

ADVITO

AIR & HOTEL PRICE INDEX

PREDICTIVE ANALYTICS
Q1 2024



How to use this index

+5%

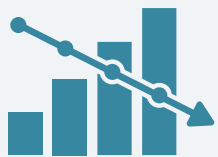
VARIANCE

The variance, represented by the percentages, is measuring **year-over-year** increase (or decrease) in air ticket price or hotel rate.



TREND

The trend, represented by the colored circles, shows the change in price **quarter-over-quarter**. If the circle is red, prices are going up, if it's teal they're going down, and if it's yellow the trend is flat.



It is possible to have a positive variance and negative trend (and vice versa).

For example, if the variance is +6% and but trend arrow is pointing down, it means that prices are 6% more expensive than they were during the same period in the previous year, but they are less expensive than they were the previous quarter.

Global Air Price Index Q1 2024

Global trends across business and economy class



ORIGINATING FROM	INTERCONTINENTAL				DOMESTIC & REGIONAL			
	BUSINESS		ECONOMY		BUSINESS		ECONOMY	
	VARIANCE Year-over-Year	TREND Quarter-over-Quarter	VARIANCE Year-over-Year	TREND Quarter-over-Quarter	VARIANCE Year-over-Year	TREND Quarter-over-Quarter	VARIANCE Year-over-Year	TREND Quarter-over-Quarter
Africa	+1%	↑	+1%	↑	+2%	=	+3%	↓
Asia	-19%	↓	-23%	↓	-2%	↑	-1%	↑
Europe	-6%	↓	-9%	↓	+3%	↓	+3%	↓
Latin America	-2%	↑	+1%	↑	+4%	↑	-5%	↑
Middle East	-4%	↓	-5%	=	-3%	=	-5%	=
North America	-7%	=	-9%	=	+2%	↑	+1%	=
Southwest Pacific	-11%	↓	-8%	=	-5%	↓	-15%	↓

VARIANCE = Q1 2024 vs. Q1 2023 **TREND** = Q1 2024 vs. Q4 2023

= Flat ↑ Increase ↓ Decrease

Intercontinental

- **Intercontinental fares are dropping** driven by a significant airline capacity rebound in Asia and the solid growth of frequencies on the North transatlantic sector.
- **Asia yields are falling** with the fastest recovery in major markets like China and Japan. Fares from/to Asia and Southwest Pacific were unusually high last year. This is a pricing adjustment with a return to a more normal supply environment.

Domestic & Regional

- **Fares have entered a stabilization phase.** Airline capacity recovery is now complete. Strong demand is maintaining fares at a high level.
- **The NDC launch, including the removal of low fares from the GDS, has a marginal impact on fare trends** since few airlines have taken this approach and their competitors have maintained attractive GDS fares (on US domestic flights, for instance).

Global Hotel Price Index Q1 2024

Variance in average daily rates Q1 2024 vs. Q1 2023

	Variance Year-over-Year	Trend Quarter-over-Quarter
Africa	+3%	↓
Asia	+4%	↓
Europe	+11%	↓
Latin America	+11%	↓
Middle East	1%	↑
North America	+3%	↓
Southwest Pacific	+1%	=
GLOBAL	+7%	↓

VARIANCE = Q1 2024 vs. Q1 2023 **TREND** = Q1 2024 vs. Q4 2023

= Flat ↑ Increase ↓ Decrease

- Inflation, leisure travel, and internal hotel 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.
- Occupancy is down compared to 2022, yet there are higher than expected rate increases. However, the increases seem to be slowing **in the first quarter of 2024** as leisure travel is softening.



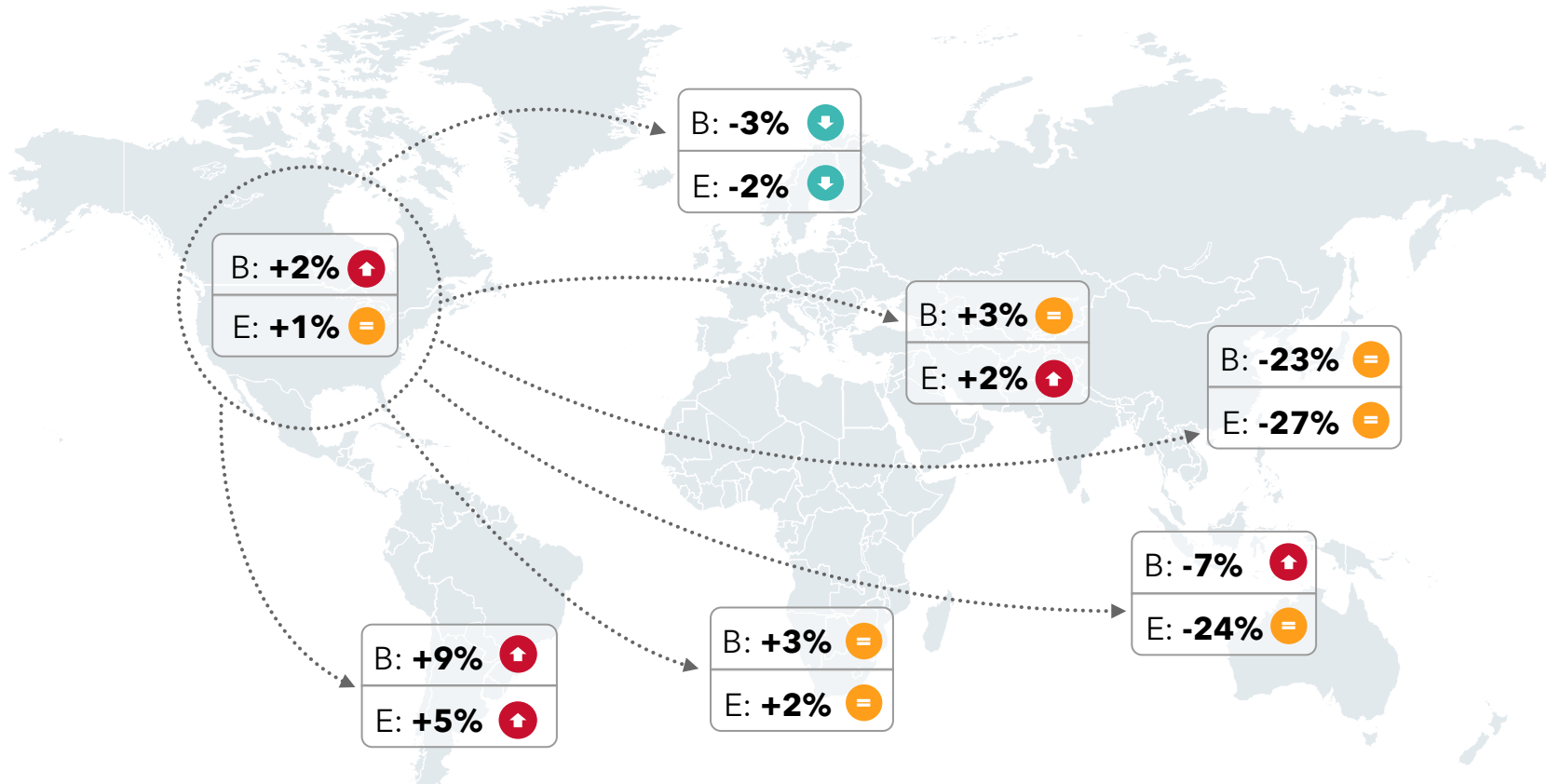
MARKET SNAPSHOT:

NORTH AMERICA

Air Price Index Q1 2024

Average ticket prices % period-over-period

NORTH AMERICA



B: BUSINESS **E:** ECONOMY **VARIANCE / TREND**

VARIANCE = Q1 2024 vs. Q1 2023 **TREND** = Q1 2024 vs. Q4 2023

= Flat ↑ Increase ↓ Decrease



NORTH AMERICA OVERALL

INTERCONTINENTAL			
BUSINESS		ECONOMY	
VARIANCE	TREND	VARIANCE	TREND
Year-over-Year	Quarter-over-Quarter	Year-over-Year	Quarter-over-Quarter
-7%	=	-9%	=
DOMESTIC & REGIONAL			
BUSINESS		ECONOMY	
VARIANCE	TREND	VARIANCE	TREND
Year-over-Year	Quarter-over-Quarter	Year-over-Year	Quarter-over-Quarter
+2%	↑	+1%	=

- **Airfares are stabilizing on US domestic routes** due to a relaxation of airline capacity discipline.
- **Intercontinental overall's downtrend is driven by a strong restart of airline operations** to Asia (especially China) and the Southwest Pacific. Abnormally high fares from last year are now back to normal.
- **There is a slight drop of fares to Europe** (mostly UK), while fares to Latin America are rising (Brazil being the main reason for this increase).

American Airlines NDC fares

Any value for your air program?

Lowest Available AA NDC fares vs GDS fares

AA NDC:	US domestic	US to Europe	US to South America
BUSINESS			
Vs. AA GDS	-16%	N/A	-5%
Vs. DL GDS	+3%	N/A	-3%
Vs. UA GDS	-1%	N/A	-4%
ECONOMY			
Vs. AA GDS	-26%	-4%	-7%
Vs. DL GDS	+3%	+5%	-3%
Vs. UA GDS	+4%	-3%	-2%

METHODOLOGY

Comparison of lowest available American fares (NDC vs GDS-Edifact) on the exact same round-trip flights (*Basic fares excluded*) and with Delta and United GDS-Edifact fares.

Observation dates: November 27 - December 4, 2023

Travel dates: January 1-31, 2024

Scope: Top business travel markets

Fare category: Main economy only (*Basic fares excluded*) + Business

HIGHLIGHTS

US DOMESTIC

American NDC vs. American GDS

- Competitive AA NDC fares combined with a large availability on main US domestic markets.
- \$126 price gap in Economy (round-trip fares), \$516 in Business (round-trip fares on Transcon flights).
- Significant NDC fare availability even closer to departure.

American NDC vs. Delta GDS and United GDS

- Overall higher AA NDC fares versus comparative DL and UA GDS fares.
- AA NDC fares are not so appealing when compared to US competitors.

INTERCONTINENTAL

American NDC vs. American GDS

- Low NDC pricing advantage vs. GDS channel.
- Rather poor availability of NDC fares on high yield segments.

American NDC vs. Delta GDS and United GDS

- No major pricing gaps between the three carriers.

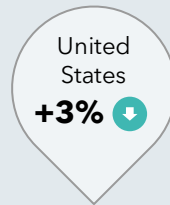
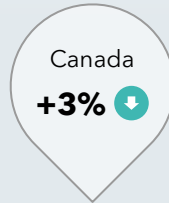
RECOMMENDATIONS

1. **NDC will grow and become the standard** in the long term. Establish if its valuable to you now (especially on American monopolistic or dominant markets).
2. **Evaluate the servicing capabilities** and any impacts to your travelers.
3. **Check if benefits are available** through your existing online and offline channels.
4. **Analyze the direct and indirect costs** and decide with your TMC on the way ahead.

Hotel Price Index Q1 2024

Average hotel rates % period-over-period

NORTH AMERICA



VARIANCE = Q1 2024 vs. Q1 2023 **TREND** = Q1 2024 vs. Q4 2023

○ Flat ↑ Increase ↓ Decrease



NORTH AMERICA OVERALL

VARIANCE Year-over-Year	TREND Quarter-over-Quarter
-2%	↓

- **Most increases in the best available rate (BAR) have slowed** in major markets, except New York.
- The highest increases in Canada are driven by significant increases in BAR in Winnipeg and Niagara Falls.
- The increase in United States is driven by increases in BAR in New York, Chicago, and Las Vegas.
- **Most markets in North America have not met 2022 occupancy levels to date.**

METHODOLOGY

AIR

2024 vs. 2023 comparison of average fare available in GDS in Q1.

Weighted average based on travel booking window:

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

Shopping dates: Nov. 27 - Dec. 4 for departures in January, February and March.

HOTEL

2024 vs. 2023 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 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.

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