

January 2017 Travel Briefing: Air Passenger Traffic | Hotel Occupancy | Tax Free Shopping



Key Trends in Air Passenger Traffic, Hotel Occupancy and Tax-Free Shopping in January 2017

- Growth in international air passenger traffic decelerated slightly in January, but strong performances were recorded in the Middle East and Asia-Pacific.
- Hotel occupancy continued to recover in Europe from the disruption caused by the November 2015 Paris terrorist attack.
- Tax-free shopping in Europe and Asia was sustained by the softening of domestic currencies in Japan and the UK, which encouraged spending by international shoppers.

International Air Passenger Traffic: The Middle East and Asia-Pacific Lead the Growth

International air passenger traffic grew by 9.3% in January, a slight slowdown compared to the performance recorded in December. Nevertheless, all regions grew, led by the Middle East and Asia-Pacific.

- **The Middle East** showed the fastest-growing international air passenger traffic in January (up 14.4%), an acceleration compared to the performance of the last two months of 2016. Regional carriers have started to moderate capacity expansion, which outstripped demand during most of 2016.
- **Asia-Pacific** showed the second-fastest growth in international air passenger traffic in January, up 10.9%. Solid traffic growth on international routes within Asia contributed to the regional performance.



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

	November	December	January
International Total	8.0	9.7	9.3
Africa	8.2	6.5	5.6
Asia-Pacific	8.3	9.2	10.9
Europe	8.3	10.9	8.3
Latin America	7.3	7.8	8.2
Middle East	12.2	13.9	14.4
North America	1.5	4.6	3.2

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

	November	December	January	February
Delta	0.3	2.6	0.4	(1.7)
Alaska	7.0	5.6	5.9	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

Hotels: Occupancy in Europe Recovers from Terrorism Shock

- **Europe** continued to show an acceleration in both occupancy and average daily rate (ADR) in January. Within Europe, Paris, France, showed strong growth in occupancy at 29.7%, as the French capital recovered from the negative impact of terrorism that affected last year's performance.
- **The US** showed an increase in both occupancy and ADR in January. Within the US, Tampa/St. Petersburg, Florida, posted the only double-digit growth in ADR, at 12.5%, while Norfolk/Virginia Beach, Virginia, saw the only double-digit increase in occupancy, at 12.0%.



Figure 3. Occupancy Rate and ADR: YoY % Change

	November	December	January
Occupancy			
US	2.5	(0.1)	0.5
Central/South America	(3.8)	N.A.*	(5.2)
Asia-Pacific	3.1	2.9	(0.8)
Europe	4.2	4.5	5.1
Middle East	3.1	(0.4)	(2.7)
Africa	1.2	N.A.*	4.5
ADR			
US	3.4	2.4	3.2
Central/South America	6.0	N.A.*	(6.9)
Asia-Pacific	(1.0)	0.8	4.6
Europe	1.5	3.7	2.4
Middle East	(7.7)	(7.2)	(8.4)
Africa	18.6	N.A.*	12.5

*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 was boosted by strong monthly sales growth in Japan, which increased by 28.0% in January. The performance was mainly driven by an increase in the number of shoppers from mainland China traveling to Japan to take advantage of a weak yen against the renminbi.
- **In Europe**, tax-free shopping sales accelerated substantially in January. An increase of visitors to the region—encouraged by favorable currency trends and by the Chinese New Year holidays—sustained the performance. With tax-free shopping sales growth of 45.0% in January, the UK was the strongest performer in Europe, however, strong performances were also recorded in Spain (up 29.0%) and France (up 20.0%).



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Figure 4. Monthly Sales Performance

	November	December	January
Sales in Store			
Asia	(7.0)	2.0	8.0
Europe	0.0	3.0	21.0
Number of Transactions			
Asia	(1.0)	7.0	8.0
Europe	(2.0)	0.0	12.0
Average Spend			
Asia	(6.0)	(5.0)	1.0
Europe	2.0	4.0	8.0

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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