

Trends in European Internet Distribution - of Travel and Tourism Services

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Updated 23 March 2009

Summary

Online travel sales increased by 17% from 2007 to 2008 and reached EUR 58.4 billion in the European market in 2008 - or 22.5% of the market (up from EUR 49.8 bn. or 19.6% in 2007). A further increase of about 12% during 2009 to about EUR 65.2 billion may be expected (25% of the market). The UK accounted for 30% of the European online travel market in 2008, with Germany in second place at 18%. The direct sellers accounted for 64% of online sales in the European market in 2008, intermediaries 36%. In 2008 the breakdown of the market by type of service was as follows: Airtravel 54%; Hotels (and other accommodations) 19½%; Package tours 15%; Rail 7½%; Rental cars (and car ferries) 4%. In the last quarter of 2008 a significant slowdown in the European economy set in, which will affect the European travel market during 2009.

Method used in the 'trends study'

Tracking trends by focusing on major online marketers.

Key variables for which data has been gathered and/or estimates made for each of more than 100 major online players - representing about 90% of the European online travel market - via own primary research and from a great number of different publicly available secondary sources:

1. Global Internet travel sales in value (by major European players or sales on the European market by non-European players) in 2008 with projections for 2009.
 2. Market (sales to non-Europeans and Europeans - with sub-breakdown of sales on the European market into 6 regions).
 3. Channel (direct sellers or intermediaries).
 4. Product type (specific types of accommodation; specific types of transportation services; or package tours).
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The following are *not* included in the online travel market estimates:

1. Online sales to customers not living in Europe.
2. Sales by principals (product owners) through 'someone' (intermediaries) who use the Internet as their sales channel (no double counting).
E.g.: Sales by airlines through online agents.
3. Other types of products than those explicitly included.
E.g.: Tickets for events / concerts etc. (~general leisure).

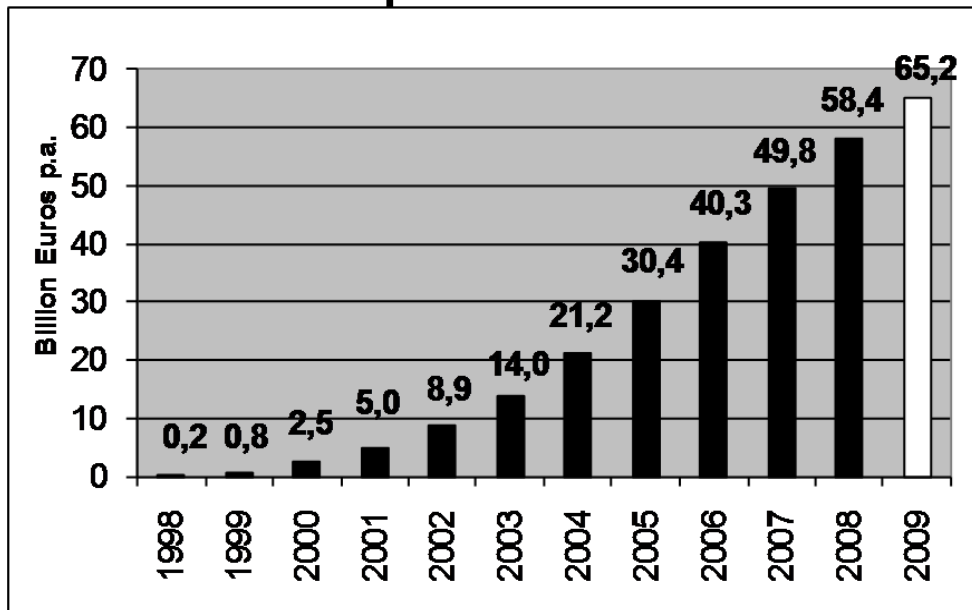
4. Telephone sales of services researched on the Net.
5. Simple e-mail booking requests directly to accommodations, without instant confirmation.
6. Online sales from websites targeted at travel agents and tour operators.

Trends in overall online travel market size - Europe 1998 - 2008 with projections to 2009

Europe	Market	Internet sales	Internet sales	Internet sales
Year	(billion E.)	(billion E)	in % of market	increase %
1998	200	0.2	0.1%	N.A.
1999	212	0.8	0.4%	257%
2000	227	2.5	1.1%	216%
2001	223	5.0	2.3%	99%
2002	221	8.9	4.0%	77%
2003	215	14.0	6.5%	57%
2004	220	21.2	9.6%	51%
2005	235	30.4	12.9%	43%
2006	247	40.3	16.3%	32%
2007	254	49.8	19.6%	24%
2008	260	58.4	22.5%	17%
2009	254	65.2	25.7%	12%

Graph: Trends in overall online travel market size - Europe 1998-2008, with projections to 2009 (EU27+EFTA3).

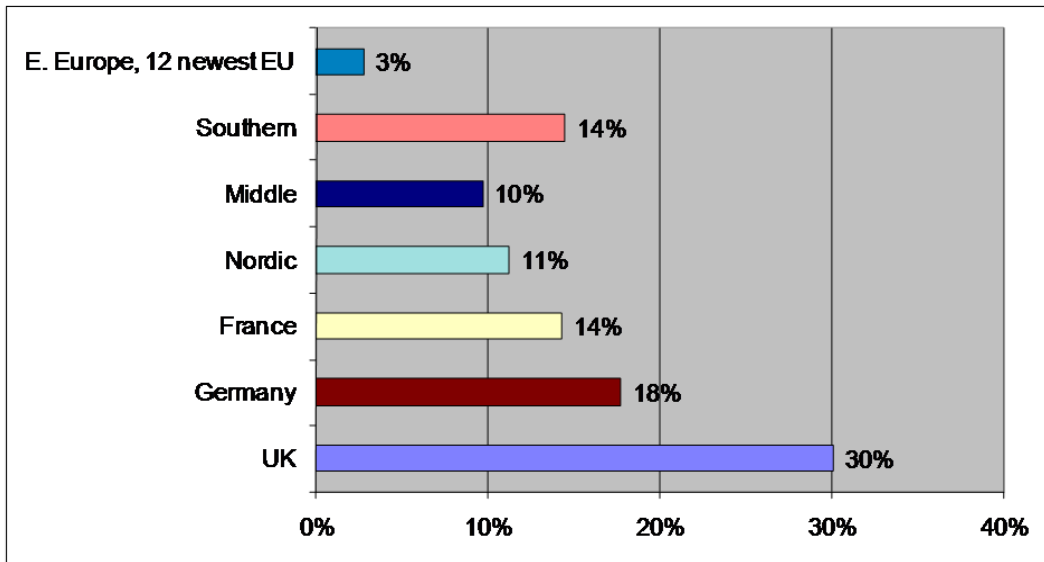
Trends in overall online travel market size - Europe 1998–2008..2009



Source: Carl H. Marcussen, Centre for Regional and Tourism Research, www.crt.dk/trends, 23 March 2009.

Next graph: Geographic status for the European online travel market 2008 (EUR 58.4 bn.).

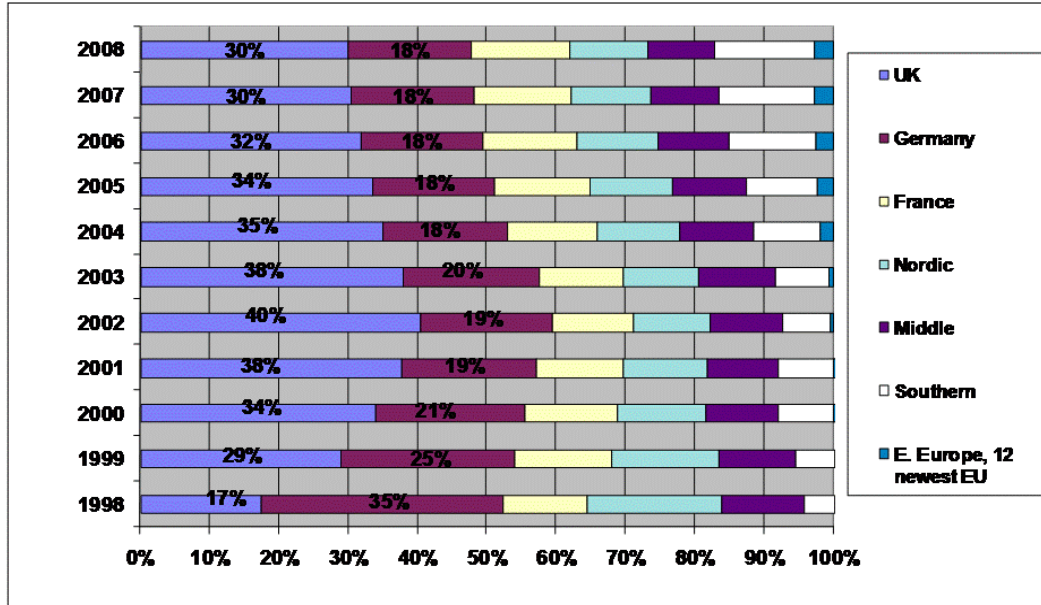
Geographic status for the European online travel market 2008 (EUR 58.4 bn.)



Source: Carl H. Marcussen, Centre for Regional and Tourism Research, www.crt.dk/trends, 23 March 2009.

Next graph: Trends in the European online travel market - by geographic market - 1998-2008: UK; Germany; France; Nordic region (Scandinavia, Finland, Iceland); Benelux, Switzerland, Austria, Ireland; Southern Europe (Italy, Spain, Portugal, Greece); and the twelve new EU member countries (E. Europe).

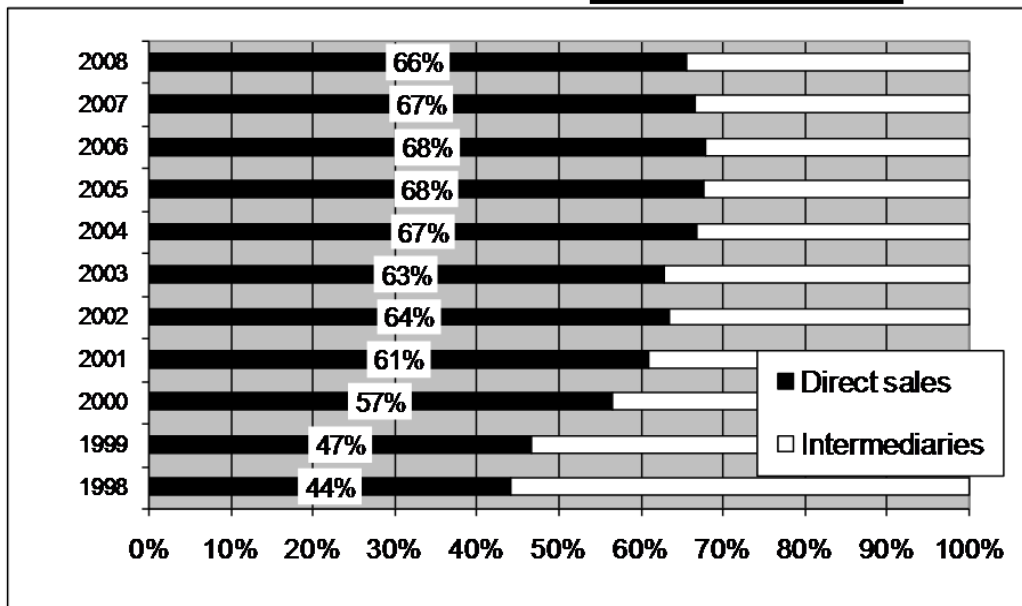
Trends in the European online travel market - by country/region



Source: Carl H. Marcussen, Centre for Regional and Tourism Research, www.crt.dk/trends, 23 March 2009.

Next graph: Trends in the European online travel market - by channel - 1998-2008.

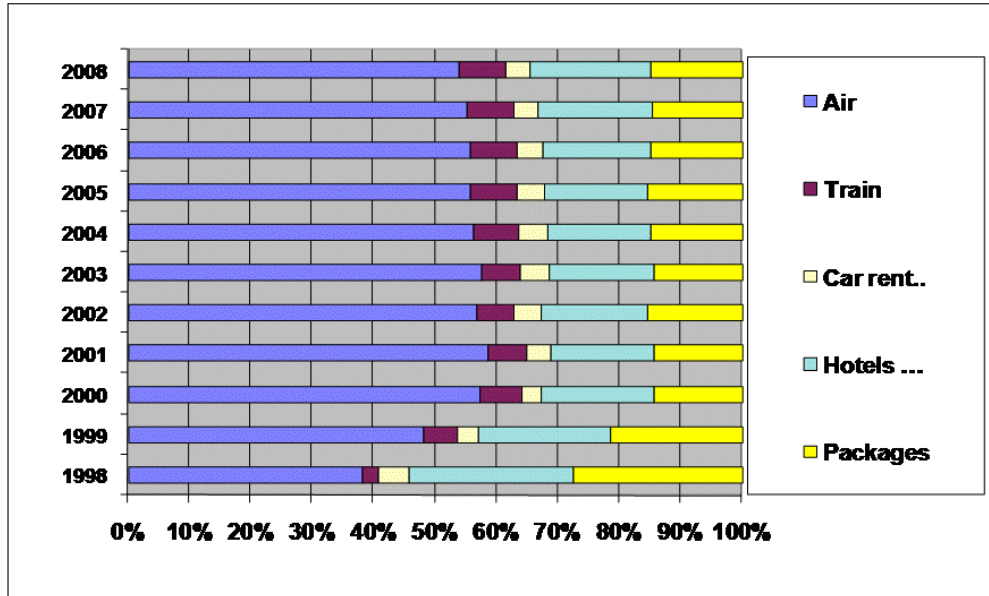
Trends in the European online travel market - by channel



Source: Carl H. Marcussen, Centre for Regional and Tourism Research, www.crt.dk/trends, 23 March 2009.

Next graph: Trends in the European online travel market - by type of service - 1998-2008.

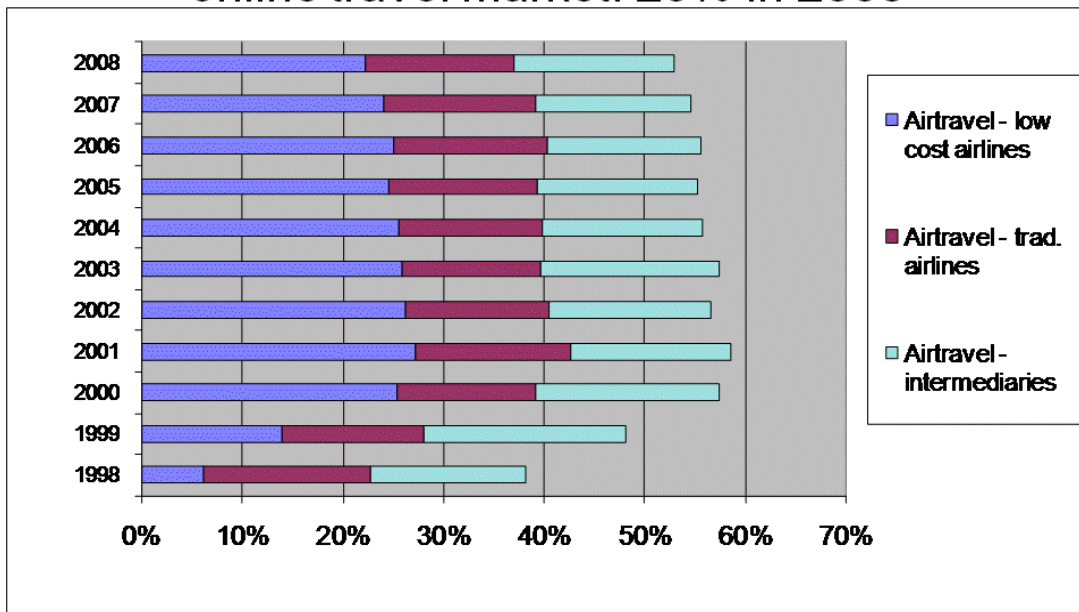
Trends in the European online travel market - by type of service (%): Air tickets accounted for 55% in 2008.



Source: Carl H. Marcussen, Centre for Regional and Tourism Research, www.crt.dk/trends, 23 March 2009.

Next graph: Low cost airlines – a major part of the European online travel market.

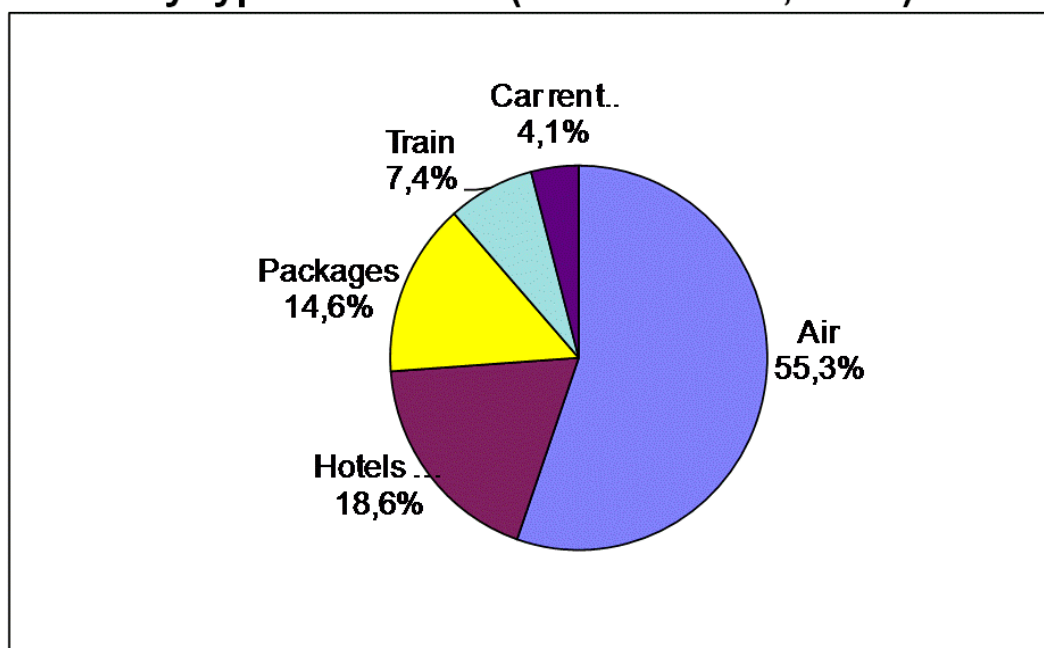
Low cost airlines – a major part of the European online travel market: 23% in 2008



Source: Carl H. Marcussen, Centre for Regional and Tourism Research, www.crt.dk/trends, 23 March 2009.

The European online travel market - by type of service - 2008.

The European online travel market - by type of service (EUR 58.4 bn., 2008)



Source: Carl H. Marcussen, Centre for Regional and Tourism Research, www.crt.dk/trends, 23 March 2009.

Some conclusions:

- The UK remains the largest online travel market in Europe, with Germany in second place. These two markets accounted for 48% of the EUR 58.4 bn. European online travel market in 2008.
- The European online travel market grew by 17% during 2008, and a further increase of 12% may be expected during 2009.
- The European online travel market (including the 12 newest EU member countries) may reach EUR 65 bn. by 2009, which is about 25% of the total market for selected travel and tourism services.

The first version of this "trends-study" was put on the web in March 2000, a second version in March 2001, a third version in spring of 2002, a fourth version in April 2003, a fifth in May 2004, a sixth version in 2005, a seventh version in April 2006, an eighth version in May 2007, a ninth version in January 2008, so the current 2009-version is the *tenth* annual version.

European online trends study last updated: 23 March 2009.

Key words: European travel trends, online travel trends, internet distribution, online travel sales, European tourism trends, travel trends, online travel market, market shares, Carl Marcussen, CRT.

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