



ADVITO

PREDICTIVE ANALYTICS Q1 2023

AIR & HOTEL PRICE INDEX

Today, avoid misleading industry forecasts

Producing a *credible & actionable* travel pricing forecast for 2023 in the current environment is difficult.

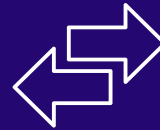
THE WORLD WE LIVE IN RIGHT NOW PRESENTS ADDITIONAL CHALLENGES FOR FORECASTERS:



The near-term travel outlook is **very uncertain.**



Volatility has never been so high and will persist until Q4 2023.



There's vast variation in market performance and outlook.

- Under these conditions, it's very unlikely that any pricing forecast will produce **reliable** results.
- Instead of forecasting our **predictive analytics** provide you valuable price index and **realistic** trending analysis.



GLOBAL AIR PRICE INDEX Q1 2023

Global trends across business and economy class

	INTERCONTINENTAL					REGIONAL			
	BUSINESS		ECONOMY			BUSINESS		ECONOMY	
	VARIANCE	TREND	VARIANCE	TREND		VARIANCE	TREND	VARIANCE	TREND
Africa	5%	<div>=</div>	20%	<div>=</div>		24%	<div>↓</div>	5%	<div>=</div>
Asia	48%	<div>↑</div>	67%	<div>↑</div>		66%	<div>↑</div>	34%	<div>↑</div>
Europe	-1%	<div>↓</div>	3%	<div>↓</div>		3%	<div>=</div>	-5%	<div>↑</div>
Latin America	39%	<div>↑</div>	22%	<div>↑</div>		10%	<div>↓</div>	9%	<div>↓</div>
Middle East	14%	<div>↑</div>	1%	<div>=</div>		35%	<div>=</div>	14%	<div>=</div>
North America	11%	<div>↓</div>	14%	<div>↓</div>		17%	<div>↓</div>	-1%	<div>↓</div>
Southwest Pacific	27%	<div>↓</div>	54%	<div>↓</div>		2%	<div>↓</div>	24%	<div>↑</div>

VARIANCE = Q1 2023 vs. Q1 2019 **TREND** = Q1 2023 vs. Q4 2022

= Flat ↑ Increase ↓ Decrease

- Airfare inflation (vs. 2019) will persist throughout Q1 2023 across almost all travel sectors while **yield remains strong**.
- Demand is picking up.** Business demand continues to recover, especially on intercontinental flights. China's border reopening will give an additional boost to international demand.
- Carriers are still **cautiously managing capacity**. Asia and the Southwest Pacific are highly impacted by the demand and supply imbalances.
- Airfares are stalling in Europe** with the slowdown of global economies and the risk of recession.



GLOBAL HOTEL PRICE INDEX Q1 2023

Variance in average daily rates Q1 2023 vs. Q1 2019

Africa	+3%
Asia	+16%
Europe	+13%
Latin America	+16%
Middle East	+21%
North America	+20%
Southwest Pacific	+20%
GLOBAL	+17%

- Inflation, leisure travel, and hotel internal costs are driving **significant increases in many markets.**
- STR still has occupancy levels lagging against 2019.
- RevPar as reported by STR has been **record-setting** in most markets
- Recession fears across the globe and higher than expected rate increases may lead to a **slowdown in corporate travel in 2023.**



MARKET SNAPSHOT:

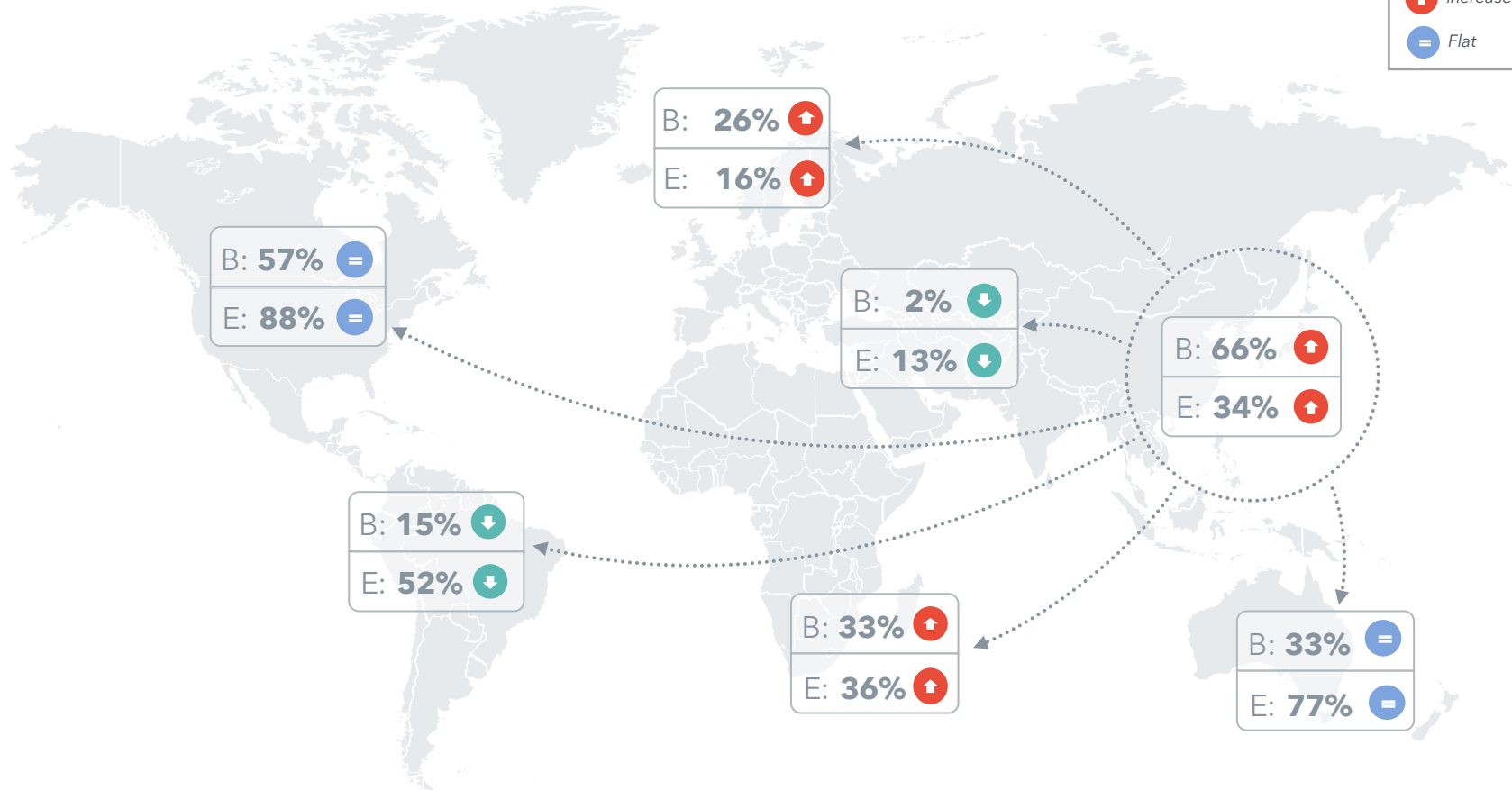
ASIA



AIR PRICE INDEX Q1 2023

Average ticket prices % period-over-period

ASIA



ASIA OVERALL

BUSINESS VARIANCE / TREND	ECONOMY VARIANCE / TREND
INTERCONTINENTAL	
48% ↑	67% ↑
REGIONAL	
66% ↑	34% ↑

- Airfares to and from Asia are still increasing due to high demand that cannot be absorbed because of COVID restrictions and disruption to the Asian airlines' operations.
- The rapid return of demand combined with tight supply is resulting in **double-digit fare increases** in business and economy on almost all travel sectors from Asia.

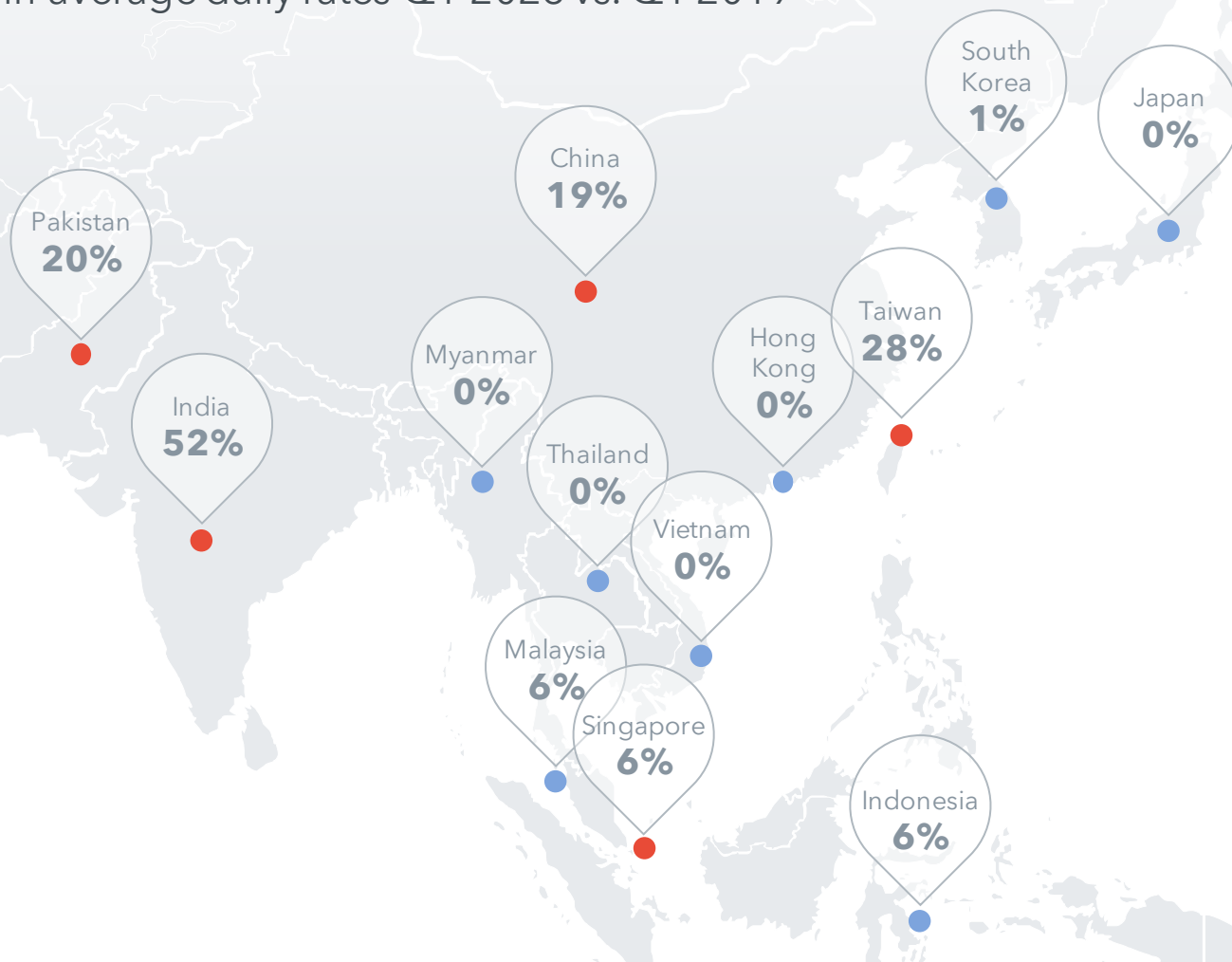
B: BUSINESS E: ECONOMY VARIANCE / TREND VARIANCE = Q1 2023 vs. Q1 2019 TREND = Q1 2023 vs. Q4 2022



HOTEL PRICE INDEX Q1 2023

Variance in average daily rates Q1 2023 vs. Q1 2019

ASIA



Asia Overall 16%

- China, Singapore, and India are showing significant increase in BAR compared to 2019.
- Qingdao, Chengdu, Hangzhou, Nanjing, Chongqing, Singapore, Sentosa, Bangalore, Mumbai, New Delhi, and Hyderabad are driving these increases in BAR.
- **Most markets in Asia have not met 2019 occupancy levels to date.**

METHODOLOGY

AIR

2023 vs. 2019 comparison of average fare available in GDS in Q1.

Weighted average based on travel booking window:

- January: 60%
- February: 30%
- March: 10%

Shopping dates: Dec. 15 – Dec. 31 for departures in January, February, and March.

HOTEL

2023 vs. 2019 comparison of average Flexible Best Available Rate (BAR) in the GDS and OTA for January, February, and March

Shopping: BAR is shopped 3-10 days prior to each month including 16 days Monday-Thursday for one-night stays.

ABOUT ADVITO

Advito was founded in 2006 as the consulting arm of the global travel management company, BCD Travel. We were born out of a desire from clients for valuable, independent advice to help their organizations streamline and optimize the increasingly complex sphere of corporate travel. Since then, we have continuously delivered objective consulting services and a highly customized approach. As the innovators of cutting-edge offerings like Dynamic Performance Management™ and Traveler Engagement™, we are committed to helping clients prove the value of travel and elevate their business travel programs.

For more information, visit www.advito.com

ABOUT THE TRAVEL PRICE INDEX REPORT

Advito's Travel Price Index Report is a predictive analysis of air fare and hotel rate pricing trends. With the understanding that market volatility caused by a variety of external factors makes accurate annual forecasting very challenging, Advito's consulting team calculates the index on a quarterly basis. At the beginning of each quarter, predictive analytics tools produce realistic future price index calculation based on future price points shopping for the upcoming quarter that looks at variance to the same time versus the previous period and the trend versus the previous quarter. The report is published on a quarterly basis and seeks to address and analyze the key factors impacting hotel and air pricing in the short- to medium- term.

CONTACT US