



From Travel Business Analyst

Net Value

Statistics and Analysis on Travel and the Internet

New PCW study

Convenience has started to edge out price as the most effective decision-driver for online travel package buyers in 2004 in the US.

According to a PhoCusWright survey, 28% of those buying a combination of air tickets and hotel accommodations from the same site said they did so to save time; 27% said discounts was their incentive.

The trend was stronger among those who tend to be loyal to one site. Of those, 37% cited convenience and 25% discounts. Of those who bought over a few sites, 21% wanted to save time and 28% wanted discounts.

PCW says 40mn adult Americans, up 14%, bought travel online in 2004. Among the 59mn who had been online in the past month and had flown in the past year (the definition of an 'online travelers'), 88% shop for travel online and 63% said they usually purchase travel via the internet.

Other findings include:

- More are booking hotels online (71% compared with 60% in 2003), near the air booking share (92% in both years).
- Half of all online combination purchases are just air and hotel, 24% air, hotel and car, 23% air and car, and 4% hotel and car.
- Business travel rebounds; 44% had taken a flight on business, compared with 33% in 2003. The who flew for leisure trips was unchanged at 90–91%.
- 40% of online travel shoppers who have shopped on an online travel agency site, ultimately buy direct from a supplier (near 50% for those buying air travel, 30% buying hotel rooms or car rental).
- 36% believe that supplier sites provide the best customer service, compared to 15% who choose online travel agencies, and 33% for offline travel agencies.
- 45% believe that suppliers offer the lowest prices, followed by 38% (14% in 2002) for suppliers. But online shoppers believe that suppliers offer the lowest fees (44% against 29%), most bonus points (51% against 14%), and an easier change/cancellation policy (39% against 17%).

Market shares in Europe

According to Denmark's Tourism Research Center, online travel bookings in Europe increased 36% in 2004 to US\$21bn (€17bn).

Of this, 36% was in the UK, 22% Germany, and 11% France. *We find these shares difficult to believe, and that Germany at least is higher.* In 2000, the Center reported that the UK was 30%, and Germany 26%; France was part of a bigger grouping (with Austria, Belgium, Ireland, Netherlands, and Switzerland), reaching a total of 23%.

In addition, we believe that the big three will steadily lose market share – even if sales increase – as growth will be faster in other countries.

According to TRC, air travel took 57% of the market, hotels only 16%, tours 14%, rail 9%, and car rental 2%.

Summer hotel rates

US hotel retail rates are up 9% this summer, according to rates on Travelweb

Hotel prices in selected North America* cities

City	Growth†, %
Atlanta	-0.5
Boston	11.5
Chicago	20.6
Dallas	6.8
Denver	9.6
Hawaii (Oahu)	20.2
Houston	8.1
Las Vegas	-5.0
London*	-7.7
Los Angeles	8.0
Miami	12.8
Montreal	31.4
New York	24.7
Orlando	8.8
San Francisco	1.2
Seattle	14.8
Toronto	12.3
Vancouver	18.9
Washington	22.1

Notes: Based on average retail price changes of rooms booked through Travelweb, which sells hotel rooms on a published-price basis. *London only other city included. †Summer 2005 over 504. Source: Priceline.

– owned by Priceline.

Most of the data is from US cities, although it was others which recorded extremes – up 31% for Montreal, and down 8% for London. In the US, growth in New York, up 25%, may not have been much of a surprise – it recovered fast relative to other measures, after 9/11, and has since been growing fast to catch up with time lost.

But a surprise was the 5% decline in Las Vegas.

(But note overall that because this is a summer survey, it reflects leisure travel more than business, and trends are not always the same in these two segments.)

Bites

• News:

Orbitz and Priceline have signed an agreement where Priceline will provide Orbitz's opaque travel offer.

(Notes: Orbitz was bought by Cendant in November 2004. 'Opaque' are online hotel rates that are not announced to a customer – usually because the customer is buying as part of a composite package.)

• According to a US survey*:

– The internet is now used exclusively for vacation planning purposes by 56% of all leisure travellers who are active hotel and airline users. 23% consult both travel agencies and the internet, and 10% rely only on travel agencies.

– Adults who have made reservations online increased from 45% to 47%.

**2005 National Leisure Travel Monitor, now in its 13th year, by Yesawich, Pepperdine, Brown & Russell/Yankelovich Partners. Non-internet findings in May editions of Travel Business Analyst.*

• Jupiter Research says 45% of people that buy travel on the internet check 2–5 sites, and 15% check even more.

• Opodo France targets 10.5% sales increase this year to US\$519mn (€420mn). This may be an under-estimate, given 96% growth in Q1 2005.

Air sales represent 70% of the total, but this may change when Opodo adds dynamic packaging, due this month.

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

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