



# Net Value

## Marketing Travel On The Internet

### Asia Pacific progress

• Insider reports indicate the **Sabre-Travelocity-Zuji-Lastminute** (STZL) combine is in disarray in Asia Pacific.

The dysfunctions include:

– Control. Who has operational control - US? Europe? Australia?

– Markets 1. Both Travelocity and Lastminute may have negotiated rates at a specific hotel in Asia, for instance. Whose negotiated rates are valid now? The STZL combine does not seem to know, so hotels are likewise confused.

– Markets 2. On the ground, Travelocity-Zuji (TZ) has been deficient in negotiating in some markets – notably China, India, Indochina, which happen to be important markets.

Perhaps such deficiency was less important for TZ – although not for China – this must be resolved for the new bigger STZL operation.

– Outlook. Will Zuji go? There are indications that the Lastminute platform will be used, but as Zuji's and Travelocity's in Asia Pacific are the same, is that the right or final move?

• An independent study on **Air Asia** indicates that the low-fare airline's internet-booking share has increased from 40% to 45%.

But there are indications that the product (ie, primarily, low fares) is more important than the booking method. The indicator comes from Indonesia, where internet penetration in the country is low, probably around 3%; yet Air Asia still manages to get 42% of its bookings over the internet in that market.

The significance of this would be that if you have a good (ie low) fare, then the customer will find you; the distribution method can be of secondary importance.

• PhoCusWright expects the online leisure/unmanaged business travel industry in **Asia Pacific** will grow 31% to US\$15.9bn this year. (Earlier estimates: US\$19bn, by IDC; US\$9bn, by TTG Asia; US\$8bn, Zuji (for 2003 or 2004).)

PCW believes Japan and Australia/New Zealand will represent more than two-thirds of gross bookings by year end.

It says the online market should reach US\$25.6bn in 2007 - representing 61% growth over two years.

• Patterns of travellers to **Australia** shows inconsistent patterns in their search for information.

The general trend is up, from 18% who used the internet to collect some

Table 1

Percent shares in internet usage for information about Australia, 2004	
China	36
Hong Kong	24
Japan	45
Korea	39
Malaysia	29
New Zealand	28
Singapore	33

Notes/Source: See Table 2.

Table 2

Use of internet for information about Australia, %			
Visitors from	2003	2002	2001
China	19	23	19
Hong Kong	18	21	21
Japan	30	31	28
Korea	19	15	18
Malaysia	17	22	27
New Zealand	15	22	17
Singapore	24	34	33

Notes: Share, of each selected market in Asia Pacific. See Table 1 for 2004. Source: Tourism Australia.

information in 2001, to 39% in 2004, see table. The other big mover is China, up from 19% to 36%.

But three hardly moved – Hong Kong, Malaysia, Singapore. These are mature markets for Australia. But that is not the pattern, because the other mature market, New Zealand, moved a lot – from 17% to 28%.

### 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.)

### Briefs

• **Trip Advisor** reached 2mn travel reviews and opinions on its site, on 200,000 hotels and attractions, by mid-year.

Started in February 2001, it reached 1mn only in January this year – meaning it doubled in five months.

It has 13mn monthly visitors.

• Online ticket sales on **Iberia.com** reached US\$255mn (€204mn), up 31%, over January-September.

The number of tickets sold over the site increased 51%. This indicates that more of the simpler (and usually cheaper) fares are being sold over the internet – but also that fares themselves are falling.

• (Report in *Travel Business Analyst* this month on **Amadeus** transition from GDS operator to that plus complete IT solutions for airlines, plus ecommerce.)