



European Tour Operators Association

E-Tourism: How the Internet is Transforming an Industry

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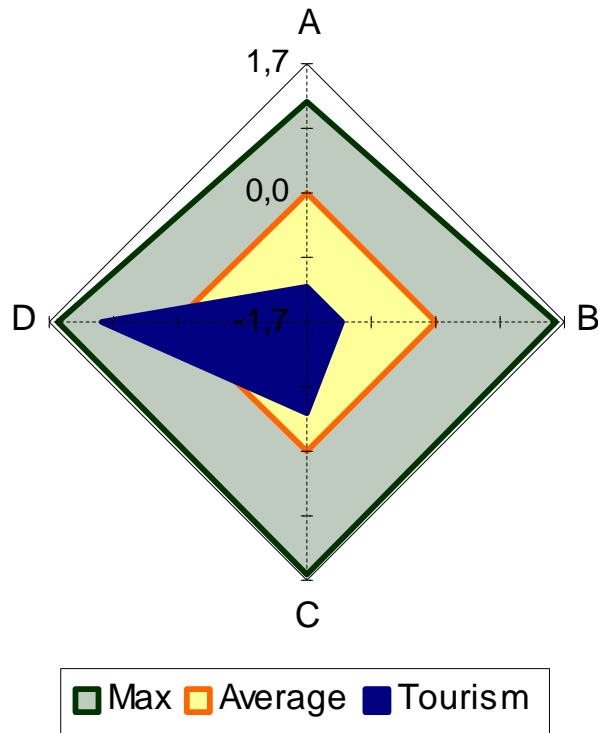
Annual e-Business W@tch Event
26th October 2005

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Who are ETOA?

- Trade Association for European inbound Tour Operators, wholesalers and online intermediaries
- 370 members bring 10 million non-European visitors into Europe every year, who spend approx. €12 billion annually
- Represent their suppliers: Hotels, Technology Providers, Attractions, Tourist Boards, Coach Operators
- Work to solve issues that hinder our members' profitability and to ensure a viable legislative environment for business



The Main Headline

Travel accounts for 5.38% of all internet traffic and travel products represent 33% of all online transactions*

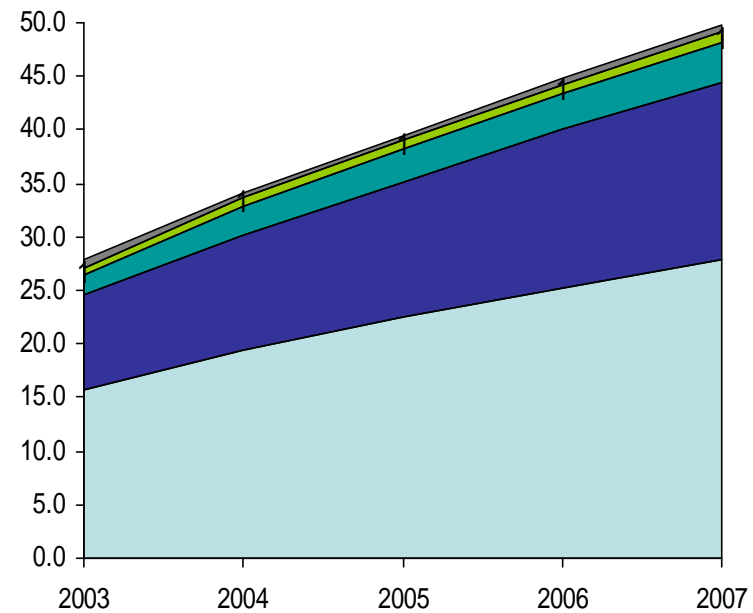
Tourism is therefore strongest by far on customer facing ICT solutions and has focussed its efforts in this area

* Figures from Hitwise September 2005



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Online leisure travel purchase is forecast to double to \$49.8bn by 2007



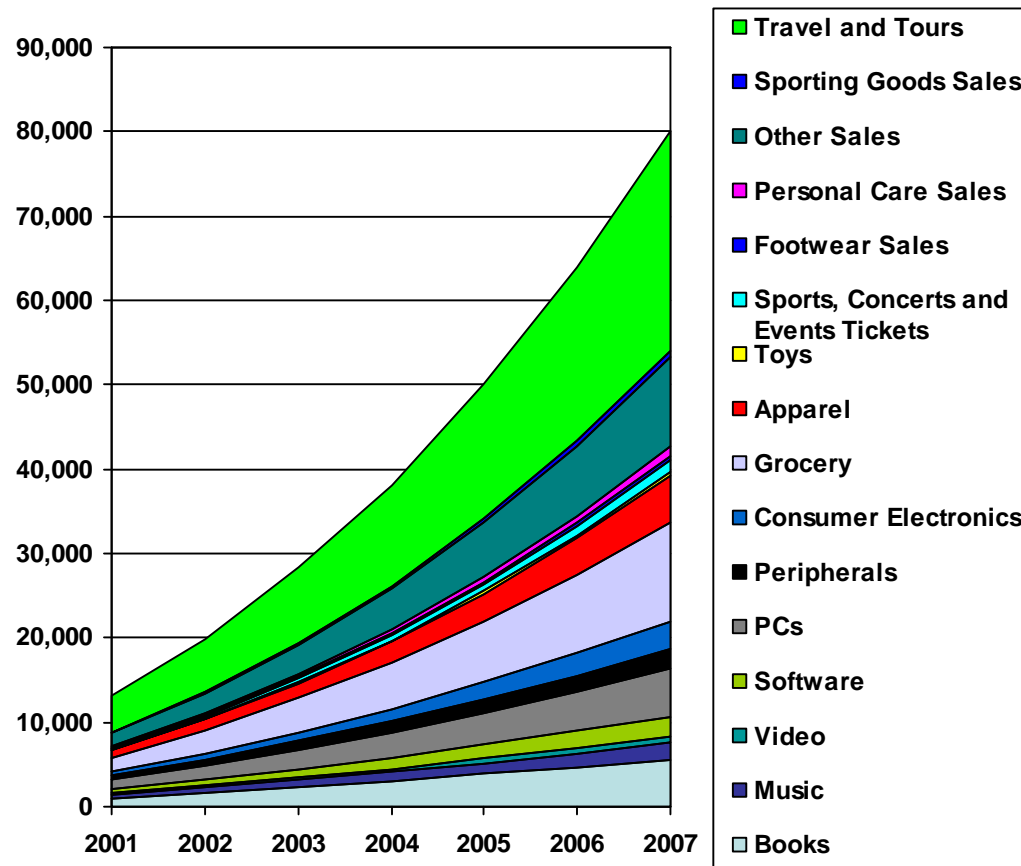
□ Airline tickets ■ Hotels ■ Rental Cars ■ Vacation packages ■ Rest of Travel

Source: Jupiter



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Total European Online Spending per Category. Online leisure travel purchase is forecast to triple to €26bn by 2007



Source: Jupiter



The way the lands lies at the moment

- Who is doing what? Blurring of the lines of business
- Decline in high street travel agents
- Huge gap between technological capabilities – some of the most advanced and some of the most backward all operating in the same space
- New players who are entirely internet based, and rely on it for their survival
Airlines and hotels leading the way in ICT
- SME's yes, but that is changing
- Three buzzwords in travel: Automation, Commoditisation, Consolidation



Important developments for the tourism sector

- E-ticketing
- Dynamic packaging and the rise of the individual
- Online search and visibility
- PPC campaigns – targeting of traffic
- Metasearch
- Tools for tracking visitor behaviour
- CRM – huge opportunity for targeted marketing
- .travel Top Level Domain
- Mobile services



Barriers to adopting e-business in tourism

- Technology and distribution rated biggest challenge to our membership
- Containing costs rated greatest threat to future prosperity of business
- Legacy systems
- Need to continue doing business around implementation of systems
- Lack of in-house IT staff to implement solutions



Policy Implications for the EU

- Urgent updates to policy required
- Regulatory environment has not been adapted to account for online sales
- Package Travel Directive was drafted before the internet existed
- Standardization of systems across Europe



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www.etoa.org

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