

# Travel Business Analyst

Information + Knowledge + Insight + Analysis + Outlook

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UK 1

## Outbound up 4%

Over the past three years, the rate of growth in the UK outbound market has been increasing – as the annual international-trip total now approaches 65mn, see Table 1, from a population of 60mn. After a 9/11-related slowdown in 2002, annual growth has increased from 2% that year, to 3% in 2003, and 4% in 2004.

The **length-of-trip** has been largely unchanged this decade, at around 10 nights, see Table 1. Given the widely-reported and oft-stated growth in city-breaks/short-stay trips, an unchanged average LoT – *more short-stay trips should mean shorter average LoT* – indicates that more people are taking longer holidays as well.

**Spending** trends are difficult to read as well.

Daily spend has been growing at a slower pace than trip growth, which seems to indicate a fall in spend. But is that surprising, given the number of special offers in the market, growth of travel on low-fare airlines, etc? No, but spending by short-stay trippers is usually higher (on Day 1 you eat in a restaurant, by Day 4 you buy a baguette and cheese in the supermarket). But yet, as noted above, shorter-trips appear to be balanced by longer trips, and longer-trippers spend less on a daily average.

Overall, though, the trend seems to be down, but not by much.

Spending by type of traveller affirms what we have been saying for a few years – that it might be more profitable to concentrate on the (usually) less-demanding leisure traveller than the high-demanding business traveller. The reaction to our proposal has always been to point out that higher-revenue from the business traveller makes up for the cost of finding them, keeping them, and keeping them satisfied.

*contd on p2*

### Growth in UK outbound travel, %

2001	2.5
2002	1.9
2003	3.4
2004	4.4

Source: Official National Statistics.

UK 2

## Inbound up 12%

The 12% growth in visitor arrivals in the UK in 2004 may look impressive. But that was the first year the total passed pre-9/11 2000. The growth over that year is actually just under 10% – meaning that 9/11 caused three lost years to the visitor business in the UK.

There are some trends in **visitor patterns**, see Table 1. Although length-of-stay has hovered around 8.2 days each year this decade, that is almost a day shorter than 10 years ago.

As perhaps can be expected, daily spend has increased over those years – but only by 7%. (Figures are converted to US\$ at a single rate, so such slow growth is not necessarily a factor of exchange rates.)

This decade, though, there has been rapid movement – a decline every year, resulting in a 2004 result that was US\$10 below the 2000 figure. With continuing increases in many destination prices, and particularly in hotels, this must indicate another market trend. More visitors are staying in lower-cost accommodation, and/or they are simply spending less, and/or they are buying through media (internet) that is supposed to be bringing lower prices for the same product.

Note also that the strength of the UK currency would tend to cause an increase in spending in the UK. That this is not happening reinforces the likelihood that the market is voting with its purse.

The inbound market differs from UK outbound in terms of spend by types of traveller, see Table 2. Spending by leisure visitors continues to fall, but spend by business visitors is holding – although the overall trend has been down in the past two years.

Also unlike the outbound market, the inbound VFR segment looks more worthwhile

*contd on p2*

### Growth in UK inbound travel, %

2001	-9.4
2002	5.9
2003	2.5
2004	11.8

Source: Official National Statistics.

## Main News

Recent corporate developments – big or significant.

- Easy Cruise launches 7-day cruises, but not motivationally cheap, from Nice to nearby coastal cities, in May.
- Sabre, which owns US-based online travel agency Travelocity, buys Lastminute, UK-based OTA, for just over (a remarkable) US\$1bn. The online world changes again.

**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 – outbound up 4%

Table 1

Outbound UK profile			
Year	Trips,mn	LoT,days	Daily spend,US\$*
1995	41.3	10.9	65.64
2000	56.8	10.0	82.27
2001	58.3	9.9	84.17
2002	59.4	10.0	87.11
2003	61.4	10.1	88.83
2004	64.1	10.1	90.15

Notes: \*Converted at US\$1 to £0.52. Source: Official National Statistics.

But the facts may be weakening that riposte. Spending by the two categories is now close enough – near US\$950 for leisure trippers, compared with just over US\$980 for business travellers – that this is almost within the margin on error. In addition,

Table 2

Spending by type of traveller, US\$*				
Type	2004	Growth %	2003	Growth %
Leisure	948	2.7	924	3.2
Business	984	-0.1	984	-3.1
VFR	670	2.1	656	-2.0
<b>Total</b>	<b>908</b>	<b>1.6</b>	<b>894</b>	<b>2.4</b>

Notes: VFR = visiting friends or relatives. \*Converted at US\$1 to £0.52. Source: Official National Statistics.

Table 3

Resident departures from the UK							
Destination	2004			2003		2002	
	No,mn	Growth,%	Share,%	Growth,%	Share,%	Growth,%	Share,%
Spain	13.81	0.3	21.5	9.9	22.4	6.2	21.1
France	11.60	-3.0	18.1	-1.3	19.5	1.3	20.4
US	4.17	15.5	6.5	0.3	5.9	-9.7	6.1
Ireland	4.11	5.1	6.4	-1.3	6.4	0.9	6.7
Italy	2.97	2.2	4.6	9.6	4.7	7.2	4.5
Greece	2.70	-5.5	4.2	-3.4	4.7	-8.0	5.0
Germany	2.33	9.0	3.6	-5.9	3.5	1.5	3.8
Netherlands	2.16	0.7	3.4	-0.2	3.5	2.6	3.6
Belgium	1.80	-8.4	2.8	10.1	3.2	2.6	3.0
Portugal	1.80	-5.0	2.8	6.3	3.1	11.3	3.0
Cyprus	1.28	-0.1	2.0	-1.6	2.1	-11.8	2.2
Turkey	1.12	4.3	1.7	8.5	1.8	12.9	1.7

Notes: Destinations counting at least 1mn trips from the UK in 2004. Source: Official National Statistics.

leisure spend is growing, while business spend is falling – although with today's web-led discount fervour, we are surprised both are not falling.

We reckon that all this is close to making the leisure traveller the high-yield traveller, replacing the business traveller.

**Destination** patterns contain some surprises. One is not new, but still surprising nevertheless – that the top two, Spain and France, together total more than all other 10 destinations attracting at least 1mn travellers annually from the UK.

One of the newer surprises is the fact that Spain has been holding its market share over the past three years – despite those many reports that have the destination losing visitors as competing destinations such as Turkey come up.

Another surprise is that France – still supposedly popular – is actually losing share.

Other surprises:

- Relative newcomer in the 1mn list, Turkey, may indeed be gaining numbers in travellers from the UK, but it is not gaining market share.

- The US is picking up share slightly. But, given that most money from the US for promotion in Europe goes to the UK, and the falling value

of the US dollar, shouldn't this be more than 'slightly'?

- Extraordinarily, most of those at the top 1mn-table have lost market share over the past three years – Belgium, Cyprus, France, Germany, Greece, Ireland, Netherlands, and Portugal. Meaning the only winners are Italy, Spain, and the US, with Turkey unchanged.

- So much for the Olympics, and yet more support for our Big Event Blues\* theory. There were 6% fewer travellers to Greece in Olympic year 2004.

Although if the truth were known (and Greece does not always interpret its figures in such a way), this is probably not an Olympics factor, but more related to the 4% growth in travel to Turkey, considered a similar destination.

(\*Big Event Blues began as a semi-serious theory from Travel Business Analyst suggesting that momentous international events (such as the Summer Olympic Games) actually depress visitor arrivals, and do not produce a travel boom. Although these events attract international visitors, many traditional travellers (such as business travellers and even holidaymakers) will stay away from that destination just before, during, and just after the event. They assume that there will be too much disruption to normal movement in the destination. In general, they are right – not only is movement curtailed, but many prices are higher.)

contd from p1 – inbound up 12%

than outbound VFR. Spend of this segment of the market is 82% of the average, compared with 74% for outbound travel.

The reason 9/11 caused such a heavy burden on UK arrivals is the high share of the US among the main market sources, see Table 3. It is the largest market for the UK, even though its share has been falling from as high as 16%.

The structure of the inbound market is better balanced than outbound

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Table 1

Inbound UK profile			
Year	Visits,mn	LoS,days	Daily spend,US\$*
1995	23.5	9.4	102.67
2000	25.2	8.1	120.85
2001	22.8	8.3	114.73
2002	24.2	8.2	113.26
2003	24.8	8.2	112.07
2004	27.7	8.2	110.33

Notes: \*Converted at US\$1 to £0.52. Source: Official National Statistics.

– three markets with a share over 10% and the fourth coming quite close. And growth has been steady for most markets in most of recent years.

Only in 2003 were there problems, with the top two markets falling. As the Iraq war was a trauma for the US and, in a different sense, for France

Table 2

Spending by type of visitor, US\$*				
Type	2004	Growth %	2003	Growth %
Leisure	875	-1.6	888	-3.5
Business	948	0.0	947	-1.3
VFR	741	1.7	728	-3.6
Total	904	-2.0	922	-1.2

Notes: VFR = visiting friends or relatives. \*Converted at US\$1 to £0.52. Source: Official National Statistics.

as well, this may have been the main factor. But smaller markets declined that year as well – Belgium, Canada, Switzerland.

Two markets that have shown extraordinary growth over the past three years are Spain, in particular, and Italy.

Both these are probably related

Table 3

Visitor arrivals in the UK							
Market	2004			2003		2002	
	No,mn	Growth,%	Share,%	Growth,%	Share,%	Growth,%	Share,%
US	3623	8.3	13.1	-7.3	13.5	0.9	14.9
France	3252	5.8	11.7	-0.1	12.4	7.9	12.7
Germany	2958	13.3	10.7	2.2	10.5	10.7	10.6
Ireland	2559	2.9	9.2	2.0	10.0	19.6	10.1
Netherlands	1619	4.5	5.8	9.2	6.2	0.6	5.9
Spain	1462	21.2	5.3	19.4	4.9	18.0	4.2
Italy	1346	15.2	4.9	19.5	4.7	14.0	4.0
Belgium	1096	17.1	4.0	-3.1	3.8	5.5	4.0
Australia	788	9.0	2.8	3.0	2.9	1.0	2.9
Canada	742	13.8	2.7	-1.2	2.6	2.0	2.7
Switzerland	598	6.0	2.2	-4.9	2.3	15.1	2.5
Sweden	584	9.6	2.1	0.6	2.2	0.6	2.2

Notes: Markets producing at least 500,000 visitors in the UK in 2004. Source: Official National Statistics.

to sizeable growth and activity for low-fare airlines – for Spain many airlines but mainly Easyjet, and for Italy mainly Ryanair.

Likely to be joining the list of top markets this year is Denmark.

### UK 3

#### Changing holidays?

The AC Nielsen survey\* on air inclusive tours sold in the UK indicates that bookings hardly increased for Winter 2004/05 programs – for the second year running. Growth for the two seasons has been just under 1%, see table. Is all that talk about big growth in short-break travel just that

Table 1

Winter holiday bookings in the UK						
Category	No,x1000		Growth,%		Share,%	
	W4/5	W4/5	W4/5	W4/5	W3/4	W2/3
Packages	3663.3	-7.4	71.8	77.7	85.0	83.9
Beach	2478.4	-10.0	48.5	54.1	53.8	53.6
Ski/lakes & mountains	366.1	-5.3	7.2	7.6	11.3	11.5
Cruise	214.2	2.2	4.2	4.1	6.4	5.4
Tours	70.4	-2.1	1.4	1.4	2.1	2.4
Others	611.7	3.3	12.0	11.6	13.0	12.7
Ticket only	1004.5	15.1	19.7	17.1	11.6	12.7
Flight	979.8	16.5	19.2	16.5	11.6	12.7
Non-air	24.7	-21.5	0.5	0.6	0.0	0.0
Accommodation only	437.4	64.5	8.6	5.2	3.3	3.4
<b>Total</b>	<b>5105.2</b>	<b>0.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Notes: S5 (etc) = Summer 2005. W4/5 (etc) = Winter 2004/05. \*Through different periods in the years shown (except S5 and S4, and W4/5 and W3/4 – all through March) according to data given Travel Business Analyst in these years, so should be read as indicative, not precise. Source: A C Nielsen.

– talk? Or are travellers taking short-breaks instead of something else, and not travelling more often?

So far, growth in sales for this Summer 2005 has not been exciting either – it had increased 2% through March.

But the most interesting indice in both seasons, and which may also explain slow growth, is in sales of Accommodation Only packages. Sales in the winter season just finished increased 65%, and sales for this year's summer programs have so far increased 41%.

Although the actual numbers are still small, can this, in turn, be interpreted as related to the growth of low-fare airline (LFA) traffic? Are more of the (more) travellers who are booking their own flights, needing to complete their travel plans by booking packaged accommodation?

As noted, the numbers are small – surprisingly small, actually. But this

would seem to be all potential for dynamic-packaging†. Will tour operators spot this potential and act, before LFAs do? It would seem a natural for traditional tour operators to link in with LFAs and give their established customer base an opportunity of booking with them.

There are few signs that this will happen, though, but it is still a question for LFAs. This is their first marketing challenge (up until now, all LFAs have needed to do is handle the growth); will/can the tour operators take some LFA business from the LFA sites?

The other marketing fact is whether regular airlines can link with tour operators, offer low tour-basing fares as part of a shopping basket, and take back some of the growth from LFAs.

As we noted last year, we expect this trend to continue, although possibly to be accompanied by a slowing in sales of package holidays, as travellers create their own packages via dynamic packaging. In other words, there is much still to happen.

Table 2

Summer holiday bookings in the UK						
Category	No,x1000	Growth,%	Share,%			
	£5	£5	£5	£4	£3	£2
<b>Packages</b>	4893.5	-0.6	85.0	87.4	84.7	84.4
Beach	4101.7	0.1	71.3	72.8	73.4	73.2
Ski/lakes & mountains	109.2	-6.1	1.9	2.1	1.4	1.5
Cruise	239.6	16.7	4.2	3.6	3.2	2.2
Tours	97.6	-13.6	1.7	2.0	1.4	1.6
Others	435.5	-8.0	7.6	8.4	6.2	6.7
<b>Ticket only</b>	598.1	14.8	10.4	9.2	12.4	13.2
Flight	587.7	16.2	10.2	9.0	11.8	12.5
Non-air	10.5	-29.8	0.2	0.3	0.6	0.7
<b>Accommodation only</b>	264.6	41.0	4.6	3.3	3.0	2.4
<b>Total</b>	<b>5756.2</b>	<b>2.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Notes/Source: As Table 1.

Following are broad indicators for the two seasons.

Overall, there has been great change for **winter**, see Table 1. Package sales have tumbled 12 points over the past four years. The gain has been in both the two other categories – seven points for ticket-only, and five points for accommodation only.

But that small overall growth, 0.2%, actually hides a big shock. Beach holiday sales continue to fall, but at a faster rate – 10% in the period tracked. This is the biggest segment; it has attracted two-thirds of the package sales, and half total sales. So a 10% decline is significant.

But this does not necessarily mean that the British are eschewing their spot of winter sun – because as beach sales fell by about 275,000 bookings, ticket-only flights increased by 140,000. Many of those may still be going to the sun, just not to the beach.

Until now, it had been assumed that most winter travel was to escape cold winters in the UK. Although that does not necessarily convert into purchase of beach holidays, that is its most common manifestation.

*Therefore, if travellers are not going away in winter so much for the beach holiday, are they choosing other types of holiday to escape the weather? Or is escaping cold weather becoming less important than taking a particular type of holiday?*

Note also that compared with earlier years (but not necessarily the same period), the share of package holidays has fallen greatly – from 84/85% to closer to 74%. This is a huge shift in patterns.

The other surprise is weak growth in cruise sales – 2%. The UK is an important market for the cruise industry, but this growth is well short of filling the increase in cruise capacity.

**Summer**, see Table 2. There are a number of changes in booking patterns for this coming summer season – which could mean new travel patterns if these continue as the season unfolds.

Reversing the pattern of 2004, sales so far of package holidays have been falling fractionally, being saved by the main segment, beach holidays, which showed the tiniest of increases.

As noted above, there has been a big percentage growth in accommodation-only sales, but these numbers are still small as an overall share. Ticket-only sales have also increased, but only for flights.

*Sales of cruises have been increasing faster than they did this past winter – also reversing the pattern in 2004.*

Overall, over the past four years, the market share for package tours has remained more or less unchanged, meaning that growth in the share of accommodation-only sales has come out of the share of ticket-only sales. Presumably, travellers are making relatively-fewer ticket-only transactions with travel agencies, and more with airlines themselves.

Within the package-sales total, beach has been losing almost two points, with most – statistically, at least – switching to cruises.

\* For more details, contact AC Nielsen in the UK, Tel: (44-121)-632-3014, Fax: (44-121)-632-3070. Contact: David Hope. david.hope@acnielsen.co.uk www.acnielsen.co.uk

† Definitions of Dynamic Packaging vary, but Net Value (published by Travel Business Analyst) uses the phrase where travel shoppers can bundle elements of travel together for an overall package price. As this is not new, even on the internet, the new element is that after the travel elements are packaged, a new price is added based on the business rules that govern them, and less than the sum of the parts. However, some still use the DP to mean no more than a shopping basket.

Air traffic

## Q1 up 5%

Seat sales in Europe in the first quarter of 2005 for traditional airlines increased 5.0% over Q1 2004. That was for members of AEA, Association of European Airlines. There are no comparable figures for LFAs (low-fare airlines), although growth at the two largest, Easyjet and Ryanair, averaged just under 20%. The 'combines' (see below for definition) were the slowest, squeezing just under 2% growth.

## Seats sold\* on selected Europe airlines, Q1 2005

Airline	No,x1000	Growth,%
<b>Regulars:</b>		
<i>Big:</i>		
Lufthansa	10635	0.2
Air France	10597	4.1
British	8104	0.7
<i>Medium:</i>		
Iberia	6001	1.4
SAS	5420	-5.3
Alitalia	5122	8.2
KLM	4716	5.0
<i>Small:</i>		
Turkish	2784	24.3
Swiss	2177	-2.9
Austrian	1608	-2.9
TAP	1475	8.0
Finnair	1426	-5.9
Spanair	1261	13.2
Olympic	1188	4.5
Virgin Atlantic	1053	4.3
CSA-Czech	893	11.3
Lot-Polish	736	2.4
SN Brussels	710	2.5
<b>Low-fares:</b>		
Easyjet	6826	23.1
Ryanair	6649	16.2
<b>Combines:</b>		
AF + KL	15312	4.4
BA + IB	14106	1.0
LH + LX	12812	-0.4

Notes: \*Domestic and international. Figures for low-fare airlines includes free tickets and no-shows. Source: airlines, Association of European Airlines.

Results from the leading regular airlines may preview problems. Two of the top three (British and Lufthansa) are not growing, making Air France's 4% look fast.

As noted earlier (in Headlines, page 7) one long-awaited turnaround among the medium-sized airlines is growth at Alitalia. But that 8% needs to be part of a long haul back. SAS, meanwhile, is clearly heading for trouble, with a 5% decline. Iberia's period of growth (only 4/5 years ago it was two-thirds the size of Alitalia) may be over. And KLM seems to be comfortably profiting from its merger with Air France.

Among the smaller airlines, Austrian's extraordinary two years of growth may be over, Swiss is still falling, and Turkish is still growing fast. Spanair's fast growth may indicate that it is taking more potential traffic from Iberia. Growth at Virgin looks disappointing.

Still strong growth at low-fares – 23% at Easyjet, but could-do-better 16% at Ryanair. Note that in this seat-sales count, the two airlines are now larger than all but Europe's big three – Lufthansa, Air France, and British Airways. And, at current growth rates, Easyjet will be larger than British in seat sales in 2006, and larger than AF and LH in 2008.

Not shown here are seat-factor results, but significant indicators for this quarter for the LFAs. They were 85% at Easyjet and 76% at Ryanair – which we think is too low for its super-cheap fares.

*Is this a turning point? Could this mean that Easy's targeting business-as well as leisure-travel (including choosing some regular airports) works – as long as it does not compromise its low-fare policy? And that Ryan has reached (one) ceiling for leisure travelers, even if its product remains as good as ever?*

Results for combines (merged-airlines, and planned- and possible-mergers) is not encouraging. Only Air France is benefitting, growing 4.4% as AF+KL rather than 4.1% alone. Lufthansa's fractional growth would at least be growth, left on its own, but by taking on Swiss the LH+LX combine would be falling fractionally.

Hopefully, though, Lufthansa will be able to at least stop the decline at Swiss?

Our other combine is imagined, although BA does have equity in

## This month in Travel Business Analyst Asia Pacific:

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  - Air traffic by classes of service.
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Iberia. Results at both are dull, with BA just under 1%, IB just above, resulting in 1% for BA+IB. Still, if BA does want to move on IB it will obviously have to think of an argument other than "we are stronger".

## Hotels First quarter

Results for the first quarter for hotels in Europe were encouraging. Occupancy increased nearly 4%, and were heading towards a comfortable 65%. And the price received for each room sale – average room rate – increased over 8% to US\$184 (in US dollars, at exchange rates for each of the months concerned, and including 5-star hotels).

Hoteliers look at another figure, revpar (revenue per available room), but this is of little interest outside the hotel business. Nevertheless, hoteliers will be delighted with the 13% increase in revpar to US\$119.

This year we have started to increase the number of categories of hotels in the cities covered – beginning with Frankfurt, London, and Paris, and hotels at the principal airports in London and Paris.

This means that some comparative data is not currently available – apart

from the all-categories measures that were used in 2004.

Highest occupancy levels were achieved in Moscow, at near 80%, followed by London – which was boosted by high occupancies achieved in lower 4-star hotels and at its Heathrow airport.

Despite overall growth, not all cities experienced growth in rates. Again the leader, in terms of growth, was Moscow.

In other major world regions, hotel occupancy in the US increased over one point to 60%, with average rate up 4% to US\$91.

And in Asia Pacific, occupancy also hardly moved – up one point – but it is already above 70%, high considering this is a regional total. But average rate surged nearly 13% to US\$108.

## Hotel results in Europe, Q1 2005

City	Occupancy %	Growth pts	Average room rate, US\$*	Growth %
Amsterdam	64.0	-0.4	163.38	7.7
Berlin	58.3	4.2	156.06	-0.7
Brussels	59.2	-2.6	145.07	1.3
Copenhagen	60.0	2.9	127.97	5.0
Frankfurt-all	64.9	6.4	174.66	11.1
L-4	56.9	NA	146.98	NA
U-4	67.7	NA	182.94	NA
Geneva	56.9	-4.1	234.23	16.4
London-all	72.0	7.9	240.50	-1.0
L-4	77.4	NA	155.91	NA
U-4	73.0	NA	264.58	NA
5-star	59.3	NA	408.30	NA
LHR AP	82.0	NA	123.96	NA
Madrid	66.0	0.0	183.99	-2.1
Moscow	79.2	6.1	184.93	28.6
Paris-all	63.1	1.6	205.14	9.3
L-4	59.3	NA	146.47	NA
U-4	64.4	NA	194.37	NA
5-star	59.9	NA	309.41	NA
CDG AP	66.2	NA	155.70	NA
Rome	61.9	6.3	242.92	14.1
Zurich	66.4	-0.2	153.00	10.3

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

## Hotel results in Europe, Q1 2005

Item	2005	2004
Occupancy, %	64.3	62.0
Average room rate, US\$*	184.32	170.55
Revpar, US\$*	118.93	105.54

Notes/Source: See main table.



# Net Value

## Statistics and Analysis on Travel and the Internet

### Expedia slows

Expedia was still reporting under IAC Travel for the first quarter. The planned split into two companies (InterActive and Expedia) has not yet taken place.

Revenue at IAC Travel (which will comprise the new Expedia, excluding the Interval timeshare company and TV Travel Shop) increased 14% to US\$563.9mn, slow growth for an internet company. Overall booking revenue increased 20% to US\$4.2bn, see table.

But there were some bigger shocks – such as a revenue decline at Hotels.com. And, despite all the publicity about growth in merchant rates, the number of merchant roomnights sold increased just 4%.

Also, IAC highlights international

### Results at IAC Travel

Item	No	Growth,%
Bookings,US\$m	4192	20.1
<b>US</b>	3245	14.4
<b>Non-US</b>	947	45.2
<b>Expedia</b>	3444	28.9
<b>Hotels.com</b>	483	-2.2
<b>(Agency)</b>	2417	27.5
<b>(Merchant)</b>	1775	11.4
<b>(Packages)</b>	118	13.5
<b>Transactions,mn</b>	9.7	18.3
<b>Merchant roomnights,mn</b>	7.3	4.3
<b>revenue/roomnight,US\$</b>	243	6.8

Source: company.

growth, but to us, this is still very slow and – given the apparent effort by Expedia – currently a failure. Although it increased 45%, it increased only from 19% in 2004 to 22% in 2005.

*Business philosophy could be a factor. Although regarding its business as international, IAC Travel still books its US business as 'domestic'. Just as Lastminute cannot forget it is a British company, Expedia still thinks like an American company.*

Air revenue grew by 8% (revenue not given), although there was a 21% increase in air tickets sold. Ticketing revenue grew 4% to US\$211.3mn, driven by a 25% increase in international revenues.

### Online China

China's two leading online agencies, Shanghai-based **Ctrip** and Beijing-

### Results at leading two China online agencies, 2004

Company/item	No	Growth,%
<b>Ctrip</b>		
<b>Revenue,US\$m</b> *	42.8	93.8
<b>Air</b>	7.6	210.0
<b>Hotels</b>	33.3	80.0
<b>Tour packages</b>	1.3	118.8
<b>Air tickets,mn</b>	1.7	178.7
<b>Roomnights,mn</b>	4.2	75.0
<b>Elong</b>		
<b>Revenue,US\$m</b> *	16.7	86.1
<b>Air</b>	1.2	170.0
<b>Hotels</b>	13.5	85.0
<b>Air tickets,mn</b>	0.3	242.5
<b>Roomnights,mn</b>	2.0	90.3

Notes: \*Converted at US\$1 to Y8.28. Source: companies.

based **Elong**, both report big increases in 2004, see table.

(Elong is now owned 52% by IAC/Expedia, which has 96% of the voting rights.)

### Bites

• Another indication that consumers will eventually turn more towards **third-party sites**:

Research by Keynote in the US found Expedia, Orbitz, and Travelocity scored high in customer satisfaction for air bookings; top airlines were low-fare airlines Jet Blue and Southwest.

• **FUR** says that the number of **leisure travellers** in Germany using the internet for information has doubled since 2001, see table. And the share booking is up almost four-fold.

### Internet usage in Germany for leisure travel, % share

Date	Information	Booking
<b>Jan 05</b>	33	15
<b>Jan 03</b>	27	9
<b>Jan 01</b>	15	4

Source: Forschungsgemeinschaft Urlaub und Reisen.

But although the share using internet for information has increased from 6% in 2000 to 19% in 2004, this appears to be supplementing other sources, not replacing them.

The share of those using friends and

relatives also increased, from 42% to 44%, those using travel agencies from 35% to 38%, and tour operator catalogues unchanged at 23%.

• The Centre for Tourism & Regional Research expects slowing growth of **internet sales** in Europe. Starting with 2003, it predicts the same annual growth in dollar terms – meaning a decline in percentage terms, see table.

*This seems hard to believe. With only a small percentage of travel activity sold online, and many immature markets, to predict 20% growth this year, for instance, seems an under-estimate.*

### Internet travel sales in Europe

Year	US\$b	Growth,%
<b>2000</b>	3.9	200.0
<b>2003</b>	15.6	50.0
<b>2004</b>	19.5	25.0
<b>2005</b>	23.4	20.0
<b>2006</b>	27.3	16.7

Notes: \*Converted at US\$1 to €0.77. Source: CTRR, Pricewaterhouse Coopers.

• One estimate is that 10-15% of the 20mn tour packages sold in the UK could eventually be converted to online **dynamic-packaging sales**, plus 20-25% of the 20mn low-fare airline passengers.

*\*Definitions of DP vary, but Net Value uses the phrase where travel shoppers can bundle elements of travel together for an overall package price. As this is not new, even on the internet, the new element is that after the travel elements are packaged, a new price is added based on the business rules that govern them, and less than the sum of the parts. However, some still use the DP to mean no more than a shopping basket.*

• **Opodo** targets revenue of US\$1.3bn (€1bn, at US\$1 to €0.77) this year, compared with US\$860mn in 2004.

The company is still losing money. *Its first CEO, Giovanni Bisignani (now head of IATA), said it would be profitable in 2004. Current CEO, Simon Vincent, says 2006.*

• **Kuoni** says 25% of its bookings in Scandinavia are made on the internet; in home base Switzerland, it is only 3%.

• In Q1 2005 timeshare company **Interval International** increased its online sales share from 17.2% to 21.0%.

Net Value, published by Travel Business Analyst, is available as part of a subscription to the Europe edition of Travel Business Analyst. An annual subscription to Net Value alone, costing US\$100, is delivered separately from Travel Business Analyst Europe only via email in PDF format.

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# MARKET DATA

## Headlines

### Comments on tables

- 1 First quarter of 2005 for all airlines. Review planned for this issue. But note that two big airlines (British and Lufthansa) were static, although still fair growth (over 4%) at Air France KLM. And that seat factor at Ryanair was only 76% – which we think is too low for its super-cheap fares. Is Ryan at a ceiling for leisure travellers, even if its product remains as good as ever?
- 2 First quarter of 2005 for Europe and the US; good growth (near 7%) for Europe but almost double for the US.
- 3 First 2005 figures for airports whose data is given
- 4 First 2005 figures for the three markets. Germany up 12%, UK (comparative data now available; up 10%), and the US up 7%.
5. All markets decline, so the four stocks that increased did particularly well. That means Alitalia (yes, but who can be thinking this is a good buy rather than a goodbye?), Easyjet (good growth, good loads, good buy), InterContinental (just), Avis (expecting Cendant
- 6 will make a bid to fit with the rest of Avis it owns?). And four others bettered their markets, even if their shares fell – the three in Madrid (Iberia, Sol Melia, Amadeus) plus BAA.
- 8 Marriott, a big site operator, up 40%, indicating the big growth is still possible in the internet world.
- 10 Major reworking of data for this table, with four new categories of hotels added each in London and in Paris, and two in Frankfurt. And more changes to come. Different categories will be shown each month, although all are available to those that require the additional measures; contact us.

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

Airline	Mth:	SS				RPK				ASK				SF			
		1000	+/- %	mn	+/- %	thru:	1000	+/- %	mn	+/- %	mn	+/- %	%	+/- pts	Airline	Month	Jan thru
Air France	Mar	3806	2.4	9335	6.6	Mar	10597	4.1	34295	2.2	26253	6.9	76.6	3.3			
Alitalia	Mar	1911	4.8	3004	10.8	Mar	5122	8.2	12339	10.8	8041	11.3	65.2	0.3	Easyjet	Mar	Mar
Austrian	Mar	597	-2.5	1331	2.9	Mar	1608	-2.9	5503	5.2	3757	1.6	68.3	-2.4	SS,x1000	2573	6826
British AW	Mar	2982	1.1	9327	4.4	Mar	8104	0.7	35579	1.4	25971	4.6	73.0	2.3	Growth,%	28.9	23.1
Iberia	Mar	2275	6.4	4127	11.2	Mar	6001	1.4	15220	4.8	11388	6.6	74.8	1.2	SF,%	91.2	84.5
KLM	Mar	1728	3.6	5502	6.7	Mar	4716	5.0	19177	6.9	15552	7.7	81.1	0.6	Growth,pts	4.2	0.2
Lufthansa	Mar	3931	-0.7	9088	4.9	Mar	10635	0.2	32332	2.8	24812	3.9	76.7	0.8			
Olympic	Mar	436	-3.4	536	5.6	Mar	1188	4.5	2386	3.2	1443	10.6	60.5	4.0	Ryanair	Mar	Mar
SAS	Mar	2001	-10.0	2290	-1.0	Mar	5420	-5.3	9411	-0.7	6006	-0.4	63.8	0.2	SS,x1000	2566	6649
Swiss	Mar	832	0.8	1719	-4.9	Mar	2177	-2.9	6313	-11.3	4688	-8.0	74.3	2.7	Growth,%	20.1	16.2
TAP	Mar	531	24.3	1182	21.3	Mar	1475	8.0	4758	8.8	3428	12.2	72.0	2.1	SF,%	80.0	76.2
Turkish	Mar	985	21.7	1536	22.3	Mar	2784	24.3	6068	15.3	4290	21.7	70.7	3.7	Growth,pts	2.0	0.7
Virgin A'tic	Mar	384	5.1	2737	6.9	Mar	1053	4.3	10453	14.2	7545	6.0	72.2	-5.6			

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									
	Dec 04	Growth,%	Jan 05	Growth,%	Feb 05	Growth,%	Mar 05	Growth,%	YTD 05	Growth,%
SS,mn	15.5	5.1	15.3	8.4	14.4	1.3	17.6	5.5	47.3	5.0
ASKs,mn	64,858	7.0	65,864	6.2	59,562	1.9	67,728	5.9	193,153	4.6
RPKs,mn	46,963	6.0	48,157	9.4	42,862	2.7	51,766	7.5	142,786	6.5
Pax LF,%	72.4	-0.8*	73.1	2.5*	72.0	0.6*	76.4	1.3*	73.9	1.3*
US,ATA										
SS,mn	5.0	8.9	5.1	12.7	4.5	8.9	5.6	16.4	15.2	12.9
ASKs,mn	31,546	13.1	31,899	12.6	28,868	8.9	32,489	13.3	93,257	11.7
RPKs,mn	24,445	9.8	24,464	13.2	20,994	9.3	26,732	14.9	72,191	12.7
Pax LF,%	77.5	-2.3*	76.7	0.4*	72.7	0.3*	82.3	1.2*	77.4	0.7*
Asia Pacific,AAPA										
SS,mn	9.2	11.5	9.6	8.1	9.4	1.8	9.1	9.8	18.5	5.6
ASKs,mn	51,453	5.7	60,200	6.2	60,145	5.0	49,362	4.0	109,507	4.5
RPKs,mn	37,493	7.0	44,325	5.8	44,657	2.8	35,707	6.7	80,364	4.5
Pax LF,%	72.9	0.8*	73.6	-0.3*	74.2	-1.6*	72.3	1.8*	73.4	-0.0*

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, 2004/05

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	Jan†	1,088	20.0	14,872	11.8	16.3	5.4	222.9	3.8	67	67
Brussels*	Jan†	985	7.1	15,584	2.8	18.8	-0.7	252.0	-0.1	56	62
Copenhagen*	Jan†	1,281	7.4	18,966	7.5	21.4	4.3	272.5	5.2	62	70
Frankfurt	Mart	3,553	4.4	9,589	2.0	33.0	0.5	93.5	2.9	99	100
London,x3	Mart	8,808	9.4	14,903	5.1	61.6	2.8	113.8	0.6	133	131
LHR	Mart	5,120	5.8	8,875	3.0	34.1	-0.8	64.4	-1.3	138	138
LGW	Mart	2,151	17.7	3,517	9.2	15.4	11.3	27.6	4.6	130	128
STN	Mart	1,537	11.1	2,511	7.2	12.1	3.2	21.8	1.5	121	115
Madrid*	Jan†	2,877	8.3	38,526	7.9	33.0	5.6	401.5	4.6	89	96
Milan*,x3	Jan†	2,262	6.8	30,836	NA	30.4	2.2	385.5	NA	75	80
Paris*,x2	Jan†	5,754	5.8	74,893	6.0	60.7	1.7	760.5	5.3	98	98
CDG	Jan†	3,836	5.4	50,861	5.5	41.8	0.3	534.6	3.8	94	95
ORY	Jan†	1,918	6.6	24,032	7.0	18.8	4.8	225.9	9.2	109	106
Rome*,x2	Jan†	2,118	10.6	30,636	9.2	28.4	7.8	353.7	4.7	79	87
Zurich*	Jan†	1,269	5.9	17,215	1.3	21.7	6.0	265.4	-0.6	62	65
<b>EUROPE*</b>	<b>Jan†</b>	<b>77,978</b>	<b>9.3</b>	<b>1,143,764</b>	<b>8.9</b>	<b>1,243.1</b>	<b>5.7</b>		<b>4.3</b>	<b>64</b>	<b>68</b>

Notes: \*Domestic and international. †2005; entries with Jan data show whole-year J-D 04 in YTD columns. 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			
	Jan 05	+/-* %	J-D 04	+/-* %	Jan 05	+/-* %	J-D 04	+/-* %	Jan 05	+/-* %	J-D 04	+/-* %
France	405	9.9	5751	9.0	794	6.2	10913	6.7	412	5.6	5816	10.4
Germany	na	na	na	na	756	14.6	10282	7.4	542	5.2	7642	9.9
Italy	512	2.7	8237	14.2	648	18.4	9976	12.0	138	8.7	2373	24.6
Netherlands	161	8.8	2334	12.4	561	2.6	8471	8.3	311	8.9	4021	9.2
Spain	1137	18.9	19016	12.3	1755	1.7	33418	3.7	107	-12.3	1747	20.3
Switzerland	292	13.2	3702	19.0	461	9.8	4178	1.7	114	8.7	1404	6.8
UK	751	17.5	9899	13.8	na	na	na	na	1231	3.3	17407	8.9
US	546	3.2	7893	11.0	1279	6.6	18004	8.0	na	na	na	na
<b>Total</b>	<b>7614</b>	<b>12.3</b>	<b>114465</b>	<b>14.5</b>	<b>11333</b>	<b>9.8</b>	<b>NA</b>	<b>NA</b>	<b>9463</b>	<b>6.8</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*				Growth†,%	
		Dec 03	Dec 04	Mar 05	Apr 05	stock	market
<b>Airlines</b>							
Air France	Paris	12.2	14.0	13.9	12.2	-12.3	-3.8
Alitalia	Milan	0.26	0.25	0.24	0.25	5.4	-4.1
British Airways	London	233	235	264	238	-9.8	-1.9
Easyjet	London	NA	188	216	217	0.5	-1.9
Iberia	Madrid	2.28	2.59	2.58	2.39	-7.4	-9.5
Lufthansa	Amsterdam	13.3	10.6	11.1	10.0	-10.4	-3.8
Ryanair	Dublin	6.59	5.25	6.04	5.64	-6.6	-2.6
<b>Hotels</b>							
Accor	Paris	35.9	32.2	37.8	35.4	-6.3	-3.8
Hilton	London	225	285	301	274	-9.1	-1.9
InterContinental	London	529	648	618	623	0.9	-1.9
Sol Melia	Madrid	6.79	7.40	9.07	8.79	-3.1	-9.5
<b>Others</b>							
Amadeus	Madrid	5.15	7.57	7.28	7.25	-0.4	-9.5
Avis Europe	London	95.0	53.8	64.0	70.3	9.8	-1.9
BAA	London	496	584	584	580	-0.7	-1.9
Eurotunnel	London	37.5	17.0	15.0	12.8	-15.0	-1.9
Kuoni	Zurich	414	500	520	467	-10.1	-1.0
Lastminute.com	London	216	121	116	107	-8.0	-1.9
My Travel	London	10.9	6.00	5.25	5.00	-4.8	-1.9
TUI	Frankfurt	16.5	17.4	20.4	18.7	-8.4	-3.8

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

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	WTO
	Dec†	59,030	3.9	WTO

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
Marriott.com share of online	2004	\$2b	up 40%
Priceline roomnights sold	2004	7.7m	up 36%
Iberia etickets website share, intl	2004	71%	NA
City Inn UK online share	current	14%	NA
Travelodge UK online share	current	45%	NA
Hilton Intl 'electronic' share	2008	50%	25% '05
Germany information/booking shares	2004	21%/20%	NA
US dynamic package sales (PCW)	2005	\$5.5m	\$3.5m

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: A43000† 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, March

City	Occupancy, %				Average room rate, local				Revpar, US\$*				
	2005		2004		2005		2004		2005		2004		
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD		
<b>EUROPE*</b>													
Amsterdam	68.9	64.0	76.7	64.4	124.58	155.26	163.38	156.51	151.76	106.90	104.60	120.09	97.79
Berlin	58.3	58.3	57.3	54.1	119.00	165.75	156.06	167.03	157.16	96.62	90.97	95.72	85.00
Brussels	62.6	59.2	67.7	61.7	110.62	149.51	145.07	151.97	143.15	93.54	85.84	102.88	88.38
Copenhagen	62.7	60.0	65.1	57.1	727.59	127.45	127.97	125.60	121.92	79.96	76.83	81.72	69.65
Frankfurt-all	61.0	64.9	60.1	58.5	133.18	162.00	174.66	134.16	157.26	98.81	113.28	80.62	91.97
Geneva	62.9	56.9	71.5	61.0	276.56	249.67	234.23	217.79	201.29	156.97	133.21	155.79	122.75
London 5-star	62.6	59.3	NA	NA	215.04	405.76	408.30	NA	NA	254.06	241.99	NA	NA
Madrid	67.8	66.1	65.8	66.0	140.30	174.79	183.99	176.74	187.92	118.44	121.52	116.27	124.07
Moscow	75.7	79.2	76.1	73.1	5151.54	200.53	184.93	154.08	143.85	151.70	146.48	117.20	105.14
Paris 5-star	66.5	59.9	NA	NA	235.94	313.67	309.41	NA	NA	208.75	185.25	NA	NA
Rome	74.4	61.9	64.9	55.6	185.23	256.15	242.92	211.69	212.93	190.67	150.33	137.39	118.34
Zurich	68.2	66.4	69.3	66.6	180.65	151.70	153.00	142.36	138.72	103.47	101.54	98.71	92.34
<b>AVERAGE</b>	<b>67.3</b>	<b>64.3</b>	<b>66.6</b>	<b>62.0</b>	<b>na</b>	<b>186.19</b>	<b>184.32</b>	<b>173.00</b>	<b>170.55</b>	<b>126.71</b>	<b>118.93</b>	<b>114.79</b>	<b>105.54</b>
<b>US†</b>													
Chicago	58.4	53.5	58.4	52.7	94.05	97.48	94.05	96.90	92.62	56.93	50.32	56.59	48.84
Los Angeles	76.1	74.6	73.2	72.3	101.79	102.12	101.79	95.78	96.49	77.71	75.91	70.11	69.71
Miami	83.8	82.4	79.8	77.6	156.05	159.20	156.05	140.61	139.93	133.41	128.54	112.21	108.59
New York	84.3	78.9	81.2	74.7	177.29	183.80	177.29	167.43	162.61	154.94	139.93	135.95	121.43
San Francisco	68.3	63.8	67.3	61.3	118.62	118.18	118.62	123.51	118.48	80.72	75.71	83.12	72.63
<b>ASIA‡</b>													
Tokyo	75.7	70.5	75.7	70.2	23419	234.29	222.94	249.35	226.93	177.29	157.07	188.82	159.31

Notes: See Master Notes, page 7. Not all categories are shown every month; all categories available at low additional cost. 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\$m*†	Growth %	Per agency US\$m*†	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

## Not so easy?

Easy Cruise launched weekly 7-day cruises, but not at motivationally-cheap prices, from Nice to nearby coastal cities, last month. The 86-berth/170-bed ship has standard daily rates around US\$100 (at US\$1 to €0.77) up to over US\$300.

As with low-fare airlines, prices are cheaper when booked in advance.

This low-cost discount-mentality may not work for cruises – customer psychology is different for relaxing cruises than for get-me-there-quick-and-cheap flights.

Although Easy Cruise is part of the same Easy Group that has a share in Easyjet, only the airline has been unquestionably successful. And that was based on a business plan that originated with Southwest Airlines in the US, not from the Easy Group.

Easy Group is run by Stelios Haji-Ioannou, who launched Easyjet 10 years ago, but who has been unsuccessful in most of his other ventures. His business card shows his job title as ‘Serial Entrepreneur’. But you don’t need to launch many companies, just good ones – then SH-I’s job title could be elevated to ‘Successful Entrepreneur’.

## Figure them out?

We are having problems with Imex and Skytrax claims and findings.

UK-based Skytrax says its surveys show Hong Kong as the world’s best airport. We think the airport’s operational design is bad, and that, in Asia, Singapore airport is far better. Consequently, we wonder if Skytrax’s survey does not weight travellers fairly.

So we asked Skytrax for more details. It refused, interpreting our disbelief on the Hong Kong finding as “sarcasm”, although we believe even a sarcastic request should warrant a response.

Likewise, Imex, the Frankfurt meetings exhibition, supported by the German Convention Bureau, offered no response to our evidence which appears to indicate that Imex inflates some of its attendance figures.

Messages that we have received, for instance, seem to indicate that some companies were registered as attending Imex, even if they did not.

For the present then, until we can determine otherwise, we suggest that statements from these two organisa-

tions be treated with measured caution.

## Americans away

The percentage of adult Americans who have taken at least one overnight trip of at least 120km from home is increasing.

According to the survey\*, 58% of American adults took such a trip during the past 12 months (up from 49% in the 2004 survey), of which one third took at least one trip primarily for business, and 93% took at least one trip primarily for pleasure.

Among other findings (primarily for domestic travel but certainly having some relevance to international travel):

- 68% of adults took at least one leisure trip with a spouse or another adult, while 37% took at least one trip with children, but 26% took at least one vacation alone.

- Short weekend trips (under four nights including a Saturday) are now the most common – representing 56% of all.

- Beach/lake vacations were more popular – 27% of leisure travellers, up from 21% in 2004.

- 20% took an international trip, although 60% say they are less likely to take such a trip in the year ahead if the US dollar continues to decline.

- 46% of leisure travelers are interested in taking a cruise, and 10% are interested in purchasing a timeshare or owning vacation time.

\*2005 National Leisure Travel Monitor, now in its 13th year, by Yesawich, Pepperdine, Brown & Russell/Yankelovich Partners. Internet findings included in this month’s edition of Net Value.

## Safety measured

Airline safety on scheduled flights improved yet again in 2004 – accidents in-

creased, but deaths were down by half, see table.

These measures exclude, understandably, accidents caused by what ICAO calls “unlawful interference” – usually, hijacking. The number of those incidents also halved in 2004, but deaths in those incidents increased four-fold.

Unfortunately, ICAO does not always show data if it is not favourable. The 9/11 attacks in the US clearly belong in the UI category; but ICAO gives no data for 2001 – requiring us to estimate UI data for that year.

## Briefs

- Unlike some kings and queens in Europe, the prince of Monaco has considerable powers.

So that now Prince Albert has taken over from his father, Prince Rainier, who died in April, we take what he wants to make Monaco like a ‘strategy’ from the tourism office.

Albert, then, wants to make Monaco the capital of sport, ecology, and humanitarianism. Might seem tough – given the physical geography of the principality, but one worth watching in tourism terms.

- UK says it will join the World Tourism Organisation by “2005/06” – which we presume means before the end of that fiscal year for the UK, March 2006.

Along with the earlier announcement that the US will join in some form (awkward because it does not have a national tourist office), this means the WTO should really represent the world of travel.

- For the (current) record:

- A Starwood Hotels company and financiers Lehman Brothers propose forming a joint-venture to buy 36 owned and leased Meridien hotels.

- Starwood Hotels would manage those hotels for the JV under their current Meridien brands.

- Starwood Hotels would buy Meridien’s brand and related business for Meridien’s other 94 hotels.

- These proposals have been presented to the Meridien board.

- The price, and other terms and conditions, were not disclosed – presumably because the opening offer will be upped.

## Airline safety measures, worldwide

Item	2004	2003-U	2003	2002	2001
<b>Scheduled flights*</b>					
Fatal accidents	9	7	6	14	13
Deaths	203	466	334	791	577
Ratet	0.005	0.015	0.01	0.03	0.02
<b>Unlawful interference</b>					
Incidents	16	NA	34	21	20†
Deaths	91	NA	20	74	3500‡

Notes: See text. U = updated. \*Excluding “unlawful interference”. †Passenger deaths per 100mn passenger-kms). Source: ICAO, ‡Travel Business Analyst.

# 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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