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Will Skyscanner surpass airline companies in sales?

ConsumerInsight analyzed the purchase channel of individual overseas travelers

- The purchase rate from airline companies stayed in 1st place at 41.6% in the 1st half of 2019
- Travel apps/websites use rate increased to 29.5%, threatening airline purchase rate
- Skyscanner in the lead by a landslide with 54.2% of market share among apps/websites
- Purchases through travel agency rate declined by 7.9%p in the past 2 years to 15.6%p

4 out of 10 individual overseas travelers buy flight tickets directly from the airline, and 3 out of 10 buy the tickets through travel specialized apps/websites. Travel apps/websites firmly stepped up to 2nd place in the market share, beating out travel agencies which had a similar share two years ago. In particular, 'Skyscanner' has narrowed the gap with direct airline sales, accounting for more than half of its peer group.

'Weekly travel behavior and planning study' (weekly 500 sample, 26,000 sample per year), conducted by ConsumerInsight's Consumer Trend Research Lab, asked those who had traveled overseas individually in the past 6 months how they purchased their flight ticket and analyzed the results after 2017 on a semi-annual basis.

■ The growth of Travel apps/websites and the fall of Travel agencies

In the 1st half of 2019, ΔAirline companies accounted for 41.6%, the largest number in the overseas flight ticket purchase channel [Figure1]. Next, meta-search services and on-line travel agencies (OTA, On-line Travel Agency), i.e. ΔTravel Apps/websites, accounted for 29.5%, and ΔTravel agencies, which was nearly half of the Travel Apps/websites, took 15.6% of the market share, followed by ΔOpen market (6.4%) and ΔSocial Commerce (4.2%).

Since the 1st half of 2017, the change in overseas flight ticket market can be viewed with two main streams - "the growth of Travel apps/websites" and "the decline of Travel agencies". Back in 2017, the two channels had a similar market share to each other, but Travel apps/websites rose by 5.4% points (24.1%→29.5%) while Travel agencies dropped by 7.9% points (23.5%→15.6%) within 2 years, showing a dramatic change.

Airline companies faltered in the 1st half of 2018 when Travel Apps/websites grew significantly, but it has regained its previous level in a year and has remained at the top with a market share with a percentage in the 40s. The recovery of airline direct sales appears to be driven by improvements that consumers can feel, such as regular promotions and improved usability of websites and mobile application. General on-line channels, such as open markets and social commerce, maintain a single-digit share without any major change.

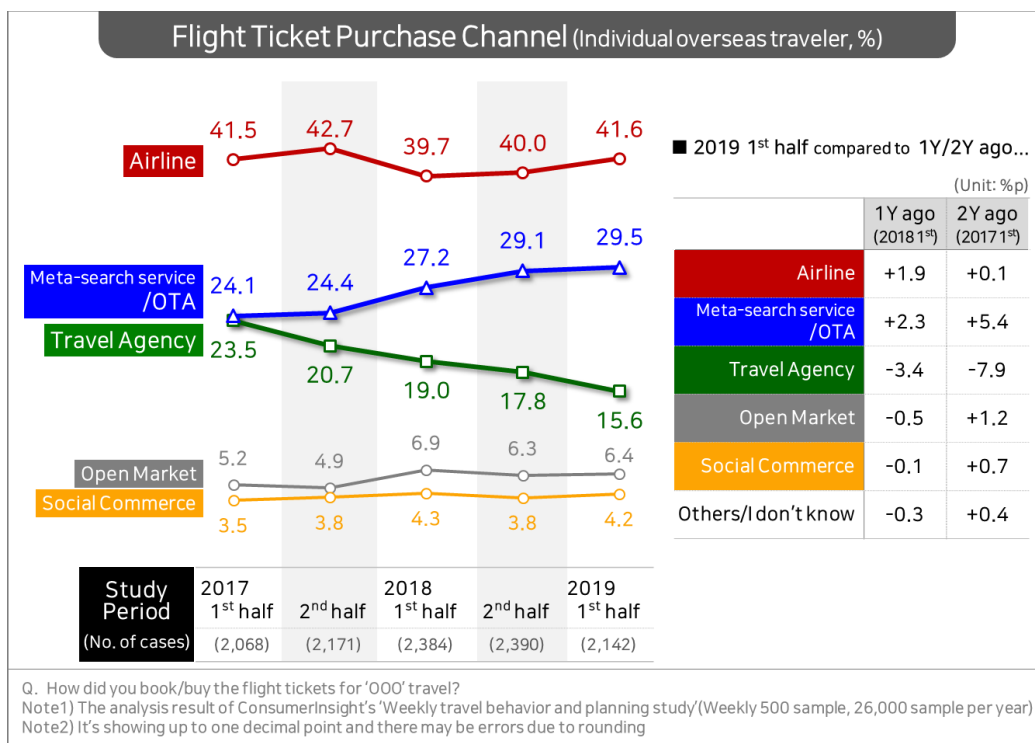
■ Skyscanner, rising to become the top-selling flight ticket vendor

As Travel apps/websites have significantly grown their market share, the competition within the channel is also intensifying. This is because the Flight ticket/activity market has a relatively high growth potential compared to the demoralized accommodation market (70.8% in the 2nd half of 2018 → 69.1% in the 1st half of 2019) which had surpassed 70% of OTA/MetaSearch market share. While global brands such as Trip.com and KAYAK have entered the domestic market in full scale, a new type of platform called 'Special price notification app' such as Playwings and Gogosing have emerged, giving consumers more choice.

Despite the fierce competition of Travel apps/websites, Skyscanner had a 54.2% share in the first half of 2019, surpassing Naver flight tickets (11.4%), which is the second-largest player. The top two brands were all meta-search, apparently because consumers prefer to consider all options in the stage of flight ticket search and decision-making. Meta-search service is an intermediary search channel with no actual purchase, but it is interpreted as having significant customer loyalty in the field of flight tickets.

For a long time, the product supplier – airline companies have led the flight ticket market. Recently, airline direct sales channels have also been strengthening with various price promotions and the introduction of meta-search that offers those price promotions. On the other hand, general travel agencies were shunned by consumers as they have failed to evolve their traditional business models, and their credibility was also reduced due to a series of bankruptcies of small and medium-sized travel agencies in the 2nd half of 2018. There was a time when open markets and social commerce were seen as having large potential in the travel service market, but they are unlikely to bring about a major change in the market. Attention is drawn to how far the growth of apps/websites specializing in travel services can continue in this environment.

<Figure 1. Flight Ticket Purchasing Channel for Individual Overseas Travel >



These results are based on a weekly survey of 'Weekly travel behavior and planning study' conducted by ConsumerInsight Consumer Trend Research Lab with a sample group of 500 travel consumers (26,000 sample per year). The weekly update survey results and analysis reports can be viewed at www.consumerinsight.co.kr/etravel and the summary of the survey results of year 2018 and 2019 are downloadable. ([Download Reports](#))

For-more-Information

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