

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



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

- Growth in international air passenger traffic accelerated sequentially in March. Latin America and the Asia-Pacific region showed the fastest international air passenger traffic growth, at 9.7% and 9.1%, respectively.
- Hotel occupancy and average daily rate (ADR) in the US and Europe accelerated in March. In the US, occupancy returned to growth after stagnating in the previous two months. Within Europe, Barcelona showed strong growth in both occupancy and ADR. The city hosted the Mobile World Congress at the end of February/beginning of March.
- Tax-free shopping in Asia was sustained mainly by an influx of Chinese shoppers to Japan, while performance in Europe was helped by strong in-store sales growth, thanks to shoppers from the US and Russia.

International Air Passenger Traffic: Latin America and Asia-Pacific Lead Growth

International air passenger traffic grew by 6.4% in March, an acceleration from February. However, when adjusted for the extra day in February 2016 (which was a leap year), the month-over-month comparison shows a slight slowdown, according to the International Air Transport Association (IATA).

- Latin America showed the fastest growth in international air passenger traffic in March, at 9.7%. The IATA identified strong international demand within the region as the main reason for the strong performance.
- The Asia-Pacific region showed the second-fastest growth in international air passenger traffic in March, at 9.1%. Solid demand within the region and a strong recovery of the Asia-Europe route were behind the regional performance, according to the IATA.



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

	January	February	March
International Total	9.3	5.8	6.4
Africa	5.6	7.1	6.0
Asia-Pacific	10.9	5.2	9.1
Europe	8.3	6.5	5.7
Latin America	8.2	5.9	9.7
Middle East	14.4	9.5	4.9
North America	3.2	0.3	2.7

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 further indications of air traffic growth. The figures below include international and domestic traffic.

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

	January	February	March	April
Delta	0.4	(1.7)	2.3	1.6
Alaska	6.9	1.7	5.5	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: US Occupancy Returns to Growth

- Europe posted an acceleration in both occupancy and ADR in March. Within Europe, Barcelona, Spain, showed strong performance, with occupancy up 8.0%, and ADR up 18.0%, thanks to the Mobile World Congress, which was held in the city from February 27 through March 2.
- The US showed growth both in occupancy—which recovered from a negative performance in February—and ADR in March. Detroit, Michigan, recorded the only double-digit increase in occupancy, at 14.1%. San Diego, California, showed the largest increase in ADR (up 9.3%, to \$162.85).



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Figure 3. Occupancy Rate and ADR: YoY % Change

	January	February	March
Occupancy			
US	0.5	(0.5)	2.6
Central/South America	(5.2)	(2.5)	N/A*
Asia-Pacific	(0.8)	8.0	3.6
Europe	5.1	2.9	4.7
Middle East	(2.7)	3.2	(4.1)
Africa	4.5	5.5	N/A*
ADR			
US	3.2	1.7	2.4
Central/South America	(6.9)	(7.0)	N/A*
Asia-Pacific	4.6	(5.0)	(0.2)
Europe	2.4	1.8	2.8
Middle East	(8.4)	(1.8)	(10.1)
Africa	12.5	10.2	N/A*

* Aggregated March results not available. STR Global breaks down March results for Central/South America as follows: Central America occupancy 17.1% and ADR (0.7)%; South America occupancy 1.1% and ADR (5.5)%. STR Global breaks down March results for Africa as follows: Northern Africa occupancy 13.3% and ADR 21.6%; Southern Africa occupancy 0.9% and ADR 2.8%.

Source: STR Global

Tax-Free Shopping: Shoppers from China, the US and Russia Drive Regional Performances

- In Asia, tax-free shopping sales performance was mainly driven by shoppers from Mainland China traveling to Japan, where the metric increased by 24.0% in the calendar year to March. By contrast, political tensions and group visa restrictions discouraged shoppers from Mainland China from traveling to South Korea, which saw tax-free shopping sales decline by 32.0% in the calendar year to March.
- In Europe, tax-free shopping sales continued to grow in the calendar year to March, but at a slower pace compared with the previous two months. Travelers from the US and Russia contributed significantly to the regional performance, and in-store sales generated by American and Russian shoppers increased by 42.0% across Europe. However, fewer shoppers from Gulf nations visited Europe in March, which resulted in a 15.0% decline in in-store sales generated by travelers from those states.

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

	January	February	March
Sales in Store			
Asia	8.0	6.0	7.0
Europe	21.0	22.0	16.0
Number of Transactions			
Asia	8.0	7.0	10.0
Europe	12.0	13.0	14.0
Average Spend			
Asia	1.0	(1.0)	(3.0)
Europe	8.0	8.0	2.0

Source: Global Blue



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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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