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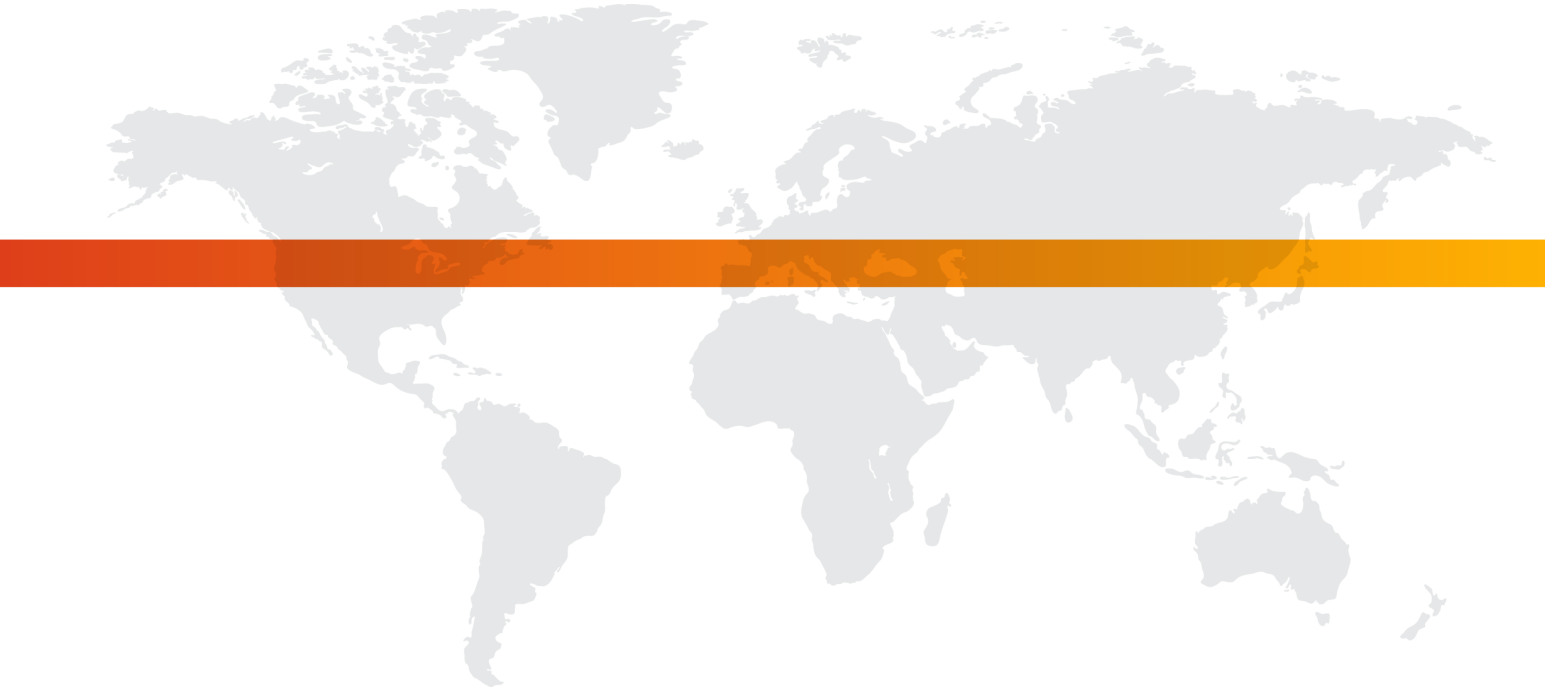
Low-Cost Airlines: The Changing Demographics of Travel

Global Travel Trends with a Focus on Asia Pacific

April 2011



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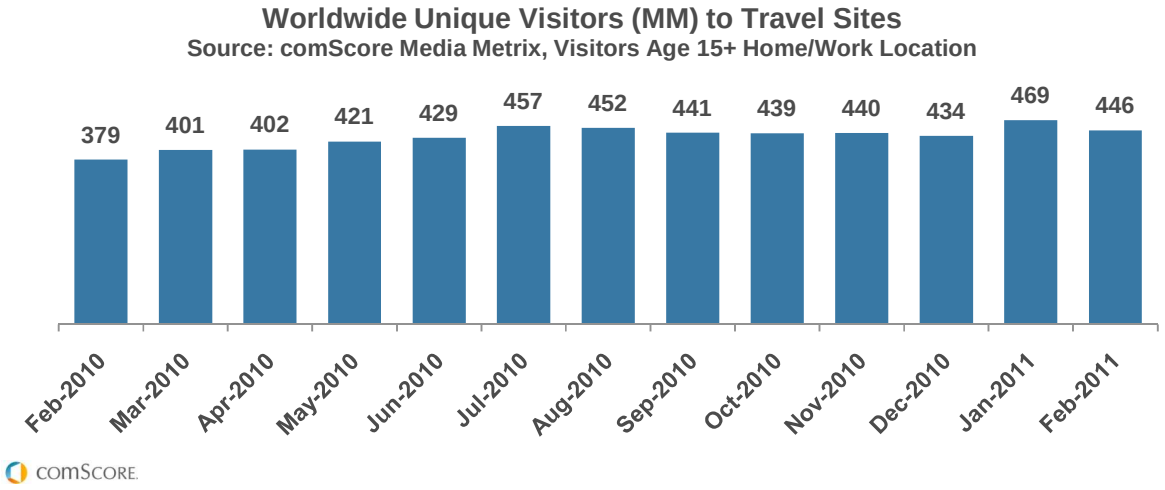
Low-Cost Airlines: The Changing Demographics of Travel
Global Travel Trends with a Focus on Asia Pacific

Across the globe, consumers continue to turn to the web for their travel needs. From trip research, price comparison shopping and booking, consumers are finding the convenience of the web vital to their personal and business travel. As we look across markets, with a focus on Asia Pacific in particular, we are finding various demographic trends driving growth across the online travel industry. Understanding these trends is important for suppliers and OTAs alike in order to build a strong online presence and increase their share of consumers' travel wallets.

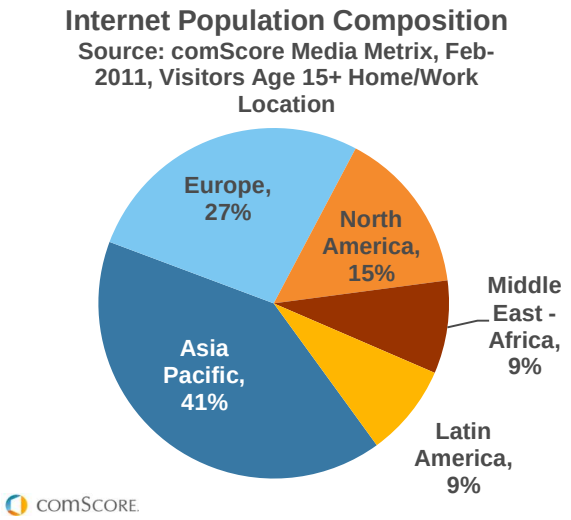
The following report provides an overview of key trends in the global online travel industry, with a focus on the Asia-Pacific region. The report also provides analysis of the low-cost airline market and how consumer demographic trends are influencing these growing online brands.

The Global Internet Travel Landscape

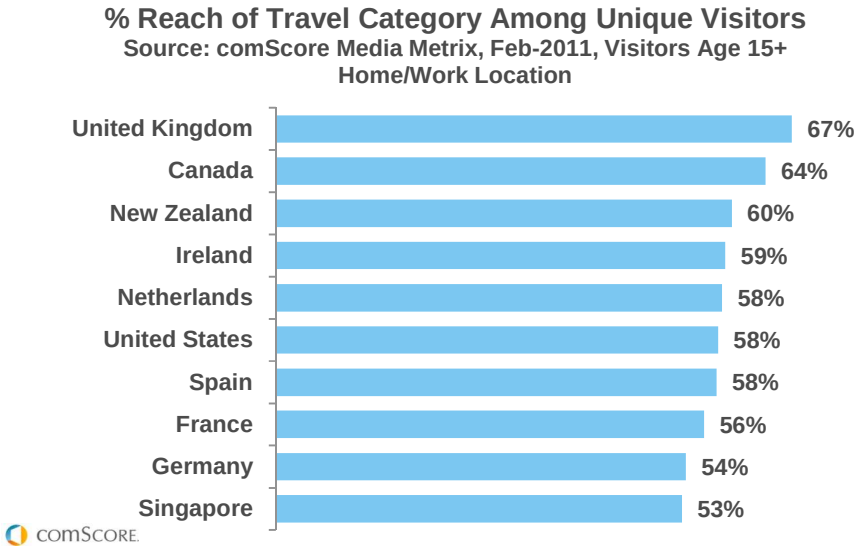
Globally, 446 million unique visitors age 15+ visited a Travel site from a work or home computer in February 2011. This represents one-third of the worldwide Internet audience and is an 18 percent increase in visitors compared to February 2010.



The majority of visitors to Travel sites come from Europe or North America. Sixty-three percent of visitors to Travel sites come from those two regions, though they only represent 42 percent of the global Internet population. In February 2011, Internet users in the Asia-Pacific region represented 41 percent of the total global Internet population, but only represented 26 percent of visitors to online Travel destinations.

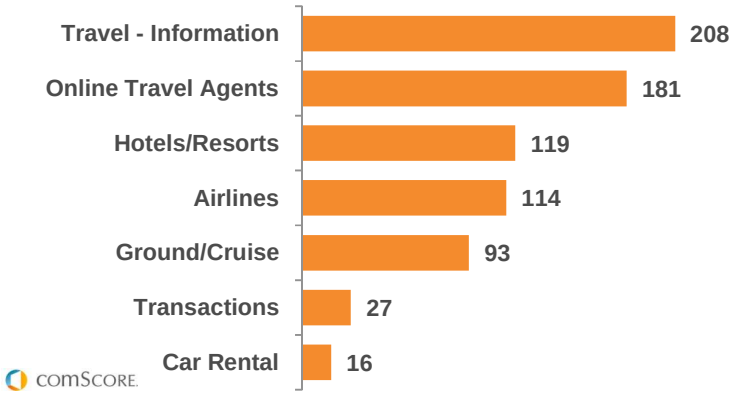


Countries with the highest rates of Travel site visitation are primarily in Europe and North America. The United Kingdom tops the list, with two-thirds of its online population visiting Travel sites in February. A notable exception is Singapore, a small city-state where practically any flight is bound to be for an international destination. More than half of Internet users in Singapore visited a Travel site during the month of February.



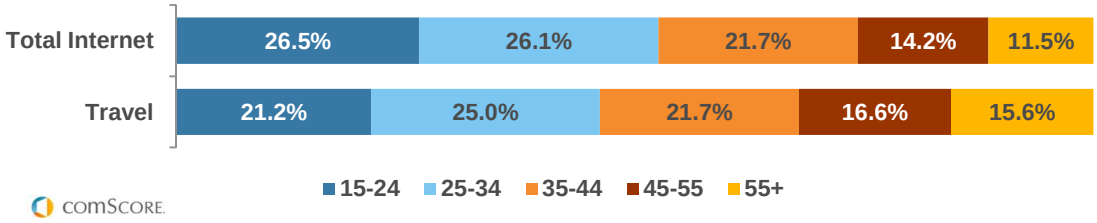
Among Travel subcategories, Travel-Information is the most popular, with 208 million global visitors. Online Travel Agents (OTAs) are also very popular, with a combined 181 million unique visitors in February 2011. Hotels/Resorts sites received 119 million worldwide visitors during February, while Airlines reached 114 million visitors.

Worldwide Unique Visitors (MM) to Travel Subcategories
Source: comScore Media Metrix, Feb-2011, Visitors Age 15+ Home/Work Location



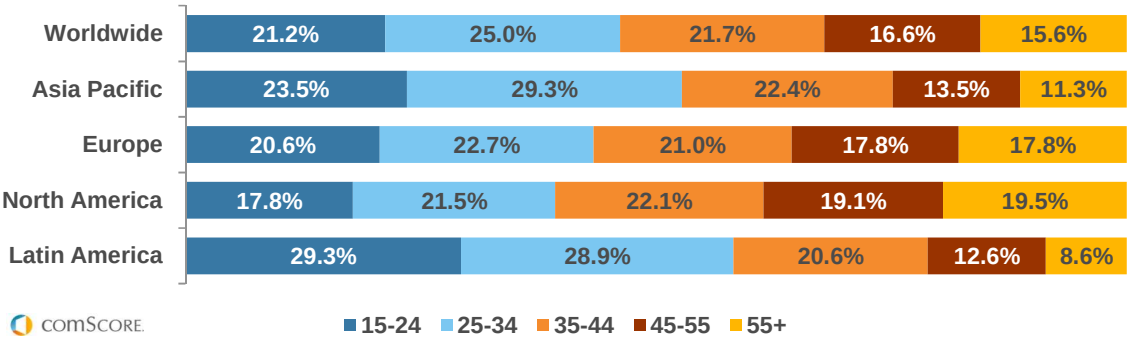
Globally, visitors to Travel sites generally skew to an older audience. Compared to the average distribution of worldwide Internet users, Travel visitors are more likely to be over the age of 45.

% Composition of Visitors by Age to Travel Sites Globally
Source: comScore Media Metrix, Feb-2011, Visitors Age 15+ Home/Work Location



Demographic distribution varies considerably by region; however Travel site visitors in Asia Pacific and Latin America are much younger, on average, than their European and North American counterparts. More than half of Travel site visitors in Asia Pacific and Latin America are under the age of 34.

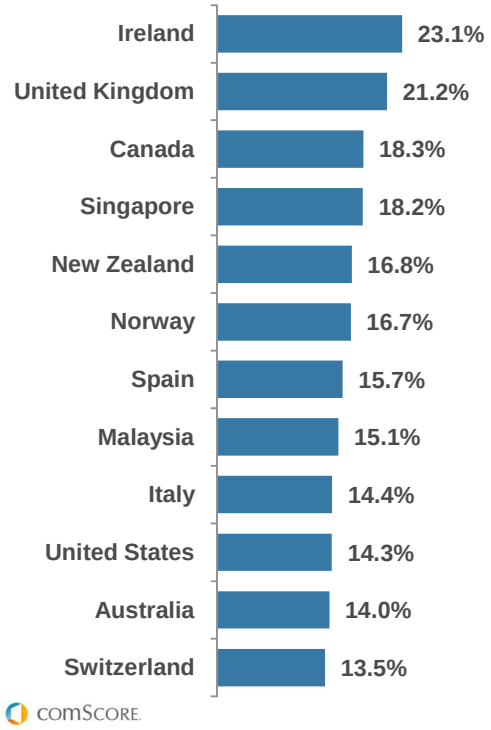
% Composition of Visitors by Age to Travel Sites by Region
Source: comScore Media Metrix, Feb-2011, Visitors Age 15+ Home/Work Location



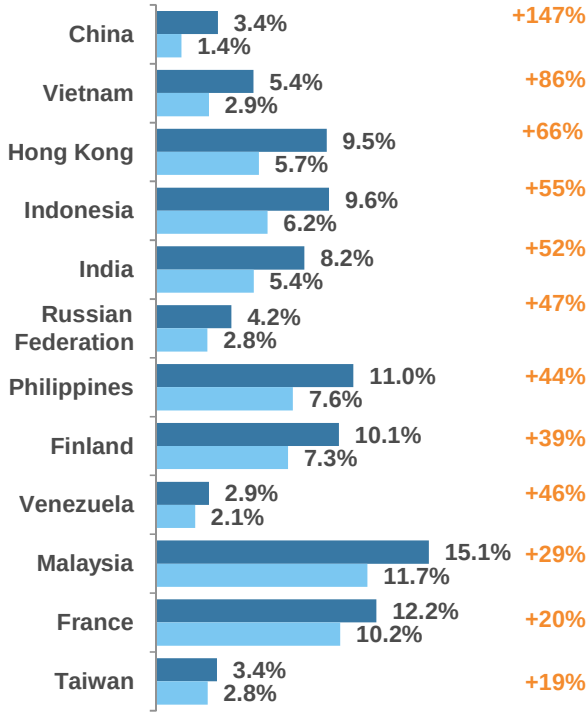
Visitation to Airline Sites

As with the Travel category overall, countries with the highest visitation rates to Airlines sites are primarily in North America and Europe. Singapore and Malaysia are among the top 12, as are Australia and New Zealand. However, two-thirds of the fastest-growing countries for this category are in Asia, led by China, Vietnam, and Hong Kong. In China, this translates to 6.8 million additional visitors to the category compared to last year.

Top Markets % Reach of Airlines Category
Source: comScore Media Metrix, Feb-2011, Visitors Age 15+ Home/Work Location

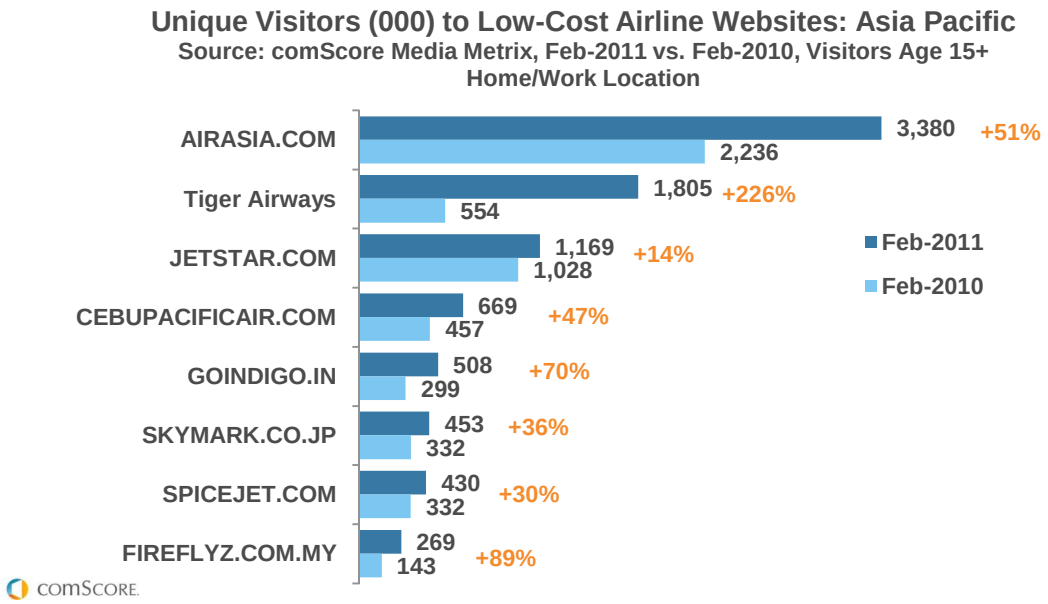


Top Markets by % Reach Growth to Airlines Category
Source: comScore Media Metrix, Feb-2011 vs. Feb-2010, Visitors Age 15+ Home/Work Location



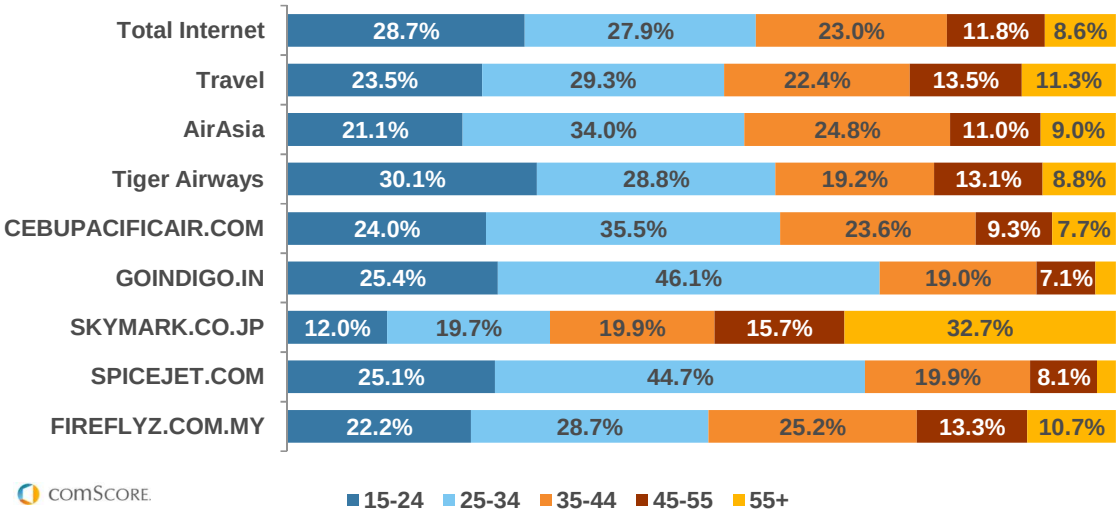
The Demographics of Low-Cost Airlines

In the Asia-Pacific region, low-cost airlines have posted significant growth over the past year. Malaysian discount airline Air Asia added an impressive 1.2 million visitors to its website in the past year to maintain its lead as the top-visited low-cost airline site in Asia Pacific. Tiger Airways posted the strongest growth, tripling its online traffic to reach 1.8 million visitors, while Malaysia's Firefly and India's Indigo posted growth of 89 percent and 70 percent, respectively.



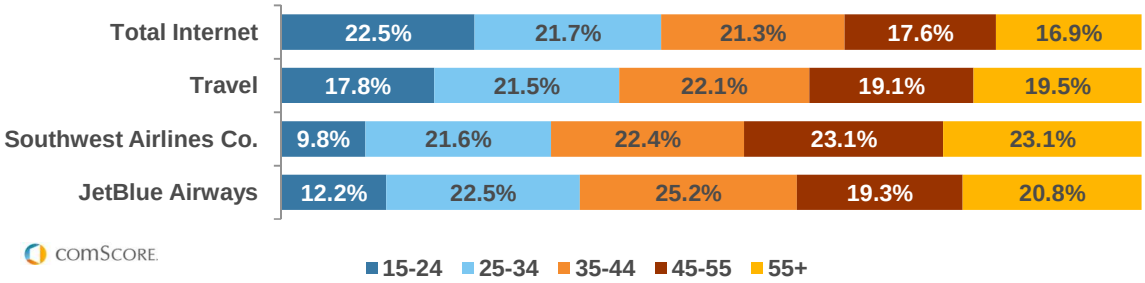
Most of Asia Pacific's low-cost airlines have online audiences that skew substantially younger than the regional averages. Skymark, the single exception, operates primarily in the Japanese market, which has a baseline distribution that is much older than elsewhere in the region.

% Composition of Visitors to Low-Cost Airlines: Asia Pacific
Source: comScore Media Metrix, Feb-2011, Visitors Age 15+ Home/Work Location

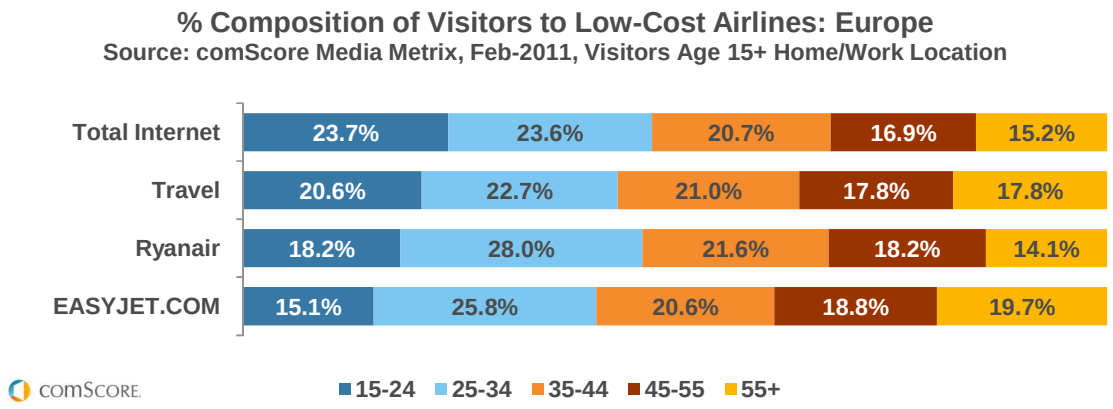


In North America, visitors to Southwest and JetBlue do not show the same youthful skews: in fact, they skew substantially older than the Internet average.

% Composition of Visitors to Low-Cost Airlines: North America
Source: comScore Media Metrix, Feb-2011, Visitors Age 15+ Home/Work Location



Visitors to the two largest European low-cost carriers (Ryanair and easyJet) track closely with the overall age distribution of the European online audience.



Consumer Insights Key to Online Strategies

Low-cost airlines in Asia Pacific have already seen substantial growth, even just in the past year. With many of these carriers adopting highly web-centric models, it is significant that they attract more than their fair share of the young Internet users in the region. For these young travelers, low-cost airlines may be the first time that they have to book and buy their own travel, providing for many the portal into continued use of the web as an e-commerce channel. Significant upside in the market remains as Internet penetration increases in the region, and people who could not afford to travel before can now take cheaper flights. The younger generation as well as the continued improvements in site usability and security will also begin to influence older Internet users to adopt the web as a channel for researching and booking travel.

"PATA sees low-cost carriers as an increasingly important part of the travel ecosystem in Asia Pacific and this study has proven that," remarks John Koldowski, Deputy Chief Executive Officer and Head, Office of Strategy Management, *PATA*. "As consumers across demographic segments continue to turn to the web for their travel needs, it is important for brands – hotels, airlines, travel agents and even tourism boards - to develop a strategic online strategy to succeed in this increasingly competitive market."

In March 2011, PATA joined forces with comScore Inc, a global leader in measuring the digital world and the preferred source of digital marketing intelligence. This agreement includes providing comScore data and insights in PATA's TIGA Initiative (Travel Intelligence Graphic Architecture).

About comScore, Inc.

comScore, Inc. (NASDAQ: SCOR) is a global leader in measuring the digital world and preferred source of digital business analytics. comScore helps its clients better understand, leverage and profit from the rapidly evolving digital marketing landscape by providing data, analytics and on-demand software solutions for the measurement of online ads and audiences, media planning, website analytics, advertising effectiveness, copy-testing, social media, search, video, mobile, cross-media, e-commerce, and a broad variety of emerging forms of digital consumer behavior. comScore services, which now include the product suites of recent acquisitions Nedstat, Nexius XPlore, ARSGroup and Certifica, are used by more than 1,600 clients around the world, including global leaders such as AOL, Baidu, BBC, Best Buy, Carat, Deutsche Bank, ESPN, Facebook, France Telecom, Financial Times, Fox, Microsoft, MediaCorp, Nestle, Starcom, Terra Networks, Universal McCann, Verizon Services Group, ViaMichelin and Yahoo!. For more information, please visit www.comScore.com

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About PATA

The Pacific Asia Travel Association (PATA) is a not-for profit membership association that acts as a catalyst for the responsible development of travel and tourism within the Asia Pacific region. This year, PATA is proud to celebrate 60 dynamic years of developing responsible tourism. In partnership with private and public sector members, PATA enhances the sustainable growth, value and quality of travel and tourism to-from-and-within, the region. The Association provides leadership and counsel on an individual and collective basis to over 80 government, state and city tourism bodies; nearly 50 international airlines, airports and cruise lines and many hundreds of travel industry companies across the Asia Pacific region and beyond. Thousands of travel professionals belong to 39 active PATA chapters worldwide and participate in a wide range of PATA and industry events. PATA's Strategic Intelligence Centre (SIC) offers unrivalled data and insights including Asia Pacific inbound and outbound statistics, analyses and forecasts as well as in-depth reports on strategic tourism markets. For more information, please visit www.PATA.org

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