3	WTO
Slovenia	Dec 1,338	7.0	WTO
Spain	Dec 41,708	3.7	WTO
	Oct† NA	0.4	WTO
Sweden	Dec 5,290	-6.1	WTO
Switzerland	Dec 8,973	3.3	WTO
Turkey	Dec 13,203	55.7	WTO
UK	Dec 19,511	1.1	WTO
	Nov† NA	9.2	WTO

Notes: See Master Notes, page 7. Growth may not tally with previous figure shown. *2003 unless stated otherwise. †2004. A = In millions of US\$. Source: As shown.

12 Eurotunnel traffic

Item,x1000	Apr- Jun 04	Growth %	Jul- Sep 04	Growth %	Oct- Dec 04	Growth %	YTD 04	Growth %
Cars	524	-14.9	606	-5.2	551	1.8	2101	-7.8
Buses	18	-12.9	16	-12.5	18	-6.4	63	-11.8
Eurostar passengers	1800	19.8	1998	12.7	1872	10.6	7277	15.2

Source: Eurotunnel.

13 Economic indicators of major countries in Europe, 2004/05

Country	GNP/GDP		Retail sales	Consumer prices†	Wages/earnings‡		
	1 year	3 mths*	1 year	1 year	year ago	1 year	year ago
France	2.1 Q4	2.8	2.8 Dec	1.6	2.0 Jan	2.7	2.9 Q3
Germany	1.3 Q3	0.4	0.1 Nov	2.1	1.1 Dec	2.2	1.9 Oct
Italy	1.3 Q3	1.7	-3.5 Oct	2.0	2.5 Dec	2.7	2.5 Nov
Netherlands	1.3 Q4	-0.3	-0.6 Nov	1.5	1.3 Jan	0.7	1.7 Jan
Spain	2.6 Q3	2.4	0.2 Oct	3.5	2.8 Nov	2.2	3.1 Q3
Switzerland	1.8 Q3	1.4	0.5 Dec	1.2	0.2 Jan	1.4	1.8 '03
UK	2.8 Q4	3.0	3.9 Jan	1.6	1.4 Jan	4.3	3.4 Dec
Euroland	1.8 Q3	1.2	0.4 Nov	2.3	2.0 Dec	2.0	2.8 Q3
Others							
Japan	2.6 Q3	0.2	-2.2 Oct	0.8	-0.5 Nov	1.4	0.1 Nov
US	4.0 Q3	4.0	4.3 Nov	3.5	1.8 Nov	2.7	1.8 Dec

Notes: All figures are percentage changes, at annual rate. *Average of latest 3 months compared with average of previous 3 months, at annual rate. †Figures not seasonally adjusted. ‡Germany, hourly wages; Japan and UK, monthly earnings; USA, hourly earnings. Source: The Economist.

15 Visitor arrivals in Europe destinations

Destination	Jan thru*: Arrivals x1000	Growth %	Source	Stay	PVPD
				days	US\$-C
Andorra	Dec 3,138	-7.4	WTO	2.93	NA
Austria	Dec 19,078	2.5	WTO	5.2-F	142.90
	Sep‡ NA	2.1	WTO	5.2-F	142.90
Belgium	Dec 6,690	-0.4	WTO	2.5	55E
Bulgaria	Dec 4,048	17.9	WTO	2.8-F	48.39
Croatia	Dec 7,409	6.7	WTO	NA	473-V
Cyprus	Dec 2,303	-4.8	WTO	11	59.13
Czech R	Dec 5,076	7.0	WTO	2.8-F	48.39
Denmark	Dec 2,016	0.3	WTO	3.60	1928-V
Finland	Dec 2,601	-9.5	WTO	5.86	62.92
France	Dec 75,048	-2.6	WTO	7.16-F	54.4
	Dec† 75,123	0.1	WTO	7.16-F	54.4
Germany	Dec 18,399	2.4	WTO	7.16-F	54.4
	Sep‡ NA	9.7	WTO	7.16-F	54.4
Hungary	Dec 15,706	-1.0	WTO	3.41-F	15.19
Iceland	Dec 771	9.4	WTO	2.8	267.56
Ireland	Dec 6,369	5.0	WTO	11.0-F	39.06
	Sep‡ NA	2.7	WTO	11.0-F	39.06

continued on page 12

Trends

Fortress America

The perception is that the US is finding it more difficult to attract foreign visitors even with a sizeable decline in the value of the dollar.

Efforts to keep out terrorists are also keeping out tourists. Everyone needs a machine-readable passport – which usually means getting a new passport before the old one has expired – and everyone must be photographed and fingerprinted.

Plus some visitors may be concerned that they could be on some hithertofore-unknown bad-persons list, and will be refused entry into the US, or worse.

Fortress America?

Some statistical realities, then:

- Overseas visitors (from everywhere apart from Canada and Mexico) was heading for an increase of about 13% in 2004. That ends the declines over 2001-03.

- That would still be 20% below the peak year of 2000.

- Growth was slowing in 2001 before 9/11 – only 3% in the first eight months.

- Growth from Canada and Mexico in 2004 was slower than overseas growth – year-end was probably about 8%.

Arrivals in the US

Category	No,mn	Growth,%
Total	32.2	11.9
Overseas	17.0	14.9
Canada & Mexico	15.2	8.8

Notes: January-October. Source: Pacific Asia Travel Association.

The Fortress America concern did not manifest itself immediately after 9/11 but in the past 18 months. This indicates then that travellers are not as concerned as commentators. (Growth over that 18-month period has been 6%.)

Airport delays

After four years of improvement, delays on increasing again, reports AEA.

Punctuality for the major European airlines, as represented by the AEA, worsened slightly in 2004, with 19.5% of intra-European departures delayed more than 15 minutes, up from 19.1%. This reversed a 4-year trend of reducing delays, from a high of 30.4% in 1999.

A new name appeared at the head of the

AEA's list of most-affected airports among Europe's major hubs: London Heathrow, which saw its delay rate increase from 22.4% to 27.8% in 2004. This is the first time that Europe's largest airport has figured in the five worst-affected airports.

Other airlines on the list for the first time were Vienna, third with 24.8%, and Amsterdam, fifth with 23.6%. The remaining two were Zurich (26.1%) and Madrid (23.7%).

At the opposite end of the table, fewest delays were recorded at Oslo (12.9%), Helsinki (13.0%), Brussels, Dusseldorf, and Copenhagen.

The main cause in Europe is a 'slot' delay, when an aircraft is ready to leave, but it has to wait for a departure slot from the state-controlled Eurocontrol air-traffic control centre. The reasons may be congestion en-route or at destination, bad weather, strike; but whatever the cause, the aircraft is delayed.

And that is one reason the airlines are complaining about new rules in Europe that require airlines to compensate delayed passengers – no matter who or what is responsible.

Maybe certain

Trying to interpret some forecasts is no easy task. The WTO (World Tourism Organization) tells us:

- For 2005, "expectations are more moderate".

- Leisure travel "is expected to sustain its growth" in 2005 after "performing stronger" than business travel in 2004.

- Business travel "will recover further" in 2005 after "picking up" in 2004.

Some help comes from results in 2004 (albeit after "three years of stagnant growth" – which to us means 0%, although that is not the case). A "spectacular rebound" in 2004 produced an "all-time record" 760mn arrivals, up 10%.

If WTO's role was selling the visitor business, such obfuscations might be acceptable, but something more neutral is expected from a United Nations body. So it is left for us to note:

- If there was "stagnant growth" for three years, then a recovery year is just that, not a "spectacular rebound".

- Numbers will continue to reach "all-time" highs if they grow; that's a mathematical certainty. (Likewise, with grow-

ing populations and growing wealth, should a certain percentage growth – say 1% – be discounted?)

As for that 2005 outlook, we give in. "Sustain growth" and "recover further" both mean growth, so this means no decline is expected? Big deal.

But link all these comments, if you can, to WTO's forecast of 4% growth in visitor arrivals for this year – although the result may "slightly undershoot".

(See table to regional results.)

Growth in 2004 visitor arrivals, %

Asia Pacific	29
Middle East	21
Americas	10
Africa	7
Europe	4
Total	10

Notes: Estimated. Source: WTO.

Briefs

- Are there basic flaws in Boeing's belief in passenger demand for nonstop flights?

It says the A380 is unwarranted because travellers do not want to fly, say, London-Hong Kong and then connect to Kaohsiung; they want to fly nonstop London-Kaohsiung.

Thus its launch of the B787 program and now the B777-200LR – which can fly nearly 18,000km nonstop, which is just about everywhere.

Those flaws:

- Sure, travellers prefer nonstops but not just London-Kaohsiung, but also Barcelona-Berlin, Warsaw-Lyon, Manchester-Turin. In other words, not just longhaul. In the meantime, those travellers will still need to take indirect flights – even though the planes exist to operate those routes. And the reason those nonstops don't operate is...

- ... not enough passengers to warrant a scheduled service. And the same for London-Kaohsiung as for Nice-Rio, etc.

So the need to buy aircraft just for those 'thin' or even thinnish routes will be slight. No, Boeing needs to build a bigger B747.

- US hotels in 2004: occupancy 61.3%, up 3.7%; average room rate US\$86.41, up 4.0%; pushing revpar (revenue per available room) to US\$52.93, up 7.8%.

(Data from Smith Travel Research.)

MARKET INTELLIGENCE

continued from page 10

15 Visitor arrivals in Europe destinations

Destination	Jan thru*	Arrivals x 1000	Growth %	Source	Stay days	PVPD US\$-C
Italy	Dec	39,604	-0.5	WTO	4.36-F	178.42
	Sep†	NA	5.7	WTO	4.36-F	178.42
Latvia	Dec	971	14.5	WTO	NA	NA
Lithuania	Dec	1,491	4.4	WTO	6.00	15.93
Malta	Dec	1,127	-0.6	WTO	8.40	52.70
Netherlands	Dec	9,181	-4.3	WTO	3.67-F	221.99
	Sep†	NA	4.4	WTO	3.67-F	221.99
Norway	Dec	3,146	1.1	WTO	NA	445-V
Poland	Dec	13,720	-1.9	WTO	4.7	56.32
	Dec‡	14,296	4.2	WTO	4.7	56.32
Portugal	Dec	11,707	0.5	NTO	7	70.73
	Sep†	NA	1.3	NTO	7	70.73
Serbia	Dec	481	7.4	WTO	NA	NA
Slovakia	Dec	1,387	-0.9	WTO	3.60	4.17
Slovenia	Dec	1,373	5.5	WTO	3.12	4.84
Spain	Dec	52,478	0.3	WTO	12.7	38.16
	Dec‡	53,592	3.4	WTO	12.7	38.16

Destination	Jan thru*	Arrivals x1000	Growth %	Source	Stay days	PVPD US\$-C
Sweden	Dec	7,450	-0.1	WTO	NA	1469-V
Switzerland	Dec	6,530	-4.9	WTO	3.8-F	148.58
	Sep†	NA	2.2	WTO	3.8-F	148.58
Turkey	Dec	13,341	4.3	WTO	8	83.83
	Dec‡	16,930	26.9	WTO	8	83.83
UK	Dec	24,715	2.2	WTO	10.1	69.41
	Sep†	NA	11.1	WTO	10.1	69.41
Europe	Dec	398,945	0.4	WTO	5-E	na
	Dec‡	414,504	3.9	WTO	5-E	na

International arrivals

City/region	Period	Number	Growth %	Stay days	Comment	Source
Berlin	2000	1.214mn	23.6	2.6	none	TourMIS
Canary islands	2002	10.6mn	-0.9	NA	none	NTO
London	2000	15.1mn	2.0	NA	none	TourMIS

Domestic arrivals

Destination	Period	Number	Growth %	Stay days	Comment	Source
London	2000	13.2mn	0.2	NA	none	TourMIS
Paris	2000	5.624mn	14.2	1.9	none	TourMIS
UK	2001	163.1mn	NA	3.2	trips	NTO

Notes: See Master Notes, page 7. *2001 unless stated otherwise. †2003. ‡2002. B = Bednights. H = Nights at hotels. Source: ETM-European Travel Monitor, NTO-national tourist office (or equivalent), Ot-Other, TourMIS.

Notes: See Master Notes, page 7. Latest figures. E-Travel Business Analyst estimate (some based on statistically-incompatible measures), PVPD-per visitor per day. C = Quoted in US\$. F = In hotels. V = Per visitor. Source: ETM-European Travel Monitor, NTO-national tourist office, Ot-Other.

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