



ADVITO

PREDICTIVE ANALYTICS Q4 2023

AIR & HOTEL PRICE INDEX



GLOBAL AIR PRICE INDEX Q4 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	-3%	↓	-1%	↓	3%	↓	5%	↓
Asia	-13%	↓	-18%	↓	-23%	↓	-15%	↓
Europe	1%	↓	4%	↓	5%	=	4%	↓
Latin America	-10%	↓	-10%	↓	-9%	↓	-6%	↓
Middle East	-2%	↓	-5%	↓	-2%	↓	-4%	↓
North America	-6%	↓	-9%	↓	-4%	↓	1%	↓
Southwest Pacific	-9%	↓	-8%	↓	5%	↓	5%	↓

- **Pricing trends are reversing in Q4 2023** with a YOY drop in airfares across almost all regions, **especially on intercontinental flights**. This is a major change compared to Q3 2023.
- **Asia yields are falling** with the fast capacity recovery in major markets like China and Japan. Fares from/to Asia and Southwest Pacific were unusually high last year. This quarter may be the start of fare levels returning back to normal.
- **US fares continue to show signs of decline**. While many US domestic airfares are stalling, a drop has started on some intercontinental sectors.
- **Europe fares, although increasing, are really cooling down** in Q4 2023.

VARIANCE = Q4 2023 vs. Q4 2022 **TREND** = Q4 2023 vs. Q3 2023

= Flat ↑ Increase ↓ Decrease



GLOBAL HOTEL PRICE INDEX Q4 2023

Variance in average daily rates Q4 2023 vs. Q4 2022

	Variance	Trend
Africa	+5%	↑
Asia	+5%	↓
Europe	+16%	↑
Latin America	+13%	↑
Middle East	0%	=
North America	+5%	↑
Southwest Pacific	+1%	↑
GLOBAL	+11%	↑

- Inflation, leisure travel, and hotel internal costs are driving **significant cost increases in many markets.**
- According to STR benchmark data, occupancy levels are still lagging against 2022
- Revenue per available room (RevPar) as reported by STR has been **record-setting** in most markets.
- Recession fears are increasing across the globe and occupancy is down compared to 2020 yet higher than expected rate increases are **accelerating in the final quarter of 2023.**

VARIANCE = Q4 2023 vs. Q4 2022 **TREND** = Q4 2023 vs. Q3 2023

= Flat ↑ Increase ↓ Decrease

MARKET SNAPSHOT:

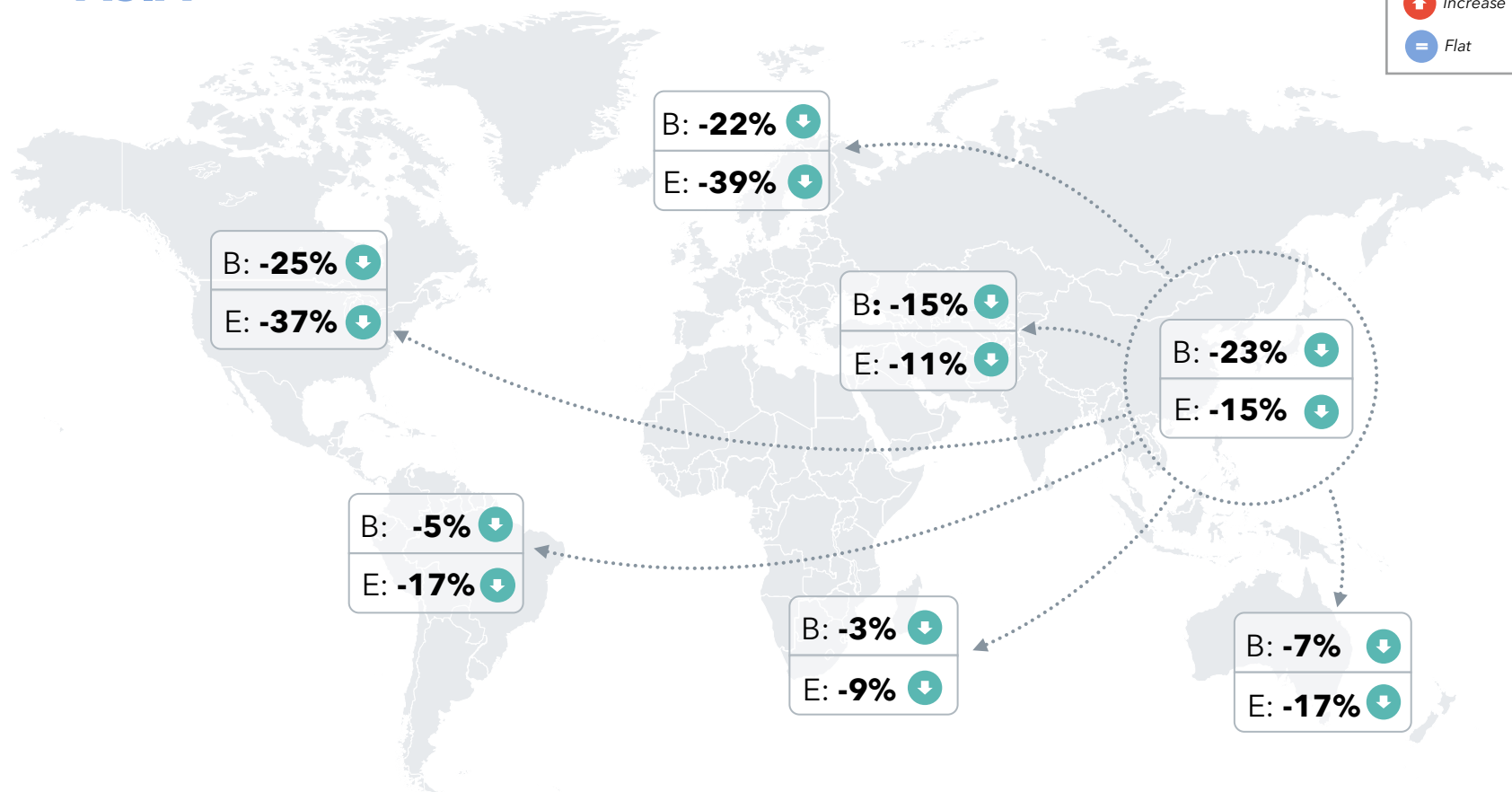
ASIA



AIR PRICE INDEX Q4 2023

Average ticket prices % period-over-period

ASIA



- ↓ Decrease
- ↑ Increase
- = Flat

ASIA OVERALL	
BUSINESS VARIANCE / TREND	ECONOMY VARIANCE / TREND
INTERCONTINENTAL	
-13% ↓	-18% ↓
DOMESTIC & REGIONAL	
-23% ↓	-15% ↓

- **Airfares from Asia are falling.**
- **Return to normality following an exceptional period with skyrocketing fares.** The acceleration in travel recovery from Asia has a significant impact on airfares to all destinations.
- **The full reopening of China, Japan and all other Asian markets in early 2023 has enabled airlines to absorb pent-up demand and fares are now going down.**

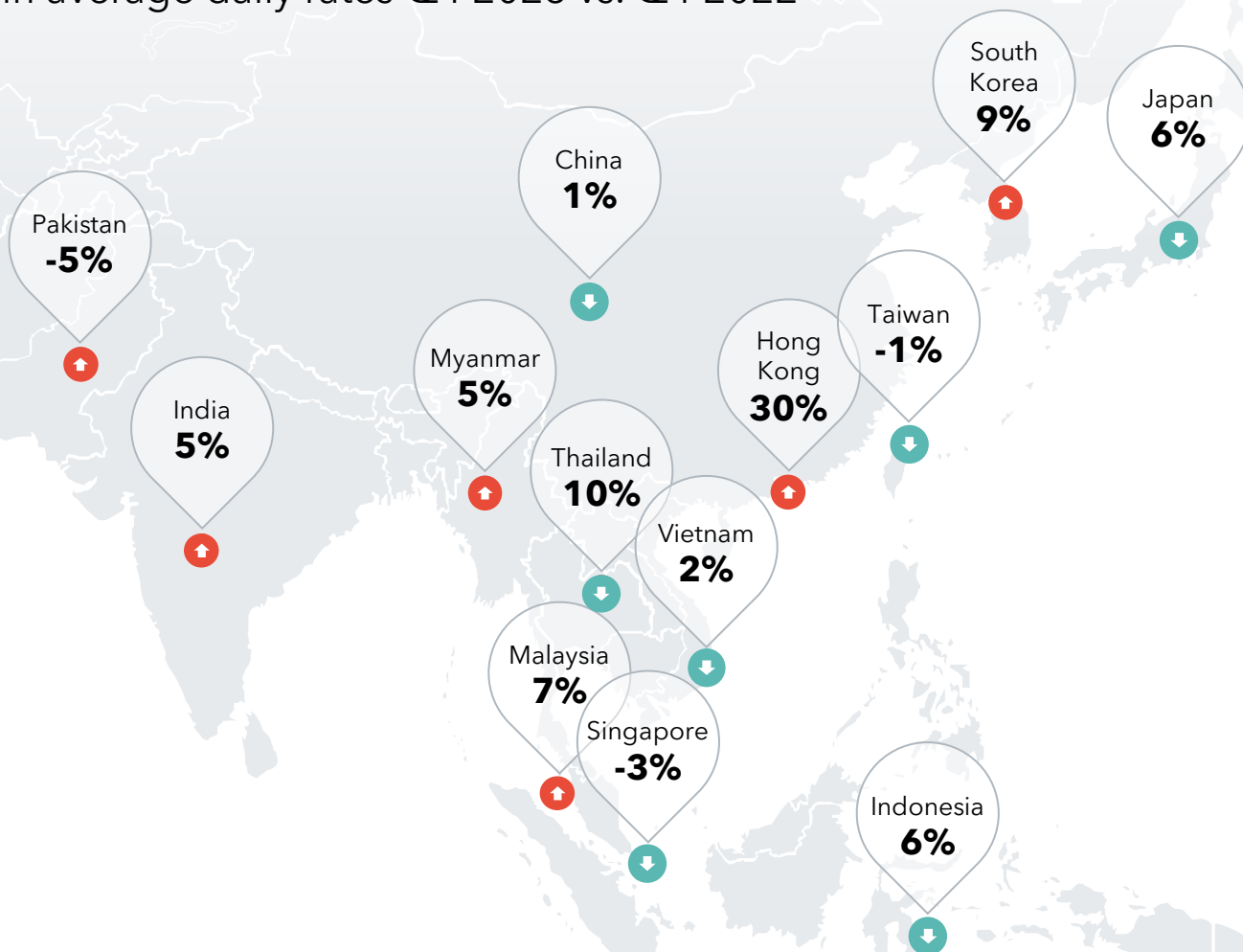
B: BUSINESS **E:** ECONOMY **VARIANCE / TREND** **VARIANCE** = Q4 2023 vs. Q4 2022 **TREND** = Q4 2023 vs. Q3 2023



HOTEL PRICE INDEX Q4 2023

Variance in average daily rates Q4 2023 vs. Q4 2022

ASIA



ASIA OVERALL

VARIANCE / TREND

5%



- Hong Kong, Thailand, and South Korea are showing significant increase in BAR compared to 2022.
- Shanghai, Beijing, Tokyo, Osaka, Nagoya, Fukuoka, Singapore, New Delhi, Hyderabad, Pune, Bali, Nusa Dua, Bangkok, Phuket, Hong Kong, Ulaanbaatar, and Seoul are driving these increases in BAR.
- **Most markets in Asia have not met 2022 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 Q4.

Weighted average based on travel booking window:

- October : 60%
- November : 30%
- December : 10%

Shopping dates: Sep. 4 – Sep. 17 for departures in October, November and December.

HOTEL

2023 vs. 2022 comparison of average Flexible Best Available Rate (BAR) in the GDS and OTA for October, November and December.

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](#)