

# Travel Business Analyst

Information + Knowledge + Insight + Analysis + Outlook

EUROPE • MAY 2005

Airports 2004

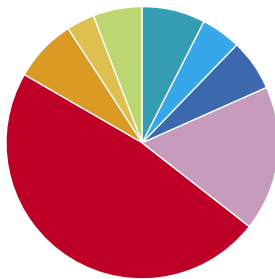
## Lows slow

Air passenger growth through what we call 'low-fare airports' (LFAPs) in 2003 was clearly helping many cities in Europe to show positive airport totals. Even if traffic numbers through these LFAPs (those where low-fare airlines (LFALs) are dominant or prominent) are still small.

In 2004, the buzz seemed to have gone, see below. (*Not a comment on the airline Buzz, which indeed has gone, being merged into Ryanair.*)

Table 3

Traffic share* of low-fare airports, %		
Airport	2004	2003
Berlin Schoenefeld	7.7	4.7
Brussels Charleroi	4.6	4.9
Frankfurt Hahn	6.3	6.6
London Luton	17.2	18.4
London Stansted	47.6	50.5
Milan Bergamo	7.6	7.6
Paris Beauvais	3.3	2.5
Rome Ciampino	5.7	4.7



Notes/Source: \*Of airports shown here, then see Table 1.

Overall, passengers through airports in Europe in 2004 totalled just over 1.1bn\*, increasing a strong 9%. Annual totals increased 4% in 2003, having fallen 1% in 2002 and in 2001, and increased 8% in pre-9/11 2000.

The region's main city groupings, see Table 1, accounted for nearly half that, and the top-five airports for 25%. Growth at the top three airports was unusually close; London Heathrow and Frankfurt up 6%, and Paris Charles de Gaulle up 5%.

London's five airports were by far the largest city group, totalling 129mn, and growing 7%, compared with 76mn, and up only 6%, at Paris' three.

There are some surprises among the big groupings. Rome grew *contd on p2*

Outbound Germany

## Slight increase

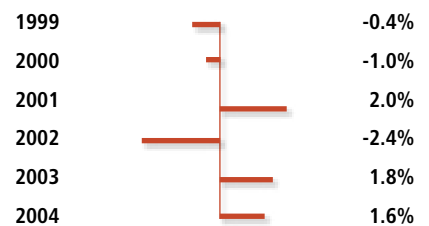
FUR findings showed international holiday travel from Germany increased in 2004 by 2%, for the second-year running, after three years of decline in four years, see Table 1.

FUR (Forschungsgemeinschaft Urlaub und Reisen, an independent association of users of travel research) counted 45mn international holidaymakers in 2004 (this excludes other types of travellers). The market's travel propensity (based on all travel, including domestic) increased to 76.8% of the population – it increased to 76.8% in 2003, fell to 75.3% in 2002, growing to 76.1% in 2001 and 75.9% in 2000.

The number of trips per traveller also increased again in 2004 to 1.36 trips. In 2003, the 1.34 trips surpassed the 1.32 peak in 1997, but the 2004 figure is a 10-year-high.

*Unfortunately, unexplained inconsistencies in FUR findings make a destination analysis difficult. For instance, the France total was shown to have fallen 20% in 2002 – a gigantic collapse for such a large market. FUR did not attempt any explanation then, but continued large changes for 2003 (down 14%) and in 2004 (up 22%) indicates that FUR does not believe such changes at least require flagging.*

Growth of international holiday travel from Germany



Notes/Source: see Table 1.

*A further major shortcoming in FUR's coverage is that it does not separate travel to the UK or the US – both significant destinations. This is not a matter of size; Croatia warrants its own measure, for instance.*

*As each year passes, observers will be forgiven for assuming that* *contd on p2*

## Main News

Recent corporate developments – big or significant.

- First A380 test flight April 27 almost 4 hours.
- Carlson takes a 25% shareholding in its SAS Rezidor master-franchise owner in Europe (and some other places). And Marriott forms 50/50 JV in the UK to buy Whitbread's 8000 rooms under Marriott and Renaissance brands.
- Delta's low-fare subsidiary Song takes over some key Delta routes.
- Fairmont acquires Savoy in London, and Monte Carlo Grand.
- Karstadt now expected to sell its 50% of Thomas Cook; Lufthansa has the other 50%.
- Starwood Hotels (with financiers Lehman) has bid to buy Meridien Hotels.

**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 – airports 2004

faster than Milan and almost overtook it – even though Milan is the government's favoured international gateway to Italy. Both cities have LFAPs, and although Milan's is slightly bigger in traffic, Rome's is growing faster.

Berlin's total 12% growth looks impressive (even though its total is still smaller than Brussels, for example). But all that growth came from Schoenefeld, which we define a LFAP; traffic at both Tegel and Tempelhof fell. *That should tell marketeers something about trends in travel.*

Also worth watching is fast growth at Moscow's three; 16%, making its total almost as large as Milan's, for instance, even though there was an 11% decline at Moscow's Vnukovo.

All LFAPs are attached (*or rather we attach them*) to the main cities in Europe.

Table 1

Passengers at selected airports in Europe						
Airport	No,mn		Growth,%			
	2004	2004	2003	2002	2001	2000
Amsterdam	42.5	6.5	-1.9	3.0	-0.2	7.7
Berlin total	14.9	11.8	9.2	-3.3	-5.3	7.5
excluding LFAP	11.5	-0.6	10.1	-1.8	-3.8	6.3
Brussels total	17.6	3.8	8.3	-23.2	-6.6	7.9
excluding LFAP	15.6	2.8	5.3	-26.7	-9.1	NA
Copenhagen	19.0	7.5	-3.0	0.9	-1.4	5.1
Frankfurt total	53.9	6.1	1.8	1.9	-0.7	7.6
excluding LFAP	51.1	5.7	-0.2	-0.2	-1.6	NA
London total	128.9	7.0	2.9	2.9	-2.2	6.8
excluding LFAP	100.5	5.8	0.4	1.1	-4.8	4.3
Madrid	38.5	7.9	5.2	-0.4	3.3	18.2
Milan total	30.8	5.5	10.2	-1.0	-4.7	13.2
excluding LFAP	27.5	4.2	4.5	-1.8	-3.9	13.3
Moscow total	27.5	15.7	14.6	8.2	NA	NA
Paris total	76.3	6.4	-0.6	0.9	-3.4	7.4
excluding LFAP	74.9	5.8	-1.0	0.6	-3.4	7.4
Rome total	30.6	9.2	6.8	0.0	-3.1	7.8
excluding LFAP	28.1	7.0	3.7	-0.9	-2.8	7.5
Zurich	17.2	1.3	-5.1	-15.0	-3.7	8.4

Notes: LFAP = 'low-fare' airport. Totals (3 airports in Berlin, 2 Brussels, 2 Frankfurt, 5 London, 3 Milan, 3 Moscow, 3 Paris, 2 Rome) including LFAPs listed separately. Source: Calculations by Travel Business Analyst from Airports Council International data.

In all (seven) cases, LFAPs boosted total traffic – 12% instead of a 1% decline for Berlin without LFAPs; 4% and 3% Brussels; both 6% at Frankfurt; 7% and 6% London; 6% and 4% Milan; both 6% at Paris; and 9% and 7% at Rome.

However, results at LFAPs indicate a crucial business fact – growth is not for ever. In 2003, four LFAPs recorded stunning growth – 42% at Charleroi, 67% at Hahn, 127% at Bergamo, and 90% at Ciampino. Where were they in 2004? 13% 14% 18% and 40%; in other words, apart from Ciampino, unexciting growth (for LFAPs).

The key is clearly new bases for low-fare airlines. Such as Ryanair at Charleroi, and various airlines at Bergamo. One year after their move, traffic growth becomes more steady – albeit higher than for airports where LFALs have a small share. That, then, would seem to be the reason for big growth at Schoenefeld, where Easyjet established a base in 2004. And at Ciampino, where Easyjet has also started a base, but smaller.

Spoiling this neat analysis, though, is Beauvais, an 'older' LFAP but which nevertheless managed fast, 54%, growth in 2004. Thanks, in part, to Wizz flights, and other LFALs. In any case, this cannot be perfect analysis, as airports do not handle just one type of traffic. And not all LFALs use LFAPs all the time. Easyjet, for instance, uses Orly and CDG in Paris, not the LFAP Beauvais.

But Easyjet can also transform some non-LFAPs. As we predicted, a world first happened in 2003 – a LFAL has the largest passenger share at a major airport.

The airport is Geneva and the airline is Easyjet. The airline produced

Table 2

Passengers at selected airport categories in Europe				
Airport	No,mn 2004	Growth,%		
		2004	2003	2002
All Europe	1143.8	9.3	4.2	-0.6
Top five airports	250.4	6.2	0.5	49.2
'Low-fare' airports	52.4	16.4	22.4	NA
'Holiday' airports	32.1	6.5	6.1	-6.0
Ibiza	4.2	0.3	1.6	-7.6
Palma	20.4	6.4	7.6	-7.2
London Luton	7.5	10.6	5.1	-1.3

Notes/Source: See Table 1.

26% of the airport's passenger traffic in 2004, compared with only 18% from second-place Swiss.

We have also added 'holiday airports' as a category. But two, Ibiza and Palma, are in Spain and so reflect leisure travel into that destination. London Luton is also included in this section as well as in LFAPs, although LFAL growth is reducing Luton's holiday (mainly charter) share.

The news from these holiday airports is better. After a bad 2002, they recovered in 2003, with a 6% increase, and again in 2004, up almost 7%.

*\*All data for this report has been compiled from statistics from the Geneva-based Airports Council International, and we are grateful for access to its data. The totals*

Table 4

Growth at low-fare airports %		
Airport	2004	2003
Berlin Schoenefeld	93.2	3.7
Brussels Charleroi	12.7	41.9
Frankfurt Hahn	13.6	67.3
Geneva	6.4	6.1
London Luton	10.6	5.1
London Stansted	11.7	16.6
Milan Bergamo	17.7	126.8
Paris Beauvais	53.5	30.7
Rome Ciampino	43.1	90.0
<b>TOTAL</b>	<b>16.4</b>	<b>22.4</b>

Notes: Geneva included here, not in Table 3. Source: See Table 1.

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contd from p1 – outbound Germany

Table 1

International leisure travel from Germany								
Item	2004			2003		2002	2001	2000
	No,mn	Growth,%	Share*,%	Growth,%	Share*,%	Share*,%	Share*,%	Share*,%
Spain	8.9	6.0	19.6	2.4	18.8	18.7	19.2	20.0
Italy	4.8	-14.9	10.7	1.5	12.7	12.8	13.4	13.2
Austria	4.3	-5.4	9.4	-8.3	10.1	11.2	10.7	9.3
Turkey	4.2	3.8	9.2	9.0	9.0	8.4	7.3	6.6
France	2.1	21.8	4.6	-14.1	2.6	4.6	5.6	5.5
<b>TOTAL</b>	<b>45.3</b>	<b>1.6</b>	<b>100.0</b>	<b>1.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>TOTAL†</b>	<b>65.4</b>	<b>-1.1</b>	<b>na</b>	<b>4.8</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>

Notes: See text for qualifications and disclaimers. \*Of international. †Including domestic travel. Source: Forschungsgemeinschaft Urlaub und Reisen.

FUR's work – comprehensive as it is – is an academic exercise, and is related to interpreting travel markets only by accident.

Of Germany's top five destinations\*, Spain continued its recovery in 2004, although that finding does not match arrival figures in Spain, which show a 1% increase from Germany in 2004.

Table 2

Spend on travel and length of trip in holiday travel from Germany			
Year	Per trip per day,US\$*	Growth %	Length of trip,days
1998	69	1.1	13.9
1999	67	-2.0	14.0
2000	75	10.4	13.8
2001	75	0.1	13.8
2002	79	5.5	13.5
2003	87	10.5	13.7
2004	89	2.5	13.7

Notes: Domestic and international. \*Converted at US\$1 to €0.77. Source: FUR.

The second-largest market, Italy, fell a substantial 15%, and is well below its 6mn peaks in 1999 and 2001. Austria, after a sizeable fall in 2000, had two years of growth, but then another big decline, of 8%, in 2003, and 5% in 2004.

Turkey has had rapid growth over recent years, but we expected it to

Table 3

Travel and booking patterns, 2004			
Mode/booking	No,mn	Growth,%	Share*,%
By vehicle	22.4	-8.0	34.3
By air	33.6	6.4	51.3
By bus	6.3	-6.8	9.7
By rail	1.6	-14.7	2.5
Package tour	27.0	5.6	41.3
Other through agency	12.2	-1.6	18.7
Direct	12.0	-5.2	18.3

Notes/Source: Domestic and international, then as Table 1.

fall in 2003 (partly because of Iraq war scares). But FUR found that was actually a good year – although we still find this hard to comprehend – and 2004 was a little less good, growing 4%.

France displaced Greece in the top five in 2004. As noted above, France has had remarkable (and inexplicable) declines of 20% in 2002 and another 14% in 2003, then 22% growth in 2004.

We can see no reason – or other indicator – of such fluctuations, unless the France/Germany political camaraderie started to benefit the travel business in 2004.

FUR also does not attempt analysis of means of transport – probably because there are often unbelievably large changes. As an example, FUR would have us believe car/mobile-home travel share decreased 24% in 2003 and air increased 58%. Sorry.

For this reason, we have excluded analysis for this, and method of booking, for earlier years, but show current changes, see Table 3.

Spending in 2004 increased just 3% per trip per person, see Table 2, compared with 11% growth in 2003. Length-of-stay was unchanged. With the strength of the Euro (which must begin to feel like the good old strong deutschmark in travellers' pockets), the propensity to spend this year may increase. But lower costs, particularly in US dollar destinations for Euro-spenders, may actually reduce this spend figure in 2005.

The outlook for travel looks better – 70% said they would probably travel in 2005 (against 69% for 2004, 67% for 2003, 69% for 2002, but 72% for 2001 – before 9/11 changed plans in the last quarter of the year). The

earlier high was 1995, when 72% said yes.

(\*As noted here, for some unknown reason, the UK is not included. We estimate it is fifth largest.)

Europe air

## Progress since 9/11

The main country-pair routes within Europe in 2004 are all well past the traffic downturn caused by 9/11, see Table 1.

However, total traffic to-and-from the US in 2004, as well as being 2% below its pre-9/11 total in 2000, five of seven major Europe/US country-pairs in 2004 were still below their 2000 totals.

Within Europe, the air passenger total to-and-from Italy showed the best performance – up 46% to-and-from Germany, and up 43% to/from UK. This growth is believed to be well balanced – traffic originating in Italy and originating outside.

But certainly much of the growth is coming from low-fare airline traffic, also in both directions.

In terms of markets, for passenger traffic to-and-from Germany, there is only one country-pair that is still below 2000, to-and-from Netherlands. However, this is the smallest of the markets we track.

In 2004, there was good growth in all markets compared with 2003. The fastest was to-and-from Switzerland; although a small market, it is presumably encouraging for the architects of the planned merger between Lufthansa and Swiss.

For passenger traffic to-and-from the UK, all except to-and-from the US is above 2000. That US decline is primarily from traffic originating in the US. But any concern related to 9/11, Iraq, etc, may be easing as growth in 2004 over 2003 was the fastest of the top-three country pairs.

But growth in 2004 over 2003 was weak, except for to-and-from Italy. Traffic to-and-from Switzerland increased only 2%. At first glance, this is surprising given that Easyjet has made a successful base out of Geneva and Basel. But...its success has caused some weakening of the other airlines (such as British and Swiss).

And also Easyjet switched its operations from Zurich to Basel in order to reduce costs; that probably cause a traffic loss, even if temporary.

Table 1

Air passenger traffic to and from Europe									
From To	Germany			UK			US		
	No,mn	Growth,%		No,mn	Growth,%		No,mn	Growth,%	
	2004	2004/03	2004/00	2004	2004/03	2004/00	2004	2004/03	2004/00
France	5.8	9.0	11.9	10.9	6.7	33.6	5.8	10.4	-4.6
Germany	na	na	na	10.3	7.4	18.8	7.6	9.9	3.1
Italy	8.2	14.2	46.3	10.0	12.0	43.1	2.4	24.6	-15.6
Netherlands	2.3	12.4	-10.8	8.5	8.3	19.5	4.0	9.2	-10.1
Spain	19.0	12.3	5.9	33.4	3.7	30.2	1.7	20.3	12.0
Switzerland	3.7	19.0	10.3	4.2	1.7	7.4	1.4	6.8	-32.9
UK	9.9	13.8	19.7	na	na	na	17.4	8.9	-4.6
US	7.9	11.0	2.3	18.0	8.0	-5.6	na	na	na

Source: Statistisches Bundesamt (Germany), Civil Aviation Authority (UK), US Department of Commerce (US).

Results on passenger traffic to-and-from the US is difficult to interpret. To-and-from Germany is probably supported by military-related traffic from the US to its bases in Germany. But also the wishes and needs of the Germany market (business and leisure) has not suffered as much as the political friendship between the two countries.

Table 2

Data differences in air passenger traffic				
To/from	Data source	No,mn 2004	Growth,% 2004/03 2004/00	
Germany/US	Germany	7.9	11.0	2.3
	US	7.6	9.9	3.1
Germany/UK	Germany	9.9	13.8	19.7
	UK	10.3	7.4	18.8
UK/US	UK	18.0	8.0	-5.6
	US	17.4	8.9	-4.6

Notes/Source: See Table 1.

That is not quite the same for US/France, where the long-standing disdain for the US in France has become bitter (and occasionally twisted), and the long-standing admiration of France in the US has vanished. That said, passenger growth in 2004 over 2003 was at 10% – the fastest of the top three country-pairs.

Mutually-friendly US/Spain relations – albeit no longer at government level – may have become the same as what US/France relations were. Certainly air traffic looks strong, although the base is small.

(US/UK covered above. Totals gathered by authorities should be the same over the same routes, but they almost never are because of different methods and methodology. But they are close enough, see Table 2.)

## Hotels

### Partners change

Two significant hotel-group partnership changes have taken place this year.

- At **Rezidor SAS** and **Carlson**, Carlson will take a 25% shareholding in Rezidor SAS from the holding by the SAS Group. At the same time the commercial terms for the Master Franchise Agreement between the two companies will be adjusted.

Rezidor SAS first signed an agreement with Carlson in 1994 – for the Radisson brand only. This was expanded in 2002 to include the other Carlson brands of Country Inn, Park Inn, Regent, but not Park Plaza.

- **Marriott** and **Whitbread** have established a 50/50 joint-venture to buy Whitbread's 46 franchised Marriott and Renaissance hotels (with 8000 rooms) in the UK, with Marriott taking over management of the 46.

The JV hopes to sell hotels to other investors over the next two years but with Marriott staying as managers – *although that presumably will be negotiable in some cases.*

Marriott will pay US\$170mn (£90mn) for its 50% percent stake in the JV.

## France

### New strategy

France, realising that it is not enough to count the world's highest number of visitors\* as a measure of success, is planning a new strategy.

In fact, that visitor count is also cause for concern. The total fell 2.6% in 2003, and increased only 0.1% in 2004 to 75mn.

The country's NTO is undertaking some studies on the visitor profile and to more effectively segment the visitor product. *But surely a study of existing visitors may not be suitable if*

*visitor numbers are stagnating? Existing visitors have, by definition, been attracted by the existing product, so how can the NTO learn from them what should be the new product?*

*In addition, the country's NTO (Maison de la France [House of France] – which should be the first change, to something more understandable like Visit France, or similar) is already proposing changes, before the study results are known. Changes include:*

- Maintain concentration on Europe as the main market, because of its proximity and variety of transport offers.

- Increase short-stay offers.
- Decrease seasonality, partly by targetting seniors and city-stays.

- Themed stays, including: art and culture; city tourism; gastronomy; coastal, mountain, countryside, and themepark attractions; business travel; green tourism. *The problem, more or less obvious with this list, is that it includes practically everything, ie France is the same as today's offer. France's NTO, like so many, is clearly restrained by politics – if it promotes coastal attractions in particular, the mountain resorts complain, and so on and on.*

- Expand destinations, particularly those within two hours of Paris. *This is a growing list, such as Orleans, but also Lille and Lyon thanks to expanding TGV fast rail service.*

- Overall, the NTO recognises that today's traveller is better informed, largely because of the internet. That makes them more demanding and more spontaneous with travel decisions.

And so France needs to be more flexible in terms of offers and more ready to recognise the different types of visitors, including, for instance, whether they are travelling alone, as a couple, family, or part of a group.

*\*In fact, China counts more, over 100mn in 2004, but in general commentary it uses WTO figures, which are lower than France's, and not its own. Adding to this inscrutability is the fact that the WTO does not explain how it calculates its China total.*

## Briefs

- 2005 budget for **Vienna's** visitor office has increased 3.6% to US\$15mn (€11.5mn).

With the money, the city hopes to increase its attendance at trade

shows, as well as work on a special promotion for the Mozart year – for which it is working with Bratislava, capital of Slovakia.

Vienna counted 2.8mn international visitors, up 6.2%, in 2004.

- After opening 10 new hotels in 2004, **Meridien** has plans for 21 more; current portfolio is 130. But only two are in Europe – Croatia, for 2006, and a 680-room airport hotel in Frankfurt, but with no opening date.

(Starwood made an offer last month to buy Meridien.)

- Switzerland-based **Kuoni** seems to be holding on to growth. Total turnover increased 8.7% in 2004 to US\$3.0bn (at US\$1 to Sf1.18).

- **Spain's** Balearics counted 3.8% more visitors in 2004 to 11mn. Maybe they went there instead of the Canaries; its visitor count fell 3.6% to 10mn.

- Visitor arrivals in **Hungary** increased 4% to 6.5mn in 2004, but nights in hotels increased faster, by 10%.

And if, as many say, that the growth is thanks in large part to growth in new low-fare airline routes, then the outcome for hotels is interesting. Nights in top-level hotels increased 26%.

- **Accor** results for the first quarter

## This month in Travel Business Analyst Asia Pacific:

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support what has begun to be seen in other markets – that it is easier to get rate increases in economy hotels than in the higher categories. See table.

Other notes:

- The only market where performance is clearly different – indeed, the opposite (and better) – is the US.

- Accor's need market is Italy; it recorded a decline in all four measures listed here. Best market is the US.

- Occupancy was down or static in all of the five Europe markets shown at mid-scale and above.

- The US has the highest rate mid-scale and above, but the lowest economy. Indicating segmentation is more advanced than in Europe.

- **Lufthansa** has introduced a 7-seat executive jet service passengers out of Munich. The idea is to increase its service and offers to the premium market.

- **Conrad** Hotels, now operating 17 hotels and resorts, aims for 50 by 2010.

- **Germany's** NTO forecasts a 2% increase in arrivals this year. Arrivals increased 10% in 2004, with overnights up 9%; international overnights totalled 45mn.

- **Hilton International** has changed its policy on franchising. A year ago it said it would franchise only with small hotel groups, not individual hotels. And only in Europe.

It duly signed franchises with two small groups – with Coral for

four hotels in the Caribbean and with Oberoi for nine of its (one-time 3-star) Trident brand in India.

But now HI has signed a franchise for a Hilton being built in Sicily and due to open in 2006.

And is looking for other contracts – either with small hotel groups or existing individual hotels or projects. And not just in Europe, but also in Africa.

HI's focus will be on Austria, Germany, Italy, and Spain, and then France, Switzerland, and Eastern Europe. The company hopes to sign 40 franchises (for Hilton and its Scandic brand) before end-2005.

- **Movenpick** Hotels plans to add 8-10 hotels a year over the next 3-5 years; currently it has 50.

Movenpick, one-third owned by Saudi Arabia-based Kingdom Hotel Investments, has recently opened in Europe in Berlin and Paris. It plans new hotels in Amsterdam, Hamburg, and Frankfurt, all opening in 2006, and in Rome in 2007.

- **Air traffic** for airlines based in Europe showed fast growth in the first quarter of this year, 7%, but this is below the 10% growth for the whole of 2004, see table.

But at least this remains above growth in capacity, which was 5% in Q1.

Europe's results were the weakest of the three main regions. Traffic growth for airlines based in North America was 13% in Q1, for airlines in Asia Pacific 8%, and worldwide 9%.

## Accor hotel results in selected markets, Q1 2005

Category/ market	Occupancy,%	Growth,%	Average room rate,US\$*	Growth,%
<b>Mid- &amp; up-scale</b>				
France	55.8	-1.8	130	3.9
Germany	54.2	-1.5	96	-0.9
Italy	51.8	-1.1	138	-1.6
Spain	55.6	-7.0	123	-9.5
UK	67.9	-3.2	142	4.9
US	71.1	2.0	160	11.4
<b>Economy</b>				
France	68.4	0.0	55	4.1
Germany	63.5	-1.1	66	0.5
Italy	49.5	-0.7	99	-11.7
Spain	67.2	1.4	62	6.1
UK	71.3	0.8	91	3.5
US	61.6	1.8	42	2.9

Notes: \*Converted at US\$1 to €0.77 and £0.53. Source: company.

## Growth in airline traffic, %

Airlines	Jan-Mar 05		Jan-Dec 04	
	ASK	RPK	ASK	RPK
<b>Europe</b>	5.1	6.6	8.4	10.1
<b>North America</b>	12.4	12.6	11.0	14.8
<b>Asia Pacific</b>	7.5	8.2	15.5	20.5
<b>World</b>	8.0	9.4	12.1	15.3

Notes: ASK = Available-seat kilometre, RPK = Revenue-passenger kilometre. Source: International Air Transport Association.

- Deloitte says hotel occupancy in Paris was 67.3% in 2004, with average room rate at US\$234 (at US\$1 to €0.77), resulting in revpar of US\$157.

Revpar was 4.3% higher; other changes not given.



# Net Value

## Statistics and Analysis on Travel and the Internet

### Independents to hit back?

The theory goes like this:

Hotel groups have a share of only 30% of all hotels in Europe, and 10% in Asia Pacific, compared with 70% in the US; the others are independent hotels. So in the US the groups may have a reasonable chance of controlling distribution and rates. But in Europe and Asia Pacific, they do not.

So if the big online agencies (such as Cendant and Expedia companies, and Travelocity) manage to get a hold on distribution (of independent hotels) in Europe and Asia Pacific, then they should be in a better position to control rates etc, and thus squeeze out the hotel groups. Or prevent the hotel groups squeezing them out.

And if the online travel agencies then decide to introduce loyalty programs (for their own customers, but then also for independent hotels by default) then they will start to provide all the things that group hotels do. So online agencies would be turning independent hotels into, effectively, what we would call an 'independent chain'.

The theory comes from Pricewaterhouse Coopers (PwC) – *although because we have adapted it, PwC might not recognise all these ideas.*

PwC supports its theory by showing the number of merchant hotels signed up by the leading online agencies, see table.

And offers a one-off example to illustrate the potential power of such 'independent chains'. Cendant's Octopus has 50 hotels available in Berlin, including eight at the (so-called) 5-star level. No chain can match such an inventory.

The 'independent chain' was not a factor when independent hotels really were independent (that is, on their own), but if online agencies are changing that reality, there may be some surprises ahead.

*However, there are still some important spoilers of this theory:*

- *Quality control. Will I get the same service at the 4-star (Expedia) hotel in Shanghai as its 4-star hotel in Paris?*
- *Consistency. I get access to the business lounge at Expedia Shanghai, but not at Expedia Paris.*
- *Customer brand recognition. Is my '5-star' Plaza Palace in Madrid (apologies if there is*

such a hotel) *the same 5-star standard as the Grand Hyatt in Bangkok?*

PwC believes "the brand loyalty that the chains command has overshadowed the ability of independents to compete for the same business". But it thinks that the market that big online travel agencies can provide the independents is beginning to erode that advantage.

### Merchant hotels on online agency sites, x1000

Gullivers/Octopus	20
Orbitz	16
Expedia	15
Travelocity	10

Source: PhoCusWright, Pricewaterhouse Coopers.

Loyalty may be related to awareness and affiliation to the product – or, says PwC, "... it may arise from a lack of easily-available alternatives where the consistency and quality of accommodation can be reliably assured."

With the customer able to make all their travel plans in one place\*, the online travel agency that "provides the right choice, availability, reliability, and quality assurance, seems more likely to retain loyalty... In this scenario, loyalty could shift from the hotel brand to the online travel agency." Sleep with Travelocity.

*(\*A separate matter, but PwC agrees with Travel Business Analyst that the opposite to what the chains say is now happening – preference for their own sites against third-party sites like Expedia – will happen.)*

### Update

The following are comments made during the International Hotel Investment Forum in Berlin in March. Paraphrased comments are from CEOs or department or regional heads.

**City Inn UK:** 13.5-14% of our bookings are on the internet.

**Hilton:** The merchant model is a practical way of distribution to those who want to package something. We won't do merchant rates just for the hotel product.

*Hilton sees online travel agencies as different from regular travel agencies, and says*

*there cannot be an agency rates system for on-line agencies. Presumably Hilton was thinking of the commission model, although it does not have to be that.*

We see a few companies wanting to acquire more companies; they will be big. Corporate and agency rates will become a thing of the past.

We are growing three-times faster through our sites, but with some outlets – Travelocity is one – growth is about 200%. Now 25% of our business comes through an 'electronic pipe' (not just internet); in 2008 it will be 50%.

**InterContinental:** Maybe after 9/11 our hotels in the US needed help to get through those months. Now, sales through intermediaries has decreased, and sales through our own sites will continue to grow fast. The merchant model is still strong, but not naked, more opaque.

**Starwood:** We have found the online companies can bring a new set of customers to us. Growth of sales on our sites is double or triple growth of sales on third-party sites.

**Travelocity:** We are now focussing on Europe and Asia Pacific.

**Travelodge UK:** We are following the booking philosophy of low-fare airlines, so that now 45% of all our business is on the internet.

### Bites

• **On Air** estimates the 'addressable market' for inflight mobile phone calls is over 700mn passengers worldwide by 2009 – once people can use their own phone for calls.

OA is a joint venture between Airbus and Sita formed in February, and which hopes to provide **mobile telephony** on European flights starting 2006. It believes the value for onboard communications will be US\$1.6bn for voice and US\$400mn for data then.

• Germany-based research body IPK says 41% of holiday travel from **Germany** in 2004 involved the internet – 21% for information, and 20% for booking.

• Jupiter Research forecasts US\$62bn online bookings in the **US** this year, but only 10% average annual growth 2005-09.

• **Opodo** has paid US\$78mn (€60mn) to buy France-based tour operator **Karavel**, which also owns online agency **Promovances** (which may have had around 10% of the total of France's top 10).

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# MARKET DATA

## Headlines

### Comments on tables

- 1 First two months of 2005. Some early important indicators in terms of seat sales. Many directional changes such as growth at Alitalia and SAS, but decline at Austrian and Iberia, and inertia at British and Lufthansa. More of the same for others – decline at Swiss and relative buoyancy at AF+KL. At low-fares – 20% growth at Easyjet, 14% at now-smaller Ryanair.
- 2 First two months of 2005 for Europe and the US; growth slows for Europe but the US up 10%.
- 3 All-2004 for airports whose data is given us by ACI. All-Europe up a strong 9%. Berlin up 12% (new entry; all the growth is through Schoenefeld – doubling); Brussels up 3%; Copenhagen up 8%; Madrid up 8%; Milan, no comparative data; Paris up 6%; Rome up 9%; Zurich up 1%. First two months of 2005 for AMS (up 4%), FRA (1%), LHR (3%).
- 4 Data through December. Full review due this issue, but note Germany up 15% for the year, and the US 12%; no comparative data for UK.
- 5 End of Q1 2005; poor – 14 out of 19 down or not moving. Ebooks discontinued, because now a part of Cendant and no longer separately quoted; replaced by BAA (which originally meant British Airports Authority, but which is now a worldwide airport-operating company).
- 6 A number of big increases from a wide range of internet measures.
- 7
- 8
- 9
- 10 Major reworking of data for this table, with four new categories in London and in Paris. Not all new categories will be shown every month, although all will be available to those that require the additional categories. Thanks – to the growing number of hotels and hotel groups that are supplying us data. More to come; watch these many spaces!
- 11
- 12 After many years, growth at Eurotunnel traffic for cars (but still 40% down on 1999 peak) and buses (highest-ever quarter).

## 1 Passenger traffic\* on selected Europe airlines, 2005

Airline	Mth:	SS	+/-	RPK	+/-	Jan	SS	+/-	ASK	+/-	RPK	+/-	SF	+/-	Airline	Month	Jan thru
		1000	%	mn	%	thru:	1000	%	mn	%	mn	%	%	pts			
Air France	Feb	3251	2.4	7931	3.9	Feb	6791	5.0	22413	2.0	16918	7.0	75.5	3.6			
Alitalia	Feb	1554	5.5	2394	8.6	Feb	3212	10.4	8025	10.0	5037	11.6	62.8	0.9	Easyjet	Feb	Feb
Austrian	Feb	491	-7.0	1128	-3.1	Feb	1011	-3.2	3635	6.9	2426	0.9	66.7	-3.9	SS,x1000	2169	4253
British AW	Feb	2500	-3.1	7819	1.4	Feb	5122	0.6	23253	0.9	16644	4.8	71.6	2.6	Growth,%	16.3	19.8
Iberia	Feb	1891	-4.2	3510	1.2	Feb	3727	-1.4	9963	4.3	7262	4.1	72.9	-0.2	SF,%	85.9	81.0
KLM	Feb	1466	2.3	4802	4.7	Feb	2987	5.9	12525	7.2	10049	8.3	80.2	0.8	Growth,pts	-3.1	-1.9
Lufthansa	Feb	3329	-1.7	7458	-0.6	Feb	6704	0.7	20762	1.6	15724	3.3	75.7	1.2			
Olympic	Feb	346	4.8	400	8.8	Feb	752	9.7	1568	4.7	906	13.7	57.8	4.6	Ryanair	Feb	Feb
SAS	Feb	1731	14.6	1841	9.6	Feb	3418	19.5	6153	17.8	3716	13.7	60.4	-2.2	SS,x1000	2042	4083
Swiss	Feb	653	-7.4	1386	-12.4	Feb	1345	-5.1	4113	-12.6	2970	-9.8	72.2	2.2	Growth,%	8.8	14.0
TAP	Feb	416	-8.9	981	-1.0	Feb	944	0.6	3140	6.7	2246	7.9	71.5	0.8	SF,%	74.0	74.0
Turkish	Feb	831	19.9	1257	15.8	Feb	1799	25.8	3971	16.2	2754	21.4	69.4	3.0	Growth,pts	-3.0	-0.0
Virgin A'tic	Feb	322	2.6	2295	3.6	Feb	670	3.8	6612	10.1	4808	5.4	72.7	-3.3			

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, 2004/05

Item	Europe,AEA									
	Nov 04	Growth,%	Dec 04	Growth,%	Jan 05	Growth,%	Feb 05	Growth,%	YTD 05	Growth,%
SS,mn	15.6	3.7	15.5	5.1	15.3	8.4	14.4	1.3	29.7	4.8
ASKs,mn	63,763	5.9	64,858	7.0	65,864	6.2	59,562	1.9	125,425	4.1
RPKs,mn	45,911	4.3	46,963	6.0	48,157	9.4	42,862	2.7	91,019	6.2
Pax LF,%	72.0	-1.2*	72.4	-0.8*	73.1	2.5*	72.0	0.6*	72.6	1.4*
Item	US,ATA									
	Nov 04	Growth,%	Dec 04	Growth,%	Jan 05	Growth,%	Feb 05	Growth,%	YTD 05	Growth,%
SS,mn	4.5	7.6	5.0	8.9	5.1	12.7	4.5	8.9	9.5	10.9
ASKs,mn	29,438	10.6	31,546	13.1	31,899	12.6	28,868	8.9	60,767	10.8
RPKs,mn	22,339	8.3	24,445	9.8	24,464	13.2	20,994	9.3	45,458	11.4
Pax LF,%	75.9	-1.7*	77.5	-2.3*	76.7	0.4*	72.7	0.3*	74.8	0.4*
Item	Asia Pacific,AAPA									
	Oct 04	Growth,%	Nov 04	Growth,%	Dec 04	Growth,%	Jan 05	Growth,%	J-D 04	Growth,%
SS,mn	9.2	10.4	9.2	11.5	9.6	8.1	9.4	1.8	106.9	23.0
ASKs,mn	52,651	8.2	51,453	5.7	60,200	6.2	60,145	5.0	622,029	13.0
RPKs,mn	38,275	9.2	37,493	7.0	44,325	5.8	44,657	2.8	453,232	19.4
Pax LF,%	72.7	0.7*	72.9	0.8*	73.6	-0.3*	74.2	-1.6*	72.9	3.9*

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.

# MARKET DATA

## 3 International traffic\* at Europe's leading airports, 2004/05

Airport	Month	Passengers,x1000				Aircraft movements,x1000				Seats sold per aircraft	
		Month	Growth,%	YTD	Growth,%	Month	Growth,%	YTD	Growth,%	Month	YTD
Amsterdam	Feb†	2,836	-0.2	5,800	3.7	28.8	-2.1	58.9	-0.2	99	98
Berlin*,x3	Dec	1,117	16.0	14,872	11.8	16.6	5.3	222.9	3.8	67	67
Brussels*	Dec	1,031	3.7	15,584	2.8	18.5	-1.1	252.0	-0.1	56	62
Copenhagen*	Dec	1,285	6.2	18,966	7.5	20.6	7.9	272.5	5.2	62	70
Frankfurt	Feb†	2,875	-3.2	6,036	0.6	29.1	0.5	60.5	2.9	99	100
London,x3	Feb†	7,256	1.8	14,903	5.1	54.5	-2.0	113.8	0.6	133	131
LHR	Feb†	4,254	-0.3	8,875	3.0	30.7	-4.0	64.4	-1.3	138	138
LGW	Feb†	1,734	6.2	3,517	9.2	13.3	3.0	27.6	4.6	130	128
STN	Feb†	1,267	3.2	2,511	7.2	10.5	-2.0	21.8	1.5	121	115
Madrid*	Dec	2,938	7.6	38,526	7.9	33.0	5.2	401.5	4.6	89	96
Milan*,x3	Dec	2,215	0.7	30,836	NA	29.6	-0.2	385.5	NA	75	80
Paris*,x2	Dec	5,757	NA	74,893	6.0	58.5	NA	760.5	5.3	98	98
CDG	Dec	3,845	1.2	50,861	5.5	41.0	-1.4	534.6	3.8	94	95
ORY	Dec	1,912	2.2	24,032	7.0	17.5	0.7	225.9	9.2	109	106
Rome*,x2	Dec	2,266	4.9	30,636	9.2	28.6	6.4	353.7	4.7	79	87
Zurich*	Dec	1,276	1.5	17,215	1.3	20.6	4.5	265.4	-0.6	62	65
<b>EUROPE*</b>	<b>Dec</b>	<b>79,745</b>	<b>7.1</b>	<b>1,143,764</b>	<b>8.9</b>	<b>1,236.7</b>	<b>4.5</b>	<b>16,941.5</b>	<b>4.3</b>	<b>64</b>	<b>68</b>

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			
	Dec	+/-*	YTD	+/-*	Dec	+/-*	YTD	+/-*	Dec	+/-*	YTD	+/-*
To	04	%	04	%	04	%	04	%	04	%	04	%
France	407	8.5	5751	9.0	734	-1.4	10913	6.7	434	-1.4	5816	10.4
Germany	na	na	na	na	878	12.8	10282	7.4	559	4.7	7642	9.9
Italy	508	0.7	8237	14.2	642	11.3	9976	12.0	148	6.9	2373	24.6
Netherlands	169	7.3	2334	12.4	611	0.5	8471	8.3	320	8.9	4021	9.2
Spain	1028	19.1	19016	12.3	1776	4.6	33418	3.7	118	-8.8	1747	20.3
Switzerland	293	11.6	3702	19.0	359	3.0	4178	1.7	115	2.0	1404	6.8
UK	846	22.9	9899	13.8	na	na	na	na	1326	-1.5	17407	8.9
US	573	3.2	7893	11.0	1385	0.9	18004	8.0	na	na	na	na
<b>Total</b>	<b>7462</b>	<b>12.2</b>	<b>114465</b>	<b>14.5</b>	<b>11690</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>9394</b>	<b>2.6</b>	<b>114527</b>	<b>11.8</b>

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*				Growtht,%	
		Dec 03	Dec 04	Feb 05	Mar 05	stock	market
<b>Airlines</b>							
Air France	Paris	12.2	14.0	14.5	13.9	-4.0	0.3
Alitalia	Milan	0.26	0.25	0.24	0.24	-0.8	0.7
British Airways	London	233	235	276	264	-4.2	-2.1
Easyjet	London	NA	188	228	216	-5.4	-2.1
Iberia	Madrid	2.28	2.59	2.57	2.58	0.4	5.0
Lufthansa	Amsterdam	13.3	10.6	11.1	11.1	0.3	-0.8
Ryanair	Dublin	6.59	5.25	6.05	6.04	-0.2	-5.5
<b>Hotels</b>							
Accor	Paris	35.9	32.2	35.6	37.8	5.9	0.3
Hilton	London	225	285	303	301	-0.6	-2.1
InterContinental	London	529	648	662	618	-6.7	-2.1
Sol Melia	Madrid	6.79	7.40	8.79	9.07	3.2	5.0
<b>Others</b>							
Amadeus	Madrid	5.15	7.57	7.22	7.28	0.8	5.0
Avis Europe	London	95.0	53.8	60.0	64.0	6.7	-2.1
BAA	London	496	584	596	584	-2.0	-2.1
Eurotunnel	London	37.5	17.0	16.5	15.0	-9.1	-2.1
Kuoni	Zurich	414	500	523	520	-0.5	-0.8
Lastminute.com	London	216	121	104	116	11.5	-2.1
My Travel	London	10.9	6.00	5.75	5.25	-8.7	-2.1
TUI	Frankfurt	16.5	17.4	20.2	20.4	1.0	-0.8

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.

# MARKET DATA

## 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
UK tour share via internet	current	19%	6% '01
JTB online sales	2005	\$660m	up 53%
Norwegian (airline) online share	2004	65%	NA
Abacus etickets	2004	2.86m	up 195%
Marriott online sales	2004	\$2.5b	\$1.4b
Priceline air tickets sold	2004	2.8m	up 53%
Travelocity tour package share	2004	24%	12% '02
Cheapflights monthly visits	2004	2.5m	350k '00

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, February

City	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
<b>EUROPE*</b>													
Amsterdam	66.7	61.3	63.1	58.3	128.22	172.21	169.12	150.21	148.34	114.90	103.61	94.79	86.48
Berlin	60.9	60.8	55.2	51.6	113.56	127.05	149.78	158.73	147.96	77.40	91.08	87.61	76.34
Brussels	63.1	57.4	62.8	58.2	107.89	144.33	142.30	140.05	136.73	91.14	81.63	87.95	79.61
Copenhagen	66.3	62.3	57.6	53.2	713.21	128.65	126.10	118.82	119.50	85.24	78.52	68.46	63.52
Frankfurt	71.0	67.4	59.3	57.3	140.24	172.91	184.97	179.40	174.79	122.77	124.58	106.35	100.17
Geneva	61.4	53.9	56.5	53.6	263.76	232.78	224.80	187.76	185.53	142.83	121.10	106.13	99.50
London-all	73.3	69.5	69.8	66.2	129.43	245.97	246.41	250.60	240.14	180.21	171.26	175.03	158.86
Madrid	70.8	65.1	71.7	66.4	143.45	188.83	189.20	206.44	201.78	133.60	123.18	148.04	133.88
Moscow	75.9	81.2	83.1	71.3	4924.01	148.86	176.82	151.59	137.21	113.01	143.56	126.04	97.80
Paris-all	57.2	59.6	60.0	60.4	153.86	199.69	202.93	186.37	186.38	114.23	120.95	111.74	112.59
Rome	65.9	55.6	52.6	50.3	177.01	241.74	233.46	208.63	213.36	159.25	129.85	109.73	107.33
Zurich	65.1	65.4	67.4	64.9	180.28	147.67	153.65	136.58	136.38	96.14	100.55	92.09	88.57
<b>AVERAGE</b>	<b>65.5</b>	<b>64.5</b>	<b>63.3</b>	<b>59.3</b>	<b>na</b>	<b>179.22</b>	<b>169.04</b>	<b>172.93</b>	<b>169.01</b>	<b>119.23</b>	<b>107.91</b>	<b>109.50</b>	<b>100.39</b>
<b>US†</b>													
Chicago	52.4	48.6	51.6	47.1	90.63	93.47	90.63	92.28	88.35	48.98	44.04	47.62	41.57
Los Angeles	76.0	73.1	75.0	71.3	101.46	103.19	101.46	101.96	97.20	78.42	74.12	76.47	69.30
Miami	83.2	81.0	80.8	75.4	152.90	159.44	152.90	146.50	139.25	132.65	123.77	118.37	104.99
New York	78.2	73.6	71.5	68.2	170.79	174.07	170.79	158.84	157.79	136.12	125.61	113.57	107.53
San Francisco	62.6	59.4	59.6	55.3	119.06	120.40	119.06	113.78	113.45	75.37	70.66	67.81	62.74
<b>ASIA‡</b>													
Tokyo	74.3	68.3	71.6	68.3	22622	213.02	217.62	212.01	218.08	158.18	148.54	151.73	148.94

Notes: See Master Notes, page 7. Source: \*Travel Business Analyst Europe, †Smith Travel Research, ‡Travel Business Analyst Asia Pacific.

Special: Additional categories available for London and Paris; contact us for details.

# 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.

## 12 Eurotunnel traffic

Item,x1000	Jul-	Growth	Oct-	Growth	Jan-	Growth	J-D	Growth
	Sep 04	%	Dec 04	%	Mar 05	%	04	%
Cars	606	-5.2	551	-5.2	439	4.2	2101	-7.8
Buses	16	-12.5	18	-12.5	18	48.6	63	-11.8
Eurostar passengers	1998	12.7	1872	12.7	1695	5.5	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	2.4 Q4	3.5	2.1 Feb	1.9	1.7 Mar	3.0	2.7 Q4
Germany	1.4 Q4	-0.9	-1.1 Jan	1.8	0.9 Feb	1.5	1.5 Dec
Italy	1.0 Q4	-1.2	1.5 Dec	1.9	2.3 Feb	3.3	2.6 Dec
Netherlands	1.6 Q4	0.1	-2.1 Jan	1.8	1.1 Mar	0.9	1.7 Mar
Spain	2.7 Q4	3.2	2.1 Jan	3.1	2.3 Jan	2.2	3.1 Q3
Switzerland	1.2 Q4	-0.3	-3.0 Feb	1.4	0.1 Mar	1.4	1.8'03
UK	2.9 Q4	2.9	3.6 Feb	1.6	1.3 Feb	4.7	4.9 Feb
Euroland	1.6 Q4	0.8	-0.6 Jan	2.0	1.6 Feb	2.0	2.8 Q3
<b>Others</b>							
Japan	0.6 Q4	-0.5	-1.0 Dec	-0.1	-0.3 Jan	0.5	3.0 Dec
US	3.9 Q4	3.8	4.9 Jan	3.0	1.9 Jan	2.5	1.6 Feb

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.

## 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.

## 15 Visitor arrivals in Europe destinations

International arrivals						
Destination	Jan thru*:	Arrivals	Growth	Source	Stay	PVPD
		x1000	%		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

## Second thoughts

- **Song, Delta's** low-fare subsidiary, is taking over five routes from New York from its parent, and adding more frequency and capacity. And not on minor routes – on Los Angeles, San Francisco, San Juan, and Seattle, as well as Aruba.

Er...why not take over Delta's other routes as well?

- We have presumed **Qatar Airways** is following the Emirates business plan, but without quite understanding it. And resulting in bizarre routes such as recently-launched Doha-Yangon-Manila four-times-weekly with A319s.

But maybe we are the dumb ones? Is Qatar AW looking for secondary points not well served? No airline flies MNL-RGN, for instance, nor RGN-DOH, nor MNL-DOH. And if there is only 120 seats to fill – at regular fares – maybe this is a profitable niche.

If you want to fly London-Manila, then Emirates is the one-stop way, but London-Yangon (or from Cairo or Johannesburg) then it's Qatar AW.

## If only

- If ever lasting peace comes to the heart of the **Middle East**, then the region would likely be a giant visitor magnet.

Spectacular historical sites – particularly in Egypt, Iraq, Israel, Jordan, Syria. Plus more modern-day culture/attractions in Dubai, Israel, and Lebanon. Plus quiet corners such as Oman, Yemen, and some of the emirates in the UAE. Some of the infrastructure, mainly in the form of quality hotels, is already there.

This would mark a shift in world travel patterns. But, unfortunately, a 10-year horizon looks too short, and maybe even 20 years. So, can we hope for 30 years, or must it be at least 50 years?

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

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

Link this potential with the PwC-theo-

ry\*, and the travel world could be in for yet another great shift.

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

## Briefs

- How hotels in Europe should handle tour groups from **China**. Some tips from a recent workshop:

- twin bedded rooms – tour-group members sharing a room may not have met before the trip.

- kettle in the room – Chinese like to drink warm water.

- a red carpet leading into the hotel; red is a lucky colour in China.

- three warm meals a day, so something more than a continental croissant for breakfast. At least one meal daily should be Chinese food. For European food, fish and sausages are popular. And brandy is a favourite.

- Hotels in **London** are expected to increase 4% in revpar this year, see table, but a major 18% growth in 2006.

### Forecast results in London hotels

Year	Occupancy %	Growth %	Average room rate,US\$*	Growth %	Revpar US\$*	Growth %
2004	79	4.6	206	6.5	162	11.1
2005	80	1.9	211	2.2	170	4.1
2006	84	4.6	238	13.7	200	18.3

Notes: \*Converted at US\$1 to £0.53. Source: Deloitte.

- **Qatar** is spending US\$15bn on a tourism masterplan to become an upmarket tour destination. "We don't want to become another Dubai," said its head of tourism. No chance, then.

And **Abu Dhabi** wants to triple arrivals to 3mn. Although it has given itself a leisurely 10 years to achieve this, we are somewhat surprised it already counts 1mn. The UAE (of which AD is the capital) counted 6mn in 2004, but most of this was for Dubai.

- Karstadt is now expected to sell its 50% ownership of **Thomas Cook**; Lufthansa owns the other 50%.

Karstadt, a Germany-based department-store and mail-order group, which also owns Neckermann, has been facing financial difficulties. Although long denying any plans to sell off any of its subsidiaries, a senior executive recently hinted they could be for sale.

Would Lufthansa buy the other 50%? Although already committed to the expense of buying an airline (Swiss), and bothered by Cook's losses, and puzzled by where travel groups like Cook fit in the new world of travel retail, Lufthansa prefers to have control of as many sectors of the travel industry as it can.

And so even with the doubt about the future viability of Thomas Cook in its present form, Lufthansa is probably the most likely buyer if Karstadt really decides it must sell.

- **Marriott** says travellers are starting to pay more; in 2004 it recorded a 7% increase in guestnights, but 8% in sales.

- The European Travel Commission says **longhaul travel into Europe** is recovering from the decline that started with 9/11, although its data does not clearly show this.

Most Europe destinations showed growth from the US – 16% in arrivals and 12% in overnights. Estimates for US outbound travel this year are said to vary greatly, but most seem to agree that 'further weakening' of the US dollar could result in a shift away from Europe in favour of dollar-based destinations such as the Caribbean and parts of Asia.

The Japan market into Europe may have grown 37% in arrivals and 27% in overnights in 2004. But

there were some surprises – declines in both Italy and Germany, for example.

ETC says the structure of the Japan market to Europe has changed from being 20% FIT in 2000, to 45% in 2004, although data from Japan does not show such major change.

- Canada's **Fairmont** Hotels, partly owned by Saudi Arabia-based Kingdom Hotel Investments, has acquired two hotels this year in Europe that could help it establish itself more quickly in the region.

The two are the Savoy in London and the Monte Carlo Grand in Monaco. Fairmont's first venture out of North America came only in 2002 with a hotel in Dubai.

# 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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