

Travel Business Analyst

Markets + Marketing + Strategy

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US-Europe

Mixed results

Things were not looking so good for Europe out of the US this year. Results of a survey by the European Travel Commission (ETC) among its members – as reported in the World Travel Market's UK & European Travel Report – shows greatly different results.

For some, the US market has bounced back. These include several Central/East European destinations, as well as France, Greece, Monaco, Switzerland, and Sweden. But US arrivals are down substantially to Estonia and the UK, and are unchanged in other destinations.

Share of international roomnights from US, %

Year	Europe	Asia	Others
2000	35	14	51
2004	28	13	60
2005	29	13	58
2006	29	13	58

Notes: Estimates by Travel Business Analyst of data from following sources. Source: US department of commerce, DKS&A.

Part of the problem in trying to decipher trends is the different methodologies used to measure demand. Official data from the US government, for example, points to a 2% increase in air trips to Europe in the first half of 2005 – the weakest growth to any destination region in the world from the US.

A performance monitor by DK Shifflet & Associates – a respected source of trends in the US market – is more pessimistic. DKS&A measures roomnights booked and paid for by US travellers in hotel accommodation in the US and internationally. This means that, if a group of three all stay in one room to save on costs, it counts as one roomnight. And this type of trend could have intensified over the past 10 years.

Since 1995, according to DKS&A, the international share of total hotel roomnights booked has fallen from 9% to 5%, and the share has been flat since 2003. International roomnight volume increased only about 1.6% this year.

More importantly, Europe's share fell from 30% in 2000 to 30% in 2004 and appears to be stagnating. And for individual countries in Europe, the trend is similar. France and Italy's share is down from 5% to 4%, and that for the UK from 10% to 7%. Only Germany bucked the trend, up from 3% to 4%.

However, roomnights from the
contd on p2

Main News

Recent corporate developments – big or significant.

- Cendant to split into four; that means four mistakes at once?
- Meridien now part of Starwood.
- Taj Hotels to decide on new name and/or brand separation this month.

Low fare

Way to go

The European Travel Monitor reckons that 34% of all airline trips taken by travellers resident in Europe are 'low-fare' flights.

Unfortunately, there is a major shortcoming with its methodology. ETM counts any fare that costs up to US\$179 (at US\$1 to €0.84; €150) roundtrip. No matter the distance.

Although this covers most low-fare airline flights (because they are short and therefore probably come under that barrier), it misses many others. Such as, for instance, new LEA flights across the Atlantic, cheap charters Moscow-Bangkok/Sharm-el-Sheikh. And, in peak periods, where Easyjet and others can charge above that barrier for just a one-way late-booked ticket.

However, the measures are still an indicator; without this, there is not much more than anecdotal information. In addition, the ETM counts include travellers on other than LFAs – a sector that is often omitted. And clearly, the key is people who are travelling because the fares are low, not because they are flying on a LFA.

ETM, compiled by IPK (and in this case reported in the World Travel Market's UK & European Travel Report) says air travel accounts for 49% of European trips, and that it increased 9% in the first eight months of this year.

LFTs increased 27% January-August this year – faster than the 24% growth in 2004, and 18% in 2003. However, based on the clarifications noted above, some of this growth could be simply the result of lower fares.

Aer Lingus, for instance, has been lowering fares over recent years, and turning itself into an almost-LFA. The same AL passenger who might not

contd on p2

Table 1

Low-fare trips, 2004

Market	Share*, %
Ireland	47
Spain	47
UK	40
Italy	37
Czech R	34
France	22
Germany	21
Netherlands	18
Russia	14

Notes: *Of total air trips. Source: ETM, IPK, WTM.

contd from p1 – US-Europe

US to Europe were expected to gain share this year and next, see table. (We estimate DKS&A's data indicates there were 64mn international roomnights sold for US travellers in 2000, then 47mn in 2004, and 49mn this year.)

There is more bad news in the report. Leisure travel is the only sector showing growth in the US market, according to DKS&A, and most of this is thanks to a growth in travel demand among the 'Generation X' age group – those born between 1965 and 1980. Baby boomers, from whom expectations were so high a few years ago, have actually recorded a decline in international hotel roomnights – due to what is called 'American Angst'.

Terrorism, the Iraq war, economic challenges, and the impact of oil price rises on household spending, are just a few of the concerns worrying potential US travellers today. Political instability, the perceived poor image of the US abroad and airline industry problems – three of the seven largest airlines in the US are in Chapter 11 bankruptcy-protection – have compounded the problems.

(A report on the Japan-Europe market is included in the current issue of the Asia Pacific edition. Subscribers can obtain a complimentary copy of that by contacting us.)

contd from p1 – low fare

have passed under the €150 barrier in 2000, might have done so in, say, 2004 taking the same AL flight.

The UK is much the largest market in Europe – with 45mn air trips in 2004, of which 18mn were LFTs – although Ireland and Spain have the highest shares, see Table 1. Germany, next largest, counted only 6mn LFTs.

Spain is the largest destination, see Table 2, with almost twice the number of UK.

But note, however, this is an out-bound analysis. Presumably if the re-

turn counted, then the UK would be the largest destination – producing, as it does, more LFTs (18mn) than top-placed Spain receives (10mn).

The other unanswered question is why, if LFTs are credited with generating so much travel than other travel, is Spain doing less well in terms of visitor arrivals than some other destinations that have fewer or no LFTs?

For instance in the latest WTO visitor statistics, Spain's visitor numbers were growing a 6% this year compared with, say, 7% for Cyprus, or 23% for Turkey. And Italy, which figures 4th in the ETM/IPK table, was recording a 7% fall in visitors this year.

Another factor is spending. The ETM says travellers on LFTs spent an average US\$512 per trip, compared with US\$571 for the overall average.

RFH Consumer Insight carried out surveys on travellers using se-

Table 2

Leading destinations for low-fare trips, 2004	
Destination	Trips, mn
Spain	10.2
UK	5.2
France	3.8
Italy	3.5
Germany	3.0
Ireland	3.0

Notes/Source: As Table 1.

lected LFA airports – Luton (dominant LFA Easyjet), Malaga (none), Geneva (Easyjet), Paris Orly (Easyjet), Frankfurt Hahn (Ryanair).

The perceived benefits of travelling on LFAs allows travellers to travel more frequently (up to 70% of responses, depending on purpose of trip), spend less on travel (65%), take more short trips (70%), and travel at short notice (60%) – although fares are usually much higher in the week before travel.

In general, RFH found that savings do not automatically translate into greater spending in the destination, but a significant share say

they spend more on dining out (up to 46%), shopping (44%) or accommodation (35%).

Only one-third paid for accommodation themselves, and for 14% costs were paid by their companies.

Some 36% stayed in hotels, of which 31% selected what was defined as 'deluxe' (and further clarified as 4/5-star), and 46% for mid-market (3-star) – see Table 3. However, given the difficulty in travellers would have in determining the difference between, say, a 3- and 4-star hotel, and whether there is a category above 5-star, this finding can only be a broad indication.

Our own inter-office findings on non-business LFA travel provides the following additional comment:

- Cost of air travel does not affect spending in a destination at all – except that for additional travel it is spend that would not have happened without a LFA service.

- Availability of LFA service causes:
 - additional travel – 1, that would not have taken place if a LFA fare was not available, and 2, additional trips to a destination.

- motivational travel – that would not have taken place if the LFA fare did not create the idea of a trip.

IPK made one little-heard comment that could have a sizeable affect on travel. In one case – Hungary was the example given – a substantial growth in LFA service and LFTs has not only attracted new leisure travel from abroad. It has also enabled more residents of Hungary to travel abroad.

As a result, demand for domestic travel may suffer. (IPK says this is already happening, and it is expected to get worse.)

But in some ways, the new international travellers can take the place of ex-domestic travellers. For instance, a Hungarian traveller flying Budapest-London on a LFA might be a domestic tourist lost to Hungary, but in London he replaces a UK domestic traveller who has taken a LFA to Budapest – and who, in return, replaces that lost Hungary-

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Table 3

Where LFA passengers stay	
Accommodation	Share, %
Family or friends	37
Own 2nd/holiday home	16
Not known	11
Hotel	36
deluxe	31
mid-level	46
budget	18
not known	5

Source: IPK, RFH Consumer Insight, WTM.

domestic traveller.

The flaw with this neat argument is that the main destinations will gain most – for instance, Budapest not Balaton, London not Windermere.

France

A season in Provence

During the past peak summer season, demand for the Provence region of France was flat – but at least the decline stopped.

The region's tourism board says this is because of economic difficulties and a decline in purchasing power in domestic and visitors from other parts of Europe. Strong competition from international destinations further weakens Provence as a destination, it says.

But with other destinations experiencing growth – despite these same constraints – there must be other reasons for the relative share loss for the Riviera.

Yet, 84% of hoteliers and accommodation owners considered their business 'good' or 'fairly good' for July-August, the peak summer season. Only 66% said the same in 2004. True that only 30% of hoteliers reported increased business and 27% said there was a decline, but that was better than 2004, when 60% reported a fall.

Stronger growth is expected in 2006. It is needed; in 2004, the region registered a 1.5% fall, to 217.4mn overnights, and since 2001, total overnights have dropped 8% – 20mn missing nights.

Montenegro

More

The government in Montenegro says the travel business accounted for 15% of GDP in 2004, and it targets a 22% share by 2015. There is already foreign investment in the

hotel sector – US\$236mn in the past two years.

Some projects are upmarket, such as from Singapore-based Aman Resorts, which is reported to have tendered to modernise and manage three prestigious hotels including the former royal summer residence. And Spanish group Iberostar plans to open conference and health facilities, as well as 700 beds, by summer 2006 at its beach resort near Budva.

By 2008 the country's current 26,000 bed count is due to have increased by a further 8-10,000; a master plan calls for 50,000 beds by 2010. Eight coastal greenfield sites have been approved for hotel developments, along with several locations for new marinas. And an access tunnel linking the hotel sites to Podgorica airport was opened this year.

Work on expanding Podgorica and Tivat airports is due to be completed 2006.

Games

The tourism factor

• Winter Olympics, Piedmont, Italy.

The Piedmont region in north-west Italy has made numerous infrastructure developments in connection with the Winter Olympic Games in 2006. But much is in addition to facilities for the Turin Olympics (scheduled for February) and the Paralympics (March).

Public funding worth US\$18bn has been spent on construction work for the Games, and another US\$1.2bn has been raised from sponsors and television rights for the actual organisation of the event.

There are a remarkable 60 new projects – including new and improved sports facilities, improved access, and accommodation villages for athletes and the media.

Other programs, including restoration of important historical buildings, should bring longterm tourism benefits to the whole region.

Mountain villages and parts of Piedmont that are not directly involved in the Games will benefit from some 100 additional projects. For instance, around US\$219mn is being spent on the skiing areas in Limone Piemonte and the Monregalese Valleys (near Liguria and the coast). And the new ski areas of Alagna and Macugnaga in northern

Piedmont are being expanded and upgraded.

Funds have also gone to the network of castles and wine tourism routes in the Asti region, and US\$29mn is being spent on a spa designed by a Japanese architect, which is hoped will transform the spa town of Acqui.

However, providing enough accommodation capacity for the Olympics has been a key concern. In the Olympic area, 5600 new hotel rooms have been added and there are now 93 hotels classified 4-5-star.

• World Cup, Germany.

Germany's visitor business is back, according to the Germany's NTO. It reckons the destination was the fastest-growing in Europe in 2004 – 9%, producing 20.2mn visitors.

But growth seems certain to slow this year. Foreign overnights grew 5% January-June, to 6.1mn overnights.

Bavaria was Germany's top destination in 2004, counting 4.7mn overnights followed by North Rhine-Westfalia and Baden-Wuerttemberg. Berlin set new records again with 17% growth and 2.2mn overnights.

Football's World Cup in 2006 is expected to attract an additional 3.5mn international visitors to the country. However, as is now well accepted, some big events (like the Cup and the Olympics) result in a net loss of visitors*.

The NTO expects World Cup tourists will spend an average of US\$213 (at US\$1 to €0.84) per night in the country. This year the government allocated a marketing budget to the DZT of US\$31mn for the country's promotion, and is expected to approve a similar amount in 2006.

*(*Travel Business Analyst has a semi-serious theory, Big Event Blues, suggesting that momentous international events actually reduce visitor arrival totals. 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.)*

• Summer Olympics (2012), London.

Most of the US\$4.2bn (at US\$1 to

£0.57) Olympic-related investment that will benefit London Eastside – the area stretching eastwards from the Tower of London, and incorporating the bulk of the Olympics 2012 sites and associated regeneration projects – do not get underway until 2007.

But visitors will see transport improvements sooner: Docklands metro extension to London City Airport (which now has flights from 24 European cities), due year-end; Channel Tunnel Rail Link, due Spring 2007, with an international station at Stratford and a terminal at St Pancras.

And the (infamous) Millennium Dome – which will host basketball, trampoline and some gymnastics at the 2012 Olympics – is due open in 2007 as a sports and music venue.

Meanwhile, London Eastside continues to promote itself as a destination in its own right. One key focus is Eastside's MICE potential, with venues ranging from a riverside barge or London's only lighthouse, to Wilton's (the world's oldest music hall), and the East Wintergarden – a glass-covered atrium, which opened two years ago.

Eastside's cultural and creative attractions, its museums and contemporary art galleries are highlighted, along with the restaurants, bars, and nightlife of Canary Wharf, Brick Lane, and London Docklands. Shopping facilities are also growing fast, with designer-brand stores mixing with the markets of Spitalfields, Petticoat Lane and Columbia Road.

Moscow

Ambitious plans

Moscow's Committee for Tourism (MCFT) has embarked on an ambitious and wide-ranging development scheme, aiming for 5mn visitors by 2010.

In 2004, despite the impact of terrorist attacks in the city, international arrivals increased 17% to 2.9mn. Growth slowed in the first half of this year, but was still 7%.

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

Leisure travel represented a 47%

This month in Travel Business Analyst Asia Pacific:

- Russia outbound.
- Japan-Europe.
- Product changes - Hong Kong, Macau.
- Plus: Extracts from Net Value and People-in-Travel; Market Outlook; and 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.

share of international visitors, and business travel 40%.

The MCFT has initiated an all-Russia coordinating committee (currently with 48 regional members, but aiming to include 80) which addresses visitor issues related to distribution, development, tax, and law, as well as undertaking joint pan-Russia promotions.

In terms of security, the MCFT is responsible to ensure that major visitor areas are patrolled by police, and it is introducing a 24-hour English-language help service.

The MCFT has taken over responsibility for the Moscow Academy for Tourism to help boost service quality, and is also training more guides.

As for the much-needed expansion of Moscow's hotel capacity, the MCFT says 23 hotels are under construction or being refurbished (around 4500 rooms due this year and next) – although it gives almost no additional details.

UK

Ins and outs

Report on the UK's inbound and outbound travel.

• **Outbound.** IPK/ETM note the resilience of the outbound market. "Regardless of unemployment, inflation, interest rates, declines in disposable income, the British seem determined to go on holiday at least once a year".

And many are making multiple trips, sometimes on credit – particularly in the lower- to middle-socio-economic groups. Also helping is the fact that the UK has the largest number of low-fare airlines in Europe (see other report in this issue).

According to the ETM, there was a 5% growth in trips by UK residents in the first eight months of this year; the 2004 total was 59mn

trips, see table. Holiday and business travel sectors are growing faster; the fall in VFR/other leisure caused the slower overall rate.

Spending increased 10% per night January-August, and 5% per trip, resulting in a 10% growth overall. This was partly because longer-holidays (4-plus nights), which account for 85% of total trips, increased 14%.

• **Visitor arrivals** in July and August were above 2004 totals – despite the London bombings in July. In that month there was a 10% growth to 2.4mn visitors, and in August 3% growth to 2.5mn. January-September increased 10% to 23mn.

Tourism officials believe the visitor total for all-2005 will also show an increase over 2004 because of the strong performance in the first six

UK outbound trips*

Purpose	Jan-Aug 05 Jan-Dec 04		
	Growth %	Trips mn	Share %
Holiday	7	39.3	66.3
VFR/other leisure	-2	14.1	23.8
Business	7	5.9	9.9
Total	5	59.3	100

Notes: *Minimum one night. Source: ETM.

months of this year. In 2004 there were 27.7mn visitors, up 12%, generating US\$23bn (£13bn) revenue, up 10%.

But the July bombings have had an impact. In London, museums, theatres, and restaurants in particular have suffered – in part a result of falling domestic demand. Visit London says visits to the capital's major attractions declined by almost 25% in August, and possibly 10-15% in September.

London's hotels have also suffered – occupancy fell 13% in August to 67%, according to figures from consultancy PKF. But outside London, regional hotels reported a slight increase in occupancy in August – nearly 1% to 74%.

Briefs

• Visitor arrivals in **Vienna** grew 2% to 2.4mn in the first eight months of 2005. However, among the 10 top markets, arrivals from Italy recorded a 6% decline and France fell 3%.

But arrivals from Japan grew 10%, Spain 8%, CIS 7%, and the US continued its recovery with a plus

of 5%. Total overnights grew 3% reaching 5.7mn during the same period. Spain grew 13% and the CIS markets 11%.

The 5-star hotel segment continues to show the highest growth rates among commercial accommodation with a 6% growth January-August – 708,010 overnights.

In 2005, Vienna's most-visited locations have been Schonbrunn Castle with 2.2mn visitors, followed by the Schonbrunn Zoo (1.8mn) and the Albertina arts collection (750,000).

- International visitors to the two Irelands (the Republic and Northern Ireland) increased 3.3% in 2004 to 7.7mn. Most (78%) visit the Republic, but Northern Ireland has increased its share to 17%. (Those visiting both has also increased, to 5%.)

Europe's interest has grown this year. Visits to the Republic from mainland Europe increased 16% over January-July and to Northern Ireland by 29% over January-June.

The Germany market, the largest from mainland Europe, increased 35% to the Republic, and 25% to Northern Ireland. And France to Northern Ireland was up 50%. Both these markets dropped in 2004, so this year's turn-around is welcome.

- Continental Airlines recently launched flights to Belfast, Berlin, Birmingham, Delhi, London Stansted, and soon probably to Cologne. Now it is Delta's turn.

The US airline announced plans to start 11 routes in 2006 – from Atlanta to Athens, Copenhagen, Dusseldorf, Edinburgh, Nice, Tel Aviv, and Venice; and from New York JFK to Budapest, Dublin, Kiev, and Manchester.

The new flights should increase the share of Delta's revenues from international routes from 22% to 35% of total sales.

- From January-September this year, overnights in Denmark's capital Copenhagen increased 4.9%. The Oresund region – which includes Malmo and surrounding cities in both Denmark and Sweden – as a whole experienced 2.6% growth.

- There have been some important hotel reopenings in Croatia's capital, Zagreb:

- The classical Hotel Esplanade. First opened in 1925 for Orient Express passengers, it underwent a renovation and has now reopened as the 209-room Regent Esplanade.

- The 378-room Hotel Opera has been rebranded Westin Zagreb.

- Hotel Panorama has been rebranded as a Four Points hotel.

- **GW Travel**, a UK company specialising in luxury rail journeys, has signed a US\$23mn deal to run a transSiberian rail service across Russia, using specially-built carriages. The Golden Eagle Trans-Siberian Express is due to start this January.

The new carriages, each costing US\$1mn, will have en-suite showers, under-floor heating, air-conditioning, and other amenities.

Also for 2006, GW plans to operate a new luxury-train route in India. The Viceroy of India will run from Mumbai across India to Darjeeling.

For 2007, GW Travel hopes to start a luxury-train route to Lhasa in Tibet. The train will run over the highest railway line in the world (5000m), now under construction.

- The **Park Inn** brand has just taken over hotels in the UK in Bedford, Birmingham, Cardiff, Harlow, Lakeside, Northampton, Nottingham, Telford, and Watford.

These are owned by UK group Jefferson Hotels, which bought them for US\$177mn (£100mn) from the Moat House hotel group, and then moved them over to the Park Inn brand.

Jefferson earlier acquired seven other hotels – five from Corus Hotels, one in Windsor, and the St James in London's Mayfair.

Meanwhile, **Park Plaza**, the up-scale Park brand, has signed management contacts for two London hotel projects in prime locations south of the river Thames – near Westminster Bridge, the Houses of Parliament, and Waterloo station, giving both views across the city.

The 394-room County Hall Park Plaza is due in 2008. And the 930-room Westminster Bridge Park Plaza is due in 2010.

Rooms in the WB hotel will be sold to individual investors, with a 6% net income return guaranteed until 2015.

Park Inns and Park Plaza are both

part of Carlson Hotels, whose other brands include Radisson and Regent.

- The European Union has decided on rules for **subsidies** from airports or regions to airlines – which follows previous decisions on the legality of subsidies to Ryanair at Charleroi airport in Belgium.

Subsidies for new flights will be allowed only for airports with less than 5mn passengers/year. All airlines – not just low-fare ones – can qualify for subsidies, which can be given for up to three years or five in geographically- or economically-favoured regions.

- **Barcelona** will gain another iconic building when the 280-room 27-floor US\$80mn Hesperia Tower hotel opens – due this January.

The hotel is due to become the flagship of the Spain-based Hesperia group. Most Hesperia hotels are in Spain (42 hotels), plus Andorra, Belgium (two, in Brussels), UK (London), and Venezuela (two, in Isla Margarita).

- The US\$500mn multi-use Dubai Towers complex in **Istanbul** is planned to include hotel, offices, apartments, and retail space in two 300m-high towers, due to open end-2008. The hotel operator has not yet been selected.

Main developer is Dubai International Properties, a subsidiary of Dubai Holding. Through other DH companies, the group has a similar project in Qatar, plans for resorts in Morocco and Oman, and other investments in tourism enterprises this year have included the Tusauds Group in the UK, and a bid for the P&O shipping company.

- **Toga Hospitality**, which operates 34 hotels in Australia, says it will open hotels in Berlin and Copenhagen over 2006-07.

Its brand in Copenhagen will be an Adina Apartment Hotel with 128 apartments. Details of Berlin have not been announced.

Toga's other brands are Medina, Vibe, and Travelodge – which it operates on behalf of Australia's road association, NRMA, which has the franchise for Asia Pacific. (Two other companies hold Travelodge franchises, one for Europe and one for North America.)



Net Value

Marketing Travel On The Internet

Dynamic packaging

Expedia says that sales of traditional brochure-based tour packaging is declining, for various reasons, see Table 1.

In the UK, dynamic-packaging (DP) is expected to take business from both traditional package holidays and independent holidays – slightly more from what is currently

believe travellers in the market have already been moving to more independent activity – by buying their own air tickets over the internet, for instance. And these are the travellers who are expected to quickly switch to dynamic packaging as the product and facilitation improve.

But Expedia sales have already shown a big increase from the time the company introduced DP in the UK in mid-2002.

We estimate Expedia's DP sales have increased from a 10% share of its total sales in 2002, to 25% in 2003, and 40% in 2004.

Expedia believes this UK pattern will be matched in France and Germany within a year.

Table 1

Reasons for decline of traditional tour-packaging

Reason	Market Canada	UK	US
Packages too inflexible	66	74	67
I can organise a better deal	61	75	65
I want to select companies	45	47	46
– where I am loyalty program member	28	8	23
Packages don't have amenities I want	37	39	31

Notes: Percentage share of those questioned. Source: Expedia, Keynote.

the independent sector, see Table 2.

This forecast shows a remarkable growth in DP sales from an estimated 8% share this year, to a forecast 36% in 2008.

This looks on the high side, not least because of the unusual patterns shown for sales of independent holidays. These are expected to have shown growth from a 45% share in 2001 to 53% this year, but then fall to 49% in 2008. (Based on increased packages sold this year, but more-or-less static sales through to 2008.)

Presumably, Expedia and Gartner

But not all is lost for traditional tour operators. They are slowly realising the success of dynamic packaging, and will match this demand by unbundling some of their package components.

If they had moved more quickly, they might have held off OTAs (online travel agencies). As it is, they can probably do no more now than prevent an actual decline in sales numbers. But any market growth will go to the OTAs.

By Jupiter!

Jupiter Research says online travel bookings in the US increased 25% in 2004, and will account for one-third of all US travel sales in 2010. Totals are US\$54bn in 2004, estimated to reach US\$68bn this year (with similar growth – 26%), and then US\$104bn in 2010.

•Subscribers wishing to see the full report, please email TBAoffice@aol.com.

Table 2

Tour package sales share in the UK, %

Year	Traditional	Independent	Dynamic from trad	from ind
2001	55	45	0	0
2005	39	53	2	6
2008	15	49	17	19

Notes: Estimates by Travel Business Analyst from source data. Source: Expedia, Gartner.

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

All in the family

John W Marriott III (44), the middle son of Marriott International's head JW 'Bill' Marriott Jr (73), is leaving the company - where he was EVP lodging. He had been expected to take over when Bill left.

Current favourites now are outside the family - Arne Sorenson, chief financial officer, and William Shaw, president.

However, although John has left his day-by-day job at Marriott, he will still have a presence at the company. He has been promoted to vice chairman. That, together with the 23% of Marriott shares that the family owns or controls, indicates the Marriotts will still have substantial influence in the company.

And just like a Ford family man came back to run the Ford motor company, and a Pelisson to run Accor Hotels, John could still return one day.

There are other family members working in Marriott, but these are not seen at present as likely successors to Bill:

- John's younger brother David is SVP sales;
- older brother Stephen is SVP culture and special events (but he has a hearing and vision deficiency);
- sister Debbie is not in Marriott but her husband heads the company in Canada.

In the meantime, Bill has become head of JWM Family Enterprises, a private investment partnership which he founded – and which has US\$600mn in assets. Will he do-a-Sternlicht (Barry, now outside the Starwood hotel group, but running Starwood Capital, which earlier this year spent about US\$1.5bn buying a company that has over 800 hotels), and start buying assets for Marriott

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

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Comments on tables

Aviation

T1 First three quarters for airlines. Ryanair pulling ahead with an amazing 24% growth through the year. But...along with Easyjet, their loads are unchanged because they are adding that same rate of capacity. In other words, they must continue to grow this fast. In seats sold, Ryanair and Easyjet are 4th and 5th in Europe. True they include people who buy tickets but do not fly, but that is still comparable with traditional airlines. **T2** First three quarters for airlines in Europe (up 6%) and the US (up 11%; bankruptcy is good for you!). **T3** First three quarters for Amsterdam, Frankfurt, and London's three – slow, slow, and slow. **T4** First half for the US; the UK falls (and this was month before the London bombs), and the other two big markets, France and Germany, both showed reasonable growth. Elsewhere, YTD France up a fair 5%, but Germany up a fast 10%, and UK also a fast 7%.

Inbound

T14. Start of 2005 spending figures, courtesy WTO, for France (fair), Italy (trouble), Spain (trouble), UK (happy). **T15.** Same, for visitor arrivals; France (weak), Italy (big trouble), Spain (looking good), UK (even happier, even if this included London-bombs month).

Outbound

T7 Start of 2005 spending figures, courtesy WTO, for France (fast), Germany (slow), Italy (fair), UK (fair).

Hotels

T10. Results at end of first three quarters. Average running at 70% occupancy (up just over one point on same period in 2004), US\$182 average rate (up US\$6), producing a yield at US\$128 (up US\$7).

Others

T5 For stocks, Amadeus goes private, so no longer listed on the Madrid exchange. We replace it with Fraport, which owns and runs Frankfurt airport, but many others around the world as well. **T12** First three quarters for Eurotunnel. Looking for any piece of good news, we find... buses up, but...whoops...rail down. In fact, Eurotunnel does not control traffic volume on rail; that is Eurostar, another company. ET's problem has been high prices when competitors have been offering ever-lower prices. Is ES now going the same way? ES's fares are often what low-fare-airline management loves calling (ad nauseum) a 'rip-off'. But that's because LFAs are beating ES on price, often by a 50% margin, and where city-to-city 'convenience' rather than airport-to-airport is not so convincing. **T13** Some markets show Q3 economic data.

1 Passenger traffic* on selected Europe airlines, 2005

Low-fare airline traffic, 2005

Airline	September		YTD		Airline	September	YTD								
	SS,x1000	+/-,%	RPK,mn	+/-,%				SS,x1000	+/-,%	ASK,mn	+/-,%	RPK,mn	+/-,%	SF	+/-,pts
Air France	4159	7.4	9929	10.6	35604	5.9	110067	3.7	86819	7.4	78.9	2.7	Easyjet		
Alitalia	2254	3.3	3470	4.8	18256	9.1	39573	11.1	28228	10.6	71.3	-0.3	SS,x1000	2743	22897
Austrian	790	8.1	1861	9.9	6054	4.3	18977	4.5	14034	5.5	74.0	0.7	Growth,%	16.5	19.9
British AW	3211	2.8	9852	7.9	27090	0.2	109617	1.8	83459	3.7	76.1	1.4	SF,%	86.4	85.8
Iberia	2394	4.8	4319	8.6	20435	4.0	47587	5.3	36849	7.1	77.4	1.3	Growth,pts	-0.5	0.1
KLM	1946	6.3	6011	8.3	16176	5.3	61087	6.1	51205	8.2	83.8	1.6	Ryanair		
Lufthansa	4637	0.6	10407	1.8	37395	2.2	108749	2.8	86163	3.6	79.2	0.6	SS,x1000	3024	24679
Olympic	548	-7.2	751	5.4	4442	2.5	8004	0.7	5775	12.1	72.2	7.4	Growth,%	27.4	23.8
SAS	2405	4.3	2555	2.6	18924	-2.6	29162	-4.6	20969	-1.0	71.9	2.6	SF,%	87.0	83.4
Swiss	872	7.4	1809	1.4	7399	4.2	19762	-4.9	15628	-0.3	79.1	3.6	Growth,pts	0.0	0.0
TAP	598	3.6	1338	7.8	4984	6.2	14972	6.4	11108	10.1	74.2	2.5			
Turkish	1352	20.8	1964	16.8	10482	21.4	21132	14.6	15701	19.0	74.3	2.7			
Virgin A'tic	359	3.1	2576	5.6	3367	3.0	32147	11.1	23999	5.9	74.7	-3.6			

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

2 Operating results on airlines of regional associations, 2005

Item	Europe,AEA		Growth,%		Growth,%		Growth,%		Growth,%		Growth,%												
	Jun 05	Jul 05	Aug 05	Sep 05	YTD 05	Jun 05	Jul 05	Aug 05	Sep 05	YTD	Jun 05	Jul 05											
SS,mn	19.8	21.3	20.7	20.4	166.4	5.3	6.0	4.2	6.0	4.9	5.8	6.4	5.9	4.8	48.7	10.7							
ASKs,mn	71,098	75,121	74,497	71,283	624,509	4.2	4.1	3.3	4.3	4.3	34,317	36,306	35,261	33,110	298,499	9.9							
RPKs,mn	56,141	61,692	60,555	57,489	483,494	6.4	7.2	5.2	7.3	6.3	29,208	30,927	29,195	25,989	239,953	10.5							
Pax LF,%	79.0	82.1	81.3	80.7	77.4	1.6*	2.4*	1.6*	2.5*	1.5*	85.1	85.2	82.8	78.5	80.4	0.4*							
US,ATA																							
SS,mn	5.8	6.4	5.9	4.8	48.7	10.4	10.3	5.9	9.1	10.7	34,317	36,306	35,261	33,110	298,499	9.9							
ASKs,mn	34,317	36,306	35,261	33,110	298,499	9.4	9.1	6.2	9.7	9.9	29,208	30,927	29,195	25,989	239,953	10.5							
RPKs,mn	29,208	30,927	29,195	25,989	239,953	9.9	9.9	6.2	8.8	10.5	85.1	85.2	82.8	78.5	80.4	0.4*							
Pax LF,%	85.1	85.2	82.8	78.5	80.4	0.4*	0.6*	-0.0*	-0.7*	0.4*	Asia Pacific,AAPA												
SS,mn	9.6	10.6	10.9	10.9	79.8	8.0	5.1	5.4	3.7	6.5	55,032	59,646	57,001	56,803	444,264	5.2							
ASKs,mn	55,032	59,646	57,001	56,803	444,264	5.9	5.8	4.9	3.6	5.2	38,065	44,401	43,857	43,371	326,460	6.1							
RPKs,mn	38,065	44,401	43,857	43,371	326,460	6.7	6.2	5.7	4.4	6.1	69.2	74.4	76.9	76.4	73.5	0.6*							
Pax LF,%	69.2	74.4	76.9	76.4	73.5	0.5*	0.3*	0.6*	0.6*	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.

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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	Sept	4,153	5.5	33,784	3.8	35.7	1.1	306.7	0.9	116	110
Berlin*,x3	Jul†	1,641	11.2	9,563	16.4	21.0	4.9	136.4	6.9	78	70
Brussels*	Jul†	1,759	3.9	9,269	4.5	22.5	0.2	147.7	0.1	78	63
Copenhagen*	Jul†	1,979	5.8	11,354	3.0	22.3	1.0	156.5	-0.0	89	73
Frankfurt	Sept	4,289	3.3	34,219	3.3	36.0	6.0	305.9	4.6	119	112
London,x3	Sept	10,239	2.9	83,871	3.7	67.5	2.0	577.2	1.8	152	145
LHR	Sept	5,464	2.0	46,404	1.5	34.7	1.4	307.3	-0.1	158	151
LGW	Sept	2,977	3.3	22,689	5.5	19.4	3.3	156.1	5.0	153	145
STN	Sept	1,799	5.4	14,778	8.2	13.4	1.8	113.8	3.0	135	130
Madrid*	Jul†	4,077	11.0	23,807	8.2	36.9	3.5	241.4	4.4	111	99
Milan*,x3	Jul†	3,337	8.7	18,882	6.9	38.0	5.9	233.4	4.8	88	81
Paris*,x2	Jul†	7,700	6.0	45,518	4.9	66.9	0.0	435.7	-0.7	115	104
CDG	Jul†	5,253	6.8	30,909	5.3	46.6	-0.6	303.1	-1.6	113	102
ORY	Jul†	2,447	4.4	14,609	4.0	20.3	1.4	132.7	1.3	120	110
Rome*,x2	Jul†	3,248	8.4	18,784	9.1	33.6	3.0	213.7	5.7	97	88
Zurich*	Jul†	1,791	5.1	10,239	4.5	24.4	0.0	157.0	2.8	74	65
EUROPE*	Jul†	127,954	8.8	697,683	8.3	1,661	3.6	10,236	4.8	77	68

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				
	Aug	+/-*	YTD	+/-*	Aug	+/-*	YTD	+/-*	Aug	+/-*	YTD	+/-*	Jun	+/-*	YTD	+/-*
To/from	05	%	05	%	05	%	05	%	05	%	05	%	05	%	05	%
France	na	na	na	na	492	5.3	3960	4.8	1115	-1.1	7647	0.9	594	1.4	2898	4.8
Germany	289	1.0	2533	2.6	na	na	na	na	977	2.1	7268	8.4	782	4.6	3817	5.7
Italy	431	-9.5	3114	-5.5	864	14.3	6011	9.9	1142	6.8	7377	8.3	266	5.3	1175	11.3
Netherlands	85	-7.5	693	3.3	215	6.1	1586	4.0	690	-1.9	6081	4.3	386	2.8	2026	4.0
Spain	513	11.9	3257	13.1	2290	5.5	13767	9.2	4063	2.4	23391	2.8	164	-7.3	763	-11.2
Switzerland	122	0.7	1153	5.8	332	9.8	2655	10.2	364	8.1	3200	7.8	127	-3.0	692	3.5
UK	388	-6.0	3048	-4.4	967	5.6	7231	12.2	na	na	na	na	1627	-2.8	8308	-0.3
US	595	7.1	4079	7.9	846	9.8	5653	7.0	1743	-1.0	12320	1.9	na	na	na	na
Total	7700†	6.0†	45518†	4.9†	12950	6.7	82372	9.5	18699	3.9	119251	7.1	10796	2.4	58242	5.4

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	Sep 05	Oct 05	stock	market
Airlines							
Air France	Paris	12.2	14.0	14.1	14.0	-0.5	-3.6
Alitalia‡	Milan	0.26	0.25	7.14	NA	NA	1.2
British Airways	London	233	235	294	302	2.7	-2.9
Easyjet	London	NA	188	296	300	1.4	-2.9
Iberia	Madrid	2.28	2.59	2.10	2.10	0.0	-3.0
Lufthansa	Frankfurt	13.3	10.6	11.2	11.2	0.1	-2.3
Ryanair	Dublin	6.59	5.25	6.81	7.01	2.9	-4.2
Hotels							
Accor	Paris	35.9	32.2	42.4	41.7	-1.7	-3.6
Hilton	London	225	285	318	339	6.7	-2.9
InterContinental	London	529	648	725	706	-2.6	-2.9
Sol Melia	Madrid	6.79	7.40	11.4	10.5	-8.1	-3.0
Others							
Avis Europe	London	95.0	53.8	61.8	66.8	8.1	-2.9
BAA	London	496	584	633	614	-3.1	-2.9
EADS	Paris	18.9	21.4	29.9	28.9	-3.3	-3.6
Eurotunnel	London	37.5	17.0	17.8	17.0	-4.2	-2.9
Fraport	Frankfurt	NA	31.4	42.9	42.3	-1.5	-2.3
Kuoni	Zurich	414	500	512	484	-5.4	2.0
My Travel‡	London	16.5	17.4	190	177	-6.9	-2.9
TUI	Frankfurt	16.5	17.4	17.7	16.2	-8.2	-2.3

Notes: See Master Notes, page 7. *Euro in Euro countries (in table includes 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
Germany	Dec‡	19,265	-3.1	WTO
	Dec	73,400	NA	WTO
Ireland	Dec	74,400	1.4	WTO
	Dec	3,814	6.7	WTO
Italy	Dec	3,814	6.7	WTO
	Dec‡	21,993	16.0	WTO
Netherlands	Dec‡	21,502	-2.2	WTO
	Dec	13,896	-2.0	WTO
Russia	Dec‡	14,220	2.3	WTO
	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
	Dec‡	11,823	NA	WTO
Switzerland	Dec	12,351	4.5	WTO
	Dec	56,837	5.5	WTO
UK	Dec‡	59,030	3.9	WTO
	Dec‡	59,030	3.9	WTO

Notes: ETM=European Travel Monitor, NTO=national tourist office, Ot=Other. *2000 unless stated otherwise. †1999. ‡2001. Source: See column.

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7 Spending on foreign travel by residents

Source	Jan thru*	Spending US\$m	Growth %
Austria	Dec	11,415	-11.7
Belgium	Dec	13,853	3.5
Czech R	Dec	2,271	7.2
France	Dec	28,636	11.1
	Jul‡	NA	10.7
Germany	Dec	72,271	1.6
	Jul‡	NA	2.0
Greece	Dec	2,874	8.2
Hungary	Dec†	2,594	-1.7
Ireland	Dec	5,200	0.5
Italy	Dec	20,544	-9.4
	May‡	NA	4.6
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	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	55,930	4.1
	Jul‡	NA	6.9

Notes: Growth may not tally with previous figure shown. *2004 unless stated otherwise. †2003. ‡2005. A=Local currency. Source: WTO, national tourist offices.

8 Internet bookings/sales of selected companies/markets

Company, item	Period	Number	Previous period
SNCF online revenue	Jan-Jun 05	\$561m	up 52%
Iberia online sales	Jan-Jun 05	\$255m	up 31%
Air Asia online booking share	current	45%	40%
1001 Web Promotions bookings	Jan-Aug 05	122k	up 42%
Trip Advisor reviews/opinions	Jun 05	2m	1m Jan 05
Asia online leisure/unmanaged biz (PCW)	2005	\$16b	up 31%
Internet for information on AU; CN	2004	36%	19%
Internet for information on AU; JP	2004	45%	30%

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.
	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.
Galileo	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.
	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.
Sabre‡	
Worldspan	

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, September

City	Occupancy, %				Average room rate, local US\$*				Revpar, US\$*				
	2005		2004		2005		2004		2005		2004		
	Mth	YTD	Mth	YTD	YTD	Mth	YTD	Mth	YTD	Mth	YTD	Mth	YTD
EUROPE*													
Amsterdam	84.9	73.7	83.8	74.6	144.51	216.75	181.15	209.01	166.68	184.10	133.43	175.08	124.34
Berlin	86.4	64.0	79.9	66.2	106.27	132.42	133.21	153.24	140.85	114.38	85.25	122.42	93.18
Brussels	77.3	64.8	76.9	65.1	107.84	143.39	135.18	145.48	129.68	110.77	87.56	111.83	84.41
Copenhagen	88.2	69.3	80.9	73.8	835.78	171.72	140.54	140.40	127.68	151.47	97.46	113.52	94.19
Frankfurt-all	75.5	64.2	75.5	60.7	123.83	179.78	155.23	163.26	145.97	135.72	99.66	123.24	88.61
L-4	72.1	56.6	NA	NA	100.48	130.90	125.95	NA	NA	94.32	71.27	NA	NA
U-4	76.4	66.5	NA	NA	129.76	192.16	162.65	NA	NA	146.84	108.12	NA	NA
Geneva	73.6	64.5	66.9	61.6	297.64	230.46	241.29	223.81	229.03	169.62	155.62	149.66	141.17
London-all	78.8	75.9	83.0	73.4	133.28	257.45	244.74	260.85	254.67	202.93	185.81	216.38	187.02
L-4	80.1	79.4	NA	NA	87.92	172.80	161.46	NA	NA	138.43	128.25	NA	NA
U-4	81.0	76.3	NA	NA	145.00	293.60	266.27	NA	NA	237.68	203.26	NA	NA
Madrid	80.8	68.9	78.0	64.2	141.35	183.58	177.18	192.36	181.40	148.27	122.03	150.05	116.43
Moscow	86.6	79.8	88.9	77.5	4556.33	150.42	161.56	163.41	148.95	130.25	128.90	145.25	115.47
Paris-all	81.3	68.4	81.6	67.0	175.16	244.04	219.57	254.97	209.69	198.35	150.23	208.03	140.57
L-4	72.8	67.8	NA	NA	123.85	168.08	155.25	NA	NA	122.34	105.25	NA	NA
U-4	83.9	70.7	NA	NA	157.99	212.16	198.04	NA	NA	177.98	140.10	NA	NA
Rome	86.2	72.5	79.8	67.7	205.29	254.51	257.34	263.73	244.74	219.25	186.46	210.55	165.64
Zurich	89.0	75.0	85.6	74.3	175.57	137.40	142.33	139.89	133.57	122.28	106.74	119.80	99.18
AVERAGE	82.4	70.1	80.1	68.8	na	191.83	182.44	192.54	176.08	157.28	128.26	153.82	120.85
US†													
Los Angeles	77.0	78.4	70.2	73.6	104.24	104.96	104.24	94.84	96.06	80.82	81.69	66.58	70.69
New York	87.1	85.7	84.7	83.2	215.81	243.23	215.81	198.76	184.06	211.85	184.90	168.35	153.22

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	Jan-Mar 05	Growth %	Apr-Jun 05	Growth %	Jul-Sep 05	Growth %	YTD 05	Growth %
Cars	439	4.2	513	-2.1	609	0.6	1561	0.7
Buses	18	48.6	22	23.6	19	24.2	59	30.3
Eurostar passengers	1695	5.5	1981	10.1	1959	-1.9	5635	4.3

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	1.3 Q2	0.5	4.1 Aug	2.2	2.1 Sep	2.9	2.8 Q2	
Germany	1.4 Q3	2.5	-0.7 Sep	2.3	2.0 Oct	1.1	1.0 Sep	
Italy	0.0 Q3	1.2	1.1 Aug	2.2	2.0 Oct	3.1	2.5 Sep	
Netherlands	1.3 Q2	4.9	0.7 Jul	1.8	1.0 Sep	1.0	0.9 Sep	
Spain	3.2 Q3	3.5	1.9 Sep	3.5	3.6 Oct	3.4	3.1 Q2	
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	1.5 Q3	2.6	0.9 Sep	2.5	2.4 Oct	2.3	2.1 Q2	
Others								
Japan	3.0 Q3	1.7	0.4 Sep	-0.3	0.0 Sep	0.2	1.6 Sep	
US	3.6 Q3	3.8	2.6 Sep	4.3	3.2 Oct	2.9	2.6 Oct	

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†	40,842	1.5	WTO
	Jul‡	NA	3.8	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†	35,658	3.8	WTO
	Jun‡	NA	-4.1	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†	45,248	3.8	WTO
	Jun‡	NA	-0.5	WTO
Sweden	Dec	5,290	-6.1	WTO
Switzerland	Dec†	10,309	1.8	WTO
Turkey	Dec†	15,888	20.3	WTO
UK	Dec†	27,299	7.5	WTO
	Jul‡	NA	10.1	WTO

Notes: See Master Notes, page 7. Growth may not tally with previous figure shown. *2003 unless stated otherwise. †2004. ‡2005. A = In millions of US\$. Source: As shown.

15 Visitor arrivals in Europe destinations

Destination	Jan thru*:	Arrivals	Growth	Source	Stay	PVPD
		x1000	%		days	US\$-C
Andorra	Dec†	3,138	-7.4	WTO	2.93	NA
Austria	Dec†	19,078	2.5	WTO	5.2-F	142.90
	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	75,123	0.1	WTO	7.16-F	54.4
	Jul‡	NA	1.7	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

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Trends

Gulf airlines boom

Fast expansion planned by airlines in the Gulf region, including the biggest order numbers for the double-deck A380 aircraft:

Emirates leads growth in the region. The Dubai-based airline now flies to 77 cities – and has plans to start services to Abidjan, Beijing, and Hamburg in the next few months, and double frequencies to Dusseldorf and New York. Earlier this year, it started routes to Alexandria (Egypt), Mahe (Seychelles), and Seoul.

But Emirates is facing increasing competition from airlines based in neighbouring countries – with a similar business plan.

Qatar Airways aims to match Emirates' tremendous growth "but at a far quicker pace". The airline now flies to 70 cities; at the start of this year, the network covered only 56!

This winter, Qatar plans to start routes to Berlin, Madrid, and Nairobi, and has announced plans for a service to Hong Kong. One of Qatar's strength is services to smaller markets like Cebu, Yangon, or even Berlin.

The other new challenger is **Etihad** – the official airline of Abu Dhabi (an emirate, and the capital of the UAE, United Arab Emirates). Despite being only two years old, the airline already flies to 23 cities. The latest added have been Brussels, Johannesburg, and Toronto. Next are Beijing, Jakarta, Manchester, Manila, Paris in 2006, then Milan in 2007.

That leaves Bahrain-based **Gulf Air**, which was launched as the national airline of all these countries. Abu Dhabi sold its share in Gulf Air earlier this year, leaving ownership with Bahrain and Oman.

Gulf Air is now concentrating on its Bahrain hub, and also has plans to expand routes. In December, it is due to start flights to Dublin and Johannesburg, growing its network to 44 cities.

Des-Cendant

Cendant Corporation plans to divide itself into four independent, publicly traded, companies – real estate, travel distribution, hospitality, and vehicle rental.

The transaction is expected to be completed in summer 2006. Names for the new companies have not been announced, but 'Cendant' is due to vanish.

Cendant's best-known hotel brands are

Days Inn, Howard Johnson, Ramada, Travelodge, and it has just bought the Wyndham brand. Other travel companies in the group include Avis (outside Europe and Australia), Budget, Galileo, RCI (timeshare), Ebookers, Gullivers, and Octopus.

That description almost explains the stunning mistake the company is making. It claims the move will "maximise value for shareholders". Probably true, but should it have added the word "today"?

For tomorrow, the corporation should have begun to realise the synergies of being what we call the world's largest travel group – by some measures. After next summer, then Ebookers might sign with Hertz, and Avis may do (more) deals with, say, Hilton. And so on.

Share of Cendant's 2005 travel revenue, %

Division	Revenue	Operating profit
Travel network	18-20	21-23
Hospitality	12-14	16-18
Car rental	27-29	15-17

Notes: Balance is real estate. RCI in Travel Network; moved from Hospitality this year. Source: company.

Still surprising are the number of senior management people that do not seem to realise the travel industry is an industry in itself. It is not the hotel industry or the airline industry or the travel-distribution industry.

But there are signs of uncertainty. For instance, Cendant has moved RCI from Hospitality – where of course it belongs – to Travel Network, which is mainly about distribution. Who thought of that one?

Cendant's competitors – which means not just Travelocity but InterContinental, Hertz, and so on – must be mightily relieved. A nice year-end present for them.

Briefs

• Back on track?

New Orleans' resilience and energy following Hurricane Katrina is starting to show results.

Historical structures around the French Quarter and tourist areas – like the CBD, Warehouse and Arts District, Garden District, and Algiers – suffered the lightest damage. Most of the city's historic homes and buildings remain intact.

Many hotels are spending money on res-

toration and beautification programs as in general they were not badly damaged; about 80% of pre-Katrina capacity is now available.

In October and November, 12 hotels reopened – including Hilton, Holiday Inn, Marriott, Omni, Sheraton, and W. Another four are due to reopen by early 2006, including the InterContinental. Also, most US airlines have already restarted their flights into New Orleans.

Despite the battering that Mexico's Yucatan peninsula received from hurricanes this year, authorities still expect the country will surpass the 21mn visitors counted in 2004. That looks tough, although growth was over 10% in the first nine months.

• The **Oneworld** airline alliance is likely to get two new airline members: Royal Jordanian has been accepted, and Japan Airlines has applied to join. Both are likely to become full operating members before end-2006.

• **American Express** expects domestic and shorthaul economy class air fares worldwide to increase by an average 3-6% in 2006, and international longhaul business class fares to increase 3-5%.

Hotel rate increases are forecast to be lower – 1-3% mid-market and 3-5% at the high end.

Unsurprisingly, there are considerable regional variations in the forecasts. In Europe, fares in shorthaul EC are expected to increase just 0-0.5%, while shorthaul fares in North America could increase 5-8%, and in Asia Pacific 2-3%.

• Gays favourites.

New York, Las Vegas, and San Francisco are the main destinations for US gay and lesbian (G&L) travellers, according to research by Community Marketing. New York was visited by 30% of G&L travellers, Las Vegas by 25%, and San Francisco by 24%.

Following the findings, Las Vegas's visitors body plans to launch a campaign specifically targeted at G&Ls. Helping Las Vegas to overtake San Francisco have been new clubs that target G&L audiences, as well as shows hosted by gay entertainment icons like Elton John.

The US G&L community is reckoned to be a US\$65bn travel market, which would be about 5% of the annual US\$1.3tn travel industry, according to the Travel Industry Association of America.

• **Planes strained by trains? High-speed trains** now take 1% of all travel trips in Europe. On some routes, trains have the largest market share – 52% over Paris-Brussels, 84% Madrid-Seville.

MARKET INTELLIGENCE

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15 Visitor arrivals in Europe destinations

Destination	Jan thru*	Arrivals x1000	Growth %	Source	Stay days	PVPD US\$-
Italy	Dec	37,071	-6.3	WTO	4.36-F	178.42
	Jun†	NA	-7.2	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	53,592	3.4	WTO	12.7	38.16
	Aug‡	NA	6.0	WTO	12.7	38.16
Sweden	Dec	6,167	5.8	WTO	NA	1469-V
Switzerland	Dec	10,309	1.8	WTO	3.8-F	148.58

Destination	Jan thru*	Arrivals x1000	Growth %	Source	Stay days	PVPD US\$-C
Turkey	Dec†	13,341	4.3	WTO	8	83.83
	Dec	16,930	26.9	WTO	8	83.83
UK	Dec	27,710	12.1	WTO	10.1	69.41
	Jul‡	NA	11.4	WTO	10.1	69.41
Europe	Dec†	398,945	0.4	WTO	5-E	na
	Dec	414,504	3.9	WTO	5-E	na

International arrivals

City/region	Period	Number	Growth,%	Stay,days	Comment	Source
Berlin	2000	1.214mn	23.6	2.6	none	TourMIS
Canary islands	2002	10.6mn	-0.9	NA	none	NTO
London	2000	15.1mn	2.0	NA	none	TourMIS

Domestic arrivals

Destination	Period	Number	Growth,%	Stay,days	Comment	Source
London	2000	13.2mn	0.2	NA	none	TourMIS
Paris	2000	5.624mn	14.2	1.9	none	TourMIS
UK	2001	163.1mn	NA	3.2	trips	NTO

Notes: See Master Notes, page 7. *2001 unless stated otherwise. †2003. ‡2002. B = Bednights. H = Nights at hotels. Source: ETM-European Travel Monitor, NTO-national tourist office (or equivalent), Ot-Other, TourMIS.

Notes: See Master Notes, page 7. Latest figures. E-Travel Business Analyst estimate (some based on statistically-incompatible measures), PVPD-per visitor per day. C = Quoted in US\$. F = In hotels. V = Per visitor. Source: ETM-European Travel Monitor, NTO-national tourist office, Ot-Other.

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