

THE NEW ONLINE TRAVEL CONSUMER

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THE NEW ONLINE TRAVEL CONSUMER

Featuring Euromonitor International and the ETOA

13 FEBRUARY 2014



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Euromonitor and ETOA webinar

With this webinar, Euromonitor International and ETOA, the European Tour Operators Association, are delighted to announce the start of their partnership.

Rachel Read, Head of Digital Trading at ETOA, the European Tour Operators Association. ETOA influences European tourism policy and legislation. The association promotes awareness of the benefits provided by the travel industry in Europe, one of the fastest growing industries - particularly increased income and employment.



The online travel consumer

Angelo Rossini

Online Travel Analyst at Euromonitor International

Euromonitor International is the leading provider of global strategic intelligence on consumer markets with 12 offices globally and a network of 800 in-country analysts worldwide. Euromonitor's analysis of the global travel and tourism industry covers a wide range of travel and tourism categories including travel accommodation, transportation, car rental, travel retail and online travel.

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GLOBAL OVERVIEW

FOCUS ON ONLINE HOTEL SALES IN EUROPE

CONSUMER TRENDS IN ONLINE TRAVEL

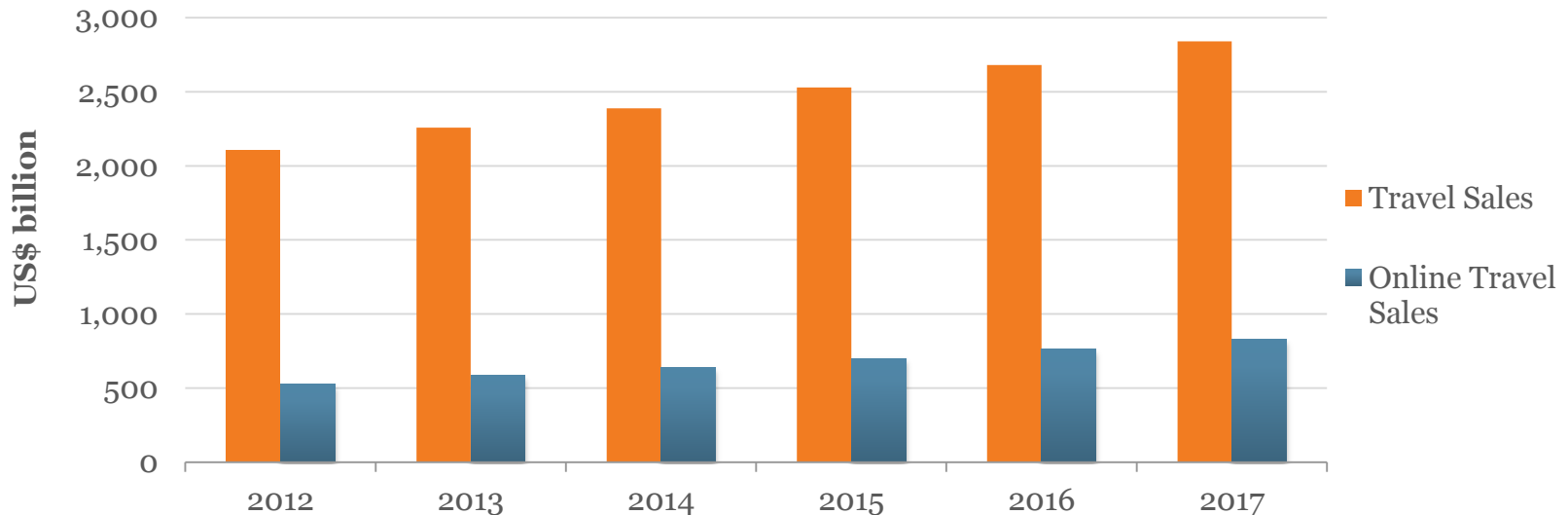
A NEW COMPETITIVE ENVIRONMENT



Global online travel sales record healthy growth

- Global travel and tourism sales up from US\$2,260 billion (2013) to US\$2,840 billion (2017)
- Healthy growth driven by rising number of trips in advanced and emerging markets
- Global online travel sales accounted for US\$590 billion (2013), 25% of total sales

Global Travel and Tourism and Online Travel Sales 2012-2017

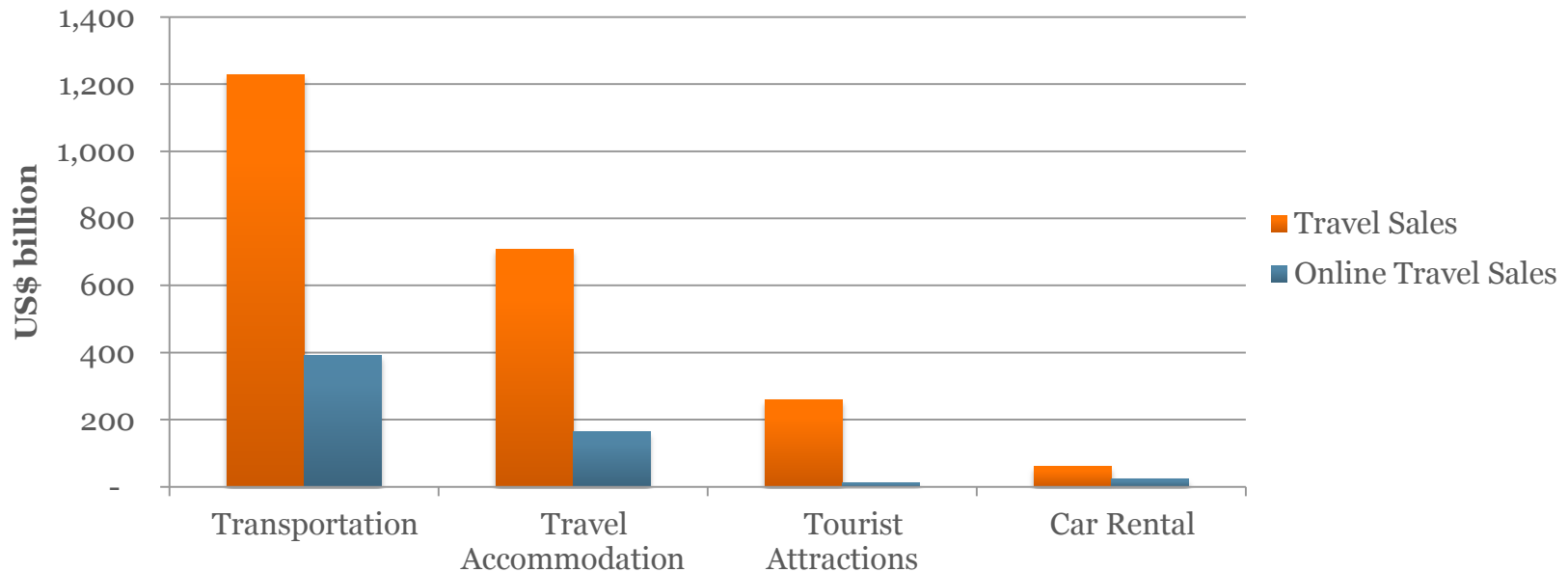


Note: Includes both direct sales and sales through intermediaries in transportation, travel accommodation, car rental and tourist attractions
Source: Euromonitor International

Air transport leads online travel sales, followed by hotels

- Air online sales accounted for US\$360 billion - 46% of total air travel sales
- Travel accommodation amounted to US\$164 billion, with a 23% penetration rate
- Hotel online sales penetration expected to recover over the next five years

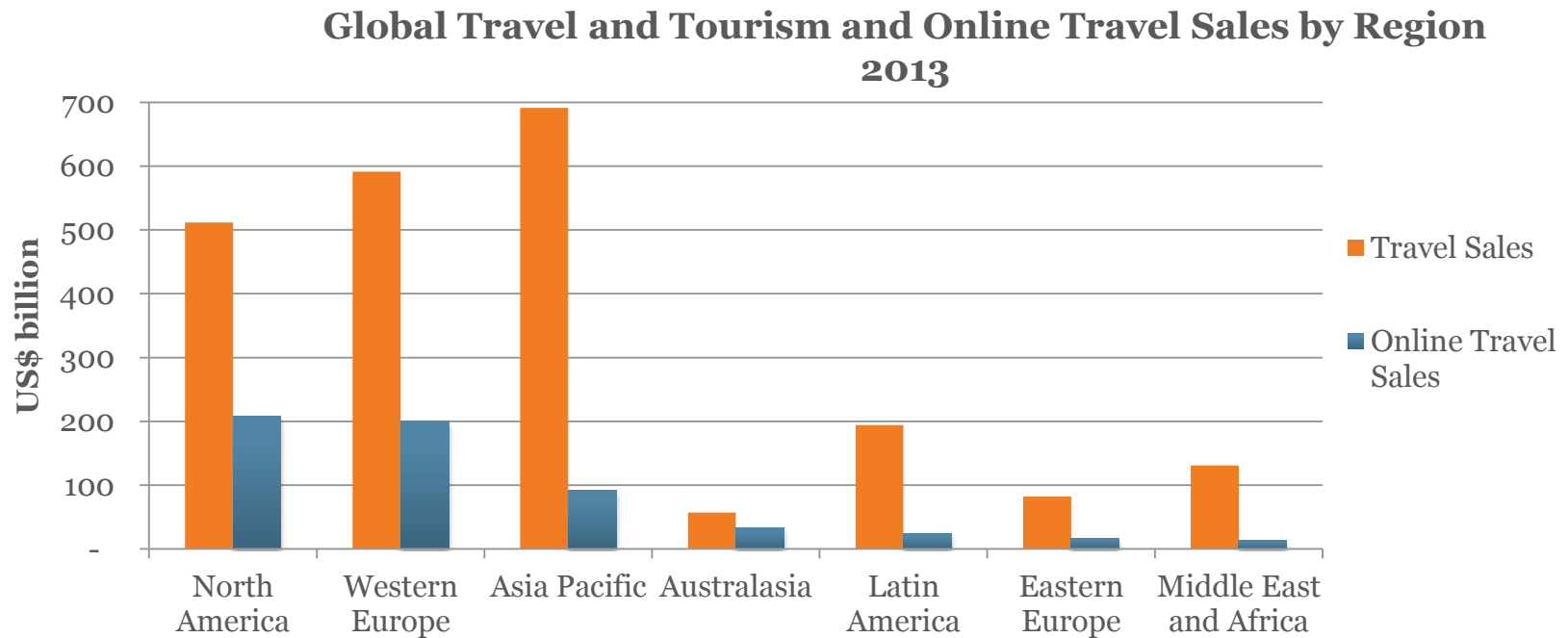
**Global Travel and Tourism and Online Travel Sales by Category
2013**



*Note: Includes both direct sales and sales through intermediaries
Source: Euromonitor International*

North America stays ahead in online travel sales

- North America was the leading world region in terms of online travel sales (2013)
- Europe was the second world region at US\$200 billion, with 34% penetration
- Asia Pacific is largest for total travel sales of US\$691 billion, but is only third for online



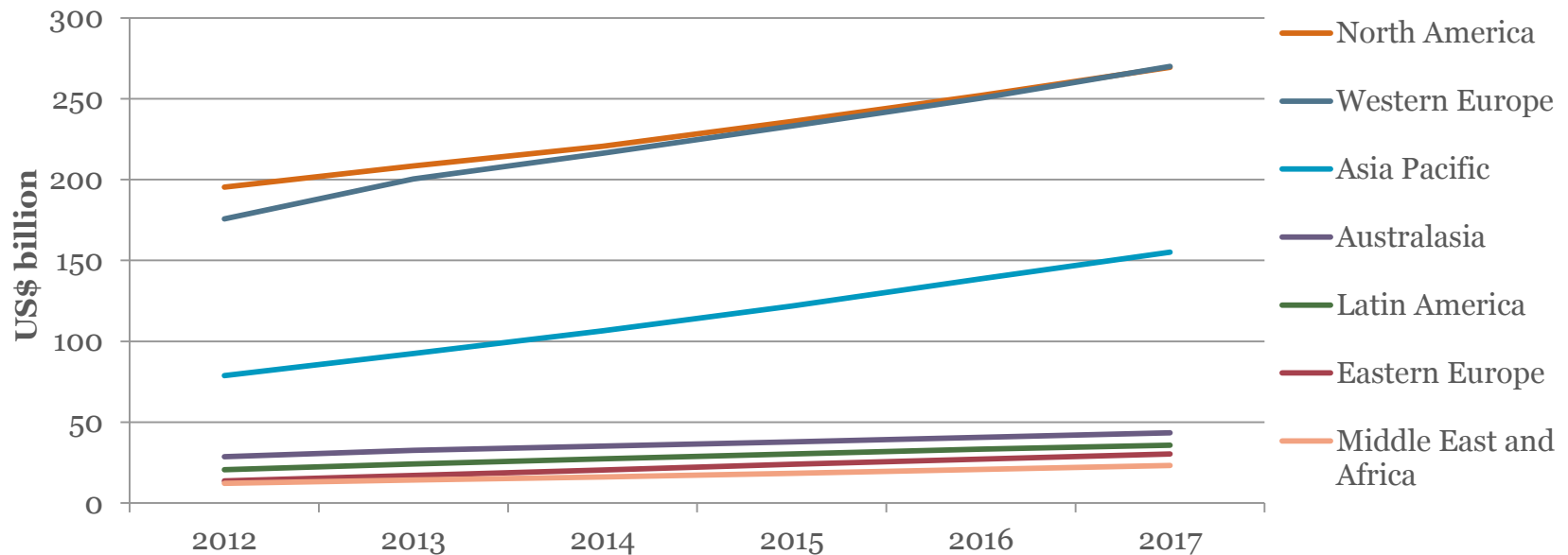
Note: Includes both direct sales and sales through intermediaries in transportation, travel accommodation, car rental and tourist attractions

Source: Euromonitor International

Asia Pacific to double its online travel sales by 2017

- North America to record the lowest growth over 2012-2017 at 7% CAGR
- Western Europe to catch up with North America by 2017, with US\$270 billion
- Asia Pacific online travel sales to double from US\$78 billion to US\$155 billion

Online Travel Sales by Region 2012-2017



Note: Includes both direct sales and sales through intermediaries in transportation, travel accommodation, car rental and tourist attractions

Source: Euromonitor International

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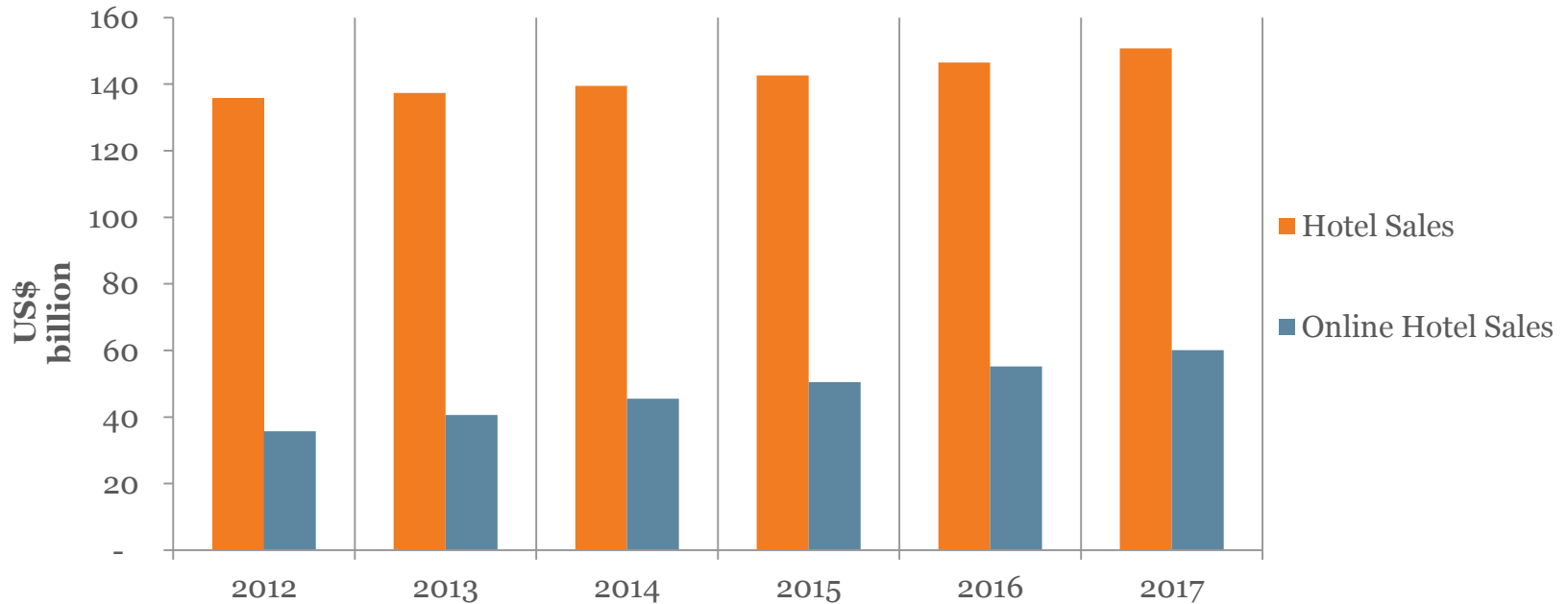
A NEW COMPETITIVE ENVIRONMENT



Online hotel sales in Western Europe reach 26% of the market

- Online hotel sales are growing fast in Western Europe, catching up with air online sales
- Accounted for US\$36 billion in 2013, 26% of total hotel sales
- Expected to grow to US\$60 billion by 2017, equally 40% of total hotel sales

**Hotel Total Sales and Online Hotel Sales in Western Europe
2012-2017**

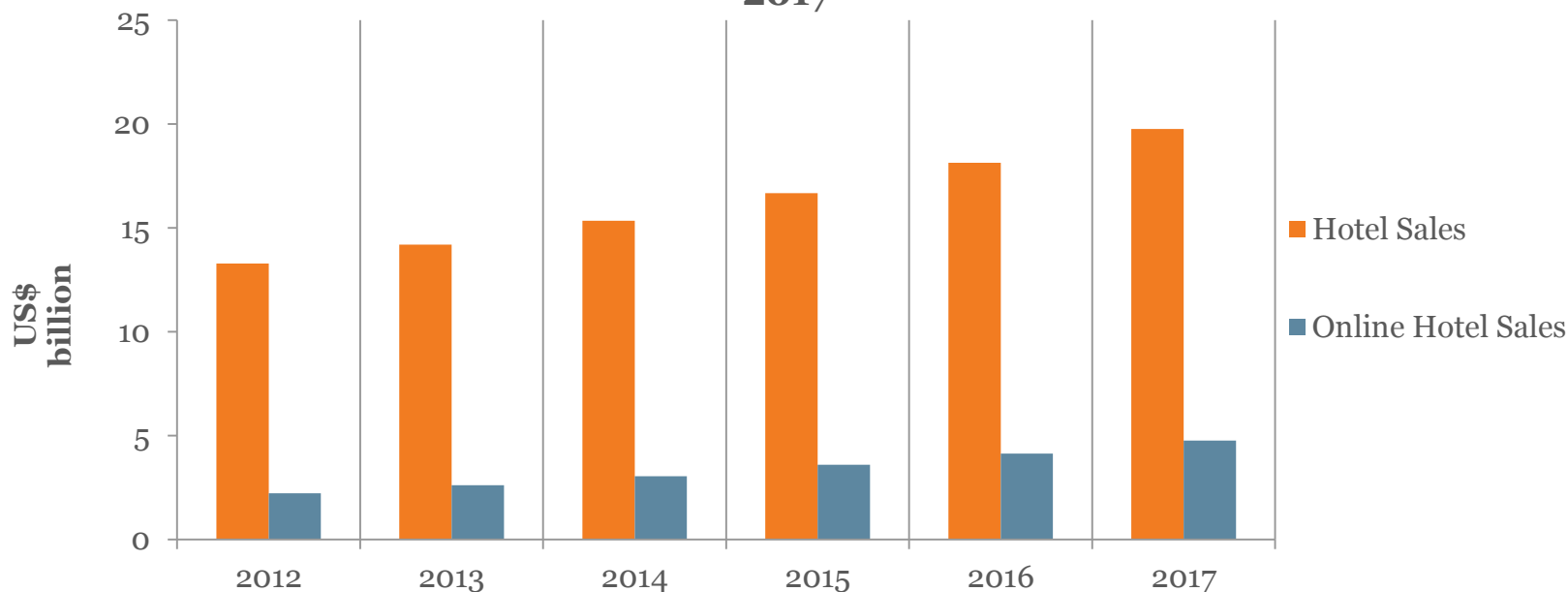


Source: Euromonitor International

Strong growth for online hotel sales in Eastern Europe

- Online hotel sales growth is especially strong in Eastern Europe due to low penetration
- Amounted to US\$2.2 billion in 2013, 17% of total hotel sales
- Forecast to more than double to US\$4.8 billion by 2017, 24% of total hotel sales

Total Hotel Sales and Online Hotel Sales in Eastern Europe 2012-2017

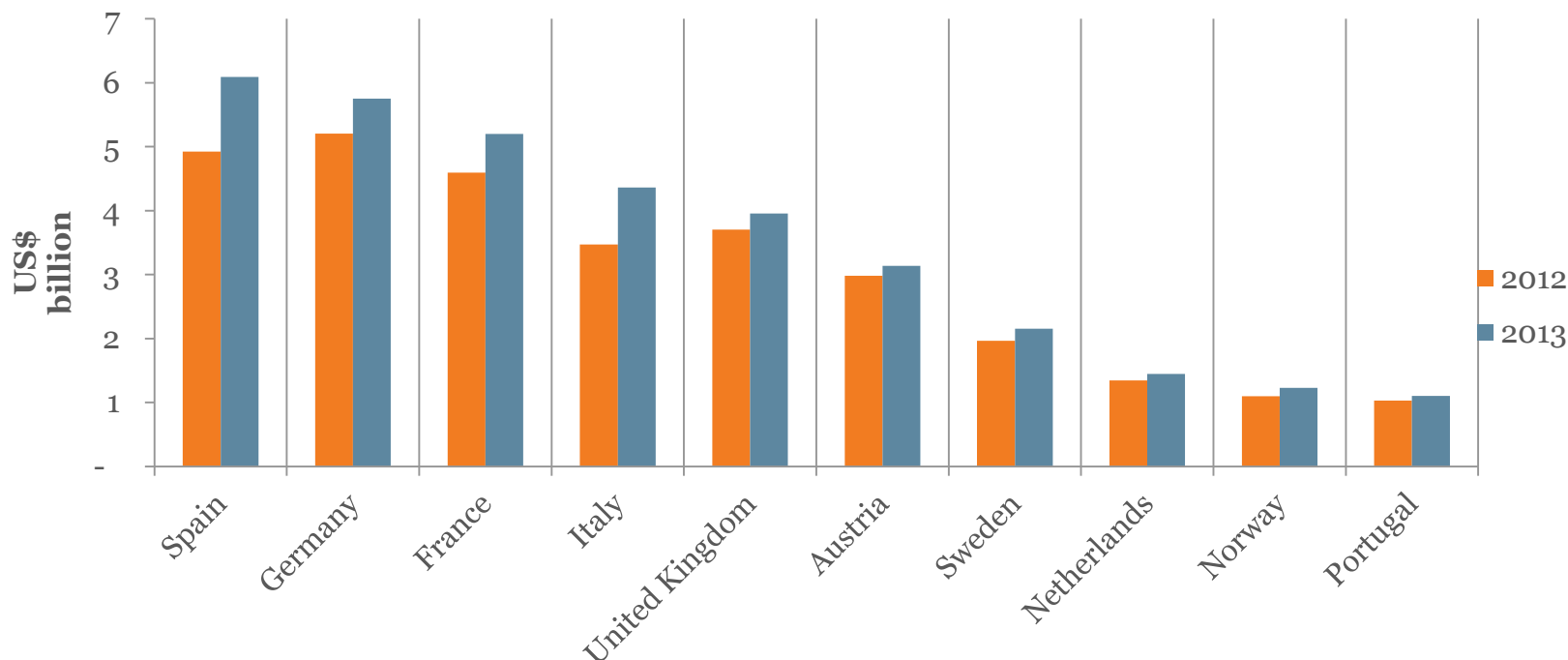


Source: Euromonitor International

Spain is main destination market for online hotel bookings

- Spain was the largest European destination for online hotel sales, US\$6 billion (2013)
- Italy achieved the sharpest growth in 2013 (+26%), followed by Spain (+24%)

Top European Destinations for Online Hotel Sales 2012/2013



Source: Euromonitor International

GLOBAL OVERVIEW

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CONSUMER TRENDS IN ONLINE TRAVEL

A NEW COMPETITIVE ENVIRONMENT



Multi-screen consumer behaviour goes mainstream

- According to Google, consumers' use of multiple screens is sequential or simultaneous
- Smartphones are generally the starting point to then move to PC, tablet or TV
- Companies need to build flexible technological architecture to reach consumers on all screens

Sequential
usage

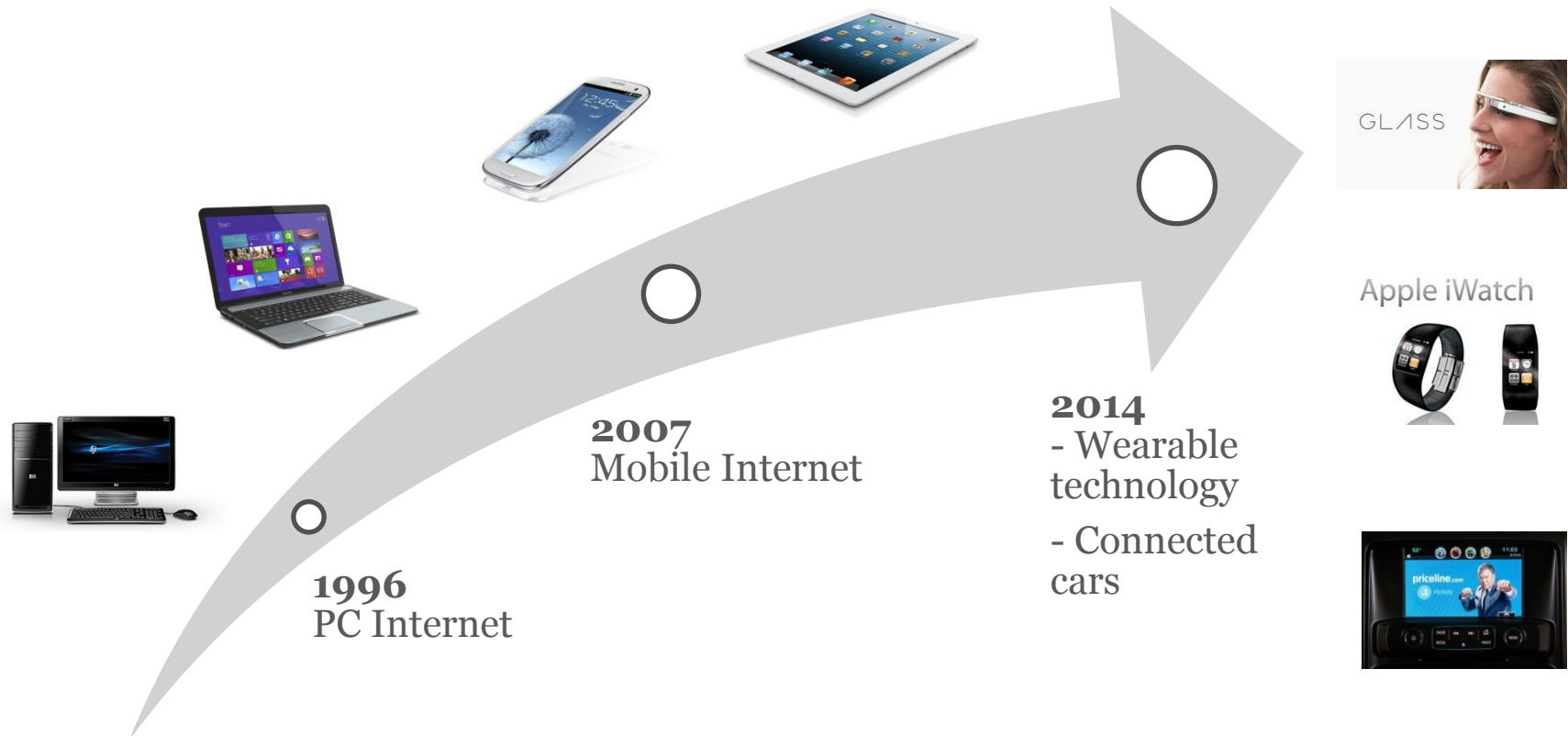


Simultaneous
usage



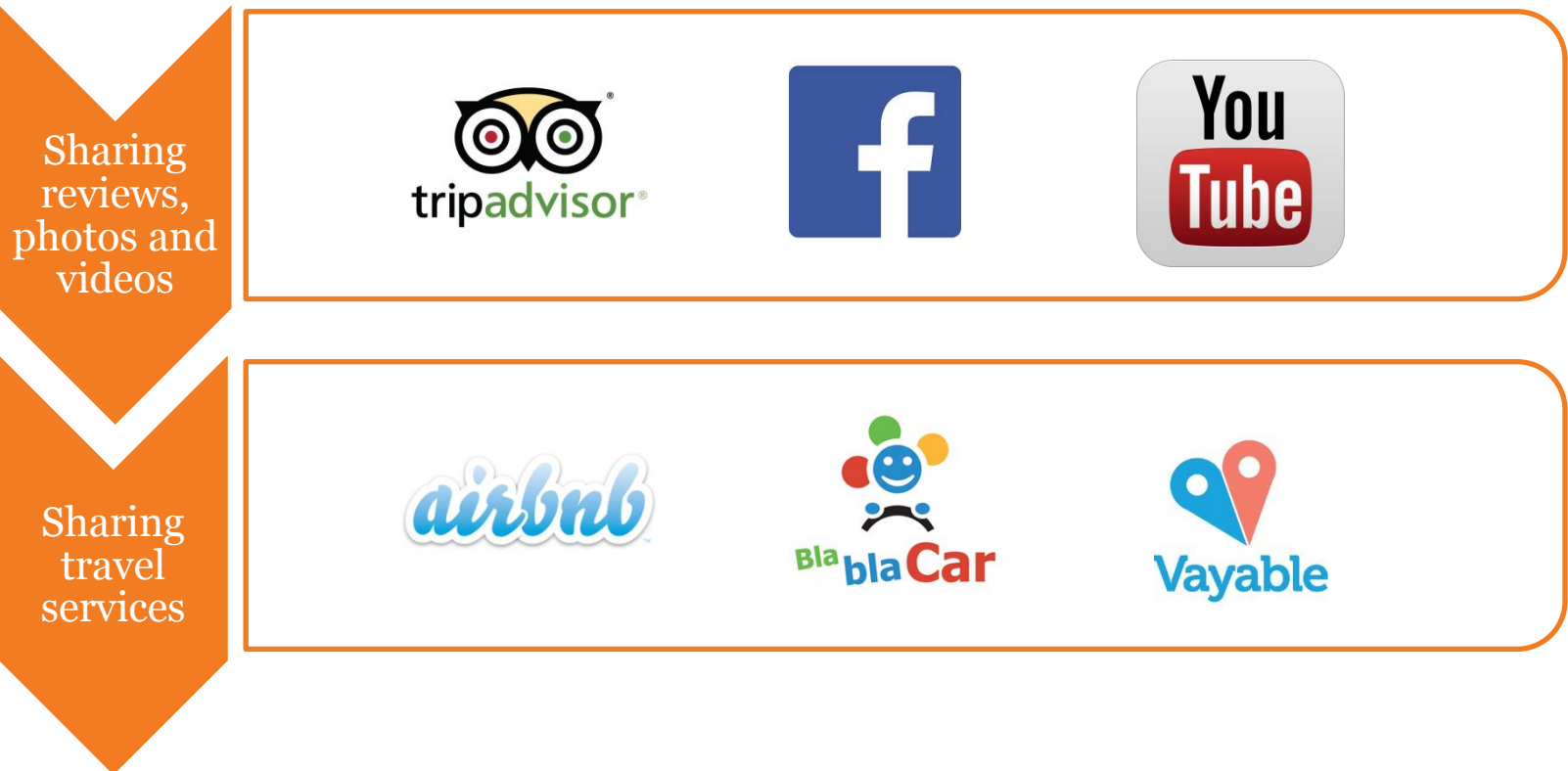
Impact of wearable technologies and connected cars

- Wearable technologies reach connected consumers for alerts and customised service
- Expedia working on the development of software for Google Glass, ahead of its release
- Connected cars allow on-the-go consumers find information, book hotels and other services



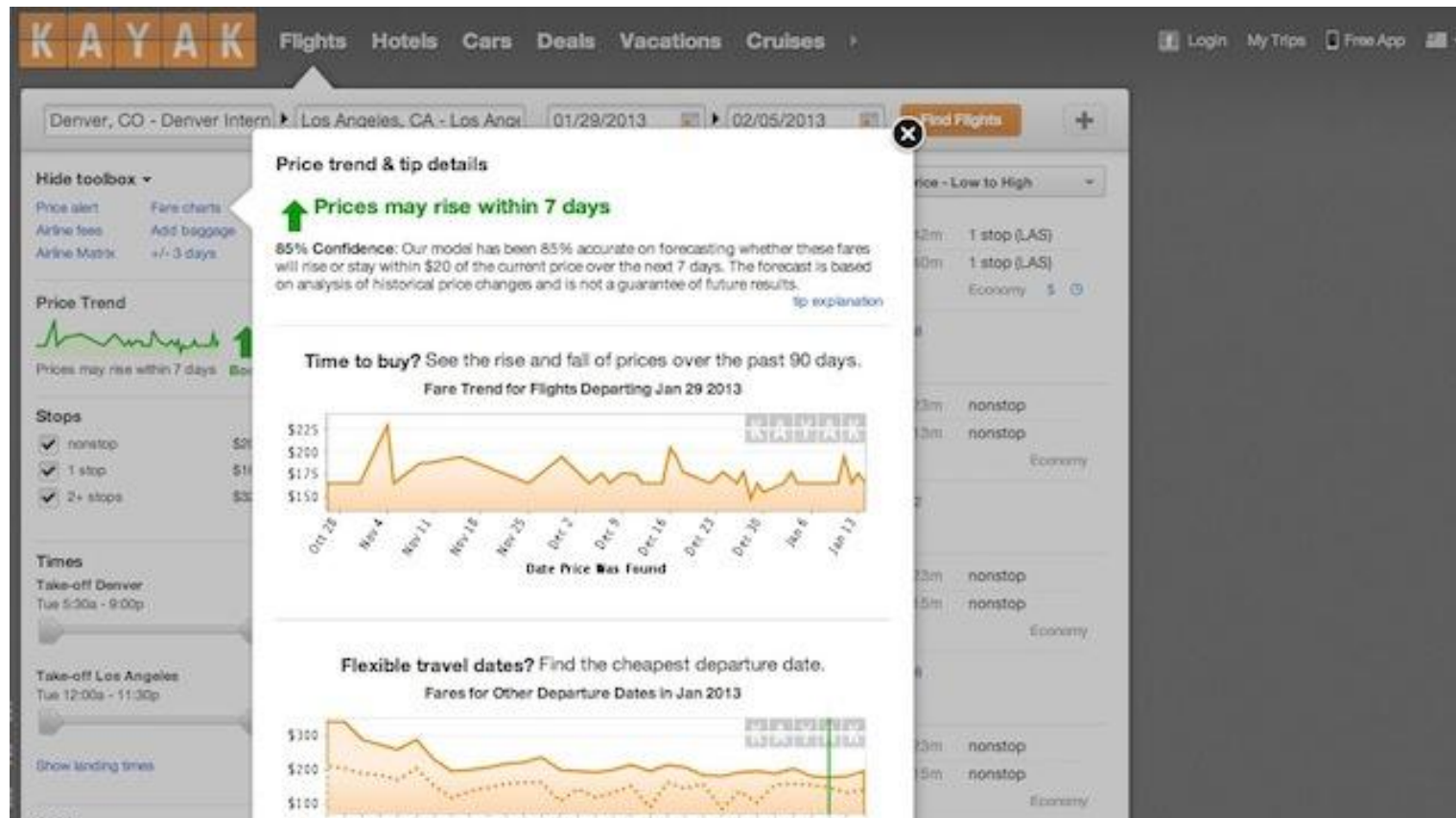
Peer-to-peer and the sharing economy

- Thanks to social media, travellers have been sharing their reviews and other content for years
- Travel services is the second stage in the peer-to-peer and sharing trend
- Consumers are now active in providing holiday apartments, cars, meals and tours



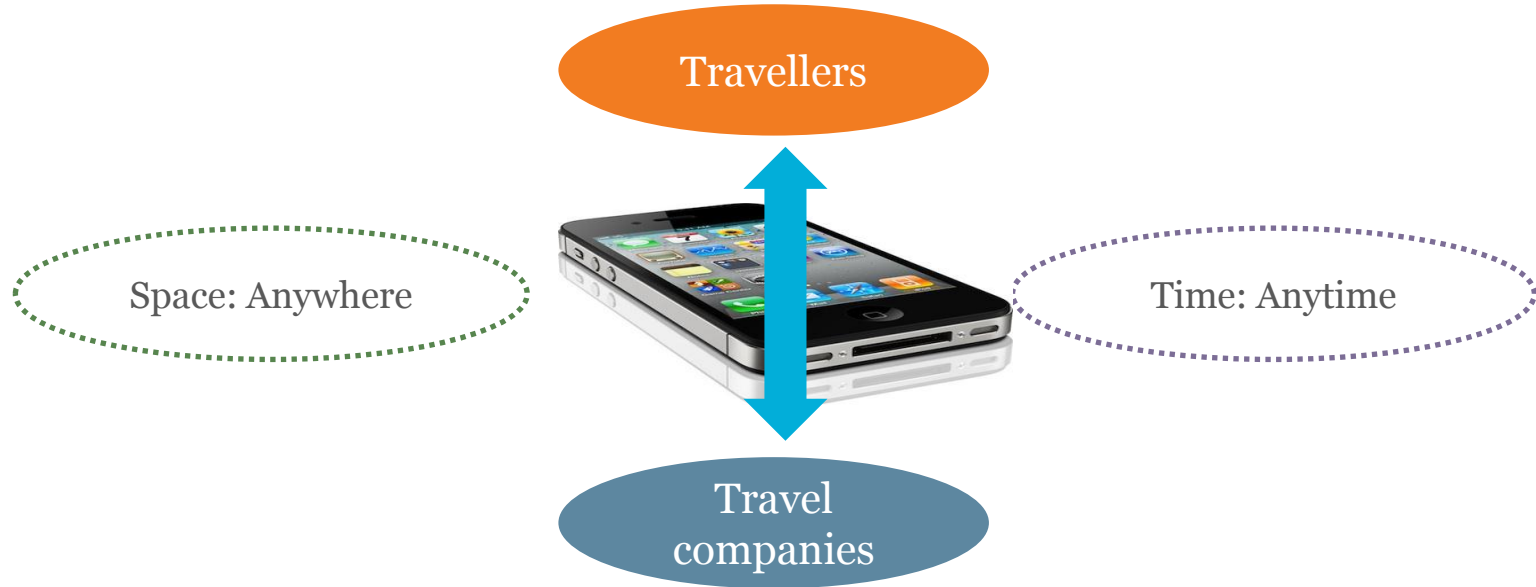
Personalisation through Big Data

- Travellers expect a more unique and tailored consumer experience
- Big data helps companies to present customers with targeted options
- Kayak makes use of big data to build search results and to predict future flight prices



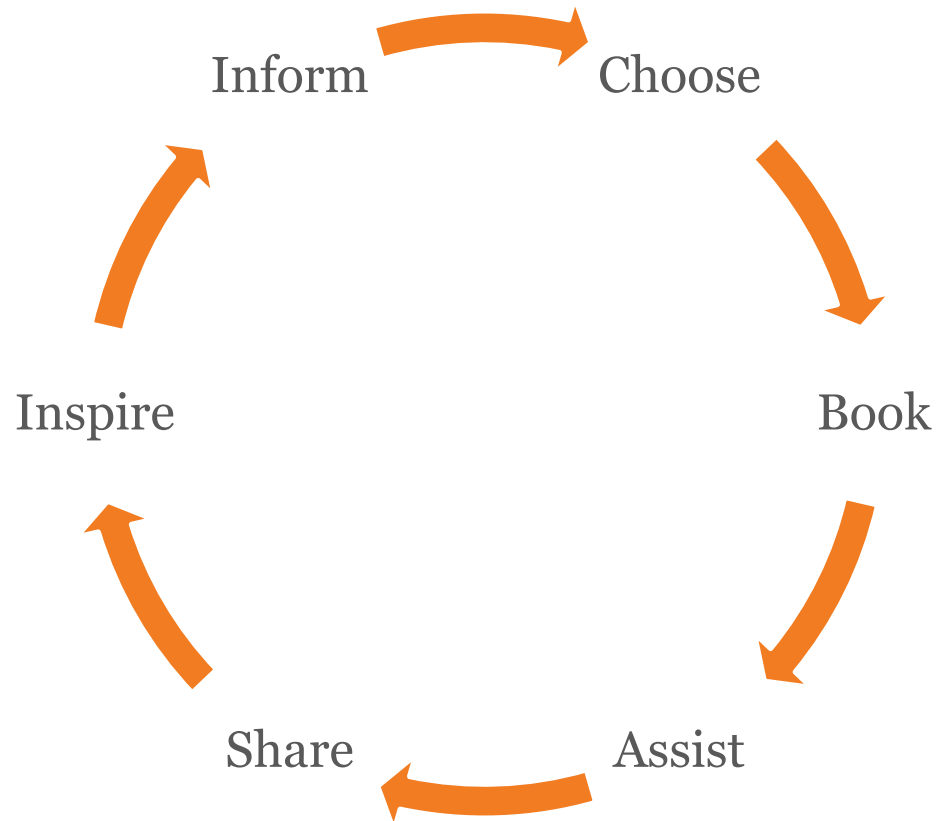
Rising demand for real-time services

- Always connected consumers expect to receive real-time services from travel companies
- Companies need to provide personalised alerts and information
- Customer service needs to be available 24/7 and easy to access via mobile devices



Holistic approach required

- Travel companies need to adopt a holistic approach
- They need to follow customers through-out all of the steps in the booking funnel
- If not, they will face threats from companies active at other stages of the funnel



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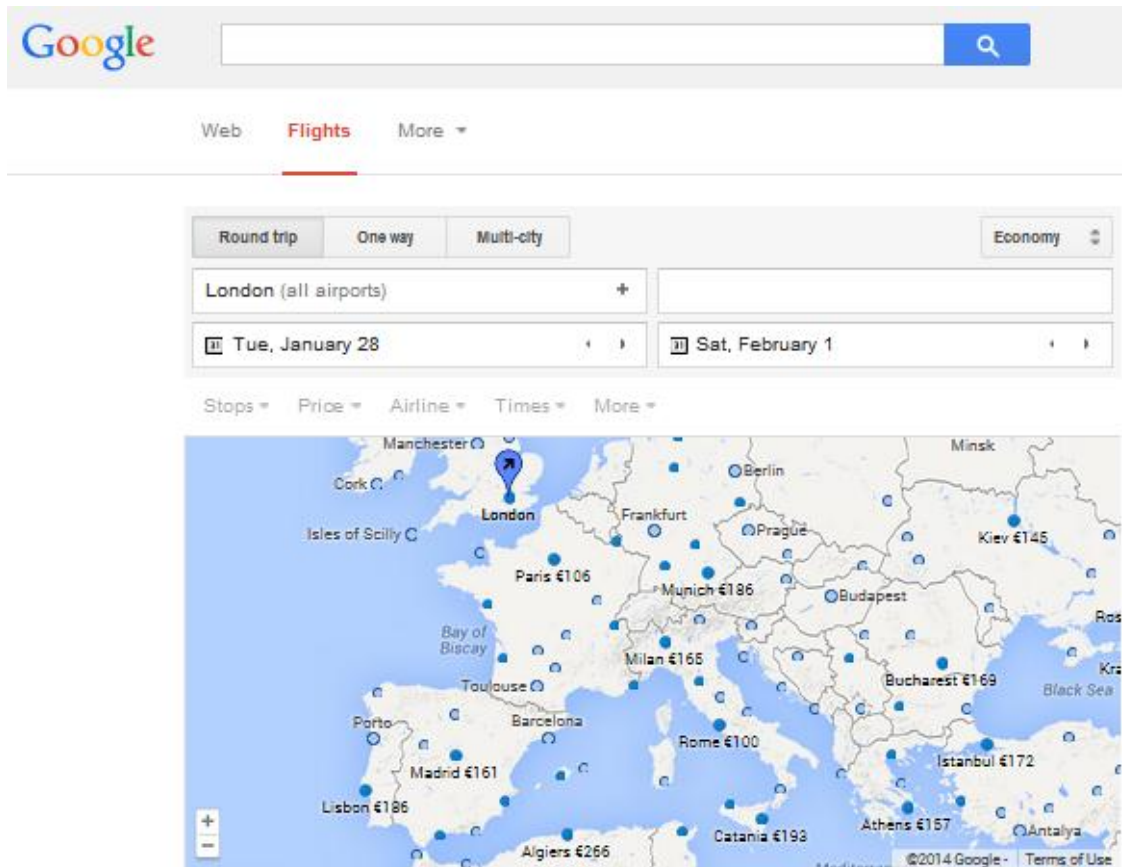
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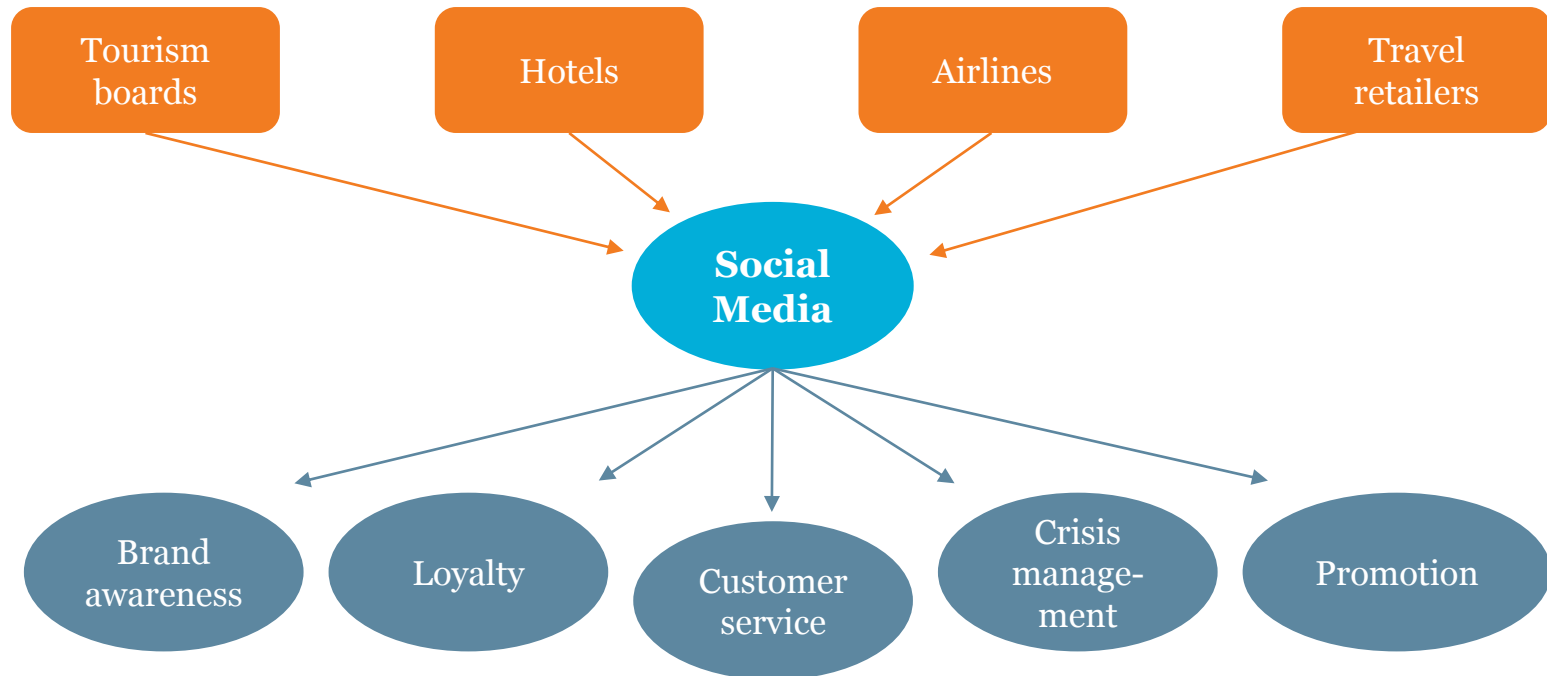
Technology players: Google

- OTAs have made significant investments in Google ads, which fuels their growth
- From search engine to knowledge engine: providing not only links but also answers
- Slow but steady growth for Google Hotel Finder and Google Flights metasearch engines



Engaging customers through social media

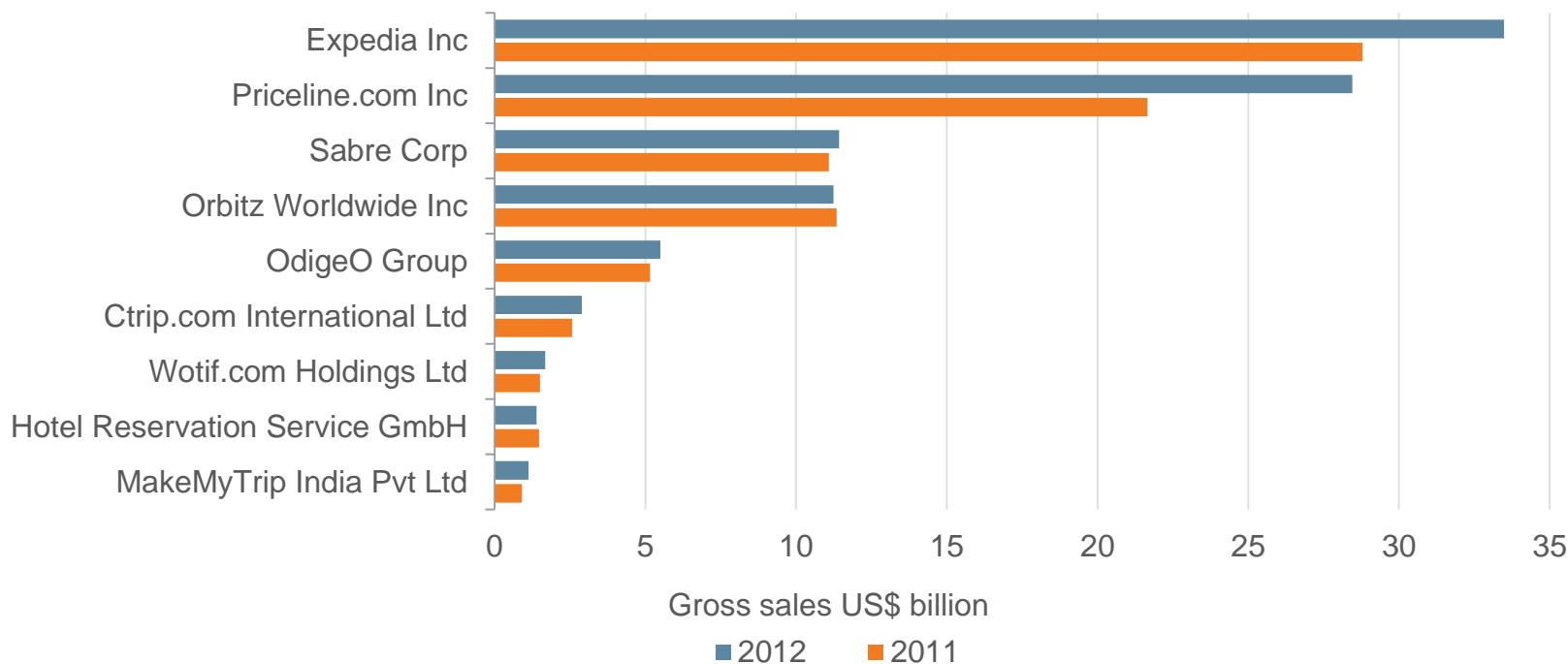
- Photos and comments shared on social media are effective sources of inspiration for travel
- Social media is a great tool to engage customers and gain loyalty over the long term...
- ...but less effective in generating bookings in the short term



OTAs - increased consolidation

- Priceline and Expedia are the dominant players in the OTA space
- Odigeo hotel search and Travelocity are powered by the Big Two
- Chinese and Indian players are growing rapidly

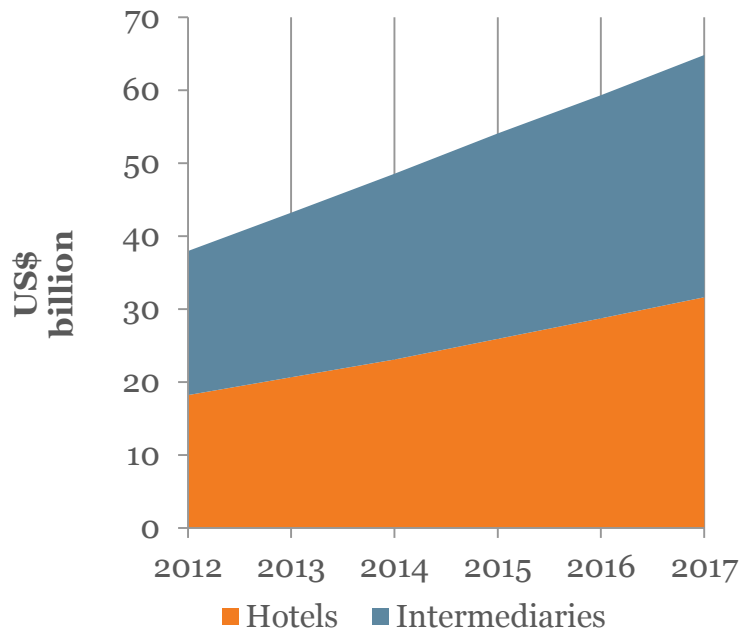
World's Leading Global Online Travel Agencies 2011/2012



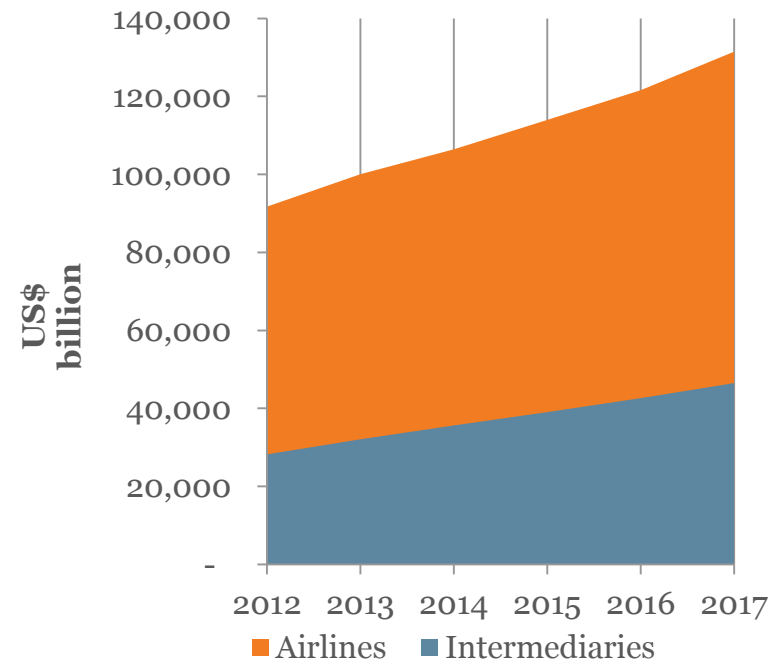
Tough competition between intermediaries and direct suppliers

- Airlines have successfully competed with online intermediaries
- Hotel companies suffer from the rise of OTAs
- Competition between OTAs and hotel chains expected to intensify further in future

**Hotel Online Sales by Channel
in Europe 2012-2017**



**Air Online Sales by Channel in
Europe 2012-2017**

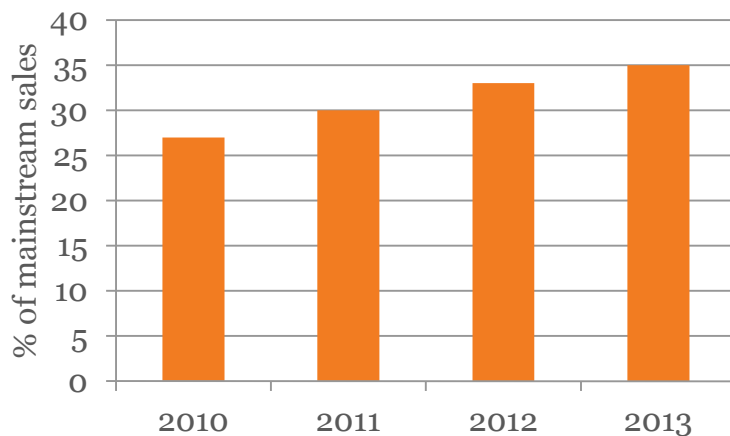


Traditional retailers embrace online travel

- Leading tour operators are investing heavily in the online channel
- Over a third of TUI Travel and Thomas Cook's sales were made online (2013)
- TUI Travel is also active in the OTA sector with LateRooms, AsiaRooms and Malapronta



TUI Travel: Online Sales as % of Mainstream Sales

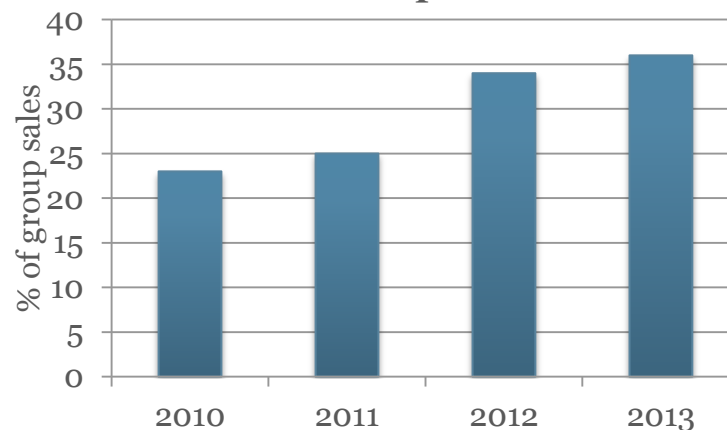


Source: TUI Travel

Note: Data refer to fiscal year ending September



Thomas Cook: Online Sales as % of Group Sales



Source: Thomas Cook

Note: Data refer to fiscal year ending September

The next big players in online travel

- New companies are emerging that could become the next big players in online travel
- Specialised mobile travel agencies include Hotel Tonight and Blink by Groupon
- OTAs from emerging markets could soon expand in advanced markets



The online travel consumer

Jami Timmons - President and Chief Product Officer at nSight

By aggregating 25 billion global travel searches and bookings from 5,000 online travel websites, nSight creates an integrated perspective on consumer behaviour and travel intent across a very fragmented landscape.

nsightfortravel.com





DEFINING AND MEASURING TRAVEL INTENT

REGIONAL SEARCH TRENDS

EUROPE SEARCH TRENDS

CITIES AT-A-GLANCE: NOT ALL TRAVEL IS THE SAME

ENSURING SUCCESS IN 2014

A close-up photograph of a person's hands interacting with a tablet. The person is wearing a grey and white striped sweater. The background is a soft-focus outdoor scene with greenery and a building.

DEFINING AND MEASURING TRAVEL INTENT

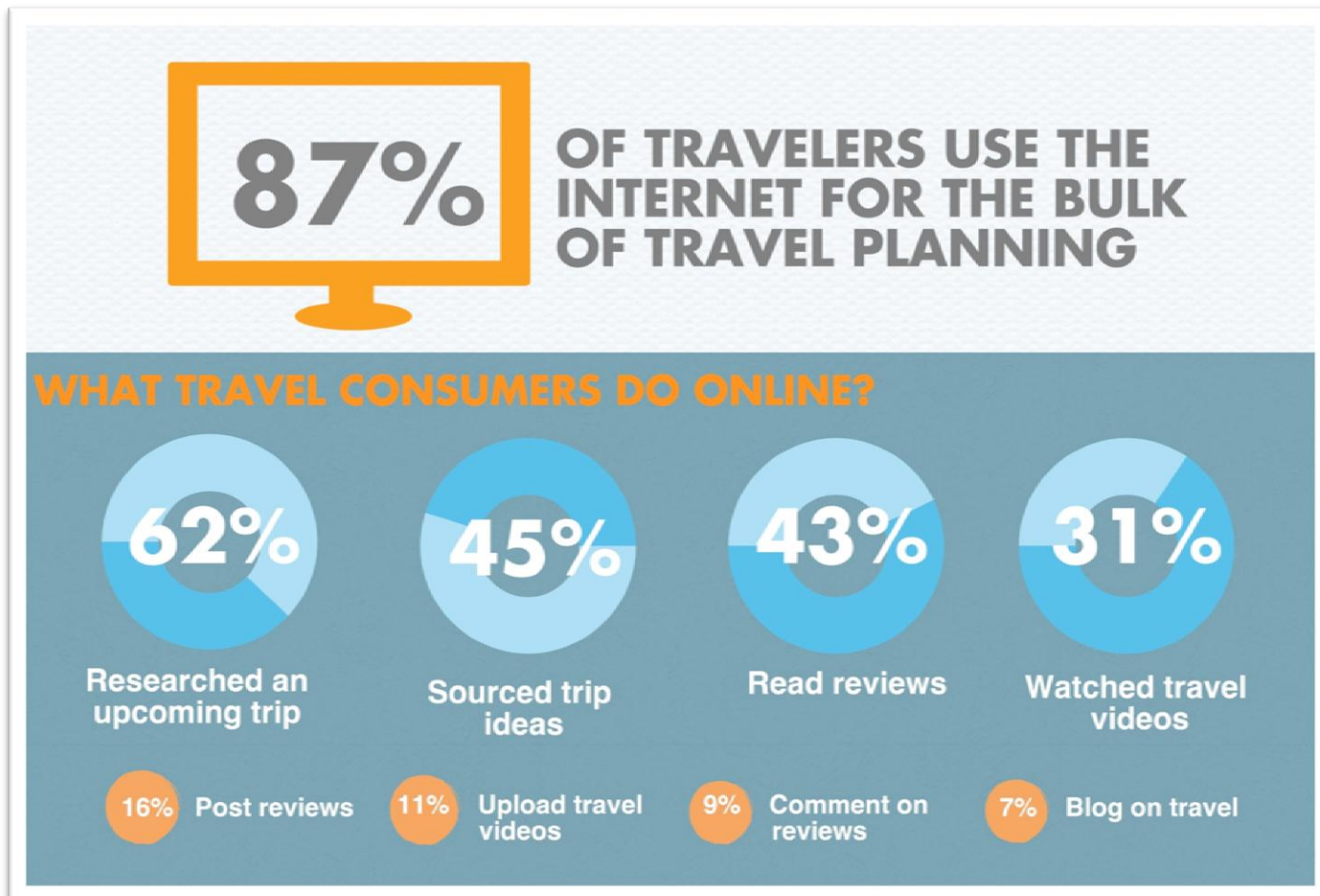
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Consumers research, shop and engage online about travel



Global Search and Booking data

- 80 million travel Search and Booking transactions captured from the web daily
- Proprietary data sources from leading travel wholesalers and aggregators of third-party data



Sample data sources



Typical hotel travel search and booking data sources.

Bringing it together: traveler DNA



Not all travelers are the same

- Each online travel transactions is overlaid with over one hundred consumer insights on demographics, psychographics, web behavior and consumer preferences
- Data analytics allows us to look behind every online travel Search and Booking transaction, benchmarking them into ten unique Persona clusters



A close-up photograph of a person's hands holding a tablet computer. The person is wearing a grey and white striped sweater. The background is blurred, showing what appears to be an outdoor setting with greenery. The text is overlaid on the left side of the image.

DEFINING AND MEASURING TRAVEL INTENT

REGIONAL SEARCH TRENDS

EUROPE SEARCH TRENDS

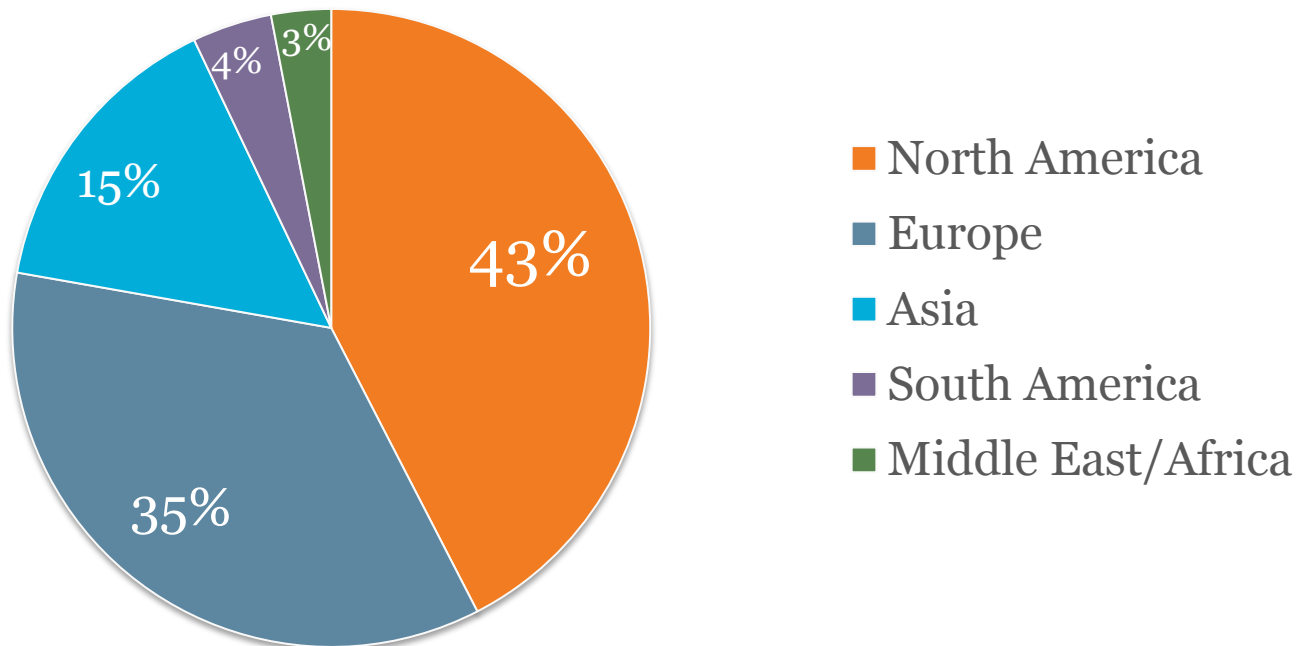
CITIES AT-A-GLANCE: NOT ALL TRAVEL IS THE SAME

ENSURING SUCCESS IN 2014

North America leads as global travel destination

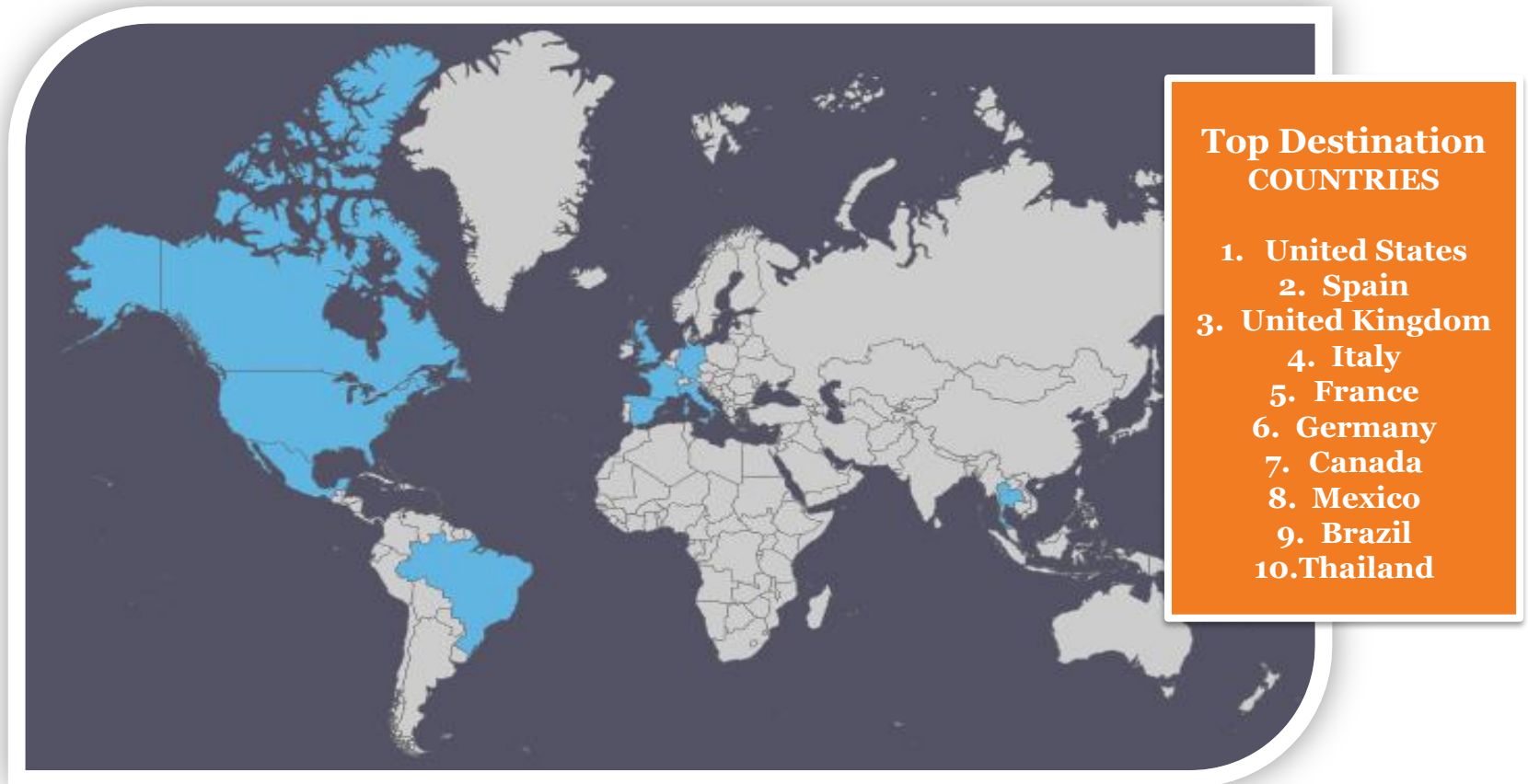
- North America is the top regional destination for travel intent with 43% of searches
- Europe was the second most searched region in the world, with 35% of global searches
- Asia, here with only 15% of global searches, shows strong growth potential for search as more of the population comes online

2013 Percent of Global Online Search Volume



Asia breaks into the top 10 searched countries

- United States was the top country for travel intent in 2013
- Europe dominated with 5 of the top 10 countries searched in 2013
- Thailand emerged as the top Asian country searched for as a travel destination in 2013



U.S. and Europe cities dominate global travel intent

- Top cities searched for as travel destinations were split between the U.S. and Europe equally
- New York City was the top U.S. destination and London was the top European destination

Top Destination CITIES

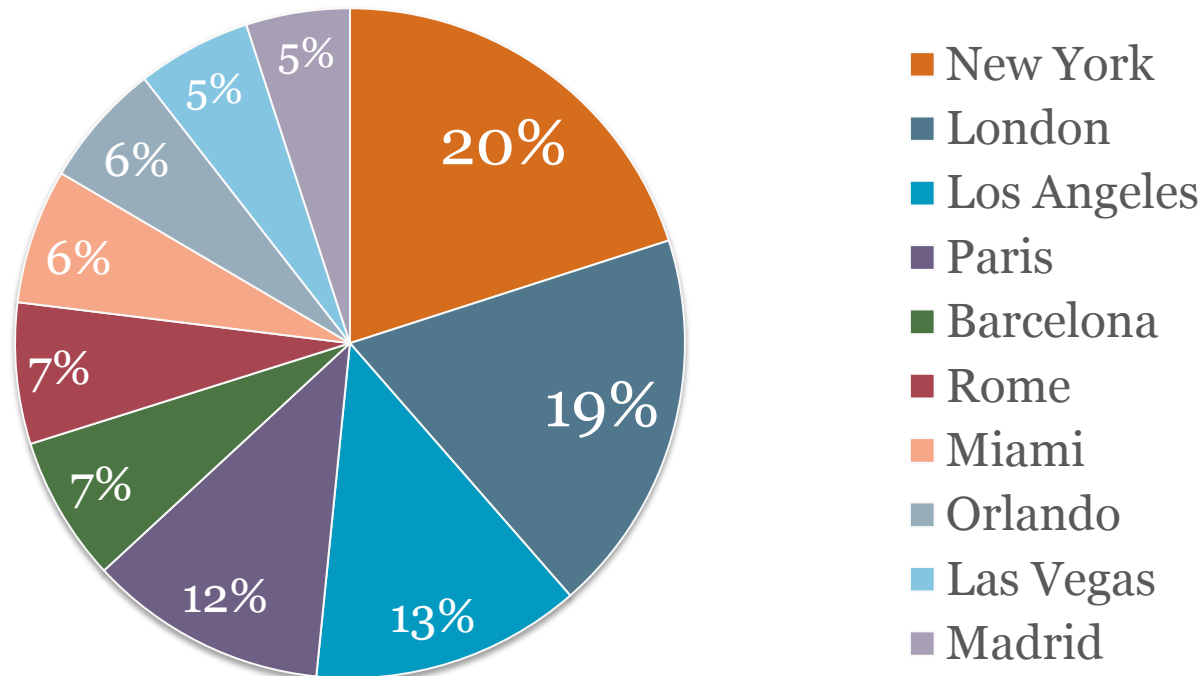
1. New York
2. London
3. Los Angeles
4. Paris
5. Barcelona
6. Rome
7. Miami
8. Orlando
9. Las Vegas
10. Madrid



US and Europe cities dominate global travel intent

- Global powerhouses New York and London remain top Search destinations
- Only 2 percentage points separates the last six positions in the list of Top 10 Cities, revealing strong overall demand across the board for major cities in these regions

2013 Percent of Top 10 Cities Global Search





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CITIES AT-A-GLANCE: NOT ALL TRAVEL IS THE SAME

ENSURING SUCCESS IN 2014

Madrid was the top Source of Search for travel to Europe

- Madrid generated 19% of the total Search for the Top 10 Source cities
- Internal travel within Europe dominated travel intent for the region
- Demand was distributed, including Spain, UK, France, Ireland, Germany, Italy and Austria



London leads as the top Destination for Search to Europe

- Top three destinations – London, Paris and Barcelona – account for 57% of the Search volume for the Top 10 Destinations in Europe
- These top three destinations drive approximately 25% of total Search volume for all European travel intent to Europe



Adventure Seekers, Bucket Listers and Self Seekers dominate

- Less than 4 percentage points separate these three top Personas as the highest level of travel intent for Europe in 2013
- The Adventure Seeker ranks #1 in Search and #2 in Bookings
- The Self Seeker actually books at twice its comparable rate of search, moving this Persona to the #1 rank for Bookings in Europe
- Lowest Search and Booking volumes were from the family cluster Personas





DEFINING AND MEASURING TRAVEL INTENT

REGIONAL SEARCH TRENDS

EUROPE SEARCH TRENDS

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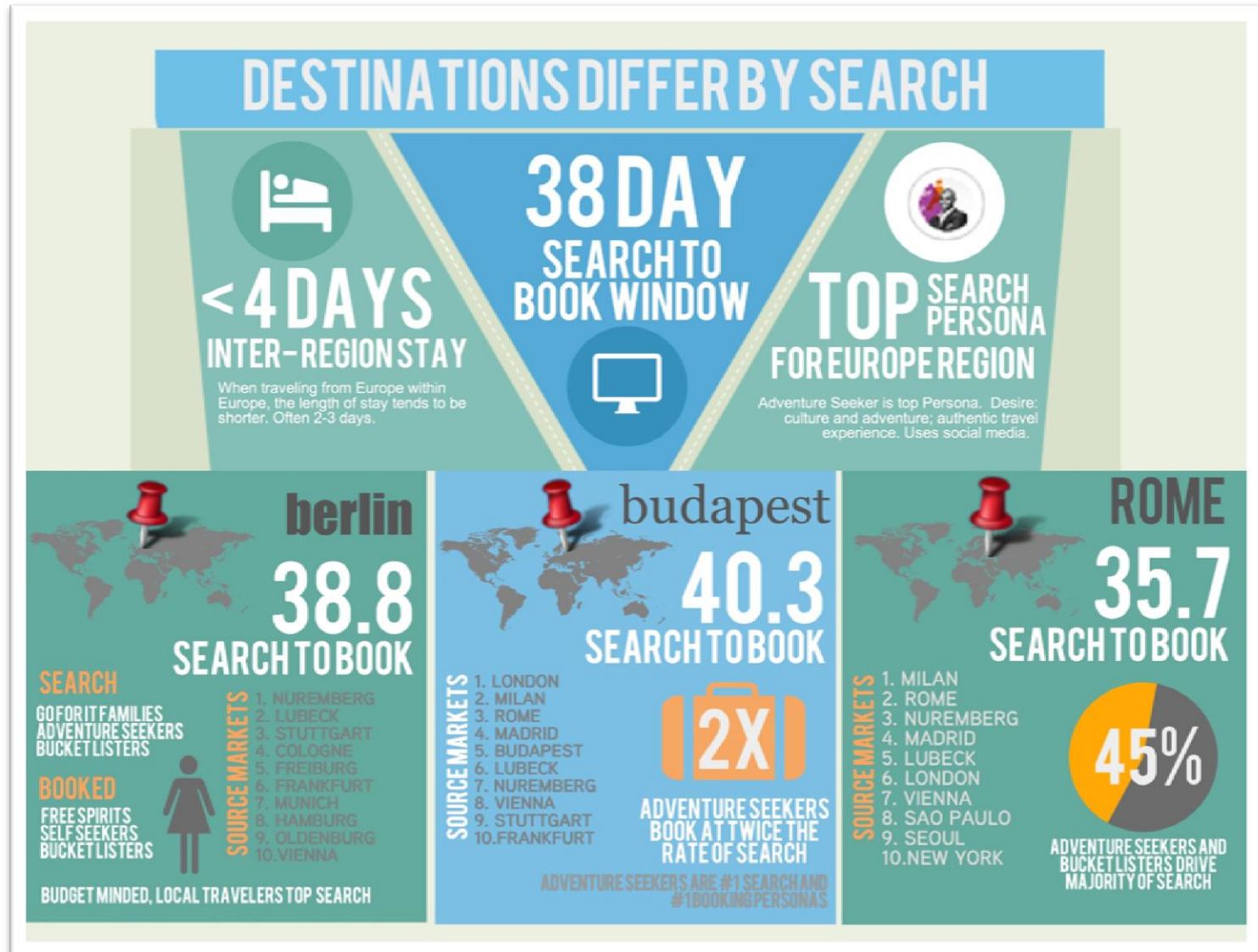
ENSURING SUCCESS IN 2014

Each destination's character is reflected in its online search

- We looked at ten European destinations to uncover unique characteristics of travel intent: Amsterdam, Berlin, Budapest, Copenhagen, London, Milan, Paris, Prague, Rome and Vienna
- Key factors compared were aspects of online search behaviour, travel duration elements, Personas and Source markets
- We selected three to share their interesting differences: Berlin | Budapest | Rome



Berlin, Budapest and Rome similarities by region





DEFINING AND MEASURING TRAVEL INTENT

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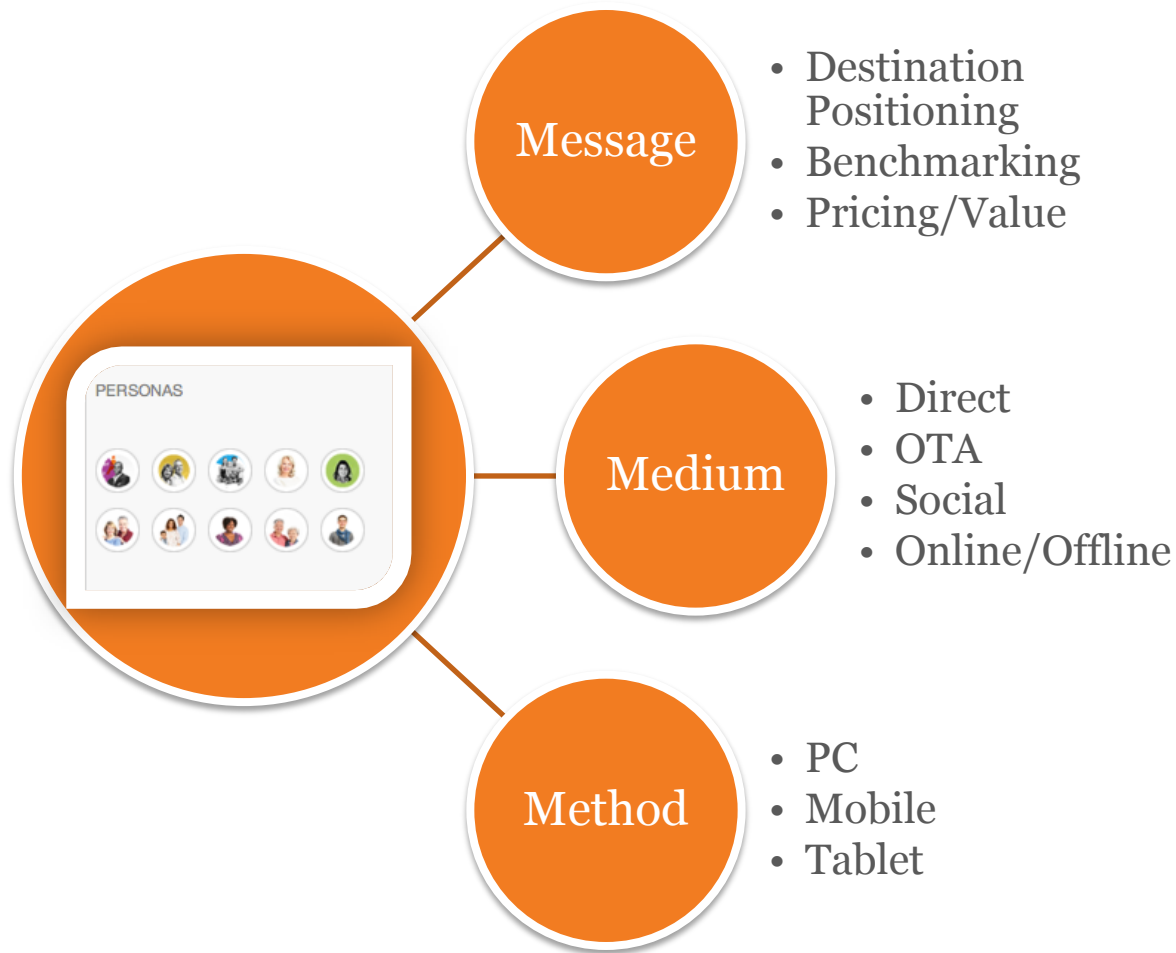
EUROPE SEARCH TRENDS

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ENSURING SUCCESS IN 2014

Personas Drive Effective Marketing Personalization and ROI

- Search is a strong indicator and opportunity for online Bookings
- Influence Search with personalization through Message, Medium and Method (technology platform) to increase ROI and visitation



QUESTIONS & ANSWERS





THANK YOU FOR LISTENING



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