



ADVITO

PREDICTIVE ANALYTICS Q3 2023

AIR & HOTEL PRICE INDEX



GLOBAL AIR PRICE INDEX Q3 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	21%	↑	10%	=	7%	=	8%	=
Asia	0%	↓	-10%	↓	-13%	↓	19%	↓
Europe	30%	↑	23%	↑	5%	=	19%	↑
Latin America	22%	=	-4%	↓	8%	=	-4%	↓
Middle East	20%	↑	27%	↑	30%	=	20%	↑
North America	6%	↓	7%	↓	-4%	↓	1%	↓
Southwest Pacific	34%	=	36%	↓	10%	↓	95%	↑

VARIANCE = Q3 2023 vs. Q3 2022 **TREND** = Q3 2023 vs. Q2 2023

= Flat ↑ Increase ↓ Decrease

- **Airfares across Europe and to intercontinental destinations are increasing** for summer travel, due to low supply and incredibly high demand.
- **Airfares are stalling in the US.** On US domestic flights are showing the first sign of decline . A slowdown of airfare growth has started on all major travel sectors.
- **Asia yields are moderating** with the reopening of major markets like China or Japan. The gap between travel demand and airline capacity has diminished. This has had a cooling effect on airfares in intercontinental markets.



GLOBAL HOTEL PRICE INDEX Q3 2023

Variance in average daily rates Q3 2023 vs. Q3 2022

Africa	-4%
Asia	+6%
Europe	+8%
Latin America	+8%
Middle East	-0%
North America	+4%
Southwest Pacific	-3%
GLOBAL	+6%

- 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 and in Apr-23 occupancy has decrease for the first time since Feb-21
- 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 have not led to a **slowdown in corporate travel in 2023.**



MARKET SNAPSHOT:

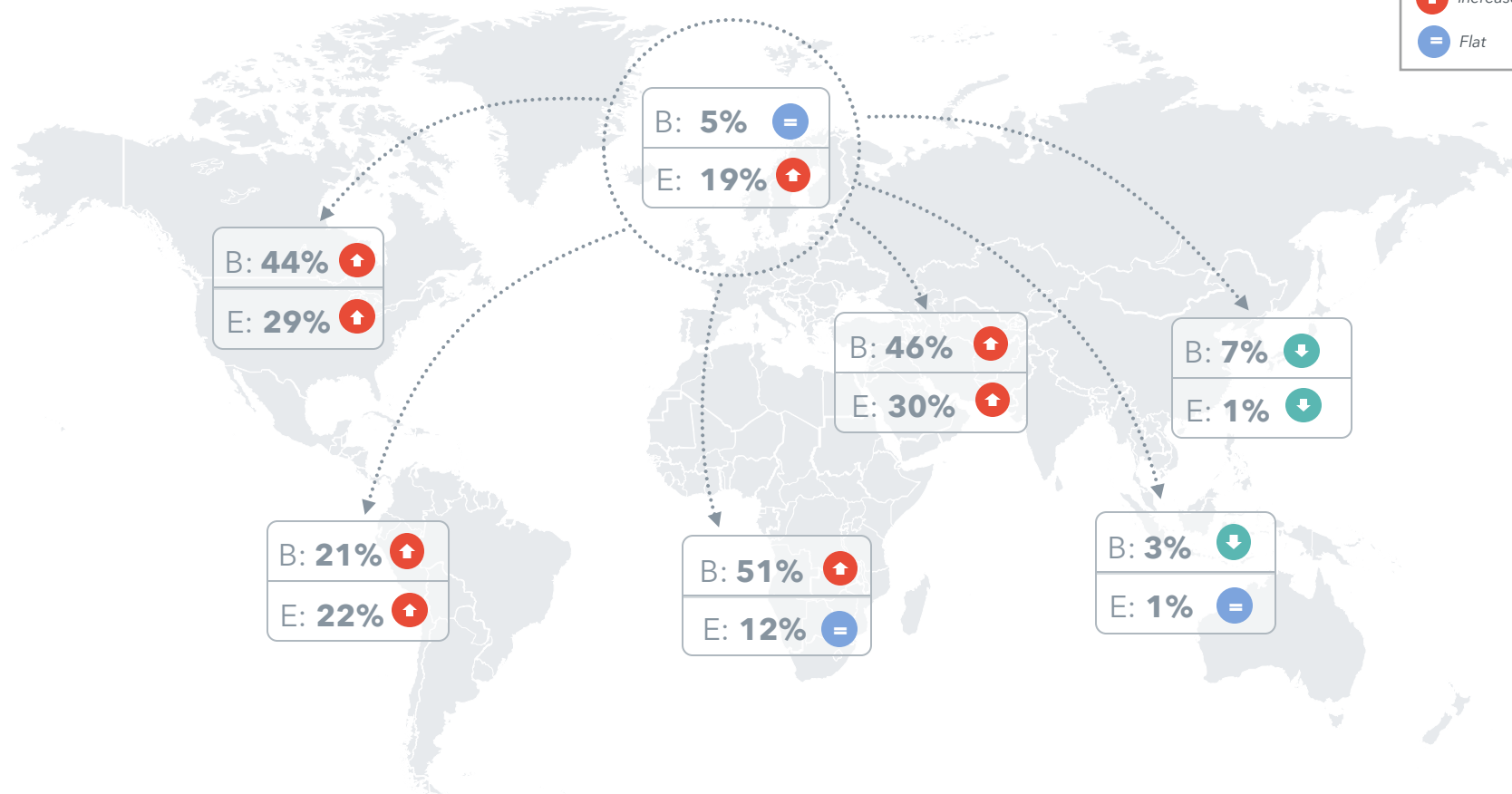
EUROPE



AIR PRICE INDEX Q3 2023

Average ticket prices % period-over-period

EUROPE



EUROPE OVERALL

BUSINESS
VARIANCE / TREND

ECONOMY
VARIANCE / TREND

INTERCONTINENTAL

28% ↑

14% =

DOMESTIC & REGIONAL

5% =

19% ↑

- **We're anticipating dramatic airfare increases from Europe on all travel sectors** (domestic, intra-Europe and intercontinental) for the upcoming quarter.
- The 2023 summer travel season in Europe is following the same path as last year which was upended due to labor shortages. This has an impact on yields with carrier capacity constraints unable to absorb a **very strong leisure demand**.
- Note that airfares to Asia and Southwest Pacific are finally stalling.

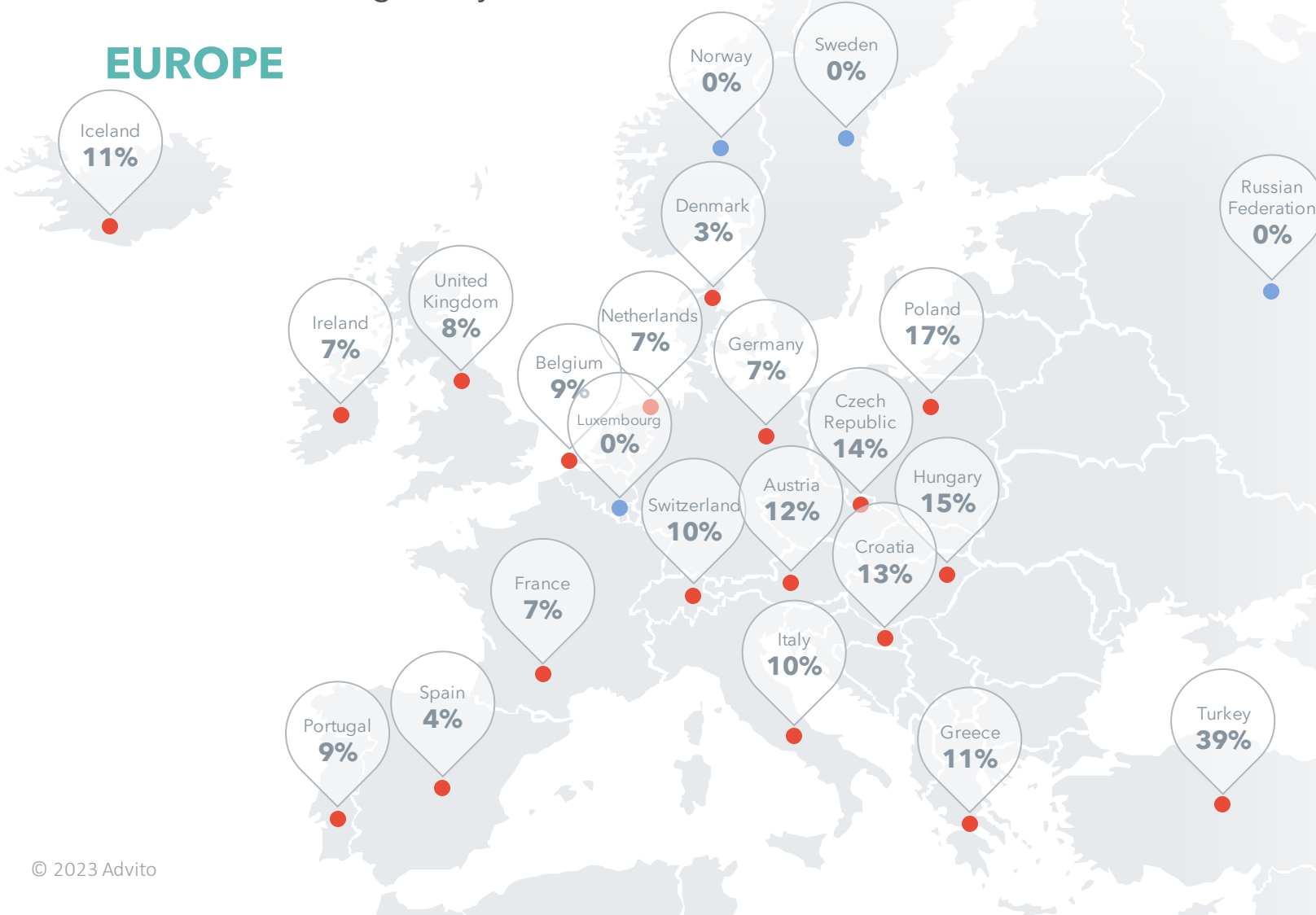
B: BUSINESS E: ECONOMY VARIANCE / TREND VARIANCE = Q3 2023 vs. Q3 2022 TREND = Q3 2023 vs. Q2 2023



HOTEL PRICE INDEX Q3 2023

Variance in average daily rates Q3 2023 vs. Q3 2022

EUROPE



EUROPE OVERALL: +8%

- Turkey, Iceland, Belgium, Netherlands, Poland, Czech Republic, Switzerland, Austria, Hungary, Croatia, Portugal, and Greece are driving BAR increases.
- Markets with substantial increases are Berlin, Paris, London, Edinburgh, Madrid, Warsaw, Vienna, Geneva, Zurich, Amsterdam, Brussels, Brno, Athens, and most markets in Italy, Hungary, Croatia, and Turkey.
- **Recession fears and budget constraints** may drive rates down as we go through 2023.

Today, avoid misleading industry forecasts

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

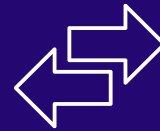
THE WORLD WE LIVE IN RIGHT NOW PRESENTS ADDITIONAL CHALLENGES FOR FORECASTERS:



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:

- July : 60%
- August : 30%
- September : 10%

Shopping dates: Jun. 1 – Jun. 14 for departures in July, August and September.

HOTEL

2023 vs. 2022 comparison of average Flexible Best Available Rate (BAR) in the GDS and OTA for July, August, September.

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