

December 2016 Travel Briefing:
Air Passenger Traffic | Hotel Occupancy | Tax-Free Shopping



Key Trends in Air Passenger Traffic, Hotel Occupancy and Tax-Free Shopping in December 2016

- Growth in international air passenger traffic accelerated in December, as strong performance was recorded in Europe, Asia-Pacific and the Middle East.
- In Europe, hotel occupancy continued to recover following the annualization of the November 2015 Paris terrorist attacks.
- Tax-free shopping in Europe and Japan was sustained by the softening of domestic currencies, which encouraged spending by international shoppers.

International Air Passenger Traffic: Strong Performances in the Largest Regions

International air passenger traffic growth accelerated to 9.7% in December. Strong performances were recorded in Europe, Asia-Pacific and the Middle East, regions that together constitute the bulk of international air passenger traffic.

- Europe’s performance continued to accelerate. Growth at the regional carriers gained from the annualization of the impact of the November 2015 Paris terrorist attacks. A stronger eurozone economy also contributed to the regional performance, according to the International Air Transport Association (IATA).
- The Middle East showed the fastest growth in international air passenger traffic. At 11.8% growth for 2016 as a whole, the region recorded the fastest full-year international air passenger traffic growth for the fifth consecutive year. By comparison, global international air passenger traffic growth for 2016 as a whole was 6.7%.



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Figure 1. International Air Passenger Traffic, by Region of Airline Carrier: YoY % Change

	October	November	December
International Total	5.9	8.0	9.7
Africa	5.8	8.2	6.5
Asia-Pacific	7.0	8.3	9.2
Europe	5.7	8.3	10.9
Latin America	7.1	7.3	7.8
Middle East	7.0	12.2	13.9
North America	2.4	1.5	4.6

Data are for growth in revenue passenger kilometers, a measure that multiplies the number of passengers by the distance traveled. Previous months' figures are revised, where applicable.

Source: IATA

Data from two US airlines, Delta and Alaska, provide more recent indications of air traffic. The figures below include international and domestic traffic.

Figure 2. Air Passenger Traffic for Selected Airlines: YoY % Change

	October	November	December	January
Delta	(0.3)	0.3	2.6	0.4
Alaska	5.5	7.0	5.6	N/A

Data are for growth in revenue passenger miles, a measure that multiplies the number of passengers by the distance traveled.

Source: Company reports

Hotel Occupancy and ADR: Hotel Occupancy in Europe Recovers from Terrorism Shock

- Europe continued to post growth in both occupancy and average daily rate (ADR) in December. The performance is against undemanding comparatives from 2015, when the two indicators were negatively affected by the November 2015 Paris terrorist attacks.
- The US showed a nearly-flat occupancy rate, but growth in ADR in December. Within the US, the Washington, D.C.-Maryland-Virginia region reported the largest increase in occupancy at 7.0%, while San Diego, California, showed the only double-digit increase in ADR at 10.8%.



Figure 3. Occupancy Rate and ADR: YoY % Change

	October	November	December
Occupancy:			
US	(0.3)	2.5	(0.1)
Central/South America	(6.6)	(3.8)	N.A.*
Asia-Pacific	0.5	3.1	2.9
Europe	(0.4)	4.2	4.5
Middle East	(4.4)	3.1	(0.4)
Africa	(5.1)	1.2	N.A.*
ADR:			
US	1.9	3.4	2.4
Central/South America	0.9	6.0	N.A.*
Asia-Pacific	(0.4)	(1.0)	0.8
Europe	(1.6)	1.5	3.7
Middle East	(9.0)	(7.7)	(7.2)
Africa	8.2	18.6	N.A.*

**Aggregated December results not available. STR Global breaks down December results for Central/South America as follows: Caribbean Occupancy (4.5), Caribbean ADR (0.6), Central America Occupancy 5.0, Central America ADR (7.0), South America Occupancy (5.6), South America ADR 3.0; and for Africa as follows: Northern Africa Occupancy 10.0, Northern Africa ADR 55.3, Southern Africa Occupancy (2.2), Southern Africa ADR 4.5. Source: STR Global*

Tax-Free Shopping: Softening Currencies Help Growth in Japan and Europe

- In Asia, tax-free shopping sales performance has been inhibited by the decline in average spend, mainly due to the growth in less affluent travelers across the region, notably middle-class consumers from second- and third-tier cities in mainland China. However, December saw growth, thanks to a strong performance in Japan (+8.0%), as a weakening yen attracted international shoppers back to the country.
- In Europe, tax-free shopping sales showed growth in December after two months of stagnation. The softening of both the pound and the euro against the dollar encouraged shoppers from the US, Russia and China to the region. With tax-free shopping sales growth of 25% in December, the UK was the strongest performer in Europe.



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Figure 4. Monthly Sales Performance

	October	November	December
Sales in Store:			
Asia	(12.0)	(7.0)	2.0
Europe	0.0	0.0	3.0
Number of Transactions:			
Asia	1.0	(1.0)	7.0
Europe	(5.0)	(2.0)	0.0
Average Spend:			
Asia	(12.0)	(6.0)	(5.0)
Europe	6.0	2.0	4.0

Source: Global Blue

About the Data

The IATA is the trade association for the world's airlines, representing some 260 airlines, or 83% of total air traffic. IATA statistics cover international and domestic scheduled air traffic for IATA member and nonmember airlines. All figures are provisional and represent total reporting at time of publication plus estimates for missing data. Historical figures may be revised.

Smith Travel Research (STR) is a US-based company that tracks supply and demand data for the hospitality industry. Initially focused on data for North America and the Caribbean, STR launched STR Global in 2008 in collaboration with Deloitte UK and The Bench to provide worldwide supply and demand data for the hotel industry globally. STR collects performance data from over 46,000 hotels representing more than 5.3 million rooms globally.

Global Blue is a tax-free shopping and currency-processing services company headquartered in Switzerland. The firm operates the world's largest tax-free shopping network, which consists of 300,000 stores around the world. Global Blue also offers a range of marketing and intelligence services. The company delivers services to partners in 51 countries globally.



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