

# Travel Business Analyst

Markets + Marketing + Strategy

EUROPE • OCTOBER 2005

Duty free

## Sales reach \$25bn

Duty-free and other travel retail sales increased 22% in 2004 to reach US\$25bn, according to Swedish company Generation. Europe had the highest volume – although we estimate that as much as 60-70% of sales are airport retail sales, not duty free.

Fastest percentage growth came from the Asia Pacific region – but this was almost entirely due to recovery from the fall in air travel due to the SARS pandemic in 2003. The region's 34% growth, see table, puts it back to a 30% share of the total.

Overall, airport shops took 51% of the total, and also grew fastest – nearly 25%.

Generation estimates that the highest level of sales was made at London Heathrow airport – as much as US\$900mn,

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

Source: Generation.

see table. That is almost more than the next two combined – Dubai and Seoul, both estimated to have recorded sales up to US\$500mn.

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

However, Dubai's airport is no longer a small-but-growing operation. Its 21mn passenger throughput puts it at a similar size to Milan's Malpensa, for instance.

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

There are some surprises in  
*contd on p2*

Air passengers

## Under performing

Over January-June most of the main country-pairs to/from and within Europe that we track performed below countrywide averages for Germany, the UK, and the US. But they were generally ahead for France. See table.

Following is a review of the four markets.

Air passengers in first half, mn			
From/to	2005		2004
France	29		27
Germany	57		52
UK	82		76
US	59		55

Notes/Source: See main table.

Overall growth for our selected main country-pairs to/from France was just 3% compared with country-wide growth double that. There are four of our selected country-pairs to/from France that are above 2mn. On two traffic declined, but on the other two growth was good.

Falls were over Italy and UK, but growth to both US and Spain – which is the biggest country pair to/from France.

Overall growth for our selected main country-pairs to/from Germany was a respectable 9%, but country-wide growth was at a slightly stronger 10%.

The largest country-pair, to/from the UK, was also the fastest-growing, at 14%. This is probably due to growth in low-fare airline services between the two markets. And LFA routes are also affecting traffic on other markets; not always a big increase because some regular airlines lose traffic as LFAs increase their share.

Apart, that is, for the main market, Spain – although the air traffic pattern on these routes is changing as well.

In 2004, it seemed possible that Italy could take the place of Spain for some leisure traf-

*contd on p2*

### Main News

Recent corporate developments – big or significant.

- Candant to acquire the Wyndham hotel brand. Although not a big name, important because it moves Candant into 4-star level, maybe higher, and management.
- Delta and Northwest both apply for bankruptcy protection in the US, joining United.
- Ford sells Hertz to a financial consortium for US\$15bn.
- Meridien accepts bid from Starwood to buy it out.

**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 – duty free

Table 1

Sales per location, 2004		
Location	Sales US\$m	Per passenger* US\$
London Heathrow	501-900	13.41
Dubai International	501-900	23.92
Seoul Incheon	501-900	20.75
Amsterdam Schiphol	301-400	9.43
Singapore Changi	301-400	13.99
Paris CDG	201-300	5.88
London Gatwick	201-300	9.55
Frankfurt	201-300	5.91
Manchester	201-300	14.29
Silja Line,Finland	201-300	NA
P&O Ferries,UK	201-300	NA
Brussels	151-200	12.90
Viking Line,Finland	151-200	NA
Rome	101-150	5.43
Istanbul	101-150	9.62

Notes: Above US\$100mn. \*Based on maximum dollar sales revenue shown. Source: Airports Council International, Generation, Travel Business Analyst.

Table 2

Duty-free and other travel retail sales, 2004		
Item	Growth,%	Share,%
Europe	16.6	44.8
Americas	18.8	23.8
Asia Pacific	33.8	30.1
Airport shops	24.5	51.4
Other shops	20.9	31.7
Airlines	24.1	7.2
Ferries	11.3	9.7

Source: Generation.

Generation's findings:

- Some ferry companies (whose economic viability is closely related to retail sales) sell more than airports the size of, for instance, Rome.

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

- The absence of China airports from the list. Given the size of its international travel market (nearing 30mn), we believe this is an omission and not the fact that sales are lower than the lowest category that Generation lists – sales of up to US\$100mn.

contd from p1 – air passengers

fic out of Germany. We thought that would be surprising, if only because the leisure package industry has a wider range of offers to Spain than to Italy, and Italy's sea resorts are not as well organised for international clientele as are resorts in Spain.

Air passenger growth in first half, %		
From/to	2005	2004
France	6	NA
Germany	10	17
UK	7	NA
US	6	18

Notes/Source: See main table.

But in 2005, Italy's growth was slower than Spain's.

Also disappointing is the US market, whose recovery since 9/11 seems to have stopped.

Growth to/from the UK is almost entirely related to development of low-fare airlines. LFAs are selling enough seats, and expanding fast enough, that their development is reflected in results for most short-haul routes within Europe.

Growth for our selected markets was 5%, below overall growth of 7%. Spain, larger than the next two markets combined, was growing at a disappointing 3%. Likewise for the US, the second-larg-

est. But the 8.7mn counted is still below the 8.8mn peak counted in the same period in 2000 – the year before 9/11.

Given sizeable promotional efforts (Visit Britain's in the US, and Travel Industry Association's in the UK), much-touted friendship between the two countries, and strong business links, this is a disappointing result.

Germany and Italy results can probably be marked up almost entirely to Europe's two leading LFAs, Easyjet for Germany, and Ryanair for Italy. Ryanair has 17 routes over UK-Italy (and is the biggest on nine of them), British Airways has six, and weakened Alitalia only two.

Almost certainly this growth to Italy is taking away some growth potential from Spain.

And another cause for disappointment is the fact that US data for the same route show almost nil growth (up 0.3%).

Figures should match exactly those from the UK, but such matches never happen. And, indeed, these are our estimates, based on patterns in the first five months.

Growth in our selected group is only 3% compared with country-

### Air passengers on selected country-pairs in first half 2005, mn

From/to	France †	Growth %	Germany	Growth %	UK	Growth %	US‡	Growth %
France	na	na	2.92	4.9	5.39	1.4	2.92	5.7
Germany	1.91	3.5	na	na	5.28	10.6	3.83	6.0
Italy	2.24	-5.2	4.26	8.0	5.08	8.7	1.19	13.1
Netherlands	0.51	6.0	1.15	3.9	4.69	6.2	2.03	4.3
Spain	2.24	12.8	9.25	8.7	15.32	2.9	0.75	-12.2
Switzerland	0.89	7.2	1.97	10.5	2.45	7.6	0.70	5.1
UK	2.23	-3.8	5.25	14.3	na	na	8.36	0.3
US	2.86	8.0	3.94	5.4	8.73	2.7	na	na

Notes: \*Over same period, year earlier. †Paris airports only. ‡Estimate, based on first five months, by Travel Business Analyst. Source: Aeroports de Paris (France), Statistisches Bundesamt (Germany), Civil Aviation Authority (UK), Department of Commerce (US), Travel Business Analyst.

### Volume 15 Number 10

ISSN-0256-419X

Email annual subscription rate is US\$775 for the monthly 12-page Europe edition, US\$775 for the monthly 12-page Asia Pacific edition, US\$100 for the monthly single-page Net Value, and US\$100 for the monthly single-page People-in-Travel. There are linked rates for these four 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, Simmey Wong.

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

wide air traffic growth much faster – up 6%.

This is not encouraging – all other selected markets to/from the US increased faster. After the UK, only two other markets are of any significant size – France and Germany.

If observers were looking for statistical evidence of the political and social fallout between France and the US, they are likely to be disappointed. Growth was 6%, slightly below the average, with Germany at the same level.

*This is another indicator that it is getting more difficult to determine reactions of travellers based on apparent realities – in this case, apparent strong mutual dislike between French and US nationals. Life goes on, it seems.*

That said, the fall in the Spain total seems related to political realities (US and Spain have fallen out); the decline was 12%.

The total to/from Germany (which, as with the UK data, should match the figures collected in Germany – but it does not) is also just below average.

The big growth was to/from Italy – which has helped Alitalia's performance.

## Europe Airlines graded

From the start of 2003, the Association of European Airlines has bravely been compiling reports where most of its member airlines list baggage mishandling and flight delays. Figures are now available for the mid-way point in 2005, see table.

AEA asks that this list not be treated as 'best-and-worst', but unfortunately

Table 2

Best airlines in Europe for baggage and punctuality							
On-time arrival†,%	On-time departure†,%	Flight regularity*	Bags missing/ 1000 pax				
<b>Mid-2005</b>							
Finnair	92	Finnair	91	Icelandair	100	Turkish	4
SN Brussels	90	Luxair	91	Air Malta	99.8	Air Malta	4
SAS	88	SN Brussels	90	Finnair	99.8	Cyprus	7
				Malev	99.8		
<b>All-2004</b>							
Finnair	90	Tarom	93	Icelandair	100	Meridiana	4
Luxair	87	Luxair	90	Tarom	99.9	Turkish	4
SAS	86	Finnair	89	Finnair	99.7	Air Malta	6
<b>All-2003</b>							
Finnair	91	Luxair	93	Air Malta	100	Turkish	4
Luxair	91	Tarom	93	Icelandair	99.9	Air Malta	5
SAS	89	SN Brussels	92	Adria	99.7	Meridiana	6

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

Table 3

'Second-worst*' airlines in Europe for baggage and punctuality							
On-time arrival†,%	On-time departure†,%	Flight regularity*	Bags missing/ 1000 pax				
<b>Mid-2005</b>							
Olympic	71	Spanair	74	KLM	98.2	British	16
Turkish	67	Olympic	71	Olympic	97.5	A Portugal	16
Icelandair	66	Icelandair	70	JAT	85.7	KLM	17
<b>All-2004</b>							
TAP	66	TAP	71	Air France	97.8	Austrian	17
Icelandair	68	Air Malta	74	Croatia	97.9	British	18
Turkish	74	Olympic	76	JAT	98.0	KLM	20
<b>All-2003</b>							
Turkish	69	Olympic	77	Air Portugal	98.2	Air France	19
Alitalia	68	Swiss	76	Air France	98.1	Alitalia	22
Air Portugal	67	Alitalia	75	Olympic	97.3	KLM	23

Notes/Source: See Table 2.

Table 1

## 'Worst' airlines in Europe

- Aer Lingus†
- Aeroflot
- Easyjet
- Ryanair
- Spanair††
- Turkish††
- Virgin Atlantic†
- Virgin Express

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

that is inevitable. But it also adds that non-AEA member airlines should not make statements on comparative results – because criteria and measures may be different.

*Partly for that reason we provide a list of AEA member airlines who did*

## This month in Travel Business Analyst Asia Pacific:

- First-half hotel results.
  - Travel agency results for 2004.
  - First-half outbound for Japanese agencies.
  - 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.

not provide data to their association, and who thus could be considered the 'worst'.

*In addition, non-member airlines are included in our resulting 'worst' list. Although slightly unfair, inclusion is to encourage such airlines to participate in AEA studies, without becoming AEA members. However, we also accept that for low-fare airlines, this starts to become a cost factor that would eventually threaten their LFA status.*

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

AEA members that have come in after initial absence are Icelandair, LOT-Polish, Luxair, Meridiana, and Swiss. Apparently committed non-reporting member airlines are Aer Lingus and Virgin Atlantic.

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

However, we find it difficult to believe Air Malta's and Icelandair's 100% flight regularity (percentage of flights performed as planned) – particularly as both airlines have also figured in the 'second-worst' lists for late arrivals or departures.

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

At the end of the half-year, AEA says 99.0% of short/medium-haul flights operated as planned, and 83.3% departed within 15 minutes of schedule; for longhaul it was 99.6% and 76.9%. All these are improvements, although difficult to visualise, when growth is from, say, 98.7% to 99.0% – as in the case of short/medium-haul flights.

New airlines

## Max, and Lux?

Two new airlines are due to start transAtlantic flights before the end of this year, both between New York Kennedy and London Stansted.

US-based Maxjet plans low-fare operations – although it has not yet defined that ‘low-fare’, using B767s with ‘about’ 200 seats.

UK-based Eos plans luxury jets, with 48 seats in a B757 instead of the normal about-210. Like Maxjet, it has not defined its fares.

Dependent on those fare levels, then Maxjet could be a success – but depends on frequency (if less than a daily, then fares need to be lower). And what the industry calls ‘schedule integrity’ – will its flights operate more or less on time more or less all the time?

But for Eos the risk is much greater – even if the product is good. Frequency needs to be at least daily – and preferably double-daily, although Saturday-night and Sunday-morning could be dropped. Plus frequent-flyer points.

But Eos will not be able to offer attractive FFP (because it has no other routes) – so that makes its fare level even more important. That means the price should not be much more than a (discounted) economy class ticket.

Forget protests that it is offering a first-class product at business-class fares. Few people fly FC, and most of those that do are not worried about the price, but about the product.

And the product also includes frequency, FFPs, schedule integrity, and, possibly London Heathrow, not the secondary airport, Stansted. And not just comfortable seats and French not Australian champagne (*sorry, but we do know that only the Champagne district of France is legally entitled to use that name*).

Another problem for Eos is its name. Maxjet has got it right, but Eos? Lesson one in marketing should have told the backers to choose a name that will be remembered, and can be pronounced, and tells potential customers what it offers. *How about*

*Luxjet?*

Eos will need a special trick if it is to survive past Christmas; if, of course, it actually takes off.

## Briefs

• **Accor Hotels** says that its results for the second half of this year will follow the same trends as the first half.

In that period, the company’s revenue increased 6.8% in actual terms (and 5.0% on same-store basis) to US\$4.55bn (€3.64bn).

• Although **Kuoni Travel’s** sales total managed a tiny increase in the first half, see table, most re-

passenger traffic will grow at 4.1% annually to 2020, doubling current numbers, to reach 7.4bn, see table.

• At the year’s half-way mark, **Cendant’s** travel distribution

### Cendant TDS net revenue, 2005

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

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

division was running below its whole-year projections for 2005, see table.

Total travel revenue increased at 16% in the first half – but the forecast is for a 21% growth over the whole year.

### Kuoni Travel’s half year, US\$m\*

Region	2005		2004		2000
	Turnover	Growth, %	Turnover	Growth, %	Turnover
Switzerland	273	-8.6	299	-6.8	321
UK, US	285	-9.2	315	-24.7	418
Continental Europe	445	8.2	411	12.0	367
<b>Total</b>	<b>1272</b>	<b>0.3</b>	<b>1268</b>	<b>-8.5</b>	<b>1385</b>

Notes: \*Converted at US\$1 to Sf1.24. Source: FVW, Travel Inside.

gions are still down over 2000.

Worst-performing region was UK/US (unhelpfully combined). This is believed to be caused primarily by the US, and following 9/11.

Results were saved by Europe – excluding Switzerland and the UK, but all of that from just one region, Scandinavia.

• **Carlson Wagonlit Travel** reports net revenue of US\$606mn, a 30% increase.

• **ACI forecasts world airport**

### Airport passenger forecasts, bn

2004	2.9
2007	4.4
2010	4.9
2020	7.4

Source: Airports Council International.

• In March, **Iberia** launched daily Madrid-Moscow using 122-seat A319s. Load factor through August was 71%.

• Of Europe’s two largest **outbound markets**, spending by travellers from Germany increased 2% in the first part of this year (see table for additional qualifications), but the UK increased nearly 6%.

Although not all the data is clear, Italy makes up the top three, with France close behind.

This year, the Italy market was hardly moving – with a spending increase of 1% – but the France market was growing at 7%.

As frequently the case with data from the World Tourism Organization, some figures require additional explanation – but the WTO does not give any.

This is the case with a spending growth of 27% from the Spain market.

No additional information is given, but we believe such a

## Early 2005 spending on outbound travel from Europe

Market	Jan-	Growth,%
France	Apr	6.6
Germany	Apr	2.0
Greece	Apr	16.3
Italy	Mar	1.3
Netherlands	Mar	6.3
Norway	Mar	11.6
Portugal	Mar	12.4
Spain	Mar	27.4
Turkey	Apr	16.9
UK	Apr	5.8

Source: World Tourism Organization.

growth is unlikely. It therefore probably indicates a change in methodology – from the supplier of data to the WTO.

- **Air traffic** for airlines based in Europe showed fast growth in the first half of this year, 6%, but this is below the 10% growth for the whole of 2004, see table.

However, this is not much higher than growth in capacity, which was 5% in H1.

And Europe's results were the weakest of the three main regions. Traffic growth for airlines based in North America was 11% in H1, for airlines in Asia Pacific 8%, and worldwide 9%.

Table 1

## Growth in world air traffic RPKs, over earlier period

Jan-Jun 2005	8.8
Jan-Jun 2004	20.4
Jan-Dec 2004	15.3
Jan-Dec 2003	-2.4

Notes/Source: As Table 2.

Table 2

## Air traffic growth, over earlier period

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

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



# People-in-Travel

## Tracking Travel's Leaders

### Good work; goodbye

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

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

Earlier, he told us his priorities at Accor were:

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

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

So why was he asked to leave?

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

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

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

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

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

- Benjamin Cohen, 66, and number

two after JME. If he stands a chance, probably only on an interim basis because of his age.

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

### Thai; in knots

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

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

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

But worse, government interference continues. At the time of these changes, the country's prime minister, no less, told Thai to postpone delivery of two A340 aircraft due this year. Meanwhile, one of the prime minister's family group companies, Thai Air Asia continues to add aircraft without ministerial interference.

### New Cook, new menu?

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

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

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

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



# Net Value

Marketing Travel On The Internet

## Cendant survey

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

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

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

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

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

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

In fact, expansion in Asia by LFAs is seriously limited by air traffic rights. Protectionism is breaking down steadily but there is still a long way to go. When

*Air Asia can establish an operating base in Hong Kong (or Macau or Shenzhen), and fly to China, Manila, etc – then you know liberalisation has arrived.*

The Cendant survey also examined how travellers will spend the money they save on air travel.

Singapore respondents will not spend more on hotels, but 62% say they will spend their air savings on shopping. Likewise in Hong Kong – 65% would spend the same amount on hotels, but 61% would spend their savings on shopping, and 52% on food & beverage.

Again a difference in Malaysia. Although 50% would spend their savings on shopping, 39% would also spend more on hotels.

\*Cendant Travel Distribution Services is a division of Cendant Corporation (whose travel brands include Ramada hotels, Avis car rental, RCI, the timeshare company, and many more). Its TDS includes Ebookers, Galileo, Octopus Travel, Orbitz, and many more. †Used by Net Value to define those airlines that sell at least 50% of their seats over the internet.

## Summer feedback

Feedback Research says an amazing 88% (of survey respondents, in the US) who went or planned to go on vacation this past summer, used or planned to use the internet for research and/or purchase.

Also, 61% of those buying airline tickets used the internet, up from 50% in summer 2004. As did 52% of those buying hotel rooms, up from 40%.

In addition:  
- 53% said they would travel with the brand/company that offered the lowest price.

- Of those who purchased travel online, 78% selected sites because of good

(ie low) prices, 56% because the site was easy to use, and 28% because of loyalty programs.

- 73% of those who bought travel online researched travel at a general site, but then went to a specific company site to buy. 52% because they found that company offered the lowest prices. We believe there is no such thing as the 'lowest price', so this means 'prices that the customer believed were the lowest he/she could find'. And 47% cited special deals and 43% cited better (ie lower) prices, while 22% wanted to receive loyalty program points.

- Consumers site-hop. Over half of those who viewed Delta, United or Southwest sites, also viewed Orbitz.

- Site-hopping seems more common for visitors to general online travel sites. Of visitors to Hotwire, 71% also visited Orbitz, 67% Expedia, and 62% Travelocity.

- Of all travel sites, airline sites seemed to have most repeat viewers. Southwest had the most, with the average viewer coming back 9.31 times; Alaska Air 9.29 times, and Northwest 9.19 times.

- 73% started planning 1-week to 3-months before leaving.

## Eticket shares

Markets that are furthest advanced in issuing etickets are the smallest – with Bermuda at the top, see table.

Most advanced of the major markets is Canada, followed by Australia and the UK. The US does not make the top 10.+

IATA etickets share, 2004	
Market	Share,%
Bermuda	81.5
Micronesia	66.1
Chile	63.0
Dominican R	61.5
Jamaica	59.5
Canada	58.6
New Zealand	55.1
Australia	54.4
UK	48.3
Central America	42.9

Notes: Through IATA's BSP plan. BSP = Billing & Settlement Plan, IATA = International Air Transport Association. Source: IATA

Online bookings*, Asia		
Market	Air	Hotel
Hong Kong	23	15
Malaysia	43	38
Singapore	45	41

Notes/Source: See main table.

Online booking intentions*, Asia		
Market	Air	Hotel
Hong Kong	32	26
Malaysia	87	84
Singapore	69	50

Notes: \*Share of respondents who have booked online in past 12 months or plan to in next 12 months. Source: Marketshare.

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

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# MARKET DATA

## Headlines

### Comments on tables

- British Airways YTD seat sales fall. Even though the fall is slight, we regard this as serious. But is this in one way a good welcome to the airline's new CEO, who takes over this month? It gives him the opportunity to make important changes and use traffic decline as explanation for staff. Meanwhile, Lufthansa also looks weak, but the other member of the top three, Air France, is doing well. LFAs still at YTD growth of over 20%, with good loads for Easyjet, not so good for Ryanair.
- First half for Asia Pacific. Perhaps slower growth than expected – given general talk about the return of fast growth in that region. In the US, despite ever-weakening airlines (or because of?), traffic growth is still double-digit. And Europe's growth looks solid.
- Europe's YTD airport passenger throughput growing at a fast 8%.
- First half for France, Germany, UK. Some surprises from France – including a 4% decline to/from UK, before the London bombings, and to/from Italy. Fast growth from Germany – nearly 10%. And from the UK, 7% growth. And US YTD up 6%. Editorial review this issue.
- Lastminute.com, now owned by Sabre/Travelocity, is no longer quoted. Thus it is removed from our listing and replaced by EADS, the company that owns most of Airbus, and others. My Travel re-issues. August was a bad month – 12 declines and only 7 increases.
- More updates with 2004 data (courtesy WTO) – including Czech R, Greece, Norway, Portugal, Turkey.
- Selected first-half data from Expedia and Priceline.
- YTD occupancy up 1.5 points to 69%, average rate up US\$8 to US\$184, pushing revpar up nearly US\$10 to US\$128.
- More updates with 2004 data (courtesy WTO) – including Belgium, Greece, Ireland, Netherlands, and Portugal.
- More updates with 2004 data (courtesy WTO) – including Hungary (decline according to previous WTO figures; WTO leaves this column blank, presumably indicating it is unsure of the data), Cyprus, Finland, Malta, Norway.

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

Airline	Mth:	SS				ASK				RPK				Jan thru:	Low-fare airline traffic			
		1000	+/- %	mn	%	1000	+/- %	mn	%	1000	+/- %	mn	%		Airline	Month	Jan thru	
Air France	Jul	4429	7.6	11135	9.0	Jul	27286	5.0	84514	3.4	66073	6.8	78.2	2.5				
Alitalia	Jul	2349	7.2	3635	6.8	Jul	13748	10.6	30475	12.7	21238	13.3	69.7	0.3	Easyjet	Jul	Jul	
Austrian	Jul	788	9.5	1969	10.6	Jul	4474	2.3	14241	4.0	10250	3.7	72.0	-0.2	SS,x1000	2848	17250	
British AW	Jul	3410	0.1	10381	4.3	Jul	20669	-0.1	85041	1.7	64095	3.7	75.4	1.5	Growth,%	18.0	20.7	
Iberia	Jul	2573	7.2	4578	6.9	Jul	15648	4.3	36598	5.7	27863	6.9	76.1	0.9	SF,%	88.4	85.3	
KLM	Jul	2014	5.6	6383	10.4	Jul	12284	5.4	47011	6.3	38862	8.1	82.7	1.4	Growth,pts	0.3	0.3	
Lufthansa	Jul	4541	2.3	10755	5.2	Jul	28121	1.5	82991	3.0	65114	4.0	78.5	0.8				
Olympic	Jul	640	8.4	828	0.2	Jul	3346	3.6	6077	1.4	4199	13.2	69.1	7.2	Ryanair	Jul	Jul	
SAS	Jul	1944	-3.8	2527	-1.9	Jul	14115	-3.8	22619	-3.3	15943	-1.6	70.5	0.8	SS,x1000	3199	18398	
Swiss	Jul	909	10.7	1922	5.6	Jul	5644	3.3	15274	-6.0	11919	-1.1	78.0	3.8	Growth,%	29.0	22.7	
TAP	Jul	620	-9.8	1379	-0.2	Jul	3710	-3.7	11420	4.0	8297	4.3	72.7	0.2	SF,%	90.0	81.6	
Turkish	Jul	1412	22.3	2136	19.2	Jul	7653	21.8	15696	14.7	11524	19.9	73.4	3.2	Growth,pts	0.0	0.1	
Virgin A'tic	Jul	410	1.2	2916	4.4	Jul	2596	2.6	24862	11.3	18502	5.7	74.4	-4.0				

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, 2005

Item	Europe,AEA									
	Apr 05	Growth,%	May 05	Growth,%	Jun 05	Growth,%	Jul 05	Growth,%	YTD 05	Growth,%
SS,mn	18.0	1.9	18.9	5.4	19.8	5.3	21.3	6.0	125.3	4.8
ASKs,mn	68,096	4.8	71,262	4.7	71,098	4.2	75,121	4.1	478,730	4.5
RPKs,mn	51,550	4.1	53,281	7.1	56,141	6.4	61,692	7.2	365,450	6.4
Pax LF,%	75.7	-0.6*	74.8	1.7*	79.0	1.6*	82.1	2.4*	76.3	1.3*
US,ATA										
SS,mn	5.2	10.3	5.4	12.5	5.8	10.4	6.4	10.3	37.9	11.6
ASKs,mn	32,292	11.7	33,957	9.3	34,317	9.4	36,306	9.1	230,129	10.6
RPKs,mn	25,217	11.3	27,226	11.9	29,208	9.9	30,927	9.9	184,768	11.4
Pax LF,%	78.1	-0.2*	80.2	1.9*	85.1	0.4*	85.2	0.6*	80.3	0.6*
Asia Pacific,AAPA										
SS,mn	9.8	13.0	9.6	6.9	9.6	8.0	10.6	5.1	58.0	7.3
ASKs,mn	53,275	7.2	52,999	5.6	55,032	5.9	59,646	5.8	330,461	5.6
RPKs,mn	38,726	11.3	37,675	6.3	38,065	6.7	44,401	6.2	239,231	6.5
Pax LF,%	72.7	2.7*	71.1	0.5*	69.2	0.5*	74.4	0.3*	72.4	0.6*

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	Passengers,x1000				Aircraft movements,x1000				Seats sold per aircraft		
	Month	Month	Growth,%	YTD	Growth,%	Month	Growth,%	YTD	Growth,%	Month	YTD
Amsterdam	Jun†	3,950	3.7	20,655	3.2	35.2	1.1	196.4	0.7	112	105
Berlin*,x3	May†	1,476	15.8	6,323	17.7	21.4	-1.3	92.8	6.1	69	68
Brussels*	May†	1,465	3.6	6,018	4.2	22.3	-0.3	102.3	-0.7	66	59
Copenhagen*	May†	1,710	2.4	7,430	2.5	23.7	1.3	110.1	-0.2	72	67
Frankfurt	Jun†	3,988	4.1	21,092	2.8	34.8	4.8	197.4	4.6	114	107
London,x3	Jul†	10,990	2.3	62,681	4.5	69.8	2.0	439.9	1.9	157	143
LHR	Jul†	5,866	0.1	35,364	2.1	35.7	-0.1	237.6	-0.2	164	149
LGW	Jul†	3,199	4.0	16,335	6.7	20.4	5.1	115.8	5.4	157	141
STN	Jul†	1,926	6.9	10,983	9.3	13.8	3.1	86.5	3.4	140	127
Madrid*	May†	3,550	11.2	16,156	8.2	35.4	4.8	169.1	4.6	100	96
Milan*,x3	May†	2,823	-3.2	12,487	3.4	35.2	7.8	159.0	4.0	80	79
Paris*,x2	May†	6,874	7.2	30,777	4.4	64.8	-5.3	304.4	-1.0	106	101
CDG	May†	4,716	7.9	20,845	4.6	45.3	-5.9	211.8	-2.3	104	98
ORY	May†	2,158	5.6	9,932	4.0	19.5	-4.0	92.6	2.1	111	107
Rome*,x2	May†	3,006	12.9	12,530	8.5	32.2	6.3	147.9	6.3	93	85
Zurich*	May†	1,523	7.1	6,898	4.3	23.2	0.6	108.9	3.6	66	63
<b>EUROPE*</b>	<b>May†</b>	<b>108,911</b>	<b>9.1</b>	<b>453,950</b>	<b>7.8</b>	<b>1,586.2</b>	<b>4.2</b>	<b>6,910.9</b>	<b>4.0</b>	<b>69</b>	<b>66</b>

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

## 4 Air passenger traffic to/from selected countries, x1000

From/to	France†				Germany				UK				US			
	Jun	+/-*	YTD	+/-*	Jun	+/-*	YTD	+/-*	Jun	+/-*	YTD	+/-*	Apr	+/-*	YTD	+/-*
To/from	05	%	05	%	05	%	05	%	05	%	05	%	05	%	05	%
France	na	na	na	na	548	3.1	2924	4.9	1028	2.1	5387	1.4	485	0.3	1743	5.0
Germany	347	-1.0	1913	3.5	na	na	na	na	932	6.6	5276	10.6	652	6.2	2282	5.4
Italy	429	0.7	2244	-5.2	845	15.4	4264	8.0	1065	13.8	5076	8.7	209	13.0	653	10.2
Netherlands	95	-0.4	510	6.0	220	8.3	1155	3.9	679	-0.3	4690	6.2	342	-1.9	1270	4.8
Spain	424	15.1	2240	12.8	1923	9.5	9247	8.7	3643	3.9	15322	2.9	122	-19.2	447	-14.5
Switzerland	150	5.0	886	7.2	357	11.3	1973	10.5	332	6.4	2454	7.6	117	1.7	444	5.7
UK	410	-4.6	2230	-3.8	935	11.2	5250	14.3	na	na	na	na	1459	-2.9	5188	0.6
US	592	4.2	2864	8.0	833	7.1	3943	5.4	1758	1.4	8734	2.7	na	na	na	na
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>11389</b>	<b>9.9</b>	<b>56683</b>	<b>9.7</b>	<b>17184</b>	<b>7.5</b>	<b>81863</b>	<b>7.4</b>	<b>9570</b>	<b>2.1</b>	<b>37352</b>	<b>6.4</b>

Notes: \*Over same period, year earlier. †Paris airports only. Source: Aeroports de Paris, 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	Jul 05	Aug 05	stock	market
<b>Airlines</b>							
Air France	Paris	12.2	14.0	13.7	13.2	-3.6	-1.2
Alitalia	Milan	0.26	0.25	0.25	0.25	2.2	-0.4
British Airways	London	233	235	287	277	-3.4	0.3
Easyjet	London	NA	188	247	292	18.1	0.3
Iberia	Madrid	2.28	2.59	2.58	2.20	-14.7	-1.1
Lufthansa	Amsterdam	13.3	10.6	10.4	10.8	4.2	-1.2
Ryanair	Dublin	6.59	5.25	6.85	6.51	-5.0	-1.4
<b>Hotels</b>							
Accor	Paris	35.9	32.2	42.4	42.8	0.7	-1.2
Hilton	London	225	285	293	315	7.5	0.3
InterContinental	London	529	648	733	747	1.9	0.3
Sol Melia	Madrid	6.79	7.40	11.7	10.8	-7.7	-1.1
<b>Others</b>							
Amadeus	Madrid	5.15	7.57	7.37	7.35	-0.3	-1.1
Avis Europe	London	95.0	53.8	50.0	49.8	-0.5	0.3
BAA	London	496	584	609	612	0.5	0.3
EADS	Paris	18.9	21.4	27.7	27.4	-1.2	-1.2
Eurotunnel	London	37.5	17.0	17.8	17.0	-4.2	-1.1
Kuoni	Zurich	414	500	504	488	-3.2	-1.3
My Travel	London	NA	NA	196	195	-0.6	0.3
TUI	Frankfurt	16.5	17.4	21.8	19.1	-12.5	-1.2

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†	11,415	-11.7
Belgium	Dec†	13,853	3.5
Czech R	Dec†	2,271	7.2
France	Dec	23,273	0.6
	Dec†	28,636	11.1
Germany	Dec	63,402	3.0
	Dec†	72,271	1.6
Greece	Dec†	2,874	8.2
Hungary	Dec	2,594	-1.7
Ireland	Dec	4,709	6.2
Italy	Dec†	20,544	-9.4
Luxembourg	Dec	2,373	5.0
Netherlands	Dec†	16,676	3.9
Norway	Dec†	8,428	20.3
Portugal	Dec†	2,767	4.4
Russia	Dec	12,880	14.1
	Dec†	15,730	22.1
Spain	Dec†	12,156	22.0
Sweden	Dec†	10,123	11.8
Switzerland	Dec†	8,334	3.0
Turkey	Dec†	2,524	19.5
UK	Dec	47,443	7.2
	Dec†	55,930	4.1

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

Notes: See Master Notes, page 7, and Net Value. All \$s are US\$. 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, July

City	Occupancy,%				Average room rate,				Revpar,				
	2005		2004		local	US\$*		2004		US\$*		2004	
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD	Mth	YTD
<b>EUROPE*</b>													
Amsterdam	75.4	71.4	70.1	73.0	141.69	162.50	179.12	144.44	163.51	122.57	127.82	101.32	119.28
Berlin	62.7	61.3	66.0	63.2	109.02	104.34	137.82	113.09	144.10	65.46	84.51	74.59	91.05
Brussels	57.8	64.6	56.3	64.6	108.80	106.99	137.55	99.68	131.43	61.82	88.88	56.16	84.86
Copenhagen	74.0	67.7	78.5	70.5	820.78	126.03	139.22	115.38	125.76	93.27	94.26	90.52	88.65
Frankfurt-all	56.6	64.1	58.5	59.2	122.21	118.90	154.50	116.29	145.90	67.28	99.02	68.06	86.36
U-4	59.3	66.6	NA	NA	127.55	127.05	161.25	NA	NA	75.38	107.40	NA	NA
Geneva	60.5	62.5	56.9	62.1	291.13	232.01	237.83	240.21	224.17	140.44	148.67	136.67	139.24
London-all	80.6	76.0	80.1	70.7	132.80	239.47	245.45	281.50	256.96	192.99	186.62	225.56	181.70
U-4	80.1	76.7	NA	NA	144.66	261.54	267.38	NA	NA	209.52	204.99	NA	NA
5-star	74.3	64.8	NA	NA	228.07	421.83	421.54	NA	NA	313.56	273.27	NA	NA
Madrid	61.9	70.3	56.9	65.4	143.07	157.49	180.88	157.55	183.41	97.41	127.15	89.70	119.87
Moscow	77.6	79.7	82.7	75.5	4730.73	137.42	168.24	148.16	147.21	106.70	134.11	122.48	111.07
Paris-all	71.3	67.7	66.5	66.0	172.08	189.05	217.54	185.34	198.93	134.88	147.17	123.33	131.36
U-4	72.9	70.3	NA	NA	157.46	166.00	199.06	NA	NA	121.01	139.91	NA	NA
5-star	67.8	63.5	NA	NA	273.76	340.56	346.09	NA	NA	230.95	219.89	NA	NA
Rome	77.4	72.6	70.9	68.2	208.69	243.89	263.82	220.77	248.40	188.68	191.61	156.57	169.50
Zurich	78.9	71.7	77.4	71.6	177.23	119.70	144.78	117.72	134.56	94.48	103.84	91.11	96.33
<b>AVERAGE</b>	<b>69.6</b>	<b>69.1</b>	<b>68.4</b>	<b>67.5</b>	<b>na</b>	<b>161.48</b>	<b>183.90</b>	<b>161.68</b>	<b>175.36</b>	<b>113.83</b>	<b>127.81</b>	<b>111.34</b>	<b>118.27</b>
<b>US†</b>													
Los Angeles	81.4	78.1	78.2	75.3	103.16	103.88	103.16	96.64	96.06	84.56	80.52	75.57	72.38
New York	85.1	83.4	82.2	83.1	189.40	187.38	189.40	165.22	172.66	159.46	157.96	135.81	143.46

Notes: See Master Notes, page 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, 2004

Country	Locations	Growth %	Net sales US\$mn*	Growth %	Per agency US\$mn*	Growth %
Austria	253	-1.9	1,133	27.0	4.48	29.5
Belgium‡	755	0.0	1,653	20.0	2.19	20.0
Bulgaria	149	8.8	107	46.3	0.72	34.5
Croatia	93	6.9	91	26.6	0.97	18.4
Cyprus	146	-0.7	246	19.7	1.69	20.5
Czech R‡	217	4.3	358	27.5	1.65	22.2
Finland	286	-2.4	990	36.8	3.46	40.2
France	3,633	0.0	9,516	18.2	2.62	18.2
Germany	4,441	-2.6	10,061	17.8	2.27	20.9
Greece	1010	-0.7	1,051	9.4	1.04	10.2
Hungary	256	-1.5	273	10.3	1.06	12.0
Ireland	460	-2.3	712	8.8	1.55	11.4
Italy	5,493	4.7	6,109	10.6	1.11	5.6
Malta	93	2.2	64	19.9	0.69	17.3
Netherlands	557	-3.8	2,412	14.8	4.33	19.3
Nordics‡	1443	0.0	4,967	6.2	3.44	6.2
Poland	366	7.3	429	22.1	1.17	13.7
Portugal	863	3.4	933	16.4	1.08	12.6
Romania	218	19.8	241	17.7	1.10	-1.7
Serbia	148	na	86	398.5	0.58	401.9
Slovenia	53	3.9	67	29.5	1.26	24.6
Spain	7,265	10.0	5,251	16.2	0.72	5.7
Switzerland‡	853	1.3	2,313	14.6	2.71	13.1
Turkey	379	8.6	608	42.1	1.61	30.9
UK	2,712	-4.8	14,732	20.3	5.43	26.3
Europe	32,142	2.4	64,402	16.9	2.00	14.2
US	23,324	-9.0	65,911	6.6	2.83	17.1
Asia Pacific	13,116	1.7	42,185	26.6	3.22	28.4
World	68,582	-1.9	172,498	17.8	2.52	26.7

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	Oct-Dec 04	Growth %	Jan-Mar 05	Growth %	Apr-Jun 05	Growth %	YTD 05	Growth %
Cars	551	-5.2	439	4.2	513	-2.1	952	0.7
Buses	18	-12.5	18	48.6	22	23.6	40	33.5
Eurostar passengers	1872	12.7	1695	5.5	1981	10.1	3676	7.9

Source: Eurotunnel.

## 13 Economic indicators of major countries in Europe, 2005

Country	GNP/GDP		Retail sales		Consumer prices†		Wages/earnings‡	
	1 year	3 mths* 1 year	1 year	1 year	1 year	year ago	1 year	year ago
France	1.2 Q2	0.4	0.8 Jun	1.7	2.3 Jul	2.9	2.8 Q1	
Germany	0.6 Q2	0.0	-3.0 Jul	1.9	2.0 Aug	0.9	1.4 Jun	
Italy	0.1 Q2	2.8	-1.5 Jun	2.0	2.3 Aug	2.8	3.2 Jul	
Netherlands	1.3 Q2	4.9	-2.3 May	1.6	1.1 Jul	0.8	1.0 Jul	
Spain	3.4 Q2	3.6	0.4 Jul	3.3	3.4 Jul	2.5	3.2 Q1	
Switzerland	0.8 Q1	0.2	3.2 Jun	1.2	0.9 Jul	0.9	1.4 '04	
UK	1.7 Q2	1.5	1.7 Jun	2.3	1.4 Jul	4.2	4.2 Jun	
Euroland	1.1 Q2	1.2	0.0 Jul	2.1	2.3 Aug	3.1	3.0 Q1	
Others								
Japan	1.4 Q2	1.1	3.6 Jun	-0.3	-0.1 Jul	3.7	1.7 Jul	
US	3.6 Q2	3.3	7.5 Jul	3.2	3.0 Jul	2.7	2.2 Aug	

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†	15,412	0.4	WTO
Belgium	Dec†	9,120	1.5	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†	5,669	-7.7	WTO
Estonia	Dec	682	1.8	WTO
Finland	Dec	1,894	0.0	WTO
France	Dec	36,347	-5.4	WTO
	Dec†	40,842	1.5	WTO
Germany	Dec†	27,657	8.9	WTO
Greece	Dec†	12,872	9.0	WTO
Hungary	Dec	3,426	-12.1	WTO
Ireland	Dec†	4,279	0.5	WTO
Italy	Dec	31,286	-2.1	WTO
	Dec†	35,658	3.8	WTO
Lithuania	Dec	568	4.0	WTO
Luxembourg	Dec	2,779	2.3	WTO
Malta	Dec	693	5.2	WTO
Netherlands	Dec†	10,081	-0.8	WTO
Norway	Dec	2,548	4.3	WTO
Portugal	Dec†	7,788	7.7	WTO
Romania	Dec	792	12.5	WTO
Russia	Dec	4,502	8.0	WTO
Slovakia	Dec	863	-3.3	WTO
Slovenia	Dec	1,338	7.0	WTO
Spain	Dec	41,708	3.7	WTO
	Dec†	45,248	3.8	WTO
Sweden	Dec	5,290	-6.1	WTO
Switzerland	Dec†	10,309	1.8	WTO
Turkey	Dec†	15,888	20.3	WTO
UK	Dec	19,511	1.1	WTO
	Dec†	27,299	7.5	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 x1000	Growth %	Source	Stay days	PVPD US\$-C
Andorra	Dec	3,138	-7.4	WTO	2.93	NA
Austria	Dec	19,078	2.5	WTO	5.2-F	142.90
	Dec†	19,373	1.5	WTO	5.2-F	142.90
Belgium	Dec†	9,120	-2.1	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†	2,349	2.0	WTO	11	59.13
Czech R	Dec	5,076	7.0	WTO	2.8-F	48.39
Denmark	Dec†	5,669	-2.1	WTO	3.60	1928-V
Finland	Dec†	2,840	9.2	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
	Dec†	20,137	9.5	WTO	7.16-F	54.4
Greece	Dec†	12,872	9.0	WTO	14	20.23
Hungary	Dec†	12,212	-22.2	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
	Dec†	6,575	3.2	WTO	11.0-F	39.06

continued on page 12

# Trends

## Playing games

Paris lost the bid to stage the Summer Olympic Games in 2012, to London. So it will not be possible to show how ridiculous were its estimates for additional Olympics-created travel business.

The city projected US\$3.0bn (€2.4bn) additional revenue per year for five years after the event, from 6.5mn additional visitors each year.

UK estimates seem more reasonable. Industry leaders estimate that 50-75% of UK's net benefit of the games, measured over 7-10 years, will accrue through travel. The UK expects the games could be worth over US\$3.5bn (at US\$1 to £0.57). This appears to be additional spend – but it is flawed as it is based on Sydney's Olympic experience, although London is a more mature visitor destination than Sydney.

The UK's visitor business is worth US\$130bn a year (of which US\$23bn comes from international visitors). The target is US\$175bn by 2010.

Meanwhile, the airport for the 2004 Olympics host, Athens, is pleased with its 11.5% growth to 13.7mn passenger throughput. Although those counts do not match data from Airports Council International, they are close to the domestic-plus-international count. International alone, according to ACI, increased just 9% to 8.5mn passengers.

But, in comparison, other airports increased at a faster pace.

Neighbour Turkey's Ankara increased 12%, and Rome increased 13%. This would appear to indicate that not-staging the Olympic Games is better for traffic growth. But it is also further support of our Big Event Blues\* theory.

(\*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.)

## Asia's first half

Reports from selected travel measures from Asia Pacific for the first half:

- Seats sold on **Asia Pacific airlines** increased 6.5% in the first half. Growth at Singapore Airlines, the regional leader in seat sales, was 3.7% – below its preferred 7-8%.

The region's big performer was Cathay Pacific, second-largest, with a very fast 15% growth. Making up the top three is Japan Airlines; its seat sales increased 6%.

### International outbound sales, in US\$m<sup>n</sup>\*, of leading outbound travel agencies in Japan, Jan-Jun

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

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

- **Hotel occupancy in Asia Pacific** in the first half was static at 71%, but average rates increased 13% to US\$108, producing a 13% increase in revpar.

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

There were not-

ably different results in the eight agency groups that currently produce 74% of the top 50, see table.

- **First-half China outbound travel** is believed to have increased (only) 9.6%. That would represent a significant slowing. Growth was 22% in 2003 and about 41% in 2004, to 28mn travellers.

## Briefs

- In 2004, 62% of North American companies increased their **travel budgets**. In 2001, only 33% who reported an increase, and in 2003, 40% decreased their budgets.

Runzheimer International predicted a drop in business travel costs in 2003, of 3% decrease, following a 7% decline in 2002. But it forecasts a hefty 12% increase in travel costs in 2006, mainly due to oil-related increases.

But it says in 2004 the average US domestic trip was up from US\$800 to US\$904, and the average international trip cost increased from US\$2375 to US\$3083, see table.

### Average US domestic trip cost, US\$

2004	2003	2002	2000	1998	1996
904	915	1,027	970	1,037	958

Source: Runzheimer International.

- According to a new report on travel from the **Middle East**, Saudi Arabians spend US\$4.2bn (at US\$1 to R3.75) on international travel, and US\$11.0bn on domestic travel. Further qualification is not available.

Data from the other sources, see table, shows a higher total, but a substantial decline when compared with 2003. Traffic data is from the WTO, but the findings seem suspect, and may indicate a change in methodology. As usual, WTO provides no other indication.

But in terms of per-trip spend, travellers from the Gulf look more valuable. Spending by UAE residents on outbound travel is eight-times the Saudi total, for instance, and Kuwait is even more.

### Spending on outbound travel from selected Mideast markets

Market	US\$m <sup>n</sup> *	Growth,%	Growth,%	Spend/person
	2004	2004	2003	
Kuwait	3692	9.0	8.7	1846
Qatar	691	46.8	11.3	899
Saudi Arabia	4406	5.8	-43.5	203
United Arab Emirates	4472	13.0	8.4	1656

Source: The Economist, World Tourism Organization, Travel Business Analyst.

# MARKET INTELLIGENCE

continued from page 10

## 15 Visitor arrivals in Europe destinations

Destination	Jan thru*	Arrivals x1000	Growth %	Source	Stay days	PVPD US\$-C
Italy	Dec	39,604	-0.5	WTO	4.36-F	178.42
	Dec†	37,071	-6.3	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‡	1,156	6.1	WTO	8.40	52.70
	Dec	9,181	-4.3	WTO	3.67-F	221.99
Netherlands	Dec‡	9,646	5.1	WTO	3.67-F	221.99
	Dec‡	3,483	6.5	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
	Dec‡	11,617	-0.8	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‡	6,167	5.8	WTO	NA	1469-V
Switzerland	Dec‡	10,309	1.8	WTO	3.8-F	148.58
	Dec	13,341	4.3	WTO	8	83.83
Turkey	Dec‡	16,930	26.9	WTO	8	83.83
	Dec	24,715	2.2	WTO	10.1	69.41
UK	Dec‡	27,710	12.1	WTO	10.1	69.41
	Dec	398,945	0.4	WTO	5-E	na
Europe	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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