

New trends in Internet marketing and sales

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Tallinn, Estonia, 23 September 2004

Overview

1. Trends in online travel sales - Western Europe - i.e. in the old EU15 + 3
2. Perspectives on online travel sales in the 10 new EU countries, in particular Estonia (hereunder Tallinn) – with an emphasis on airtravel and hotels

Trends in the online travel market – Western Europe 1998–2003-2006

See this website:

www.crt.dk/trends

Conclusions:

- The UK became the largest online travel market in Europe already in 1999, and extended its lead during 2000, 2001 and 2002.
- Germany had been losing share since 1998, when it was the largest market, but regained share in 2003.
- The advent of the no-frills (low cost) airlines, not least on the in the UK was an important driver behind the increase in the UK online travel market during 1999 to 2001.
- New locally based low cost airlines contributed to Germany's increase in share in '03 – and so did package tours.
- Growth was very high during 2003, 44%, and a further increase of about 27% may be expected during 2004.
- The W. European online travel market may reach EUR 20.5 bn. by 2006, which is about 8.6% of the total market (up from 5.4% in '03).

Some perspectives on online travel services in the 10 new EU countries – with an emphasis on Estonia.

- Basics: Population - and GDP per capita
- Internet penetration, PCs, telephones
- Which travel services are likely to catch on first within online sales in the 10 new EU countries?
- Airtravel, hotels

Population - and GDP per capita

	Population 2002	Population 2003	GDP per cap. '98 \$	GDP per cap. 2002 \$	Total GDP '98	Total GDP 2002
EU15+3	390	389	22.406	23.319	8.690	9.104
10 new	75	74	4.334	5.540	323	413
EU25+3	465	464	19.384	20.468	9.013	9.517
10 new add	19%	19%	19%	24%	4%	5%

Source: ITU, International Telecom Union

Population - and GDP per capita

	Population 2002	Population 2003	GDP per cap. '98 \$	GDP per cap. 2002 \$
Sweden	8,9	9,0	26.853	26.864
Denmark	5,4	5,4	32.854	32.033
Finland	5,2	5,2	24.904	25.314
Germany	82,5	82,5	26.214	24.122
Estonia	1,4	1,3	3.604	4.706
Poland	38,6	38,6	4.114	4.903
Lithuania	3,5	3,3	2.904	3.988
Latvia	2,3	2,3	2.477	3.605

Source: ITU, International Telecom Union

Internet, PC, fixed line telephone and mobile phone penetration

	Internet% 2002	PC % 2002	Tel. lines % 2003	M-density 2003
EU15+3	36%	35%	56%	84%
10 new	22%	13%	33%	60%
EU 25+3	34%	32%	53%	80%

Source: Based on ITU, International Telecom Union

Estonia has got a high **Internet**,
PC, fixed line telephone and
mobile phone penetration.

	Internet% 2002	Internet% 2003	PC % 2002	Tel. lines % 2003	M-density 2003
Sweden	57%		62%	73%	89%
Denmark	51%		58%	67%	89%
Finland	51%		44%	49%	90%
Germany	42%	47%	43%	66%	79%
Estonia	33%		21%	37%	69%
Poland	23%	23%	11%	32%	45%
Lithuania	14%	21%	11%	25%	67%
Latvia	13%	41%	17%	28%	53%

Source: Based on ITU, International Telecom Union

Which travel services are likely to catch on first in the 10 new EU countries?

A pretty safe bet would be that it will be airtickets, most likely low cost airlines ..

New local low cost airlines – and traditional local airlines:
Smartwings, Cz. (2), Airpolonia (2), wizzair.com (pl.,hu)
– Estonian Air (5) .. a high flier online among 'traditionals'.

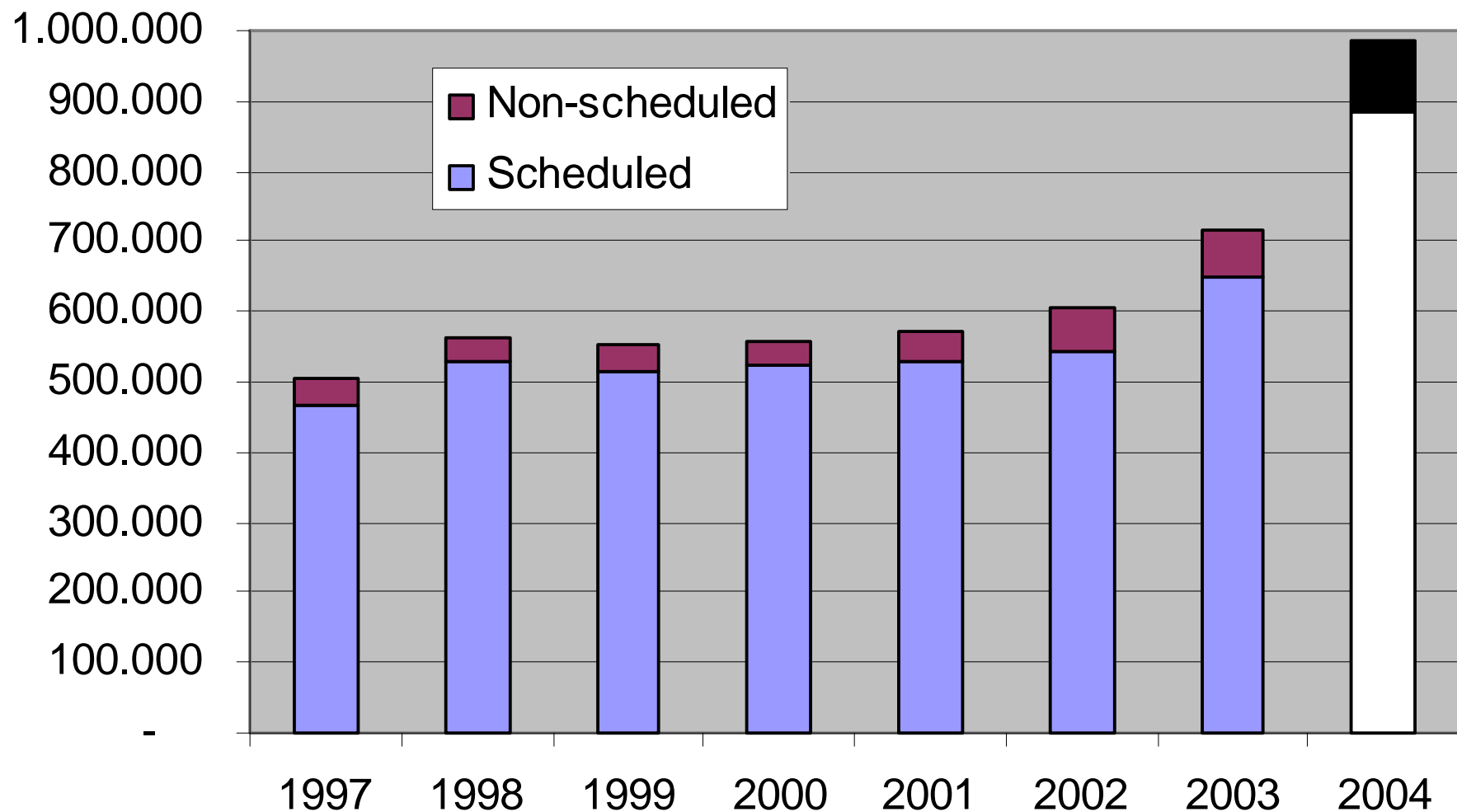
Low cost airlines, with routes to/from E. Europe

Ryanair: 3 routes to/from Riga from 31 Oct. '04

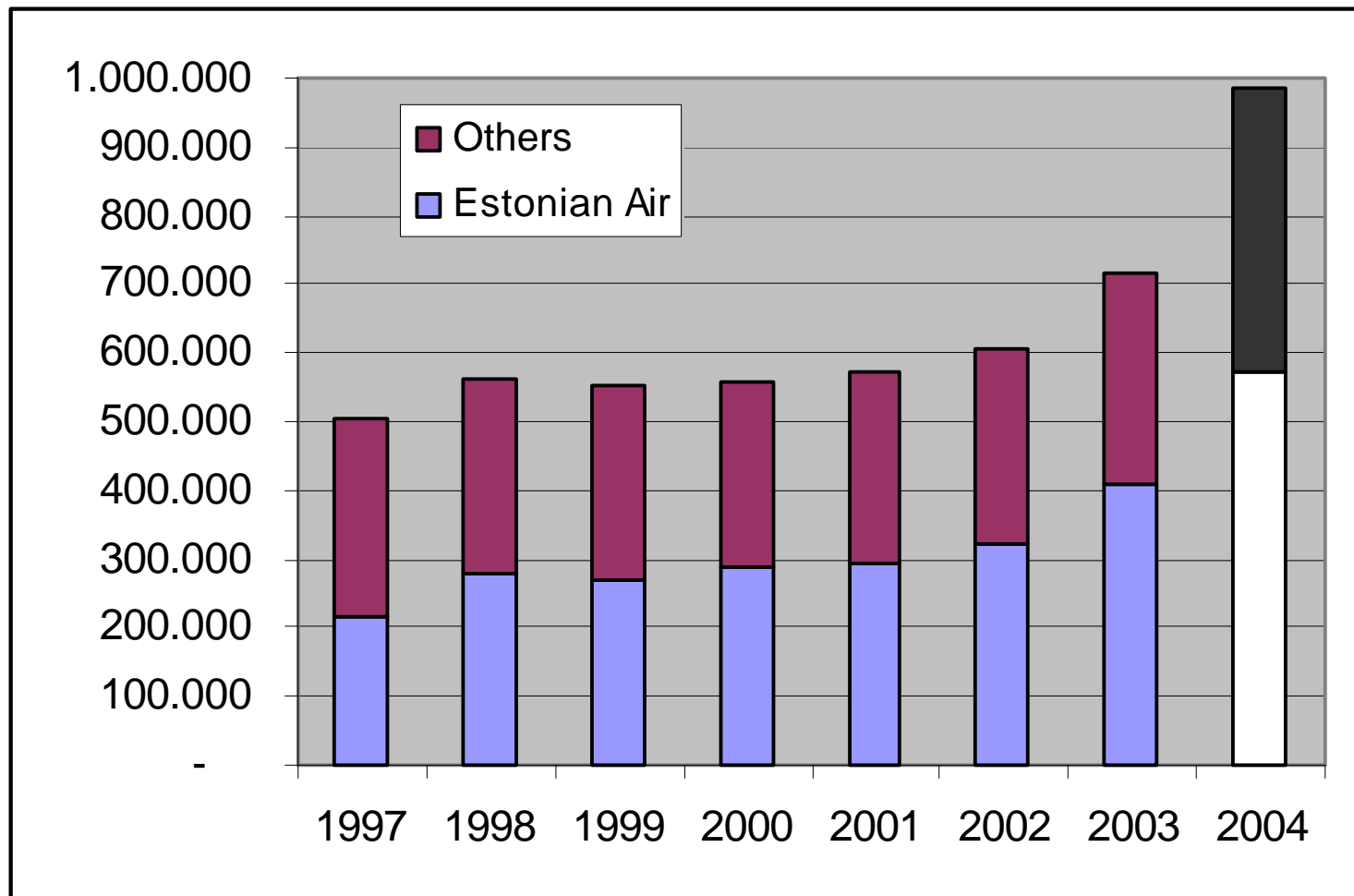
EasyJet: Ljubiana (Slovenia)

Other low cost: Volareweb (code sharing with Airpolonia)

Tallinn Airport – soon 1 million passengers p.a., 90% scheduled



Estonian Air – 60% of scheduled (34% of non-scheduled) and 57% of all passengers in Tallinn Airport 2003



Estonian Air – 89 flights per week, from Tallinn to 16 international destinations:

• Copenhagen	19	• Amsterdam	3
• Stockholm	12	• Berlin	3
• London	9	• Brussels	3
• Frankfurt	6	• Gothenburg	3
• Oslo	6	• Kiev	3
• Hamburg	5	• Moscow	3
• Vilnius	5	• Paris	3
• Munich	4	• Dublin	2

Estonian Air operates five Boeing 737-500 aircraft.

Estonian Air has code-share agreements with SAS (Tallinn-Copenhagen and Tallinn-Stockholm routes), Russian Aeroflot International Airlines (Tallinn-Moscow route) and Ukrainian Aerosvit (Tallinn-Kiev route).

Estonian Air is a member of SAS EuroBonus frequent flyer programme.

Flights to/from Tallinn

- Online booking

Airline	Arriving from	Flights	Website	Online booking?
Estonian Air	10 destinations	13	estonian-air.ee	Yes
Aero Airlines	Helsinki-Vantaa	5	aeroairlines.com	No
Avies	Domestic	3	avies.ee	No
Air Baltic	Riga	2	airbaltic.com	Yes
Czech Airlines	Prague	2	csa.cz	Yes
Lufthansa	Frankfurt a.M.	1	lufthansa.com	Yes
SAS	Stockholm	1	scandinavian.net	Yes
LOT- Polish	Warszawa	1	lot.com	Yes
Others	Charter ??	2	NA	NA
Total, Friday 27 August		30		20 of 30 flights

Estonian Air - online

- The passenger number in the first five months of 2004 compared to the five first months in 2003 has **grown by 36%**. The most popular destinations in May 2003 and May 2004 alike were Copenhagen, Stockholm and London.
- The main reason for the growth of passenger number has been the transfer to the new, one way based fare structure, **and the ticket sales via Internet.**
- **The sales via www.estonian-air.ee have increased tenfold**, when compared with May 2003, and at the same time, the **fares are down by 30-60%**.

PR 10.06.2004

Estonian Air - online

In August '04 18% of all Estonian Air tickets were sold via the Internet site www.estonian-air.com.

Internet sales are most popular in Estonia, the United Kingdom and Sweden.

The route where the highest share of tickets booked via Internet, is **Tallinn-London. Estonian Air expects to see further growth in Internet sales**, as this is the cheapest channel for the customer. The service fee in Internet is **25 EEK** for one-way ticket, or 6 times cheaper than in the call centre or ticket offices. * (i.e. **50 EEK** for a return ticket) PR 16.09.2004

* Comment: Delivery charge (service fee) for a return ticket in CPH booked online is 300 DKK = **630 EEK** = 40 EUR!! → Ticketless travel, perhaps!?

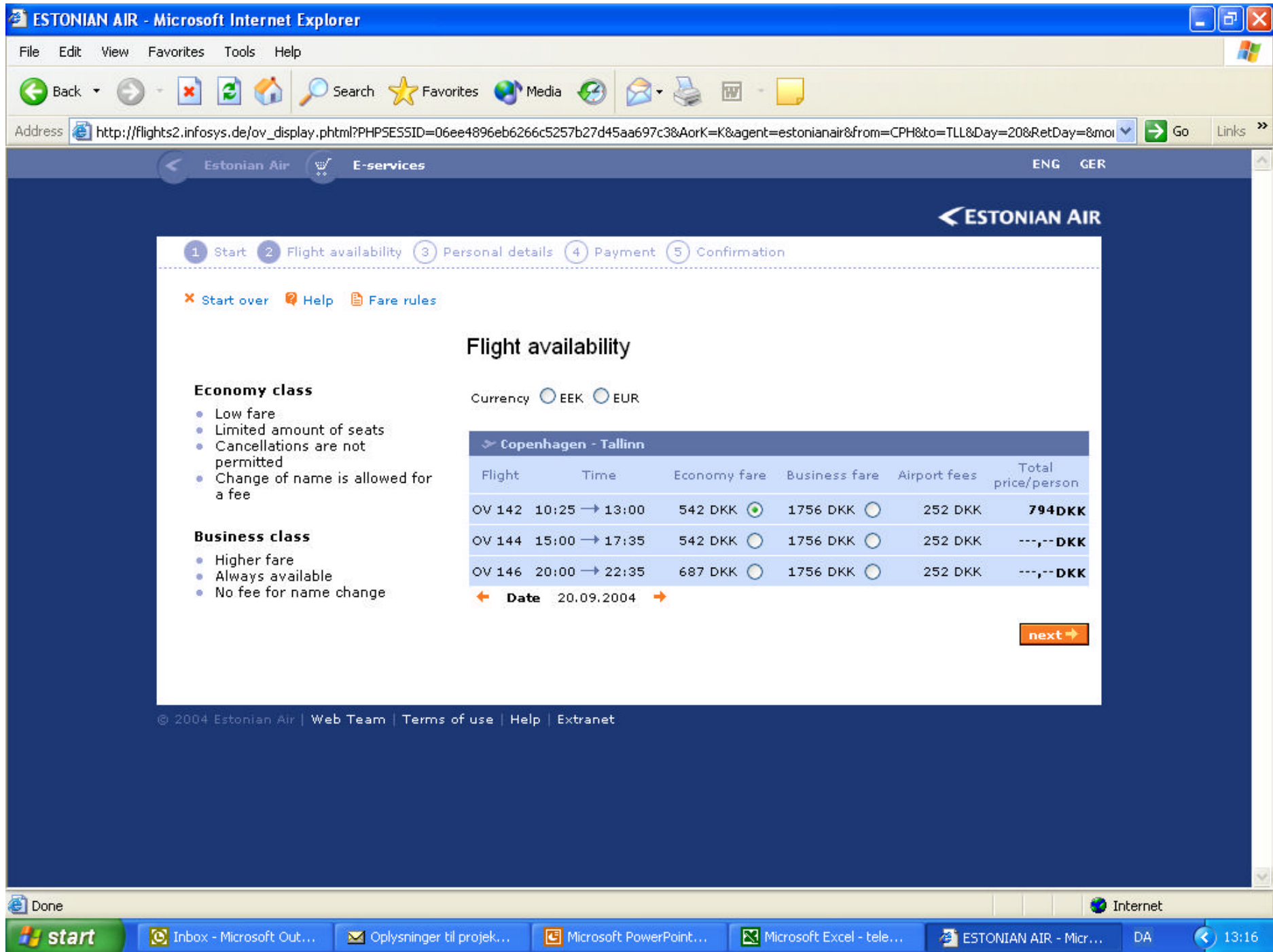
The online percentage of Estonian Air is now higher than that of SAS!

	<u>Aug. '03</u>	<u>Aug. 04</u>
Estonian Air	~2% (a tenth) (1)	18% (1)
SAS	10.3% (2:F'03)	13.8% (3)
<hr/>		
Snowflake	80% (2:F'03)	N.A.
Ryanair	94% (3)	97% (3)

Sources: (1) PR 10/6 and 16/9; (2) SAS accounts; (3) JP.dk, 7/9 '04)

"Estonian Air's cost level is lower than many low-fare carriers in Europe".

"Scandinavian Airlines' goal is to achieve 40% sales via the Internet. ... customers want distribution to continue via travel agencies". Source: SAS Group annual accounts, 2003.



ESTONIAN AIR / REISI.NET

ESTONIAN AIR

ESTONIAN AIR / REISI.NET

Passenger Information

Title	Firstname	Lastname
MR	SDFSDF	SDFSDF

Itinerary

22/09/2004 WED	OV144
Estonian Air	15:00 Copenhagen Airport Term. 3
	17:35 Tallinn
	CLASS: V (SAVER RESTRICTED)
24/09/2004 FRI	OV145
Estonian Air	18:10 Tallinn
	18:45 Copenhagen Airport Term. 3
	CLASS: T (SAVER RESTRICTED)

Details to your online booking :

Air fare	1160.00
Airport fees	424.00
Delivery Charge	300.00
Total price :	DKK 1884.00

Ticket pick up location :

Ticket office in Copenhagen Kastrup airport
Terminal 3, 1st floor
Maersk Air ticket office
Tel: (+45) 323 141 00
Opening hours:
Mon-Fri 6:45 - 22.00
Sat 6:45 - 20.00
Sun 6:45 - 22.00

Your billing address :

SDFSDF SDFSDF,
sdfsdf,
sdfs sdfs.
Company name : sdfsdf
Company address : sdfsdf

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★

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✉

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👤

Plan & book

Tidstabel

Hjælp og kontakt

SAS

Bestil rejse

Tilbud og nyheder

Erhvervsløsninger

EuroBonus

Rejseinformation

About SAS

Bestil rejse

Bestil rejse

Find din reservation

Check-in

Bestil hotel

Er flyet til tiden?

Tidstabel og ruter

Prisstruktur

E-ticket

Ungdom

Fly & Stay - pakkerejser

SAS Nyhedsbrev

1. Søg

2. Flyafgange

3. Passagerer

4. Betal og bekræft

Priser og datoer

Sortér efter

Prisliste (Pris per voksen)

Vælg anden pris

Vælg dato for udrejse

september

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Vælg dato for hjemrejse

september

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Vælg afgang

København - Tallinn, September 22

Pris	Tid	Flynr.
<input type="radio"/> 1 792 DKK	10:25 CPH - 13:00 TLL	SK8406
<input checked="" type="radio"/> 1 792 DKK	15:00 CPH - 17:35 TLL	SK8408
<input type="radio"/> 1 792 DKK	20:00 CPH - 22:35 TLL	SK8410
<input type="radio"/> 1 792 DKK	06:55 CPH - 08:05 ARN	SK0410

→ Flere afgang på udrejsen

Tallinn - København, September 24

Pris	Tid	Flynr.
<input checked="" type="radio"/> 1 792 DKK	18:10 TLL - 18:45 CPH	SK8411
<input type="radio"/> 1 792 DKK	07:55 TLL - 07:55 ARN	SK8401
	08:45 ARN - 10:00 CPH	SK0413
<input type="radio"/> 1 792 DKK	13:45 TLL - 13:50 ARN	SK0749

Rejseoplysninger

København ↔ Tallinn

Pris: Economy flex

Returrejse

Voksen 1 3583 DKK

Totalpris 3 583 DKK

(foreløbig pris inkl. skat)

→ Regler og vilkår

Anden pris eller dato?

Anvend prislisen øverst til venstre for at opdatere kalenderen med ledige datoer til en bestemt pris.

Lavest mulige pris på de valgte datoer

TLL - Tallinn

CPH - Copenhagen


ARN - Stockholm Arlanda

SK - SCANDINAVIAN AIRLINES

Same itinerary.
Same booking day.
Double price.

https://ibp2.scandinavian.net - Regler og vilkår - Microsoft Internet Explorer

Regler og vilkår



CAMPAIGN FARE
Change
Changes are not permitted.

Refund
Ticket is not refundable.

Discount
Children 2-15 years 33% discount. Infant under 2 years without a seat 90% discount.

Valid on
Economy class fare on SAS and certain airline partner.

Advance reservation/ticketing
Reservations must be made at least 21 days before departure.
Payment must be made within 7 days after reservations and not later than 21 days before departure.

Product description
Restrictions apply.

Minimum stay
For travel on Saturday, return travel must commence not earlier than

Done Internet

Friday-Sunday.
Book
21 days
before.
No
changes.
Ticket not
refundable.

https://ibp2.scandinavian.net

Go Links

kontakt SAS

Opsninger

København ↔ Tallinn
Campaign fare

2773 DKK
2 773 DKK
(pris inkl. skat)

Regler og vilkår

Pris eller dato?

Prislisten øverst til
for at opdatere
den med ledige
den bestemt pris.

Lavest mulige pris på
de valgte datoer

TLL - Tallinn
CPH - Copenhagen
ARN - Stockholm Arlanda
OSL - Oslo Airport
SK - SCANDINAVIAN
AIRLINES

https://ibp2.scandinavian.net/ibp/planandbook/AvailView.aspx?MKT=DK#

Done Internet

Vælg afgang

København - Tallinn, Oktober 22

Pris	Tid	Flynr.
1 386 DKK	10:25 CPH - 13:00 TLL	SK8406
1 386 DKK	15:00 CPH - 17:35 TLL	SK8408
1 386 DKK	20:00 CPH - 22:35 TLL	SK8410
1 386 DKK	06:55 CPH - 08:05 ARN	SK0410

Flere afgangsplaner



3 Microsoft Office...

Microsoft Excel - M...

9 Internet Explorer

Get great rates on ...

Microsoft PowerPoi...

DA



12:18

Internet Explorer browser window showing the Volareweb.com website. The address bar displays <http://buy.volareweb.co>.

Language selection: Italiano | English | Français | Castellano | Deutsch | Cesky

Volareweb.com logo: low cost made in Italy

Navigation buttons: book now, cars, hotels


Welcome to Volareweb

Left sidebar menu:

- BOOKING
- DESTINATIONS
- TIMETABLE
- AIRPORTS
- SERVICES
- SPECIAL OFFERS
- CONDITIONS
- F.A.Q.
- BUSINESS TRAVEL
- ABOUT US
- PARTNERS
- HOTELS
- APARTMENTS
- AUTO
- CONTACTS / INFO

DESTINATIONS

Place your mouse pointer over one of the Volareweb.com destinations to show the routes from/to that airport.



Map destinations (from North to South):

- tallinn
- hamburg
- berlin
- warsaw
- cracovia
- timisoara
- bucharest
- athens
- lamezia terme
- catania
- lampedusa
- palermo
- cagliari
- olbia
- roma
- napoli
- brindisi
- tirana
- bari
- pisa
- bologna
- venice
- milan
- zurich
- stuttgart
- frankfurt
- cologne/bonn
- hannover
- bruxelles
- paris
- london
- bilbao
- madrid
- barcelona
- valencia
- ibiza
- palma de mallorca

EUR 180
return incl.
taxes, but plus
EUR 6 in
admin. fee.
Fly at night!

Internet Explorer browser window showing the Ryanair website (http://www.ryanair.com/).

RYANAIR.COM
THE LOW FARES AIRLINE

Navigation links: Home, Book Now, CHANGE YOUR BOOKING, Book Car Hire, Discount Hotels, Book Hostels, Travel Insurance, Airport Parking, Ryanair Credit Card, Things To Do, Customer Service/faq, Terms & Conditions, Destinations, Timetables, Arrivals Information, News, Investor Relations, About Ryanair/careers, Register for Offers, Inflight Magazine.

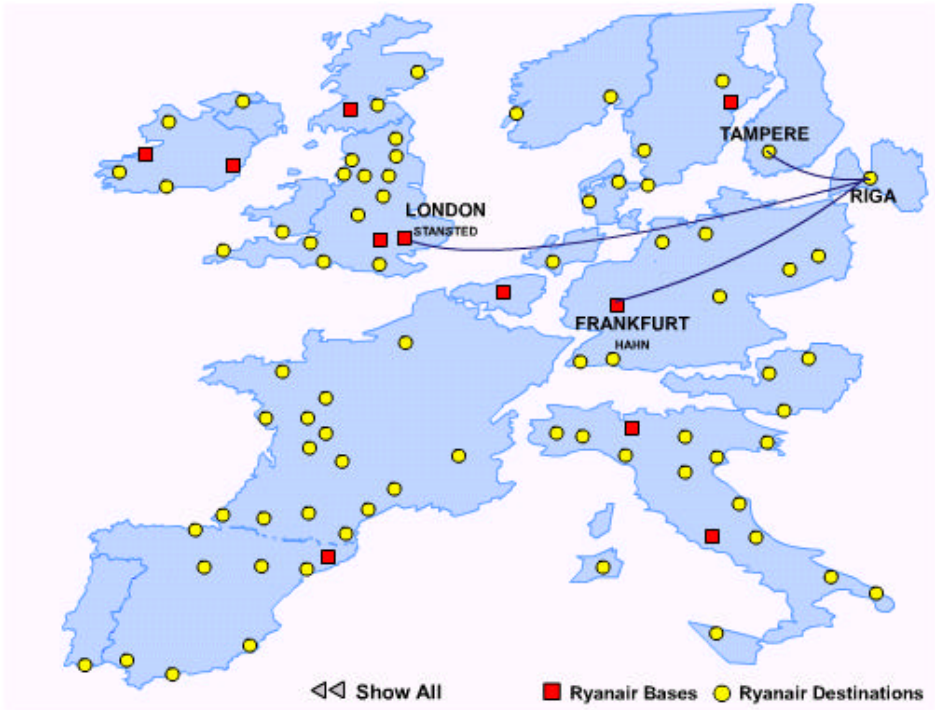
Language selection: Deutsch Svenska Norsk Dansk Suomi Italiano Castellano Catal  Fran ais Dutch Latvie u Pycck i English

Buttons: REVIEW/CHANGE YOUR BOOKING, BOOK NOW Online Booking

Copyright:   Copyright Ryanair.com Ltd.

Map navigation: Route Map, Destination Guide, Football Fever, Things to Do

Text: Place your mouse pointer over one of Ryanair's 84 destinations to show the routes to and from that airport. Click on the airport to see more detailed information.



Legend: << Show All, Ryanair Bases, Ryanair Destinations

Done, Internet

Ryanair starts
3 routes
to/from Riga on
31 October '04:

Riga-Tampere

Riga-London
Stansted


Riga-Frankfurt
Hahn

Here is a summary of the flight(s) you have selected, along with fare rules and pricing.


Please review everything carefully.
If the flight, fare rules, and pricing information look okay to you, click the **CONFIRM FLIGHTS** button at the bottom of the page.

Please note that your travel is not confirmed until you receive a booking reference number on the **Itinerary** page.
During peak booking periods fare availability can change.

Going Out

	WEB FARE	3.99 GBP	Wed, 17 Nov 04	14:40	Depart	London Stansted (STN)
			Flight FR2642	19:15	Arrive	Riga (RIX)

Coming Back

	WEB FARE	9.99 GBP	Sat, 20 Nov 04	22:50	Depart	Riga (RIX)
			Flight FR2643	23:25	Arrive	London Stansted (STN)

Pricing

Going Out (WEB FARE)	
1 @ 3.99 GBP	3.99 GBP
Taxes, Fees & Charges	13.86 GBP
Coming Back (WEB FARE)	
1 @ 9.99 GBP	9.99 GBP
Taxes, Fees & Charges	18.33 GBP
Total Cost of Flight excluding handling fee (if applicable) click here for new information on handling fees	46.17 GBP

Fare Rules

- All monies paid are non-refundable except in circumstances
- where Ryanair cancels a flight.
- Flight dates, times and routes are
- changeable subject to fees and upgrades see Terms
- and Conditions for further details.
- Name changes can be made at a standard fee of
- GBP35.00/EUR50.00 per person.
- Ryanair strongly recommends that all passengers
- purchase suitable travel insurance.
- Please see our website for online travel insurance special offers.

☐ **Important!**
 I have read and accept Ryanair's [terms and conditions](#), [photo ID policy](#) and the above fare rules and I will advise all other passengers travelling as part of this reservation of these conditions.
 (Please check box to continue)

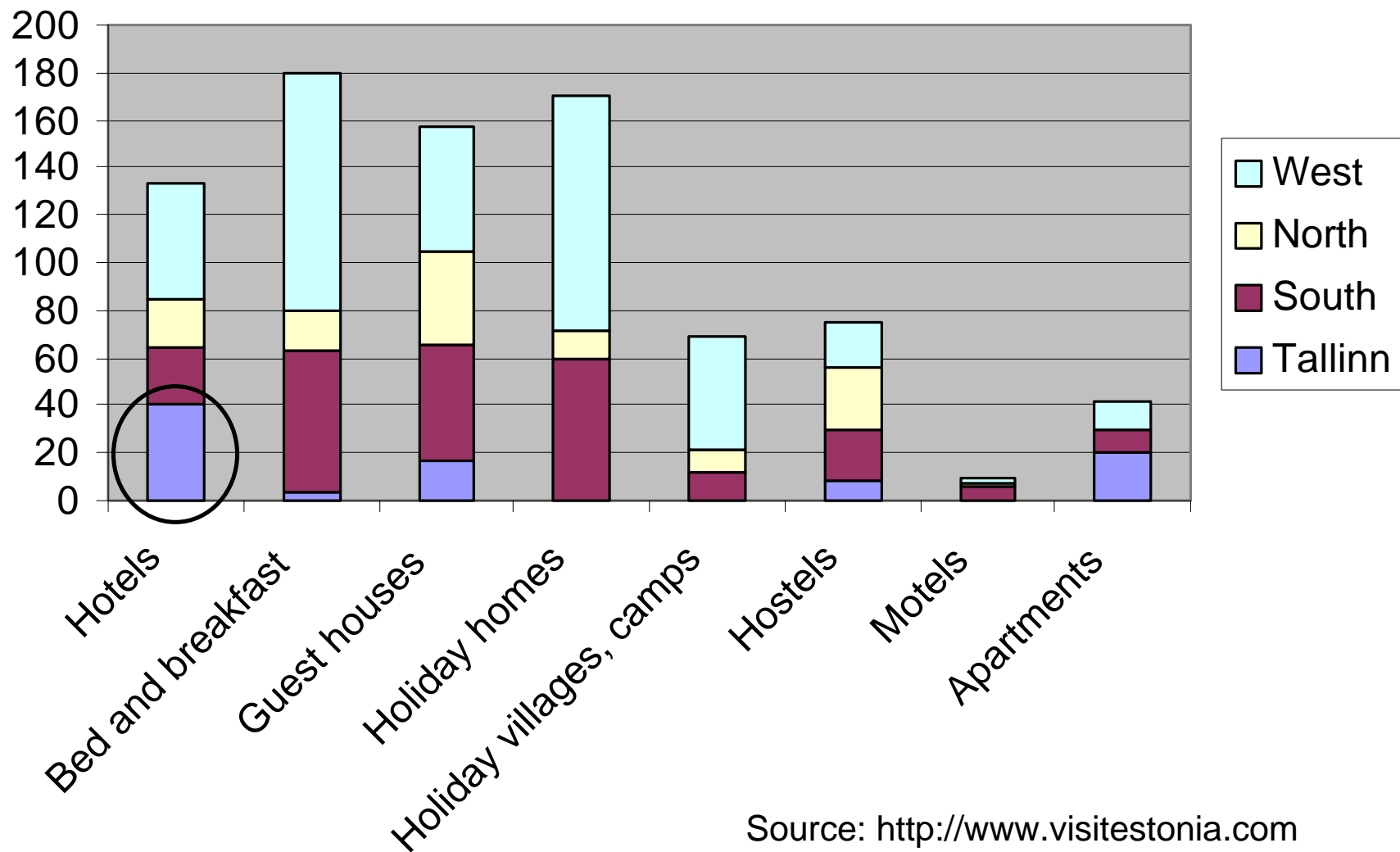
Ryanair.com Internet

Ryanair
starts flying
Stansted-
Riga,
Frankfurt-
Hahn-Riga
and
Tampere-
Riga from
31 Oct.,
from £46
return incl.
taxes =
EUR 70!

Hotels in Tallinn

- Number of hotels
- Home pages, language versions
- Online real-time booking
- Price comparisons

835 accommodations in Estonia, of which 133 hotels, 41 in Tallinn



Source: <http://www.visitestonia.com>

Accommodations in Estonia – Hotels in Tallinn

Region	Hotels	Others	Total
Tallinn	41	48	89
South	23	218	241
North	20	104	124
West	49	332	381
Total	133	702	835

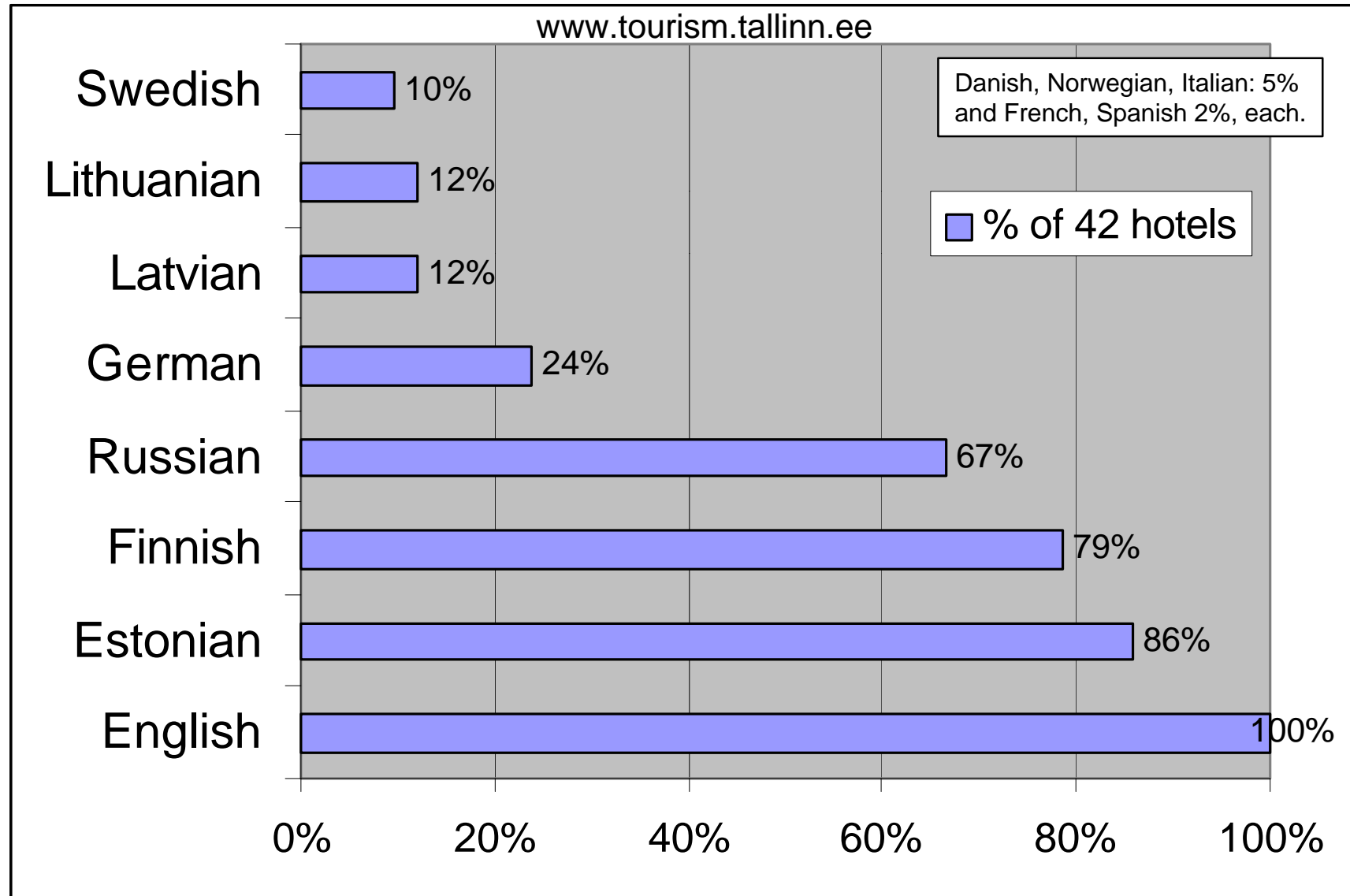
Source: <http://www.visitestonia.com>

42 hotels in Tallinn are listed at
www.tourism.tallinn.ee

All of them have got a website!
All of them with info. in English!
86% have info. in Estonian,
79% in Finnish,
67% in Russian.

25 of 42 hotels have info. in at
least 4 different languages. In
average, sites are in 4 languages.

Languages for the websites of 42 hotels in Tallinn



Comparison of prices of hotel rooms in Tallinn – at different websites

- HRS.de / HRS.com
- Expedia.com
- Hotels.com

- Hotel's own website

Single room in Tallinn, 22-23/9 04, seen 24/8.

Result: (a) HRS offers the lowest rates – in 9 out of 10 direct comparisons with Travelocity, Hotels.com & Expedia.

(b) Also, HRS offers lower rates than on the hotels' own websites, 8 times out of 10

(c) Overall, HRS is cheapest 7 times out of 10, in comparisons with 3 US sites and hotels' own sites.

HRS offers the lowest rates – in 9 out of 10 direct comparisons with Travelocity, Hotels.com & Expedia.

	HRS.de	Travelocity	Hotels.com	Expedia	Own, single
Single room, 22-23/9 04					
Reval Express Hotel**	59	66	66	65	55
Reval Park Hotel & Casino ****	75	87	86	90	77
Uniquestay	75	76	96	102	83
Reval Hotel Central***	75	87	114	90	77
Viru	89	101	101	112	112
Reval Hotel Olümpia****	110	101	99	99	130
Grand Hotel Tallinn****	115	123	120	137	134
Barons	121	123	147	134	135
Radisson SAS Hotel Tallinn	121	148	167	151	109
Kolm Õde / The Three Sisters**	158	171	194	248	248
Average, EUR	100	108	119	123	116

Result of 21 comparisons
double room, 22-23/9 '04,
HRS vs. hotels' own websites




HRS cheapest in 76% of cases	(16)
Same price in 10% of cases	(2)
Hotels' sites cheapest in 14% of cases	(3)

Navigation icons: back, forward, home, search, star, globe, refresh, mail, printer, calendar, folder.

NordicHotels

» L'Ermitage | » **Hotel Skane** | » Prices | » Reservation

- » Introduction
- » Interior
- » Prices
- » Location
- » Reservations
- » Special Offers



The cheapest online bookable hotel in centre or old town of Tallinn is Hotel Skåne: EUR 37 per night, single room incl. breakfast, at HRS.com (HRS.de), EUR 4 cheaper than on hotel's website nordichotels.ee



[View City Map](#) [Help](#)



CORPORATE PORTAL - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Media Print Mail W Links

Address https://www.hotelbank.com/corporate/main.asp?hotel_code=EEXP&user_id=REHO&user_password=Reval99 Go

myidelio.net **Reval Hotels**

Make Reservation Change/Cancel Reservation Browser Recommendations

Rooms: 1
Persons per room: 1
Arrival: 22 SEP 2004
Departure: 23 SEP 2004
Access Code:
Find Rooms

Reval ExpressHotel Sadama Str 1 10111 Tallinn

Total amount per room for selected dates

one double bed standard room	i Rack Rate	i EUR 65	Convert	Book
one double bed standard room with sofa	i Rack Rate	i EUR 65	Convert	Book
one double bed standard room	i Special Internet Rate	i EUR 55	Convert	Book
one double bed standard room with sofa	i Special Internet Rate	i EUR 55	Convert	Book

Special Internet Rate, EUR 10 off rack rate

start | Inbox - Microsoft Out... | Sommerudflugten - M... | Microsoft Excel - hote... | 7 Internet Explorer | Microsoft PowerPoint ... | DA | 12:03

Conclusion – prices of hotels online

HRS.com (HRS.de) is hard to beat

A few hotel chains have special Internet offers or appear to have a policy of having the lowest online prices on their own web-site:

- Choice hotels
- Radisson SAS
- Reval

The final two slides:

Ferries

Tallink

**The results of AS Tallink Grupp in the
2002/ 2003 (2001/2002) financial year:**

Turnover 3.0 (2.78) billion EEK

Net profit 381.9 (245) million EEK

Number of employees 2 040 (2 106)

Number of **passengers** carried **2.6** (2.7)
million

Number of cargo units carried 95 (87)
thousand

Tallink - Microsoft Internet Explorer

File
Edit
View
Favorites
Tools
Help

Back

 Search
 Favorites
 Media

Address http://www.tallink.ee/en.html Go Links >>

At Sea

Ashore

Tallink Club

Tax-Free

Company

We are sorry for inconvenience but english pages is currently under construction. Please come back later and find information you need. You can find actual timetable and price information on Estonian page. Tallink

Booking Centre:

Mon-Su 7:00-22:00

Ph + 372 640 9808

Fax + 372 640 9815

booking@tallink.ee

Tallink Ticket Offices

A. Laikmaa 5

Daily 09:00-20:00

Pämu mnt 12

Mon-Fri 09:00-18:00

Sat 09:00-15:00

Gonsiori 2,

Tallinna Kaubamaja

Mon-Sat 09:00-21:00

Su 10:00-19:00

Mustakivi 13,

Lasnamäe Centrum

Mon-Su 10:00-19:00

<< Travel Agencies

www.tallink.fi

www.tallink.se

Cruise to Stockholm

St. Petersburg

Travel to Finland

Travel to Sweden

Sweden Timetables Pricelists Finland

Sweden Hotels Finland

Offers >>

News >>

Tallink's site is in

- Estonian
- Finnish
- Swedish
- Russian (partly)

English (partly)

EST

RUS

Booking

Good to know

Links

Agent

Sitemap

Search>>

Done

Internet

start
Inbox - Microsoft Ou...
8 Internet Explorer
GLB Networks! - GAI...
3 Microsoft Excel
wgroup on 'crt' (W:)
DA
10:33

Thank you for your attention!

Any questions?

Online reference:

www.crt.dk/trends