



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



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

- Year-over-year growth in international air passenger traffic decelerated in February due to the comparison with a leap year last year, when February had an additional day. In adjusted terms, there was a slight acceleration in international air traffic month over month in February, according to the International Air Transport Association (IATA), a trade association of the world's airlines.
- In Europe, hotel occupancy and average daily rate (ADR) continued to grow, and Europe outperformed the US on both metrics. The Asia-Pacific region showed the fastest growth in hotel occupancy, while Africa recorded the fastest increase in ADR.
- Tax-free shopping in Europe and Asia was sustained mainly by an influx of Chinese shoppers to the UK and Japan during the Chinese New Year holidays. These tourists took advantage of the cheaper local currencies versus the renminbi.

International Air Passenger Traffic: The Middle East and Africa Lead the Growth

International air passenger traffic grew by 5.8% year over year in February, a slowdown compared with January. The rate was affected by the fact that last year was a leap year. When adjusted for the extra day last year, international air passenger traffic accelerated slightly from the previous month, according to the IATA.

- International air passenger traffic grew the fastest in the Middle East for the fourth month in a row in February, increasing by 9.5% year over year. Regional carriers have started to moderate capacity expansion, which outstripped demand during most of 2016.
- Africa showed the second-fastest growth in international air passenger traffic in February, at 7.1% year over year. The strong performance was mainly the result of a recovery of key routes to and from Europe, according to the IATA.



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

	December	January	February
International Total	9.7	9.3	5.8
Africa	6.5	5.6	7.1
Asia-Pacific	9.2	10.9	5.2
Europe	10.9	8.3	6.5
Latin America	7.8	8.2	5.9
Middle East	13.9	14.4	9.5
North America	4.6	3.2	0.3

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 passenger traffic. The figures below include international and domestic traffic.

Figure 2. Air Passenger Traffic for Delta and Alaska Airlines: YoY % Change

	December	January	February	March
Delta	2.6	0.4	(1.7)	2.3
Alaska	5.6	6.9	1.7	5.5

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: Europe Outperforms the US on Both Metrics

- Both occupancy and ADR rates in Europe grew in February. Within Europe, Hungary's performance was notable for both occupancy, which was up 12.0%, and ADR, which was up 1.8%. Hungary performed well on the metrics, thanks to the country hosting a number of events in February, including the Budapest Motor Festival and the Budapest Boat Show.
- The US showed a decrease in occupancy, but growth in ADR in February. Within the US, the Norfolk/Virginia Beach area in Virginia recorded the strongest growth in occupancy, up 7.8%, while Denver, Colorado, showed the steepest decline in occupancy, down 5.8%.

**Figure 3. Occupancy Rate and ADR: YoY % Change**

	December	January	February
Occupancy			
US	(0.1)	0.5	(0.5)
Central/South America	N/A*	(5.2)	(2.5)
Asia-Pacific	2.9	(0.8)	8.0
Europe	4.5	5.1	2.9
Middle East	(0.4)	(2.7)	3.2
Africa	N/A*	4.5	5.5
ADR			
US	2.4	3.2	1.7
Central/South America	N/A*	(6.9)	(7.0)
Asia-Pacific	0.8	4.6	(5.0)
Europe	3.7	2.4	1.8
Middle East	(7.2)	(8.4)	(1.8)
Africa	N/A*	12.5	10.2

* Aggregated December results are 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)% and South America ADR 3.0%. For Africa, STR Global breaks down December results as follows: Northern Africa occupancy 10.0%, Northern Africa ADR 55.3%, Southern Africa occupancy (2.2)% and Southern Africa ADR 4.5%.

Source: STR Global

Tax-Free Shopping: Weak Currencies and Chinese New Year Holidays Help Growth in Japan and Europe

- In Asia, tax-free shopping performance in the calendar year through February was boosted by strong monthly sales growth of 19.0% in Japan. The performance was mainly driven by shoppers from Mainland China traveling to Japan during the Chinese New Year to take advantage of a weak yen versus the renminbi.
- In Europe, tax-free shopping sales grew significantly in the calendar year through February. An influx of visitors from the US, Russia and, in particular, Mainland China was the key driver of performance. Tax-free shopping sales in the UK showed a remarkable 50.0% increase in the year to date, when a weak pound encouraged overseas shoppers to visit the country. Strong performances were also recorded in Spain (up 34.0%), France (up 14.0%) and Italy (up 12.0%).



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Figure 4. Calendar Year-to-Date Tax-Free Shopping Sales Performance: YoY % Change

	December	January	February
Sales in Store			
Asia	2.0	8.0	6.0
Europe	3.0	21.0	22.0
Number of Transactions			
Asia	7.0	8.0	7.0
Europe	0.0	12.0	13.0
Average Spend			
Asia	(5.0)	1.0	(1.0)
Europe	4.0	8.0	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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