



ADVITO

PREDICTIVE ANALYTICS Q2 2023

AIR & HOTEL PRICE INDEX



GLOBAL AIR PRICE INDEX Q2 2023

Global trends across business and economy class

ORIGINATING FROM	INTERCONTINENTAL				DOMESTIC & REGIONAL			
	BUSINESS		ECONOMY		BUSINESS		ECONOMY	
	VARIANCE	TREND	VARIANCE	TREND	VARIANCE	TREND	VARIANCE	TREND
Africa	8%	↓	12%	↓	9%	↓	9%	=
Asia	17%	↑	63%	=	18%	↑	32%	=
Europe	9%	↑	17%	↑	3%	=	3%	↑
Latin America	20%	↓	17%	↓	9%	=	7%	=
Middle East	14%	↑	1%	=	35%	=	14%	=
North America	18%	↑	22%	↑	19%	=	13%	↑
Southwest Pacific	27%	=	56%	=	18%	↑	38%	↑

VARIANCE = Q2 2023 vs. Q2 2022 TREND = Q2 2023 vs. Q1 2023

= Flat ↑ Increase ↓ Decrease

- **Airline inflation will continue throughout Q2 2023.** Airlines are still taking advantage of booming leisure activity, a recovering corporate segment, and a moderate supply to increase revenues.
- **Passenger price sensitivity has been low so far.** Constrained capacity, as observed in Asia and Southwest Pacific, is a strong driver for price increase. Airfares are still rising in other regions but are beginning to gradually slow down.



GLOBAL HOTEL PRICE INDEX Q2 2023

Variance in average daily rates Q2 2023 vs. Q2 2022

Africa	+1%
Asia	+20%
Europe	+8%
Latin America	+16%
Middle East	+0%
North America	+6%
Southwest Pacific	+8%
GLOBAL	+9%

- Inflation, leisure travel, and hotel internal costs are driving **significant increases in many markets.**
- According to STR benchmark data, occupancy levels are still lagging against 2019.
- Revenue per available room (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:

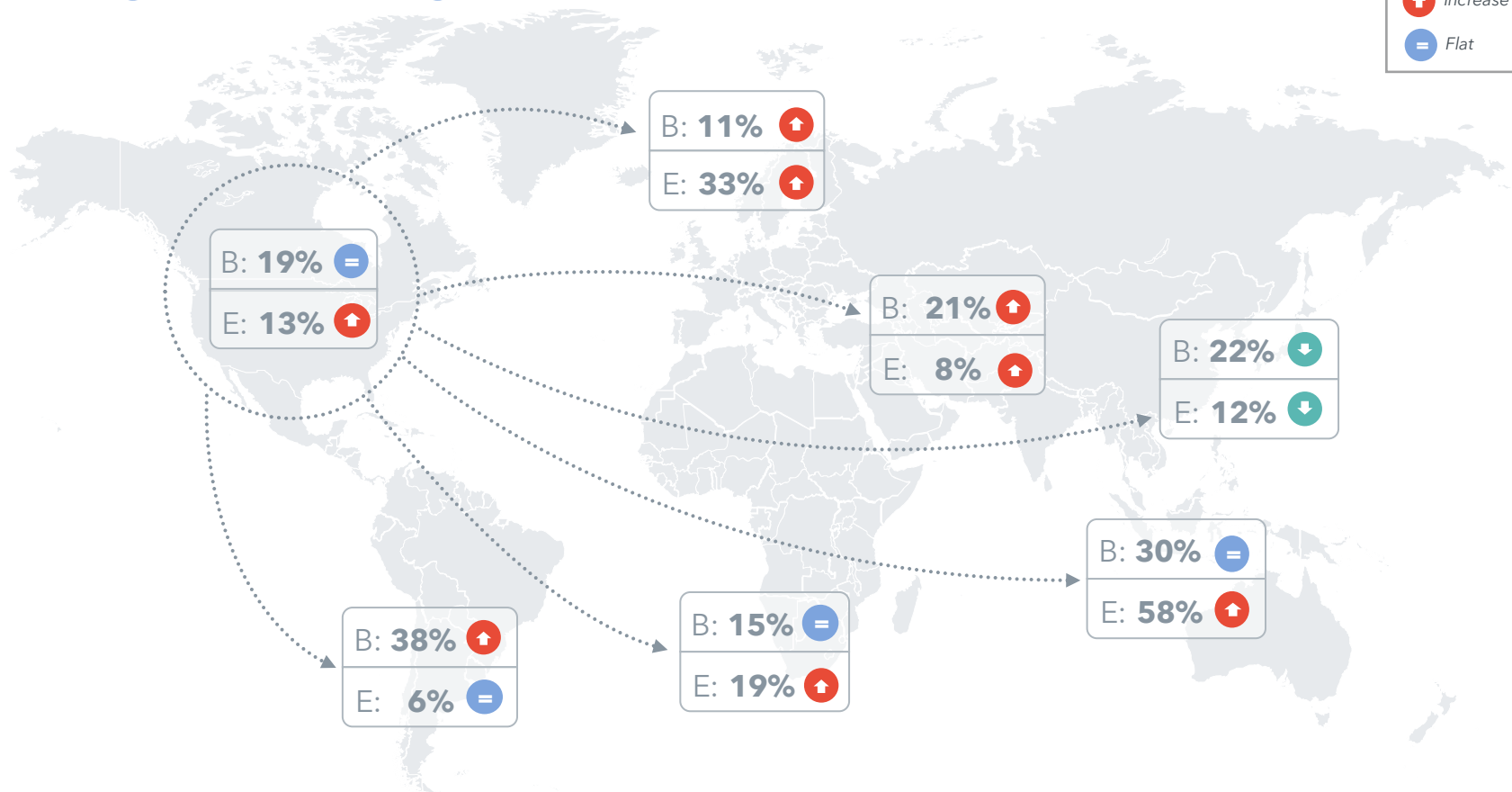
NORTH AMERICA



AIR PRICE INDEX Q2 2023

Average ticket prices % period-over-period

NORTH AMERICA



- ↓ Decrease
- ↑ Increase
- = Flat

NORTH AMERICA OVERALL	
BUSINESS VARIANCE / TREND	ECONOMY VARIANCE / TREND
INTERCONTINENTAL	
18% ↑	22% ↑
DOMESTIC & REGIONAL	
19% =	13% ↑

- + **Demand continues to be strong both on domestic and international flights.**
- + US domestic shows robust airfare growth in line with previous quarters (2022 average fare was +32% YOY and +10% vs 2019).
- + **Intercontinental travel is driven by strong yields** due to leisure travel boost and a gradual recovery of corporate travel (now at 80% of 2019 levels). Pent-up demand returns to reopening Asian destinations.

B: BUSINESS E: ECONOMY VARIANCE / TREND VARIANCE = Q2 2023 vs. Q2 2022 TREND = Q2 2023 vs. Q1 2023



HOTEL PRICE INDEX Q2 2023

Variance in average daily rates Q2 2023 vs. Q2 2022

NORTH AMERICA

Canada
6%

United States
6%

NORTH AMERICA OVERALL **+6%**

- **Most increases** in the best available rate (BAR) have slowed in major markets in the US and Canada.
- The increase in Canada is driven by significant increases in BAR in Toronto, Mississauga, and Richmond.
- The increase in United States is driven by significant increases in BAR in Chicago, Washington, Phoenix, Seattle, Tampa, and New York.
- **Most markets in North America have not met 2019 occupancy levels to date.**

Today, avoid misleading industry forecasts

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

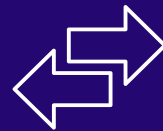
THE WORLD WE LIVE IN RIGHT NOW PRESENTS ADDITIONAL CHALLENGES FOR FORECASTERS:



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.

METHODOLOGY

AIR

2023 vs. 2022 comparison of average fare available in GDS in Q2.

Weighted average based on travel booking window:

- April: 60%
- May : 30%
- June : 10%

Shopping dates: Mar. 5 – Mar. 20 for departures in April, May and June.

HOTEL

2023 vs. 2022 comparison of average Flexible Best Available Rate (BAR) in the GDS and OTA for April, May, and June

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 enables 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