

Travel Business Analyst

Information + Knowledge + Insight + Analysis + Outlook

EUROPE • JULY 2005

Airlines

IATA's industry review

Despite its sensible and logical arguments, IATA (International Air Transport Association) is not getting very far with its near-two-year push to make changes in the operating environment for airlines.

The main points remain:

- Unchanged charges systems of service providers such as airports and air traffic control bodies. (Many charges should be reduced, thinks IATA, because the airline industry is suffering financially, and many providers are in a monopolistic or quasi-monopolistic position.)

- Many airlines must pay for additional security charges that have been introduced since and because of 9/11. Yet this additional security is a society problem, not an industry one; *were shoe manufacturers required to introduce new security procedures after the 'shoe bomber'?* No, the airlines were.

- Worse, governments (lead by France, the chairman of whose airline, ironically, was chairman of IATA when the proposal was introduced) are now thinking of taxing travellers to pay for aid to certain poor countries.

Whatever the arguments of the other points, surely the whole travel industry should against this, and in particular UFTAA for travel agencies, IH&RA for hotels, and the rival world travel bodies – World Tourism Organization and the World Travel & Tourism Council. They have been shamefully silent, regarding it as an airline problem.

It is not; it is a travel problem. Next could be a bed tax to fund malaria research...

Although the action proposed may be defensible, to raise this from one industry (why air travellers?) is indefensible.

But there have been some positive developments in the airline business, including:

contd on p2

Agencies, airlines, hotels

People in Travel

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

Holtrop replaces a 4-man executive board which has been running the company since the company fired Stefan Pichler (see next item) in 2003.

Holtrop's appointment is seen as an indicator of TC's business direction in the future. Over 2001-04, the 50-year-old Holtrop worked at Deutsche Telekom as chairman of T-Online, a leading online portal. Earlier, he has been in travel; he was at Club Med and American Express. And also in publishing with Gruner & Jahr, the big Germany-based international publishing company.

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

Further speculation is on whether TC/Lufthansa will make a bid for Amadeus/Opodo to strengthen any challenge to the US three.

(See Net Value for related report.)

- **Stefan Pichler** has become number two at Australia's Virgin Blue, as chief operating officer.

The ex-head of Lufthansa's Thomas Cook may now find it difficult to get a senior position in the travel business in Europe after what is deemed a failure at TC.

His failure is as much to do with the market as with his moves. The travel agency/tour operator business seems doomed in its present form. And so any attempt – no matter how apparently sensible commercially – to develop the company without changing fundamentally the way of running the business, seems likely to fail.

His other mistake – a common one – is to ignore sensibilities of whatever type. We think his move to name everything Thomas Cook was good, but proud workers at Condor, Havas, Neckermann, etc, did not like this. And Pichler's pride in pushing his ideas – even if commercially sensible – was

contd on p2

Table 1

Growth in world air traffic RPKs, over earlier period

Jan-Apr 2005	8.7
Jan-Apr 2004	15.4
Jan-Dec 2004	15.3
Jan-Dec 2003	-2.4

Notes/Source: As Table 2.

Main News

Recent corporate developments – big or significant.

- Lufthansa completes acquisition of Swiss, now formally a Lufthansa subsidiary, but needs anti-trust exemption.
- Starwood Hotels to launch new hotel brand, codenamed XYZ and modelled on its W. We think, so far, the two are too-similar, unless the real idea is to fit in Meridien Hotels, for which it has made a bid to buy.
- Swiss to join Star Alliance in next 12 months.
- Thomas Cook gets new head; the choice indicates a new direction for the company.

contd from p1 – IATA's industry review

- Airline labour productivity has increased by 34% since 2001.
- In 2005, non-fuel unit costs will drop 4.5%.
- Eticketing levels in IATA's settlement systems rose from 19% to 29% over the past year.

Table 2

Air traffic growth, over earlier period

Region	Jan-Apr 05		Jan-Dec 04		Jan-Apr 04	
	ASK	RPK	ASK	RPK	ASK	RPK
Europe	10.0	11.5	8.4	10.1	6.8	11.6
North America	5.1	6.0	11.0	14.8	6.5	15.5
Asia Pacific	7.4	8.2	15.5	20.5	7.1	15.6

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

- Improvement in fuel efficiency in 2004 of 3.4%. Over three decades emissions have been reduced by 70%.
(See also 'Barbs from Bisignani' in Trends.)

contd from p1 – People in Travel

not popular.

• **Jeffrey Flowers** takes over from Michael Kalyk as president at Hong Kong-based Marco Polo Hotels.

Both Kalyk and Flowers are MPH veterans, Kalyk joining in 1990 and followed by Flowers in 1991. And before that the two worked together at Westin Hotels, now part of Starwood.

Flowers seems likely to continue with ultra-conservative expansion at Hong Kong-based MPH – matching the conservatism of owners Wharf Company. In those 15 years, only four hotels have been added to the group's original three in Hong Kong, with one in Singapore being shut down.

There is contradiction over MPH's expansion plans – some corporate documentation shows targets throughout Asia, others exclusively in China. Flowers is expected to favour the China-only approach, where both MPH's current new hotel projects are located.

2004

Final figures

• Visitor nights in the Cote d'Azur in France fell 4% in 2004.

Equivocal figures released indicate the fall came from the domestic market; major international ones increased. But in Paris, with a visitor increase of 2%, the domestic market increased 10%.

• Berlin, capital of Germany, had another good year, with visitors up 18.8%, and nights up 16.1%.

This is expected to continue, for numerous reasons – the city is considered the centre of the newly-expanded European Union, a series of impressive cultural

events, and still-low hotel rates – one-third or even half of some rates in London, for instance.

• Overall arrivals in Poland increased 19%, but major market Germany increased an extraordinary 34%.

• Hotel nights in Portugal increased just 0.4% in 2004, but revenue increased 6.4%.

This may have because of higher prices asked during the soccer World Cup.

• Overnights in Slovenia, 2004: Germany 19% market share, Austria 17%, Italy 17%, Croatia 6%, UK 5%.

Hotels

New views

Selected current significant-developments at hotel groups:

• Following an initial agreement in 2004, fashion group Giorgio Armani and developer Emaar Hotels have signed a contract for the development of **Armani Hotels & Resorts**.

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

Even in theory there are crossovers in re-

sponsibilities. If Armani looks after 'style', that surely is one element of Emaar's 'operations'?

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

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

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

• **Hilton**, all in Italy. Two Scandics in Italy (Bari, opened, and Rome airport due 2007); and a Hilton on one of Venice's islands, due 2006.

• **Marriott** this year. A Marriott on Capri, Italy, a refurbishment; large conference hotel for Marriott near Rome's main airport; first Courtyard in Ireland.

• **SAS Rezidor** is another hotel company that is aiming for modern exterior and interior design for one of its brands – in the same way as elements of Meridien's Art&Tech theme, Sol Melia's Hard Rock, and Starwood's W brand.

SAS Rezidor owns the master franchise for most of Europe for Carlson hotels – whose main brands are Country Inn, Park, Radisson (Radisson SAS in Europe), and Regent.

Radisson SAS's list of 15 hotel openings through 2005 and the first half of 2006 reveals the group's recently-adopted design ethos. The focus on modern architectural design and stylish interiors is an important new direction for the brand.

"This is one way that will mark out the group from other hotel operators," said Kurt Ritter, head of SAS Rezidor.

New styles can be seen in its planned Frankfurt hotel, located next to the Frankfurt Fair, the spectacular new glass and steel 20-storey structure is described as one of the most modern,

Volume 15 Number 7

Email annual subscription rate for the monthly 12-page Europe edition is US\$775 a year. Email annual subscription rate for the monthly 12-page Asia Pacific edition is US\$775 a year. Email annual subscription rate for the monthly single-page Net Value is US\$100. There are linked rates for these three products; see back page for more details and subscription form. Airmailed print-copy subscriptions are also available.

Europe: 46 Blvd des Arbousiers, 83120 Ste Maxime, France. Tel: (33-4)-9443-8160, Fax: (33-4)-9449-0949, Email: TBAoffice@aol.com

Asia: GPO Box 12761, Hong Kong, China. Tel: (852)-2507-2310, Fax: (33-4)-9449-0949, Email: TBAoffice@aol.com

Editor: Murray Bailey. Business Development Managers: Raymonde Perpignani, Simey Wong.

Design by Context Design & Publishing. Printed by Image Press. Copyright Travel Business Analyst Ltd, 2005. www.travelbusinessanalyst.com

ISSN-0256-419X

architecturally challenging buildings in the city. The 440-room Radisson SAS will include floor-to-ceiling windows.

Its Berlin hotel, opened 2004, includes a 24m-high aquarium with its internal elevator.

But this philosophy may need a new brandname or some other special identification (Radisson Lite?). Otherwise, some of Rezidor's hotels will be trendy, some will be traditional. But will the customers be able to follow this?

• **Starwood.** First Westin in Portugal, a golf and spa resort, 30km from Lisbon. W, belated first in Europe, in Barcelona, due 2008.

Briefs

• The world's top four hotel groups remain those whose names are not hotel brands – Cendant, Choice, Best Western, and Accor.

Leader Cendant is declining, according to this data, from MKG, by 2% in hotels and 3% in rooms. However, although this is 2004 data, it appears not to include Cendant's purchase of the non-US part of Ramada in late-2004.

In addition, that company seems to be in full expansion mode outside the US – although what happens inside the US still affects greatly its overall totals.

• At mid-year, the performance of travel stocks were mixed, see table.

Among airlines, prices of none of the core six airlines was above their price at end of pre-9/11 2000. Only the price of Lufthansa's share was within sight of its end-2000 price – €10 compared with €11.

And some other falls will shock; Ryanair is only 25% of its pre-9/11 price, for instance.

Among the three hotels tracked, Hilton is nearly 37% above its end-2000 price.

But both Accor and Sol Melia are down, although SM not by much.

Among the other travel stocks, all are down – Amadeus, Eurotunnel, Kuoni, My Travel, and TUI. Most shockingly for My Travel – about

Price of core travel stocks, end-year

Category/ company	2005*	2004	2003	2002	2001	2000
Airlines						
Air France	12.6	14.0	12.2	9.24	16.4	25.0
Alitalia	0.25	0.25	0.26	0.24	1.00	1.91
British Airways	264	235	233	135	195	391
Iberia	2.37	2.59	2.28	NA	14.8	27.0
Lufthansa	10.2	10.55	13.3	9.70	7.10	11.5
Ryanair	6.39	5.25	6.59	6.90	16.4	25.0
Hotels						
Accor	38.8	32.2	35.9	28.9	40.8	45.0
Hilton	286	285	225	167	211	209
Sol Melia	10.0	7.40	6.79	3.83	8.54	11.0
Others						
Amadeus	7.23	7.57	5.15	4.20	6.48	7.90
Avis Europe	63.5	53.8	95.0	NA	NA	NA
Eurotunnel†	17.0	17.0	37.5	39.8	69.8	63.5
Kuoni	534	500	414.0	285	441	700
My Travel	5.75	6.00	10.9	20.5	250	201
TUI	20.9	17.4	16.5	14.0	27.6	38.6

Notes: *Mid-year; others at end-year. †London quotation. Source: various reports.

5% of its 2000 price. And for Eurotunnel – on 25% of 2000.

(No comparison for Avis.)

• **Hungary** targets a 3% increase in visitor nights this year; that would compare with a 3.5% increase in 2004 to 18mn nights.

At the start of this year a Hungarian Tourist Authority was established, although the Hungarian National Tourist Office also continues to operate.

The HTA is charged primarily with development (and reporting to the government), and the HNTTO is responsible for marketing – domestic and international.

This absurd structure will obviously create unnecessary duplication, and will surely be abandoned, although probably not until two years of waste have passed.

• **Hilton's** resort division – launched with 36 hotels two years ago – plans to have 73 by 2007. However, some will be existing Hilton hotels.

Hilton Resorts remain managed either by UK-based Hilton International, US-based Hilton Hotels Corporation, or by the jointly HI/HHC-owned Conrad.

• Two international hotel groups are due to open hotels this year in **Malta**. The 282-room Meridien St Julians is due to open this month. Then in July the 300-room Radisson SAS Golden Sands Resort is due.

Hotel groups, 2004

Name	Base	Hotels	Growth,%	Rooms,x1000	Growth,%	Rooms/hotel
Cendant	US	6399	-1.8	518	-3.3	81
Days Inn		1892	-0.5	158	-0.5	84
Super 8		2086	0.1	126	-1.9	61
Ramada		905	-6.8	105	-9.9	116
Choice	US	4810	3.1	389	4.0	81
Comfort		2366	4.3	177	4.5	75
Quality		878	7.1	92	6.2	105
Best Western	US	4110	1.1	310	0.4	75
Accor	France	3894	1.7	453	2.9	116
Motel 6		880	2.0	92	1.7	105
Mercure		726	-1.0	86	-0.3	119
Ibis		651	4.7	70	6.3	107
Novotel		388	5.1	67	7.3	173
InterContinental	UK	3520	5.9	536	4.0	152
Holiday Inn		1529	-2.4	288	-1.9	188
Express		1455	7.6	120	10.2	83
Marriott	US	2656	6.5	480	5.7	181
Marriott		472	4.9	174	5.3	369
Courtyard		616	4.9	88	4.6	143
Hilton Corp	US	2142	3.1	345	2.4	161
Hampton		1255	2.7	128	2.3	102
Hilton		230	-0.4	89	1.6	387
Carlson	US	879	3.8	147	3.9	168
Radisson		441	1.4	104	1.0	235
Starwood	US	774	3.5	238	4.8	307
Sheraton		394	-0.5	135	0.8	342
Hilton Intl	UK	409	2.5	103	2.7	251
Hilton		254	1.6	75	2.6	295

Source: MKG, Gruner & Jahr.

• Together, Easyjet and Ryanair have over 50% of Europe's low-fare airline market, see table.

Others are small in comparison. The largest of the others is Air Berlin, with a share just under 6%.

But this may change now that two other LFAs, Easyjet and Germanair, have opened operating bases there.

• Healthy results?

• Spas and health resorts in Germany recorded poor results in 2004. Arrivals increased only 1% to 12mn, and overnights were down 4% to 66.2mn.

Average stay, even if falling, is almost twice as long at 5.5 days as the 2.9-day average for Germany overall.

But the international share is doing better – up 8% in arrivals and 5% in overnights. International arrivals at seaside resorts were up 3% and 7% in overnights.

• Foreign visitors to spas in Slovenia increased 12% in 2004. With the help of European Union funding, US\$53mn (at US\$1 to €0.75) was spent on upgrading spa facilities in 2004, and another US\$88mn will be spent this year.

• There are some surprising declines in travel spending by travellers from Germany, see table.

Overall, spending fell 6% in 2004 to US\$75bn (at US\$1 to €0.78).

Of the leading destinations (those with spend above US\$3bn in 2004),

Low-fare airline shares in Europe

Airline	Share,%
Ryanair	27.3
Easyjet	24.0
Air Berlin	5.7
Flybe	4.7
BMI Baby	3.5
DBA	3.5
Germania	3.1
Basiq	2.9
Virgin Express	2.9
other	22.4

Notes: 2004. Source: Mercer, Gruner & Jahr.

only spending on travel to the UK increased. This is almost certainly a factor related to the growth of low-fare-airline traffic. However, spending compared with five years ago is down substantially, by 19%.

Highest spend is for travel to neighbouring Austria. Bad news is that this declined 5% in 2004, but the good news is that it is much higher than five years earlier – by over 40%.

That was the pattern for most destinations – down in 2004, but up compared with five years earlier. The exceptions were to Spain and to Switzerland, falling in both categories, and the UK, see above.

• **Switzerland** expects 300,000 visitors from China this year, compared with 120,000 in 2004.

• **Marriott** International, still under-represented in Europe – apart from the UK, where it has 70 hotels – wants to open 10 hotels a year in both eastern and western

Planned Marriott hotels

Country	Profile
Belgium	Ghent; M; R-150; O-2006
Ireland	Headford Point, Galway; C; O-2005
Italy	Near Rome's Fiumicino airport; M; 602-room; conference centre; O-2005
	Capri; M; 61-room; spa; O-2005
Germany	Berlin's Leipzigstrasse; C; 239-room; O-2005
	Hamburg airport; C; 159-room; open
	Cologne; M; 282-room; O-2006
	Munich; C; O-2006
Switzerland	Zurich; C; O-2006
Czech R	Prague; C; O-2006

Notes: C = Courtyard, M = Marriott, O = opening, R = rooms. Source: company.

Europe over the next few years.

However, so far, this year only five are due to open (although Marriott counts seven, the additional two would be in Kazakhstan, which is geographically in Asia, even if included in Marriott's Europe division).

Marriott is prepared to buy hotels in Europe, particularly small regional chains and unbranded properties in West Europe.

In general Marriott's business model does not favour acquisition of hotels, although it will consider buying if the hotels

can be easily moved into a Marriott brands and then on-sold to investors with Marriott retaining management.

• Forecasts:

- FAA (US) expects **US passenger totals** to return to pre-9/11 levels this year, then 3.4% annual growth to 2016. International passengers totalled 61.3mn in 2004.

- Airbus expects 5.3% **annual traffic** growth, but over an almost meaningless 20 years 2004-23.

• The air passenger total between **Germany** and the Americas in 2004 was still 20% down on pre-9/11 2000, see table. As a result, its share has fallen from 13% to 10% over the same period.

For passenger traffic in Europe, results were fair, with an 8% growth over 2003. The Americas fall in share has been picked up by Europe.

Asia Pacific has grown little (up 0.3 points in market share since 2000), despite belief that this is the fastest-growing region.

• **Lufthansa** is now one step closer to its takeover of **Swiss**, effectively controlling 99% of shares in the Swiss airline.

Needed now is approval by the European Union competition authorities, but there is not expected to be objection – not least because of the precedent set by Air France's takeover of KLM.

Also, because of the structure of the company, traffic rights ('owned' by countries, and distributed to airlines according to the 'nationality' of the companies) should not cause any difficulty.

However, countries can always find a way to object. One that may object is the US which, despite claiming to be 'liberal', is liberal only in demands for advantages for US companies.

There must be the possibility that the US will argue that a Lufthansa-owned Swiss is a German company, not a Swiss one. And therefore that traffic rights from Switzerland to the US must come from Germany's allocation.

This would only be a game of course, because that would mean Switzerland would not allow US airline flights into Switzerland. But such a stand could offer an opportunity for new negotiations on traffic rights.

The final fear is the future of the Zurich hub. Although Lufthansa is likely to retain Zurich as one of its hubs,

Travel spending from Germany, five years

Destination	Total, US\$bn*		Growth,%		Share,%
	2004	2004	over 2003	over 1999	
Austria	8.7		-4.7	40.6	11.6
Italy	8.1		-5.1	4.4	10.9
Spain	8.0		-7.0	-10.4	10.7
France	5.1		-5.7	17.7	6.8
Turkey	3.9		NA	NA	5.2
Netherlands	3.8		-5.2	58.9	5.1
US	3.3		-9.7	13.7	4.4
Switzerland	3.0		-5.7	-12.9	4.0
UK	2.5		5.9	-18.5	3.3
TOTAL	74.5		-5.9	NA	100.0

Notes: Destinations above US\$3bn in 2004. *Converted at US\$1 to €0.78. Source: Deutsche Bundesbank.

Air passengers from Germany

Region	Growth,%		Share,%	
	2004	over 2003	over 2000	2004 2000
Europe	33.3	8.2	7.1	76.3 73.4
Americas	4.4	7.8	-20.4	10.0 12.9
Asia Pacific	3.3	12.0	6.6	7.7 7.4
World	43.6	9.5	2.9	100.0 100.0

Source: Statistisches Bundesamt.

will it prefer expansion to take place at Munich – not too far away in Germany? After all, Lufthansa is a part owner of a Munich terminal.

- Travel agencies in **Switzerland** recorded mixed results in 2004, see table.

Among business travel agencies, Amex and BTA recorded good growth, but the other leading companies – BTI, Carlson-Wagonlit, First – had mediocre results.

In terms of size, the three leading

Travel company results in Switzerland

Name/category	Growth,%	
	2004	Over 2003 Over 1998
Business travel agencies		
BTI	491	3.4 3.6
Carlson-Wagonlit	443	0.4 30.4
American Express	135	11.7 35.0
First Travel	42	0.0 0.2
BTA	60	12.5 94.6
Tour operators		
Kuoni	742	2.3 -14.0†
Hotelplan	592	0.4 -34.4†
TUI Suisse	402	10.6 -22.3†

Notes: BTI is estimate by Travel Business Analyst for 2004. *Converted at US\$1 to Sf1.20. †Over 2000. Source: Travel Inside.

tour operators are well ahead of the rest. The largest of them, Kuoni, managed 2% growth, good given the weak circumstances.

- Middle East.

- A study on travel from **Saudi Arabia** showed spend on international travel at US\$4.2bn (at US\$1 to R3.75), and domestic US\$11.0bn. This was for 2003; no growth was given.

- An AC Nielsen/TRS Consulting survey estimates that business travel in the **UAE** (United Arab Emirates) should grow 5.5% this year, compared to 5.7% in 2004.

- Heading for the top?

Two companies are planning to launch premium-class airlines – although none of this type has survived so far. The airlines are UK-based Eos, and Australia-based Ozjet.

Eos plans London-New York, probably twice daily, and hopes to launch before October. Ozjet plans a base in

Melbourne offering domestic flights, probably just to Sydney.

Some factors indicate that these airlines will, like their predecessors, fail. Following is some comment on Eos:

- Bizarre choice of name, with no travel-marketing value. Eos sounds more like a new Greek aperitif than a deluxe airline.

- If twice daily (it will launch with three 48-seat B757s, which usually seat 200), what schedule? If 0900 that will miss most of the market that needs an earlier start, and that which wants something before its second daily flight – at 1900?

- What FFP perks? Another flight to New York?

As we have noted before, the best business-plan would be for Eos to copy the Swiss and Lufthansa agreement – where Privat Air (sic) flies some routes in business-only aircraft for the two airlines.

But that still allows LH and LX to operate premium-class flights at different times in their own aircraft, and providing back-up when an aircraft engine needs to be changed, and offering FFP awards to exotic not just plain destinations.

In that sense, to survive, Eos needs first to change its name (Club Air?), then link up with British Airways. David Spurlock, its founder, is ex-BA; does that improve or weaken the chance of a BA deal?

This month in Travel Business Analyst Asia Pacific:

- First quarter inbound and outbound.
- First quarter airline results.
- First quarter outbound agencies Japan.
- Plus 20 regular tables of market data.

An annual subscription to *Travel Business Analyst Asia Pacific's* email edition costs just US\$625 (full price US\$775) – for current subscribers to *Travel Business Analyst Europe*. See back page for more offers.

- BAA (which started as the British Airports Authority) forecasts double the growth rate at Stansted than at its two other airports, Heathrow and Gatwick.

We see something wrong in this outlook – unless BAA's forecasts include other changes, say more low-fare airline growth at Heathrow rather than where LFAs have concentrated until now, at Stansted.

It may be politic for BAA to say Gatwick will remain bigger than Stansted in the foreseeable future, but in terms of passengers, this looks wrong. In 2004, Gatwick grew at 4.8%, Stansted

London airport passenger forecasts, 2015

Airport	No,mn	Growth*,%	Growth†,%
Heathrow	86	27.0	2.5
Gatwick	41	28.1	2.5
Stansted	35	65.1	5.0

Notes: Through March 2015. *Against 2005. †Average annual, against 2005. Source: BAA, Institut du Transport Aerien, Travel Business Analyst.

at 11.7%, and Luton, another airport where LFAs dominate, 10.6%.

Stansted could become as large as Gatwick around 2013.

- Although turnover increased at **Europcar** in 2004, yields – per rental and per rental-day – declined, see table.

Europcar results, 2004

Item	No	Growth,%
Turnover,US\$m*†	1503	6.1
Revenue/rent,US\$*	235	-1.7
Revenue/rental day,US\$*	46	-3.3

Notes: *Converted at US\$1 to €0.78. Source: Travel Inside.

- At last, Eurotunnel has started to grow again, see table. Car business increased 4%, and buses 49% (but on a small base).

Eurostar rail passengers also increased 6%, although ET is not responsible for this, collecting a royalty from Eurostar, an unrelated company.

Eurotunnel traffic, Q1 2005

Item	No,x1000	Growth,%
Cars	439	4.2
Buses	18	48.6
Eurostar passengers	1695	5.5

Source: Eurotunnel.



Net Value

Statistics and Analysis on Travel and the Internet

New world, again

The online world looks set to change again, and again in a big way.

First of the next two stories concerns moves by Travelocity on Lastminute and Zuji. The second on what seems a significant appointment at Thomas Cook.

Travelocity-Lastminute-Zuji

After late-2004 moves by Cendant and Expedia – two of the three biggest OTA (online travel agency) groups in the world – it is the turn of the third, Travelocity. See table.

In January, US-based Travelocity said it would probably take up an option to buy the almost-90% of Singapore-based OTA Zuji that it does not already own. Zuji has OTA sites in six Asia Pacific markets.

The sale would take place January 2006, for US\$34.5mn. The delay is to

Recent developments at Big Three OTAs

Company	Comment
Cendant	Late 2004: buys Orbitz, Ebooks, Gullivers/Octopus.
Expedia	Late 2004: formed out of InterActive. Includes Hotels.com
Travelocity	May 05: agrees to buy Lastminute. com. Jan 06: expected to buy balance of Zuji.

Notes: OTA = online travel agency. Source: Travel Business Analyst.

give time for other owners – 15 mainly Asian airlines – to decide. Given current sentiments for airlines to concentrate on 'core competencies' – ie, running airlines, not travel agencies – the sale looks likely to go ahead.

In May, Travelocity's owner, Sabre, announced plans to spend an impressive US\$1bn on buying Lastminute – despite its name, one of Europe's top-three OTAs, and the last big independent OTA.

We expect the 'Lastminute' name will be replaced by 'Travelocity', with 'Lastminute' used as a division, perhaps with emphasis on products other than

travel – which actually was LM's original business plan. Similarly, the 'Zuji'* name will probably go as well.

Travelocity's interest in Zuji is certainly linked to the markets of China – which Zuji earlier said it would launch by 2005, but which has still not happened – and India.

Customers are likely to benefit. Big buying power will lower rates that Travelocity companies obtain from airlines, hotels, etc. And Travelocity's product in the LM and Zuji markets will be better. Most Travelocity's non-US regional sites look like what they are – US implants – rather than home-grown sites.

But there are other factors, including:

- LM, established in 1998, is not successful in that it is not profitable, even after reaching an impressive £1bn (US\$1.9bn) turnover. LM's own expansion (buying 14 companies in the past three years) in Europe was not yet successful, even if some – such as Degription in France – had been successful.

Zuji, established only in 2002, publishes no figures, but is probably not profitable either. Its turnover is probably still under US\$100mn.

- Expedia now looks strategically the weakest of the Big Three OTAs. It may need to match Cendant and Travelocity in expanding. In Asia there is no other sizeable OTA. It could expand via its China operation, but this would be slow, and Elong might not be the right vehicle.

In Europe, the only sizeable OTA left is airline-owned Opodo, but it is owned by Amadeus a GDS that is unlikely to let Opodo go, or be a takeover target itself, see next item.

(*A derivation of the Chinese word for 'footprint').

New head cook, new recipe?

The appointment of Thomas Holtrop to head Thomas Cook, the 50%-Lufthansa-owned travel agency, could indicate TC's direction for the future. 50-year-old Holtrop came from Deut-

sche Telekom where he was chairman of T-Online, a leading online portal, 2001-04.

This prompts speculation on whether TC will choose to enter fully into online travel – which would make it the first of Europe's big tour operator groups to do so.

TC could join the world battle for online agency prominence – against the Big Three US-based leaders (see previous story) and Europe-based Opodo.

But TC could become dominant in dynamic packaging, which is probably a better future than selling the separate parts of travel – air, hotel, etc – that up to now has been the concentration of the Big Three OTAs. Plus, of course, tour packaging is what tour operators do best.

But there is a flaw. Holtrop is due to join TC's board only this September, and not become CEO until November. This is a long wait in the online world – as Holtrop must know. In theory any Holtrop plans for change might not start to be implemented until early 2006, which may not be in time for selling TC's summer 2006 program.

Priceline; hotels only?

Trends in sales patterns at Priceline.com are difficult to determine, although roomnight sales have grown faster in the past three Q1s than either air tickets or car rental, see table.

Its car rental strategy, however, looks in disarray – 10% decline, 83% increase, 5% increase.

Likewise, there has been different patterns in segment sales since the equivalent pre-9/11 quarter in 2001. Air ticket sales are down 31% on 2001, but hotel roomnight sales (albeit thanks partly to the acquisition of Active Hotels in 2004) increased almost 500%.

With the dominance of hotel sales, Priceline is becoming an online hotel distributor rather than the opaque online travel agency it once was.

Sales growth* at Priceline in Q1, %

Year	Air	Hotels	Car rental
2005	20.2	52.5	5.3
2004	28.4	35.3	83.0
2003	-44.3	35.7	-10.2

Notes: In US only. *Over year-ago Q. Source: company.

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.

For more information, contact Raymonde Perpignani at Travel Business Analyst, TBAoffice@aol.com

Editor, Murray Bailey. Design, Context Design & Publishing. www.travelbusinessanalyst.com Copyright Travel Business Analyst Ltd, 2005.

MARKET DATA

Headlines

Comments on tables

- British Airways looks weak. In first four months, it was down fractionally in seats filled. Is this the lead-in for CEO-designate to restructure as a low-fare airline, "British Lite"? Good news for Lufthansa; traffic at its probable-subsidiary Swiss increased in April, and should be ahead YTD when May figures are revealed! SAS is "doing an-Alitalia" – disappearing act. Yet, still-there-Alitalia is the strongest medium-large airline in Europe YTD; maybe hell has frozen over as well?
- Weak for Europe, strong for the US.
- All-Europe up 6%. Berlin's three airports continue with their boost from Schoenefeld; others are static or down. Frankfurt and London LHR show weak growth.
- First two months for Germany and the UK. And UK totals now shown, along with comparison with 2004 – up 7% Jan-Feb, compared with 8% YTD Germany.
- Last month, all markets were in decline; this month, all increased. So the three stocks that fell were particularly bad. Sol Melia has gone quiet on its plans; is it losing direction, or is business not going as it would like? Avis Europe, and, deservedly, Eurotunnel. And Lastminute, due to be taken over imminently by the Travelocity group, bursts with 55% growth as investors cash in, or rather, out. British Airways leaps 15%; does the market not read the figures or is this a vote-of-confidence in our "British Lite" (see #1 above)?
- Most of these entries show big annual growth.
- As noted earlier, 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					ASK					SF					Airline	Month	Jan thru
		1000	+/- %	RPK mn	+/- %	Jan thru:	1000	+/- %	ASK mn	+/- %	RPK mn	+/- %	SF %	+/- pts					
Air France	Apr	3905	2.2	9249	3.3	Apr	14501	3.6	46317	2.6	35501	5.9	76.6	2.4					
Alitalia	Apr	1999	11.9	3023	18.2	Apr	7121	9.2	16733	14.0	11064	13.1	66.1	-0.5	Easyjet	Apr	Apr		
Austrian	Apr	642	1.8	1369	-1.0	Apr	2250	-1.6	7428	4.2	5126	0.9	69.0	-2.2	SS,x1000	2438	9264		
British AW	Apr	2924	-3.4	8954	0.1	Apr	11028	-0.4	47560	1.3	34924	3.4	73.4	1.5	Growth,%	22.1	22.8		
Iberia	Apr	2276	5.7	3842	6.4	Apr	8277	2.5	20445	5.9	15230	6.5	74.5	0.4	SF,%	85.2	84.7		
KLM	Apr	1824	4.5	5608	7.6	Apr	6540	4.8	25957	7.1	21159	7.7	81.5	0.4	Growth,pts	-1.8	-0.3		
Lufthansa	Apr	4163	3.1	9370	4.4	Apr	14798	1.0	44427	3.2	34182	4.0	76.9	0.6					
Olympic	Apr	470	-4.8	574	2.1	Apr	1657	1.7	3258	2.7	2016	8.0	61.9	3.0	Ryanair	Apr	Apr		
SAS	Apr	2143	-1.6	2342	-3.2	Apr	7562	-4.3	12750	-1.5	8348	-1.2	65.5	0.2	SS,x1000	2657	9306		
Swiss	Apr	850	3.7	1756	0.7	Apr	3026	-1.1	8525	-9.1	6444	-5.8	75.6	2.6	Growth,%	24.0	18.4		
TAP	Apr	526	-16.4	1132	-8.5	Apr	2001	0.3	6349	6.2	4559	6.2	71.8	0.0	SF,%	81.0	77.5		
Turkish	Apr	1052	13.1	1584	15.4	Apr	3835	21.0	8202	14.1	5874	19.9	71.6	3.5	Growth,pts	-1.0	0.4		
Virgin A'tic	Apr	391	3.0	2763	4.2	Apr	1444	3.9	13891	12.1	10308	5.5	74.2	-4.6					

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										
	Jan 05	Growth,%	Feb 05	Growth,%	Mar 05	Growth,%	Apr 05	Growth,%	YTD 05	Growth,%	
SS,mn	15.3	8.4	14.4	1.3	17.6	5.5	18.0	1.9	65.3	2.6	
ASKs,mn	65,864	6.2	59,562	1.9	67,728	5.9	68,096	4.8	261,249	4.3	
RPKs,mn	48,157	9.4	42,862	2.7	51,766	7.5	51,550	4.1	194,336	5.4	
Pax LF,%	73.1	2.5*	72.0	0.6*	76.4	1.3*	75.7	-0.6*	74.4	0.8*	
Item	US,ATA										
	Jan 05	Growth,%	Feb 05	Growth,%	Mar 05	Growth,%	Apr 05	Growth,%	YTD 05	Growth,%	
SS,mn	5.1	12.7	4.5	8.9	5.6	16.4	5.2	10.3	20.4	12.2	
ASKs,mn	31,899	12.6	28,868	8.9	32,489	13.3	32,292	11.7	125,549	11.7	
RPKs,mn	24,464	13.2	20,994	9.3	26,732	14.9	25,217	11.3	97,408	12.3	
Pax LF,%	76.7	0.4*	72.7	0.3*	82.3	1.2*	78.1	-0.2*	77.6	0.4*	
Item	Asia Pacific,AAPA										
	Nov 04	Growth,%	Dec 04	Growth,%	Jan 05	Growth,%	Feb 05	Growth,%	YTD 05	Growth,%	
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.

MARKET DATA

3 International traffic* at Europe's leading airports, 2005

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	Feb†	1,084	13.9	2,171	16.9	16.2	2.2	32.5	3.8	67	67
Brussels*	Feb†	1,001	1.7	1,986	4.3	18.8	-1.7	37.6	-1.2	53	53
Copenhagen*	Feb†	1,301	0.2	2,582	3.6	20.6	-2.6	41.9	0.8	63	62
Frankfurt	Apr†	3,611	2.4	13,200	2.1	33.4	6.0	126.9	4.1	108	104
London,x3	Apr†	8,665	1.1	32,375	5.1	61.8	2.4	237.3	1.6	140	136
LHR	Apr†	5,005	-0.5	18,999	2.8	33.9	1.1	132.4	-0.6	148	143
LGW	Apr†	2,115	0.8	7,782	8.9	15.5	4.3	58.5	6.2	136	133
STN	Apr†	1,545	7.1	5,594	8.2	12.5	3.8	46.4	2.5	124	121
Madrid*	Feb†	2,885	1.8	5,761	4.9	31.1	2.0	64.2	3.8	93	90
Milan*,x3	Feb†	2,101	0.8	4,363	3.8	28.4	-1.1	58.8	0.6	74	74
Paris*,x2	Feb†	5,321	1.0	11,074	3.5	55.1	-0.7	115.8	0.5	96	96
CDG	Feb†	3,589	-0.5	7,425	2.5	38.5	-4.2	80.4	-1.9	93	92
ORY	Feb†	1,732	4.4	3,650	5.5	16.6	8.6	35.5	6.5	104	103
Rome*,x2	Feb†	2,075	3.5	4,193	6.9	26.9	3.1	55.3	5.5	77	76
Zurich*	Feb†	1,173	-1.7	2,443	2.1	19.5	-0.4	41.2	2.9	60	59
EUROPE*	Feb†	76,850	3.1	154,828	6.1	1,208.7	0.1	2,451.8	2.9	64	63

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			
	Feb	+/-*	YTD	+/-*	Feb	+/-*	YTD	+/-*	Jan	+/-*	J-D	+/-*
To	05	%	05	%	05	%	05	%	05	%	04	%
France	414	3.2	819	6.4	801	-3.7	1596	1.0	412	5.6	5816	10.4
Germany	na	na	na	na	797	10.0	1553	12.2	542	5.2	7642	9.9
Italy	510	-2.3	1022	0.1	683	12.8	1331	15.5	138	8.7	2373	24.6
Netherlands	162	0.3	324	4.4	585	-4.4	1146	-1.1	311	8.9	4021	9.2
Spain	1160	1.4	2297	9.4	1842	-2.1	3597	-0.3	107	-12.3	1747	20.3
Switzerland	293	7.2	584	10.1	448	4.0	909	6.8	114	8.7	1404	6.8
UK	787	12.4	1538	14.8	na	na	na	na	1231	3.3	17407	8.9
US	469	2.2	1014	2.7	1106	1.7	2384	4.3	na	na	na	na
Total	7352	4.7	14965	8.4	11106	4.0	22439	6.8	9463	6.8	114527	11.8

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	Apr 05	May 05	stock	market
Airlines							
Air France	Paris	12.2	14.0	12.2	12.9	6.2	5.3
Alitalia	Milan	0.26	0.25	0.25	0.26	2.4	2.7
British Airways	London	233	235	238	274	15.1	3.4
Easyjet	London	NA	188	217	226	4.2	3.4
Iberia	Madrid	2.28	2.59	2.39	2.57	7.5	4.7
Lufthansa	Amsterdam	13.3	10.6	10.0	10.3	2.9	6.6
Ryanair	Dublin	6.59	5.25	5.64	6.46	14.5	6.6
Hotels							
Accor	Paris	35.9	32.2	35.4	37.5	6.0	5.3
Hilton	London	225	285	274	284	3.9	3.4
InterContinental	London	529	648	623	638	2.3	3.4
Sol Melia	Madrid	6.79	7.40	8.79	8.70	-1.0	4.7
Others							
Amadeus	Madrid	5.15	7.57	7.25	7.32	1.0	4.7
Avis Europe	London	95.0	53.8	70.3	66.0	-6.1	3.4
BAA	London	496	584	580	623	7.4	3.4
Eurotunnel	London	37.5	17.0	12.8	12.5	-2.0	3.4
Kuoni	Zurich	414	500	467	506	8.3	4.4
Lastminute.com	London	216	121	107	166	55.3	3.4
My Travel	London	10.9	6.00	5.00	5.00	0.0	3.4
TUI	Frankfurt	16.5	17.4	18.7	20.2	8.0	6.6

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	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
JTB online sales	2006	\$943m	up 43%
Online sales, Europe (PCW)	2005	\$37b	up 49%
US dynamic package sales (PCW)	2006	\$8.5m	\$5.5m
US online travel (Jupiter)	2005	\$62b	up 10%
Ctrip revenue	2004	\$43m	up 94%
Elong revenue	2004	\$17m	up 86%
Europe internet sales (CTRR)	2005	\$23m	\$20m
Opodo revenue	2005	\$1.3b	\$860m

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, April

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	Mth	YTD
EUROPE*													
Amsterdam	78.1	64.0	81.0	69.3	124.58	192.66	162.60	162.11	155.88	150.41	104.10	131.26	107.96
Berlin	61.0	58.4	62.7	56.7	118.52	128.68	154.69	138.33	148.96	78.54	90.37	86.67	84.45
Brussels	73.6	59.2	67.1	63.6	110.65	158.12	144.41	119.94	135.32	116.37	85.51	80.51	86.04
Copenhagen	64.2	60.1	65.1	59.7	750.40	156.08	131.40	110.77	120.62	100.25	78.91	72.08	72.07
Frankfurt-all	68.9	64.9	56.5	57.9	133.18	134.95	173.82	149.78	155.28	92.96	112.74	84.57	89.90
U-4	70.8	67.7	NA	NA	139.50	156.62	182.06	NA	NA	110.92	123.26	NA	NA
Geneva	68.8	56.9	54.5	58.8	276.56	246.79	233.51	230.15	210.78	169.85	132.80	125.38	123.92
London-all	74.8	72.0	69.3	65.5	126.66	255.04	240.77	228.57	239.06	190.87	173.38	158.49	156.66
U-4	74.7	73.0	NA	NA	139.35	277.39	264.88	NA	NA	207.07	193.29	NA	NA
Madrid	75.7	66.1	61.2	64.3	140.30	185.82	183.11	166.90	181.05	140.58	120.94	102.21	116.35
Moscow	80.4	79.2	77.2	74.2	5151.54	161.20	185.06	154.68	147.07	129.64	146.58	119.48	109.17
Paris-all	70.9	63.1	65.6	62.8	156.42	212.26	204.15	195.36	190.82	150.51	128.73	128.18	119.83
U-4	73.7	64.4	NA	NA	148.21	206.36	193.44	NA	NA	151.99	124.60	NA	NA
Rome	78.6	61.9	71.7	60.4	185.23	278.75	241.75	236.90	222.44	219.14	149.61	169.90	134.30
Zurich	74.6	66.4	67.0	66.7	180.65	161.51	152.53	140.84	139.54	120.51	101.23	94.36	93.06
AVERAGE	72.5	64.3	66.6	63.3	na	189.32	183.98	169.53	170.57	138.30	118.74	112.76	107.81
US†													
Los Angeles	73.4	74.0	71.1	71.7	102.25	102.70	102.25	93.85	95.17	75.38	75.65	66.73	68.21
New York	85.2	82.1	83.0	78.8	187.79	198.29	187.79	174.08	168.34	168.94	154.11	144.49	132.72
ASIA‡													
Tokyo	76.8	70.5	78.7	72.5	23419	241.08	223.04	208.38	221.70	185.19	157.15	164.06	160.76

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	1.7 Q1	0.8	1.5 Mar	1.8	2.1 Apr	2.9	2.8 Q1
Germany	1.5 Q4	-0.9	0.0 Mar	1.5	1.6 Apr	1.3	1.9 Feb
Italy	0.8 Q4	-1.7	-0.8 Feb	1.9	2.3 Apr	3.5	2.8 Mar
Netherlands	-0.3 Q1	-0.6	-2.7 Feb	1.5	1.4 Apr	0.7	1.6 Apr
Spain	2.7 Q4	3.4	1.8 Mar	3.4	2.1 Mar	2.6	3.3 Q4
Switzerland	0.8 Q1	0.2	-0.3 Mar	1.0	0.9 May	0.9	1.4 '04
UK	2.7 Q1	2.0	2.3 Apr	1.9	1.2 Apr	4.6	5.1 Mar
Euroland	1.8 Q4	0.8	1.4 Mar	2.1	2.0 Apr	2.2	2.1 Q4
Others							
Japan	0.8 Q4	0.5	1.2 Feb	-0.2	-0.1 Mar	0.1	2.0 Feb
US	3.6 Q1	3.1	3.0 Mar	3.1	1.7 Mar	2.6	1.8 Mar

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

Barbs from Bisignani

In 2004 we reported some comments from the head of IATA, Giovanni Bisignani, as 'Bisignani Barbs'.

He hasn't changed; this year's:

- Governments are delivering half measures: Creating a mass transit system but taxing air transport like a luxury item; intensifying airline competition without regulating monopoly partners; preaching competition but subsidising competing modes of transport; freeing markets but micro-managing the business; and talking liberalisation, but keeping nationalistic ownership rules.

- Governments must stop treating air transport like a cash cow. Taxes on a US\$200 ticket average 26% in the US. This is a US\$15bn rip-off. On top of that airlines and their customers pay US\$5.6bn annually for their own security. And to add insult to injury, rail competitors are subsidised by US\$50bn a year in Europe.

- And now Messrs Chirac and Schroeder [heads of state in France and Germany] want to make things worse. European plans to raise US\$7.8bn for development assistance by taxing air transport is about the dumbest possible way to help the developing world. Development is a serious issue that needs a serious solution. An alternative includes reducing European farm subsidies by 12% which would generate US\$7.8bn by itself.

The EU spends US\$65bn each year to depress world food prices at the expense of developing-nation farmers. Development needs commitment, not politics. And air transport needs common sense, not more taxation.

- Cost efficiency (for aviation suppliers) is the new paradigm but incredible inefficiency remains. We have one major currency in Europe but 35 air traffic control organisations. Airlines will not foot the bill for this political nonsense. Where partnerships are not possible with monopoly suppliers, governments should appoint an independent regulator.

- Inefficient air traffic control results in up to 48mn tonnes of unneeded CO2 emissions each year. We hear impressive words from governments, but it is just a lot of hot air.

- Governments must stop micro-managing the industry. The legacy of the last European Commission is US\$7.6bn of mis-regulation. If the Lisbon Agenda for competitiveness is not just an empty promise, we need to see some results. We reject regulations

anywhere that do not promote growth.

- Governments must give us the freedom to run our business like any other business. It's time to make progressive liberalisation a reality. Our business is to fly but we have regulatory anchors from another age. A commercial agreement for an Open Aviation area between the US and Europe will set the tone for the structural change we desperately need.

Governments have an important role to play in safety and harmonising operations. In other areas, governments must get out of the way. We have business to do.

New backpack tracks

Airlines are starting routes that will attract backpacking (BP) markets in both directions between Europe and Australasia.

First is Emirates through its Dubai base, with its extensive route and frequency network into Australia and New Zealand from the main BP markets – Germany, UK, Switzerland.

In Australia, the airline's coverage is large enough for it to be talked of as though it were the country's second airline after Qantas.

The other BP route is UK-Australia through Hong Kong, following new aviation agreements signed over the past 18 months between UK and Hong Kong, and between Hong Kong and Australia.

As a result, Virgin Atlantic (still not accepting the inevitable name-change by dropping 'Atlantic'), extended its UK-Hong Kong flights down into Sydney.

Virgin was followed by Qantas, which introduced through flights in late 2004 Sydney-Hong Kong-London and which plans to increase frequencies to daily by April 2006.

British Airways and Cathay Pacific have already been operating through flights.

Three of the four – BA, Cathay, and Qantas – are part of the Oneworld airline alliance. Virgin is not a member of a world alliance, but the fact that Singapore Airlines owns 49% of the airline means there is close FFP connections between Virgin and Singapore – which is a part of the Star alliance.

The routes that will probably lose BP traffic are those through the US. For numerous reasons:

- the fear of terrorism has made the US authorities seem suspicious of transit passengers, who need visas, but the travel hassle will reduce the incentive for via-US

routings;

- fares on the Pacific US-Australia segment are high (because only two airlines on the route), so even pro-rata fares from Europe would reflect this;

- for the present the US has lost its attraction to the younger BP market as a 'cool' place to visit.

- Asia Pacific.

- Outbound travel from Asia Pacific increased 8.8% in the first quarter – according to our calculations.

But if that looks strong, there is concern about the region's largest outbound market, China. According to our estimates, China increased only 4% in the quarter – well below the around-20% achieved in most recent years.

- Outbound travel sales from Japan's Top-50 travel agencies increased 16.3% in the first quarter.

The top three returned good growths – JTB was up 14.7%, HIS up 16.2%, but Hankyu (which has lost its second place to HIS in recent years) increased 32.8%.

But although HIS is second, it has got a long way to catch JTB (totals US\$491mn against JTB's US\$829mn), even if JTB is rapidly losing market share. In 2000, JTB had 21% of the top-50, but it is now down to 17%.

Briefs

- **Iexplore**, US-based online seller of adventure and 'experiential' travel, shows that in its world at least, some do go to 'no-go' destinations.

Taking top spot (over January-May 2005) was Egypt, see table.

Other destinations with notable growth were Jordan (No 13) and Venezuela (15), neither of which had any sales for Iexplore in 2004.

Dropping out of the top 10 were Italy, Costa Rica, and Canada, which are now ranked 12, 22, and 26.

- States in the US plan to spend US\$602.7mn for travel development and promotion this year, up 10.6%. Budgets range from US\$69mn in Hawaii to US\$2mn in Rhode Island.

Leading adventure destinations

1 (2)	Egypt
2 (1)	Peru
3 (5)	China
4 (9)	Ecuador*
5 (10)	India
6 (7)	France
7 (3)	Alaska
8 (14)	South Africa
9 (18)	New Zealand
10 (35)	Morocco

Notes: (In 2004.) *Galapagos. Source: Iexplore.

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.

Travel Business Analyst Market Intelligence For Management

New subscription; 12 issues

- A: Asia Pacific edition US\$775 PDF copy email delivery (12 pages).
- A: Asia Pacific edition US\$750 printed copy airmail delivery (12 pages).
- E: Europe edition US\$775 PDF copy email delivery (12 pages; includes V).
- E: Europe edition US\$750 printed copy airmail delivery (12 pages; includes V).
- V: Net Value report US\$100 (1 page; PDF copy email delivery only).
- A+E: Asia Pacific and Europe editions US\$1400 PDF copy email delivery (12 pages both editions; includes V).
- A+E: Asia Pacific and Europe editions US\$1300 printed copies airmail delivery (12 pages both editions; includes V).
- A+V: Asia Pacific edition and Net Value report US\$850 PDF copy email delivery (12 pages A, 1 page V).
- A+V: Asia Pacific edition and Net Value report US\$825 printed copy airmail delivery (of A); V via email (12 pages A, 1 page V).
- NF: 'No Frills'. Asia Pacific and Europe editions US\$899 PDF copy email delivery (12 pages both editions; includes V). *Contact us for conditions.*

Start from..... issue.

SUBSCRIPTION FORM

Renewal subscription; 12 issues

- A: US\$675 email. US\$650 airmail.
- E: US\$675 email. US\$650 airmail.
- V: US\$80 email.
- A+E: US\$1250 email. US\$1150 airmail.
- A+V: US\$750 email. US\$730 airmail.
- NF: US\$899 email. *Contact us for conditions.*

Restart from..... issue.

Single and Back issues, months.....
Rates on application.
Bulk subscription, number.....
Rates on application.

Tick items required, and complete form below.

(Prices valid for month of issue and following month only.) For orders as above, mail to Travel Business Analyst, GPO Box 12761, Hong Kong, China. Fax (33-4)-9449-0949.

METHOD OF PAYMENT

- Cheque made out to Travel Business Analyst Ltd.

Amount enclosed: _____

- American Express Your Name (Name of cardholder): _____

Address (or attach business card): _____

Phone: _____

Email: _____

Credit Card No: _____

Expiry Date: _____

Signature: _____