

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



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

- Growth in international air passenger traffic in May slowed as air travel in Europe lost momentum and as travelers from the Middle East were discouraged by the proposed US travel ban.
- In Europe, hotel occupancy and average daily rate (ADR) continued to grow and to outperform the same metrics in the US. Belgium recovered from the disruption following last year's terrorist attacks.
- Chinese shoppers continued to sustain tax-free shopping in Asia and Europe in May. In Europe, the prevalence of less-affluent shoppers from second-tier cities in China resulted in a slowdown in average spend growth.

### International Air Passenger Traffic: Slowdown in the Middle East

International air passenger traffic grew by 7.6% year over year in May, a slowdown from April. Europe, the largest region in terms of international passenger traffic, lost growth momentum in May, which affected the global performance.

- Africa (up 11.7%) and the Asia-Pacific region (up 10.5%) showed the fastest year-over-year growth in international air passenger traffic in May. Strengthening business confidence in Nigeria contributed to the African carriers' positive performance, while the Asia-Pacific region was boosted by the recovery of routes to Europe as perceptions of the terrorism threat appeared to fade.
- The Middle East saw a steep deceleration in air passenger traffic growth in May; traffic was up 3.7%, versus 10.8% in April. Travelers to the US from the region were discouraged by US President Donald Trump's proposed travel ban and by the ban on personal electronic devices, according to the International Air Transport Association (IATA).



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

	March	April	May
<b>International Total</b>	<b>6.4</b>	<b>12.5</b>	<b>7.6</b>
Africa	6.0	17.2	11.7
Asia-Pacific	9.1	10.9	10.5
Europe	5.7	14.4	7.5
Latin America	9.7	16.1	9.3
Middle East	4.9	10.8	3.7
North America	2.7	10.3	4.8

*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 Air Lines and Alaska Airlines, provide further indications of air traffic growth. The figures below include international and domestic traffic.

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

	February	March	April	May
Delta	(1.7)	2.3	1.6	1.7
Alaska	1.7	5.5	7.8	7.6

*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**

- Europe continued to grow both hotel occupancy and ADR in May. Belgium continued to recover from the disruptions that followed the March 2016 terror attacks in Brussels. Italy recorded its highest level of occupancy growth for the month of May since 2001, up 2.4%, mainly thanks to a number of events hosted in various cities.
- The US showed growth both in occupancy and in ADR. Denver, Colorado, saw the strongest increase in occupancy, up 5.9%. San Francisco/San Mateo, California, reported the steepest decline in ADR, down 6.2%.



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

	March	April	May
<b>Occupancy:</b>			
US	2.6	(0.7)	1.5
Central/South America	N/A*	(2.5)	5.2
Asia-Pacific	3.6	3.5	2.7
Europe	4.7	2.0	3.5
Middle East	(4.1)	7.3	5.9
Africa	N/A*	5.3	(0.9)
<b>ADR:</b>			
US	2.4	2.4	2.0
Central/South America	N/A*	(1.4)	(1.5)
Asia-Pacific	(0.2)	0.8	2.4
Europe	2.8	2.9	4.8
Middle East	(10.1)	2.8	(2.5)
Africa	N/A*	11.6	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: Chinese Holidays Boost Tax-Free Shopping**

- In Asia, tax-free shopping sales performance was mainly driven by shoppers from Mainland China traveling to Japan—where the metric increased by 43.0% year to date through May—in celebration of the Labor Day and Dragon Boat Festival holidays. Chinese shoppers continued to take advantage of the weakness of the yen.
- Europe continued to perform strongly, with sales to Russian and Chinese visitors up 35.0% and 26.0%, respectively, year to date through May. However, average spending growth over the period slowed to 2.0%. This was mainly due to a change in shopper demographics, as less-affluent travelers from second-tier Chinese cities outnumbered shoppers from Tier 1 Chinese cities.



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

	March	April	May
<b>Sales in Store:</b>			
Asia	7.0	20.0	11.0
Europe	16.0	18.0	20.0
<b>Number of Transactions:</b>			
Asia	10.0	28.0	(1.0)
Europe	14.0	12.0	18.0
<b>Average Spend:</b>			
Asia	(3.0)	(6.0)	12.0
Europe	2.0	6.0	2.0

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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