

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



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

- International air passenger traffic reported double-digit growth rates in all regions, with Africa showing the fastest growth at 17.2% year over year. Europe, the world's largest market for international air passenger traffic, recorded the fastest growth since April 2011 at 14.4%.
- Hotel occupancy and average daily rate (ADR) in Europe continued to grow, thanks to positive performances in markets including the UK, Spain and Portugal, and a surge in business travel to Eastern Europe.
- Chinese shoppers continued to sustain tax-free shopping sales performance in Asia and Europe in April, particularly in Japan, where the metric increased by 26.0% calendar year to date (CYTD), and the UK, where it increased by 39.0% CYTD.

### International Air Passenger Traffic: Double-Digit Growth in All Regions

International air passenger traffic grew by 12.5% year over year in April, an acceleration from March. For the first time in 12 years, all regions grew at double-digit rates, according to the International Air Transport Association (IATA).

- Africa showed the fastest year-over-year growth in international air passenger traffic during the month, at 17.2%, the region's fastest growth in more than five years. Improved business confidence in Nigeria and a recovery in traffic to and from Europe are two of the factors behind the performance.
- At 14.4%, Europe showed the fastest pace since April 2011, when the performance was skewed by the Icelandic ash cloud the previous year, and the fastest growth in 13 years if we exclude April 2011, according to the IATA. Europe is the world's largest market for international air passenger traffic.



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

	February	March	April
<b>International Total</b>	<b>5.8</b>	<b>6.4</b>	<b>12.5</b>
Africa	7.1	6.0	17.2
Asia-Pacific	5.2	9.1	10.9
Europe	6.5	5.7	14.4
Latin America	5.9	9.7	16.1
Middle East	9.5	4.9	10.8
North America	0.3	2.7	10.3

*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 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	7.8

*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 Continues to Grow**

- Europe continued to grow in both occupancy and ADR in April. The performance of these two metrics continued to be sustained by factors including the weakness of the British pound, which made the UK an attractive destination; security concerns in other markets, which favored tourist flows to Spain and Portugal; and a surge in business travel to Eastern Europe.
- The US showed a decline in occupancy and growth in ADR. New Orleans, Louisiana, showed the worst performance, with occupancy down 7.8% and ADR down 12.4%, while Orlando, Florida, showed one of the best performances, with growth in occupancy of 6.9% and the only double-digit growth in ADR in the US at 10.0%.

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

	February	March	April
<b>Occupancy</b>			
US	(0.5)	2.6	(0.7)
Central/South America	(2.5)	N/A*	(2.5)
Asia-Pacific	8.0	3.6	3.5
Europe	2.9	4.7	2.0
Middle East	3.2	(4.1)	7.3
Africa	5.5	N/A*	5.3
<b>ADR</b>			
US	1.7	2.4	2.4
Central/South America	(7.0)	N/A*	(1.4)
Asia-Pacific	(5.0)	(0.2)	0.8
Europe	1.8	2.8	2.9
Middle East	(1.8)	(10.1)	2.8
Africa	10.2	N/A*	11.6

\* 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 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 26.0% CYTD in April. Political tensions and group visa restrictions continued to discourage Mainland China shoppers from traveling to South Korea, which saw tax-free shopping sales decline by 19.0% CYTD in April.
- In Europe, Chinese visitors continued to drive the regional tax-free shopping sales performance. In the UK, where sales performance increased by 39.0% CYTD in April, Chinese shoppers continued to outspend visitors of other nationalities on luxury goods. Russian visitors, whose sales in April increased by 37.0% CYTD across Europe, thanks to the strength of the ruble against the euro, also contributed significantly to the regional performance.



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Figure 4. Monthly Tax-Free Shopping Sales Performance: CYTD % Change

	February	March	April
<b>Sales in Store</b>			
Asia	6.0	7.0	20.0
Europe	22.0	16.0	18.0
<b>Number of Transactions</b>			
Asia	7.0	10.0	28.0
Europe	13.0	14.0	12.0
<b>Average Spend</b>			
Asia	(1.0)	(3.0)	(6.0)
Europe	8.0	2.0	6.0

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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