

# Travel Business Analyst

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Russia outbound

## Worth the wait

Russia's outbound travel is been growing at an average 7.4% annually since 2000 – low for an emerging (travel) market – according to a report from PATA (Pacific Asia Travel Association).

Volume (including same-day visits, and probably employment or studying or some other categories that are normally omitted from travel counts) fell in the second half of the 1990s,

Table 1

### Outbound travel from Russia

Year	No mn	Growth %	Spend US\$bn*	Growth %	Spend/trip US\$*	Growth %
2004	25	22.5	15.8	23.9	645	1.2
2003	20	0.0	12.8	13.8	638	13.8
2002	20	11.7	11.2	21.1	560	8.4
2001	18	-3.2	9.3	5.7	517	9.3
2000	19	NA	8.8	NA	473	NA

Notes: Travel Business Analyst estimates from following sources. \*Quoted in US\$. Source: Goskomstat, PATA, WTO.

down to 17.9mn in 2001; since then, it has grown, see Table 1. It is not known if the current total has surpassed the previous peak.

Of the 24.5mn trips in 2004, only 54% were to destinations outside the Commonwealth of Independent States (CIS) (see Table 2 for an exemplary breakdown on destinations, this one for holiday travel). About 44% of those trips were for holiday, 32% for other private travel, and 13% for business.

Spending has increased 15.5% annually since 2000, with the total estimated at near-US\$16bn (quoted in US dollars) in 2004. This calculates to under US\$650 per trip – lower than the broad international benchmark of US\$1000 per trip.

This is probably due to a combination of factors, including the lower-cost trips to CIS countries, and

*contd on p2*

Internet

## .travel not .com

The '.travel' internet domain name is due to be started this January. The names will be controlled by New York-based Tralliance. Some facts:

- Unlike for .com, companies cannot simply register a .travel address; they need to be approved.
- This authentication is carried out through Dun & Bradstreet, a US-based accounting and business analysis company, as well as by certain appointed travel bodies.
- Start-up travel companies would need to be approved by D&B.
- There will be a review committee for any disagreements over D&B's decisions.
- Registration costs US\$100-140 per name per year.

Tralliance says this operating methodology for the .travel domain will be more than a utility; it will be a directory. It will be possible to search for specific criteria – for instance, a ground handler in Dubai, an incentive agency in Singapore. There will be no advertisements in the directory-list of .travel companies.

Tralliance believes the authentication procedure will mean that companies will not be able to claim to do or be something if they are not.

All this, says Tralliance, will make the travel industry better. But there are some questionable elements to this development:

- Two different companies could own the same name (for instance, luxurytravel.com and luxurytravel.travel could be different organisations, even competing ones).

• Why no advertisements? This has become a way for companies to provide more information about themselves that can be included in a listing.

• What is the criteria for approval? If D&B can be considered neutral, the same cannot be said of some of the travel bodies appointed to, in effect, 'pre-check' applicants.

• Tralliance's belief that .travel owners will have some sort of additional credibility because of the

*contd on p2*

### Main News

Recent corporate developments – big or significant.

- Abu Dhabi, one of the emirates in UAE, has pulled out of Gulf Air, once a regionally-owned airline, but now owned just by Bahrain, and Oman – which will probably do the same in the near future.
- Alitalia sells part of itself to the state (a manoeuvre requiring EC approval), and EC tells Greece that Olympic must return aid from state, deemed illegal. Both airlines may fail to survive.
- All-FC airline Eos and all-BC Maxjet start flights London-New York.
- Hilton to become one again? US-based Hilton Corp discusses purchase of (UK-based) Hilton International.
- Swiss to form a separate airline for flights in Europe. Seems like Lufthansa's first big mistake with its new acquisition.
- .travel domain names are due to be started this January. They are controlled by New York-based Tralliance.

contd from p1 – Russia outbound

Table 2

Outbound holiday travel* from Russia, Jan-Jun 05			
Destination	Trips	Growth %	Share† %
Turkey	544.0	7.7	26.3
China	434.2	16.4	21.0
Egypt	329.0	7.0	15.9
Finland	167.4	0.8	8.1
Germany	100.8	2.1	4.9
UAE	93.6	-3.1	4.5
Italy	83.2	30.2	4.0
France	74.9	4.8	3.6
Poland	74.6	-61.7	3.6
Spain	74.0	7.4	3.6

Notes: Travel Business Analyst estimates from following sources. \*To non-CIS destinations. †Of total for known data; not overall total. Source: Goskomstat, PATA, Russian Tourist Union.

the fact that many Russians find low-cost international destinations – such as Sharm-el-Sheikh (after attacks, when prices are lower) and, pre-tsunami, Pattaya in Thailand instead of more-expensive Phuket.

Air traffic increased 16.7% in 2004, but this includes inbound, as well as domestic traffic.

Official data shows the top three destinations – for holiday travel to non-CIS destinations – in the first half of this year were Turkey, China, and Egypt. In fact, although Egypt (primarily the Sharm-el-Sheikh beach resort) and Turkey (beach resorts) are mainly leisure destinations, travel to China is believed to be primarily small-trader traffic. These might register as ‘holiday’ travellers – for convenience and tax and customs reasons.

Poland has lost a substantial volume of traffic (down 62% in the first half) because Russians now need visas since Poland joined the European Community in May 2004.

There is no clear reason for the decline in travel to the UAE (most of which is actually destined for Dubai). It could be prices (although PATA says 60% of travellers select deluxe accommodation), or perhaps cheaper prices in competitive destinations – such as Egypt and Turkey.

The main motivation for holiday

travel from Russia is the same as for most European markets – sun-and-beach. Many destinations are sold year-round – either for Russians to escape their harsh winters, and/or attracted by generally lower prices in off-season resorts. Even if the weather is not the best, the price is right.

Visa-free or visa-on-arrival is also a factor; destinations with this include Egypt, Dubai, Thailand, Tunisia, and Turkey. And the Poland experience shows how important this can be.

The PATA report also includes some data on domestic travel:

- Only 20% of the 144mn population take a holiday.
- Trip volume is 75-100mn annually.
- 17% travel by air.
- (A high) 30% is destined for the Black Sea coast for summer holidays.

Note: The PATA report quotes another source for outbound travel – IPK. This source shows much different totals, although the data provided is for 2003. IPK says there were 12.1mn trips in 2003, of which 25% was business travel (21% regular business trips, 4% MICE).

contd from p1 – internet

D&B and other checks, is naive. And possibly risky. Will Tralliance really be able to find out if a hotel has a fitness centre, or a ‘adjacent golf course’ really is nearby (and what is ‘adjacent’?), that a travel agency really does handle MICE business (not just corporate meetings), and that an airline really does have its own business-class lounge in Chennai?

We think “no way”. And so eventually there will be loss of credibility for the .travel domain, and it would become, as .com is today, primarily a communication address and an indication the company is involved in the travel business in some way.

Russia inbound

## Falling

PATA’s report on outbound travel from

Table 1

Visitor arrivals in Russia						
Year	No mn	Growth %	Spend US\$bn*	Growth %	Spend/visit, US\$*	Growth %
2004	22	-4.3	5.5	22.2	250	27.8
2003	23	-2.1	4.5	7.1	196	9.5
2002	24	9.3	4.2	20.0	179	9.8
2001	22	2.4	3.5	0.0	163	-2.3
2000	21	NA	3.5	NA	167	NA

Notes: Travel Business Analyst estimates from following sources. \*Quoted in US\$. Source: Goskomstat, PATA, WTO.

Russia, see above, also includes inbound travel. Visitor arrivals in 2004 totalled 22mn – an average 1% annual growth since 2000.

However, PATA notes that the figure includes same-day visitors and arrivals by a whole range of categories not usually associated with the visitor business – such as airline crews, truck drivers, and employees on long-term contracts to work in Russia.

The WTO’s quarterly Barometer – which gives the status of the world’s main visitor destinations – does not bother to list Russia in the visitor-arrivals section. An inexcusable omission, but understandable.

However, the WTO does calculate spending by visitors in Russia at US\$5.2bn, up 16.1%, in 2004. A rough calculation from that indicates the number of visitors is closer to 5mn, perhaps 7.5mn, rather than 22mn.

(Data shown in Table 1 is from a different set of sources, and so not directly comparable with comments above.)

One organisation, Rosturizm, estimates about one-third of the official total are ‘genuine’ visitors. It says if CIS markets are excluded, holidays produce about 2.6mn arrivals, and business travel 2mn.

The PATA report says the decline in 2003 and 2004 was worse in 2005 – a “double-digit” fall in the first half.

The top five sources are, in order, Poland, Finland, Lithuania, China, and Germany; but their combined share is small – just over 20%. The top five sources for holiday travel are Germany, Poland, China, Finland, US.

Most of the China arrivals are border crossings, which has been visa-free (of-

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Table 2

Brand hotels in Moscow			
Group	Brand	Name	Rooms
Accor	Novotel	Airport	472
	Novotel	Center	255
Carlson	Radisson	Slavyanskaya	410
Hyatt	Park Hyatt	Ararat	220
InterContinental	Holiday Inn	Lesnaya	301
	Holiday Inn	Vinogradovo	154
Kempinski	Kempinski	Baltschug	230
Marriott	Renaissance	Renaissance	475
	Marriott	Royal Aurora	230
	Marriott	Tverskaya	162
Raffles	Swissotel	Krasny Holm	235
Starwood	Marriott	Grand	386
	Meridien	Country Club	131
	Meridien	National	221
	Sheraton	Palace	204

Source: PATA.

ficially since 2000; in practice, much longer). Now Russia is open to group-leisure trips from China, the hope is that the 800,000 visitors in 2004 will increase to 1mn in 2006.

Russia has about 70,000 hotel rooms, with half in Moscow. But there is a growing capacity problem. About 1500 rooms were lost when the Intourist and Moskva were demolished, and now the 2700-room Rossiya is due to be demolished in early-2006. This hotel has been an important hotel for tour-group business.

Planned rebuilds on these sites – none are open – are expected to be deluxe properties, possibly with fewer than 1000 rooms in total.

The PATA report says Moscow will lose about 6000 rooms by 2006 – 10% of its 2000 capacity, and not much is planned to replace them. But Moscow's Committee for Tourism says 23 hotels are under construction or being refurbished (around 4500 rooms due this year and in 2006) – although it provides few additional details.

Moscow attracts most of Russia's visitors. In 2004, despite the impact of terrorist attacks in the city, international arrivals increased 17.3% to 2.92mn.

Germany is the city's biggest source market, generating almost 250,000 visits in 2004, followed by the US (173,000), France (113,000), Italy (106,000), and the UK (101,000). Other markets in the top 10 are Turkey, China, Japan, Israel, and Korea.

Leisure travel represented a 47% share of visitors, and business travel 40%.

UK visitors

## Threatened

Visitor arrivals this past summer were up on 2004 totals – despite the London bombings in July. In July there was a 10% growth to 2.4mn visitors, and in August a 3% growth to 2.5mn.

The NTO believes visitors for all-2005 will still show an increase. The 2004 total was 27.7mn, up 12%, generating US\$23bn (£13bn), up 10%.

The main impact of the July bombings has been in London, where museums, theatres, and restaurants in particular have suffered. However, this was as much due to falling domestic demand as to foreign visitors.

Visit London says visits to the capital's major attractions declined almost 25% in August, and possibly 10-15% in September.

London's hotels have also suffered – occupancy fell 13% in August to 66.9%, according to figures from consultancy PKF. But outside London, regional hotels showed a 0.7% rise in occupancy to 73.9% in August.

Switzerland

## Round-up

- The share of travellers in Switzerland booking their holidays through a **travel agency** has fallen from a peak of 46% in 2001, to 34% this year – according to Travel Inside.

- Swiss, now a subsidiary of Lufthansa, has launched a separate airline to operate intraEurope flights – **Swiss European Airlines**. Is this Lufthansa's first big mistake with its new acquisition?

*If creating a tiny all-Europe airline out of a small airline is such a good idea, should Lufthansa do the same? Or, why is SEA not actually like a new Air Europe? And operating where there is demand in Europe; not just Switzerland to Europe but, say, operating a Hamburg base.*

Lufthansa usually makes sensible decisions, but it seems unsure what it needs to do to face new commercial realities.

- *There are significant changes in **outbound travel** from Switzerland.*

At the top, France had been falling since 1997, and although there was 3% growth in 2004, it has lost nearly 13% of visitors from Switzerland over the past five years, see table. Its share over that same period has fallen from 37% to 32%.

Also, five years ago, Spain was the second-largest destination. It is now fourth and still falling – down 26% over the past five years.

Second-place Italy, despite some decline, is now well ahead of its position five years earlier. Likewise Germany – which has grown every year for the past six.

Austria has also been steady, with growth in four of the past six years – although growth in 2004 was tiny.

Turkey continues to grow rapidly, although its share, at under 3%, is still small.

For the major destinations outside Europe, all top three – US, Egypt, and Thailand – increased. There was strong growth for Egypt, but this destination has suffered terrorist attacks and Thailand the tsunami – that will probably have caused a slowdown in 2005. Like-

wise for the US, which continues to frighten many visitors away with its officialdom's ever-increasing suspicion of foreigners.

Over the past five years, arrivals in the US from Switzerland are down a shocking 40%. But not all can be blamed on 9/11 and the Swissair shutdown (it had better US coverage than Swiss does) because the decline actually started in 1998.

Airlines

## New Iberia plan

Iberia has a new 2006-08 strategic plan, its third since the company was privatised in 2001. It has listed 230 measures aimed to improve productivity, increase revenues, and reduce costs.

The plan takes into consideration the proliferation of low-fare

## Arrivals of travellers from Switzerland in main destinations, 2004

Destination	No.,x1000	Growth,%		Share*,%	
		over 2003	over 1999	2004	1999
<b>Europe</b>					
France	3079	2.6	-13.3	31.6	36.5
Italy	1551	1.1	8.8	15.9	14.7
Germany	1417	16.3	43.4	14.5	10.2
Spain	1080	2.2	-10.2	11.1	12.4
Austria	896	0.9	28.6	9.2	7.2
UK	597	5.9	-3.1	6.1	6.3
Greece	NA	NA	NA	NA	3.2
Turkey	271	43.4	652.8	2.8	0.4
Hungary	219	9.0	42.2	2.2	1.6
Netherlands	141	22.6	-7.8	1.4	1.6
<b>Others</b>					
US	243	3.8	-40.1	2.5	4.2
Egypt	133	38.5	68.4	1.4	0.8
Thailand	129	11.2	19.4	1.3	1.1

Notes: By arrivals, not departures, from Switzerland; above 100,000; Greece is above 100,000, but 2004 data not available (350k in 2003).

\*Of destinations shown here. Source: NTOs, Travel Inside.

airlines in the Spain-Europe market; Iberia reckons they now have a 20% market share.

Also considered is increased competition in the domestic market following the expansion of the Madrid and Barcelona airports, the opening of the new Don Quixote airport in La Mancha (Ciudad Real), growth in Spain's high-speed train network, plus the entry of new airlines from North and South America.

Some of the 230 are:

- Increase its business class share on Europe-Latin America routes from the current 18.8%.
- Launch 'Business Plus'.
- In economy class, introduce a new system for managing space and revenues that allows lower prices to be offered, based on existing demand.
- Dismantle some service galleys. Introduce smaller but more comfortable seats.
- Increase income from direct ticket sales from 18.5% to 37% by 2008.
- Reduce staff in all departments. Freeze wages for three years, linking payroll increases to results.
- Automate tasks with new technologies, such as automatic- and online-check-in.
- Increase flying hours by shortening turnaround times.
- Outsource more low-skill jobs in airport handling and aircraft maintenance.
- Reduce sales and distribution costs, review aircraft leasing costs, implement fuel-saving measures.

*The real value of these measures are hard to determine. Many are ho-hum.*

Visitor arrivals

## On target of 5-6%?

After counting data for the first seven months, the World Tourism Organization estimates world visitor growth was 5.9%, and so it will keep with its earlier forecast of 5-6% growth for the whole year.

However, the WTO does note that growth is slowing – Q1 was at 9%, but Q2 was 4%. If that slowdown continues, the WTO may not get its 5%. And with bad news since August – aircraft crashes that month, Katrina/Wilma hurricanes, Bali bombing, Kashmir earthquake – the mood for travel is down.

Although citing no figures (and which must be difficult to obtain at this stage), the WTO says leisure travel has "outperformed" business travel. *We assume by 'outperform', the WTO means growth, because leisure travel, in volume, is known*

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- Air Asia: slow low.
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*to be about twice business-travel volume.*

Confusingly, though, the WTO also says there has been "a recovery in demand" for business travel – *although we interpret this as meaning no more than 'growth' rather than 'decline', and so hardly worth a comment. The WTO sometimes appears to want to find something good for all segments, leading to inevitable confusion, banalities, or both.*

In addition, WTO says cruise traffic growth this year has been "above-average". *Here also, we believe WTO means 'above average' for the sector, not above the 5.9% quoted above; however, with no accompanying figures, value of this comment is reduced.*

Budget hotels

## Small wonders

Yotel – with hotel rooms said to be inspired by British Airways first class cabins and Japanese capsule hotels – is launching its new concept in London.

Rooms are 10.5sqm – which compares with 6-7sqm (yes), for Easy Hotel, and 12sqm for Accor's Formule 1 – with air conditioning, television, (rotating) bed, and bathroom.

But Yotel's windows are internal, looking into corridors, which in turn naturally lit through reflective mechanisms and channelling of light. That should allow Yotels to be built into locations difficult for standard hotels – such as city centres, airports, and even underground.

However, Yotel is quoting US\$133 (at US\$1 to £0.53) in London. That compares with US\$38 (plus one-off US\$19 service charge) for Easy Hotel, and under US\$50 (€40) for F1 (in Paris).

Reduce these to psm, and Yotel comes out at about US\$13, Easy US\$6, and Formule 1 US\$4!

Airlines

## Flying fat

The two premium-class airlines have each started daily flights London-New York. Following are some of the essen-

tials:

- Marketing. Eos is now saying it is an all first-class airline. Maxjet all business-class.
- Aircraft. Eos, 48-seat B757s. Max, 102-seat B767s; due later, 72-seat B757s.
- Seats. Eos has lie-flat seats, Max does not.
- Fares. Both are offering start-up discounts, but normal roundtrip fares are as follows. Eos US\$6500 fully-flexible; in other words, including refundable and changeable.

Max is more complicated, with a range of five fares with different levels of flexibility. Highest fare of just under US\$4000 is fully flexible, like Eos' US\$6500. Lowest Max fare is US\$1400; main restrictions are a US\$300 refund penalty, and US\$100 for change (plus the fare difference if higher).

- Verdict. Eos fares are too high, even if worth it. The FC market is tiny, and most FC passengers will want flexibility of leaving, say, in the evening, not when Eos once-a-day flies.

Maxjet has good fares – which will attract some business from regular airlines. But a big disadvantage for Max is that many regular airlines have lie-flat seats in their BC cabins – and so many BC passengers now demand this.

For both, there is also the matter of 'schedule integrity'; what happens when unplanned maintenance keep the aircraft on the ground for 24 hours? Also, many will also go on to Miami, or Paris, and return from there; do they then buy a ticket on another airline?

JFK in New York is the right airport. But Stansted in London (which both Eos and Max use) is not, mainly because of connecting flights.

Max may make it; Eos will not.

## Briefs

- Air traffic growth is slipping, see table. The 15% growth for all-2004 all-world was still a strong 9% in the first quarter and just under 9% in the first half. But latest figures show that growth

## Growth\* in airline traffic, %

Airlines	2005		2004	
	Jan-Aug	Jan-Jun	Jan-Mar	Jan-Dec
Europe	6.3	6.3	6.6	10.1
North America	10.0	11.1	14.1	14.8
Asia Pacific	7.7	8.1	8.2	20.5
World	8.3	8.8	9.4	15.3

Notes: Traffic = revenue-passenger kilometre. \*In periods shown over same period year earlier. †Based on home-base of airline. Source: International Air Transport Association.

was now down to 8% in the first eight months.

Airlines based in Europe were the weakest of the world's three main regions, although they have maintained reasonably-steady 6-7% growth this year.

The world average has been boosted by airlines based in North America. Although no fewer than three of the leading five regular airlines in the US are in debt-protection status (Chapter 11), growth has stayed at double-digit levels in all four periods.

This could be seen as an advantage for Chapter 11. But what it also means is that those airlines in protection can sell fares that might be more difficult to justify if they had to pay bills as they became due. And which, in turn, makes it more difficult for competing airlines – which do have to pay their bills.

Asia Pacific showed a big fall from the 21% growth in 2004, but since then the region has maintained around 8% for the three periods shown – albeit slower this year than the world average.

- MKG Consulting says hotel revpar (revenue per available room) in the first half grew 2.9% in **France**, but only marginally, by 1.7%, in **Germany**.

- France's state-owned rail company, **SNCF**, reported growth during the first half of 2005.

Its 'Grandes Lignes' (major routes) division showed a 3.5% growth in seats sold, including 4.5% growth for the TGV, the company's widely-known high-speed-train service. Seat factor for the TGV was 70%.

The SNCF hopes a growth in overall sales of 3.5% for the second half-year.

- Overnight stays in **Switzerland** in the first half of this year increased 1.6% to 16.02mn. Foreign overnights grew 6.4% to 9.0mn, but domestic overnights fell 3.9%.

- Portuguese airline **Air Luxor** has changed its name to Hi Fly – because many assumed it was a airline from Egypt.

- Aviation liberalisation in India is creating new opportunities for airlines. **British Airways**, for instance, plans to increase weekly flights from 19 to 35 from the UK this winter, including:

- Bangalore – added, five times weekly.
- Chennai – up from two to six weekly.
- Mumbai – doubled to two flights daily.

- And Delhi from summer 2006 – doubled to two flights daily.

- Tour Hebdo says that travel sales in **France** are slowing. Turnover growth for travel agencies in the summer (July and August) was already slowing – 3.6% growth compared with 3.8% Jan-Sep.

But TH indicates there will be no growth, or even decline, for the rest of the year.

- Final figures show that 2004 was a good year for **air travel**. ICAO data, see table, indicates a 16% increase in international seats sold, near 90% above the total 10 years earlier.

Domestic travel, despite the commonly-held opposite view, is not performing so well. Growth was a comfortable 10% higher in 2004, but 10-year growth has been just one-third.

ICAO predicts 7.6% growth this year, 6.5% in 2006, and 6.2% in 2007.

## Air seats sold, mn

	International	Domestic
1995	347	929
2000	493	1118
2004	649	1238
Growth,%	15.7	9.6

Source: International Civil Aviation Organization.

- **Cologne Bonn** airport, which currently attracts more low-fare airline traffic than any other airport in Germany, is due to become inter-continental in 2006.

Next May US-based Continental Airlines is due to start nonstop flights to New York Newark, and Hong Kong-based Oasis Airlines to Hong Kong.

- Visitors to **Scotland** grew 57% in the first half of this year. However, some growth comes from a change in methodology – data from Prestwick Airport was included for the first time, for instance.

North America – Scotland's largest market – increased 13% to 228,000.

- **Belgium** has just released its visitor data for 2004. This shows that the number of visitors increased a mere 0.7% to 11.2mn; foreign visitors represented 60% of all arrivals.

Not surprisingly, Brussels was the country's most visited-city, with 1.47mn arrivals; Antwerp counted 740,000, Bruges 710,000, Ostend 390,000, then Gent with 300,000. Flanders received 55% of all arrivals, followed by the Brussels Capital Region with 23% share

and Wallonia with 22%.

- German low-fare airline **Air Berlin** is expanding into the UK by establishing an operating hub at London Stansted airport. From mid-December, the LFA is scheduled to start daily connections to Germany from Glasgow and Manchester via London Stansted – including luggage transfer.

Air Berlin, Europe's third-largest LFA after Easyjet and Ryanair, expects to sell 13.8mn seats this year.

- **Von Essen Hotels**, which owns and runs 17 country house and classic hotels in the UK including Cliveden in Berkshire and the Royal Crescent in Bath, has decided to expand into other parts of Europe.

Currently, it is looking to buy properties in France (in Paris, and Provence in the south), and in Italy's Tuscany region.

- The opening of the Grimaldi Forum – Monaco's newish and prestigious exhibition and convention facility – seems to have had a positive effect on hotel development.

Latest hotels to open are the 334-room Monte Carlo Bay, and two boutique hotels – the 50-room Port Palace and the 181-room Columbus. Next, Accor is due to open a 207-room Novotel in 2008. In addition, the Meridien Beach Plaza has added 66 rooms this year, and the Hermitage has added 63. And the 619-room Fairmont has started renovation.

Over January-June this year, Monaco counted 544,399 visitors, a 14% increase.

- Reed Travel Exhibitions is launching another expo – City Break 2006, due to take place June 12-14 in Helsinki.

- **InterContinental**, which pulled out of its 383-room hotel in Serbia's capital Belgrade during fighting in the region, has finalised an agreement to return.

After US\$26.5mm worth of renovation work, its hotel is expected to open some time in 2006.

- According to a study conducted by Munich's tourism office, the Bavarian city in southern **Germany** gains its worldwide reputation thanks to its Oktoberfest Beer Festival.

The event attracts some 6.5mn visitors a year – of which 15% come from abroad – generating revenues of almost US\$1.2bn (€954mn). A survey indicated that 71% of those were in the city only because of the festival.



# Net Value

## Marketing Travel On The Internet

### France figures

- The Paris-based company, **1001 Web Promotions**, generated 122,000 direct room bookings, up 42%, for its hotels in Paris over January-August. Average booked stay was 3.2-nights, resulting in 390,000 nights.

1001WP has 377 non-chain hotels in the capital on its site (15.3% more than in the same 2004 period).

Booked revenue increased even faster – up 65.1% to US\$17.5mn (at US\$1 to €0.80), working out at US\$44.87 per night.

1001WP estimates full-year direct bookings will total 170,000, up 47.5%.

- The **voyages-sncf** site says first-half revenue increased 52% to US\$561mn (at US\$1 to €0.80), and it targets US\$1.5bn for the whole year.

That compares with US\$590mn in 2003, and US\$208mn in 2001.

Voyages-sncf is operated by Expedia but only the non-train sector is a joint-venture. As Expedia is now launching more of its own-name sites in Europe, we expect the joint-venture with the state-owned railway system in France, SNCF, will end – possibly as soon as the next six months.

Meanwhile, the non-train share has started to fall – after increasing in recent years. Will this be a reason to end the business relationship, or is this already in affect related to the ending of the agreement?

Non-train grew from a 15% share in 2001 to 19% in 2003, but in the first half had fallen back to 17%.

(Some data from Tour Hebdo; comment by Net Value.)

This is an extract from **Net Value**, a monthly report on marketing travel on the internet. A combination subscription to NV costs US\$50 for one year; full price is US\$100. For more information, contact Raymonde Perpignani at Travel Business Analyst, TBAoffice@aol.com



# People-in-Travel

## Tracking Travel's Leaders

### What Willie do?

New head of British Airways, who took over (from Rod Eddington) last month, is Willie Walsh. What will he do?

Most recently he headed Ireland's state-owned airline, Aer Lingus. He left because the government was slow and/or unwilling to reduce its role/equity in the airline. Since 2001 he was converting AL into a low-fare airline (on most of its routes; it is not entirely an LFA).

BA's chairman says WW provided what AL's "customers demanded, and that was a low price for an air ticket". He adds that at BA he will "focus his efforts and energies on what our customer demands – quality service and value for money."

Is BA fooled itself or trying to fool us? It knows its customers also want a "low price" – whatever that is – for a ticket.

BA uses "value for money" as a euphemism for "high/regular fares". But it is not; LFAs also provide value for money. And, as has been shown, air passengers are quite happy (and quite sensible) to dump "quality service" (again, whatever that is) when the ticket price drops from, say, US\$250 to US\$50.

If WW's (hidden) agenda is to do-an-AL at BA then 1, the task is formidable, and 2, he would seem to be the right person to try (after all, he has already carried out the conversion of, so far, the biggest airline, from regular to pseudo-LFA).

If his agenda at BA is not to do-an-AL, then 1, why choose him, and 2, is he the right man for a business-more-or-less-as-usual BA job?

BA has twice eschewed its own LFA creations – abandoning, under Eddington as it happens, DBA and Go. Meanwhile, and ironically, Eddington, left the company in the same circumstances as the man he replaced, Robert Ayling – in conflict with the workers.

A mathematician would therefore deduce that the problem is not

with the CEOs but with the staff. (Eddington was a rocket scientist, not a mathematician.)

Ayling was fired; Eddington announced his departure at the start of this year. Now – watch Willy.

### Accor's new family man

The Accor group has chosen its new CEO, but the decision seems likely to prompt more changes later. The man is Gilles Pelisson, nephew of one of the group's two founders, childless Gerard Pelisson.

Although GP2 was one of the favourites (see PinT, October), it was thought choosing him would bring charges of nepotism. So it has, and more.

His selection was forced through by the two founders, Pelisson and Paul Dubrule, even though their shareholding is less than 5%. But to get this through, they have been forced to give up their supervisory roles. (Does this mean that the portrait of the two men in all Accor hotel lobbies will come down?)

Some major shareholders – including Caisse des Depots and banks BNP and Societe Generale – were reportedly not happy with the decision, and neither was the new, foreign, shareholder Colony Capital. Does this mean they will reduce their shareholdings, or have they set hard targets for the new CEO, or both?

One victim of the struggle for the top job is expected to be Henri Giscard d'Estaing, who runs Club Med, part of the Accor group. However, d'Estaing must have known the risks. He was going against a scion of the family, and he does not even have a good record – he has still not resolved Club Med's problems.

Perhaps this was his way of getting out of the travel business. A long time ago – before he got the Club Med job – he told us that he wanted to stay in politics, like his famous father.

Meanwhile, the new Pelisson is due to start work at Accor this January.

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

# MARKET DATA

## Headlines

### Comments on tables

- British Airways' YTD seat sales fall continues. That should sound alarm bells, not least because its discounted tickets should be prompting growth in seat sales more than competitors. Some strategy change will be needed by year-end if this continues. Alitalia grows fast; are these death throes? AF+KL showing how it should be done, LH+LX trying to copy, but not quite hard enough. SAS in trouble. Turkish; a success story. At LFA Ryanair extraordinary growth of 27%.
- Hey, what's happening? Germany and the UK are humming along – Germany up 12% in the month and even 10% over the whole year, and UK 9% and 8%. For France, we add total for previous month (data from ACI); although somewhat confusing, we believe this is slightly better than blank. So ... its YTD up 6%, as is traffic to/from the US.
- Avis up again; it must only be a matter of time before Cendant (which owns Avis in much of the rest of the world) makes a bid. Presumably the markets are waiting for this. Some bad slips here; most noticeable are two tour operators – My Travel and TUI. Presumably, the market thinks, like us, that their business strategy in this internet era is shot.
- More updates with 2004 data (courtesy WTO).
- Some substantial growths in percentage share for US vacation travel this past summer.
- New Amadeus data.
- YTD occupancy up 1.5 points to 69%, average rate up US\$8 to US\$182, pushing revpar up nearly US\$10 to US\$125.
- Q2 data.
- More updates with 2004 data (courtesy WTO) – including Cyprus, Finland, Hungary, and Malta.
- More updates with 2004 data (courtesy WTO) – including Croatia, Cyprus, Iceland, Malta, Slovenia.

1 Passenger traffic* on selected Europe airlines, 2005													Low-fare airline traffic				
Airline	SS	+/-	RPK	+/-	Jan	SS	+/-	ASK	+/-	RPK	+/-	SF	+/-	Airline	Month	Jan thru	
	Mth:	1000	%	mn	%	thru:	1000	%	mn	%	mn	%	pts				
Air France	Aug	4159	7.0	10816	8.0	Aug	31445	5.7	97691	3.6	76889	7.0	78.7	2.5			
Alitalia	Aug	2254	1.9	3520	2.0	Aug	16002	10.0	35080	11.8	24759	11.5	70.6	-0.2	Easyjet	Aug	Aug
Austrian	Aug	790	8.8	1923	11.7	Aug	5264	3.8	16662	4.4	12173	4.9	73.1	0.3	SS,x1000	2903	20154
British AW	Aug	3211	-3.9	9512	-0.7	Aug	23879	-0.2	97244	1.3	73607	3.1	75.7	1.3	Growth,%	18.0	20.3
Iberia	Aug	2394	6.3	4667	6.4	Aug	18041	3.9	42220	5.4	32530	6.9	77.0	1.1	SF,%	88.4	85.8
KLM	Aug	1946	5.5	6332	8.8	Aug	14230	5.1	54239	6.3	45194	8.2	83.3	1.4	Growth,pts	-0.2	0.2
Lufthansa	Aug	4637	1.7	10642	3.0	Aug	32758	2.4	96057	2.8	75756	3.9	78.9	0.8			
Olympic	Aug	548	5.8	825	13.3	Aug	3894	4.0	7079	1.2	5024	13.2	71.0	7.5	Ryanair	Aug	Aug
SAS	Aug	2405	-2.4	2472	-0.9	Aug	16520	-3.6	25849	-4.1	18415	-1.5	71.2	1.5	SS,x1000	3257	21655
Swiss	Aug	884	7.2	1899	3.1	Aug	6528	3.8	17561	-5.4	13819	-0.5	78.7	3.8	Growth,%	27.0	23.3
TAP	Aug	676	0.9	1473	3.9	Aug	4386	6.5	13248	6.4	9770	10.4	73.7	-0.5	SF,%	91.0	82.9
Turkish	Aug	1477	19.6	2213	16.4	Aug	9131	21.5	18561	14.9	13737	19.3	74.0	2.7	Growth,pts	-1.0	-0.0
Virgin A'tic	Aug	412	5.0	2921	8.1	Aug	3009	2.9	28621	11.2	21423	6.0	74.9	-3.7			

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

2 Operating results on airlines of regional associations, 2005										
Item	Europe,AEA									
	Apr 05	Growth,%	Jun 05	Growth,%	Jul 05	Growth,%	Aug 05	Growth,%	YTD 05	Growth,%
SS,mn	18.0	1.9	19.8	5.3	21.3	6.0	20.7	4.2	125.3	4.7
ASKs,mn	68,096	4.8	71,098	4.2	75,121	4.1	74,497	3.3	478,730	4.3
RPKs,mn	51,550	4.1	56,141	6.4	61,692	7.2	60,555	5.2	365,450	6.2
Pax LF,%	75.7	-0.6*	79.0	1.6*	82.1	2.4*	81.3	1.6*	76.3	1.4*
	US,ATA									
	Apr 05	Growth,%	May 05	Growth,%	Jun 05	Growth,%	Jul 05	Growth,%	YTD	Growth,%
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									
	Apr 05	Growth,%	May 05	Growth,%	Jun 05	Growth,%	Jul 05	Growth,%	YTD 05	Growth,%
SS,mn	9.6	6.9	9.6	8.0	10.6	5.1	10.9	5.4	68.9	7.0
ASKs,mn	52,999	5.6	55,032	5.9	59,646	5.8	57,001	4.9	387,461	5.5
RPKs,mn	37,675	6.3	38,065	6.7	44,401	6.2	43,857	5.7	283,089	6.4
Pax LF,%	71.1	0.5*	69.2	0.5*	74.4	0.3*	76.9	0.6*	73.1	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	Month	Passengers,x1000				Aircraft movements,x1000				Seats sold per aircraft	
		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	Jun	1,599	16.9	7,922	17.6	22.6	12.3	115.4	7.3	71	69
Brussels*	Jun	1,493	6.1	7,510	4.6	22.9	3.4	125.2	0.1	65	60
Copenhagen*	Jun	1,945	2.2	9,375	2.4	24.1	-0.4	134.2	-0.2	81	70
Frankfurt	Aug	4,460	3.1	29,930	3.3	36.2	3.2	269.8	4.4	123	111
London,x3	Aug	10,951	-0.0	73,632	3.8	69.9	1.1	509.7	1.8	157	144
LHR	Aug	5,577	-2.4	40,940	1.4	35.0	-1.0	272.6	-0.3	159	150
LGW	Aug	3,377	1.6	19,712	5.8	20.9	4.1	136.7	5.2	162	144
STN	Aug	1,997	4.3	12,980	8.5	14.0	2.2	100.4	3.2	143	129
Madrid*	Jun	3,574	5.5	19,730	7.7	35.4	4.6	204.5	4.6	101	96
Milan*,x3	Jun	3,059	21.7	15,545	6.6	36.4	6.9	195.4	4.6	84	80
Paris*,x2	Jun	7,041	5.6	37,818	4.6	64.5	-0.4	368.8	-0.9	109	103
CDG	Jun	4,811	6.6	25,656	5.0	44.7	0.4	256.5	-1.8	108	100
ORY	Jun	2,230	3.4	12,163	3.9	19.8	-2.0	112.4	1.3	113	108
Rome*,x2	Jun	3,006	12.5	15,536	9.2	32.2	5.7	180.1	6.2	93	86
Zurich*	Jun	1,550	4.5	8,448	4.3	23.7	2.0	132.6	3.3	65	64
<b>EUROPE*</b>	<b>Jun</b>	<b>115,779</b>	<b>8.7</b>	<b>569,729</b>	<b>7.9</b>	<b>1,664.7</b>	<b>8.1</b>	<b>8,575.6</b>	<b>4.8</b>	<b>70</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				
	Jul 05	+/-* %	YTD 05	+/-* %	Jul 05	+/-* %	YTD 05	+/-* %	Jul 05	+/-* %	YTD 05	+/-* %	May 05	+/-* %	YTD 05	+/-* %
France	na	na	na	na	544	3.6	3468	4.7	1145	0.6	6532	1.3	561	7.8	2304	5.7
Germany	331	-0.8	2244	2.8	na	na	na	na	1015	4.1	6291	9.5	754	8.0	3035	6.0
Italy	438	-2.8	2682	-4.8	883	15.1	5147	9.2	1160	7.7	6235	8.5	255	21.3	909	13.1
Netherlands	98	0.2	608	5.0	216	2.7	1371	3.7	702	-1.8	5391	5.1	370	2.9	1640	4.3
Spain	504	15.9	2744	13.3	2230	15.9	11477	10.0	4005	3.0	19327	2.9	151	-4.8	598	-12.2
Switzerland	144	2.0	1030	6.4	349	9.0	2323	10.3	383	9.1	2837	7.8	121	3.0	565	5.1
UK	430	-5.9	2659	-4.1	1014	8.5	6264	13.3	na	na	na	na	1494	-0.7	6682	0.3
US	620	8.0	3484	8.0	864	11.8	4807	6.5	1843	1.0	10577	2.4	na	na	na	na
<b>Total</b>	<b>7041</b>	<b>5.6</b>	<b>37818</b>	<b>4.6</b>	<b>12739</b>	<b>11.6</b>	<b>69422</b>	<b>10.1</b>	<b>18689</b>	<b>9.0</b>	<b>100552</b>	<b>7.7</b>	<b>10093</b>	<b>5.4</b>	<b>47445</b>	<b>6.2</b>

Notes: \*Over same period, year earlier. †Paris airports only; total is month earlier. 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	Aug 05	Sep 05	stock	market
<b>Airlines</b>							
Air France	Paris	12.2	14.0	13.2	14.1	6.4	4.6
Alitalia‡	Milan	0.26	0.25	0.25	7.14	-5.0	-3.5
British Airways	London	233	235	277	294	6.0	3.4
Easyjet	London	NA	188	292	296	1.5	3.4
Iberia	Madrid	2.28	2.59	2.20	2.10	-4.5	8.0
Lufthansa	Amsterdam	13.3	10.6	10.8	11.2	3.0	4.4
Ryanair	Dublin	6.59	5.25	6.51	6.81	4.6	2.8
<b>Hotels</b>							
Accor	Paris	35.9	32.2	42.8	42.4	-0.9	4.6
Hilton	London	225	285	315	318	1.1	3.4
InterContinental	London	529	648	747	725	-2.9	3.4
Sol Melia	Madrid	6.79	7.40	10.8	11.4	6.2	8.0
<b>Others</b>							
Amadeus	Madrid	5.15	7.57	7.35	7.35	0.0	8.0
Avis Europe	London	95.0	53.8	49.8	61.8	24.1	3.4
BAA	London	496	584	612	633	3.5	3.4
EADS	Paris	18.9	21.4	27.4	29.9	9.2	4.6
Eurotunnel	London	37.5	17.0	17.0	17.8	4.4	8.0
Kuoni	Zurich	414	500	488	512	4.8	5.9
My Travel‡	London	NA	NA	195	190	-2.6	3.4
TUI	Frankfurt	16.5	17.4	19.1	17.7	-7.7	4.4

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. ‡Reissue means not all prices comparable. 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‡	5,200	0.5
Italy	Dec‡	20,544	-9.4
Luxembourg	Dec‡	3,347	14.0
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
Leading eticket;Bermuda	2004	82% share	NA
US vacationers,air bookings	summer	61% share	50%
US vacationers,hotel bookings	summer	52% share	40%
US vacationers,internet book/info	summer	88% share	NA
Online air bookings/intentions,Hong Kong	next 12 mths	23%/32%	NA
Online air bookings/intentions,Singapore	next 12 mths	45%/69%	NA
Expedia bookings	Jan-Jun 05	\$8b	up 24%
Priceline air tickets	Jan-Jun 05	1.5m	up 6%

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: A62000 S269000. Ap: A11077 S34658. Eu: A37567 S125299. Na: A5066 S11551. FR: A4470 S9952 (B: Q1-05 \$770m). 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, August

City	Occupancy,%				Average room rate,				Revpar,				
	2005		2004		local		US\$*		2005		2004		
	Mth	YTD	Mth	YTD	2005	2005	2004	2004	Mth	YTD	Mth	YTD	
<b>EUROPE*</b>													
Amsterdam	79.3	72.4	76.4	73.4	139.63	156.24	175.97	141.51	160.51	123.89	127.31	108.08	117.82
Berlin	68.6	62.2	69.2	64.1	105.83	103.42	133.37	110.76	138.70	70.93	82.90	76.67	88.89
Brussels	54.8	63.5	56.6	63.5	106.35	103.26	134.03	96.72	127.17	56.53	85.10	54.78	80.73
Copenhagen	79.0	68.7	87.8	72.8	825.11	143.09	139.51	125.61	125.75	113.03	95.80	110.31	91.49
Frankfurt-all	53.7	62.8	55.7	58.7	120.07	125.38	151.32	124.27	143.13	67.32	95.07	69.24	84.05
L-4	46.7	54.9	NA	NA	99.24	96.83	125.07	NA	NA	45.20	68.62	NA	NA
U-4	55.6	65.2	NA	NA	125.35	131.83	157.97	NA	NA	73.26	103.04	NA	NA
Geneva	67.6	63.1	53.6	60.9	299.72	290.77	244.49	269.39	229.98	196.53	154.27	144.42	139.99
London-all	72.4	75.6	78.8	72.0	131.71	226.47	243.11	236.59	253.52	164.06	183.73	186.39	182.52
L-4	71.5	79.3	NA	NA	86.60	138.82	159.85	NA	NA	99.30	126.82	NA	NA
U-4	70.3	75.9	NA	NA	142.70	233.56	263.39	NA	NA	164.20	199.84	NA	NA
Madrid	47.3	67.4	40.7	62.7	139.60	128.74	175.93	135.29	179.97	60.86	118.49	55.09	112.81
Moscow	73.5	79.0	80.0	76.0	4648.61	139.66	165.05	143.09	146.66	102.67	130.37	114.40	111.52
Paris-all	60.9	66.8	59.7	65.1	170.81	199.56	215.26	208.53	202.40	121.58	143.88	124.43	131.76
L-4	64.8	67.1	NA	NA	121.52	135.88	153.14	NA	NA	88.08	102.79	NA	NA
U-4	61.5	69.2	NA	NA	155.40	170.60	195.85	NA	NA	104.97	135.59	NA	NA
Rome	57.6	70.7	52.1	66.0	204.31	204.34	257.49	188.76	241.71	117.66	182.17	98.41	159.43
Zurich	83.9	73.2	79.9	72.7	175.23	131.79	142.94	121.64	132.64	110.52	104.69	97.18	96.45
<b>AVERAGE</b>	<b>66.5</b>	<b>68.8</b>	<b>65.9</b>	<b>67.3</b>	<b>na</b>	<b>162.73</b>	<b>181.54</b>	<b>158.51</b>	<b>173.51</b>	<b>108.80</b>	<b>125.31</b>	<b>103.28</b>	<b>116.46</b>
<b>US†</b>													
Miami	70.1	71.7	66.0	66.2	112.38	103.01	112.38	91.81	95.50	72.21	80.55	60.59	63.20
New York	85.1	84.3	80.5	81.8	188.39	187.38	188.39	166.05	169.35	159.46	158.72	133.67	138.52

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\$m <sup>n</sup> *	Growth %	Per agency US\$m <sup>n</sup> *	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 ago	1 year	1 year ago	1 year	1 year ago
France	1.3 Q2	0.5	4.1 Aug	2.2	2.1 Sep	2.9	2.8 Q2	
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	0.7 Jul	1.8	1.0 Sep	1.0	0.9 Sep	
Spain	3.4 Q2	3.6	0.4 Jul	3.3	3.4 Jul	2.5	3.2 Q1	
Switzerland	1.0 Q2	1.1	4.7 Aug	1.4	0.9 Sep	0.9	1.4 '04	
UK	1.5 Q2	2.0	0.7 Sep	2.5	1.1 Sep	4.2	3.8 Aug	
Euroland	1.1 Q2	1.2	0.0 Jul	2.1	2.3 Aug	3.1	3.0 Q1	
<b>Others</b>								
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
Cyprus	Dec†	2,096	-3.2	WTO
Czech Republic	Dec†	4,169	6.8	WTO
Denmark	Dec†	5,669	-7.7	WTO
Estonia	Dec	682	1.8	WTO
Finland	Dec†	2,060	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†	4,061	-9.3	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†	779	2.5	WTO
Netherlands	Dec†	10,081	-0.8	WTO
Norway	Dec†	3,087	10.6	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†	4,630	14.4	WTO	2.8-F	48.39
Croatia	Dec†	7,912	6.8	WTO	NA	473-V
Cyprus	Dec†	2,349	2.0	WTO	11	59.13
Czech R	Dec†	6,061	19.4	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†	836	8.4	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

## Curry for Airbus?

Indian Airlines has ordered 43 aircraft from the A320 series, with deliveries starting mid-2006, then one each month.

DDPPL, a publishing group, says negotiations took 15 years, although it also reports the first round of price negotiation took place only in March 2005. On that occasion the airline reportedly knocked US\$32mn off the price, then another US\$75mn over the summer.

Thus, says DDPPL, the net cost of US\$2.33bn (at US\$1 to Rs44) was brought down to US\$2.25bn. This is different from the quoted discounts above, but still indicates a useful discount of around US\$80mn – worth the value of nearly two aircraft.

And there were many other concessions by Airbus – in effect, further discounts. The counter-trade value (with Airbus and engine manufacturer CFM) was increased from 30% to 40%, representing US\$145mn. This means Airbus and/or France will buy goods from India worth that amount.

Also, Airbus will invest US\$75mn in a training centre for pilots in India and a spare-parts warehouse in India.

## Spaced out

Ok, so much for our theory that US-based Space Adventures should reduce what we call its 'atmosphere' for space-shuttle trips – to US\$7.5mn or even US\$5mn.

It has found another customer ready to pay US\$20mn. (Apparently; SA no longer makes reference to this atmosphere.)

Our only defence of the theory is that the shuttle's passenger loads were still only 50% this year and with the new passenger, almost certainly the same in 2006. Our pricing strategy would likely have produced not just 100% loads but a higher total revenue since the first paying flight into space in 2000. And thus higher profits, because additional costs are likely to be under US\$1mn.

Japanese entrepreneur Daisuke Enomoto (known as Dice-K) is scheduled to become SA's fourth paying customer in October 2006. Dice-K (tax-exiled in Hong Kong?) is 34-years-old.

Capacity on the space shuttle is two roundtrip seats per year – in April and October. The three earlier trippers were

Tito, an American, in 2000; Shuttleworth, South African, 2001; Olsen, American, this year.

That means the shuttle's seat factor was 50% in 2000 and 2001, then 0% in the following three years, before reaching 50% again this year.

## Niche from Holiday Inn

Holiday Inn is targeting two niche markets by changing two of its hotel types. The targets are 'Generation X' – an American concept to describe the 'yuppie' generation of the current decade – and family travellers.

The Holiday Inn Select brand is being repositioned to take into account the needs of the brand-conscious, peer-focused, tech-savvy, Gen X travellers. These will incorporate Feng Shui elements, high-tech amenities (such as high-speed internet, WiFi, MP3 Clock radios), as well as branded items for coffee, bath amenities and office supplies in rooms, and employees in trendy branded outfits.

According to the company, the Gen X represents some 51mn travellers who generate over 349mn roomnights per year. The first Select is due to be built in 2006 in Atlanta.

For families, who make up 74% of all leisure travel, Holiday Inn is renovating its 130 Holidome Recreation Centers in Canada and the US. The new concept will include an indoor water park.

## New world of marketing

Scott Morrison, head of Australia's NTO, says (paraphrased): "In 1984, when we first went on TV in the US with the [Paul] Hogan campaign, we could reach 65% of Americans with a prime-time advertisement. Today, even the top prime-time network shows are lucky to reach 10%. And many of those are using their TiVo to block ads."

"Technology, in forms as varied as the internet, cable television, and mobile phones, now put the power of the editor into the hands of the public. We now have to break with the old strategy of a traditional marketing mix and get very creative, very fast."

The NTO's marketing is shifting to a range of activities. One is with American Express, where the NTO sends a direct-

mail piece to cardmembers after Amex records a 200% increase in their card usage in Australia.

Since the partnership began, cardmembers visiting Australia has outpaced total visitation by a factor of three, and cardmember visitation has increased 13%.

## Briefs

• **Amtrak** filled 25.4mn seats in its year through September 2005. This was a slight 1.3% increase on the year earlier, but considered good as there were service disruptions that included major hurricanes in the south.

### Selected long-distance Amtrak routes

Route	No,x1000	Growth,%
Chicago-Seattle	477	9.0
Washington-Chicago	195	7.9
Chicago-Oakland	348	3.6
New York-Chicago	313	11.8
Washington-Orlando*	205	3.7
<b>Total</b>	<b>3781</b>	<b>1.1</b>
<b>Others</b>		
Acela†	1772	-31.0

Notes: Year through September 2005. \*Car train. †Boston-New York-Washington. Source: company.

In addition, the key Acela Express service over Boston-New York-Washington stopped in April, restarting partly in July and fully only in September. Amtrak says the service is getting better – on-time performance for September was 89%.

But over the whole year, Acela traffic was down 31%, see table. Long-distance travel, whose 15 routes represent 15% of the total traffic, increased just 1%.

Carrying most traffic is the Chicago-Seattle route, which also increased fast following service improvements.

• **Terrorism; smart and dumb.**

• The US now requires airlines to supply first-night US address of their passengers. This is dumb, costly, unfriendly, and will do nothing to reduce terrorism. Would any terrorist obligingly list a hotel address, and then go and stay there?

• **Yogi Bear** was credited with saying "No-one goes there any more; it's too crowded". Perhaps terrorism – which sometimes targets popular tourism centres – will turn this on its head – "Every-one goes there now; it's so empty".

# 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
Netherlands	Dec	9,181	-4.3	WTO	3.67-F	221.99
	Dec‡	9,646	5.1	WTO	3.67-F	221.99
Norway	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‡	1,499	9.2	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
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
	Dec‡	27,710	12.1	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 is-lands	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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