

Trends in the US online travel market – 2000-2002

by Carl H. Marcussen,
Senior Researcher, PhD,
Centre for Regional and Tourism Research,
www.crt.dk

25 April 2003

Summary

The overall US travel market decreased by 8% in 2001 and by 4% in 2002, but the online travel market increased by 45% from \$18.6 billion in 2001 to \$27.0 billion in 2002. Online sales accounted for 14.4% in 2002. The top 3 players accounted for 46%, 42% and 40% in 2000, 2001 and 2002. In 2002 Expedia overtook Travelocity. Southwest Airlines remained in the number three spot. Orbitz, now the third largest agent in the US online travel market, challenges Southwest's position with respect to share of the US online travel market. There was a shift from direct suppliers to online agents. Agents accounted for 47% in 2000, 48% in 2001, then jumped to 54% in 2002. This shift (of 7 percentage points) was explained by the establishment of the online agent Orbitz by a number of major airlines, since Orbitz captured a share of 9% (from zero) during the period. While Orbitz won market share, the websites of the airlines themselves lost an almost corresponding number of percentage points from 2000 to 2002. - From 2000 to 2002 there was a shift of 7 percentage points from air-tickets to non-air (mostly hotels) in the US online travel market. Even so, in 2002 air-tickets accounted for 66% of the US online travel market, hotels 22%, car rental 9% and cruise and train (and bus services) 3%.

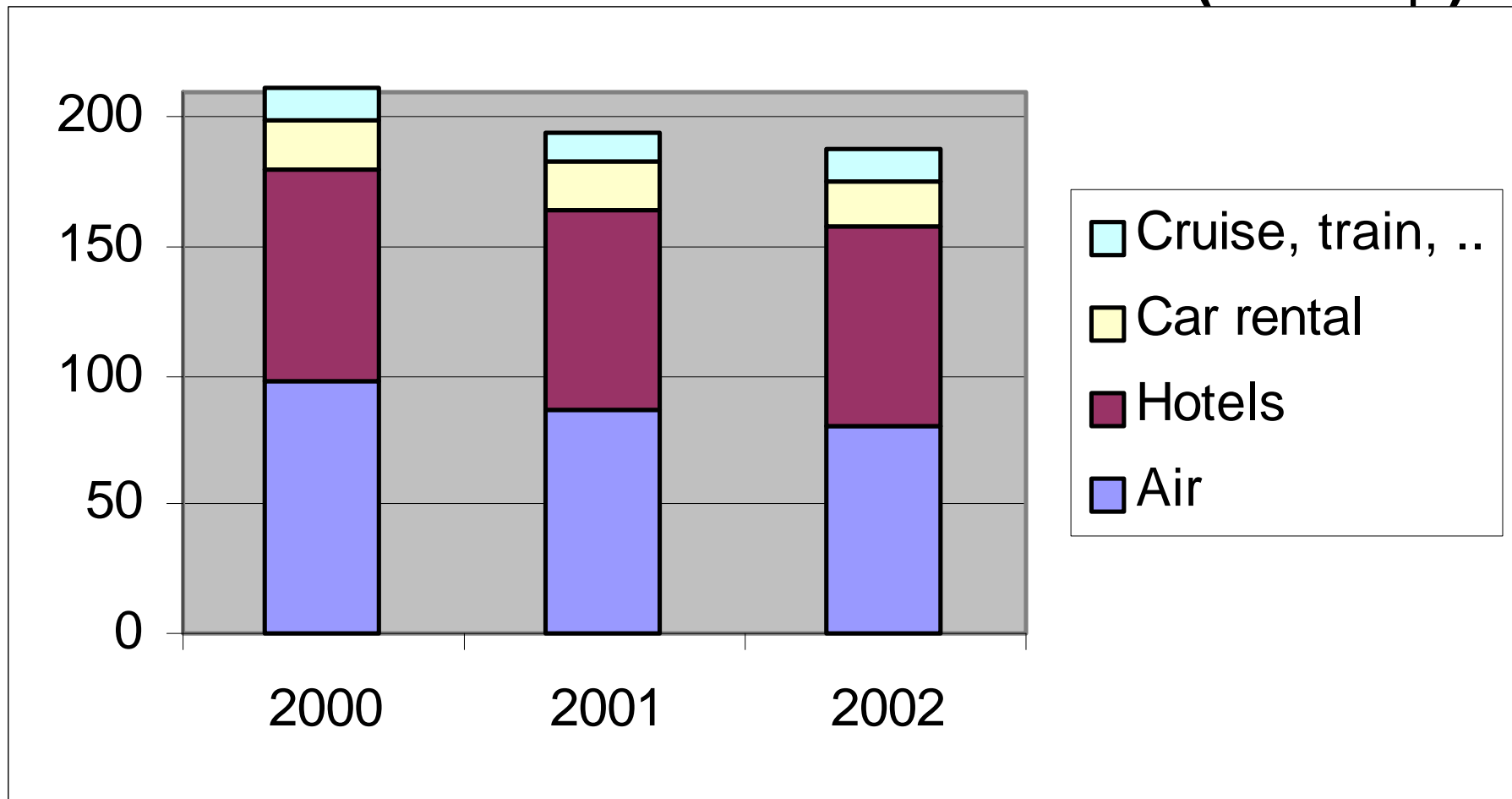
Overview of content

- Trends in the *overall* US travel market

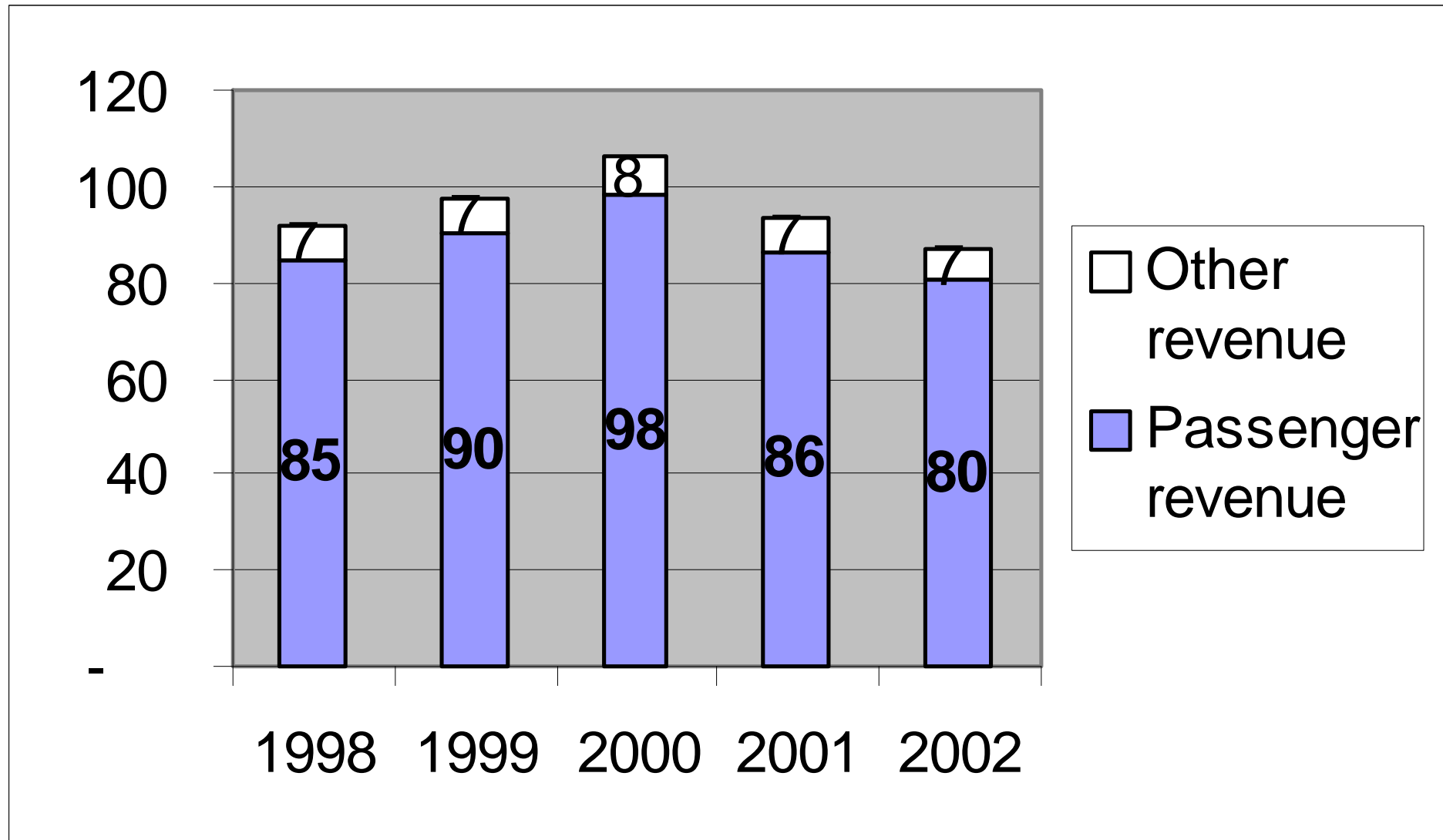
Trends in the US *online* travel market:

- Online trends by type of travel service
- Online trends by channel: Agents / suppliers
- Trends in US online travel market shares
- Overall trend in online travel: USA vs. Europe

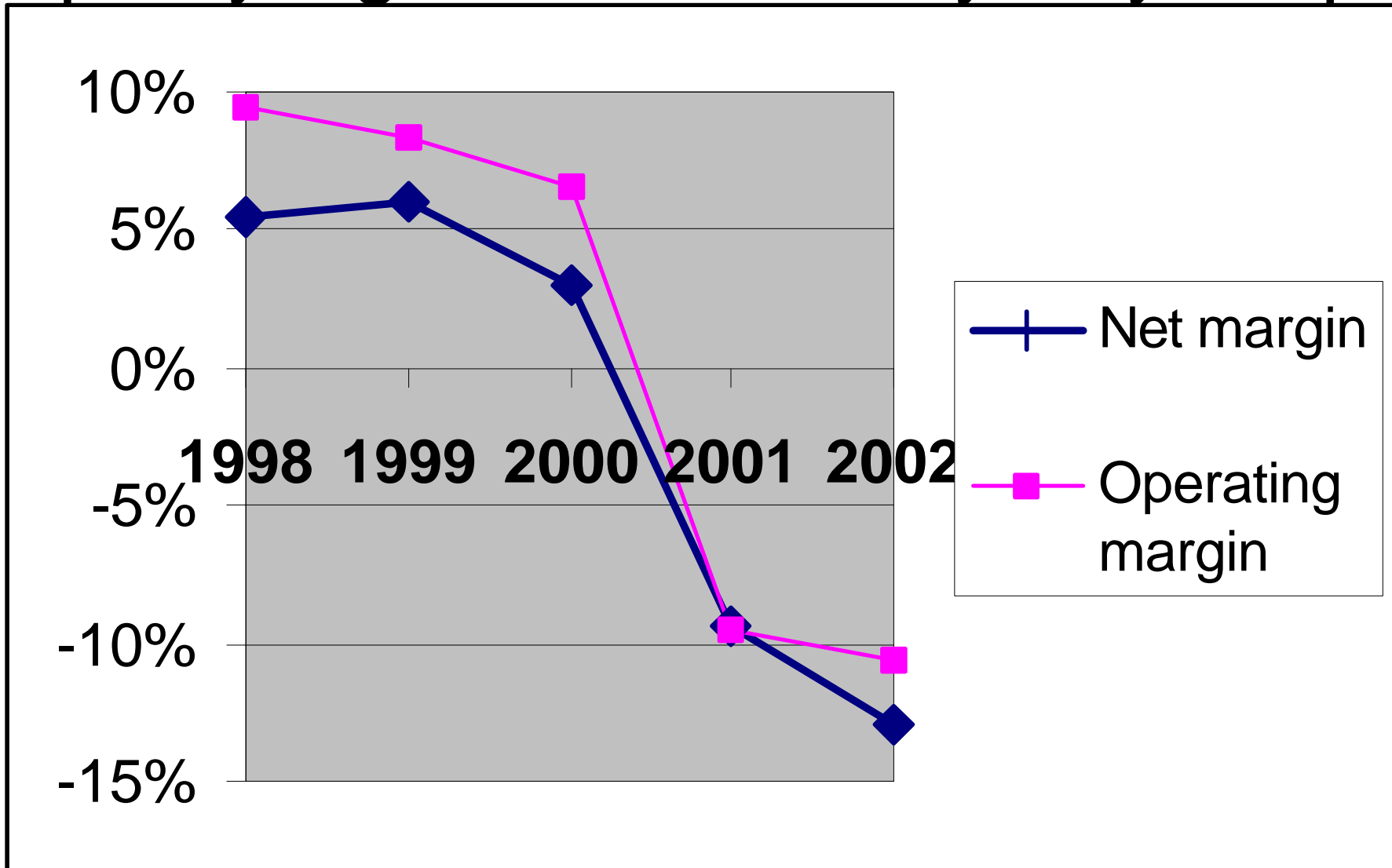
The total US travel market declined 8% from 2000-2001, and another 4% from 2001-2 (bn. \$)



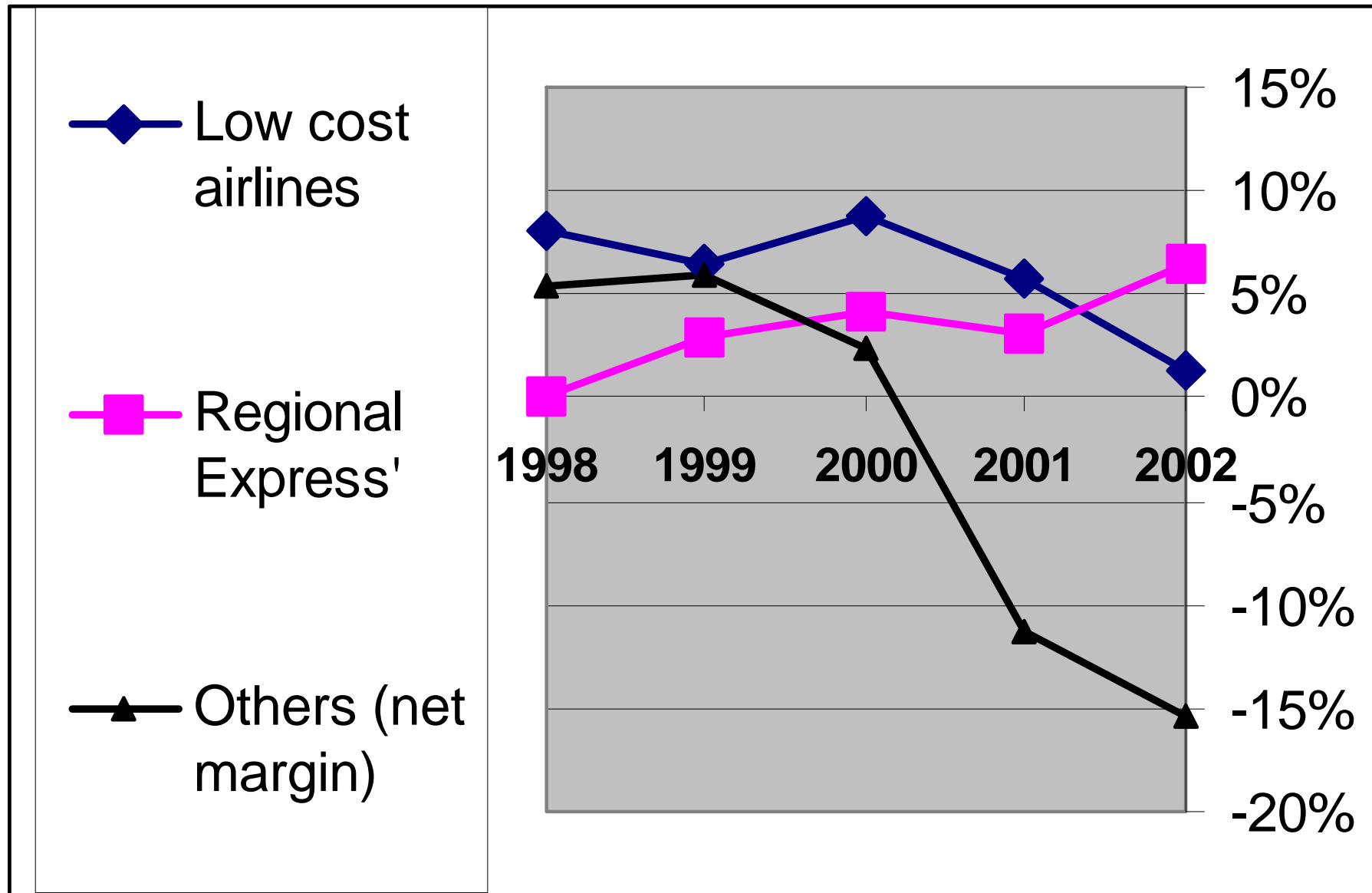
The (passenger) revenue of the US airlines in 2002 was below the level of 1998 (bn. \$)



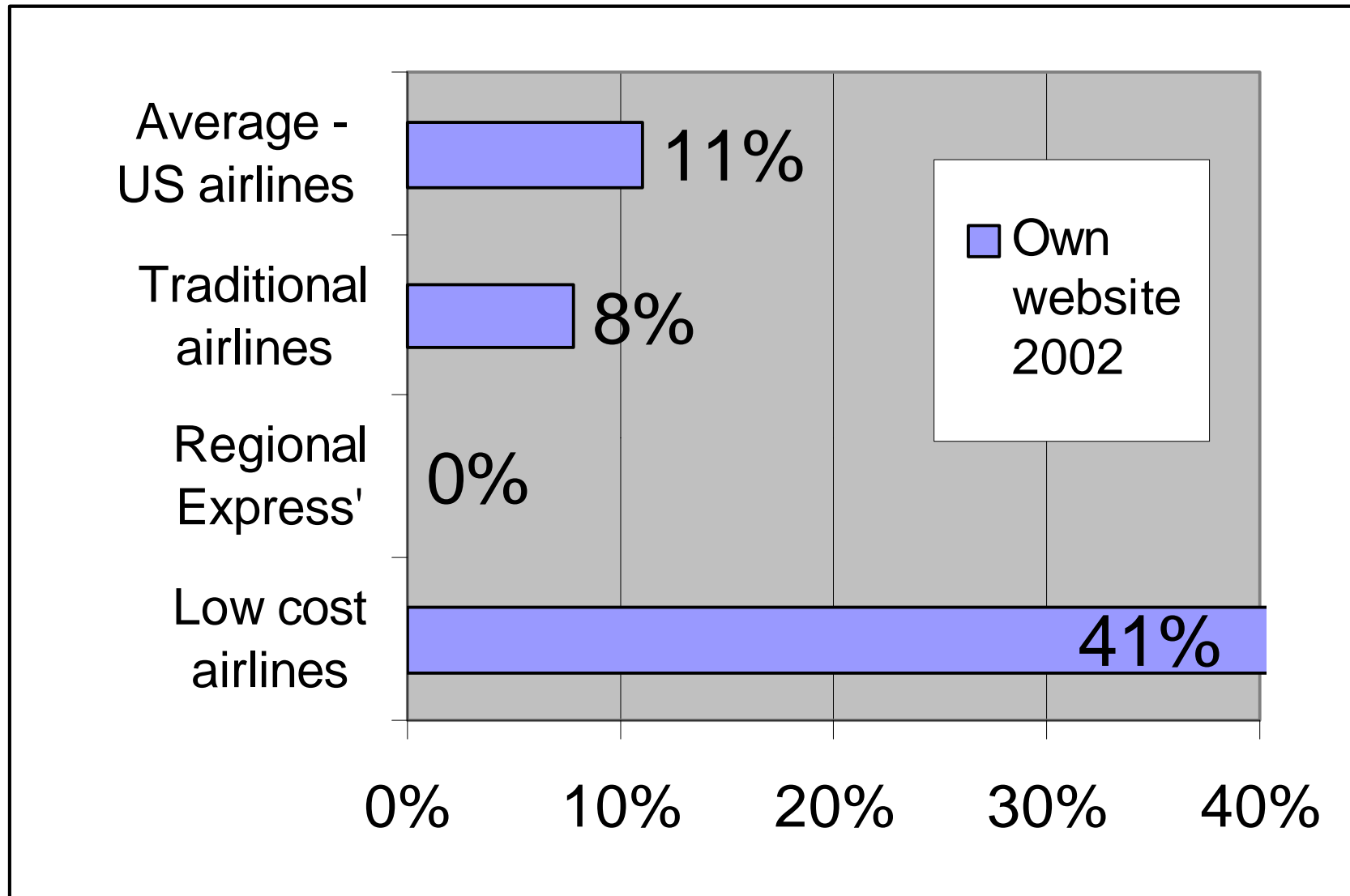
Income of the US airlines .. not a pretty sight .. but the only way is up



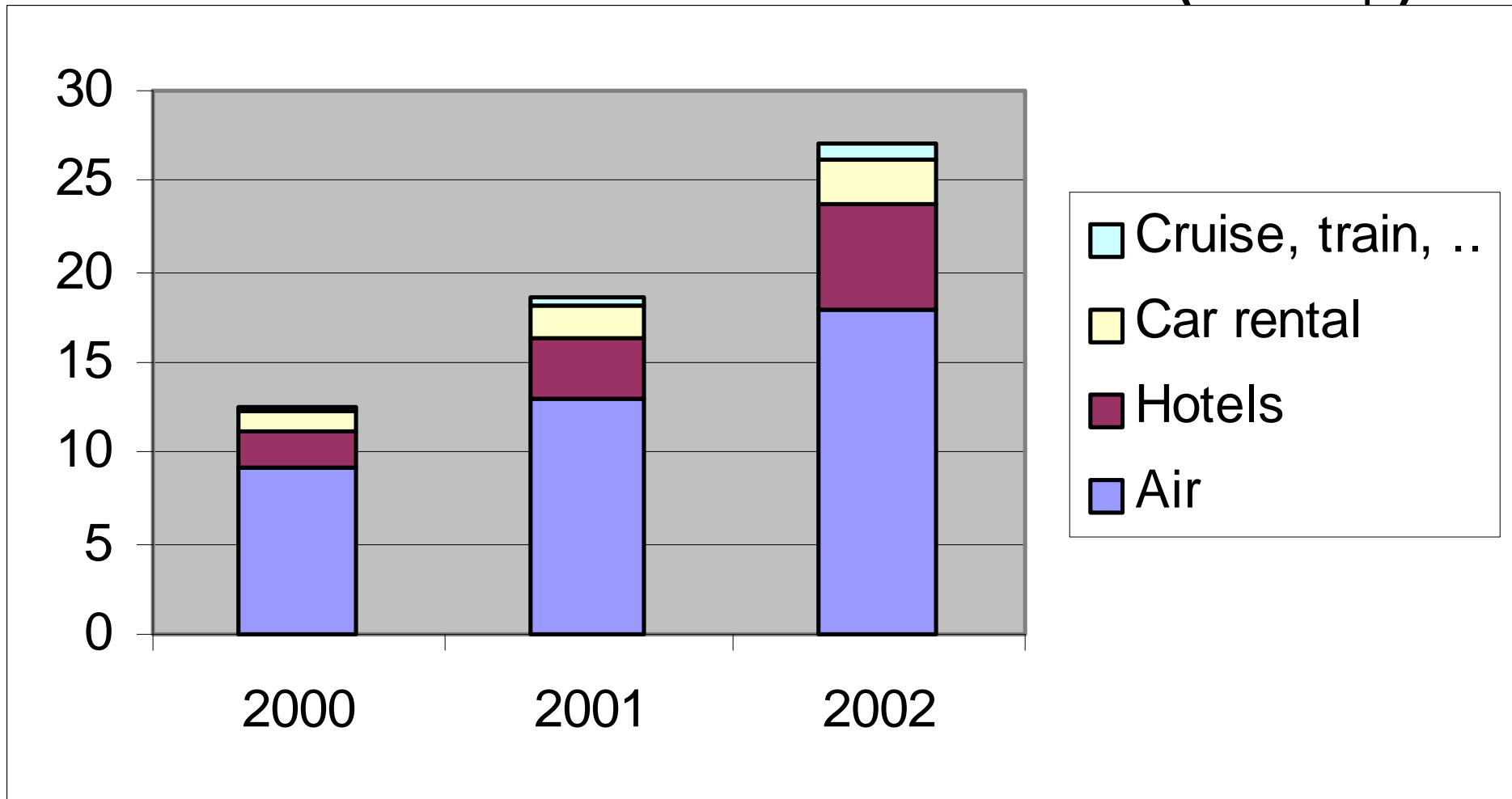
Net margins: Two types of airlines did splendidly through the slump



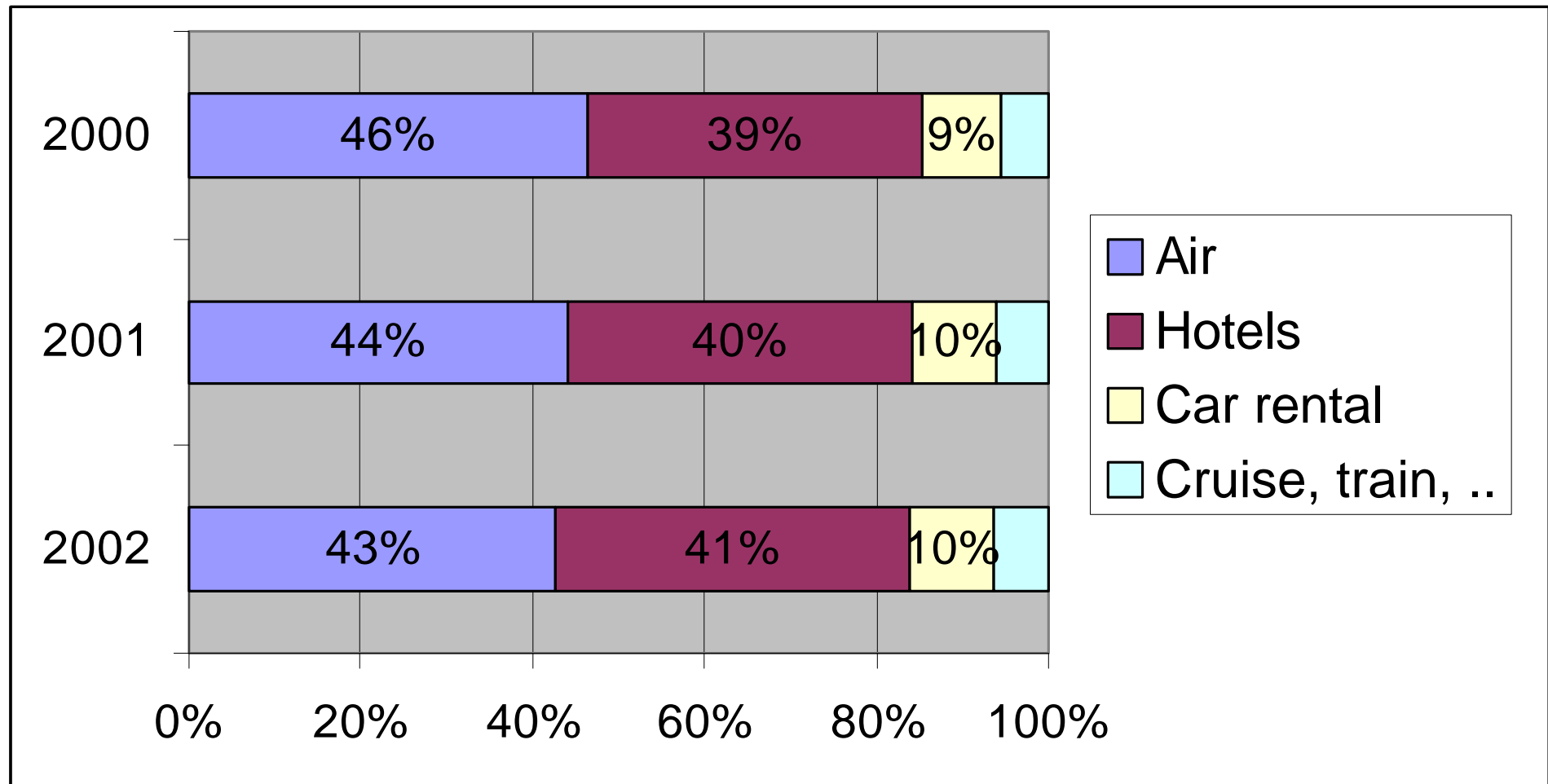
Low cost (no frills) airlines made great use of their own website – the regional express' did not, but both types were profitable during 2001 and 2002



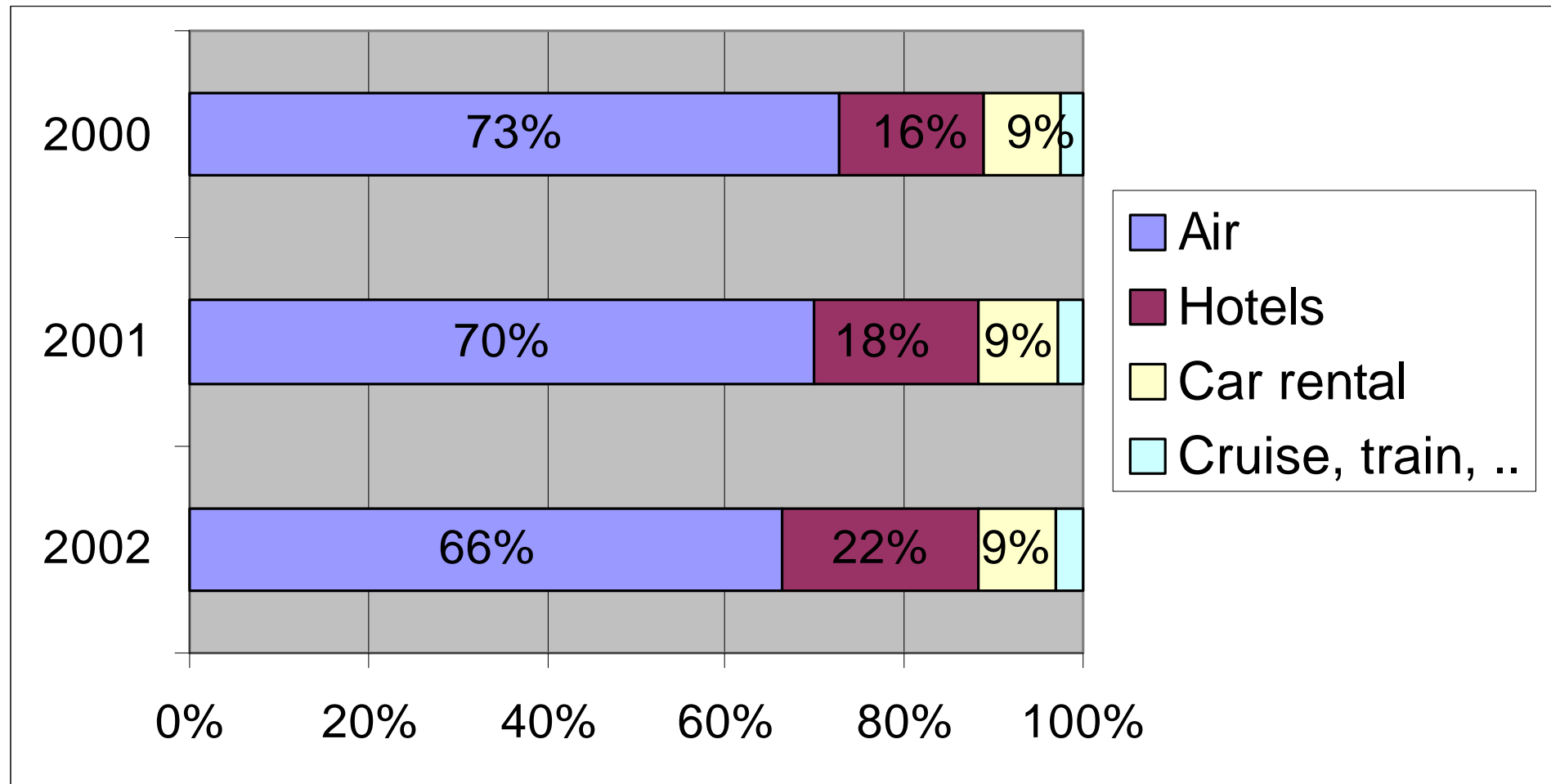
In absolute values all types of travel services increased in the US online travel market 2000-2 (bn. \$)



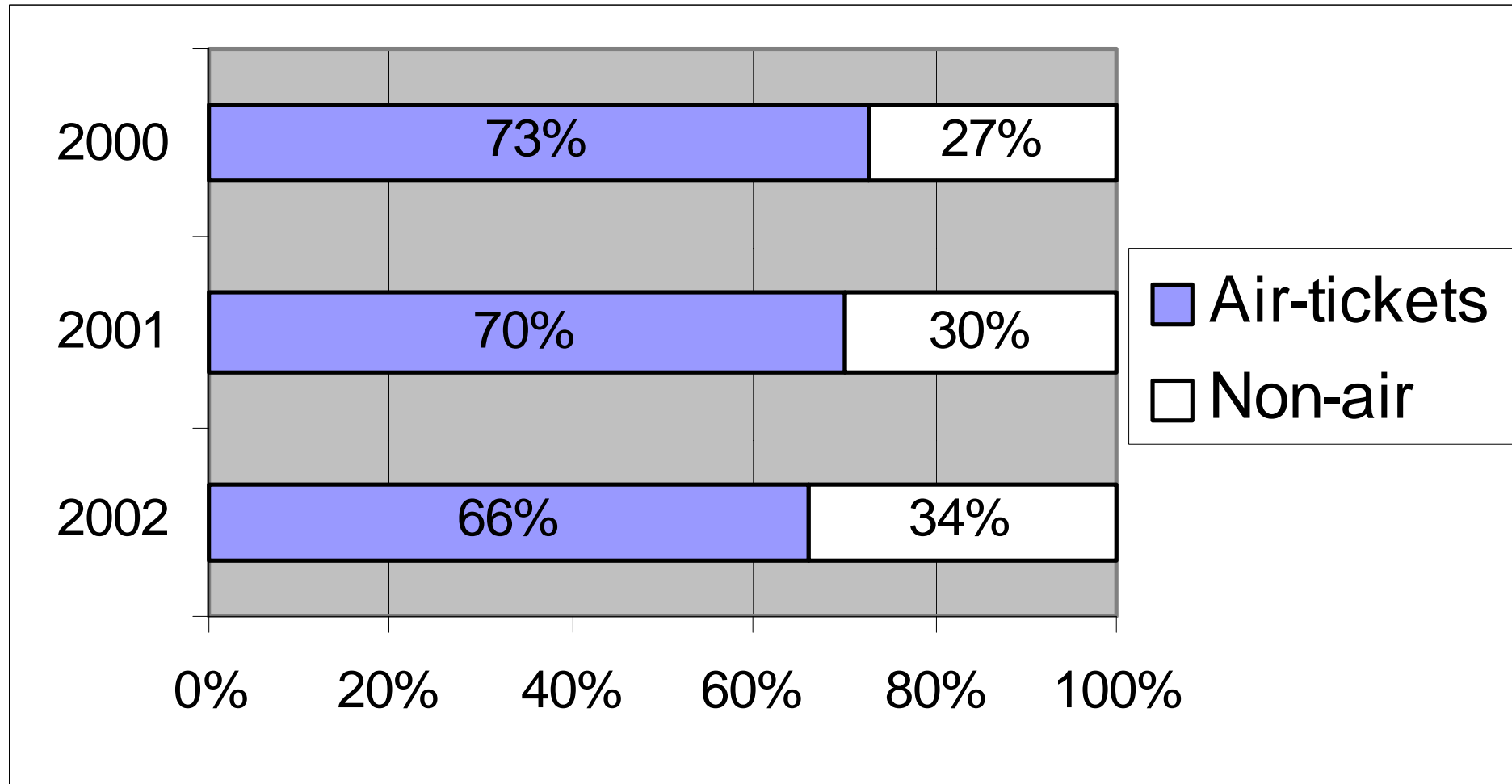
Airtickets accounted for a large but declining part of the total US travel market 2000-2002



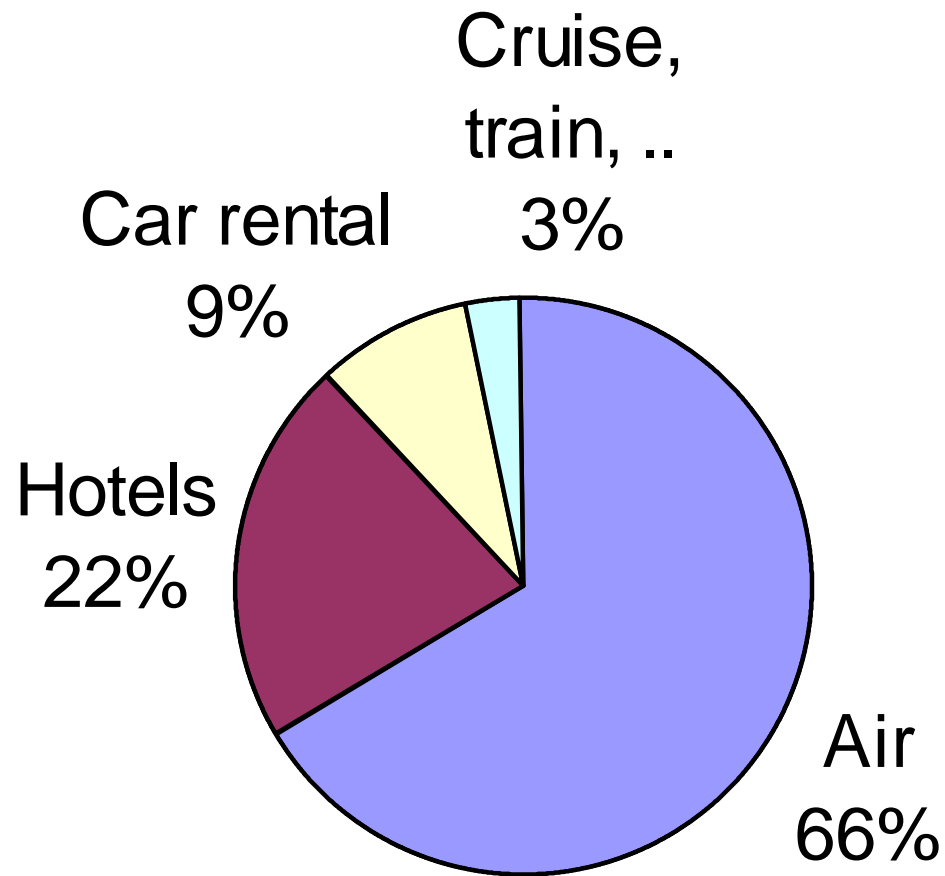
Airtickets accounted for a very large but declining part of the US online travel market 2000-2002



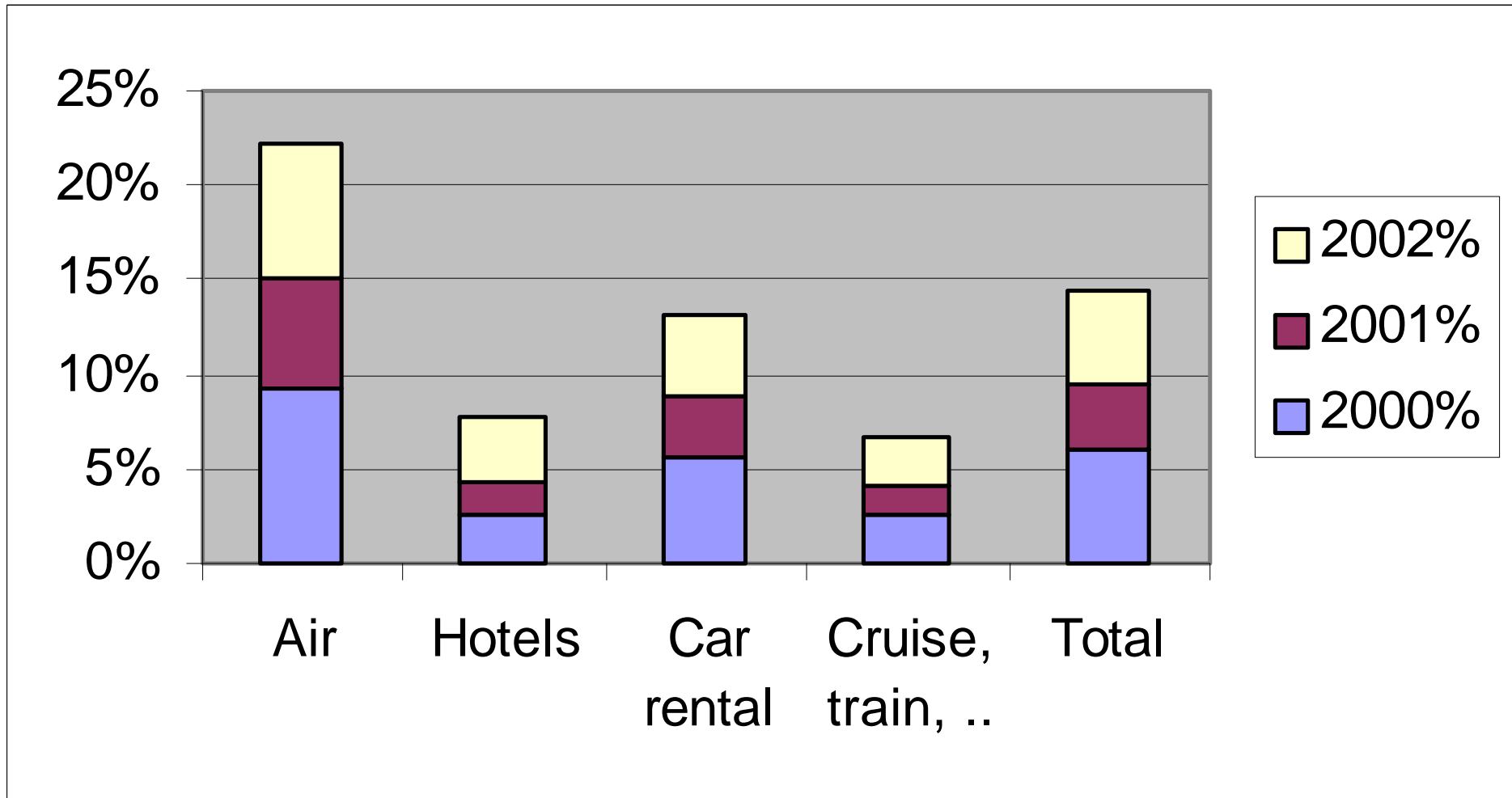
Non-air on the rise, in the US online travel market, 2000-2002



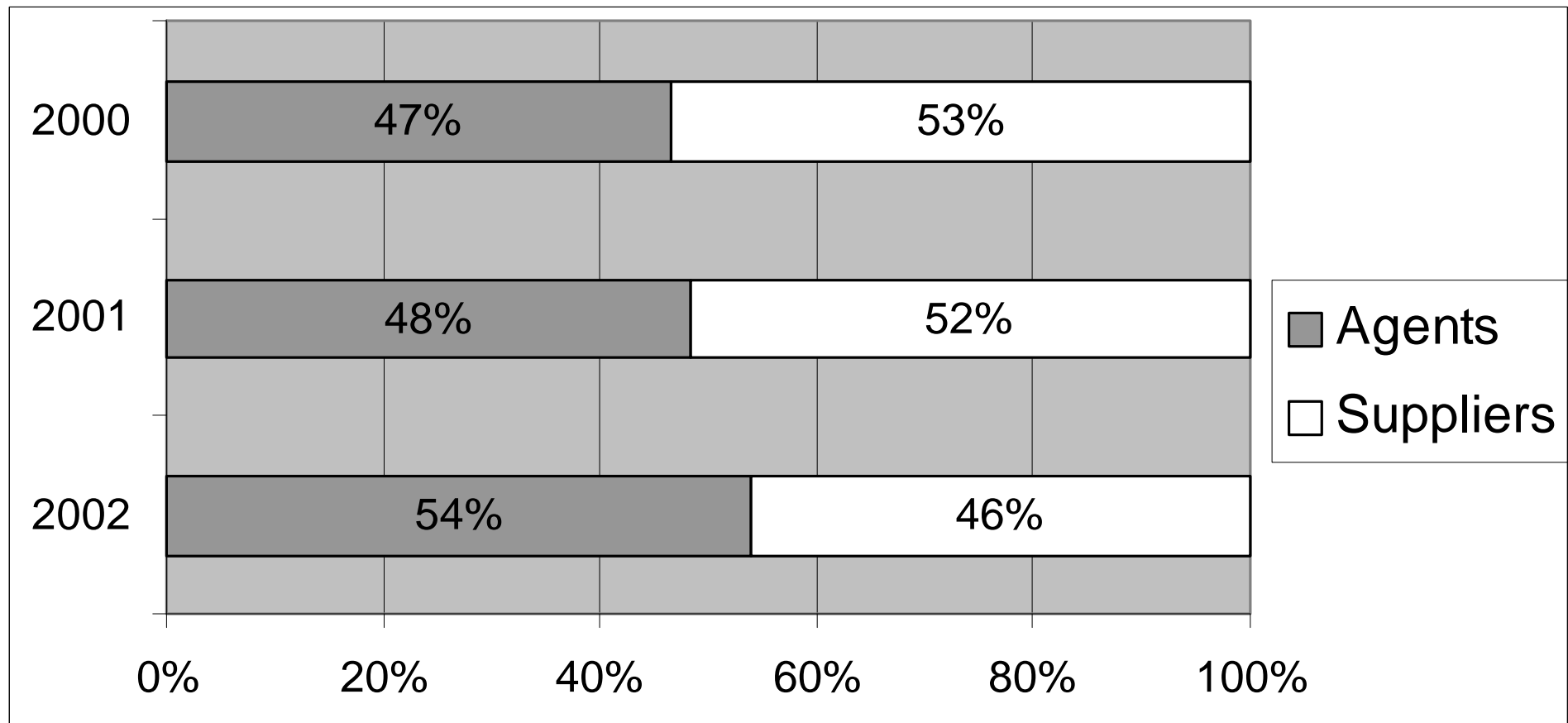
The US online travel market 2002 by type of service (total: \$ 27.0 bn.)



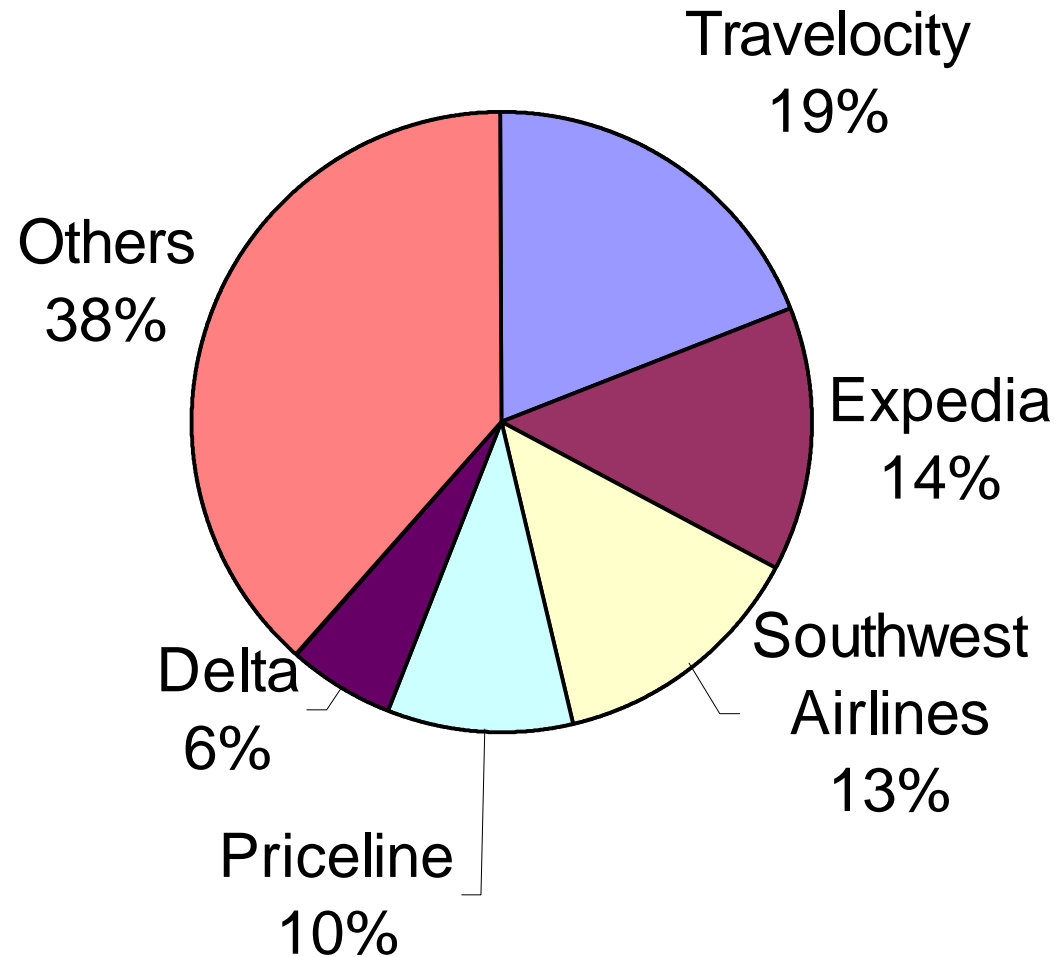
Direct online sales of airtickets by the airlines + via agents reached 22% of the total airtravel market in the USA in 2002 – car rental 13% - hotels 8%. Overall: 14.4% in 2002



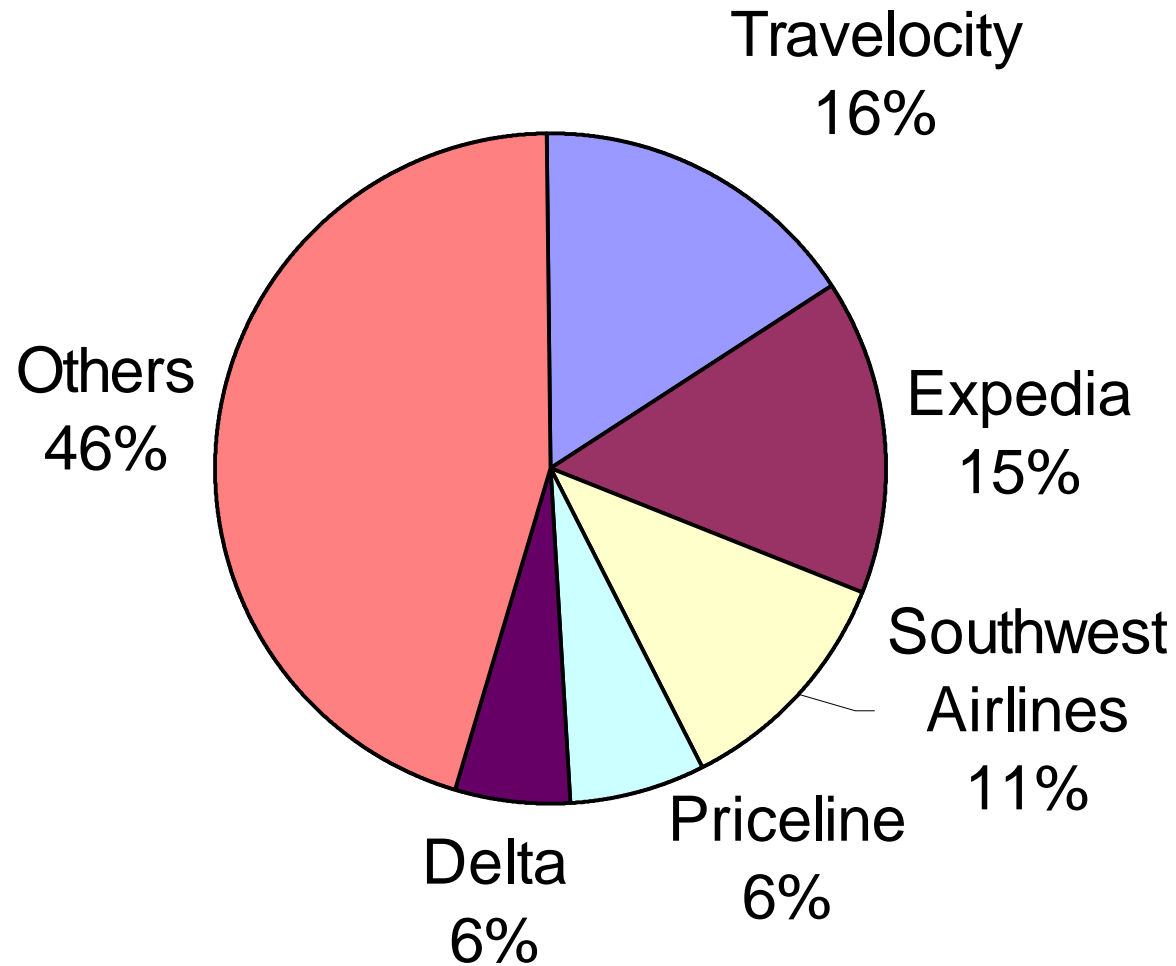
Shift from suppliers to agents – in the US online travel market, 2000-2002: Online agents 54% in 2002, up from 47% in 2000



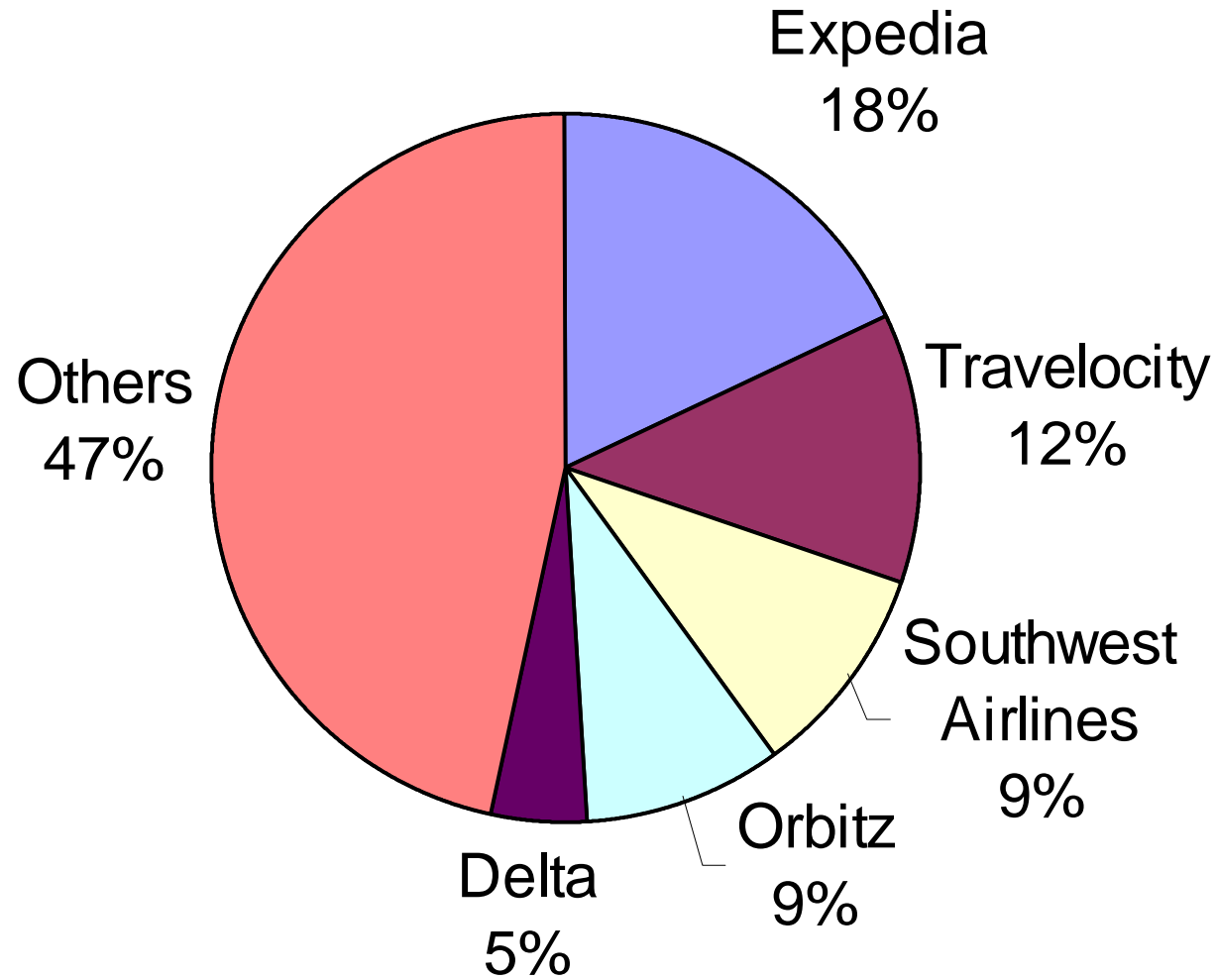
Top 5 in the US online travel market 2000 (12.6 bn. \$)



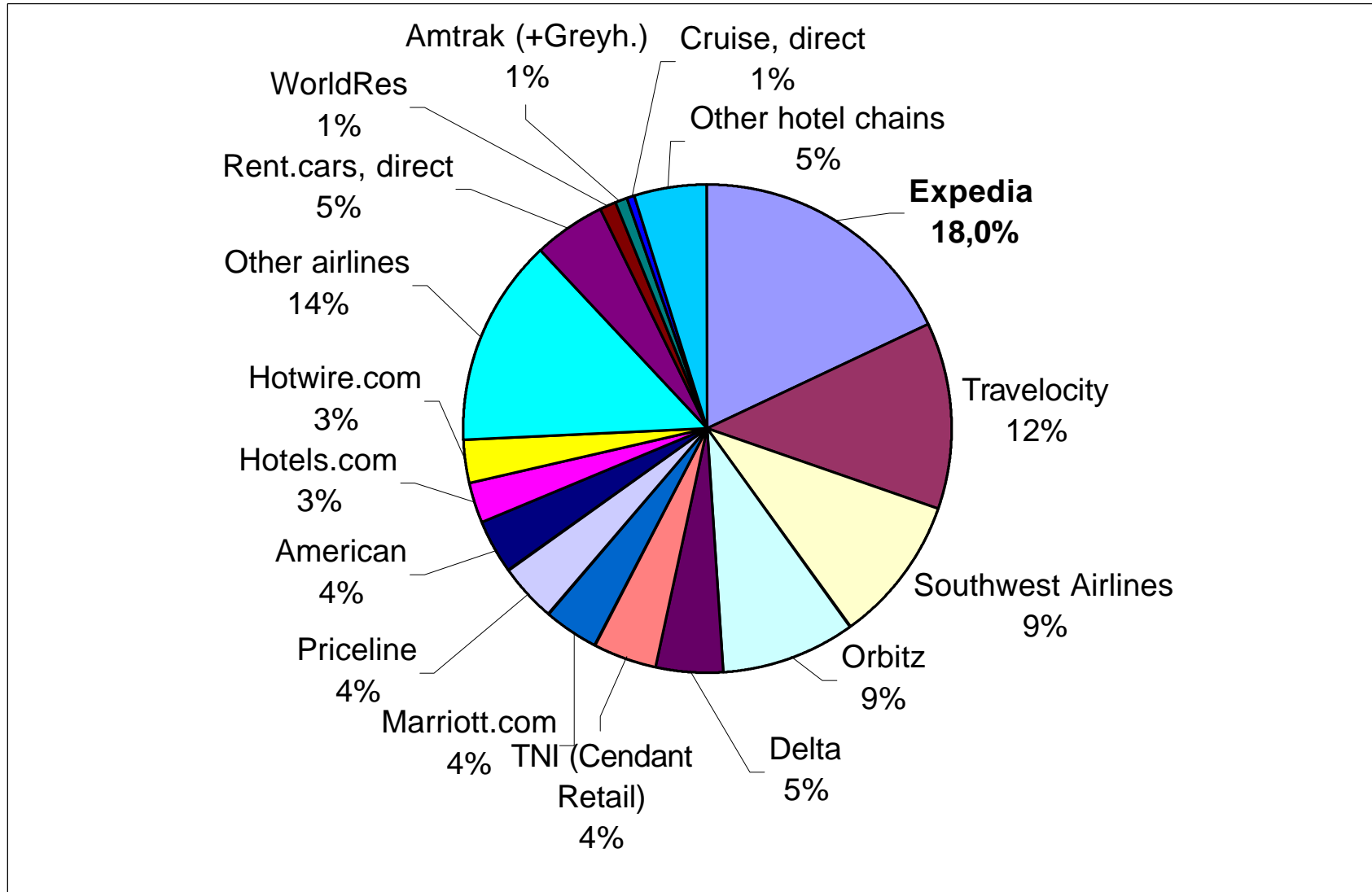
Top 5 in the US online travel market 2001 (18.6 bn. \$)



Top 5 in the US online travel market 2002 (27.0 bn. \$)

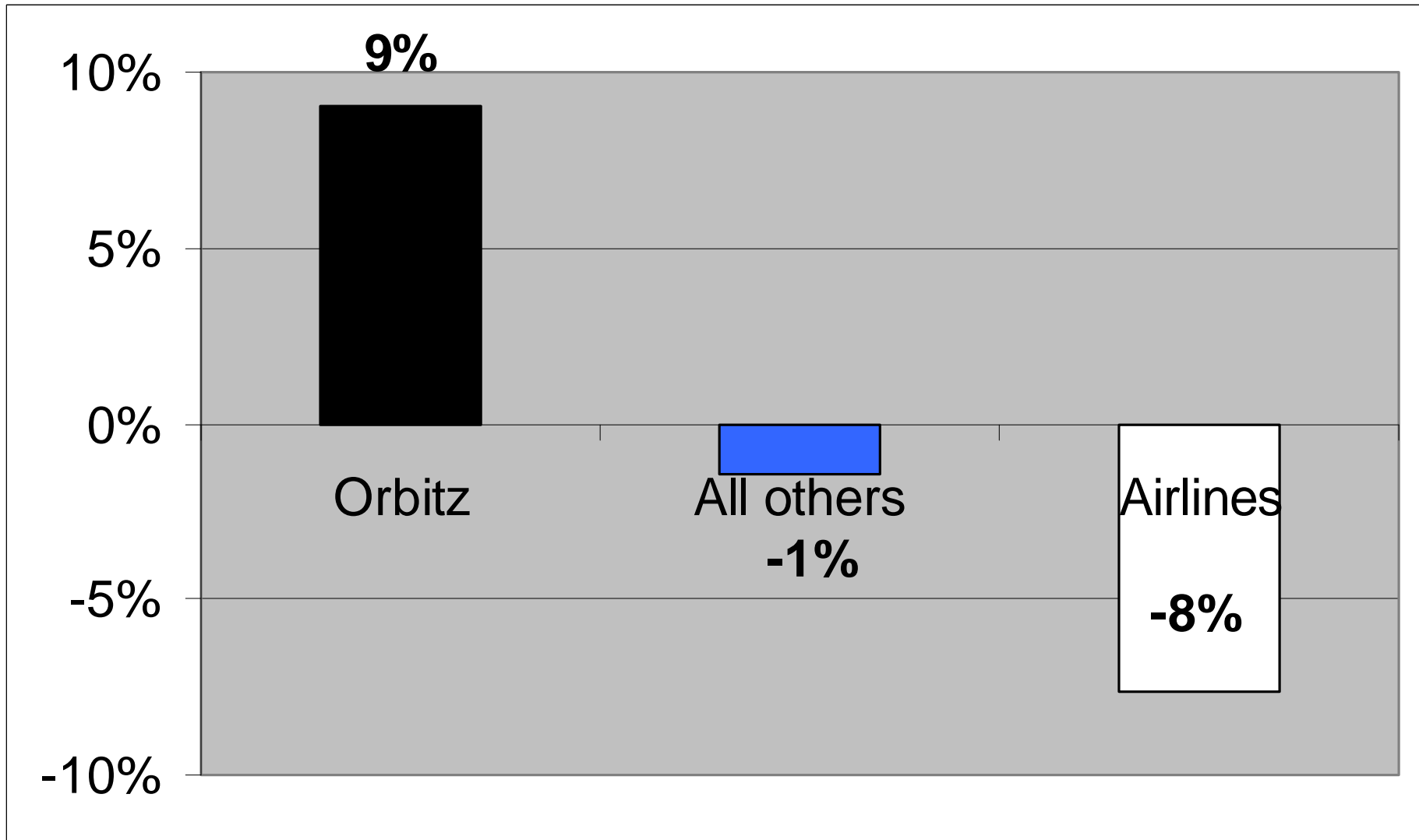


Top 10+ in the US online travel market 2002: Expedia in the lead, ahead of Travelocity (Total: 27.0 bn. \$).

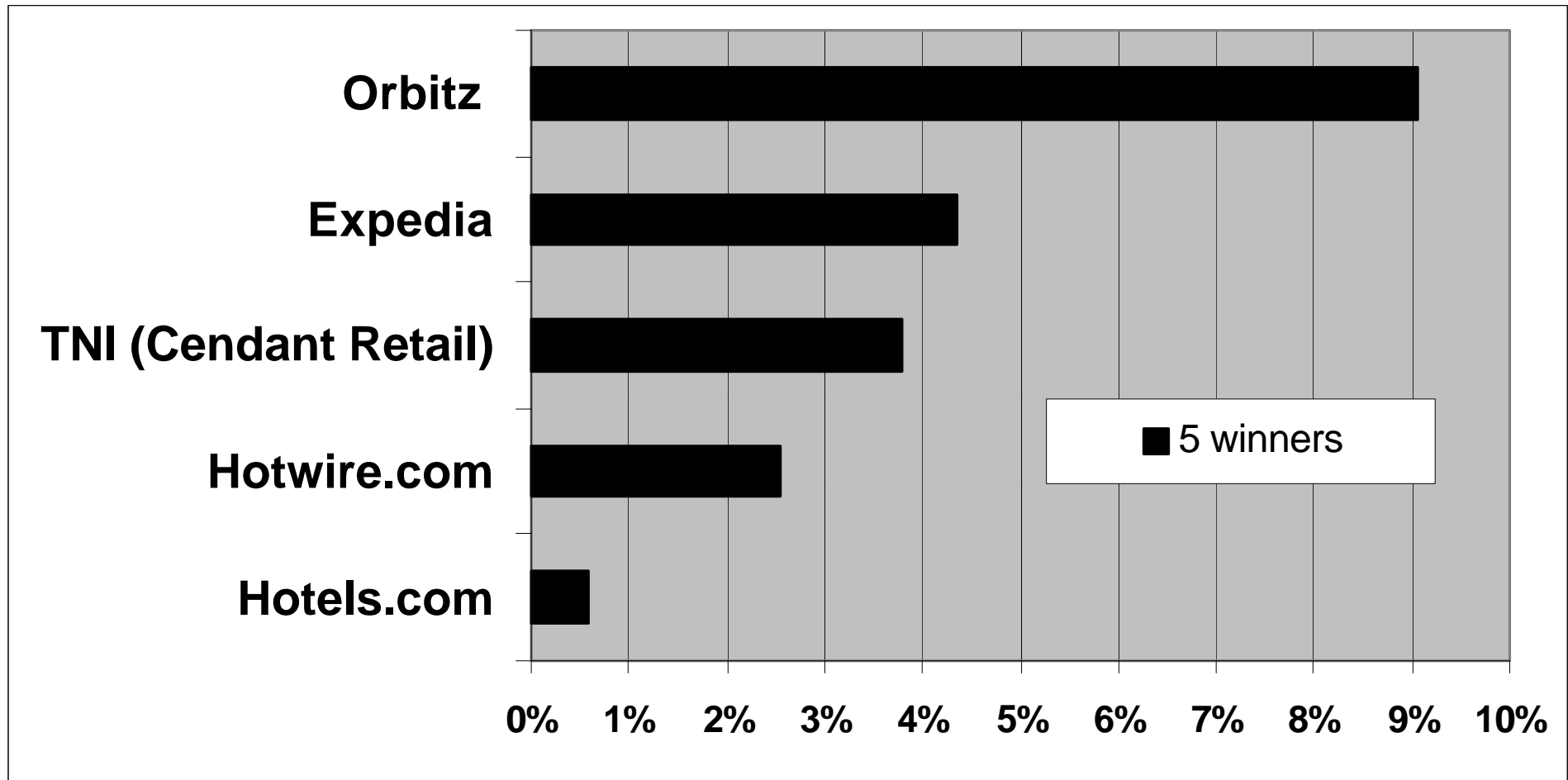


Note: The breakdown by player partly based on published data, partly web-traffic stats + own estimates. The top player had 92% of its gross booking value in the US market. Assumed average: ~ 95%.

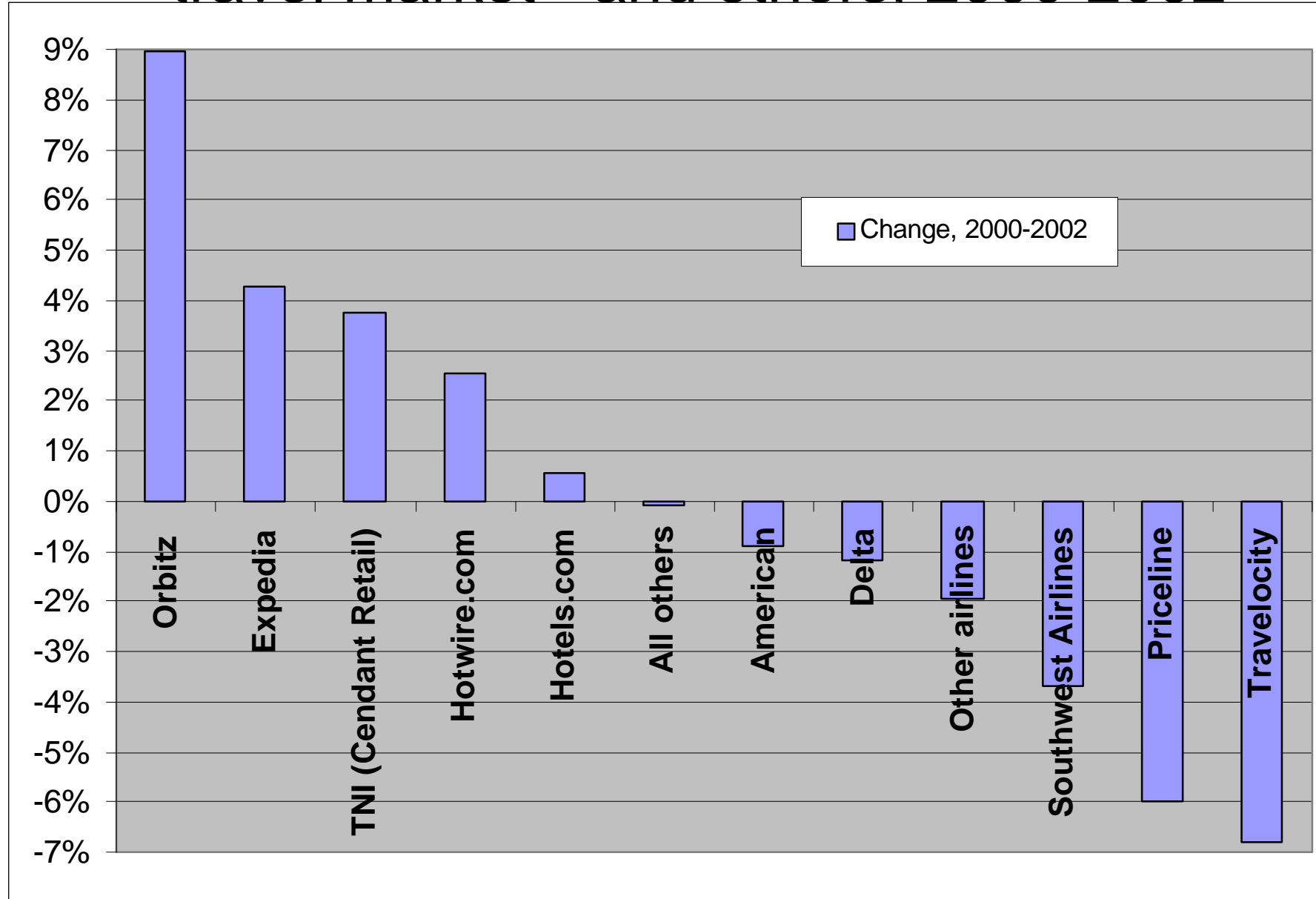
Shift from airlines .. to ORBITZ in the US online travel market, 2000-2002



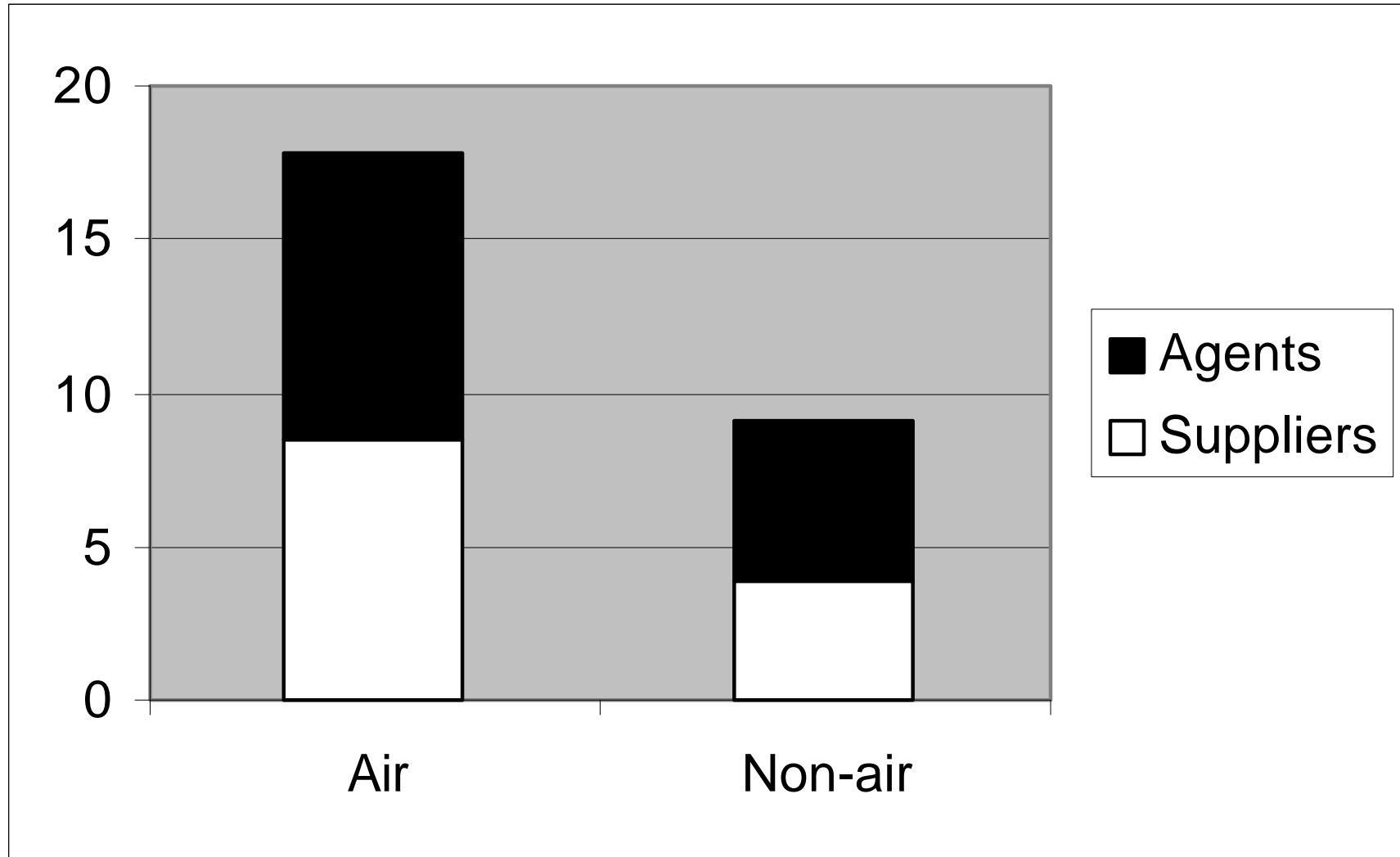
Winners of market share, 2000-2002, in the US online travel market



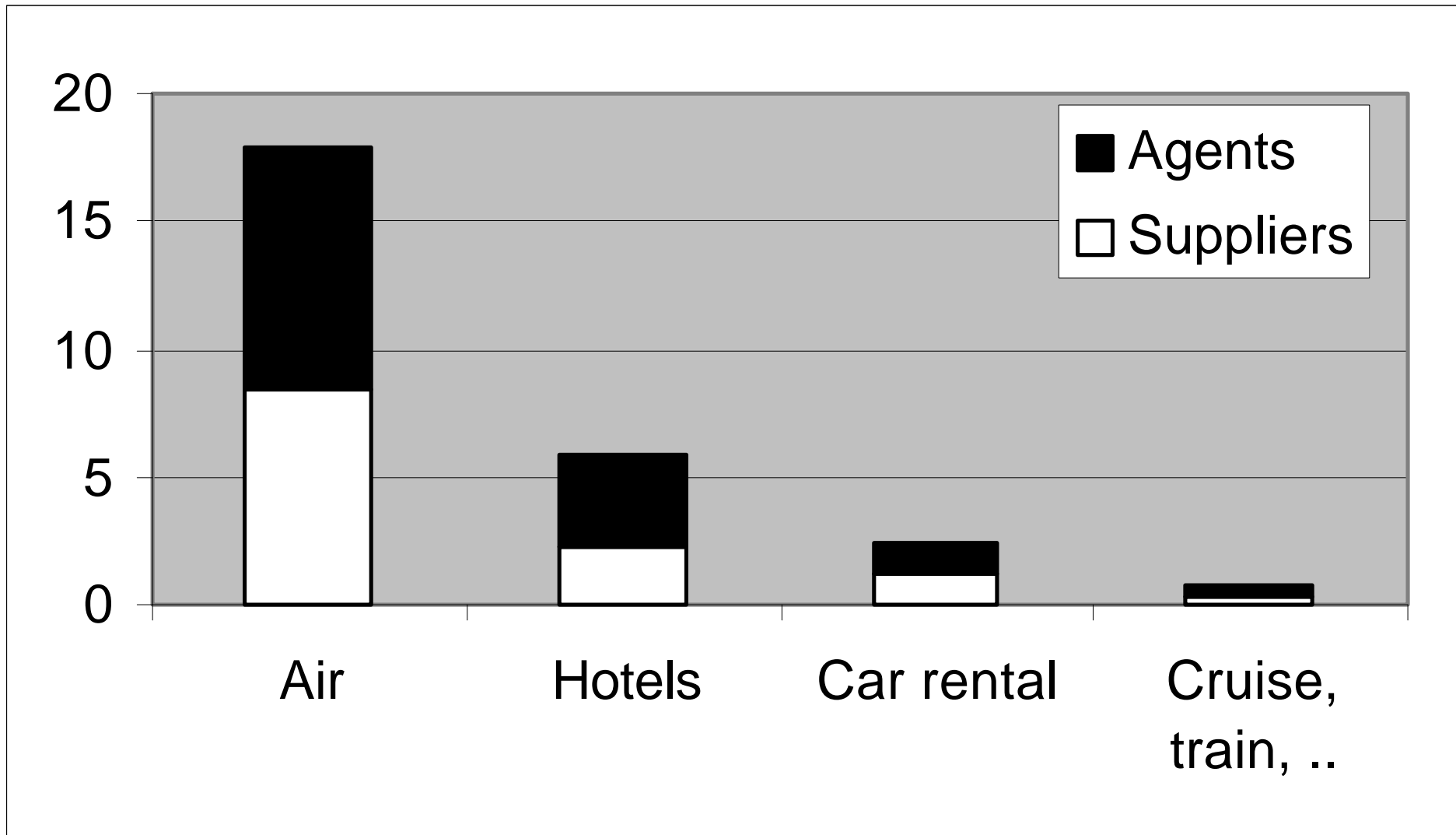
Those who gained share of the US online travel market - and others. 2000-2002



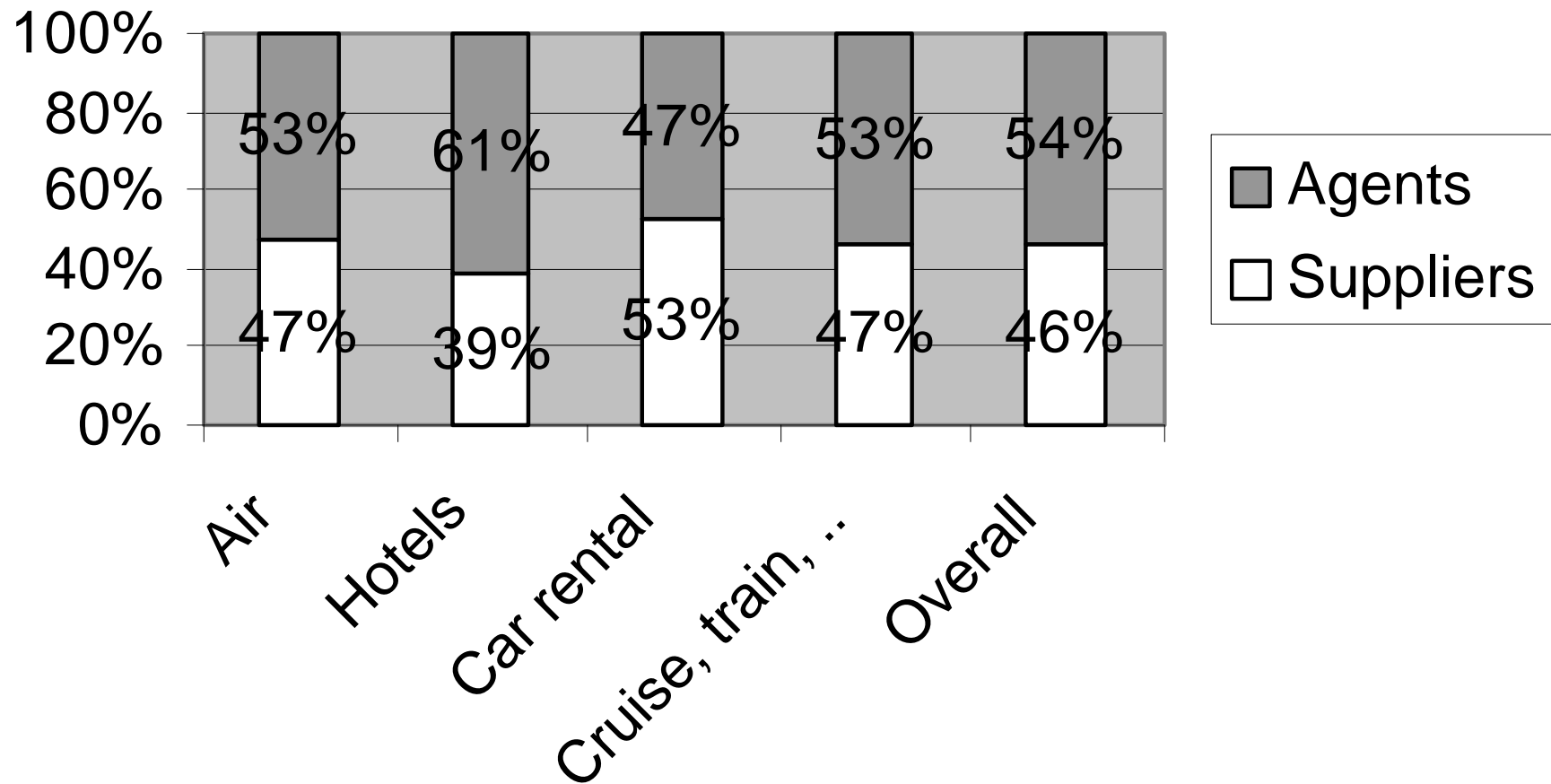
Suppliers vs. agents – air and non-air – US online travel 2002 (Total: 27.0 bn \$)



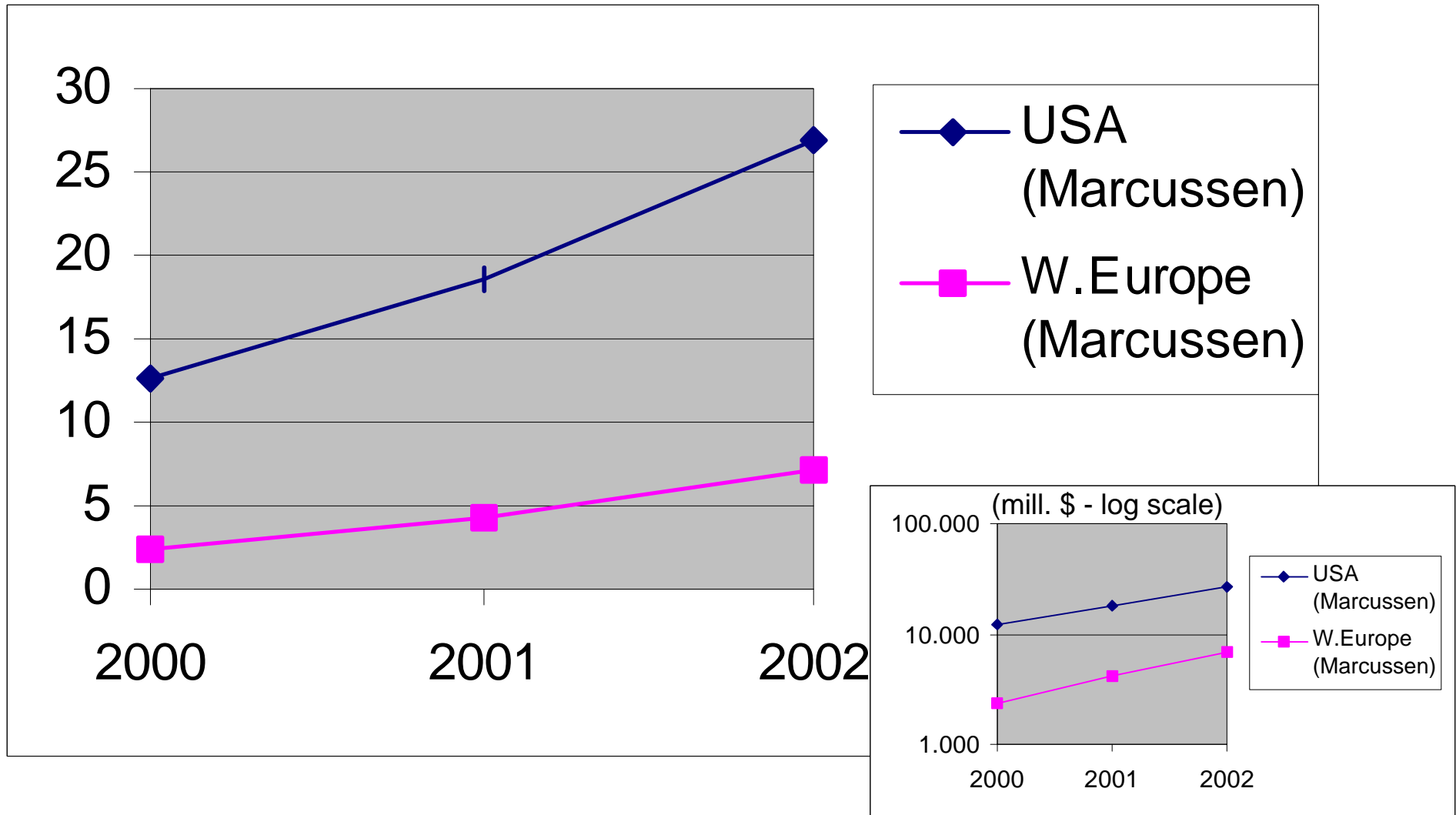
Suppliers vs. agents – air and non-air – US online travel 2002 (Total: 27.0 bn \$)



Suppliers vs. agents – air and non-air – US online travel 2002: Overall, 46% of 27.0 bn \$ directly from suppliers' sites



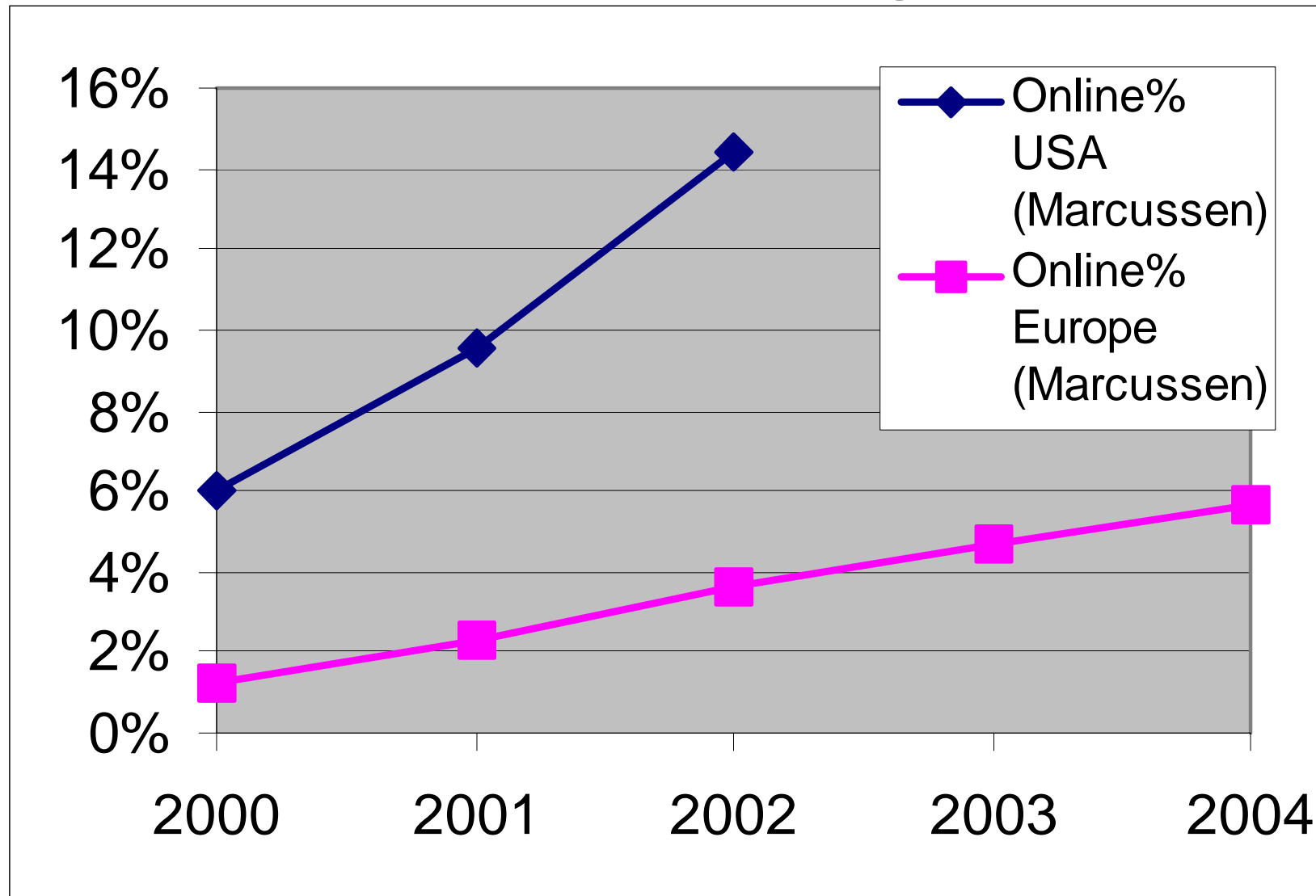
Europe is not catching up (bn. \$)



© Carl H. Marcussen and Centre for Regional and Tourism Research, www.crt.dk, April 2003

Note: Exchange rates. 2000: 1\$=1.0854 EUR; 2001: 1\$=1.1163 EUR; 2002: 1\$=1.0607 Euros.

Europe is doing well – but is not catching up (%)



Recapitulation – dimensions of this study

Trends in the US online travel market – 2000-2002

- Trends in the *overall* US travel market
- Trends in the US *online* travel market:
 - Online trends by type of travel service
 - Online trends by channel: Agents / suppliers
 - Trends in US online travel market shares
 - Overall trend in online travel: USA vs. Europe

25 April 2003

The **Centre for Regional and Tourism Research** (www.CRT.dk) is based in Denmark and offers - among other things - to carry out commissioned research, the rate for which is the equivalent of 100 EUR per hour. Research tasks/projects are normally from 1 to 10 weeks in duration. Examples of possible tasks/projects include studies in more depth of one specific part of the online travel market such as one type of service (airlines, hotels, etc.) or one geographic market/region. Enquiries to: trends@crt.dk (headline: "online travel research").

Website of this study: <http://www.crt.dk/uk/staff/chm/trends/usa.htm>