

MIXED BLESSINGS

While some travel agencies continue to dust off their files, other companies are racing ahead to gain a slice of the lucrative online travel pie

A recent PhocusWright survey shows that while sales for the global travel industry fell by 5.0 per cent last year, online travel grew by a staggering 47 per cent in the same period. It is time local travel players start participating in Asia-Pacific's expanding online travel market, which PhocusWright estimates will likely grow to US\$13 billion next year from US\$4 billion last year.

From bricks to clicks

MERAJ K HUDA,
founder and principal consultant,
Forumline.com

While online travel growth was driven more by North American and European markets, the Asia-Pacific region is likely to see the highest growth over the next few years. Even though the Iraq war and the Severe Acute Respiratory Syndrome (SARS) epidemic have slowed down the rate of growth, the potential remains in this region. Malaysian travel players have ready access to the Internet or Intranet and utilise online software tools with great efficiency, personalisation and security, leading to cost savings. The volume of corporate online bookings will eventually jus-



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Is online travel in vogue?

Meraj: Yes, certainly. Business travellers will drive the majority of online travel. The primary drivers will be access to more online travel systems, both corporate and retail. Although Zuji.com is established in a number of markets, North American players like Expedia.com are also setting up new portals in the Asia-Pacific region. Other travel portals such Malaysia's AsiaTravelMart.com are already seeing growth in their bookings.

ALEX KONG, chief executive officer and chairman, Afoofa, Inc

There is still inertia and resistance to change. People prefer to call their travel agents even though it is more expensive. Travel agents are the least Internet-savvy group in the global travel industry equation. But now, they are forced to move to an online travel environment to remain competitive, especially since more small- and medium-sized businesses are beginning to book their corporate travel online. Supermarket chains and plantation companies with workers from Asia are beginning to book their domestic travel online to significantly reduce costs.

Percentage of business travellers in Asia that book their hotel and airline reservations online



Kong: There is still resistance to change



Although sales for the global travel industry fell, online travel has grown by leaps and bounds

Huda: I estimate between 40 and 60 per cent of online bookings are from business travellers. However, this may vary from country to country.

E-ticketing, online booking and self check in

Huda: The popularity of e-ticketing is increasing as business travellers begin to notice that time and cost savings add up to significant benefits. AirAsia's success has shown that with the right market strategy, you can be successful online. Malaysian Airline System Bhd is implementing an online booking system. So, given the right conditions, travellers in Malaysia will support online travel. E-ticketing has spurred the growth of self check ins. However, with airport security measures becoming more stringent, this may not be adding much value presently.

E-ticketing was established several years ago by the airlines with assistance from global distribution systems such as Abacus, Amadeus and Galileo. E-ticketing has made the ticket distribution process much cheaper for everyone in the value chain. Online booking options for airlines, hotels and cars have increased significantly in the past five years. The Internet has enabled them to reach a specific customer segment directly without having to use travel agents. There are certain benefits to booking directly online such as price, 24-hour convenience and self-managed itin-

eraries. Most traditional travel agents, however, have been slow to adopt this and some have suffered a loss of business. But travel agents do have an advantage in tapping online travel because they can transfer their existing customer base to their website easily. Other online players had to attract their new e-customers. While online travel bookings are mainly point-to-point itineraries, travel agents have the advantage of being able to manage more complex trips, which can include ticket, hotel and car bookings, concurrently.

For business travellers, factors that are relevant to using online travel systems are frequent flyer programme special offers and being able to receive the right type of fare promotions from their online travel supplier.

Kong: E-ticketing is taking off with the advent of airlines such as AirAsia and Virgin Blue. This has proven to be successful, as people just need to show their identification and pick up their boarding pass. The next level will be short message service (SMS), where you show your SMS travel confirmation at the check-in counter. We are trying to introduce SMS confirmation to our airline clients.

Why is online travel in Malaysia lagging behind that of Singapore and Hong Kong?

Huda: Some Asia-Pacific countries are

having more success with online travel than others for two reasons. First, you have to look at the actual Internet density rate. While most Malaysians may have daily access to the Internet, Malaysia has not even reached 20 per cent in terms of residential Internet connections. International users from Europe, North America, Australia and Japan tend to be more Internet-savvy due to the level of maturity of their Internet markets. They are more trusting of the Internet due to proven secure payment gateways in their markets. However, I believe it is only just a matter of time before we can create our own e-commerce society.

The other factor is the response of travel agents to e-commerce. While some large Malaysian travel agencies have online services, most do not. The Singapore Tourism Promotion Board and Australian Tourism Commissions have been pro-active in developing online travel for in bound and out bound travellers. Travel industry officials in Malaysia have yet to successfully initiate any significant roadmaps for their members to embrace online travel. Most travel agencies run on slim margins, which are getting thinner, as airlines and hotels sell directly via the Internet.

Online travel is one of the highest revenue earners on the Internet. Travel agencies that have already adopted it as an additional channel to their main businesses will be the ones to succeed. ■