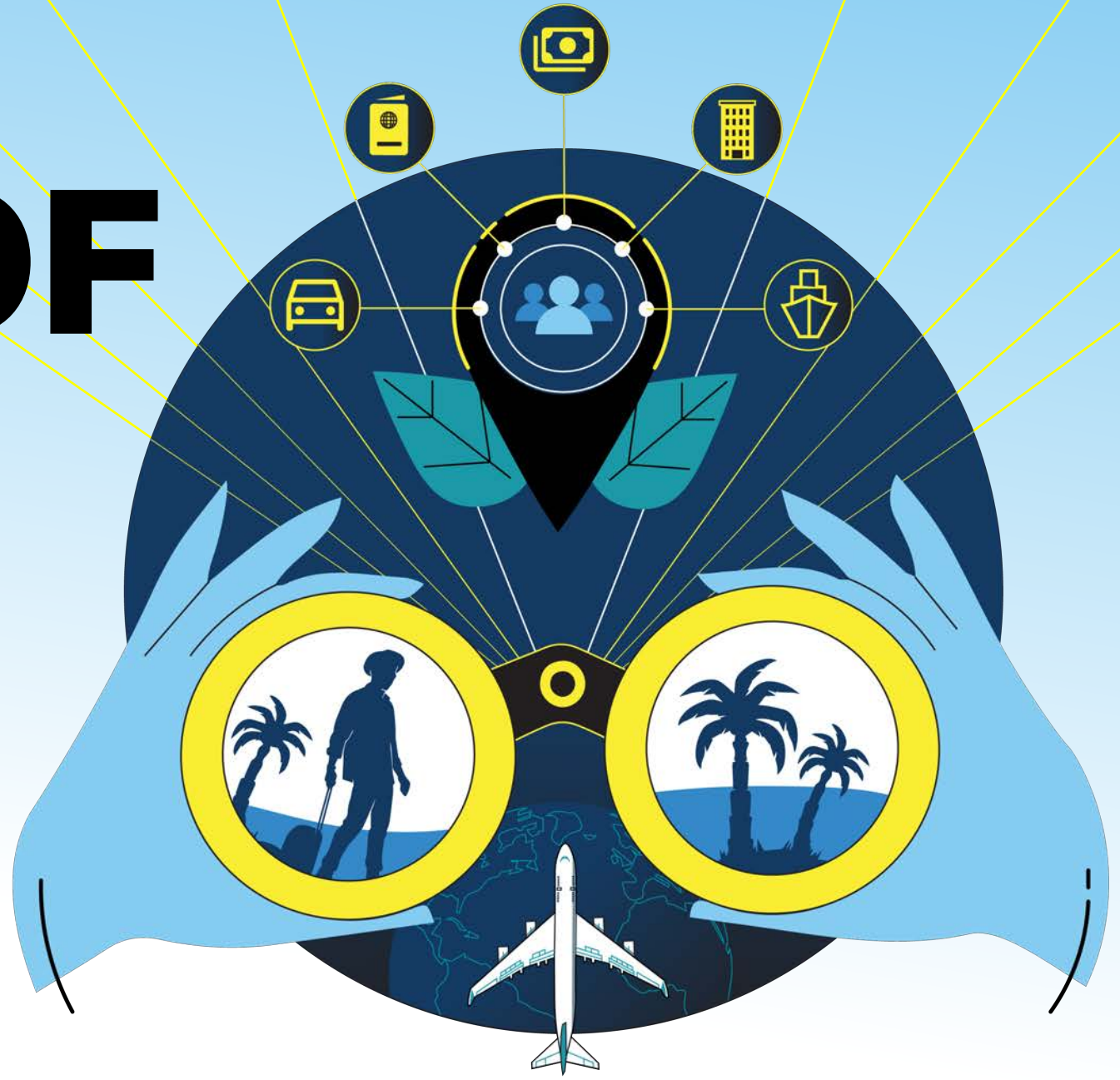


# STATE OF TRAVEL 2023

250+ insights defining  
the state of travel today and  
the trends that will shape the future



# STATE OF TRAVEL 2023

**250+ insights defining the state  
of travel today and the trends  
that will shape the future**

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ABOUT

# SKIFT RESEARCH

**Skift Research** provides proprietary research, analysis, and premium data tools for travel industry leaders and their teams to better understand the industry and the outside forces driving change.

Our team uses financial and economic analysis and proprietary survey data to support qualitative observations and travel-focused forecasts. We work with more than 25 data partners from across the travel industry to provide timely insights into the performance of sectors and countries.

By combining extensive industry experience, rigorous quantitative analysis, and access to top executives at nearly every major travel company, we are able to launch over 50 comprehensive research reports annually that aim to help you understand the industry and the outside forces shaping the future of travel.

Interested in subscribing? Learn more [here](#).

Any questions, please contact **Farheem Aziz** at [fa@skift.com](mailto:fa@skift.com)

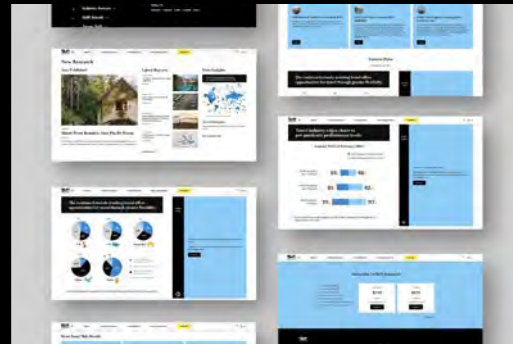
# DATA USED IN THIS REPORT IS SOURCED FROM SKIFT RESEARCH DATA PRODUCTS AND REPORTS, AND THIRD-PARTY SOURCES

## TRAVEL HEALTH INDEX



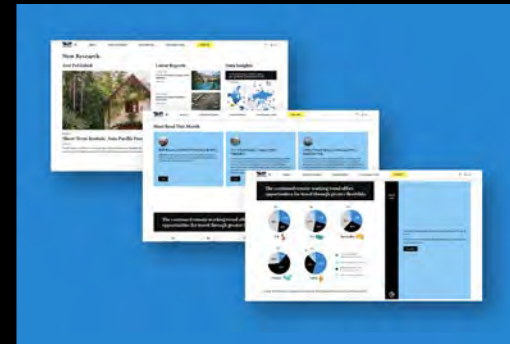
Real-time performance of travel verticals in 22 countries, based on data from 20+ partners across key travel verticals.

## SKIFT STOCK INDEX



COMING SOON: Comprehensive tracking of the most important businesses in travel, following 100+ publicly traded companies.

## HOTEL TECH BENCHMARK



Market sizes and landscapes of major hotel tech categories, based on our proprietary data calculations.

## SKIFT RESEARCH REPORTS



Comprehensive reports including industry deep dives, consumer surveys, trend reports, and more.

# INTRODUCTION

1/2

**Welcome to Skift Research's State of Travel 2023 report.**

Travel is back! While 2022 was all about bumper performances in some countries and sectors, and lagging performances in others, we can truly say that 2023 is the year that travel fully recovered. Sure, there continue to be weaknesses in demand, issues with supply, and a nagging worry about the broader economy, but everything points to travel getting back to the status quo.

This State of Travel 2023 report, then, is a positive report, but we want the industry to be clear-eyed about the persisting and upcoming challenges. We have gone to great lengths to explore key trends (and fads) from different angles, to provide you, the reader, with a strong foundation and understanding of the world you work and live in.

# INTRODUCTION

2/2

This report highlights many opportunities. We discuss the biggest consumer, business, and investment trends, so you can stress-test, and where needed alter, your strategies. Take this report as a starting point for discussions about how your company, association, or destination can benefit from these opportunities.

The report draws on Skift Research's own research and third-party data sources to analyze the industry's current performance, and chart travel's path forward, all backed by real-world data. We provide over 250 graphs and statistics in this deck.

The first section of the report covers travel's performance, as well as the wider economic landscape. The second section is all about trends. Finally, the third section provides sectoral coverage with quick overviews of every noteworthy travel sector.

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1.

# TRAVEL AND TOURISM

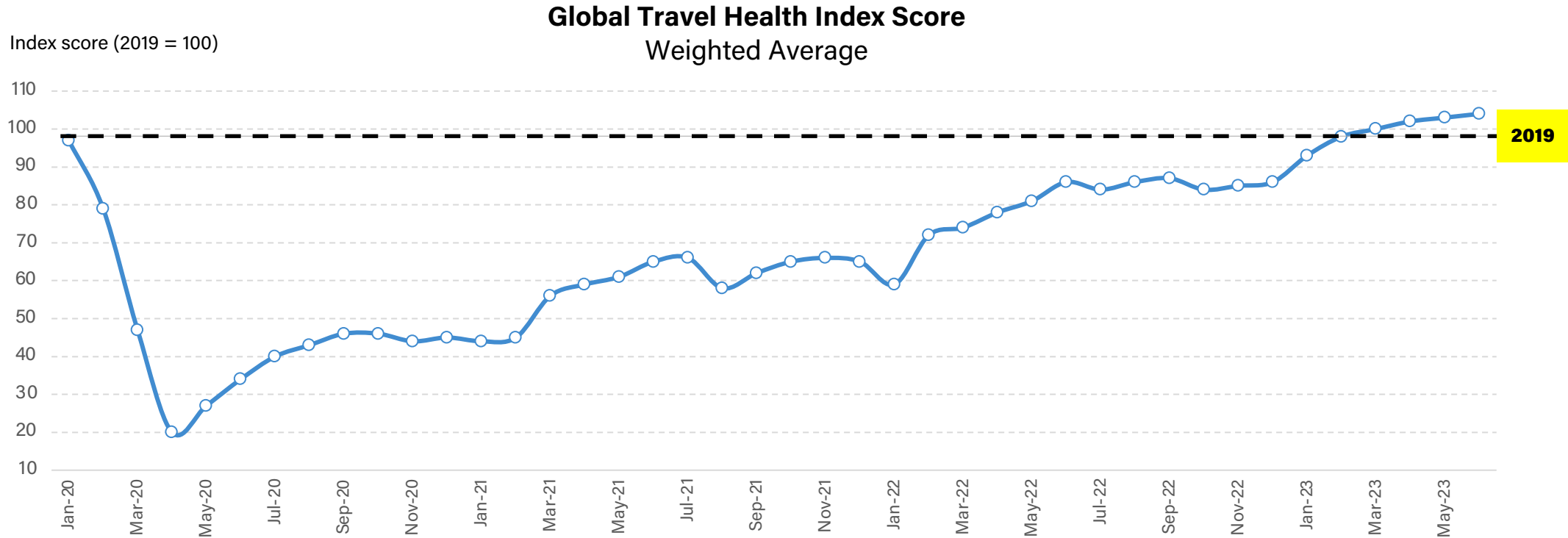




# Global Travel Makes a Strong Comeback

Skift Research's Travel Health Index tracks 84 travel indicators across 22 countries with data from 22 partners. The first time that the global travel rebound surpassed 2019 levels was in April 2023. In exactly three years after its lowest point in April 2020, the industry underwent a stunning swing back.

- 1.1 Global Travel Recovery
- 1.2 North America
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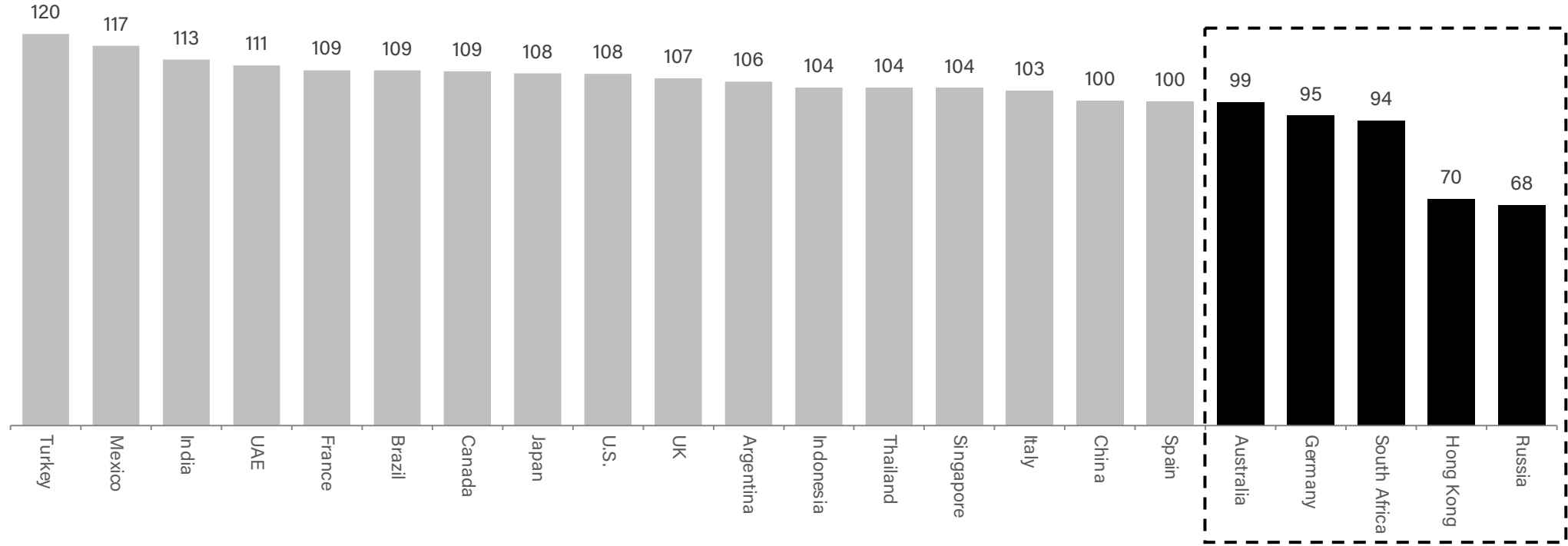
Note: All data versus same month in 2019.

Source: [Skift Travel Health Index](#), data as of July 2023.

# Global Travel Makes a Strong Comeback

17 out of 22 countries tracked by the Travel Health Index are part of the “100 Club” with index score of 100 or higher as of June 2023. This indicates complete recovery to pre-pandemic performance levels. Of the five countries that have not reached full travel recovery, Hong Kong and Russia remain the slowest to bounce back.

**Travel Health Index Scores June 2023**  
Relative to 2019



Note: All data versus same month in 2019.

Source: [Skift Travel Health Index](#), data as of July 2023.



1.1 Global Travel Recovery

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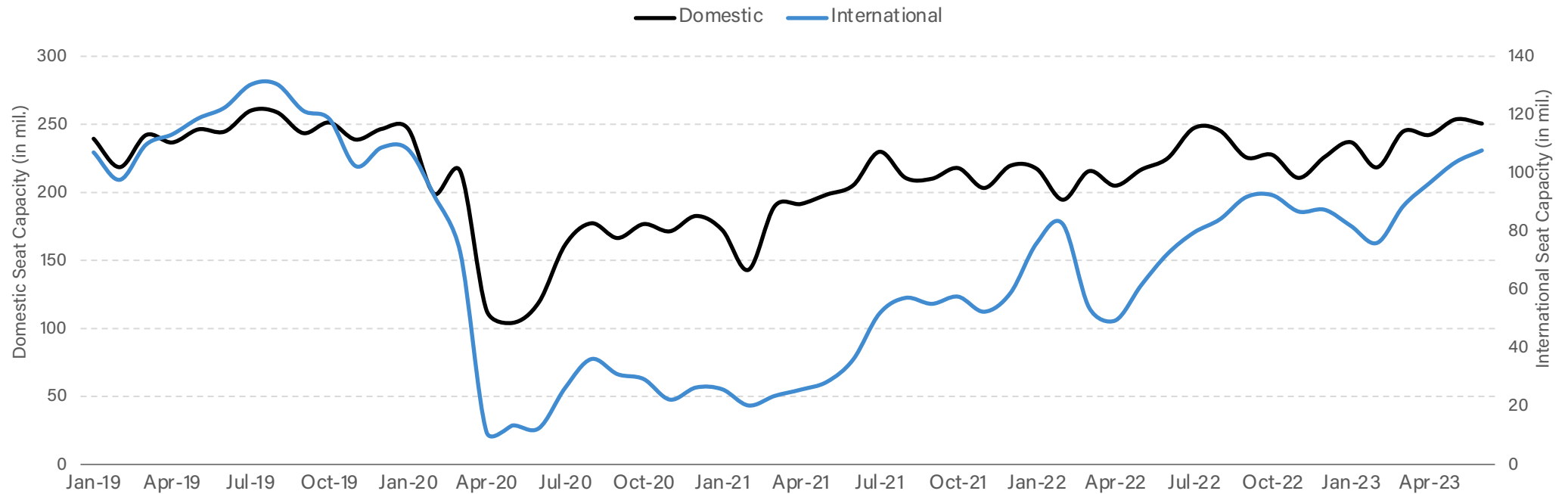
1.6 Latin America



# Domestic Demand Fuels Travel Recovery

Most countries being back to 100% of pre-pandemic performance levels, does not mean that everything is back to 'normal'. We have seen some considerable shifts in performance, including a move towards more domestic travel which continues to persist. While international travel has been slower to recover, domestic travel has bounced back to pre-pandemic performance levels.

Global Airline Seat Capacity



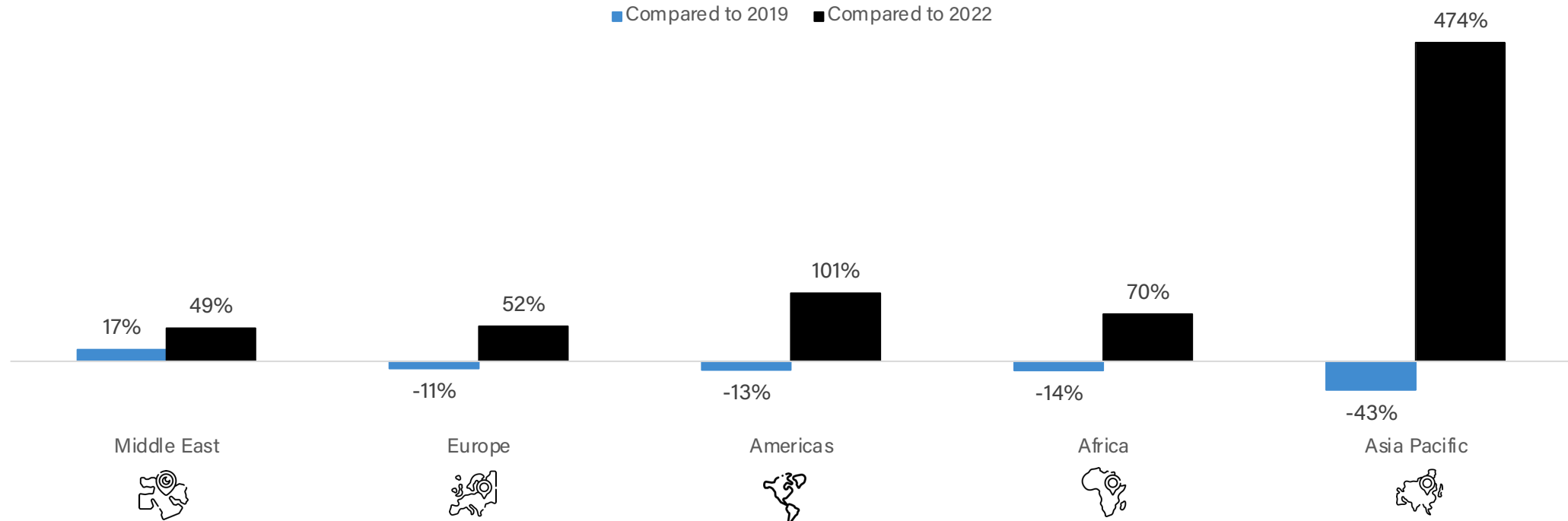
Note: Data is for 22 countries tracked in the Skift Travel Health Index.

Source: OAG, data as of July 2023.

# International Travel is Yet to Recover

International travel in most regions still lags 2019 levels. The Middle East is the only region to witness a complete recovery of international travel in the first quarter of 2023.

**International Tourist Arrivals Growth by Region**  
Jan-Mar 2023



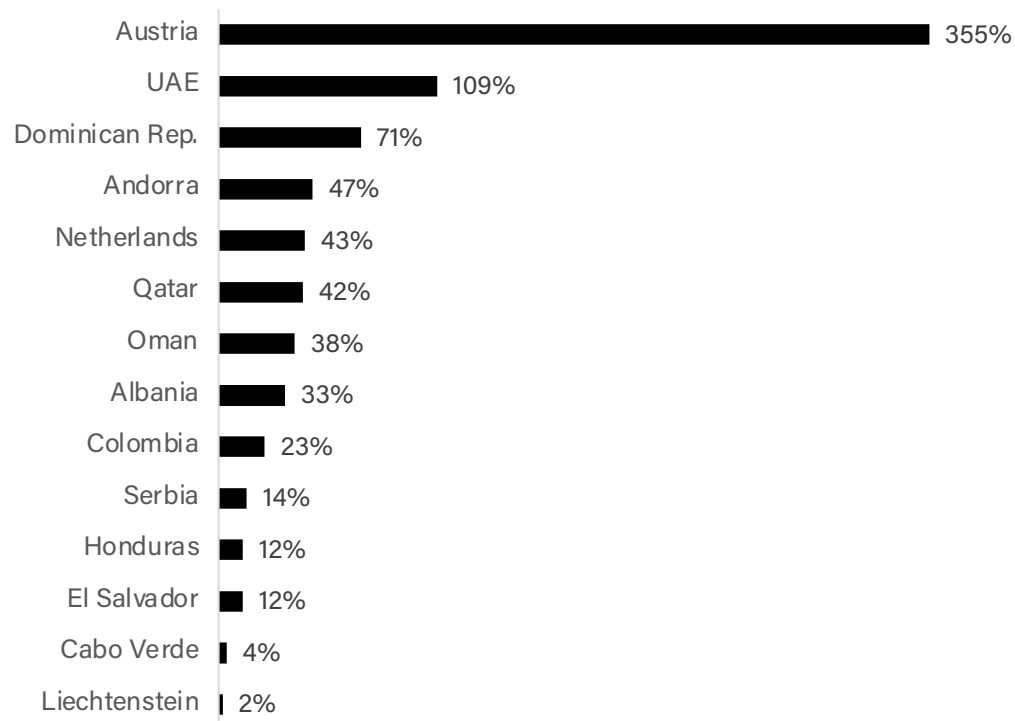
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# Top Destinations Seeing the Strongest Rebound in International Arrivals in 2022

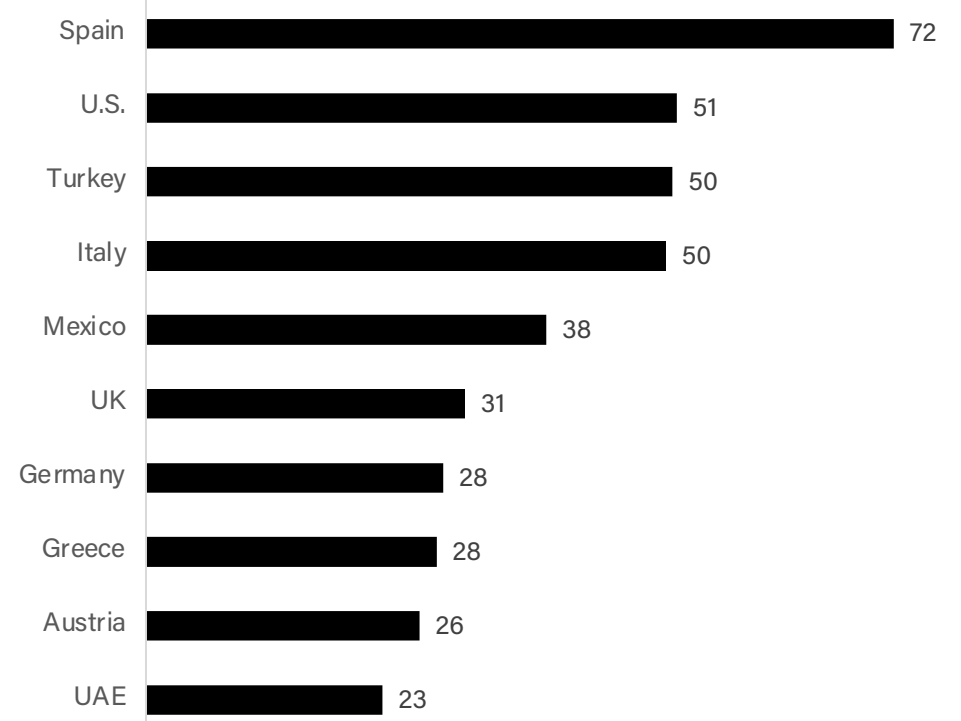
- 1.1 Global Travel Recovery
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**Fastest Growing Destinations for International Arrivals - 2022 vs 2019**



**Top Destinations for International Arrivals in 2022 (Millions)**



Note: UNWTO does not have 2022 data for France.

Source: UNWTO, data as of June 2023.

# Summer 2023 Hotspots

Although European destinations garner the highest traveler interest in summer 2023, Asia Pacific appears to be regaining popularity.

## Most Searched Destinations for Travel in Summer 2023

Rank	Destination	Country	Region
1	 Bangkok	Thailand	Asia Pacific
2	 Paris	France	Europe
3	 London	UK	Europe
4	 Denpasar Bali	Indonesia	Asia Pacific
5	 Barcelona	Spain	Europe
6	 New York	U.S.	North America
7	 Lisbon	Portugal	Europe
8	 Istanbul	Turkey	Europe
9	 Madrid	Spain	Europe
10	 Athens	Greece	Europe



1.1 Global Travel Recovery

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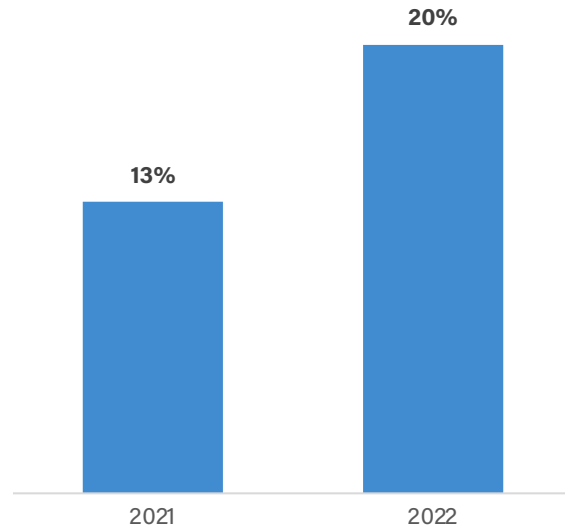


# Some Pandemic Booking Habits Seem to Last

While the pandemic has been left behind in many ways, there are some habits that have not reverted back to pre-pandemic levels.

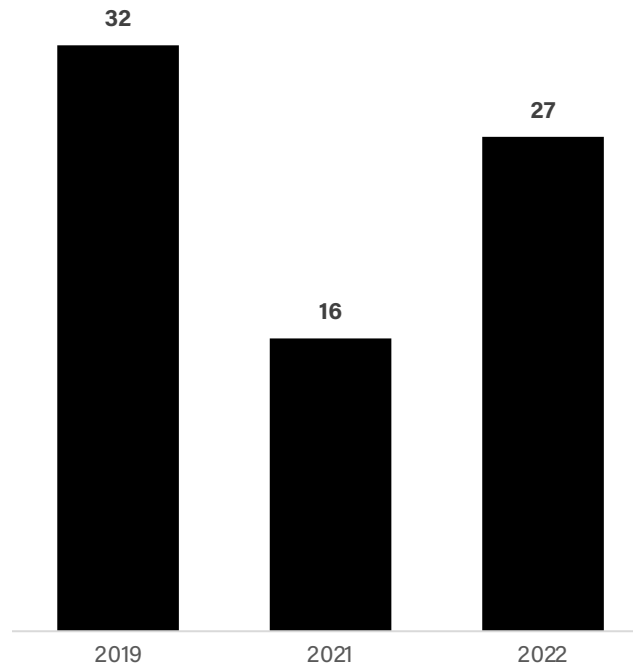
## Flexible Bookings

Percentage of travelers for whom cancellation policy is important when making flight bookings



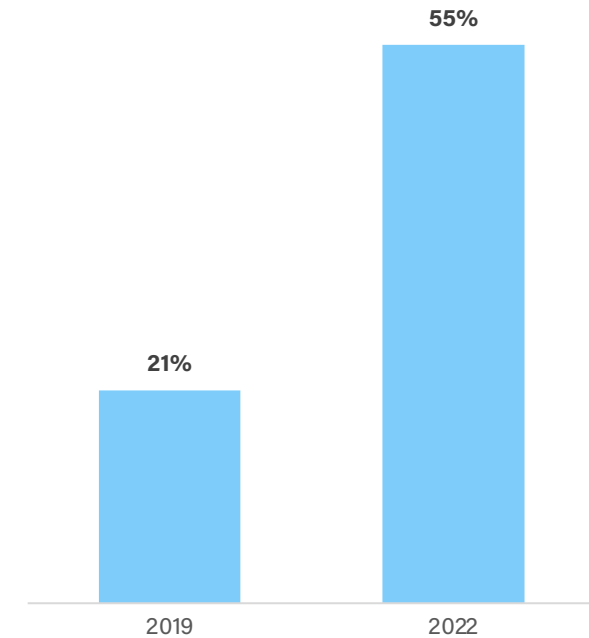
## Booking Windows

Flight booking windows, in number of days



## Travel Insurance

Percentage of travelers who intend to buy travel insurance

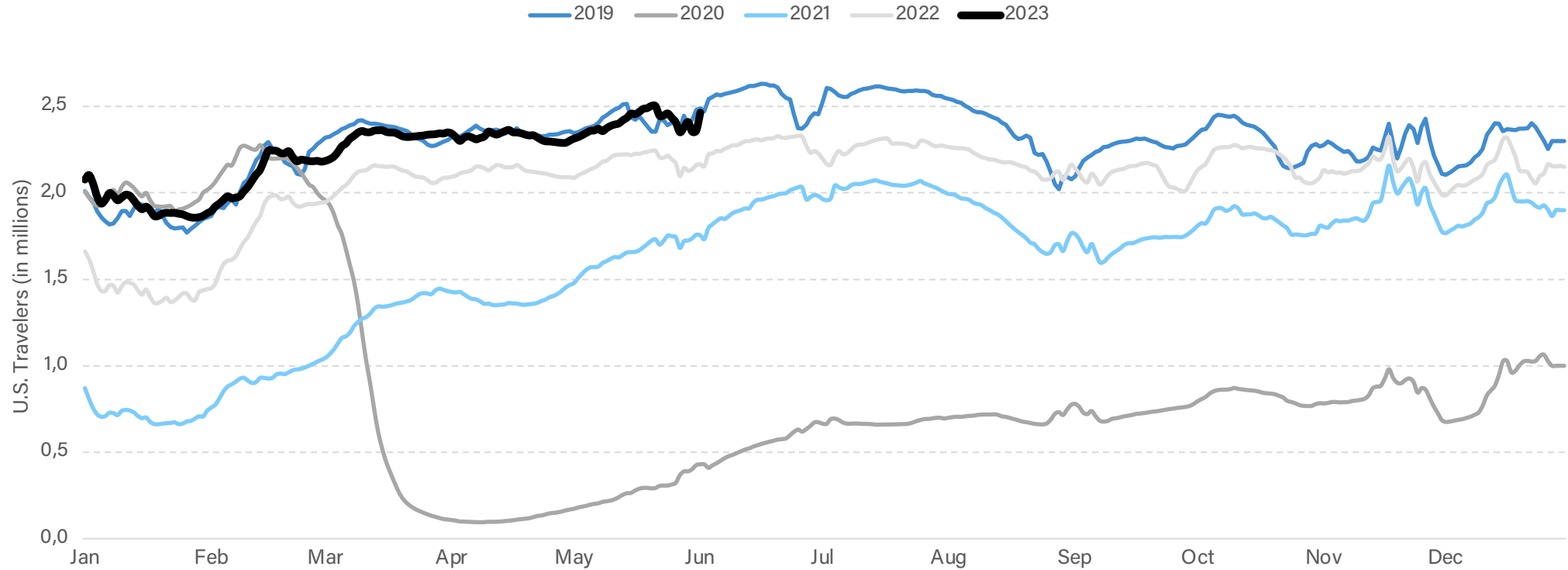


Source: Skift Research and World Travel and Tourism Council, data as of June 2023.

# U.S. Travel Volumes are Back

Despite the looming fear of recession, Transportation Security Administration (TSA) checkpoint data show that travel volumes in the U.S. now mirror 2019 levels.

### Seven-Day Rolling Average of TSA Throughput (millions/day)

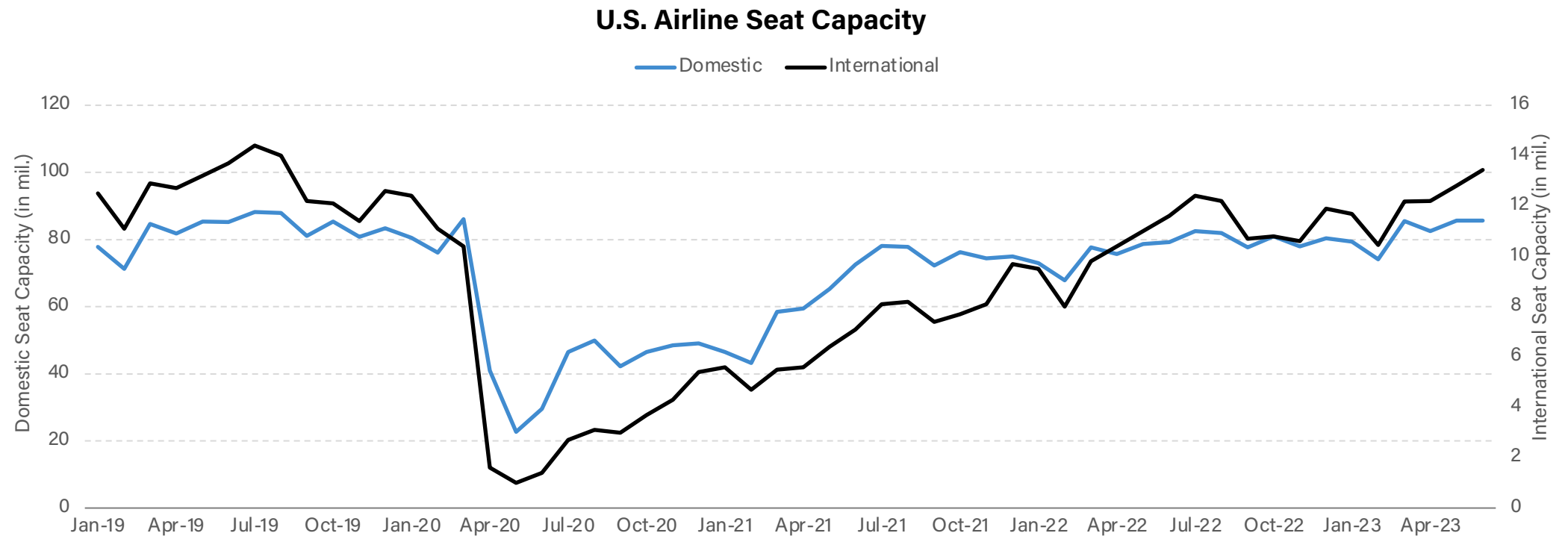


Source: TSA, data as of June 2023.



# International Flights Catch Up with Domestic in the U.S.

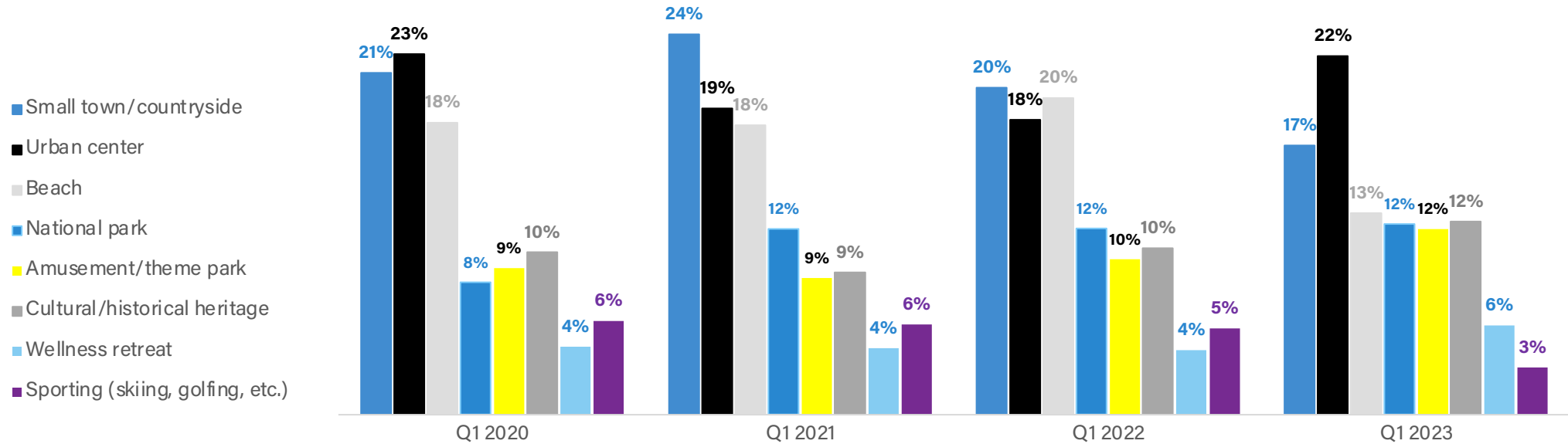
While international travel in the U.S. has been slower to recover, domestic travel has been back to pre-pandemic levels since mid-2021.



# Urban Centers Making Comeback

Urban areas dropped in popularity during the pandemic but are making a strong comeback in the U.S. according to our survey data.

### U.S. Top Destination Types Q1 2020 - 2023



Note: Survey was conducted in April 2023. N = 200 business travelers, 800 leisure travelers.

Source: Skift Research, data as of May 2023.

Reproduced from [U.S. Travel Tracker, Q1 2023](#), May 2023.

# U.S. Outbound Travel is Looking Up

U.S. outbound travel spending is \$2 billion above pre-pandemic levels.

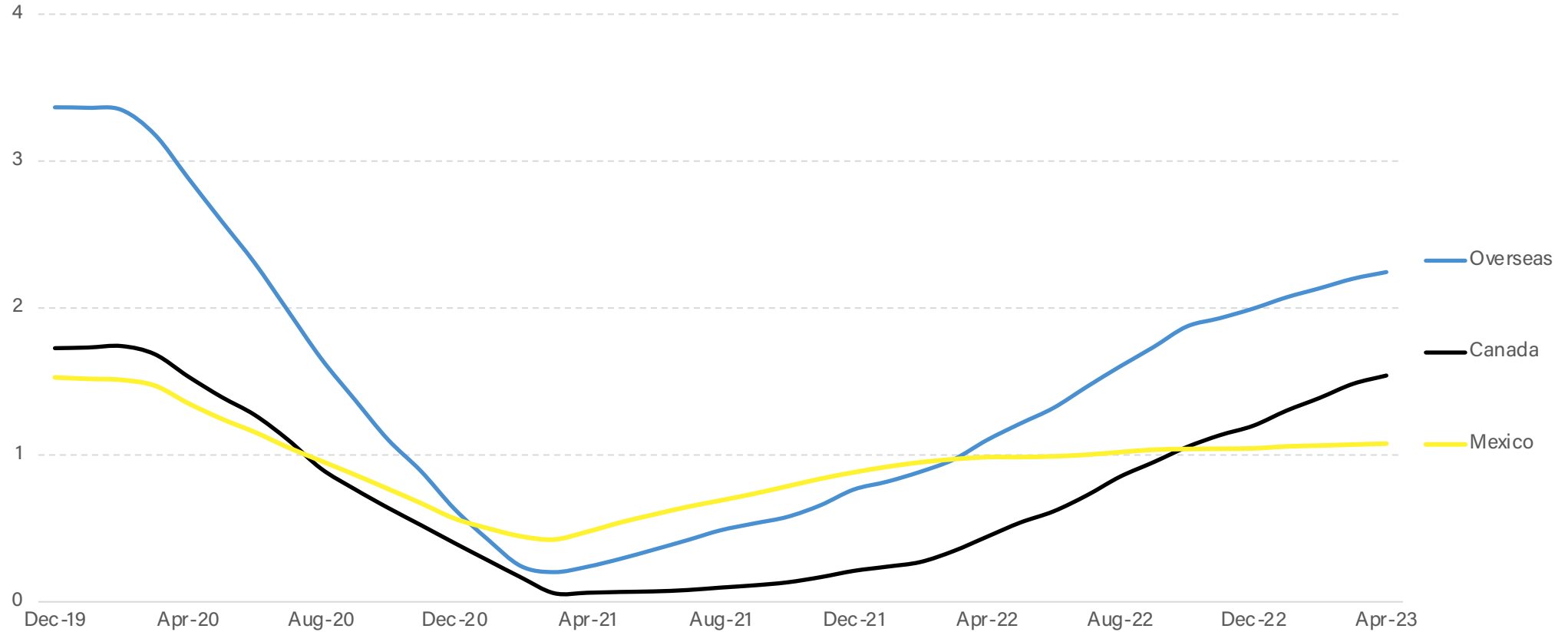
U.S. Outbound Travel Spend (\$ million)



Source: National Travel and Tourism Office (NTTO), data as of June 2023.

# Inbound Travel to U.S. is Still Recovering

**International Arrivals to U.S.**  
Trailing 12M Moving Average (millions)



Source: National Travel and Tourism Office (NTTO), data as of July 2023.

# Travel in Europe is Back to 2019 Levels

## Europe Nights Spent in Tourism Accommodation Growth over 2019



1.1 Global Travel Recovery

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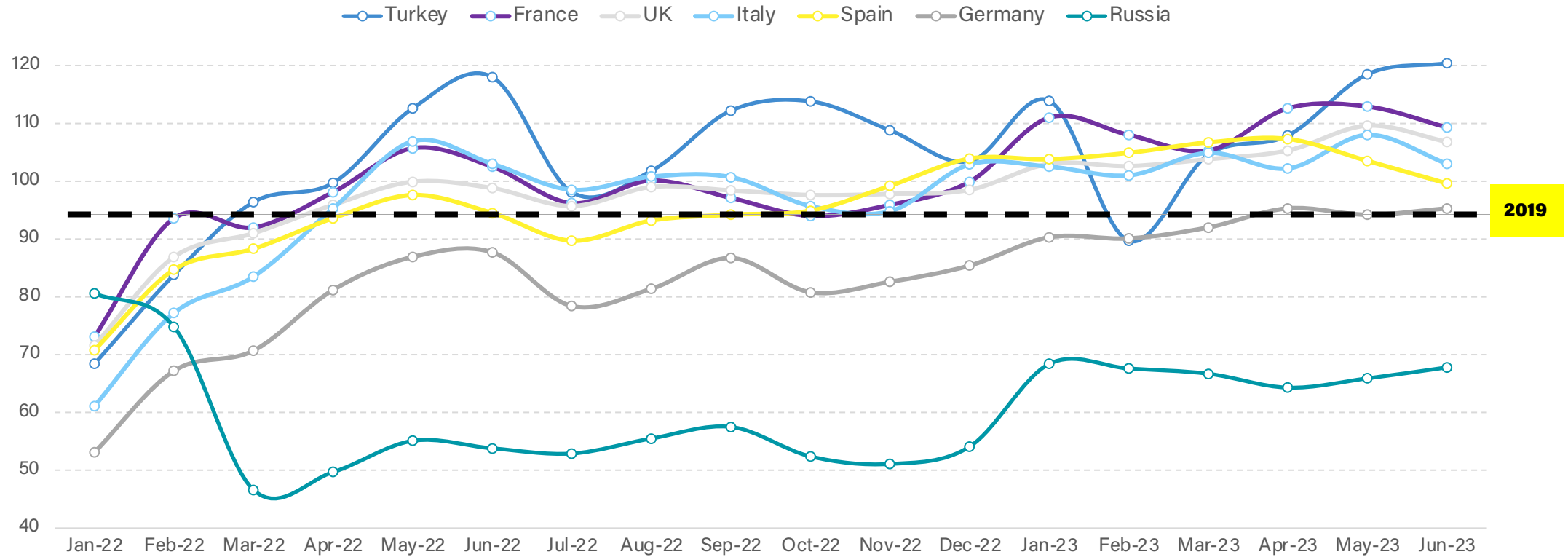
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# Russia Has Held Back Europe Recovery

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Europe Travel Health Index Score by Country  
Weighted Average



Note: All data versus same month in 2019.

Source: [Skift Travel Health Index](#), data as of July 2023.

# Europe's Accommodation Sector Thrives

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## Vacation Rentals

Vacation rentals continue to be the best-performing sector, 22% above pre-pandemic levels.

## Car Rentals

Car rental performance has declined due to a slump in inbound car rental bookings. As of June 2023, the sector is at 92% of pre-pandemic performance.

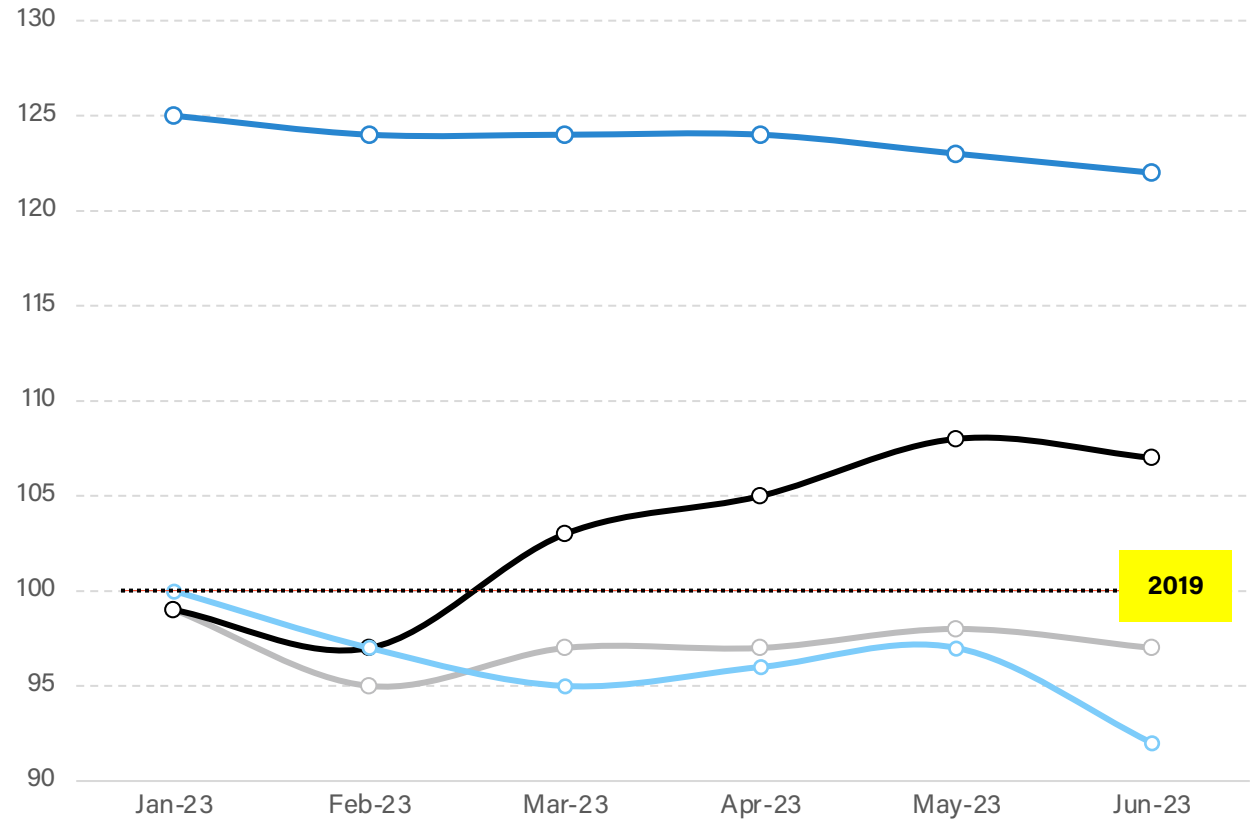
## Hotels

The hotel industry in Europe is thriving and was 7% above 2019 levels in June 2023.

## Aviation

Although the aviation sector has struggled to fully recover, it is now at 97% of 2019 levels as of June 2023.

Europe Travel Health Index Score by Sector  
Relative to 2019



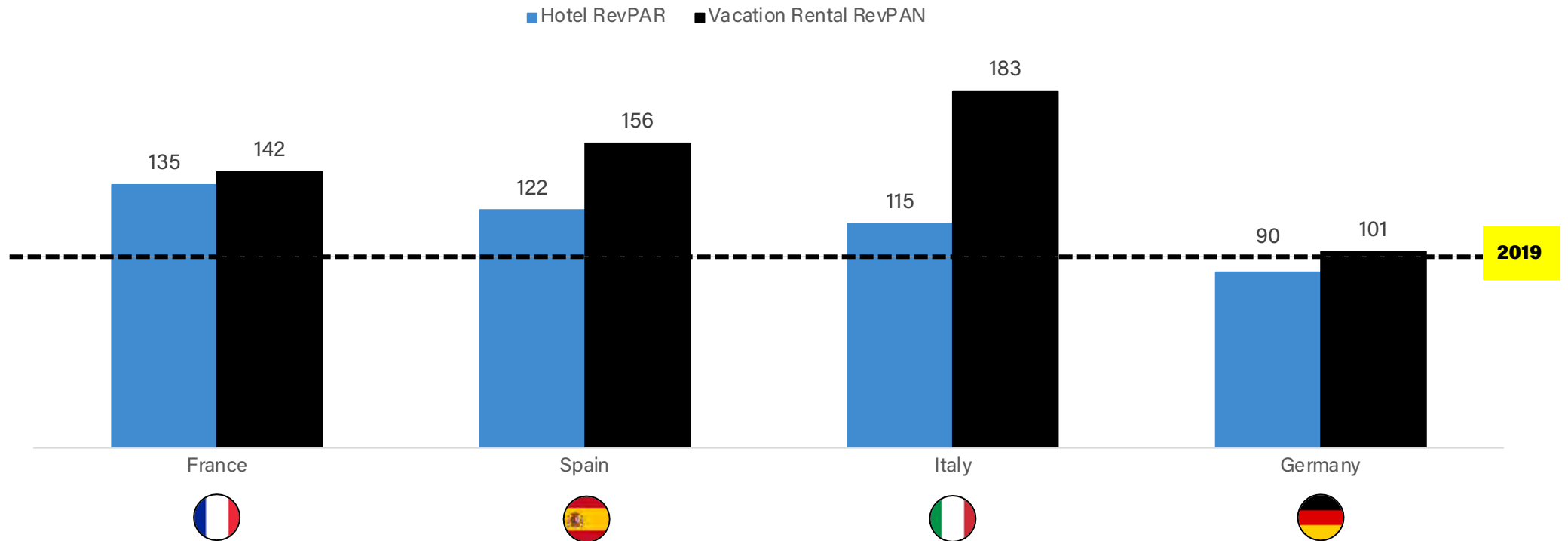
Note: All data versus same month in 2019.

Source: [Skift Travel Health Index](#), data as of July 2023.

# Alternative Accommodation Spearheads Recovery

Vacation rentals have led sector recovery in European countries.

**Accommodation Sector Performance Index - March 2023 vs March 2019**



- 1.1 Global Travel Recovery
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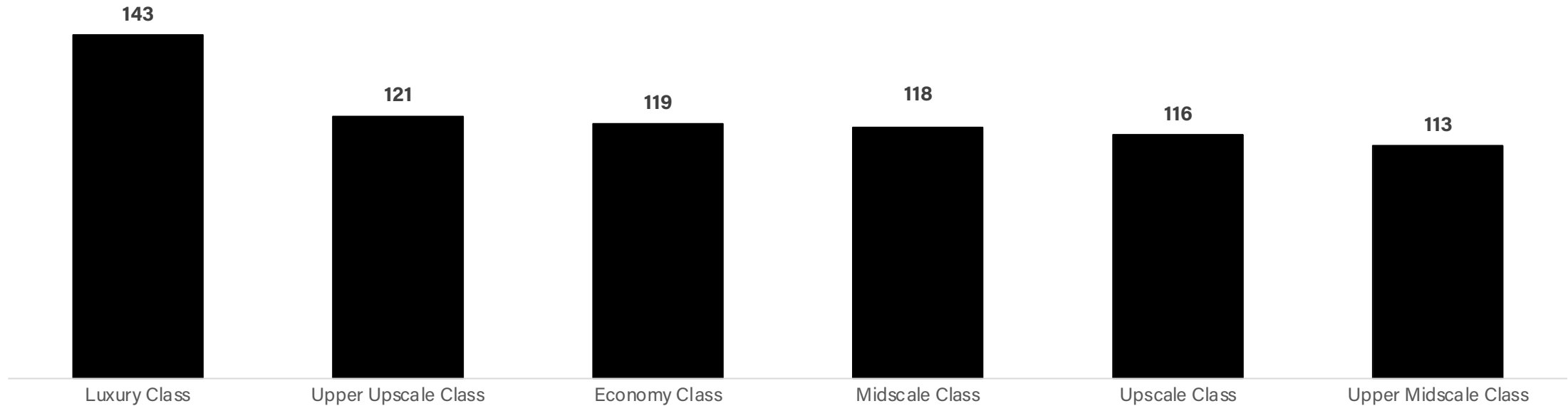
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# Europe's Hotel Rates Fully Recovered with Luxury in the Lead

While tourism volumes have not fully recovered in many countries, higher prices have benefited destinations.

Europe Hotel Average Rate Index  
Index - March 2023 vs March 2019



# Airline Industry's Road to Recovery: A Work in Progress

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Europe Number of Flights Growth over 2019

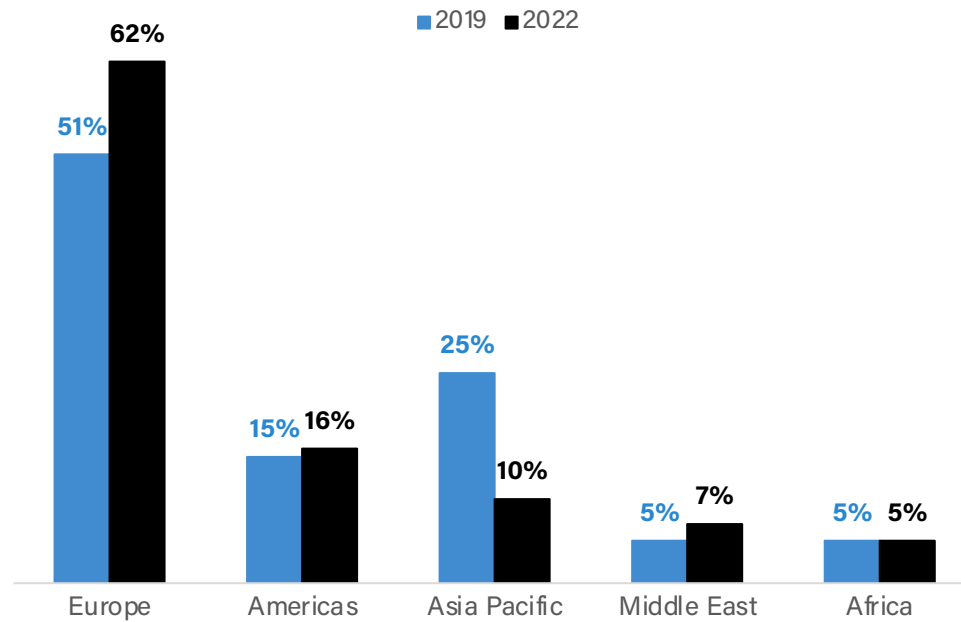


Source: Eurostat with data from Eurocontrol, data as of June 2023.

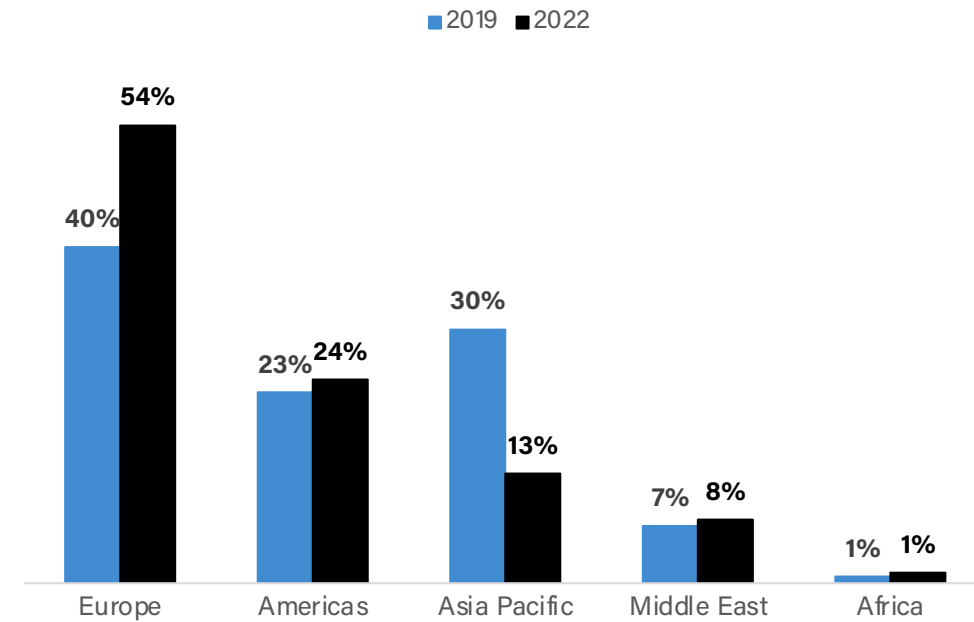
# Europe Extends Lead as Most Popular Destination

The closure of Asia Pacific for travel, convenient travel requirements, and restored connectivity helped Europe gain travel market share in 2022 and extend its lead as the most popular destination.

### Share of Inbound Arrivals by Region



### Share of Inbound Receipts by Region



# Spain Most Sought After Country in Europe

Country	T12M April 2023 Nights Spent in Tourist Accommodation	% Change over 2019
 Spain	38,798,647	-0.1%
 France	36,707,177	-0.9%
 Germany	35,049,500	-4.2%
 Italy	34,944,611	-2.6%
 Turkey	19,187,514	6.6%
 Netherlands	11,270,237	9.3%
 Greece	10,890,726	-4.5%
 Austria	10,046,351	-3.9%
 Portugal	6,781,478	6.5%



1.1 Global Travel Recovery

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1.5 Middle East and Africa

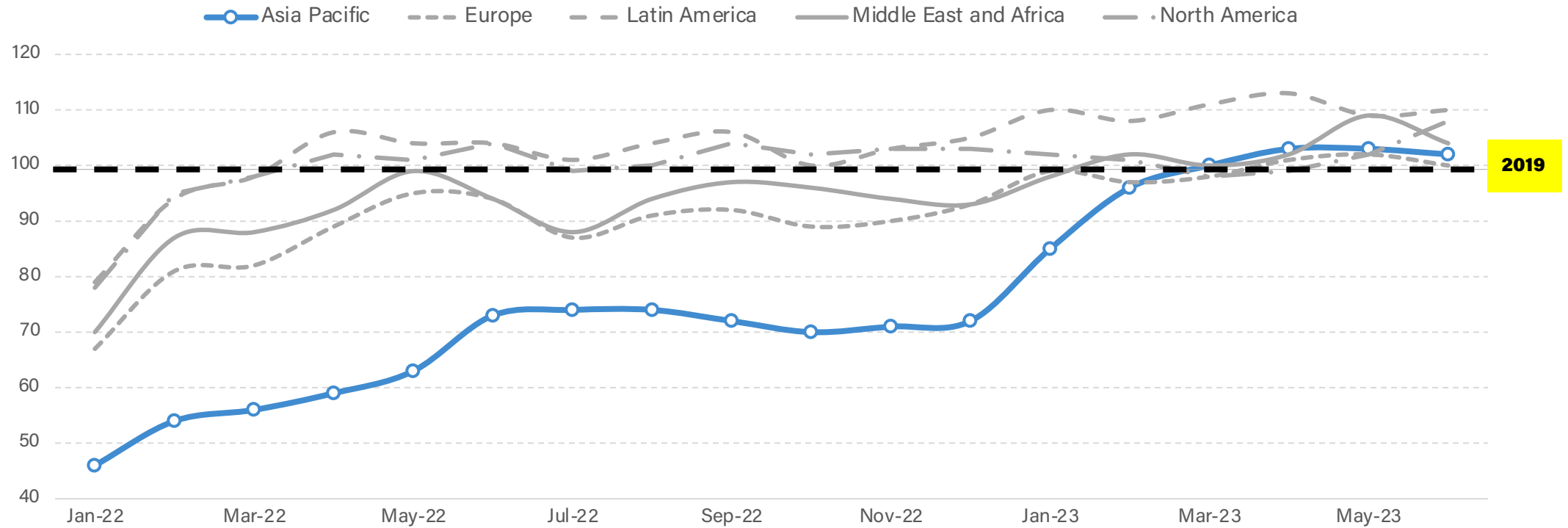
1.6 Latin America



# Asia Drives Final Leg of Global Travel Revival

Asia Pacific's travel rebound in 2023 bumped the global travel index beyond 2019 levels.

**Global Travel Health Index Score by Region**  
Weighted Average



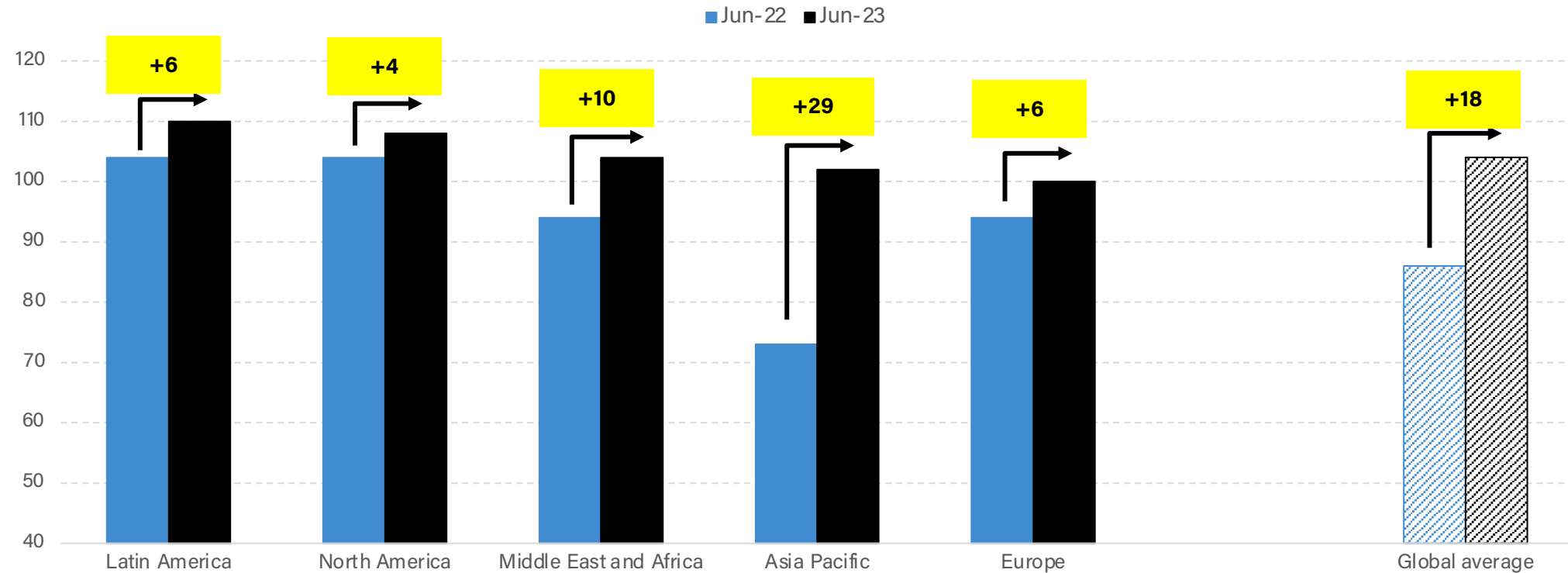
Note: All data versus same month in 2019.

Source: [Skift Travel Health Index](#), data as of July 2023.

# Asia Drives Final Leg of Global Travel Revival

As of June 2023, Asia Pacific gained 29 percentage points compared to June 2022.

Global Travel Health Index Score by Region  
Weighted Average



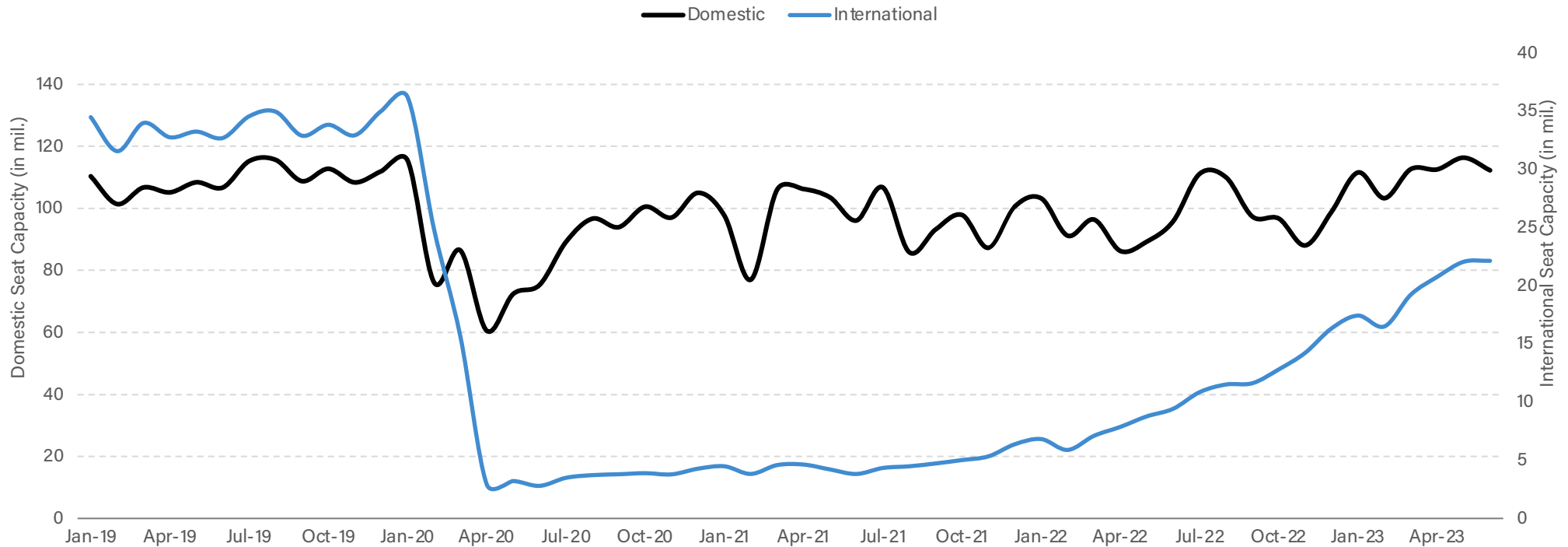
Note: All data versus same month in 2019.

Source: [Skift Travel Health Index](#), data as of July 2023.

# Strong Domestic Performance Propels Asia's Travel Sector

International airline seat capacity is still recovering.

Asia Pacific Airline Seat Capacity







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# Long-Haul Travel Down Significantly

Four Asian countries were in the top 10 of visitors to the U.S. in 2019. None have recovered, though India is closest. East Asian nations like Japan, China, and South Korea have fallen dramatically. China saw the biggest decline with arrivals down 81% vs. pre-Covid levels.

## U.S. Inbound Arrivals From Major Asian Source Markets

Country	T12M April 2023 Arrivals	% Change over 2019 Arrivals	2019 Inbound Rank	2023 Inbound Rank
 Japan	883,468	-76%	#4	#10
 China	544,296	-81%	#5	#15
 South Korea	1,285,264	-44%	#6	#8
 India	1,409,760	-4%	#10	#6



1.1 Global Travel Recovery

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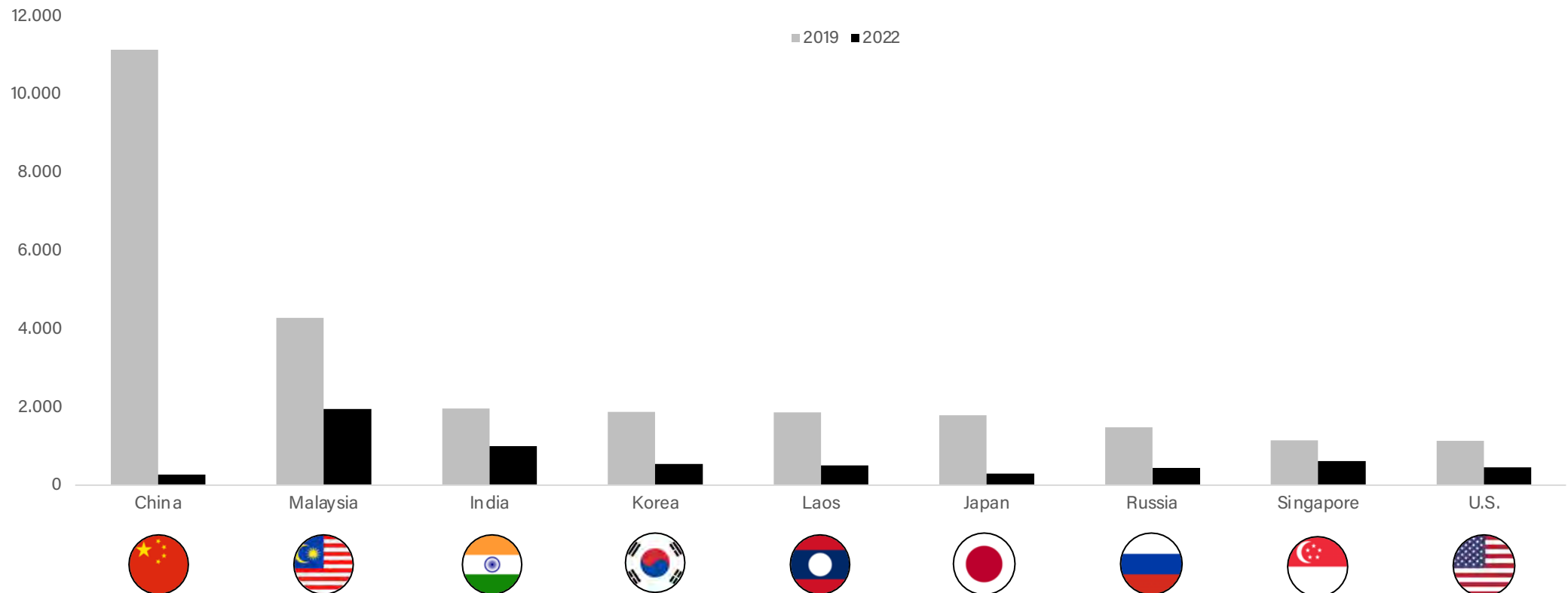




# Even Regional Asian Travel Still Recovering

Regional international travel within Asia is likely to return before long-haul international travel to Europe and North America. But even here recovery has been slow. Take the case of Thailand, a major destination for local Asian tourists. The country received 11 million Chinese tourists in 2019, and while this has improved in 2023, it remains well short of normal.

### Thailand Inbound Tourist Arrivals by Source Country (Thousands)

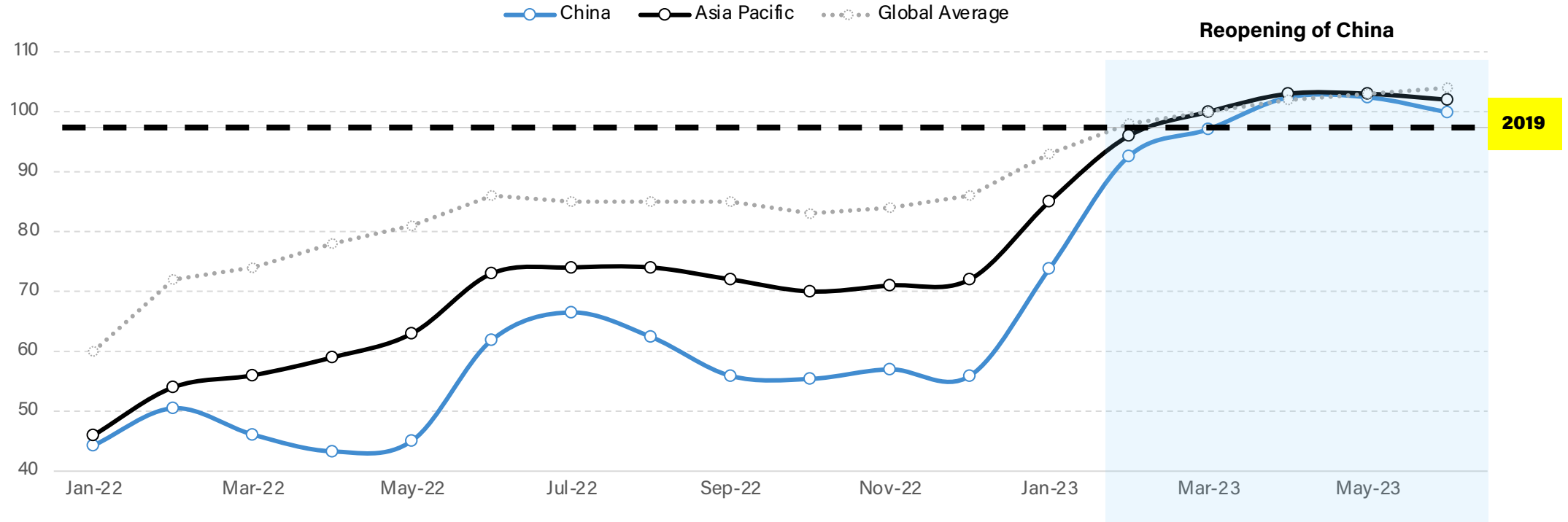


Source:: Thailand Ministry of Tourism and Sports, data as of June 2023.

# China Was the Missing Puzzle Piece

The reopening of China has been the catalyst for Asia Pacific, and global, travel resurgence.

Asia Pacific and China Travel Health Index Score  
Weighted Average



Note: All data versus same month in 2019.

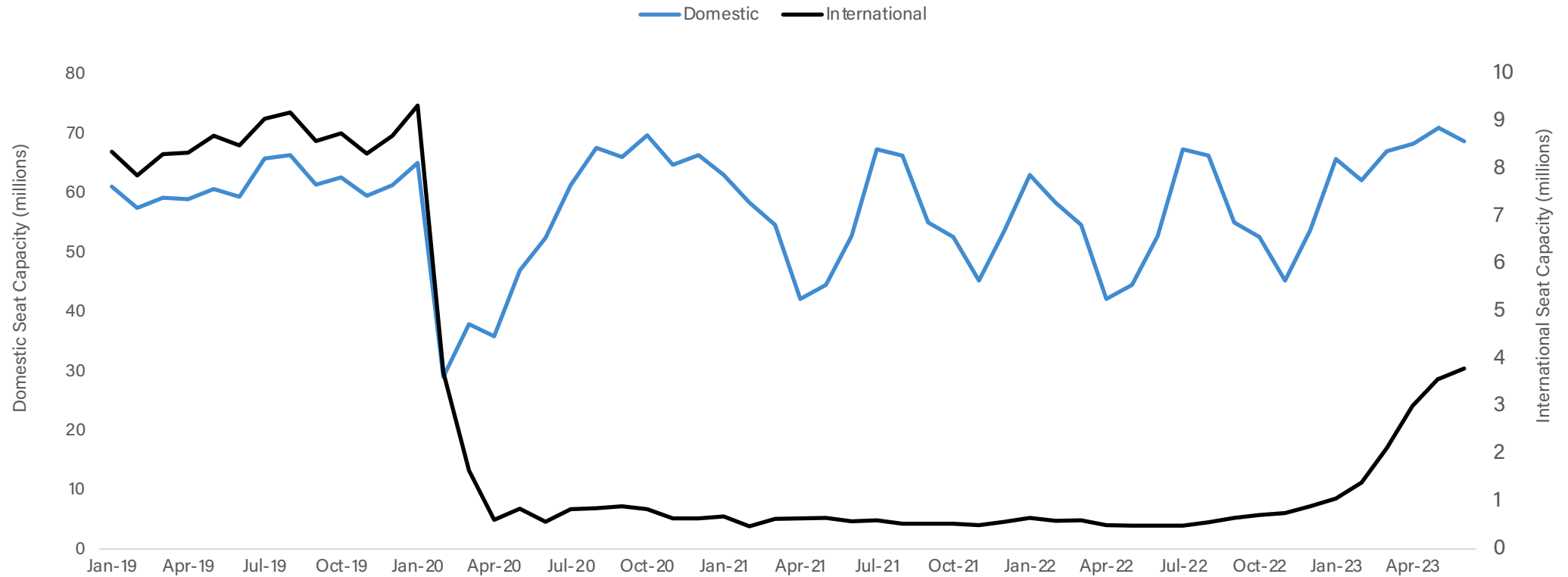
Source: [Skift Travel Health Index](#), data as of July 2023.

# China's International Seat Capacity Begins its Long Road to Recovery

- 1.1 Global Travel Recovery
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- 1.6 Latin America



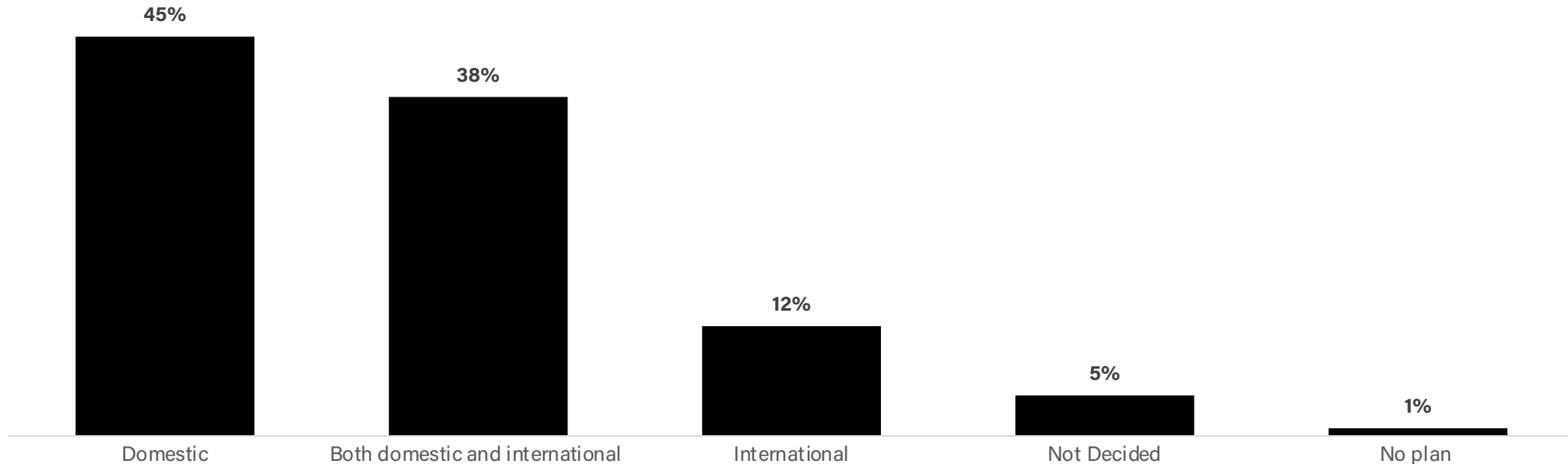
China Airline Seat Capacity



# China Set for Travel Boom

In a recent Skift Research survey amongst Chinese consumers, around 95% of respondents said that they plan to travel in the next 12 months. Out of these, the majority wants to travel domestically.

Percentage of Respondents Who Plan to Travel, by Destination



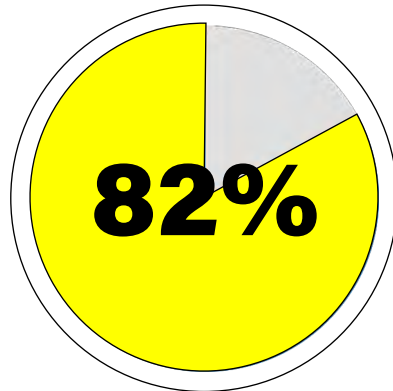
Note: Survey was conducted in June 2023. N = 693 domestic travelers and 421 international travelers.

Source: Skift Research, data as of June 2023.

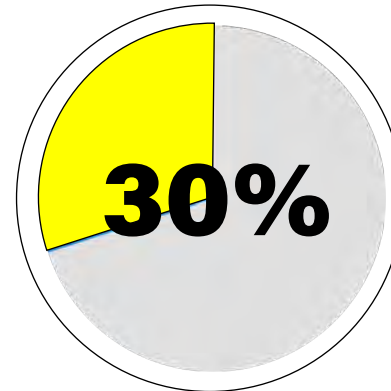
Reproduced from [Understanding the Chinese Traveler Post-Covid](#), June 2023.

# Discounting Entices Chinese Travelers

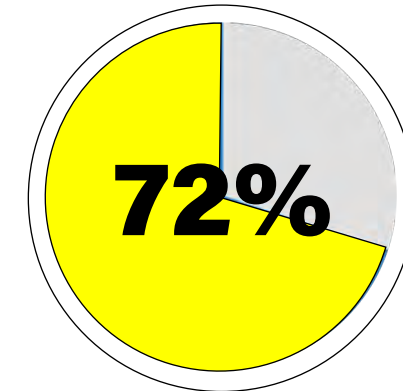
In China, as in the West, high prices and inflation are impacting purchasing decisions by consumers. Most respondents to our survey were feeling these price increases in their wallets, with a third saying it would impact travel decisions. However, at the same time, many had booked a trip because discounts were offered, highlighting the effectiveness of this strategy.



believe that prices of their day-to-day purchases have increased as compared to a year ago



expect to cut spending on travel because of higher prices



booked/plan to book a trip in the next 12 months because travel companies are offering deeper discounts

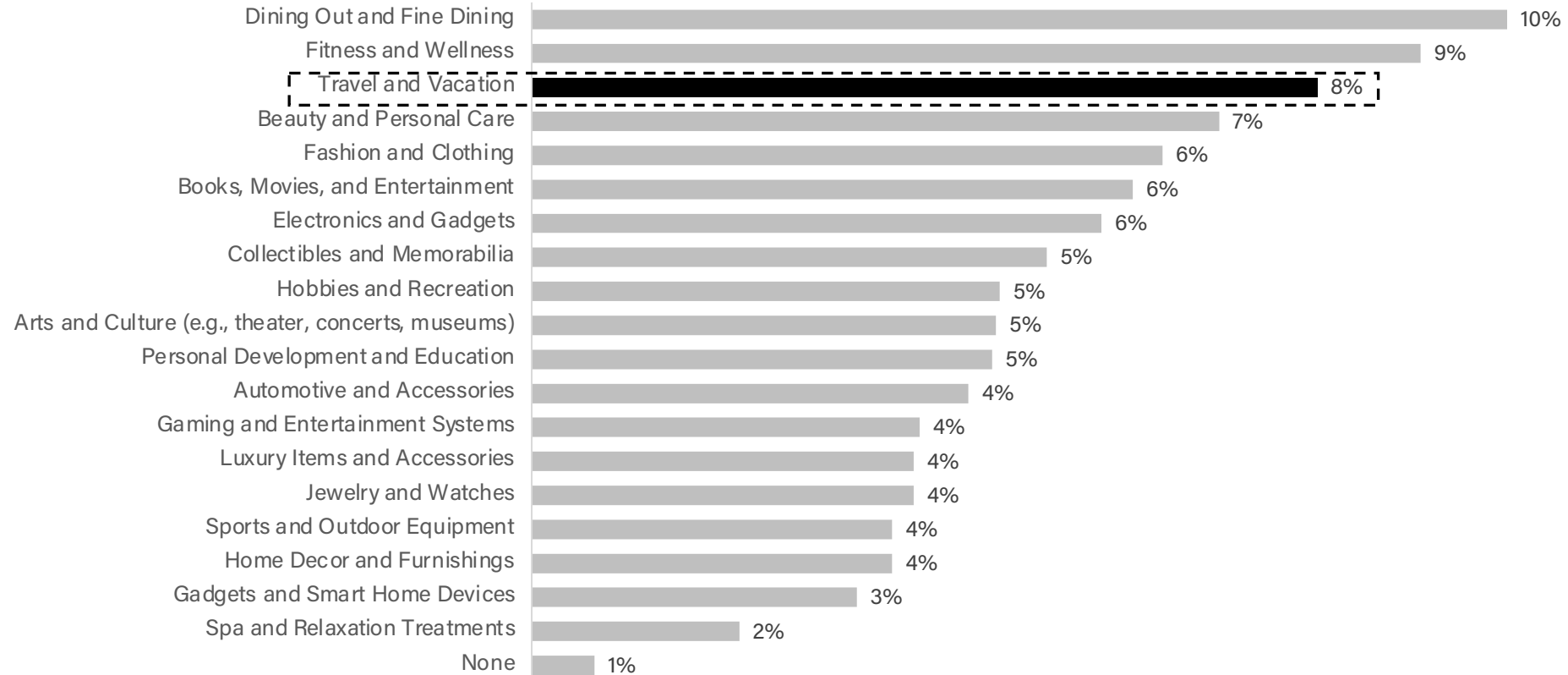
Note: Survey was conducted in June 2023. N = 693 domestic travelers and 421 international travelers.

Source: Skift Research, data as of June 2023.

Reproduced from [Understanding the Chinese Traveler Post-Covid](#), June 2023.

# Travel Ranks Third on Chinese Splurge List

## Share of Categories Chinese Intend to Increase Spending on in the Next 12 Months



Note: Survey was conducted in June 2023. N = 693 domestic travelers and 421 international travelers.

Source: Skift Research, data as of June 2023.

Reproduced from [Understanding the Chinese Traveler Post-Covid](#), June 2023.



1.1 Global Travel Recovery

1.2 North America

1.3 Europe

1.4 Asia Pacific

1.5 Middle East and Africa

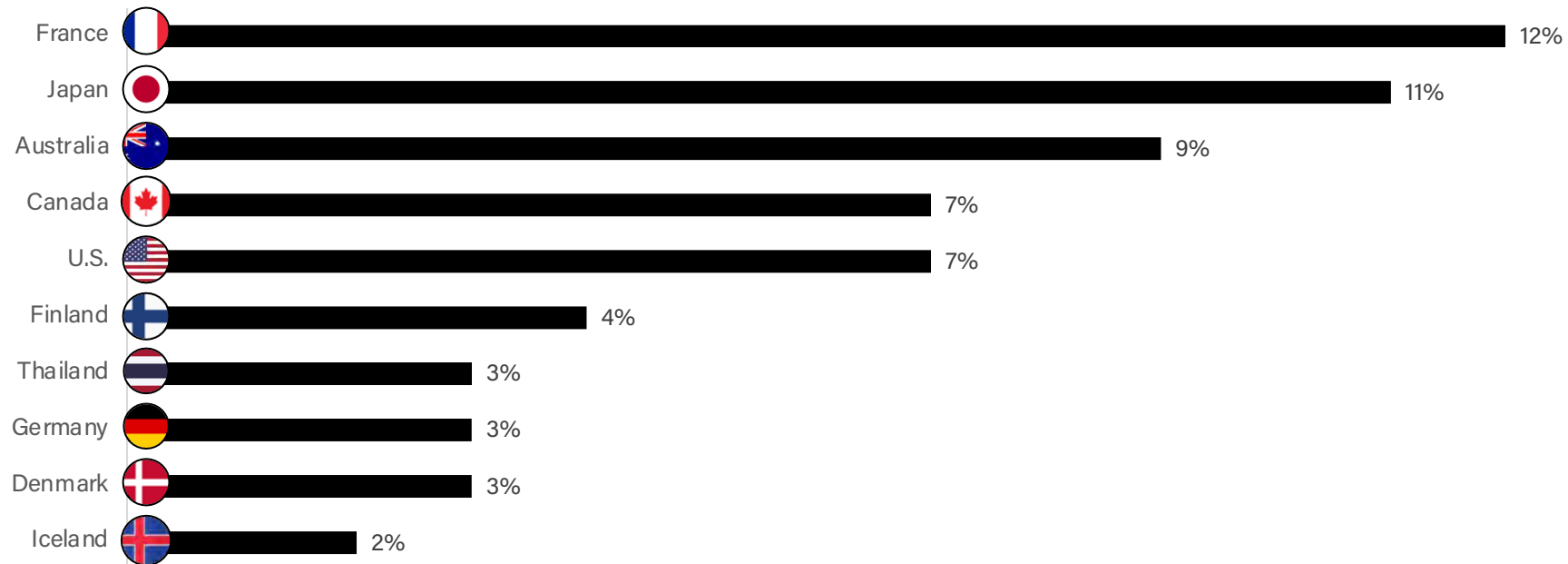
1.6 Latin America



# Chinese Travelers Dream of International Trips

While full recovery remains a ways off, our surveys of Chinese travelers suggest that they are still dreaming of visiting international destinations. Many still want to take long-haul vacations to Europe and North America.

## Top Destinations Chinese Plan to Travel to in the Next 12 Months



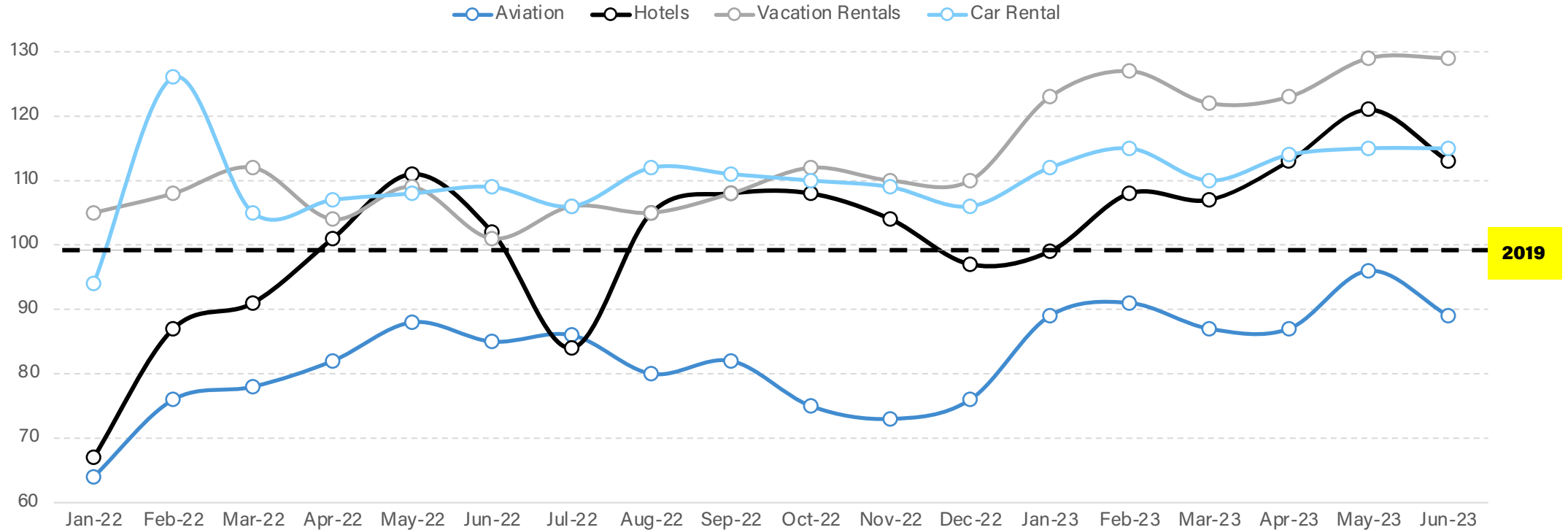
Note: Survey was conducted in June 2023. N = 693 domestic travelers and 421 international travelers.

Source: Skift Research, data as of June 2023.

Reproduced from [Understanding the Chinese Traveler Post-Covid](#), June 2023.

# All Sectors Except Aviation Have Surpassed 2019 Levels in Middle East

MEA Travel Health Index Score by Sector  
Weighted Average



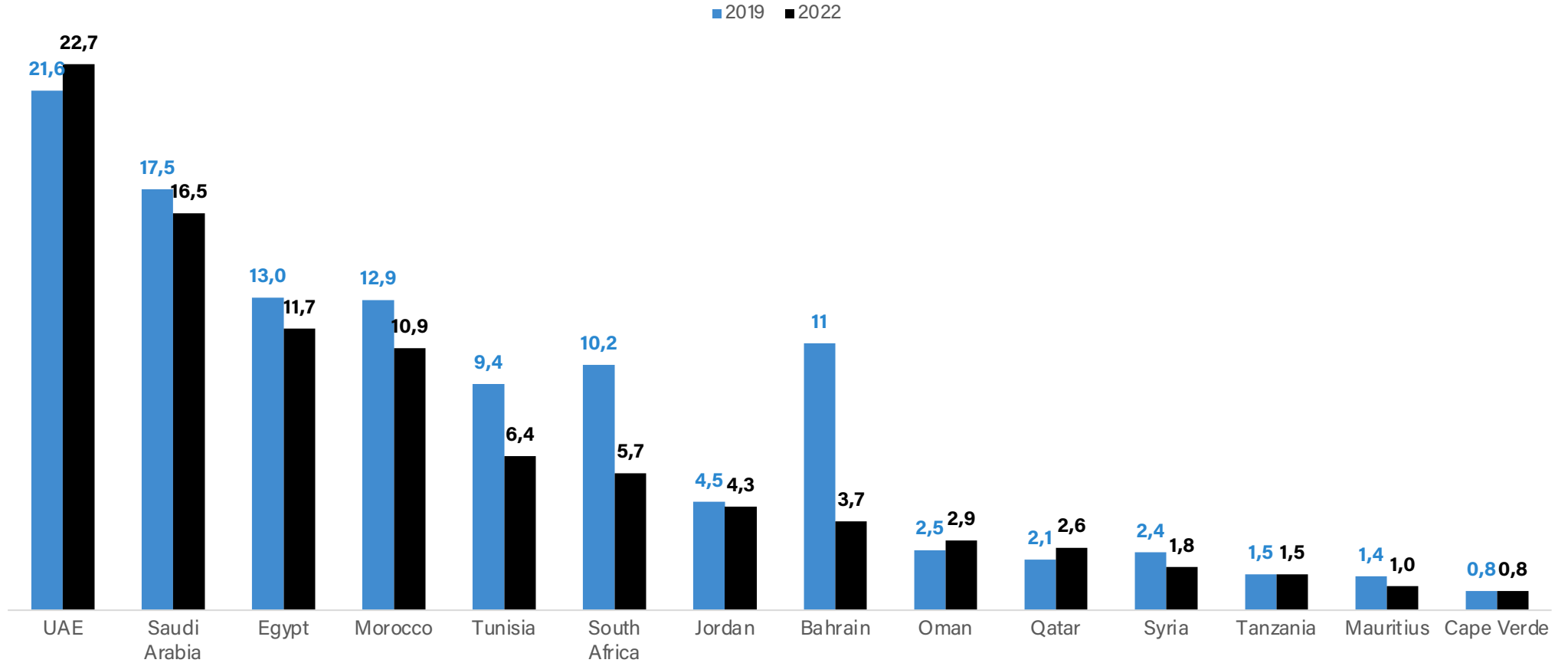
Note: All data versus same month in 2019.

Source: [Skift Travel Health Index](#), data as of July 2023.



# UAE Still Most Visited Country in 2022

Top Countries by Tourist Arrivals (Million)



- 1.1 Global Travel Recovery
- 1.2 North America
- 1.3 Europe
- 1.4 Asia Pacific
- 1.5 Middle East and Africa
- 1.6 Latin America

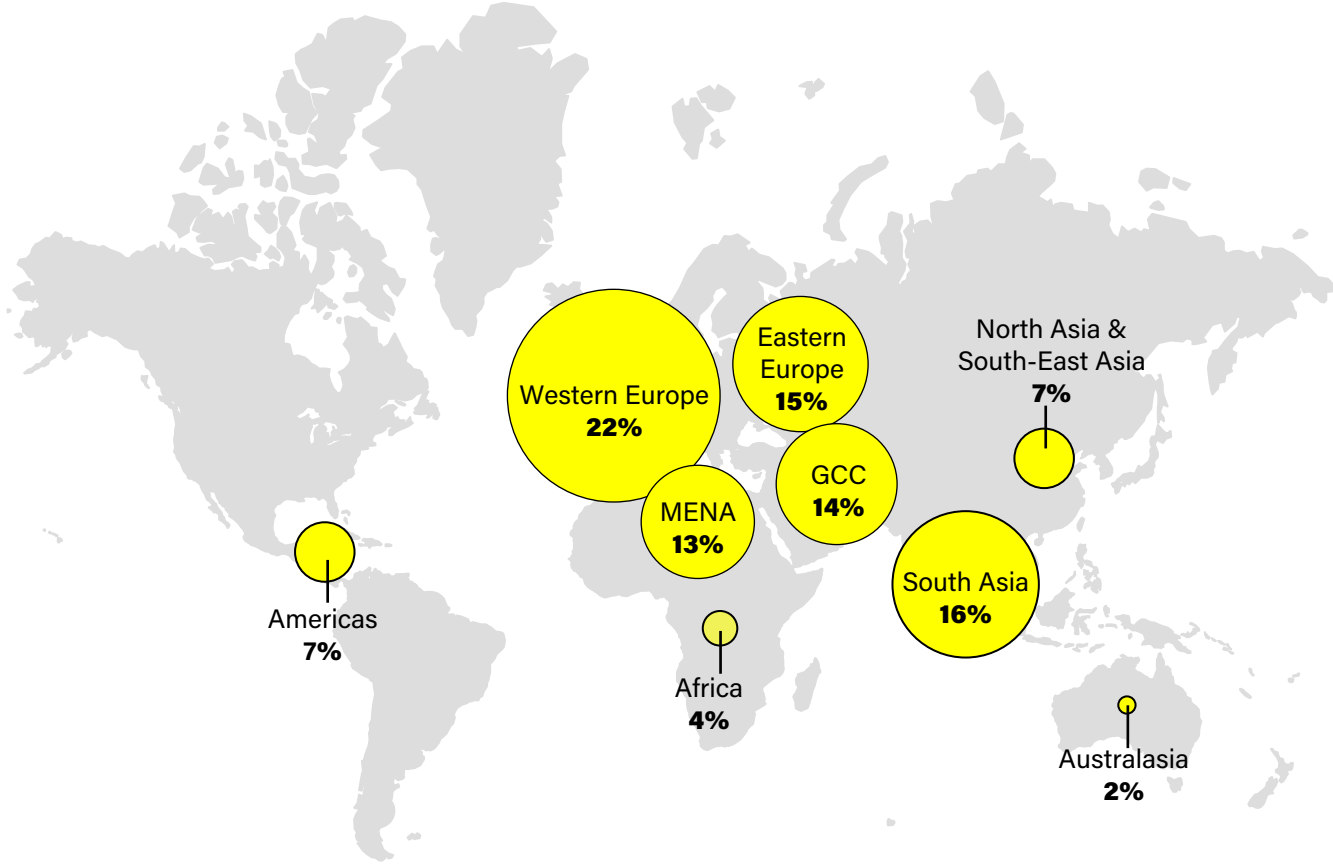


# Dubai: Source Markets by Region



- 1.1 Global Travel Recovery
- 1.2 North America
- 1.3 Europe
- 1.4 Asia Pacific
- 1.5 Middle East and Africa
- 1.6 Latin America

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Country	No. of Arrivals ('000s)	% Change over 2019
India	806	11%
Russia	474	47%
UK	391	-11%
Saudi Arabia	352	-36%
Oman	348	-2%
Germany	269	2%
U.S.	250	4%
Israel	163	NA
China	143	-61%
Iran	137	18%

Note: January to April 2023 data.

Source: Dubai Tourism.



1.1 Global Travel Recovery

1.2 North America

1.3 Europe

1.4 Asia Pacific

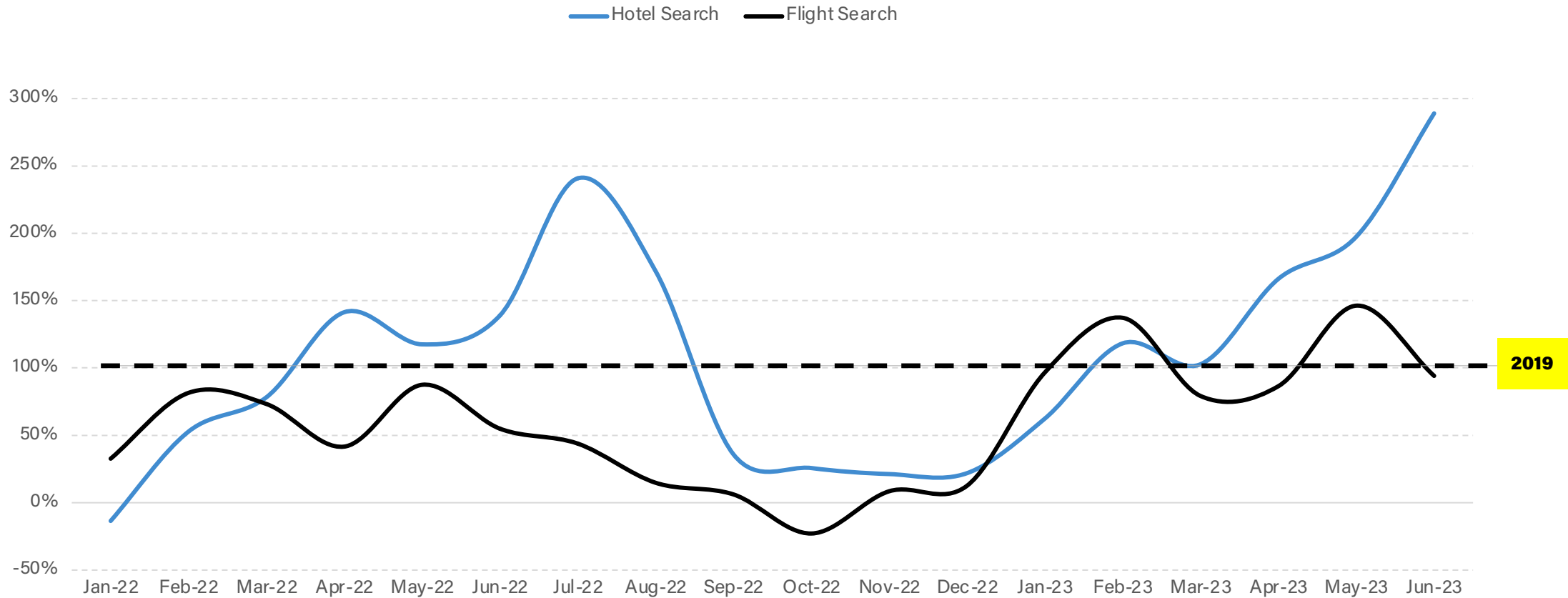
1.5 Middle East and Africa

1.6 Latin America



# Travel Search Levels Much Higher Than 2019 for UAE

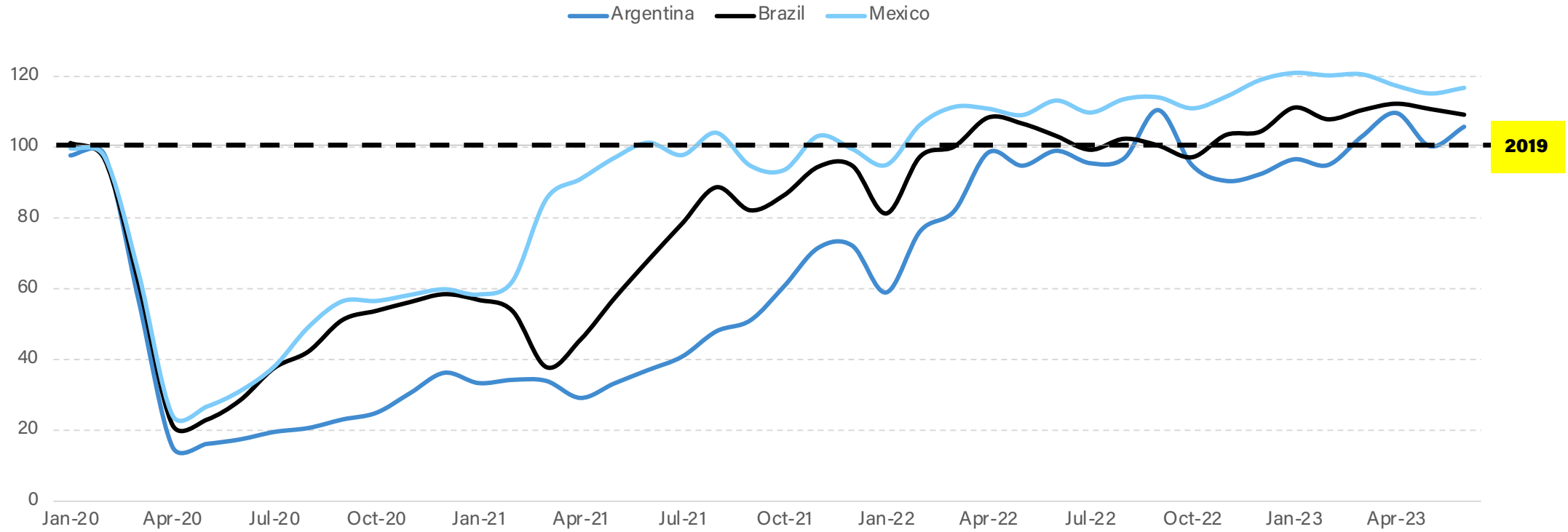
### UAE Inbound Hotel and Flight Search Growth over 2019



# Latin America Travel Health Recovery

Travel recovery in Mexico has driven the travel performance of the region.

Latin America Travel Health Index Score  
Weighted Average



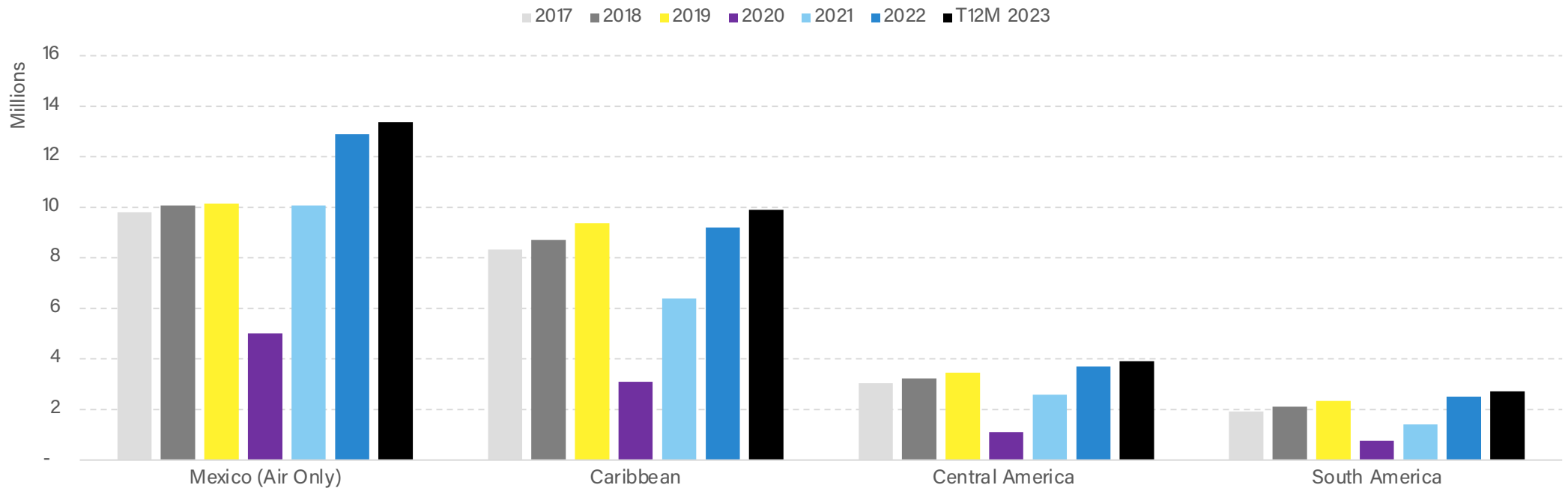
Note: All data versus same month in 2019.

Source: [Skift Travel Health Index](#), data as of July 2023.

# Americans Have Flocked Back To Latin American and The Caribbean

Americans eagerly returned to visiting Latin America with all major regions seeing more traffic today than in 2019. Mexico today sees 31% more air visitors from the U.S. than it did pre-Covid.

American Outbound Travelers to LatAm and the Caribbean



1.1 Global Travel Recovery

1.2 North America

1.3 Europe

1.4 Asia Pacific

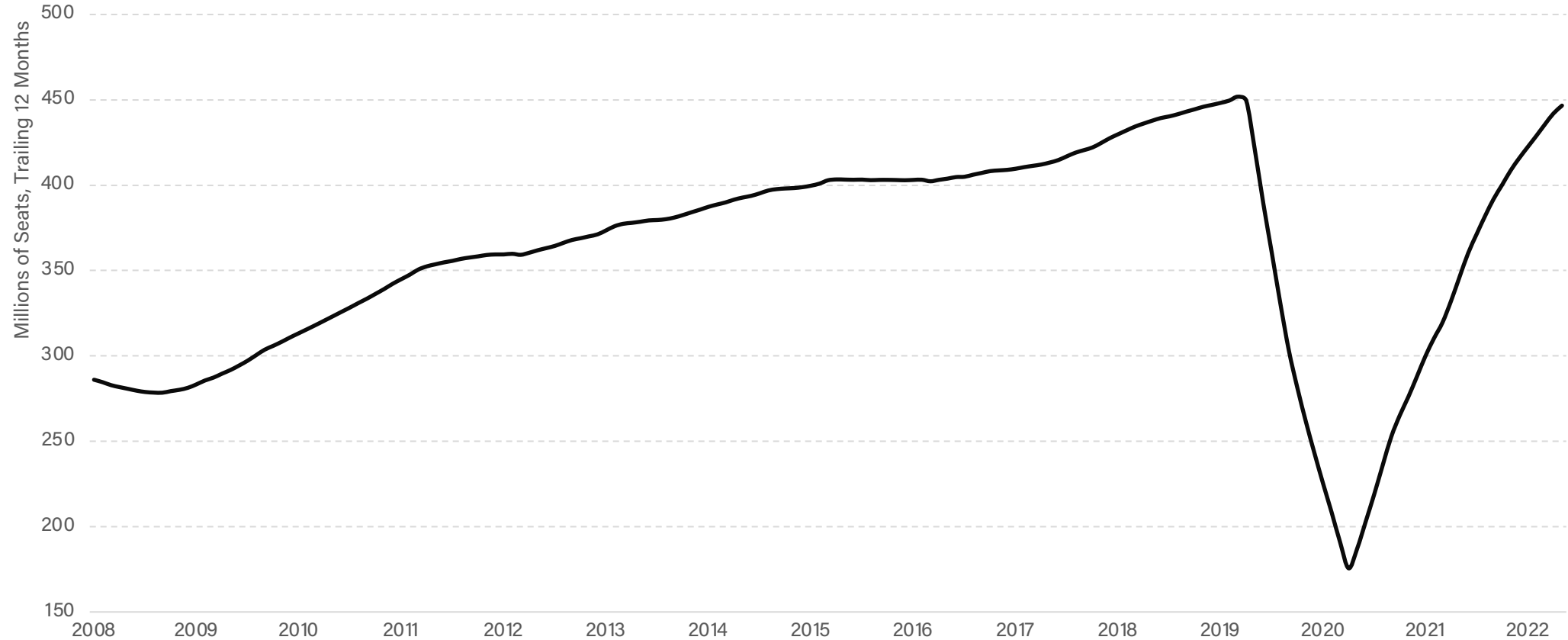
1.5 Middle East and Africa

1.6 Latin America



# Airline Capacity in Latin America Fully Recovered

## Global Airline Seat Capacity to Latin America and the Caribbean



Source: Cirium Diio Mi, data as of April 2023.

# Mexico Leads Inbound Travel in Latin America

## Inbound Arrivals to Latin America by Destination

Country	2022 Arrivals (in mil.)	% Change over 2019 Arrivals	2019 Inbound Rank
Mexico	38.3	-15%	#1
Dominican Republic	7.2	11%	#3
Colombia	4.4	6%	#8
Argentina	3.9	-47%	#2
Brazil	3.6	-43%	#4
Costa Rica	2.4	-25%	#9
Chile	2.0	-55%	#5
Peru	2.0	-54%	#6
Cuba	1.6	-62%	#7
Panama	1.5	-15%	#11
Ecuador	1.3	-40%	#10
Bolivia	0.7	-42%	#12
Paraguay	0.6	-52%	#13



1.1 Global Travel Recovery

1.2 North America

1.3 Europe

1.4 Asia Pacific

1.5 Middle East and Africa

1.6 Latin America



# The Five Fastest Growing Destinations in Latin America

As measured by inbound airplane seats (12 Months to April 2023 vs. April 2019).



Source: Cirium Diio Mi, data as of April 2023.



1.1 Global Travel Recovery

1.2 North America

1.3 Europe

1.4 Asia Pacific

1.5 Middle East and Africa

1.6 Latin America

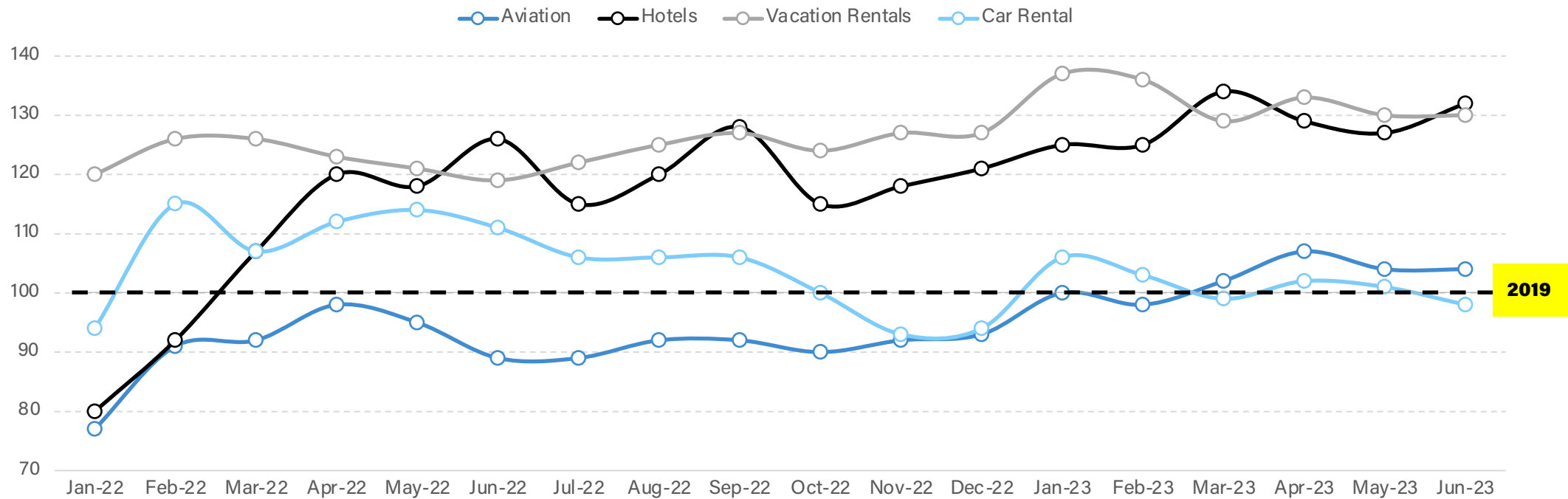




# Accommodation Sector's Stellar Performance

Although all sectors in Latin America have recovered back to pre-pandemic levels, the accommodation sector has emerged as the star performer, overtaking 2019 levels by 30-32% in June 2023.

**Latin America Travel Health Index Score by Sector**  
Weighted Average



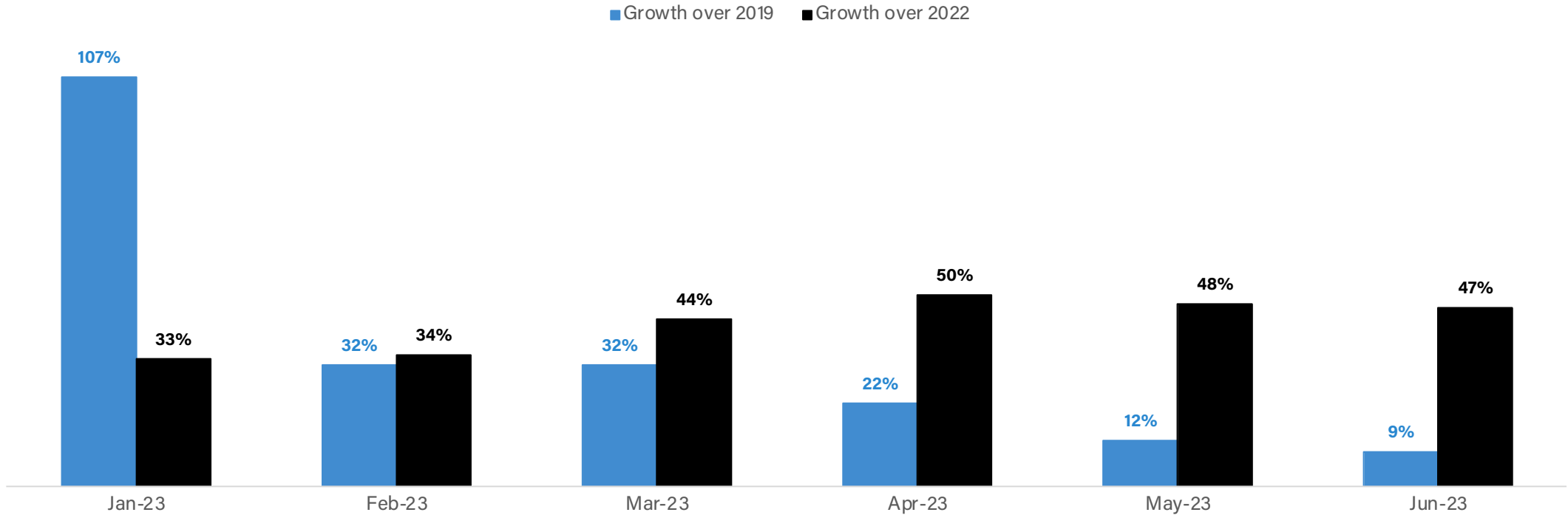
Note: All data versus same month in 2019.

Source: [Skift Travel Health Index](#), data as of July 2023.

# LatAm Vacation Rentals Continue to Perform Well

- 1.1 Global Travel Recovery
- 1.2 North America
- 1.3 Europe
- 1.4 Asia Pacific
- 1.5 Middle East and Africa
- 1.6 Latin America

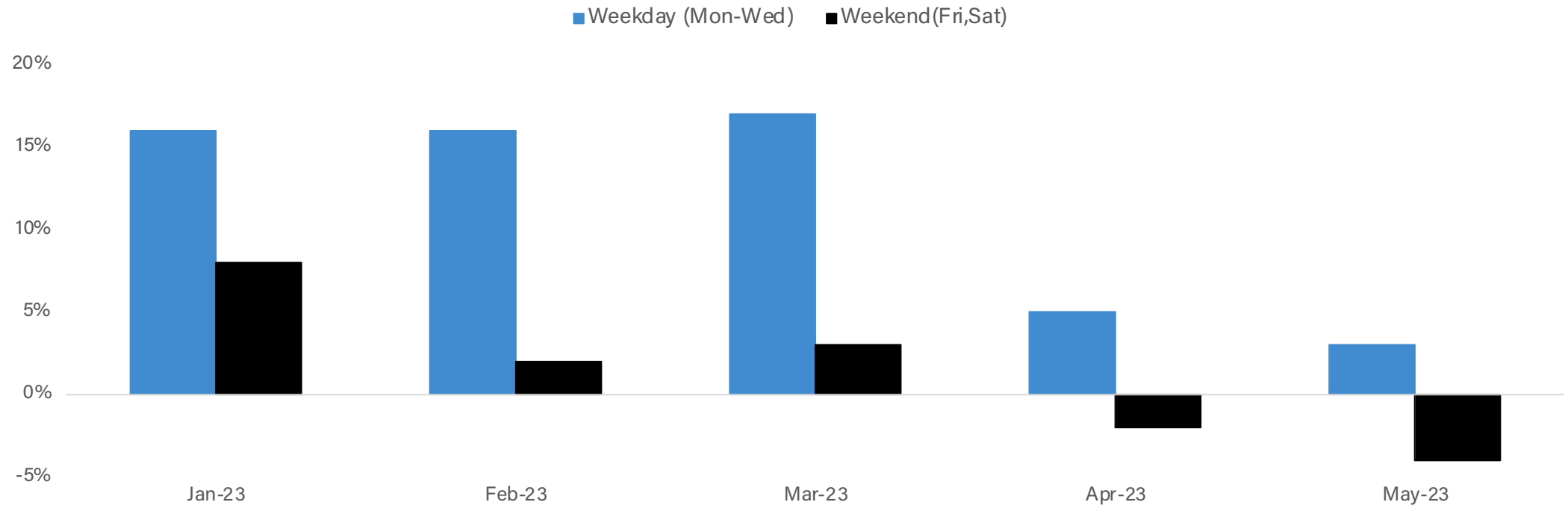
Latin America Vacation Rental Future Reservation Growth



# Leisure is no Longer the Sole Travel Driver

Pent-up leisure demand in South America appears to be cooling off. Recovery in corporate travel is shifting occupancy growth to weekdays.

### South America Occupancy Change over 2022 (Jan - May 2023)



1.1 Global Travel Recovery

1.2 North America

1.3 Europe

1.4 Asia Pacific

1.5 Middle East and Africa

1.6 Latin America



# Caribbean Capacity Recovery Hides Share Shifts

The big Caribbean winners post-Covid are Cancun (Mexican Caribbean), Dominican Republic, and Puerto Rico.

## Total Inbound Seat Capacity to the Caribbean

Country	2019	2020	2021	2022	TTM 2023	Abs Change	% Change
Mexican Caribbean	11,471,409	11,494,807	17,592,511	25,186,369	19,263,825	7,792,416	68%
Dominican Republic	8,095,981	4,103,842	6,809,550	9,110,144	10,150,180	2,054,199	25%
U.S. (Puerto Rico)	7,196,895	5,181,545	7,680,763	7,724,417	8,362,796	1,165,901	16%
Cuba	5,777,493	1,940,556	888,748	2,994,297	4,015,897	-1,761,596	-30%
Jamaica	3,825,213	2,093,602	2,505,283	3,522,701	3,900,098	74,885	2%
Bahamas	3,300,095	1,189,122	1,861,855	2,625,706	2,942,247	-357,848	-11%
Trinidad and Tobago	2,777,698	1,628,616	958,315	1,445,834	1,645,460	-1,132,238	-41%
Aruba	1,659,814	745,799	1,247,829	1,537,779	1,596,021	-63,793	-4%
Guadeloupe	1,617,370	1,166,834	1,145,484	1,388,084	1,406,737	-210,633	-13%
Martinique	1,319,793	885,290	865,013	1,136,896	1,165,590	-154,203	-12%
Rest of Caribbean	9,473,431	4,804,637	5,247,790	7,477,103	7,938,810	-1,534,621	-16%
<b>Total</b>	<b>56,515,192</b>	<b>35,234,650</b>	<b>46,803,141</b>	<b>64,149,330</b>	<b>62,387,661</b>	<b>5,872,469</b>	<b>10%</b>

Source: Skift Research from Cirium Diio Mi, data as of July 2023.



1.1 Global Travel Recovery

1.2 North America

1.3 Europe

1.4 Asia Pacific

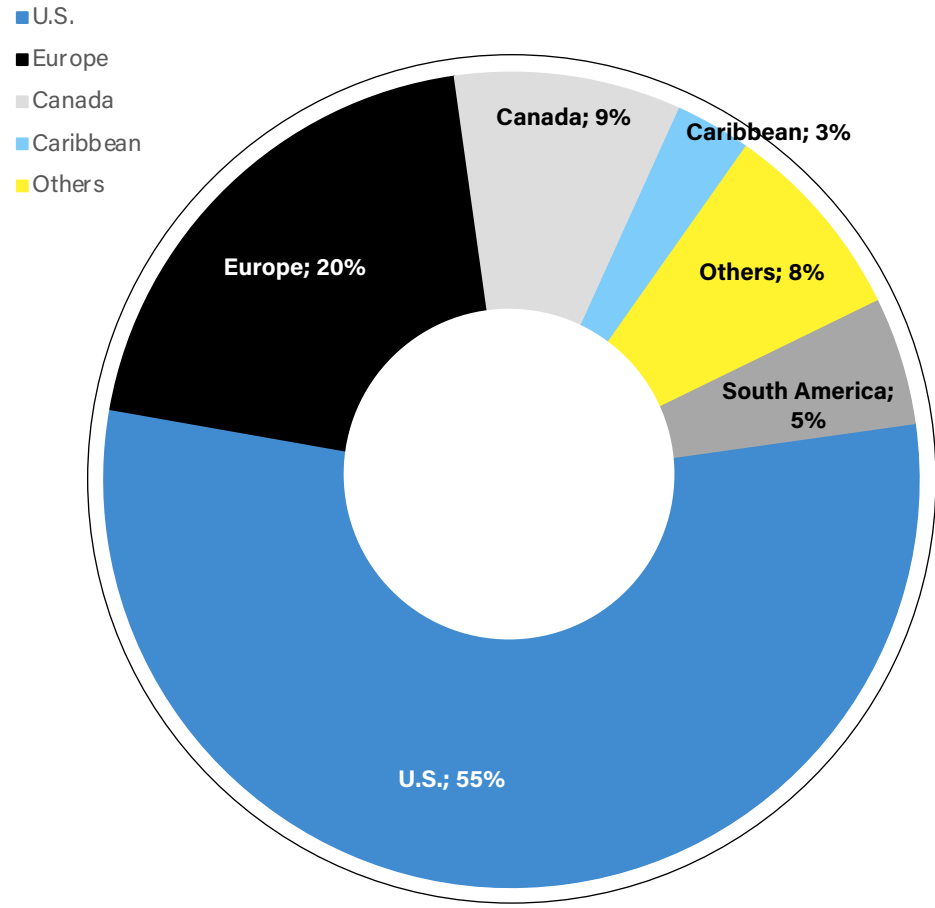
1.5 Middle East and Africa

1.6 Latin America



# Caribbean Travel Industry Relies on U.S. as Primary Source Market

Caribbean Travel Source Markets 2022



Source: Horwath HTL, Caribbean/Central America Market Report, June 2023.

2.

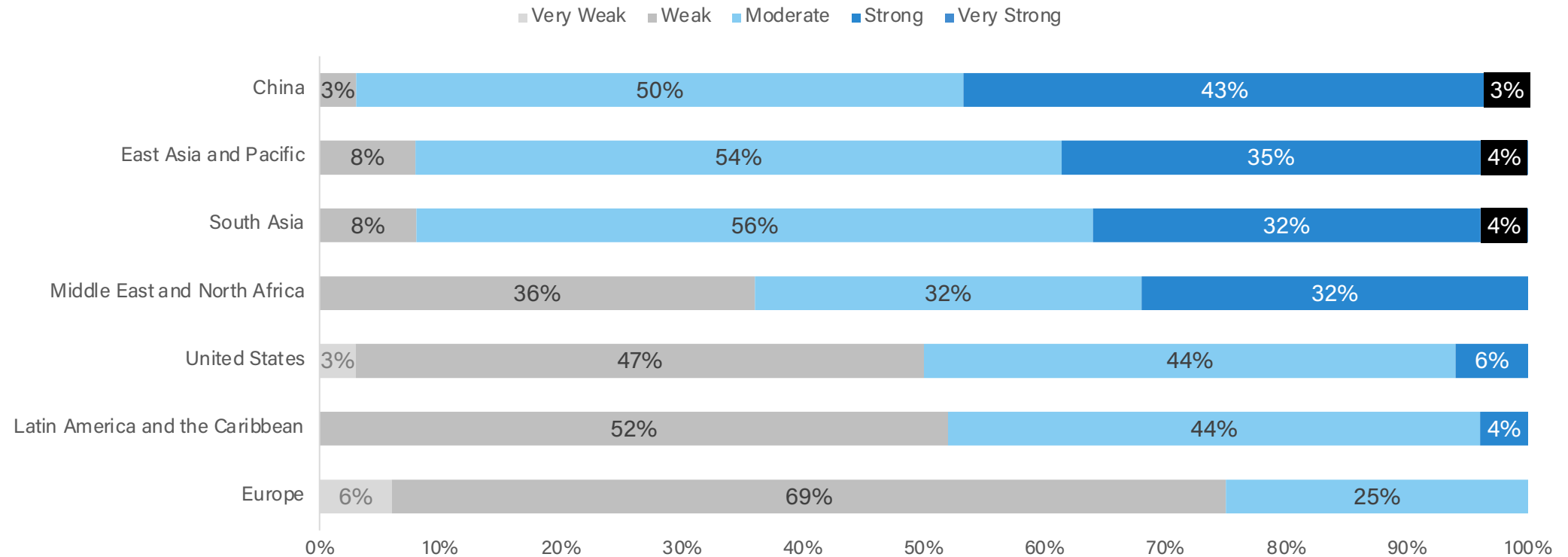
ECONOMIC  
LANDSCAPE



# Global Economic Risks are Rising

For all the strength in travel, let's be clear-eyed about the broad environment. Many economists believe that the outlook for the global economy is weaker than last year and expect higher inflation in most regions across the world.

## What is Your Expectation for Economic Growth in the Following Geographies in 2023?



Source: World Economic Forum, Chief Economists Survey, data as of April 2023.

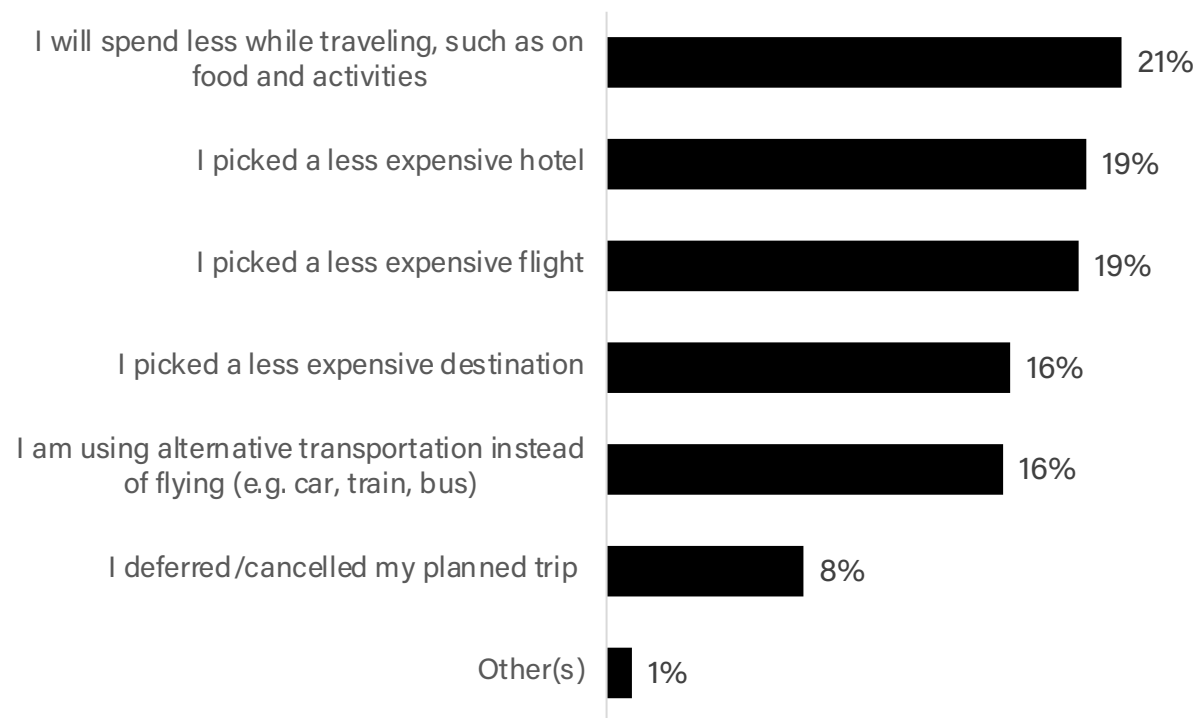
# Rising Inflation Poses a Risk to Travel Spending

There are increasing signs that the uncertain economic situation and high prices are having an impact on travel spending.

**68%**

of respondents experienced higher travel prices while booking their personal trips in Q2 2023 vs Q2 2022

## Ways Respondents Changed Their Travel Plans due to High Prices - Q2 2023



Note: Survey was conducted in April 2023. N = 200 business travelers, 800 leisure travelers.

Source: Skift Research, data as of May 2023.

Reproduced from [U.S. Travel Tracker, Q1 2023](#), May 2023.



# But Something Feels Off About This Recession

**“[This is] the best recession the airline industry has ever seen.”**



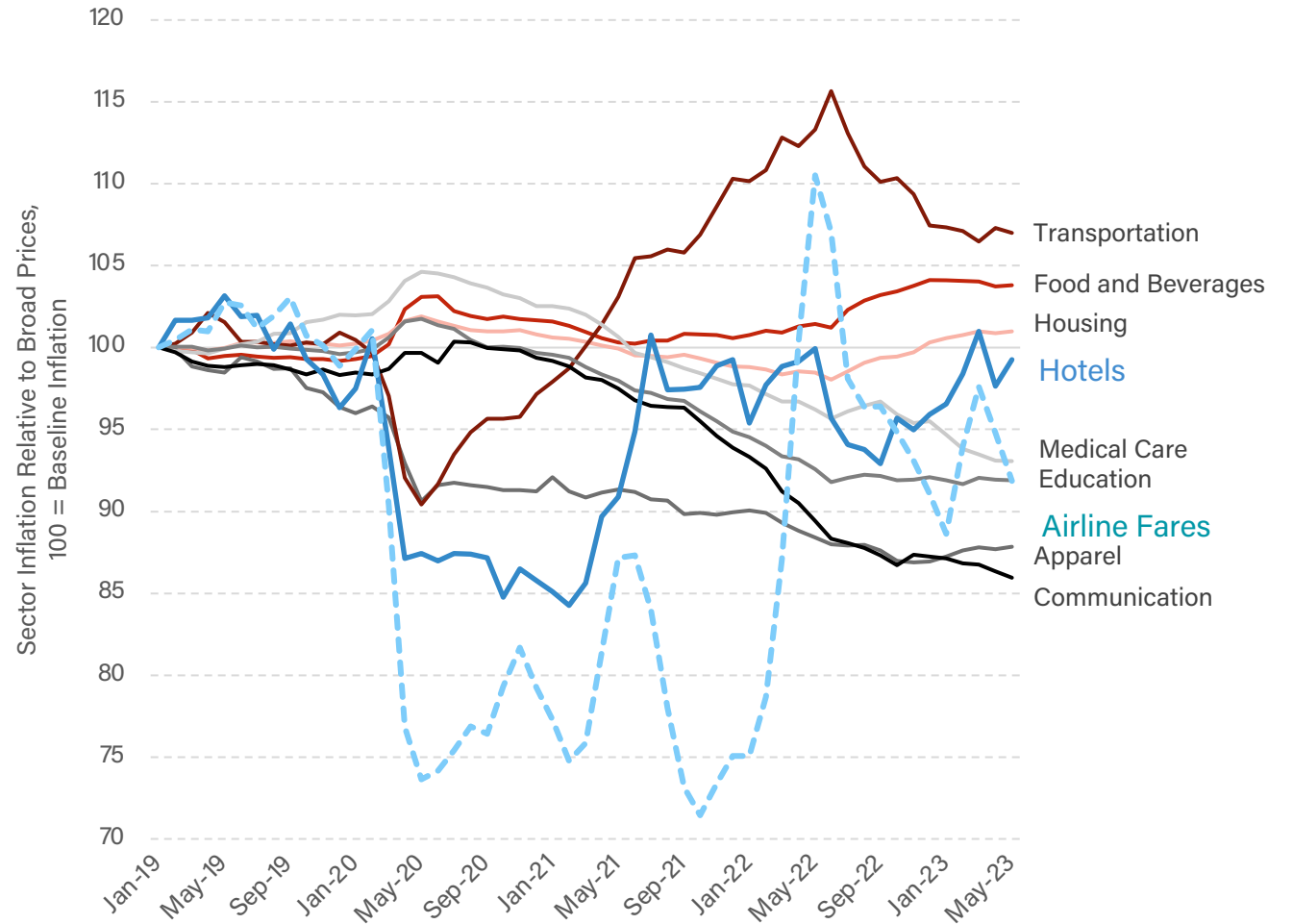
**Andrew Nocella**

Chief Commercial Officer, United Airlines

# Travel Prices Growing Slower Than Broad Inflation

Travel prices have risen since 2019 but, in the U.S., hotel and airline prices have actually risen by less than the overall rate of inflation. This busts the myth that travel companies are price gouging and suggests price increases are to keep up with rising operational costs.

### Which Sectors Are Raising Prices Faster Than The Overall Rate Of Inflation?



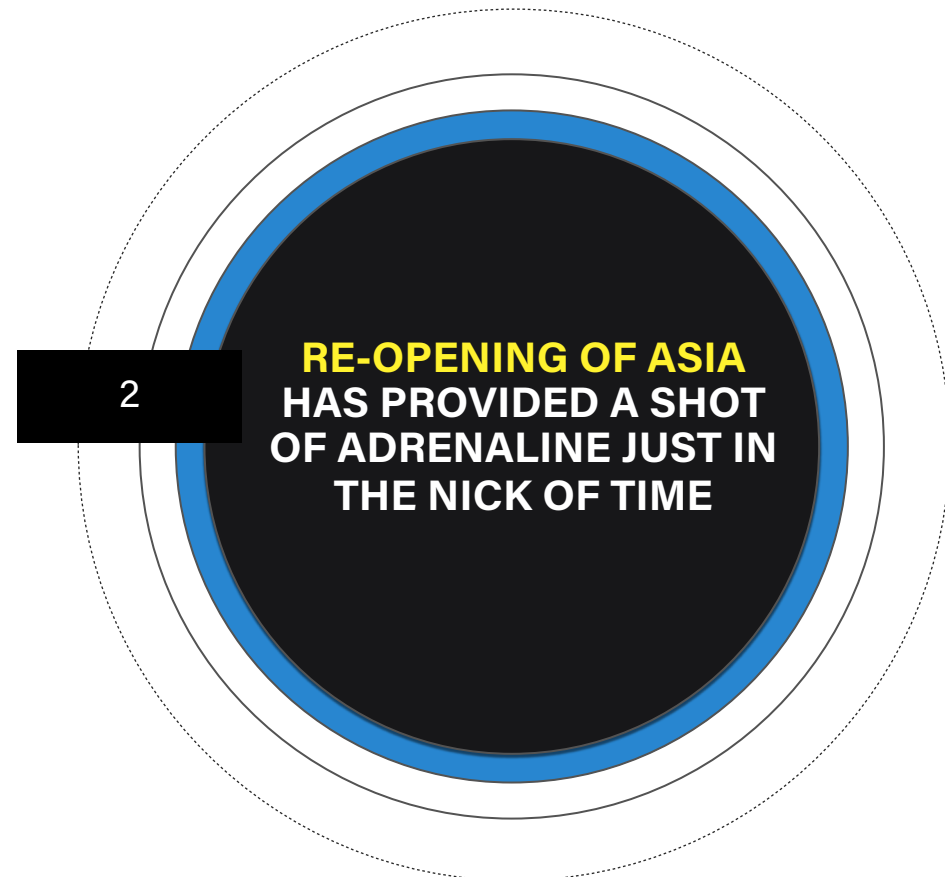
Note: Hotels label used to represent lodging away from home.

Source: Skift Research from Bureau of Labor Statistics, data as of May 2023.

# How Can Travel Continue to Grow Through an Economic Slowdown?

2.1 Short-Term Worries

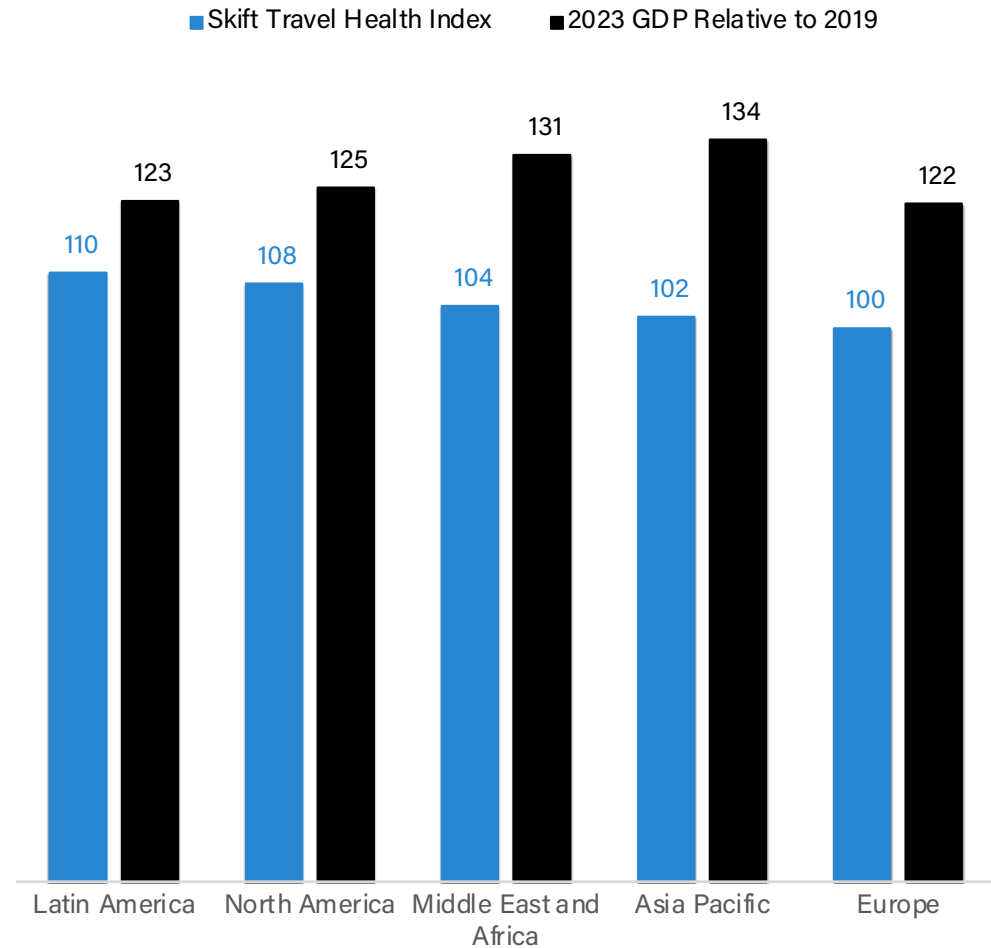
2.2 Long-Term Opportunities



# Travel Has Significant Upside Relative to the Broader Economic Recovery Since the Pandemic

GDP is 20-30% higher than it was pre-pandemic while travel has only just recovered. This suggests that there is still potential for significant 'catch up' growth in travel in every region of the world.

## Travel's Performance vs. Gross Domestic Product



Note: Skift Travel Health Index data for June 2023. GDP data as of April 2023.

Source: Skift Travel Health Index, IMF, World Bank.

# Don't Believe Us, Ask Around!

How long can the good times last? When asked point blank, leaders of the largest airlines and hotels see strong travel trends.

Despite all the challenges that the world is talking about on the health of the consumer economy, airfare and air travel continues to be right at the top of the list as a priority for consumers.

**ED BASTIAN, CEO**



We're pleased to report that demand for travel remains strong, maintaining the trend that we saw in the back half of last year [2022]

**CHRIS NASSETTA, CEO**

**Hilton**

People want to travel... as a country, as a nation, as a world, we want to get out there and explore. We want to go make connections. We want to go do business deals. And that's coming to fruition.

**ROBERT ISOM, CEO**



Consumer demand remains strong. Our middle-class customers continue to spend more on travel than they ever have, and they are staying longer than they were back in 2019, given hybrid work environments

**GEOFF BALLOTTI, CEO**

**WYNDHAM**  
HOTELS & RESORTS

There's been a permanent structural change in leisure demand because of flexibility that hybrid work allows... This is not pent-up demand. It's the new normal.

**SCOTT KIRBY, CEO**



There is a human urge to get together, to reconnect, to convene — whether it's for business or personal reasons ... And that is what is driving these numbers. It's not just leisure travel. Corporations are desperate to get their people back together,

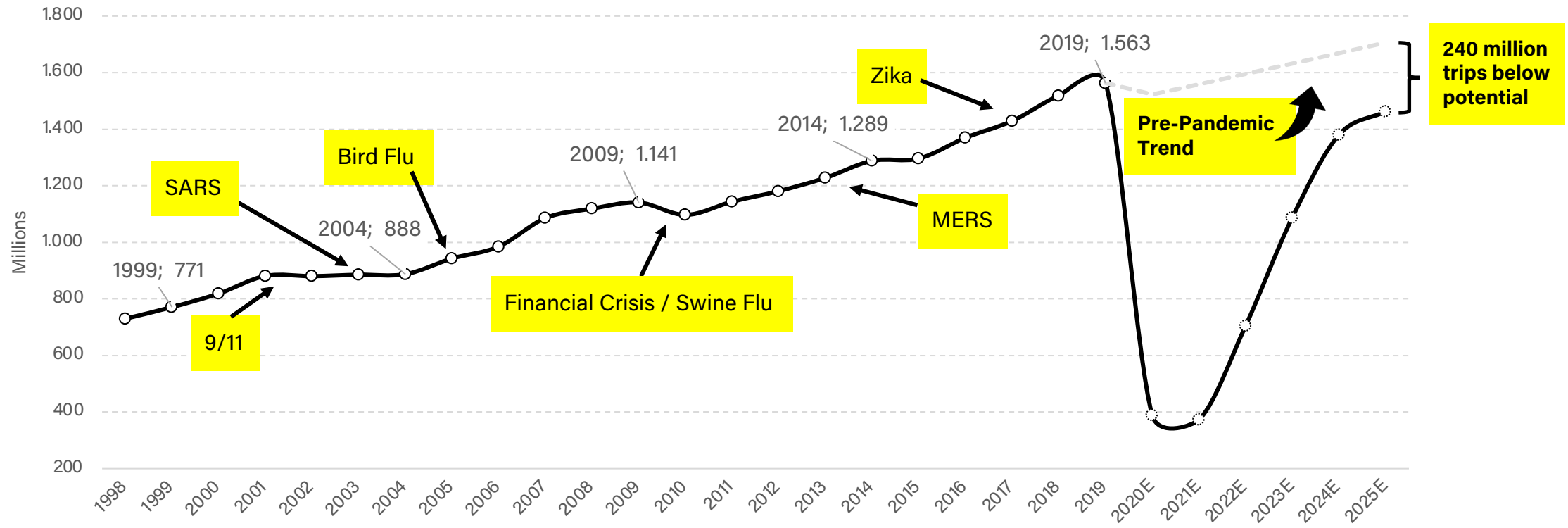
**MARK HOPLAMAZIAN, CEO**

**HYATT**

# Travel is a Megatrend

Let's not miss the forest for the trees. The long-term case for travel has never been stronger. Our industry has weathered storms before — be it acts of terrorism, disease, or economic declines — and has always come out stronger for it.

International Travelers Worldwide

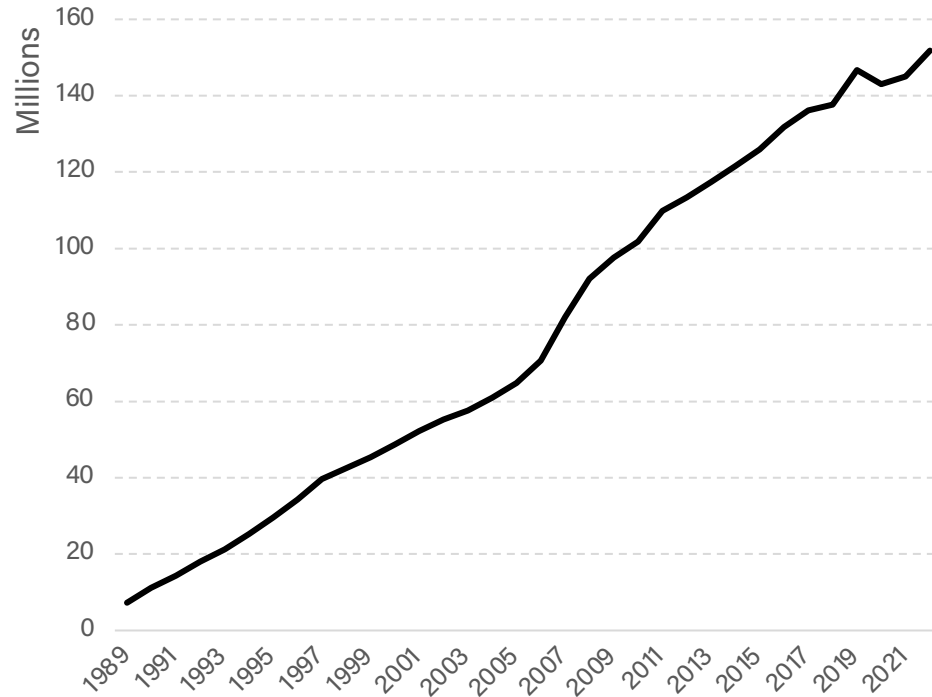


Source: Skift Research from World Bank, OECD, UNWTO, data as of June 2023.

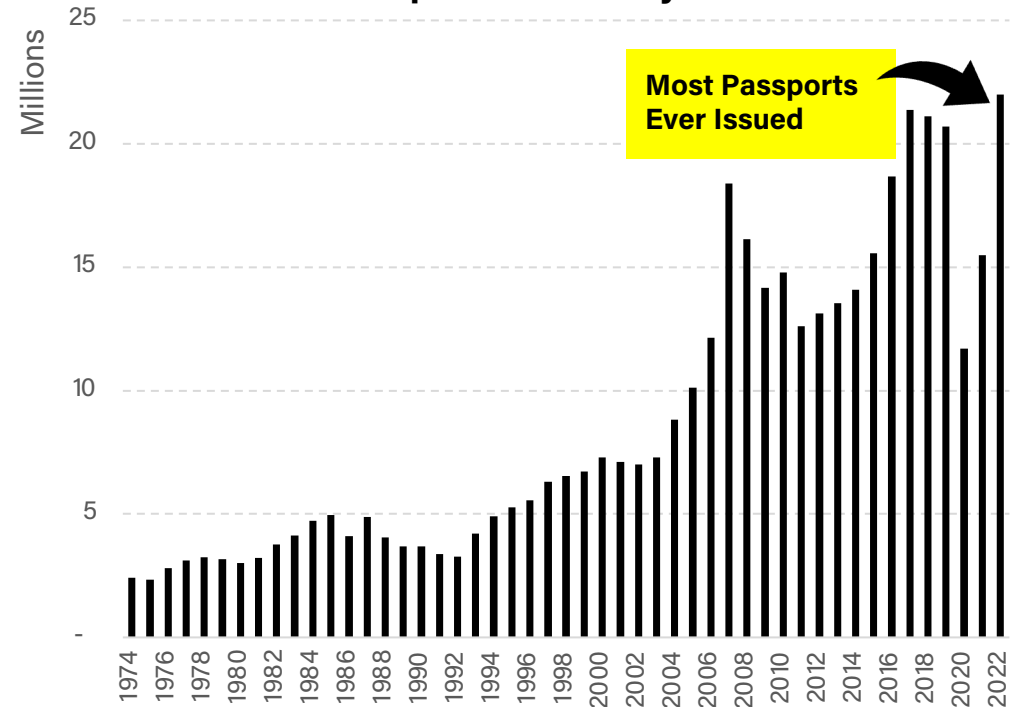
# Americans Look Abroad

Stereotypically insular Americans have embraced global mobility. 2022 was the most active year of passport issuance ever. Today there are 140 million more passports in circulation than there were in the late-80s.

Valid U.S. Passports



U.S. Passports Issued By Year

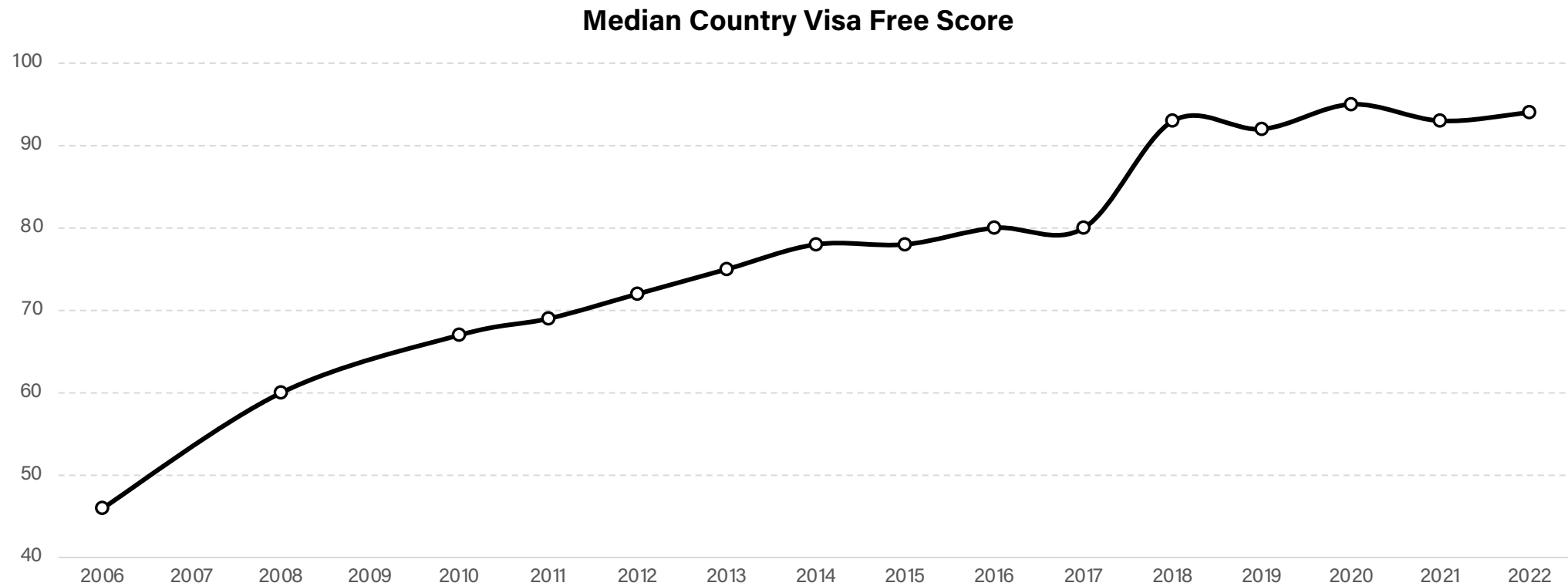


2.1 Short-Term Worries  
2.2 Long-Term Opportunities



# International Travel Has Become Easier

Today, the average passport holder can travel visa-free travel to 90+ countries. That's up from less than 50 in 2006. This unprecedented rise in global mobility powered the travel sector for 20 years.



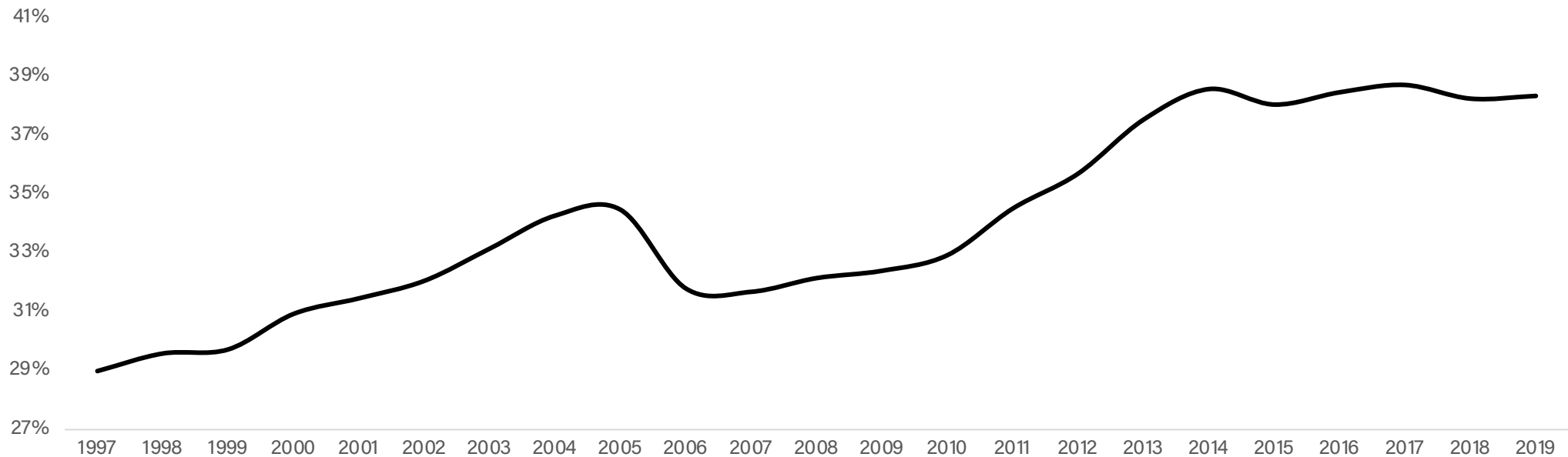
Source: Skift Research from Henley Passport Index, data as of March 2023.



# Travelers from Developing Countries Increasingly Important to Global Travel

Developing countries have grown as a share of total international trips, while over the same time total travel volumes have doubled. This trend is likely to continue as trip shares equalize with population share over the long term. The center of gravity in travel will shift eastward and southward.

## Low and Middle Income Countries as a Share of International Travel

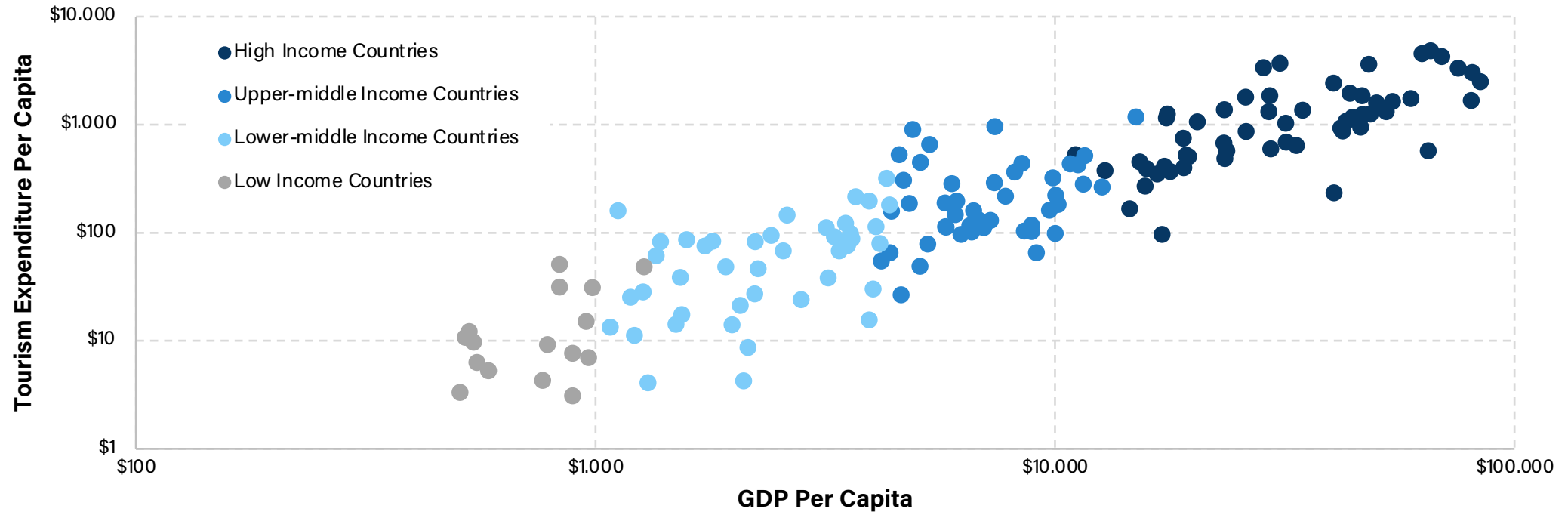


Source: Skift Research from OECD, World Bank, UNWTO, data as of June 2023.

# More Wealth = More Travel

There is a strong connection between global incomes and travel. If you believe that the world is getting wealthier, as we do, then you must also believe that travel will grow.

**Tourism Set to Grow as Global Incomes Rise**  
Logarithmic Scale



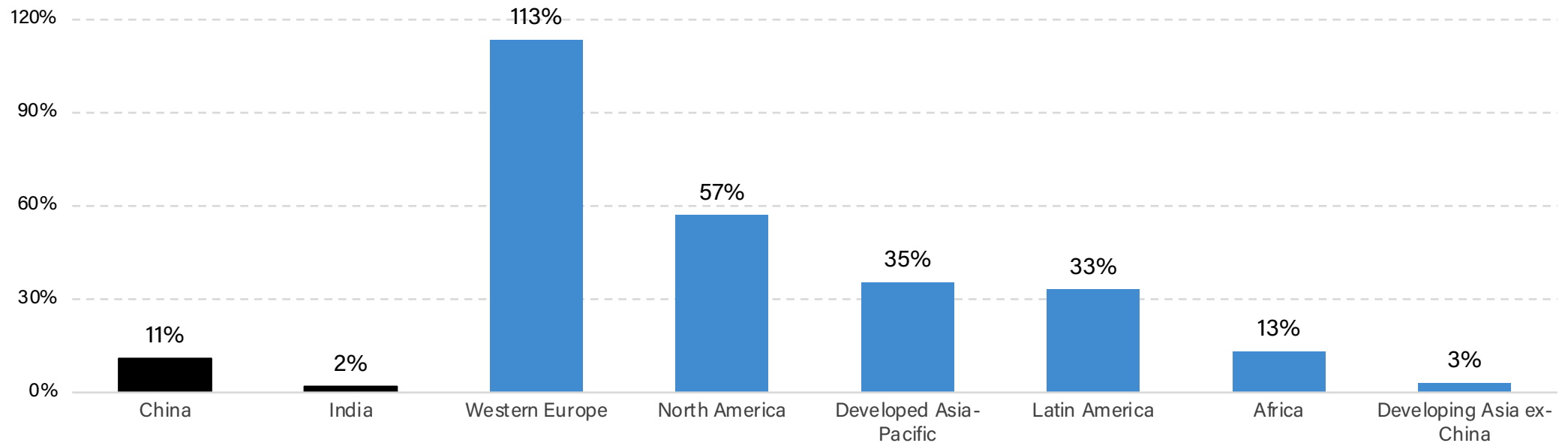
Note: 2019 data. All figures in current \$ levels.

Source: Skift Research from World Bank, UNWTO, International Monetary Fund, data as of December 2022.

# But Note: International Travel Remains a Luxury in Both China and India

Yes, China was the largest source of outbound travel in the world in 2019, but on a per capita basis the travel penetration rate was low. Along with India, there is latent potential for millions of new international travelers in coming years, but international travel remains a luxury.

Outbound Trips per Population, 2019



3.

CONSUMER  
TRENDS



CONSUMER  
TRENDS

3.1

BLENDED TRAVEL BOOSTS  
HYBRID HOSPITALITY

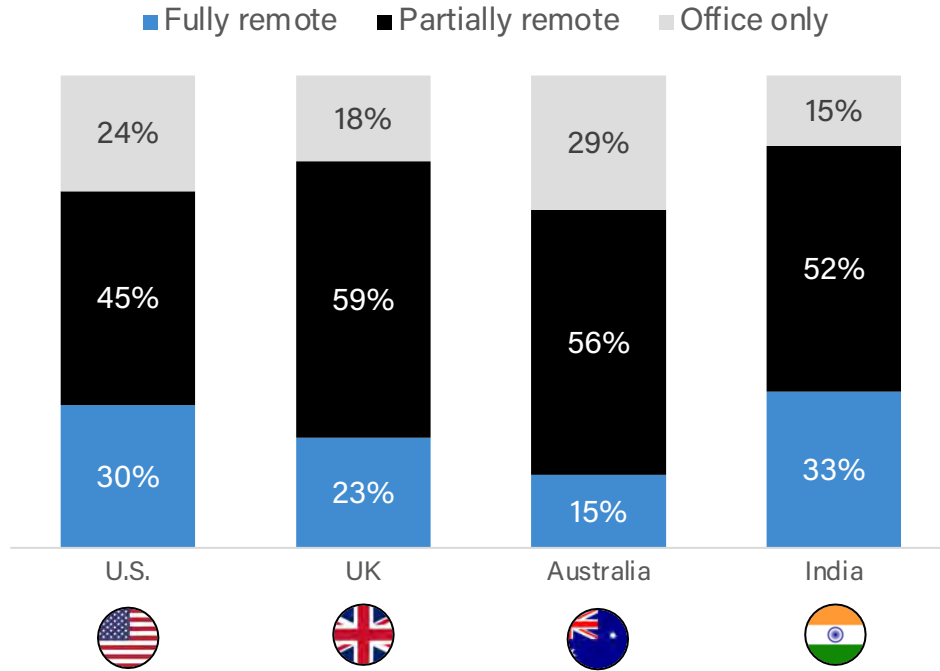
# Remote Work Likely to Stick Going Forward

The majority of business travelers from the U.S., UK, Australia, and India continue to work remotely. Remote work versus back to office will continue to be a hot topic. According to a Deloitte study amongst travel managers, they expect that the average will be 2.2 days working from home, three times as much as before the pandemic.

- 3.1 Blended Travel
- 3.2 Experiences
- 3.3 Luxury Travel
- 3.4 Sustainability



**Work Arrangement**

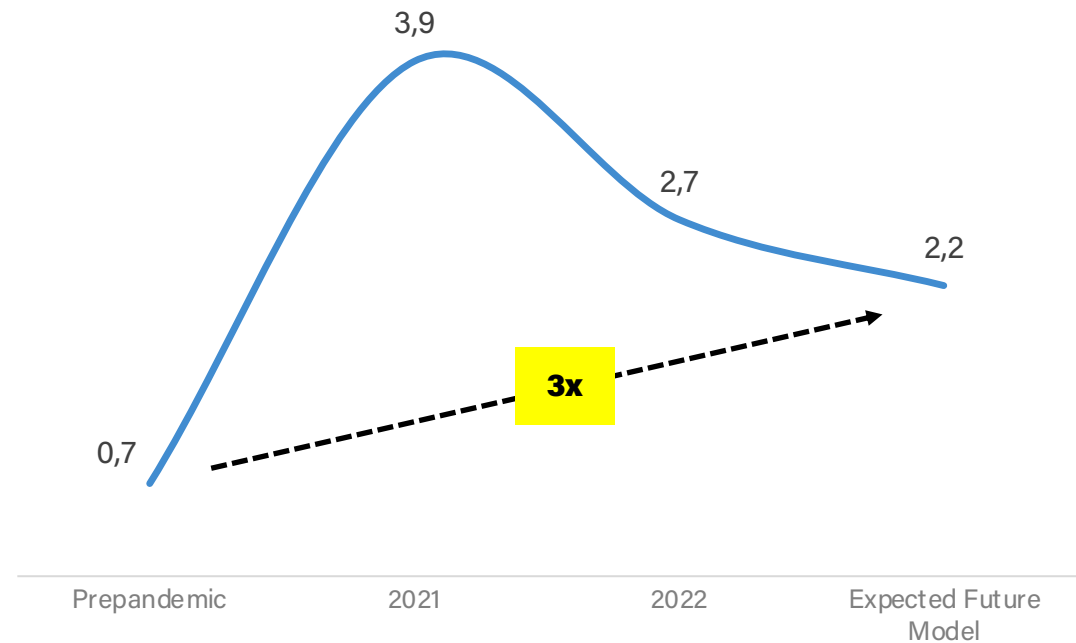


Note: Survey conducted in March 2023, n: U.S.= 507, UK= 458, Australia= 414, India= 445.

Source: Skift Research, data as of April 2023.

Reproduced from [Business Travelers : A Multi-Country Survey Report](#), April 2023.

**Workplace Flexibility:  
Work from Home-Days per Week**



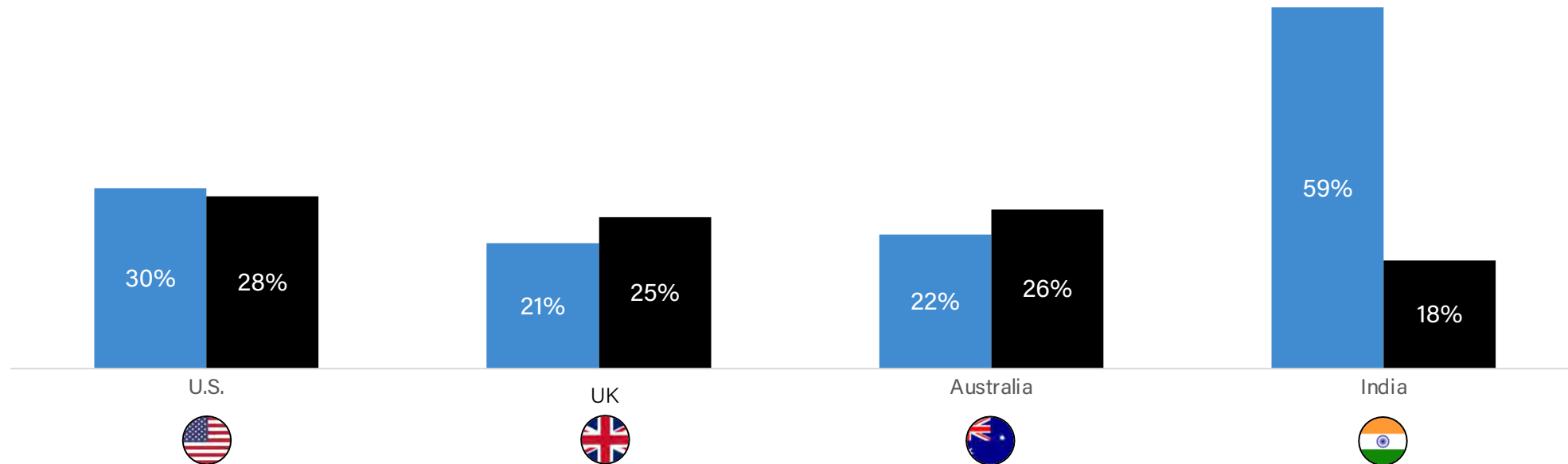
Source: Deloitte, Navigating Toward a New Normal: 2023 Deloitte Corporate Travel Study, April 2023.

# Remote Work Boosts Travel

When we asked business travelers from the U.S., UK, Australia and India about the impact of remote work on their travels, the majority reported that they have taken more shorter trips and/or travelled for an extended time, due to the flexibility that remote work provides them.

## Actions Taken due to Remote Work Status

■ I have traveled for an extended time (more than 10 days) away from home      ■ I have taken more short-term (less than 10 days) trips



Note: Survey conducted in March 2023, n: U.S.= 507, UK= 458, Australia= 414, India= 445.

Source: Skift Research, data as of April 2023.

Reproduced from [Business Travelers : A Multi-Country Survey Report](#), April 2023.

# Blended Travel Has Gained Popularity

As a result of greater flexibility around work, the blending of leisure and business travel has become more paramount. Euromonitor forecasts that the global spending by travelers combining business and leisure will more than double by 2027 as compared to 2021.

Global Spending by Travelers Combining Business with Leisure (in USD Billion)

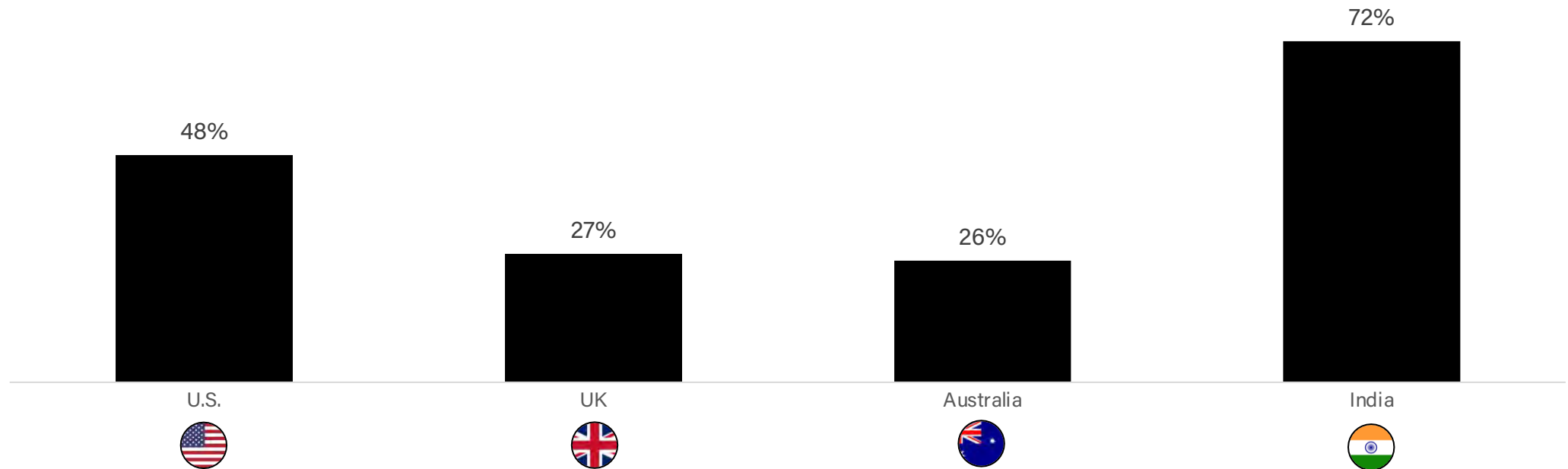




# Blended Travel Trend Varies Across Countries

The percentage of travelers who extended their business trip for leisure purposes was about a quarter in Australia and the UK, half in the U.S. and almost three quarters in India.

Percentage of Business Travelers Who Extended Their Business Trip (Taken in the Last 12 Months) for Leisure Purposes



Note: Survey conducted in March 2023, n: U.S.= 507, UK= 458, Australia= 414, India= 445.

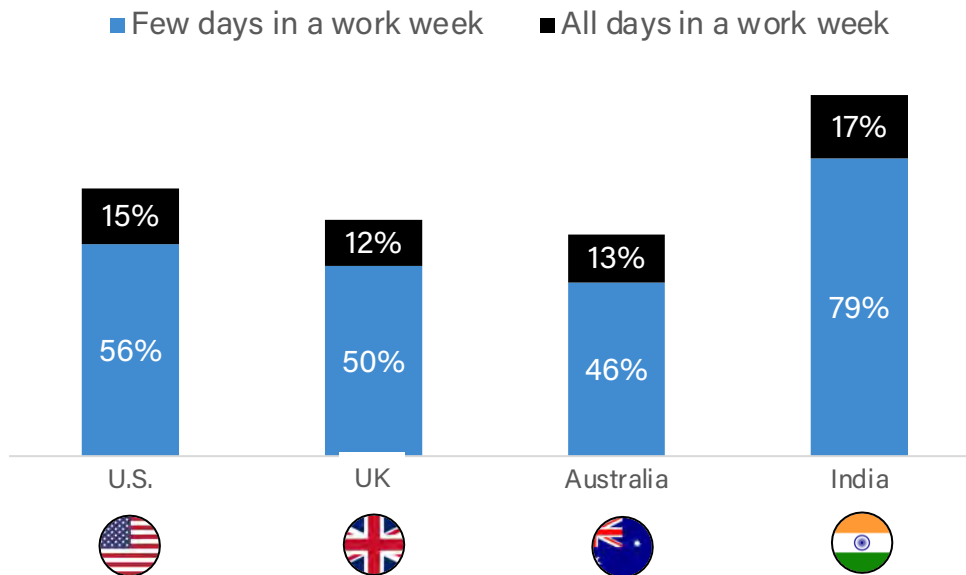
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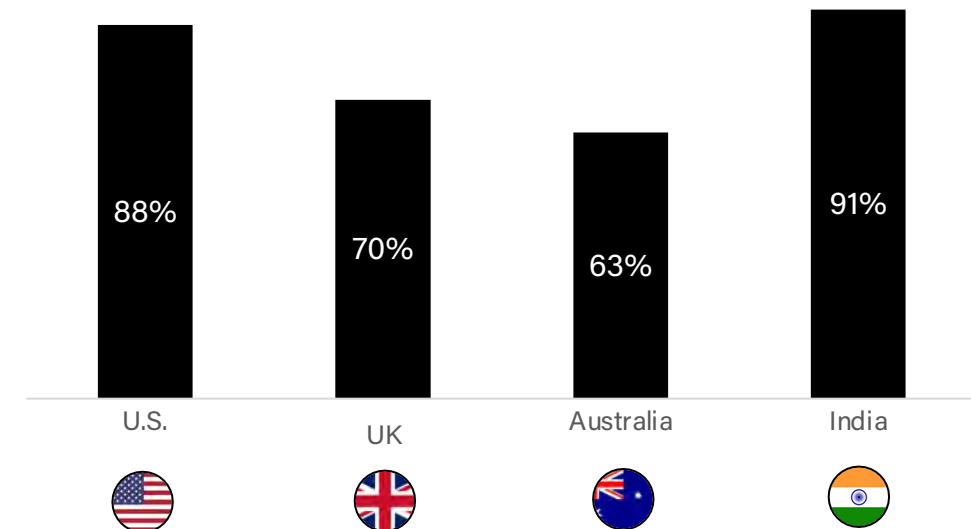
# Coworking Is Opportunity for Hotels

Beyond selling extra room nights, one of the greatest opportunities for hotels to come out of the blended travel trend is the use of hotels as de facto offices. Coworking spaces are becoming synonymous with remote work, with more than half of respondents to our survey working out of a coworking space. A big chunk said that their companies reimburse the coworking space expense that they incur, insinuating that remote businesses are encouraging their employees to use coworking spaces, and offering an opportunity for accommodation providers to steal some share of this revenue.

## Use of Co-Working Spaces



## Company Reimburses Co-Working Space



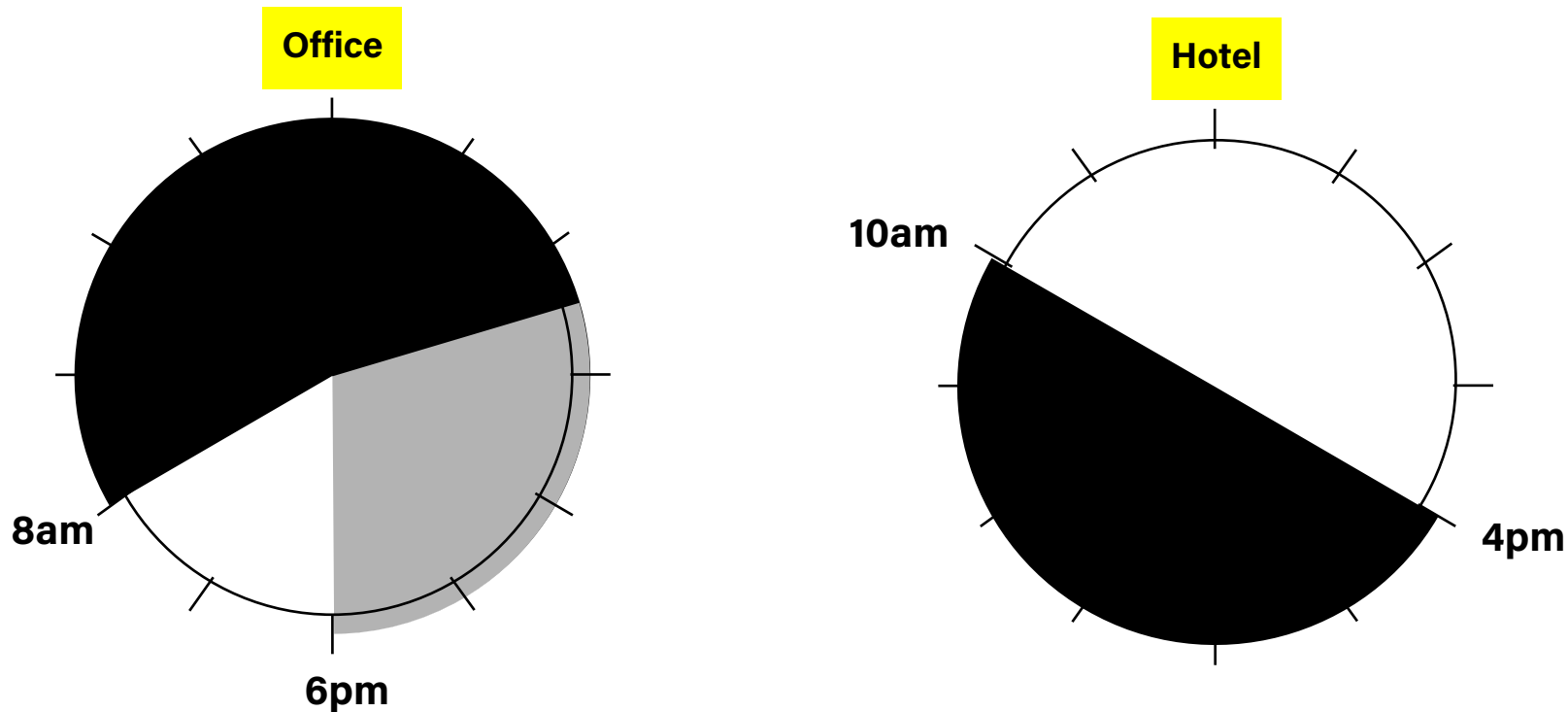
Note: Survey conducted in March 2023, n: U.S.= 507, UK= 458, Australia= 414, India= 445.

Source: Skift Research, data as of April 2023.

Reproduced from [Business Travelers : A Multi-Country Survey Report](#), April 2023.

# Hybrid Hospitality as the New Trend

Offices are open 8 to 6, with a recent Density.io study showing that even during those times, most offices are completely empty for a third of that. Hotels operate almost in complete contrast. They are full at night, but there is an exodus after 10am checkout, until the next group of guests arrives at 4pm. A hybrid hospitality model offers the flexibility to switch inventory around, reuse the units of space at different times of the day to boost profitability.



# Mixed Use Goes Mainstream

Better utilization of space in hotels is not a new concept. Indeed, a whole host of brands have mixed use operations engrained in their mission statements. But just before and during the pandemic, boosted by the blurring of lines between business and leisure travelers, more and more hotels started offering services that fitted the clientele at each time of the day. Coworking spaces for locals and guests during the day, lobby parties or private dining with the GM for regulars at night.

## Evolution of Coworking Moving into Hotels

ENNISMORE

ZOKU

citizen  
hotels

ACCOR

WYOTEL  
Work. Share. Live.

Hilton

Selina

KERTEN  
HOSPITALITY

ACE HOTEL

CROWNE PLAZA®  
HOTELS & RESORTS  
AN IHG® HOTEL

Marriott®  
INTERNATIONAL

2015 and before

2016-2019

2020

# Hybrid Use of Space Is Future of Hotel Operations

According to research conducted by Colliers International, hotels that offer co-working spaces have the potential to increase their turnover by up to 20%.

But it does not stop there. We are seeing reinvigorated attention by hoteliers to use their lobbies, meeting rooms, spas, fitness studios and bedrooms for more than just transient travelers.

This is the future of hybrid hospitality.



It is estimated that where hotels provide office space to enable co-working and interacting, turnover could be increased by up to

# 20%



3.1 Blended Travel

3.2 Experiences

3.3 Luxury Travel

3.4 Sustainability



# CONSUMER TRENDS

3.2

# EXPERIENCES ARE STILL RELEVANT IN 2023

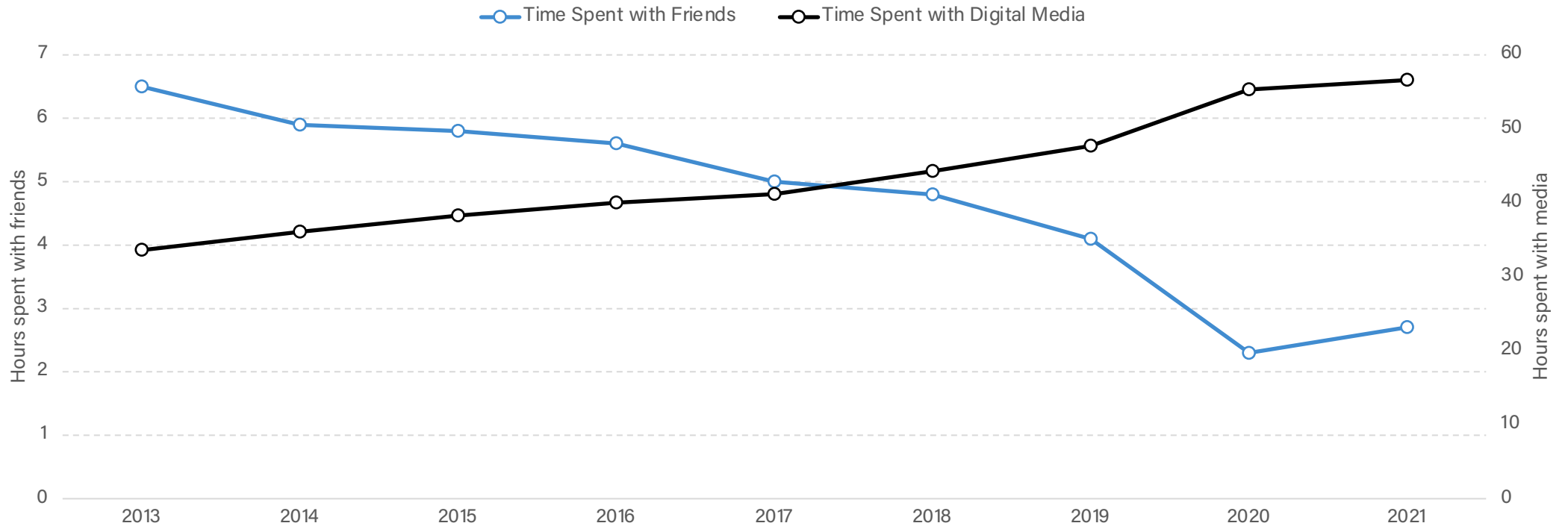
# Travel Creates Opportunity for Connection

Loneliness is on the rise, as people spend less time with friends and family, and more online. Travel offers opportunities for people to connect and reconnect, with oneself and loved ones. We have been talking about the importance of experience for over a decade, but this trend is not waning. If anything, it is getting stronger.

- 3.1 Blended Travel
- 3.2 Experiences
- 3.3 Luxury Travel
- 3.4 Sustainability

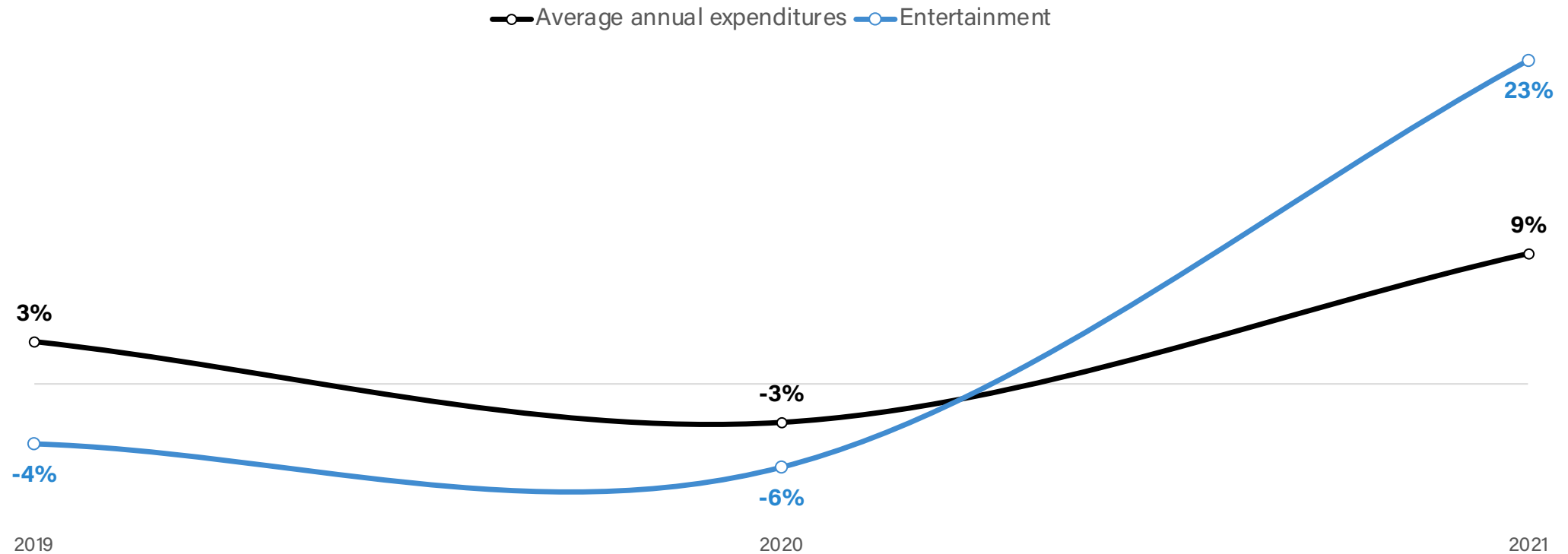


**Hours Per Week Spent with Friends vs Digital Media**



# Pandemic Super Charged Demand for Experiences

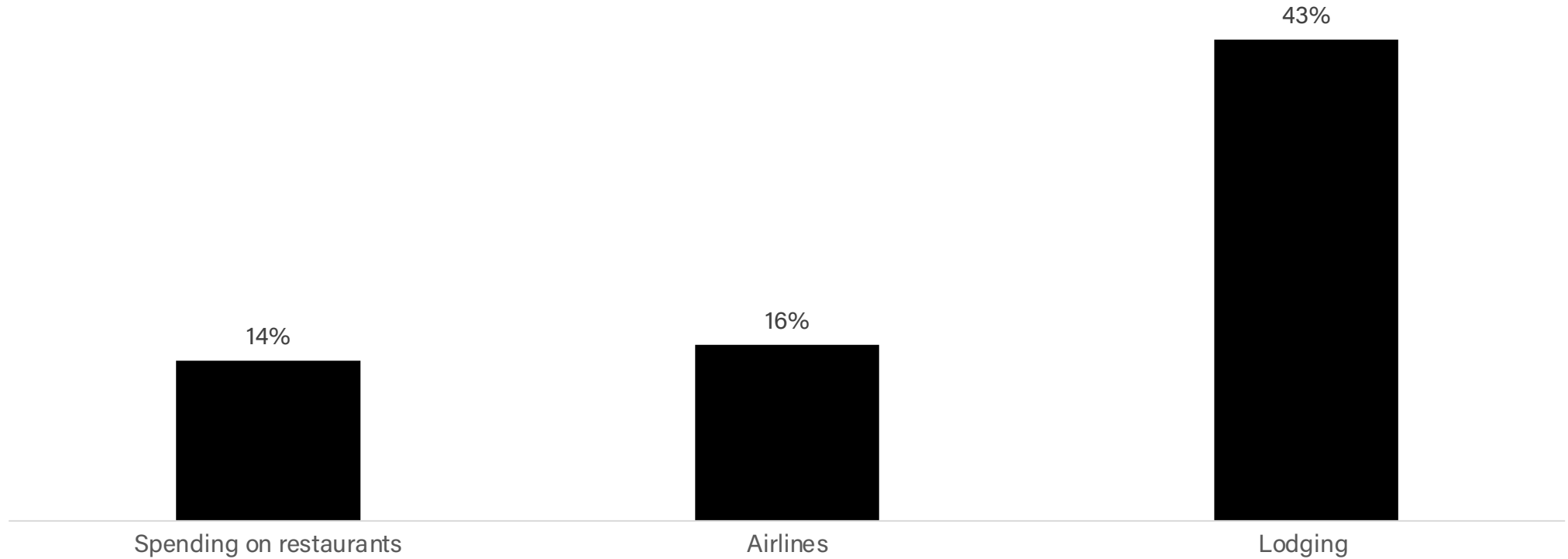
Y-o-Y % Change of Average Annual Expenditures and Expenditure on Entertainment in the U.S.  
Consumer Expenditure Surveys 2018–2021





# Spending on Experiences Has Seen Strong Rise

Increase in Spending by Category  
February 2023 vs. February 2022

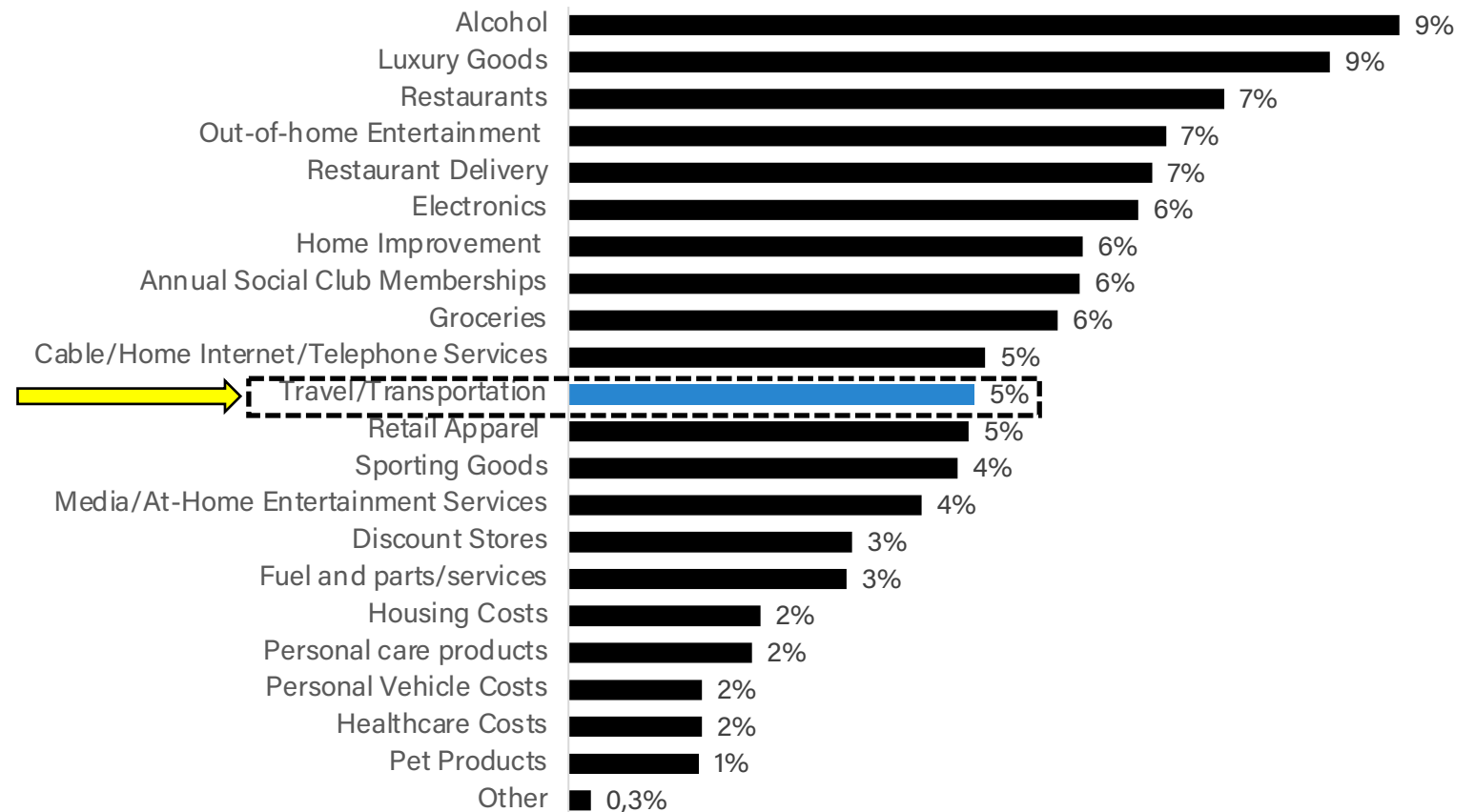


# Drive for Experiences Insulates Travel

Despite inflationary pressures, the drive for experiences is insulating travel. At least for now.

In a recent survey we did in the U.S., 60% of consumers said that inflation would impact the way they intended to travel, but travel spending is prioritized over other discretionary items and services, including luxury goods, eating out, home improvement and electronics.

Category on Which Respondents Have or Will be Cutting Spending  
Q1 2023



Note: Survey was conducted in April 2023. N = 200 business travelers, 800 leisure travelers.

Source: Skift Research, data as of May 2023.

Reproduced from [U.S. Travel Tracker, Q1 2023](#), May 2023.



3.1 Blended Travel

3.2 Experiences

3.3 Luxury Travel

3.4 Sustainability



CONSUMER  
TRENDS

3.3

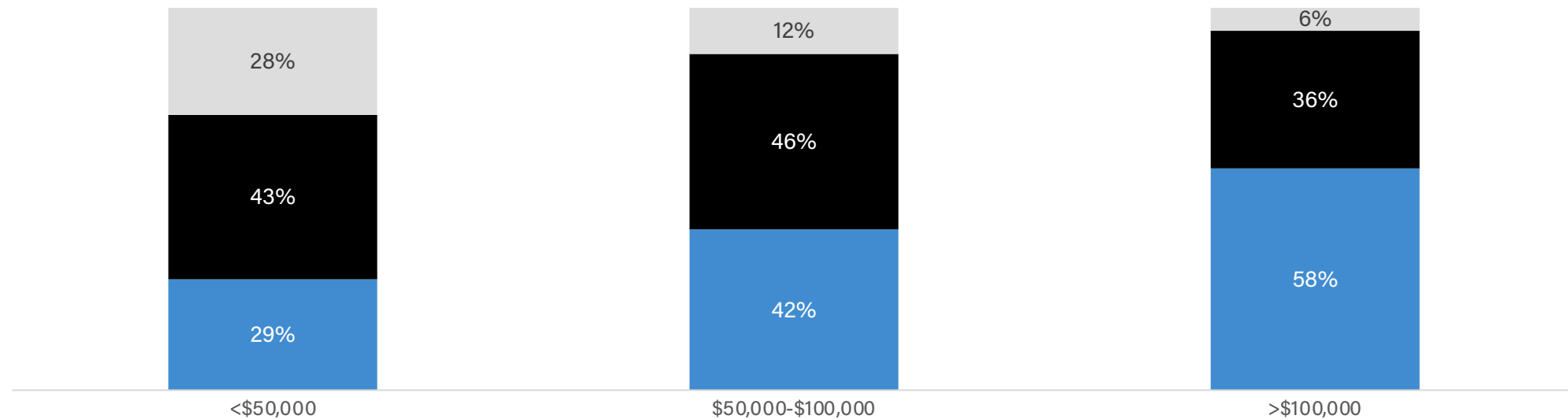
LUXURY TRAVEL FOR THE  
AFFLUENT MASSES

# Household Savings of Affluent have Risen

A consumer survey from equity research analysts at Cowen shows that more than half of high-income earners have seen their savings increase in January 2023 as compared to January 2022. This positive trend in savings suggests that these individuals may have the financial capacity and inclination to spend more on various expenditures, including travel. As their savings grow, there is a potential for increased travel spending among this demographic.

**Household Savings by Income Group**  
Jan 2023 vs Jan 2022

■ Savings Up ■ Savings Down ■ Living Paycheck to Paycheck



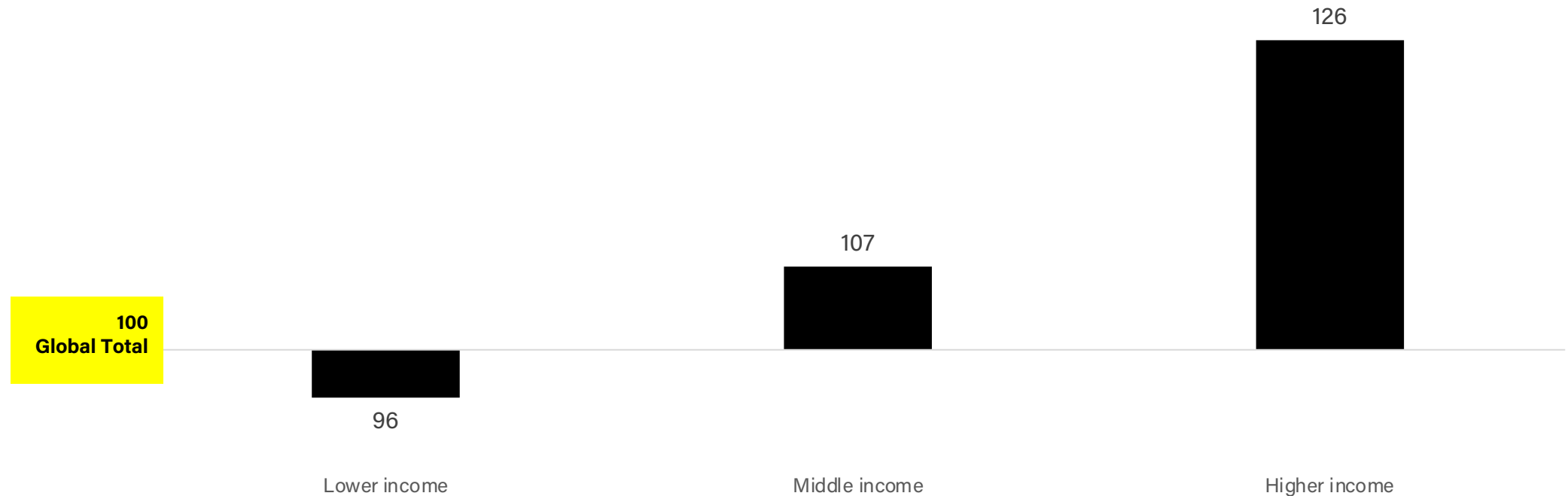
Source: Cowen Research, data as of January 2023.

Reproduced from [Recession Watch: Hotel Chain Scale Analysis 2023](#), March 2023.

# Travel Has Become More Important

Since the pandemic, the recovery has been driven by high-income households, which now place a greater importance on travel than before the pandemic.

**Index by Income of Those Agreeing with the Statement  
“Travel Has Become More Important Since the Pandemic”**



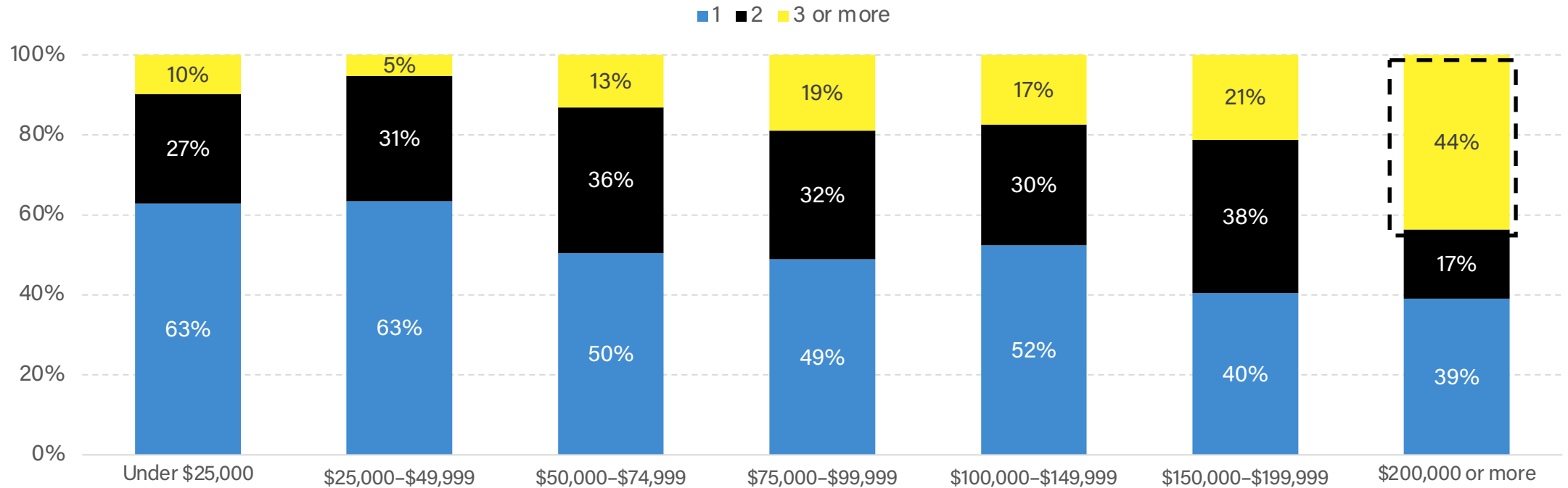
Note: Income definitions - Lower income: less than 75% of the median, Middle income: between 75% and 200% of the median, Higher income: higher than 200% of the median.

Source: YouGov, Global Travel and Tourism Whitepaper, 2023.

# Mass Affluent Households Take Most Trips

When we researched U.S. consumer households, we found that those households with income of \$200,000 or more contributed significantly to travel volumes, with almost half traveling three or more times in the first quarter of 2023 alone (this includes business trips).

How Many Trips Did You Take In Q1 2023?



Note: Survey was conducted in April 2023. N = 200 business travelers, 800 leisure travelers.

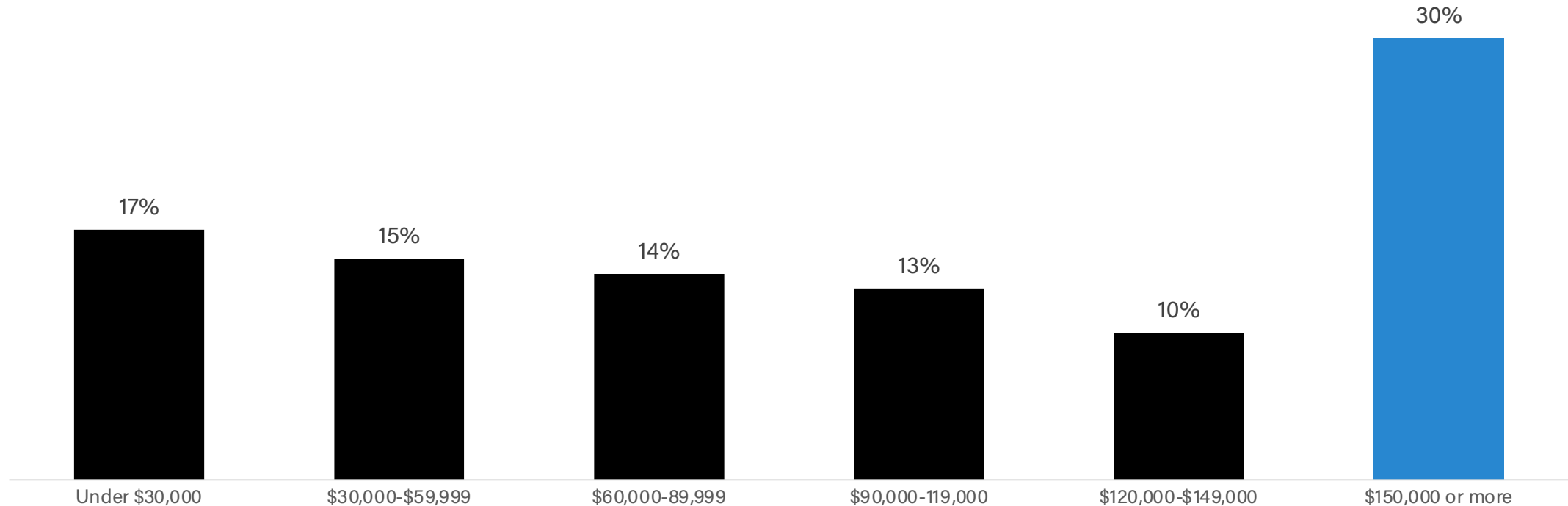
Source: Skift Research, data as of May 2023.

Reproduced from [U.S. Travel Tracker, Q1 2023](#), May 2023.

# Outsized Travel Spending by Affluent Households

Households with higher discretionary incomes spend more of this on travel. According to our U.S. Travel Tracker survey, high-income households spend 30% on travel.

### Share of U.S. Travel Spend By Household Income



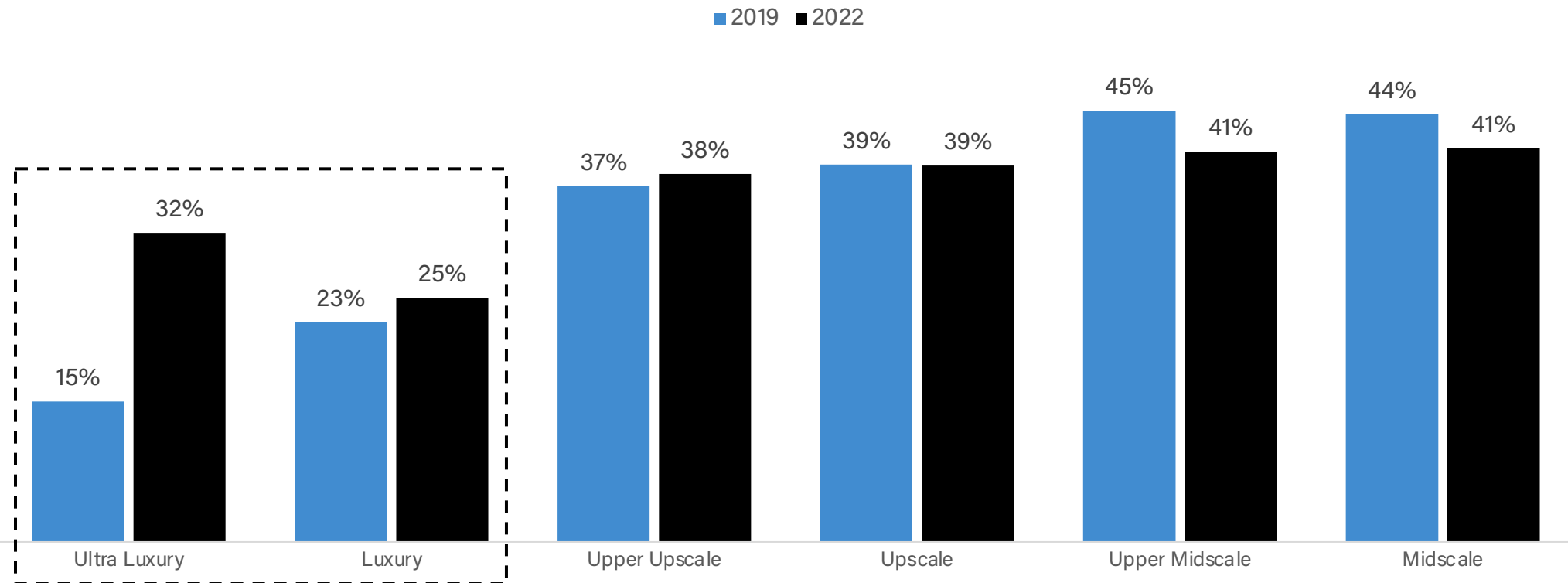
Note: Data is for 2017 (latest available).

Source: Skift Research from U.S. Census Bureau Economic Census, data as of June 2023.

# Mass Affluent Drive Luxury Hotel Recovery

Demand for luxury hotels is strong, and people are willing to pay high rates. Strong pricing growth at luxury hotels has more than offset high cost inflation in 2022, and has resulted in margins at ultra-luxury hotels to more than double compared to 2019 levels.

Gross Operating Profit Margin by Chain Scale in the U.S.



Source: HotStats, data as of January 2023.

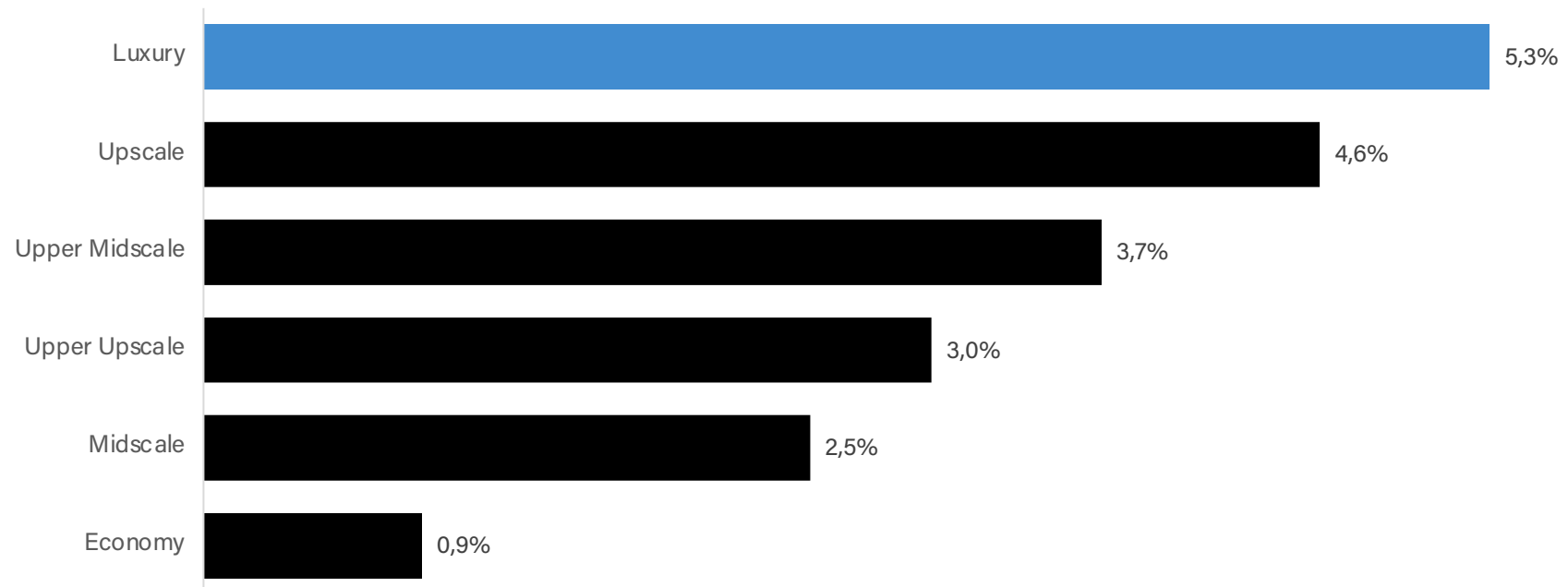
Reproduced from [Recession Watch: Hotel Chain Scale Analysis 2023](#), March 2023.



# Demand for Luxury Expected to Remain Strong

As per data from STR, hotel construction pipelines are skewed towards the luxury segment, with hoteliers expecting the demand for luxury stays to remain.

## U.S. Room Supply: Future Pipeline Under Construction as a % of Existing Supply



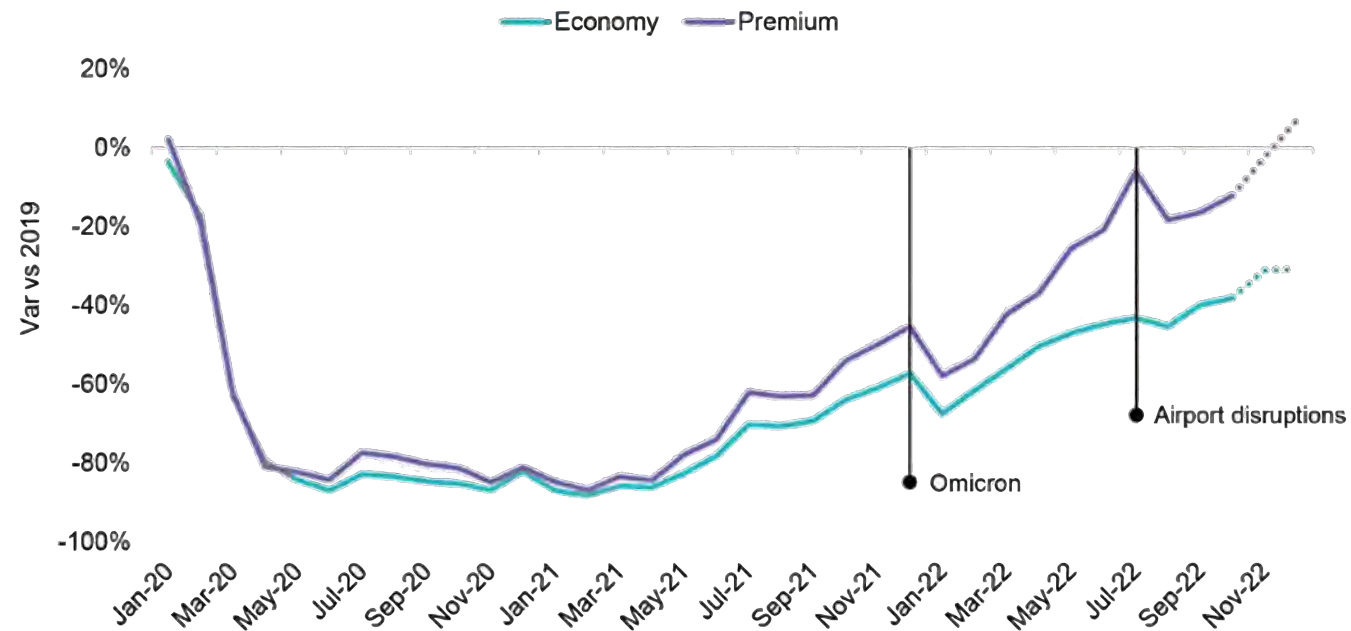
Source: STR, data as of January 2023.

Reproduced from [Recession Watch: Hotel Chain Scale Analysis 2023](#), March 2023.

# Strong Demand for Premium Flights

In line with the demand for ultra-luxury and luxury hotels, data from ForwardKeys shows that there is also a mass appeal to flying in style. Premium cabin classes recovered more quickly than economy class during 2022.

## Global Arrivals by Cabin Class Benchmarked Against 2019

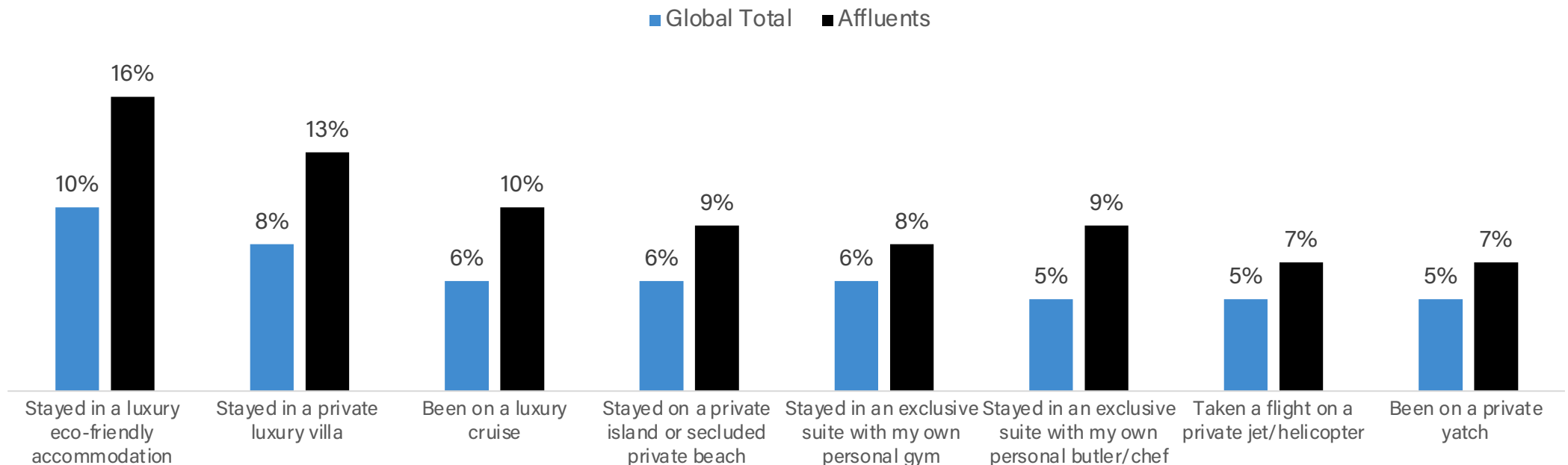


Source: ForwardKeys, data as of December 2022.

# But The Affluent Seek Special Experiences

We already said it, experiences are still of great importance in 2023. And for the affluent masses, this is no different. Finding special places to stay is particularly important to the affluent mass, with sustainability an important consideration in their travel decision-making.

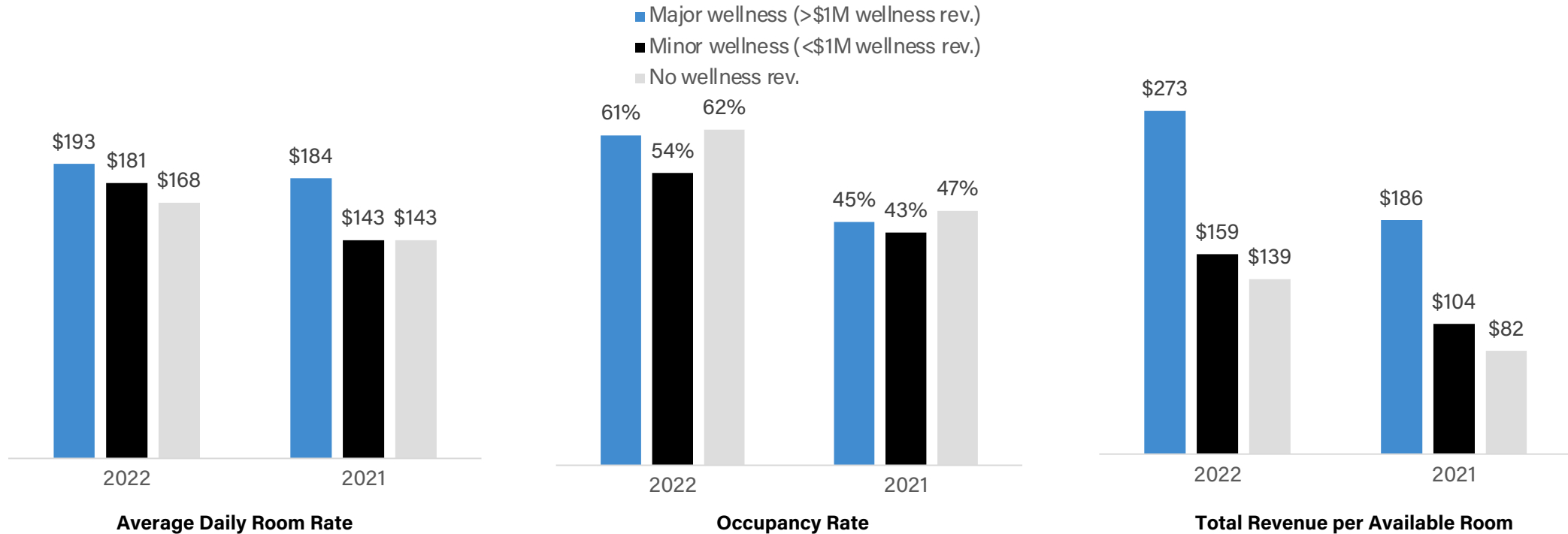
## Travel Experiences Purchased in the Last Three Years



# But The Affluent Seek Special Experiences

Wellness, also, offers a strong link between luxury and special experiences, and as a high-yield sector is an interesting growth opportunity for the travel industry. The pandemic has accelerated the thriving wellness industry, as people prioritize health and wellness as the essential luxury. Hotels with wellness amenities have recovered well and are showing strong revenue potential.

**Hotel Key Performance Indicators by Wellness Offering**



CONSUMER  
TRENDS

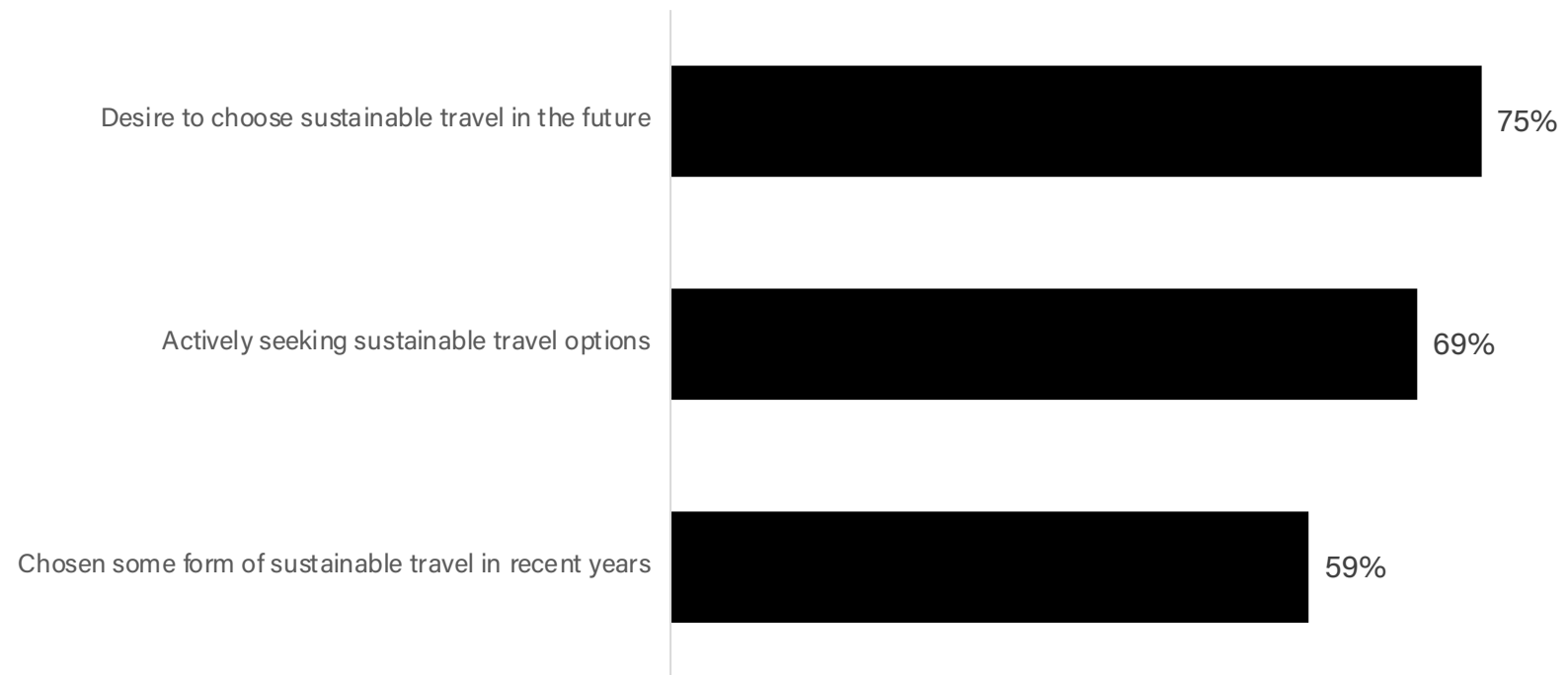
3.4

SUSTAINABILITY KEEPS  
EVOLVING

# Sustainability has Maintained Its Importance

The pandemic's impact on people and industries has sparked introspection regarding their environmental and societal impact. As per a study conducted by the World Travel and Tourism Council, majority of travelers are seeking and choosing sustainable travel options.

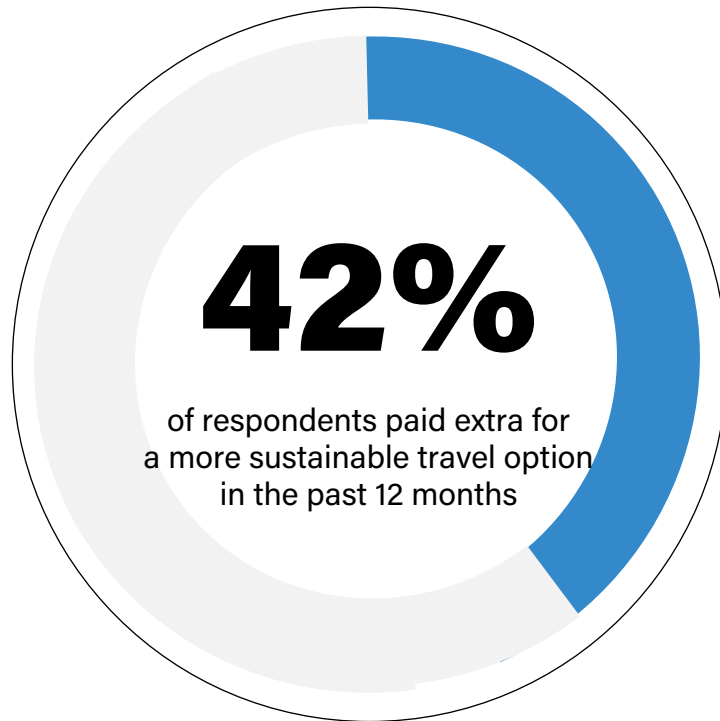
## Commitment Among Travelers to Reduce Their Carbon Footprint



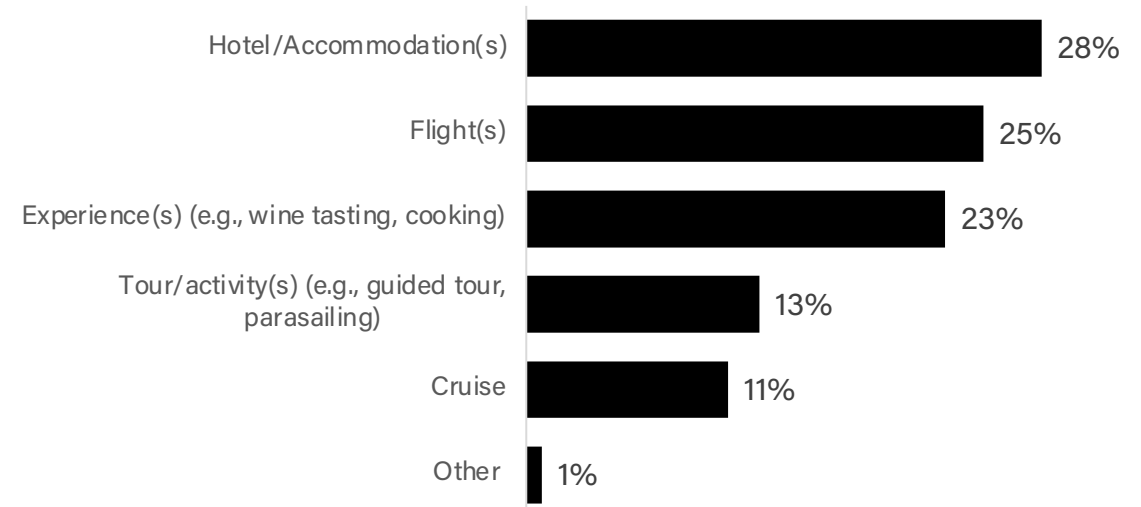
Source: WTTC: A World in Motion Shifting Consumer Travel Trends in 2022 and Beyond, 2023.

# Sustainable Decision Strongest in Accommodation

As per Skift Research's U.S. Travel Tracker, 42% of travelers paid extra for a more sustainable travel option in Q1 2023, with accommodation most prevalent to spend extra on.



## Part of the Trip for Which the Respondent Paid More for a Sustainable Option, Q1 2023



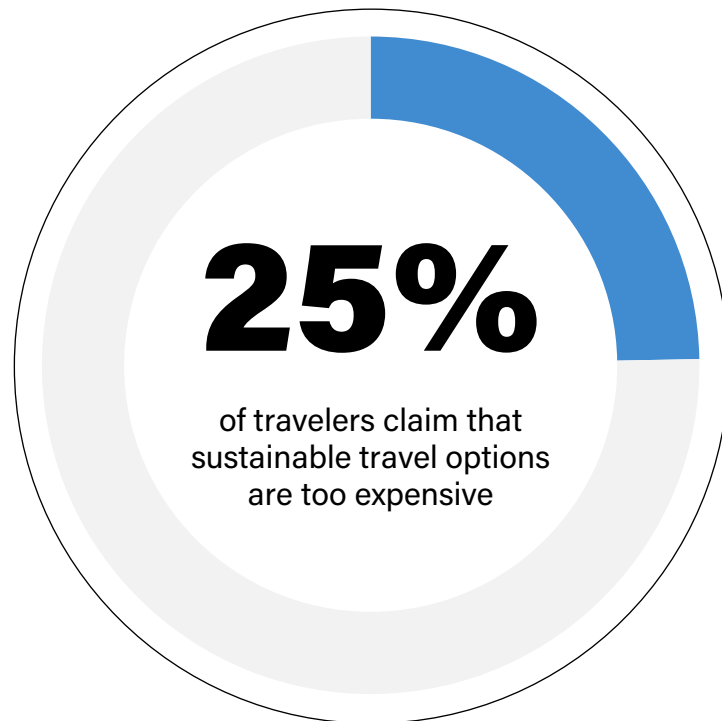
Note: Survey was conducted in April 2023. N = 200 business travelers, 800 leisure travelers.

Source: Skift Research, data as of May 2023.

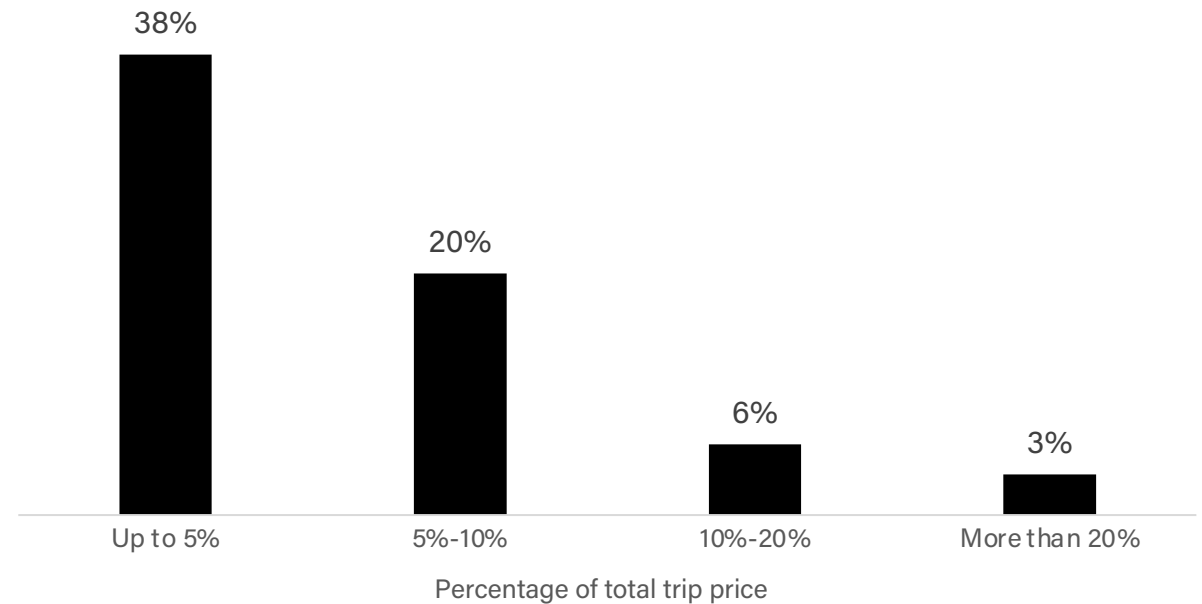
Reproduced from [U.S. Travel Tracker, Q1 2023](#), May 2023.

# Challenges to Sustainable Travel: Pricing

But while sustainability seems to be increasingly important, there are some major challenges. A quarter of travelers perceived sustainable travel options to be too expensive. Most people who are willing to pay extra, do not want to pay more than 5% of the travel product price for a sustainable option.



## Willingness to Pay Extra for a Sustainable Option

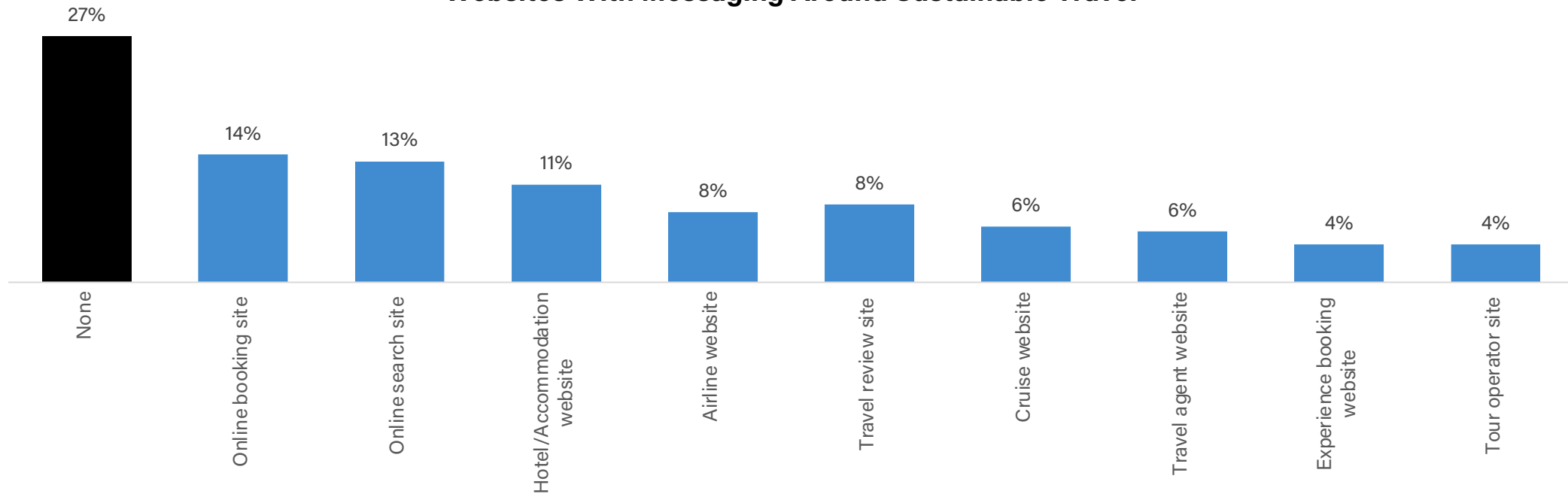




# Challenges to Sustainable Travel: Low Visibility

But maybe more important is the lack of clear information. Skift Research's U.S. Travel tracker findings suggest that a majority of survey respondents did not find any website messaging around sustainable travel. Without any (accurate) information about sustainable options, travelers are unable to act according to their ethics.

## Websites With Messaging Around Sustainable Travel



Note: Survey question: What type of booking sites have you seen messaging around sustainable travel options (e.g., carbon intensity of different options, eco-certifications, suggestions to be more sustainable when traveling) in the past 12 months? Please select all that apply. N = 1,000 U.S. travelers.

Source: Skift Research, data as of January 2023.

# Opportunity: Sustainability and Wellness

Amidst economic anxiety, climate change, political uncertainty, and health concerns, wellness and sustainability have emerged as key travel drivers. While integrating wellness into hospitality is not a novel concept, a holistic approach that considers broader sustainability objectives and community values signifies a progressive path ahead.

Accor launched a podcast series called 'Health to Wealth' in May 2022 aimed at exploring topics that share the common thread of well-being, and discovering how initiatives across society contribute to a healthier, wealthier ecosystem. The large interest in the podcast validates the interest in this holistic concept.

TOTAL REACH:

**322M**

DOWNLOADS:

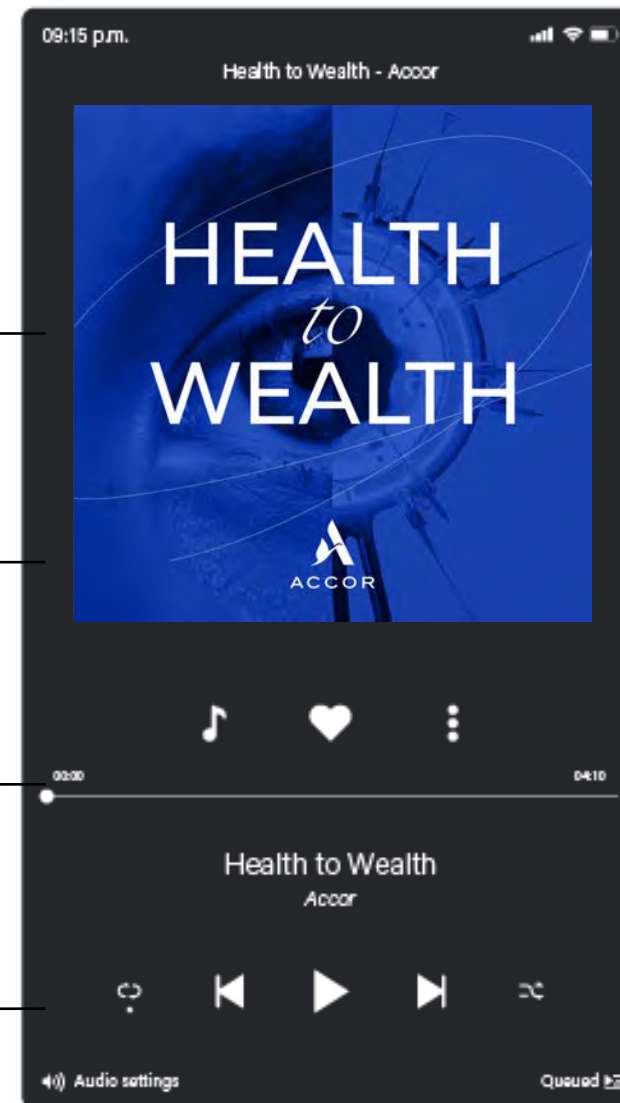
**+100,000**

SUBSCRIBERS:

**35,000**

LOVIE (GOLD) AWARDS:

**2**



3.1 Blended Travel

3.2 Experiences

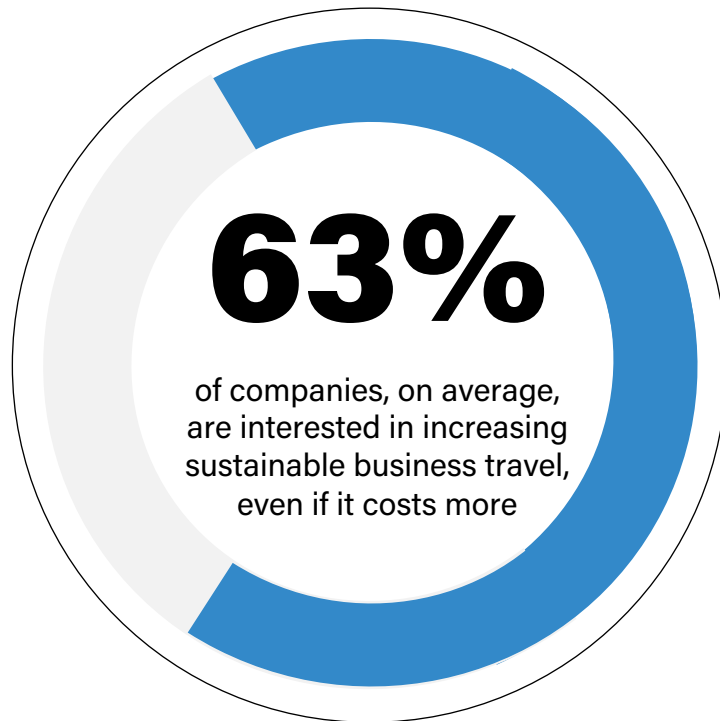
3.3 Luxury Travel

3.4 Sustainability

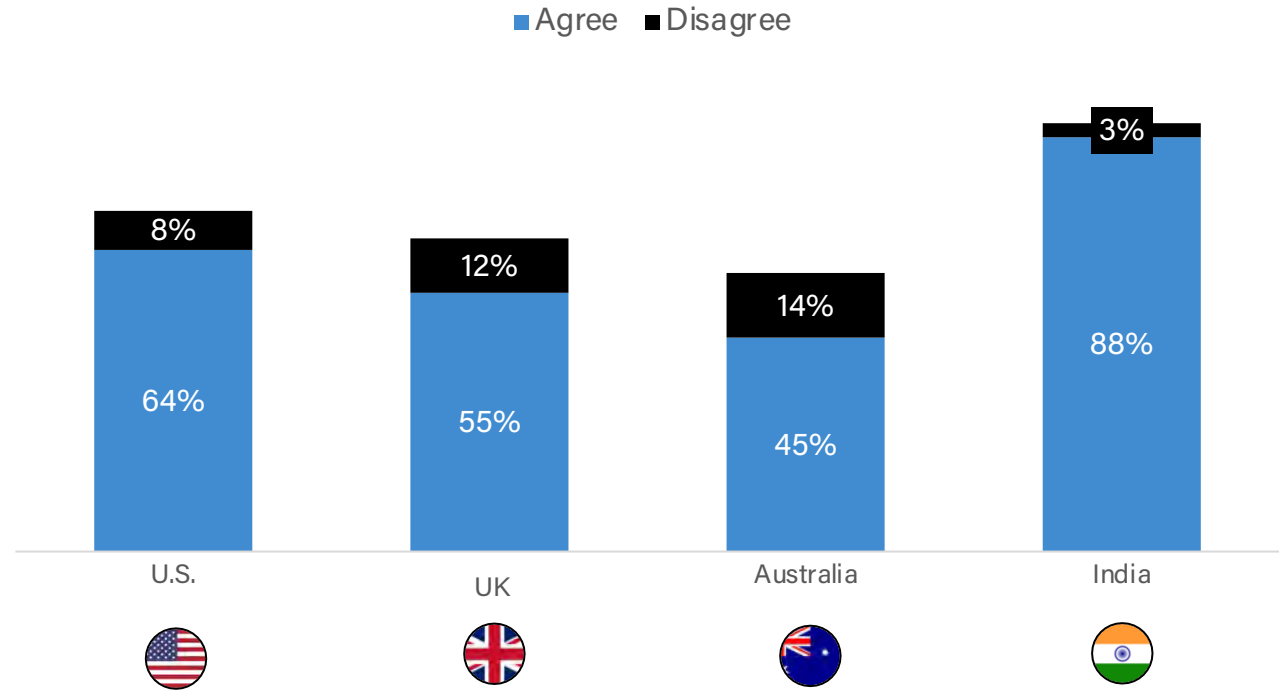


# Opportunity: Companies Embrace Sustainability

At present, we are seeing stronger movement in the business travel space when it comes to sustainability. When we questioned business travelers from four countries, the vast majority believed their employers will increase sustainable business travel, even if it costs more.



**Company Interest in Increasing Sustainable Business Travel, Even if it Costs More**



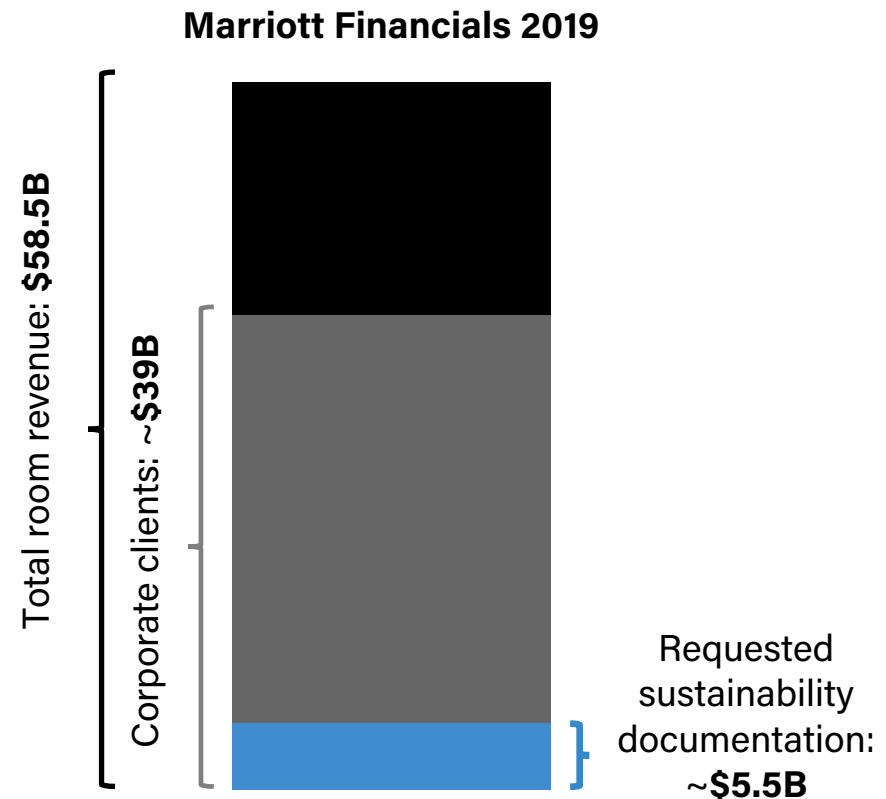
Note: Survey conducted in March 2023, n: U.S.= 507, UK= 458, Australia= 414, India= 445.

Source: Skift Research, data as of April 2023.

Reproduced from [Business Travelers : A Multi-Country Survey Report](#), April 2023.

# Opportunity: Companies Embrace Sustainability

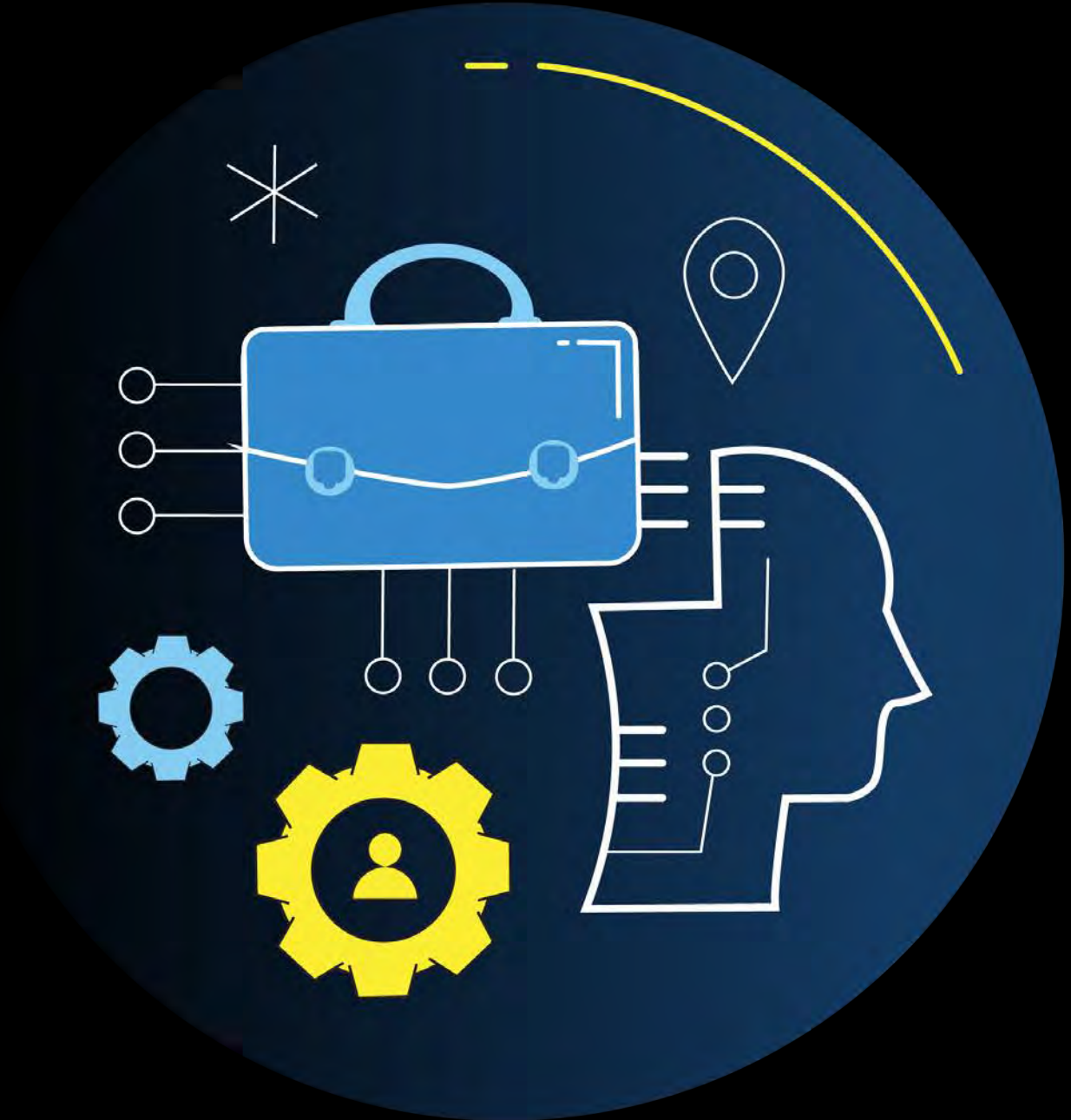
For Marriott International, the largest hotel chain worldwide, 270 of its largest corporate clients, accounting for 1 in 7 rooms booked, asked for sustainability credentials in 2019. The fact that the company could deliver these gave it a \$5.5 billion sales opportunity.



Source: Skift Research from CDP, Bernstein, and own estimates, data as of March 2023.

4.

BUSINESS  
TRENDS



# BUSINESS TRENDS

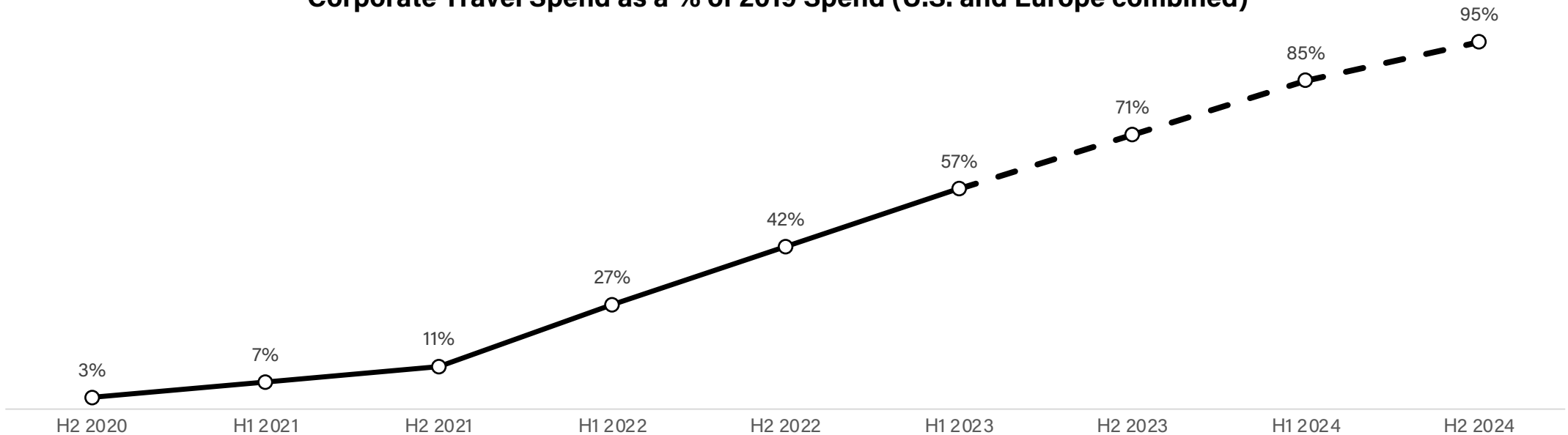
## 4.1

# THE RETURN OF BUSINESS TRAVEL

# What Is Full Business Travel Recovery, and Will We Get There?

According to Deloitte's corporate travel study, a full recovery to 2019 levels in business travel is possible by late 2024. However, the anticipated growth in 2023 and 2024 will happen amidst rising airfares and room rates, resulting in a likelihood of the number of trips continuing to lag behind. This will lead to a smaller corporate travel market in real terms compared to pre-pandemic times.

Corporate Travel Spend as a % of 2019 Spend (U.S. and Europe combined)

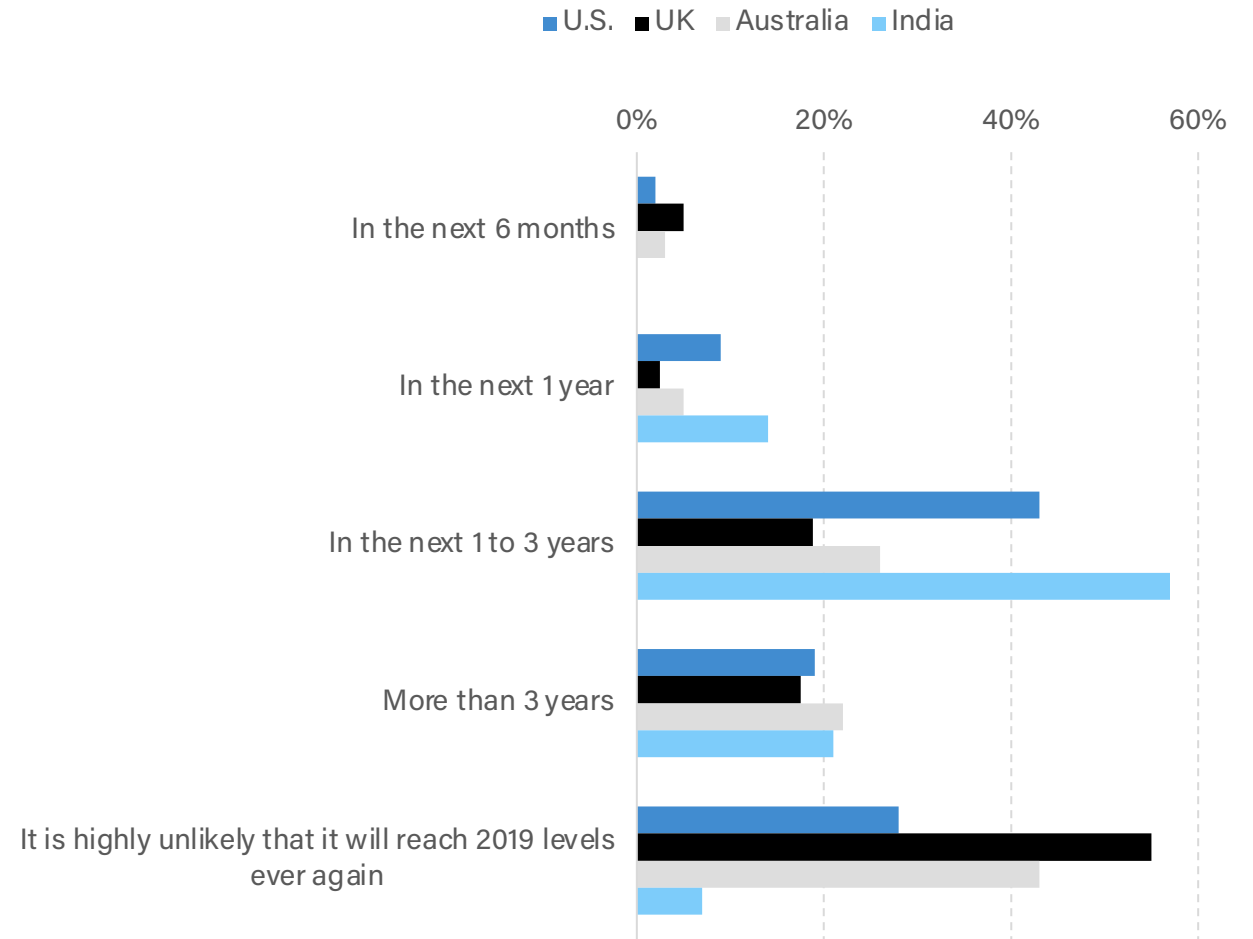


Note: N = 334 travel managers.

# Pessimism About Full Business Travel Recovery

Skift Research's multi-country survey of business travelers reflects an overall pessimistic outlook regarding business travel recovery.

## Timeline for Business Travel Spending to Reach 2019 Levels



Note: Survey was conducted in March 2023 amongst business travelers. n: U.S. = 507, UK = 458, Australia = 414, India = 445.

Source: Skift Research, data as of April 2023.

Reproduced from [Business Travelers: A Multi-Country Survey Report](#), April 2023.



4.1 Return of Business Travel

4.2 Impact of AI

4.3 Operational Issues

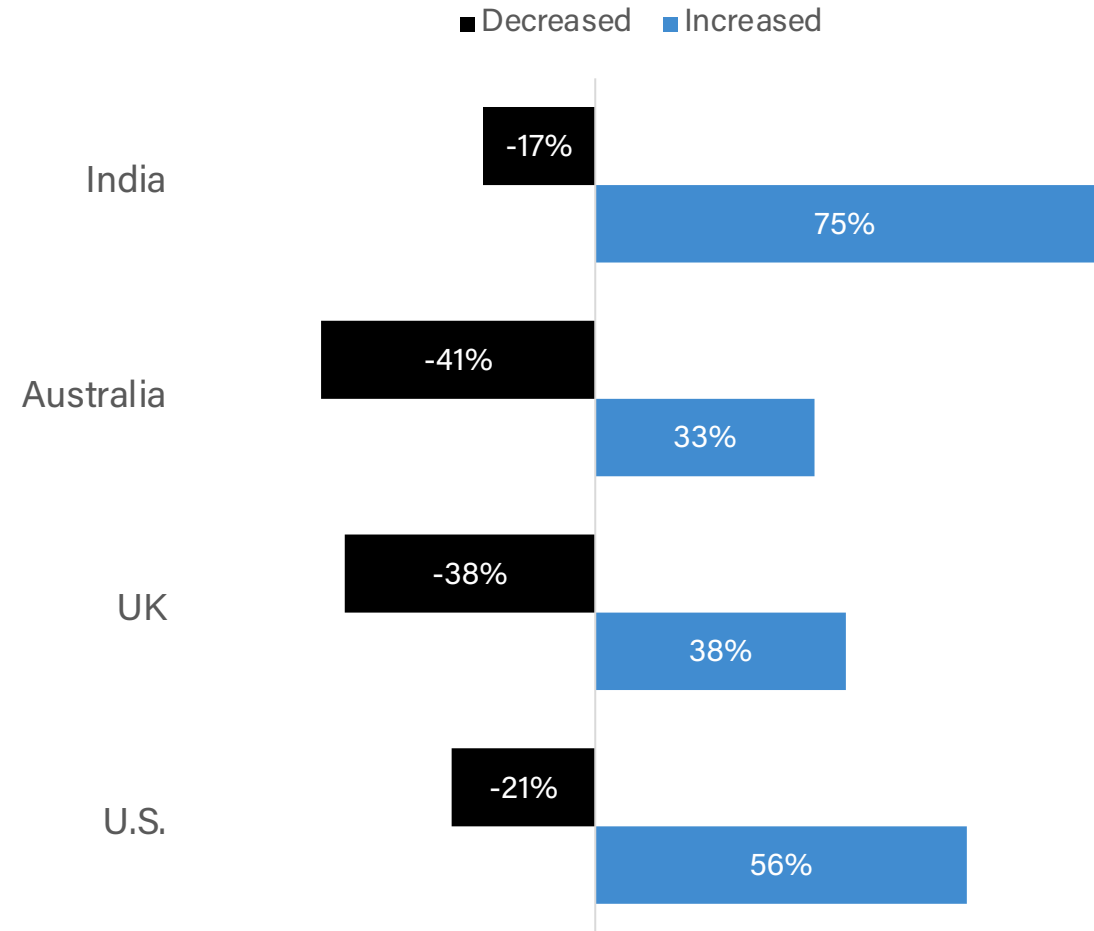




# Overall Category Decline Doesn't Mean Everyone Travels Less

The overall decline in business travel does not necessarily mean that everyone will travel less. In our own survey, for example, we found that respondents travel more now than before the pandemic.

## Change in the Number of Business Trips Past 6 months vs Before Covid-19



Note: Survey was conducted in March 2023 amongst business travelers. n: U.S. = 507, UK = 458, Australia = 414, India = 445.

Source: Skift Research, data as of April 2023.

Reproduced from [Business Travelers : A Multi-Country Survey Report](#), April 2023.



4.1 Return of Business Travel

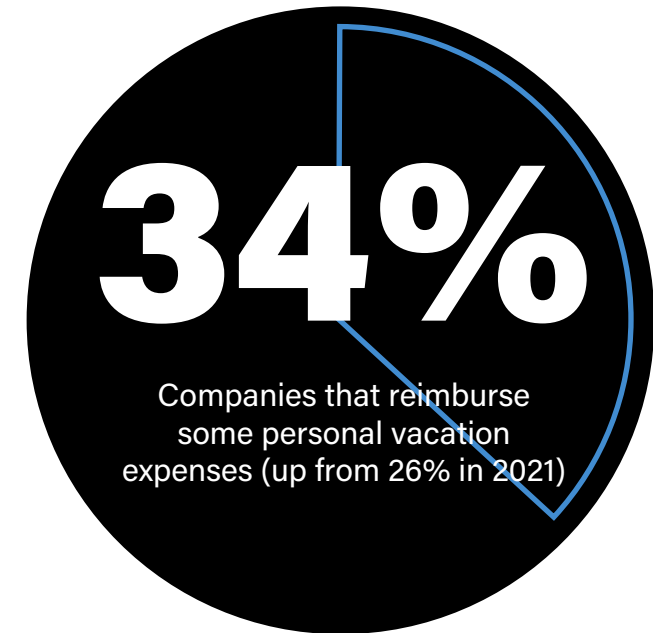
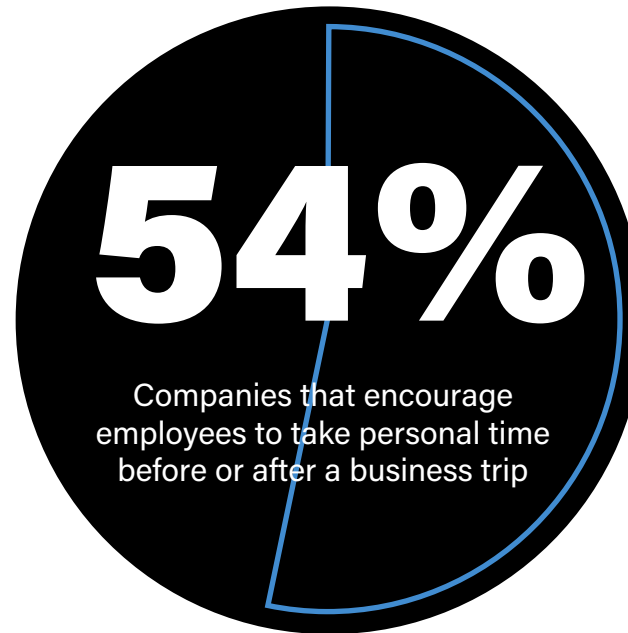
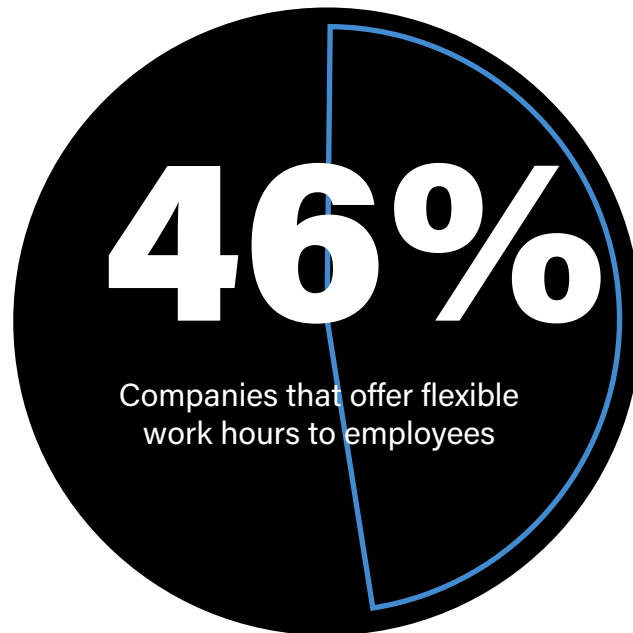
4.2 Impact of AI

4.3 Operational Issues



# Employers Becoming More Flexible in Work and Travel Policies

While the exact shape of business travel recovery remains unclear, one thing that's certain is that companies are changing their policies to cater to new employee expectations.



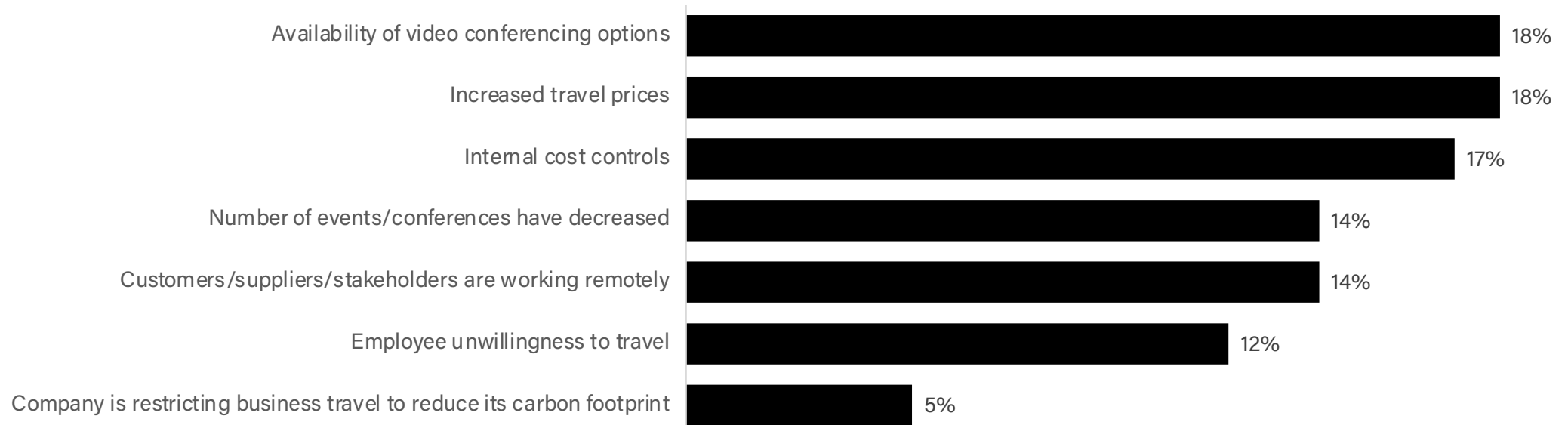
Note: N = 710 corporate travel and finance managers and 1,118 business travelers.

Source: TripActions and Skift, The State of Corporate Travel & Expense 2023, November 2022.

# Why Business Travel Might Not Recover: Technology Is Okay for Most Meetings

Availability of better video conferencing tools, as well as increased travel prices, are highlighted as the most important reasons for companies to reduce their business travel spending.

## Reasons for Reduction in Business Travel Spending



Note: Survey was conducted in March 2023 amongst business travelers. n: U.S. = 507, UK = 458, Australia = 414, India = 445.

Source: Skift Research, data as of April 2023.

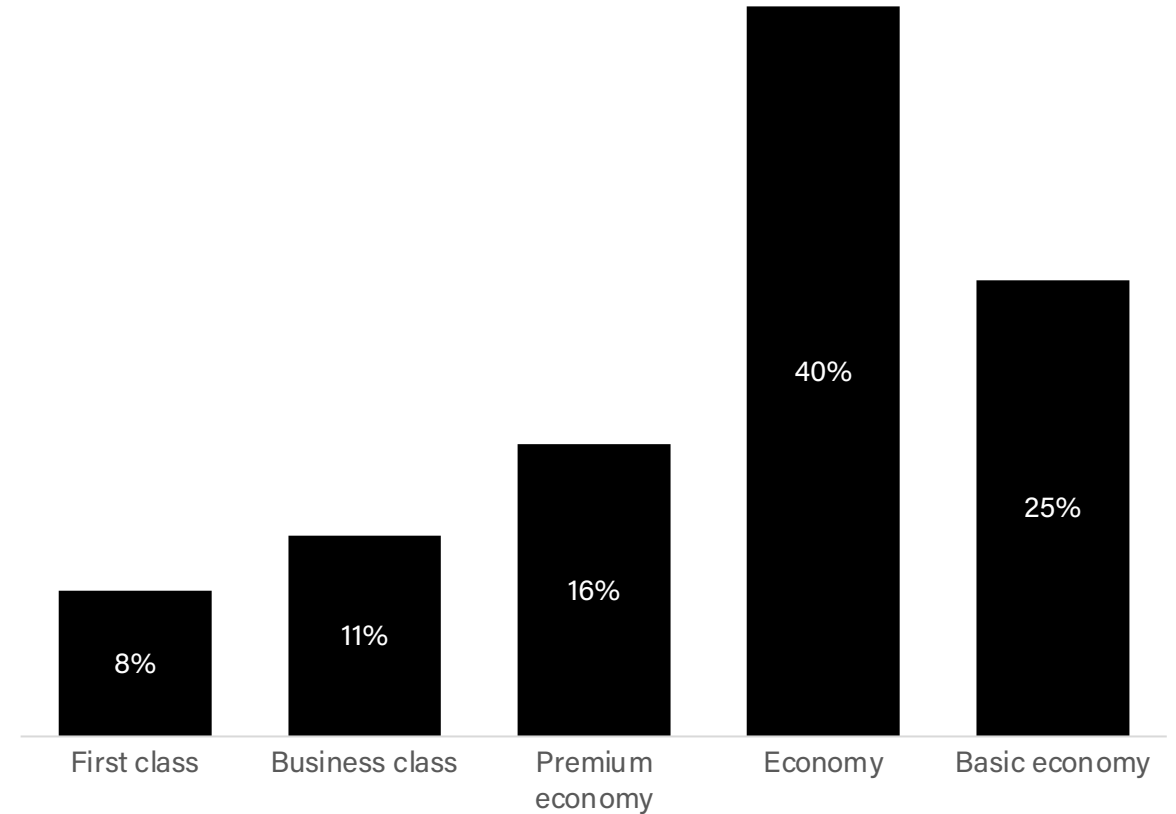
Reproduced from [Business Travelers : A Multi-Country Survey Report](#), April 2023.

# Why Business Travel Might Not Recover: Frugality in Times of High Prices

According to research by Morning Consult, it is becoming more common to book cheaper travel options.

The majority of business travelers today travel economy or basic economy.

## Most Frequently Booked Fare Amongst Business Travelers



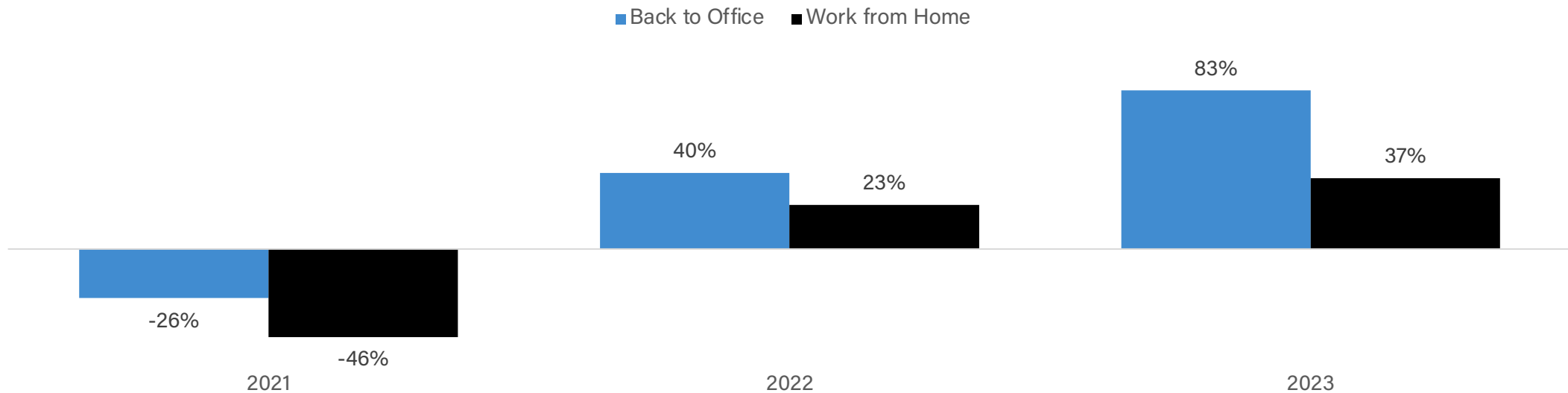
Note: N = 4,422 U.S. adults.

Source: Morning Consult, "Business, but Not as Usual", February 2023.

# Why Business Travel Might Not Recover: Remote Work Reduces Travel Needs

Data on the link between remote work and business travel is conflicting. Remote work gives people more freedom to travel for leisure purposes, but some studies find that business travel needs have declined due to the remote working trend. For example, according to a Mastercard study, from 2021 through March 2023, countries where more people returned to their offices outperformed commercial flight bookings by a wide margin compared to their more remote-minded counterparts. This could indicate that flexible work arrangements are impacting travel volumes.

**Change in Corporate Flight Bookings by Work Status**  
2021/22/23 vs 2019

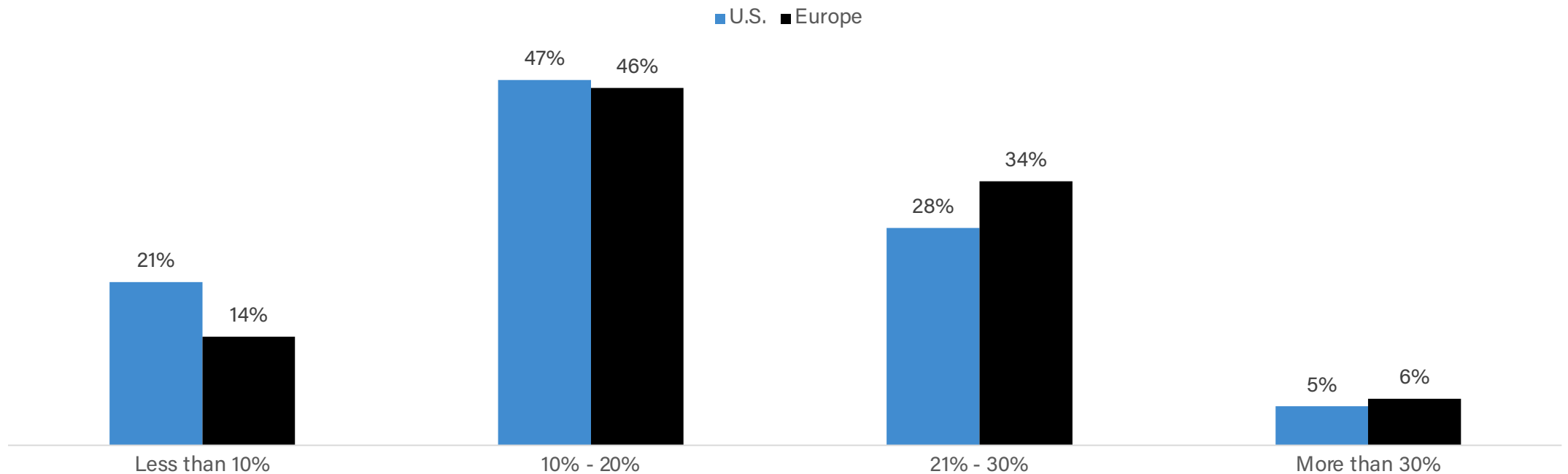


Source: Mastercard Economics Institute, Travel Industry Trends 2023, data as of March 2023.

# Why Business Travel Might Not Recover: Environmental Targets Loom Large

With a growing focus on environmental sustainability by many companies, reducing business travel is seen as one way to reduce greenhouse gas emissions.

## Reduction in Employee Travel Spend Needed to Meet 2030 Sustainability Targets



# BUSINESS TRENDS

4.2

# THE FAR-REACHING IMPACT OF AI ON TRAVEL

# The AI Revolution

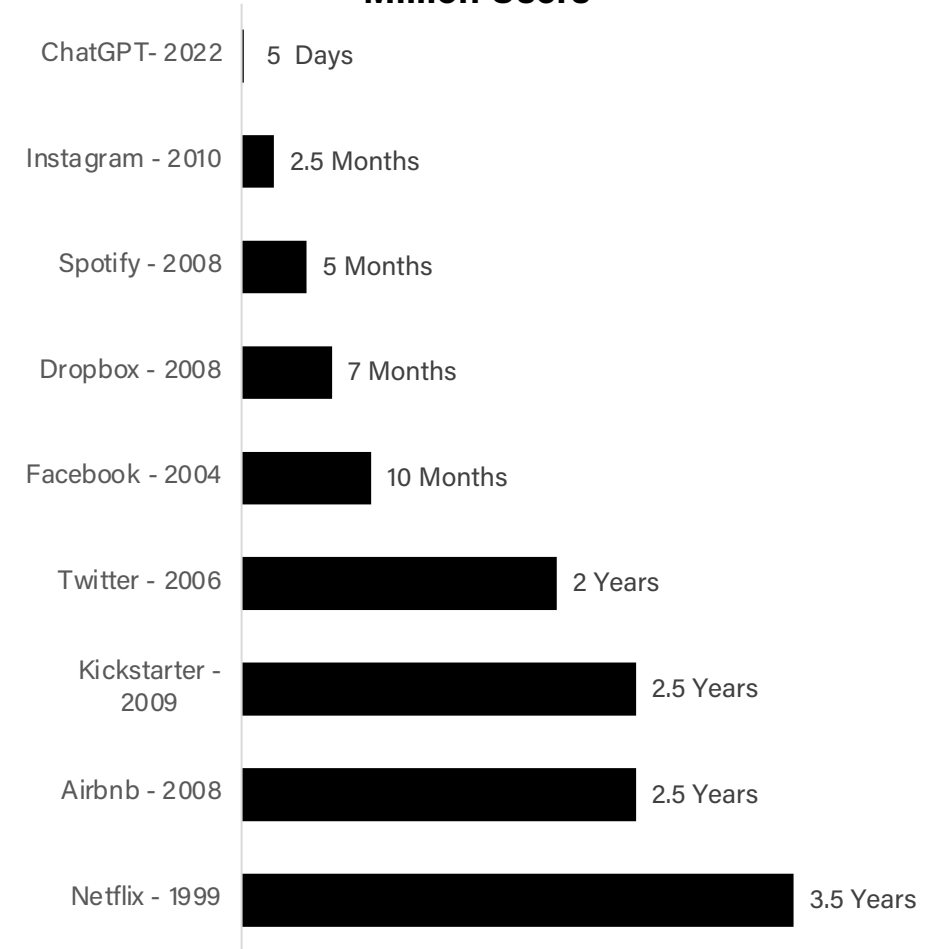
In recent months a new form of AI has taken the main stage. Called generative AI, this is a type of artificial intelligence system that is designed to create or generate new content, such as images, text, or music, that is similar to the type of content it has been trained on.

Unlike other types of AI, which are focused on classification or prediction, generative AI is focused on creating something new. A common use for of generative AI is in large language models (LLMs).

Three things stand out that make generative AI revolutionary to the average consumer.

- 1. EASY INTERFACE** - People are suddenly empowered to create via naturalistic text interaction with an AI, rather than being intermediated by a programming language.
- 2. REALISTIC** - We are used to computers creating 'dumb' outputs, but LLMs can speak back to us in natural language and hold persistent conversations.
- 3. CREATIVITY** - We are used to automation impacting 'blue collar' jobs but now 'white collar' jobs are firmly in the cross-hairs. Programmers, artists, lawyers, writers, and more are seeing AI move into their fields.

Time for Online Services to Reach One Million Users



Source: Skift Research from Morgan Stanley Research, company data and Statista, data as of March 2023.

Reproduced from [Generative AI's Impact on Travel](#), April 2023.



# Four Immediate Ways AI Will Impact Travel

At Skift Research we believe Gen AI can have a significant impact on the travel industry, but it will not impact all aspects of the industry and where it does have an impact, we will see its impact transpire in phases.

We see at least four significant use cases for generative AI and large language models in travel

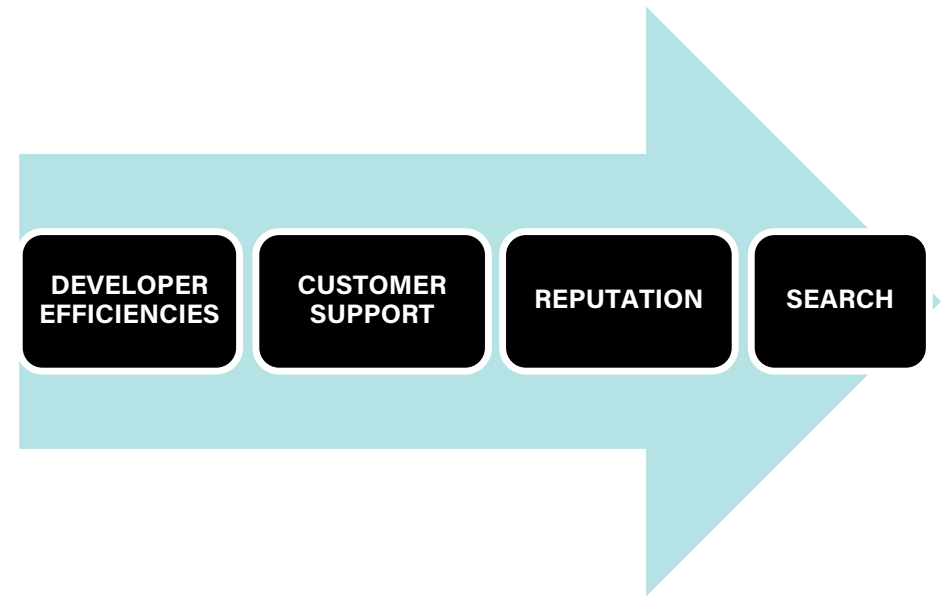
**DEVELOPER EFFICIENCIES:** Generative AIs helps programmers write better code, faster. This leads to faster development cycles and more new tech. Already having a considerable impact today.

**CUSTOMER SUPPORT:** LLMs can significantly improve the chatbot experience and make it more useful for customers. New products based on LLMs being launched already.

**REPUTATION MANAGEMENT:** AIs can help evaluate customer sentiment and allow travel businesses to respond to online reviews, boosting their online reputation. First prototypes coming onto the market.

**PERFORMANCE ADVERTISING:** How Gen AI provides a new accessible way to search, summarize and present information stands to change the travel planning stage. This is the next frontier.

## Time to Market for AI Travel Tools



Source: Skift Research.

Reproduced from [Generative AI's Impact on Travel](#), April 2023.

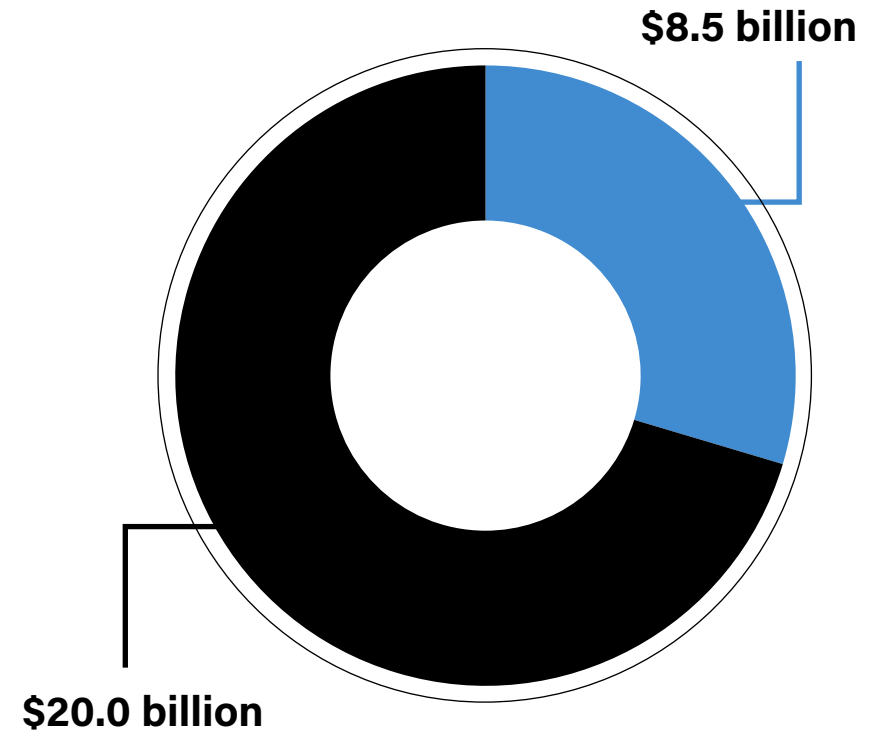
# Generative AI Is a \$30 Billion Opportunity

The four imminent changes as discussed on the previous slide can be referred to as the “baseline”. We estimate these will generate an additional \$8.5 billion.

The real impact, however, lies in the broader impact AI can have, which we estimate conservatively at \$20 billion. If everyone could become 1% more efficient in their job, this would create an additional \$15 billion alone for the travel industry. And our readers believe that the impact could be much larger.

## Skift Research Estimates for AI in Travel

- Near-Term "Baseline"
- Long-Term "Dreaming Big"



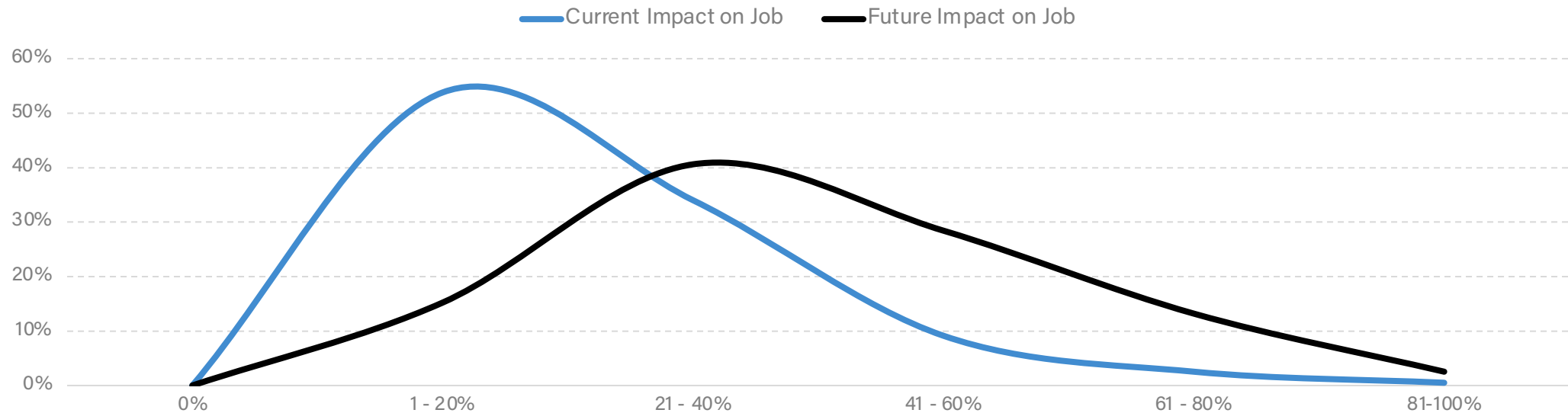
Source: Skift Research estimates, data as of April 2023.

Reproduced from [Generative AI's Impact on Travel](#), April 2023.

# AI Can Already Do Significant Part of Jobs Today

In a study amongst 200 Skift readers, all working in or with the travel industry, the majority of respondents believed AI can do between 1 and 20% of their jobs today, but in future the majority thought the impact would grow beyond that.

## What Percentage of Your Job Could AI Tools Effectively Do for You Today and in the Future?



Note: 200 industry professionals.

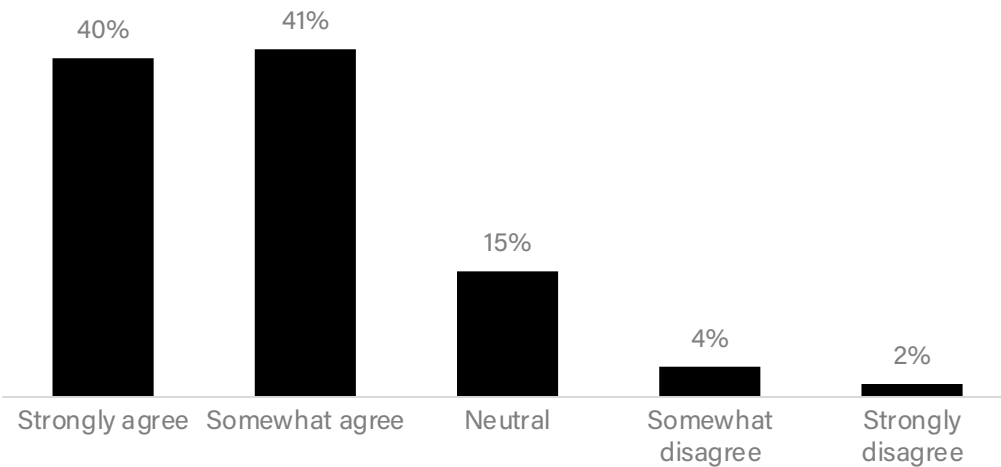
Source: Skift Research, data as of April 2023.

Reproduced from [AI in Travel: Sentiment Survey Report](#), May 2023.

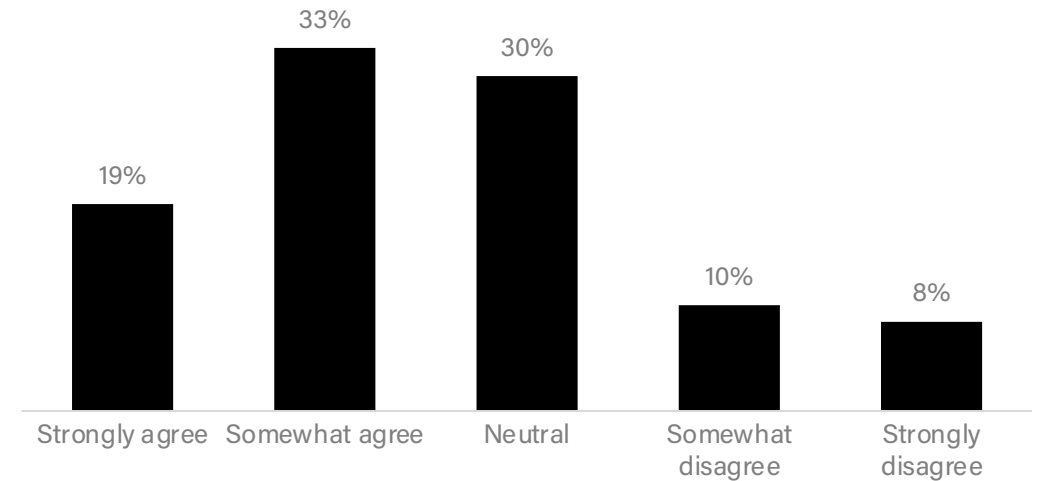
# AI Seen as an Opportunity, but Not Always Priority Yet

The vast majority of our readers – 81% - believe that new tools based on Generative AI technology will benefit their travel organizations. However, when asked whether their companies were prioritizing the development and launch of AI tools for travel, the response was much more muted. Only a small majority of 52% strongly or somewhat agreed, while a large portion of respondents gave a neutral response.

### My Organization will Benefit from the Launch of New AI Tools in Travel



### My Organization Prioritizes the Development and Launch of AI Tools in Travel



Note: 200 industry professionals.

Source: Skift Research, data as of April 2023.

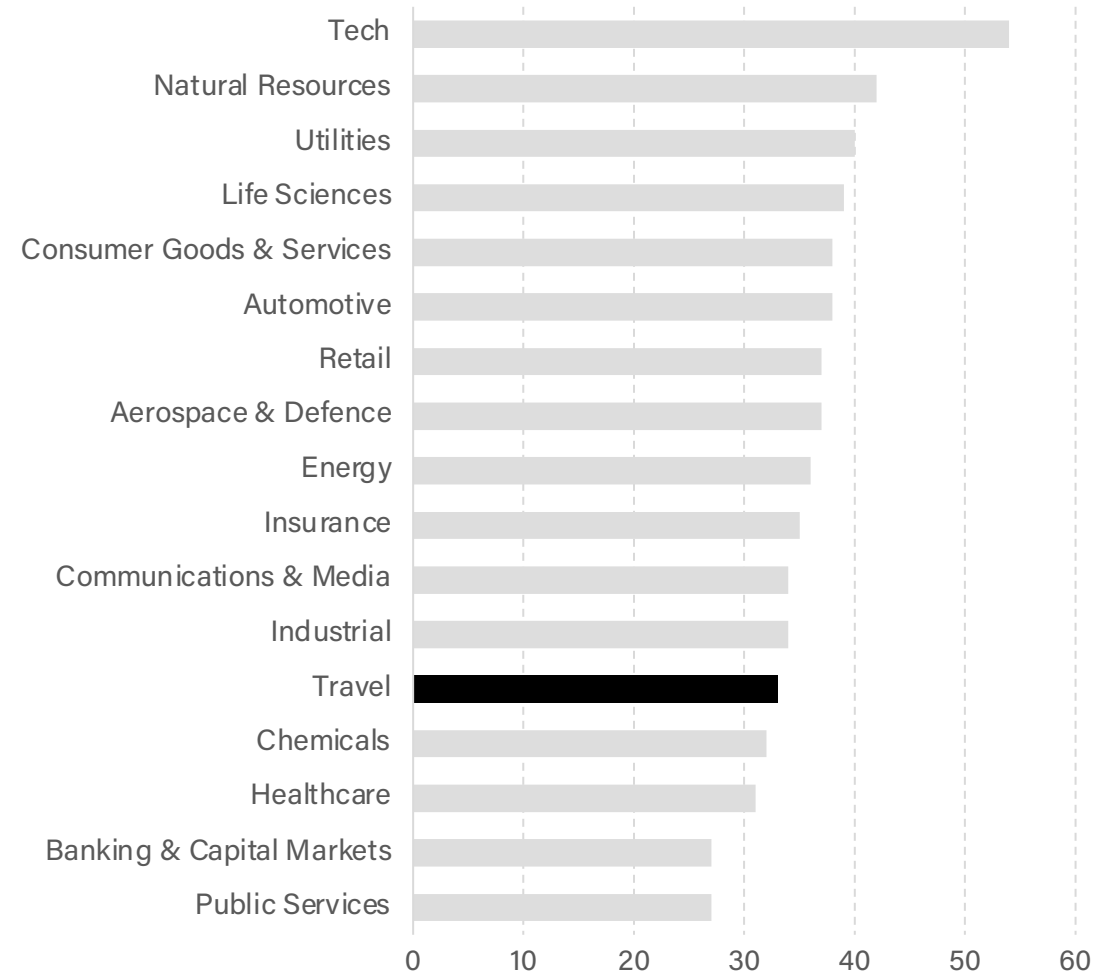
Reproduced from [AI in Travel: Sentiment Survey Report](#), May 2023.

# Concerns: Data Siloes Hamper Implementation

Large language models like ChatGPT have the potential to drive a wave of disruption and displacement in the travel industry similar to that of mobile phones, and yet the sector seems unprepared for it. An Accenture study on AI maturity found that travel was among the least advanced industries for AI. Travel ranked in the bottom five out of the 17 sectors studied.

AI will only work effectively when data is accessible and in the cloud. A history of siloed and on-prem data storing will not help the industry reap the benefits of AI as other industries might.

### Median AI Maturity Index



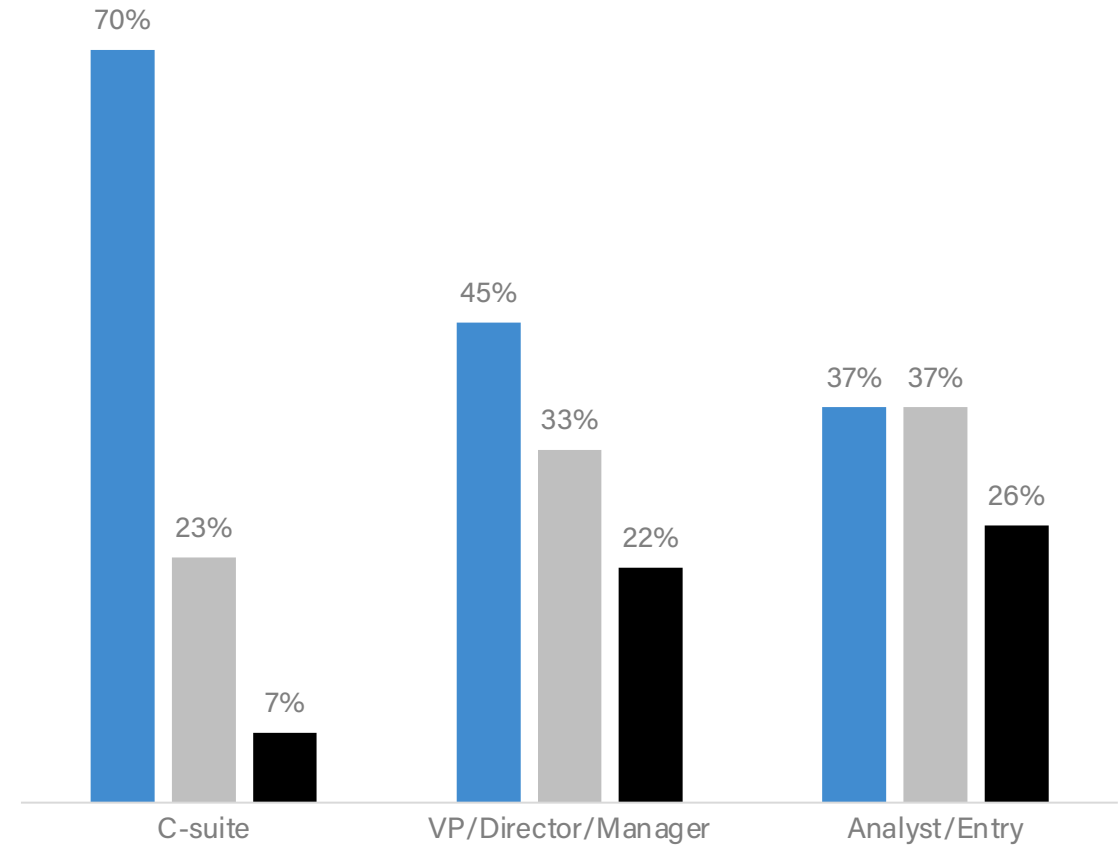
Source: Accenture, The Art of AI Maturity, data as of 2021.

# Concerns: Better Top-Down Communication Needed

Senior members of organizations feel their companies are prioritizing the development and launch of AI tools more so than middle management or non-management. This could highlight a need for better communication from the top down about the importance of these tools for the business and getting all levels of the company on board.

## Prioritization of AI Tools Development by Seniority

■ Strongly or somewhat agree ■ Neutral ■ Strongly or somewhat disagree



Note: 200 industry professionals.

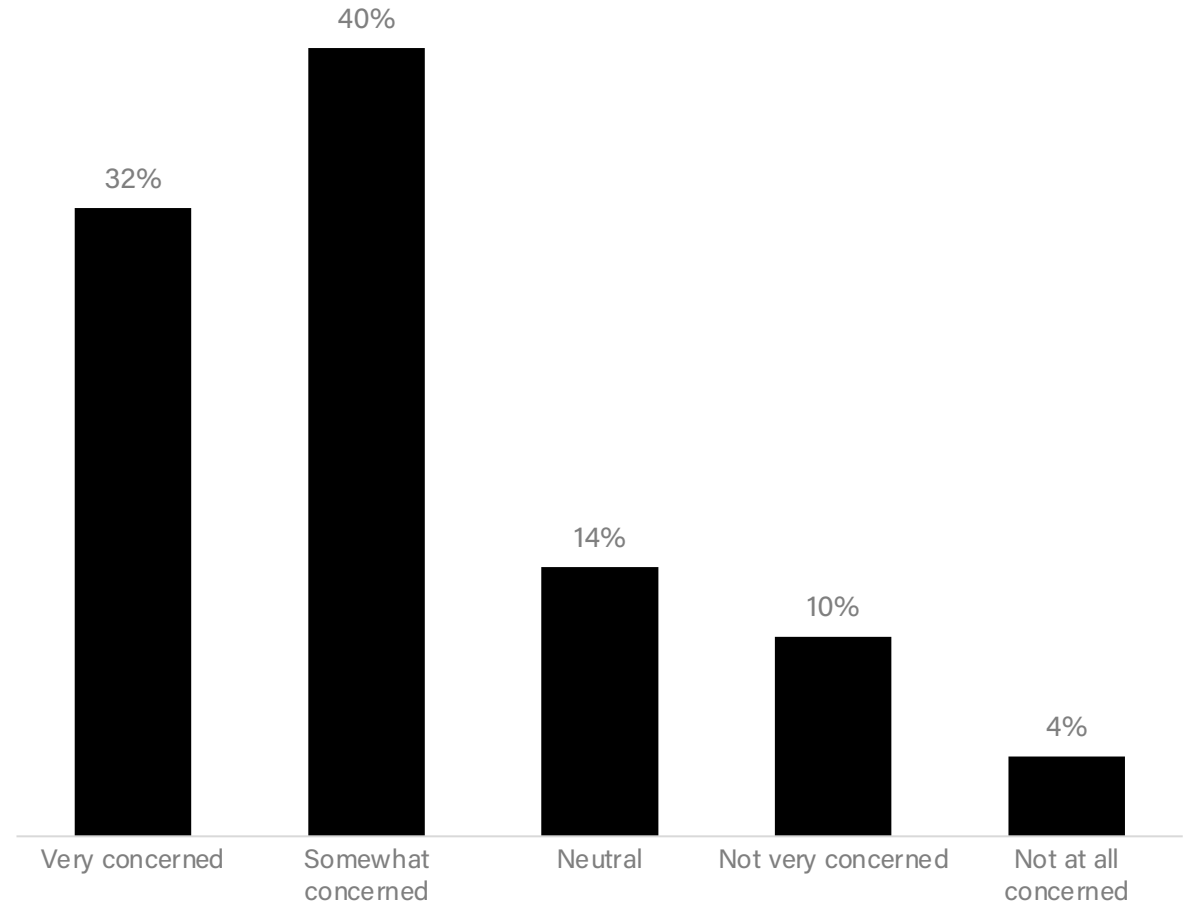
Source: Skift Research, data as of April 2023.

Reproduced from [AI in Travel: Sentiment Survey Report](#), May 2023.

# Concerns: Ethical Implications Need to be Cleared Up

According to our reader survey, there is a considerable concern about ethical implications of Gen AI tools, like loss of privacy. 72% of respondents said they are very or somewhat concerned. This highlights the need for clearer standards and more discussion around the use of these tools in the customer journey, and how data can be collected, used, and stored, and when it should be deleted.

## Concern About the Ethical Implications of New AI Tools



Note: 200 industry professionals.

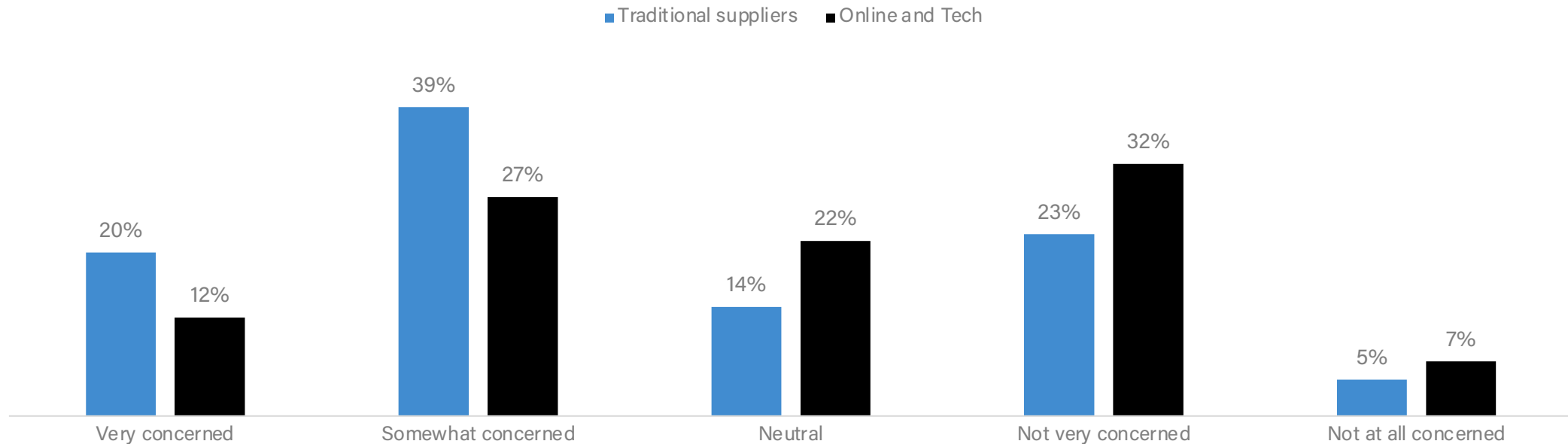
Source: Skift Research, data as of April 2023.

Reproduced from [AI in Travel: Sentiment Survey Report](#), May 2023.

# Concerns: Losing the Human Touch

When asking the industry whether they are worried about losing the human touch in travel through the proliferation of AI tools, you get a very mixed response. Those respondents working in the traditional supply segments (airlines, accommodation, car rental, cruise, traditional travel agents) are more worried about the loss of human touch than those who work for online travel agents or in travel tech. The latter group is less likely to interact directly with consumers in the first place, and stand to benefit more from AI tools.

## AI Disrupting the Human Touch in Travel



Note: 200 industry professionals.

Source: Skift Research, data as of April 2023.

Reproduced from [AI in Travel: Sentiment Survey Report](#), May 2023.



BUSINESS  
TRENDS

4.3

OPERATIONAL CONSTRAINTS  
OF PEOPLE AND PRODUCTS

# Hotel Labor Market Remains Tight

Accommodations in the U.S. employ 12% fewer staff today than pre-pandemic, even as demand has surpassed prior peaks. This labor shortage shows little sign of letting up with the open hospitality positions taking five weeks to fill on average.

## Weeks to Fill Open Jobs in U.S. Accommodation and Food Service Industry

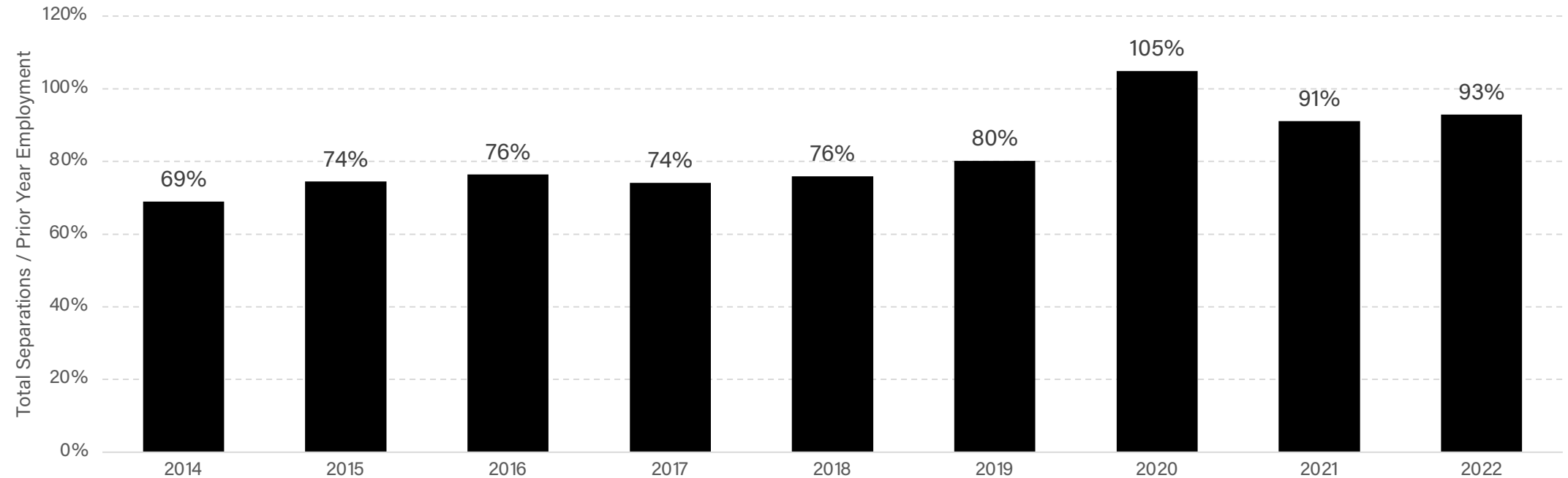


Source: Skift Research from Bureau of Labor Statistics, data as of May 2023.

# Extreme Brain Drain in Hospitality

Employee churn in hospitality, already high before the pandemic, has reached new extremes. For all intents and purposes, the entire U.S. food service and accommodation sector was laid off in 2020. This has meant that even as employment recovers on paper, there has been a huge loss in institutional memory that takes much longer to rebuild.

## Staff Separations in U.S. Food Service and Accommodations Relative to Overall Employment



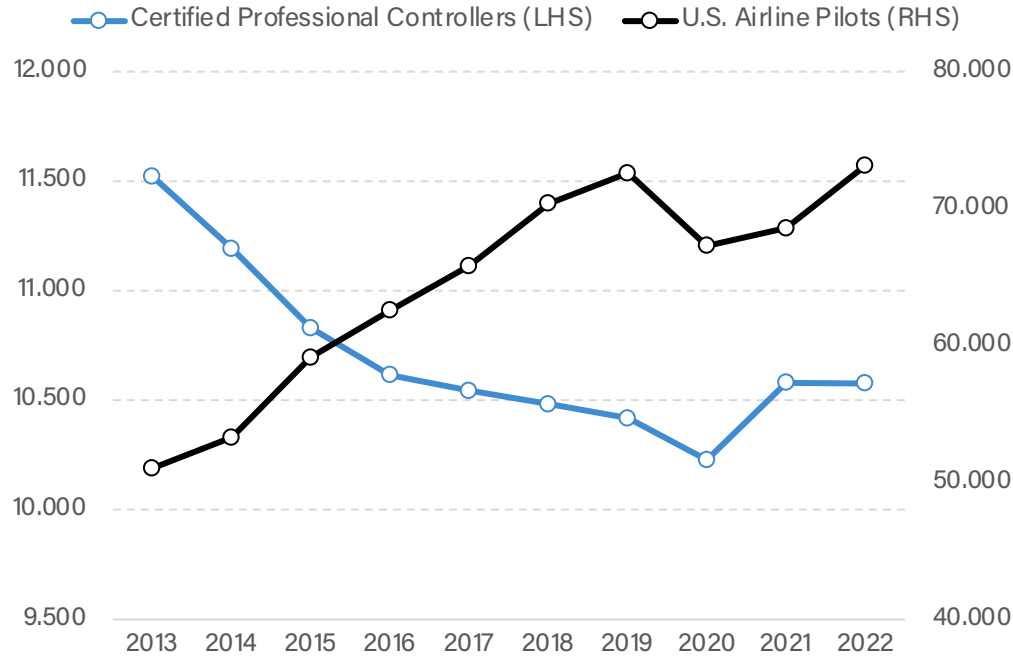
Note: Separations includes quits, layoffs, and retirements. Data calculated as cumulative separations in the current year divided by the monthly average level of employment from the prior year. Data is designed to represent what percent of existing labor force in prior year was separated from a position in the following year. May be greater than 100% as employees might be separated from multiple positions within the industry in the same year.

Source: Skift Research from U.S. Bureau of Labor Statistics, data as of May 2023.

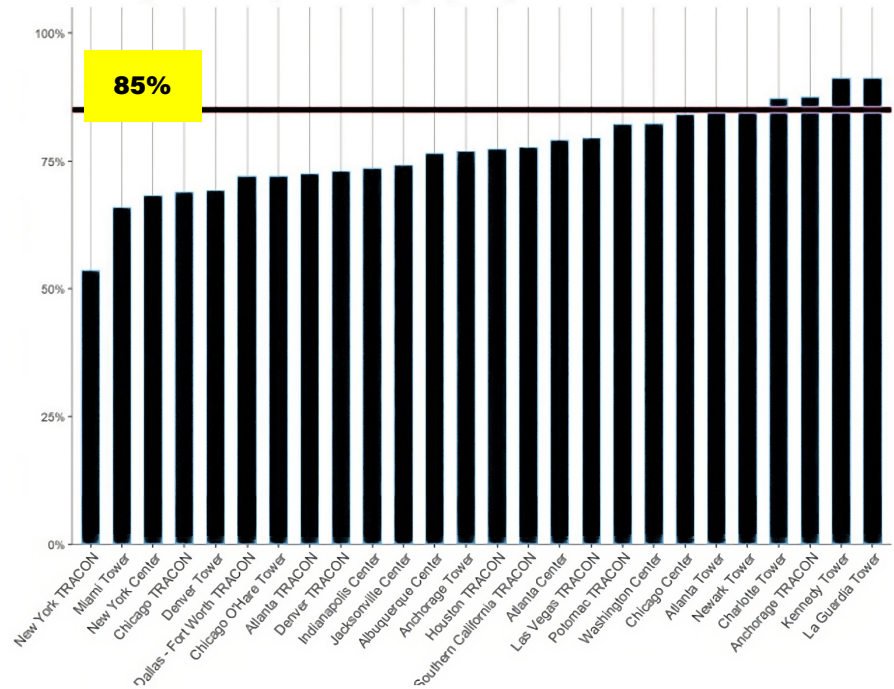
# Airlines Run into Operational Constraints

Airlines are facing similar brain drain and recruiting challenges as hotels, but with an added wrinkle. Critical air traffic control infrastructure remains understaffed after years of attrition and a shutdown of the ATC training pipeline due to Covid.

### U.S. Air Traffic Employment Has Lagged Pilot Growth



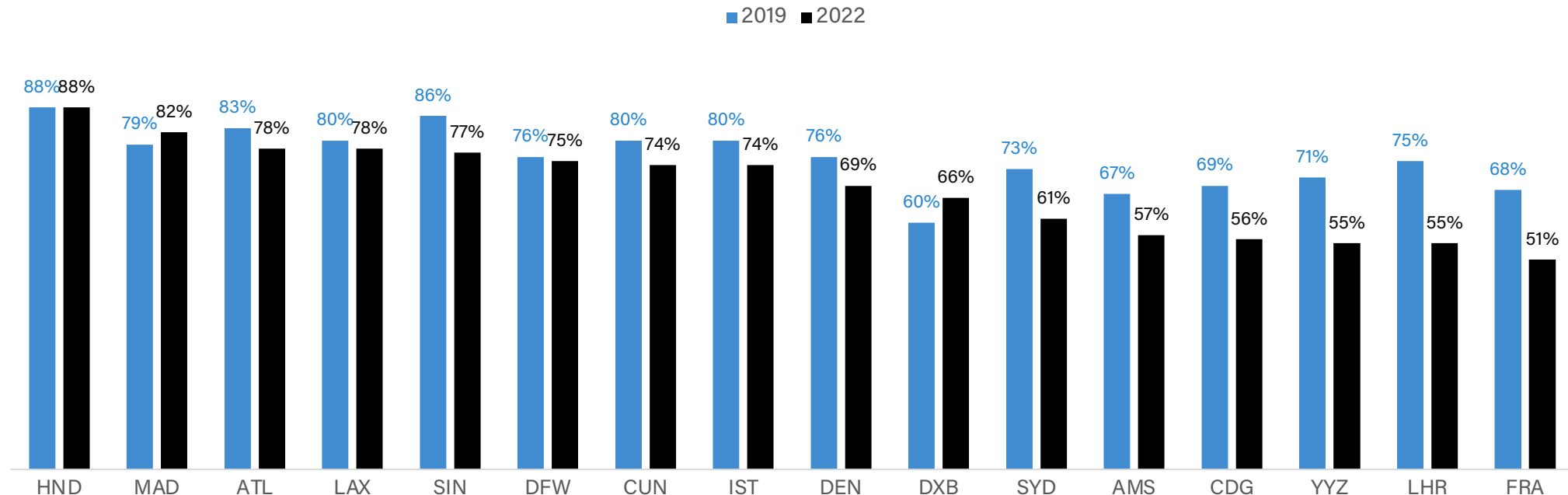
### Actual Controller Employment Compared to Target Staffing Levels at Major U.S. ATC Facilities



# Airports Struggling with Return of Demand

Airport services, which are already understaffed due to a lack of luggage handlers and other on-ground personnel, are now having difficulty attracting new employees. This has resulted in an average 6% decline in on-time gate performance in 2022 compared to 2019, despite a 15% drop in overall demand during 2022.

### Airport On-Time Performance 2022 vs 2019

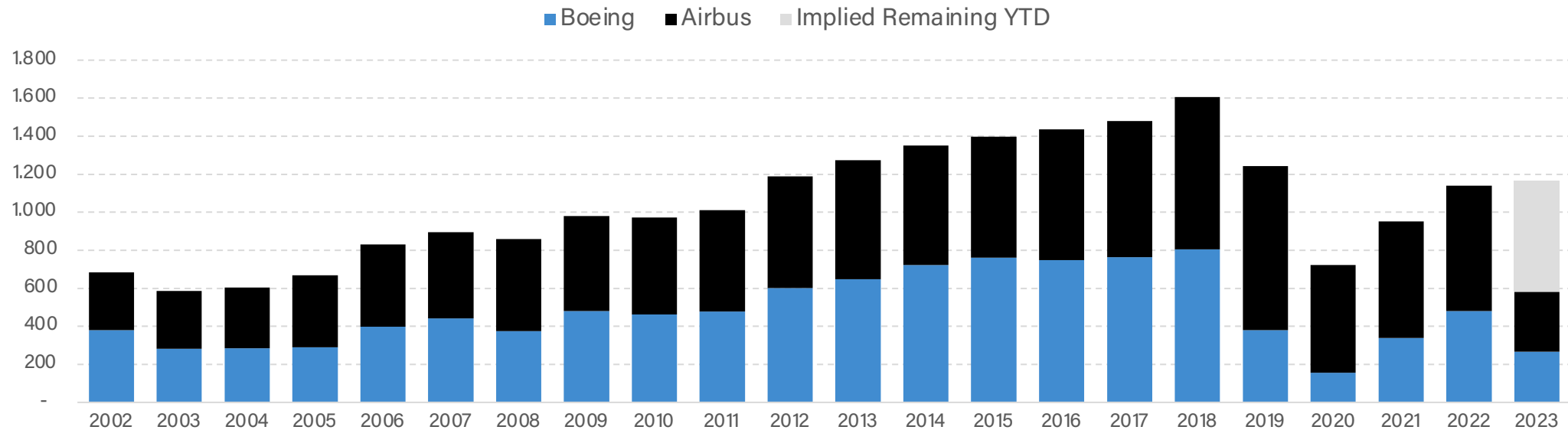


Note: On-time definition is departure within 15 minutes of scheduled time. HND = Tokyo, MAD = Madrid, ATL = Atlanta, LAX = Los Angeles, SIN = Singapore, DFW = Dallas/Fort Worth, CUN = Cancun, IST = Istanbul, DEN = Denver, DXB = Dubai, SYD = Sydney, AMS = Amsterdam, CDG = Paris, YYZ = Toronto, LHR = London, FRA = Frankfurt.  
Source: Skift Research from OAG and Oliver Wyman, data as of June 2023.

# Aircraft Manufacturers Still Suffering From Supply Chain Constraints

Many global airlines are chomping at the bit to expand flight capacity but find themselves unable to procure enough airplanes. After a wave of airframe retirements in 2020 the industry has been under-supplied, made worse by supply chain and regulatory issues at Boeing and Airbus. Even halfway into 2023 the two are on track to produce 25% fewer aircraft than pre-pandemic.

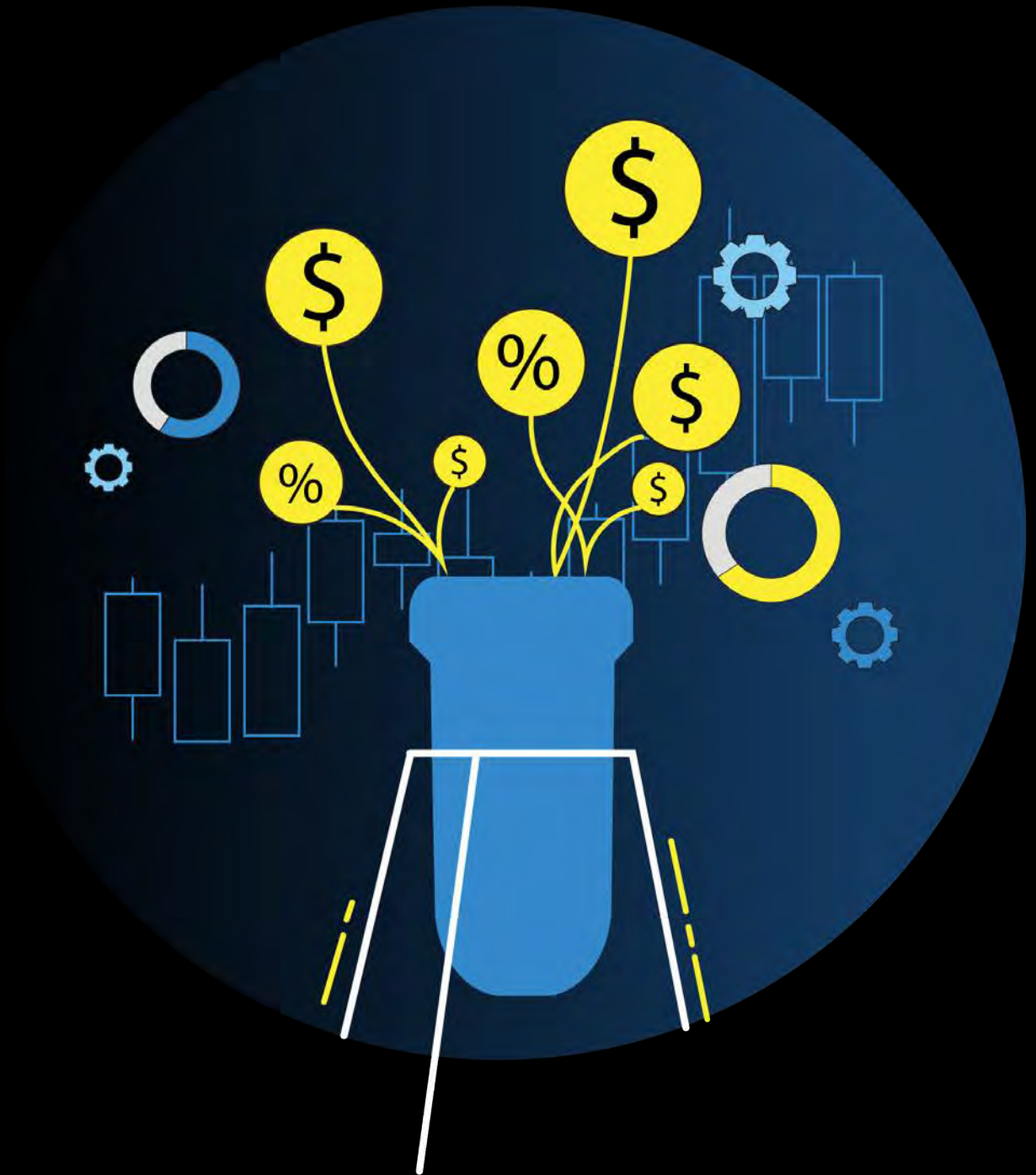
### Aircraft Deliveries



Source: Airbus and Boeing, data as of June 2023.

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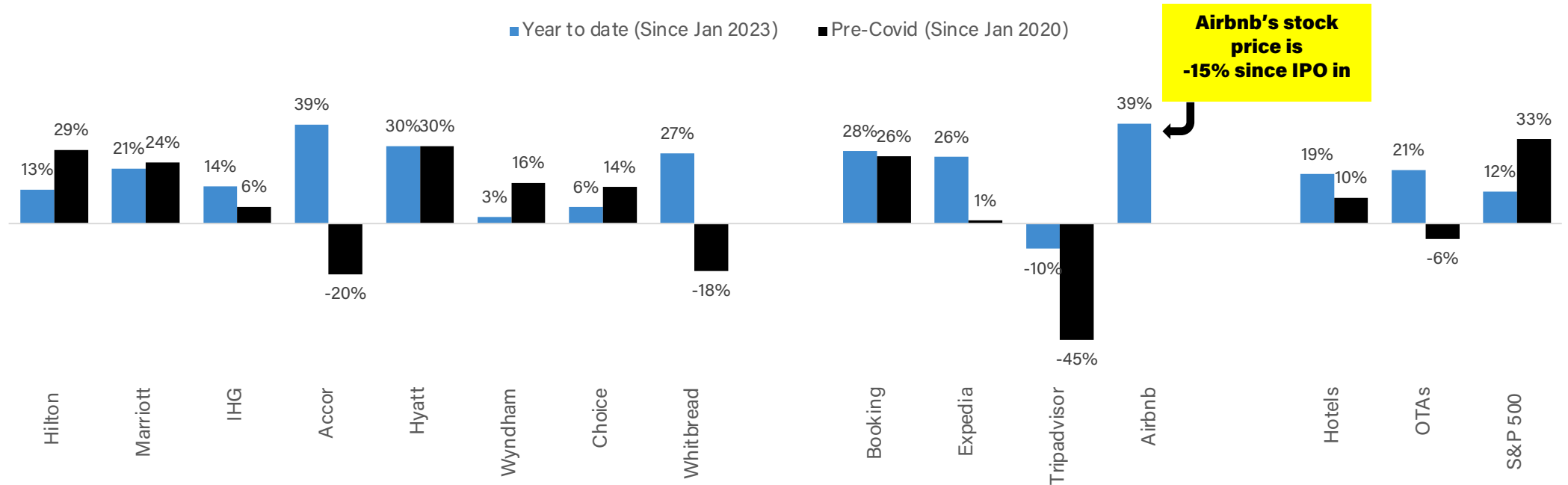
INVESTOR  
TRENDS



# Travel Stocks Have Outperformed Market in 2023

Hotel & OTA stocks are up on average 20% since the start of the year, compared to 12% for the S&P 500. They have largely made up for the losses seen towards the back half of 2022. Hotel stocks are on average 10% ahead of pre-Covid levels, compared to -6% for the OTAs.

Hotels & OTAs vs S&P 500: Stock Price Moves



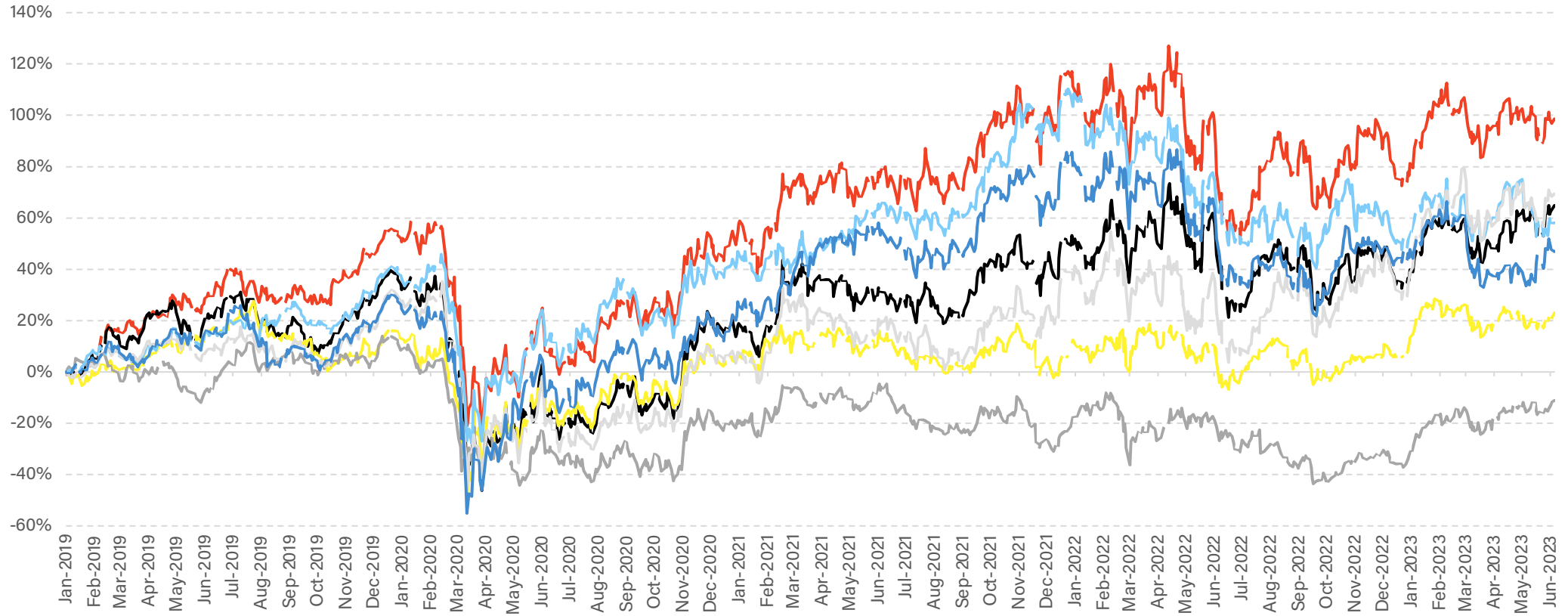
Note: Stock prices taken as of the closing price on 9 June 2023.  
Source: Skift Research from Google Finance, data as of June 2023.



# Hotel Companies Stock Performance

### Major Hotel Groups - Stock Price Indexed to January 2019

Hilton — Marriott — IHG — Accor — Choice — Hyatt — Wyndham

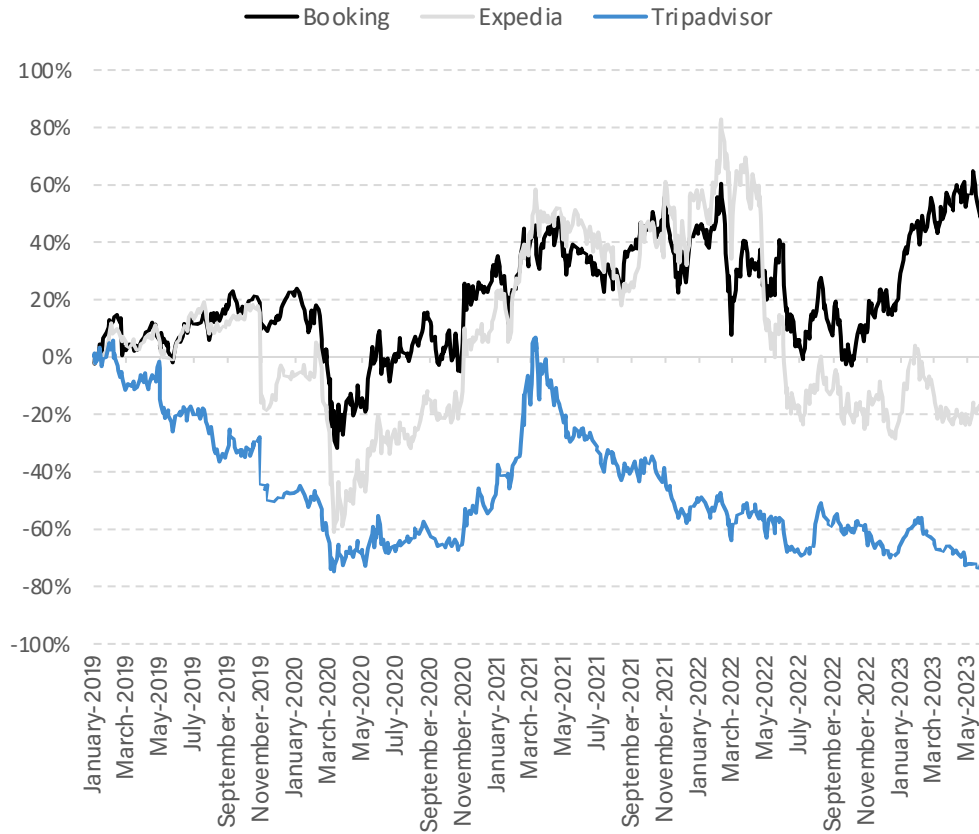


- 5.1 Stock Performance
- 5.2 Mergers and Acquisitions
- 5.3 Startups and Funding



# OTAs Stock Performance

## Online Travel Agents - Stock Price Indexed to January 2019



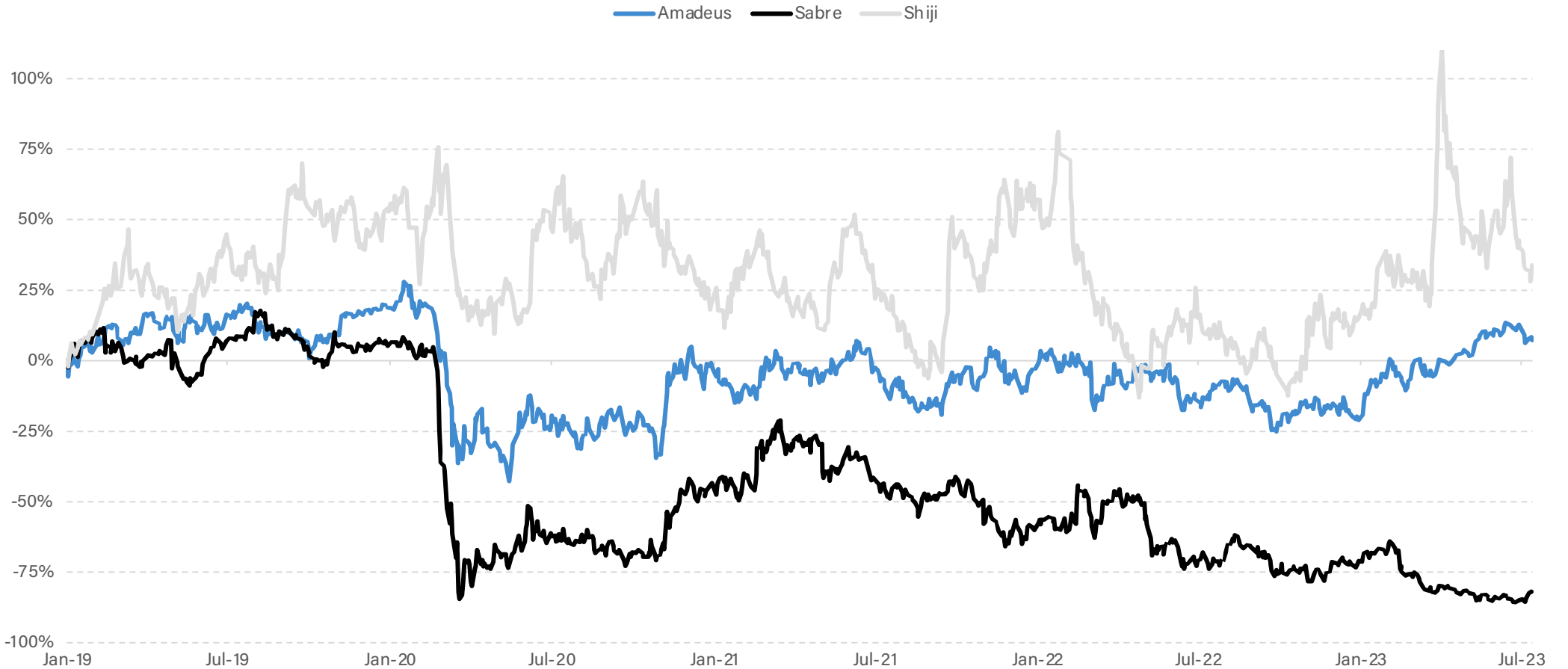
## Airbnb Stock Performance since IPO (December 2020)



- 5.1 Stock Performance
- 5.2 Mergers and Acquisitions
- 5.3 Startups and Funding
- Icon 1
- Icon 2
- Icon 3
- Icon 4
- Icon 5
- Icon 6
- Icon 7
- Icon 8
- Icon 9
- Icon 10
- Icon 11
- Icon 12
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- Icon 14
- Icon 15

# Travel Tech Stock Performance

## Major Travel Tech - Stock Price Indexed to January 2019



5.1 Stock Performance

5.2 Mergers and Acquisitions

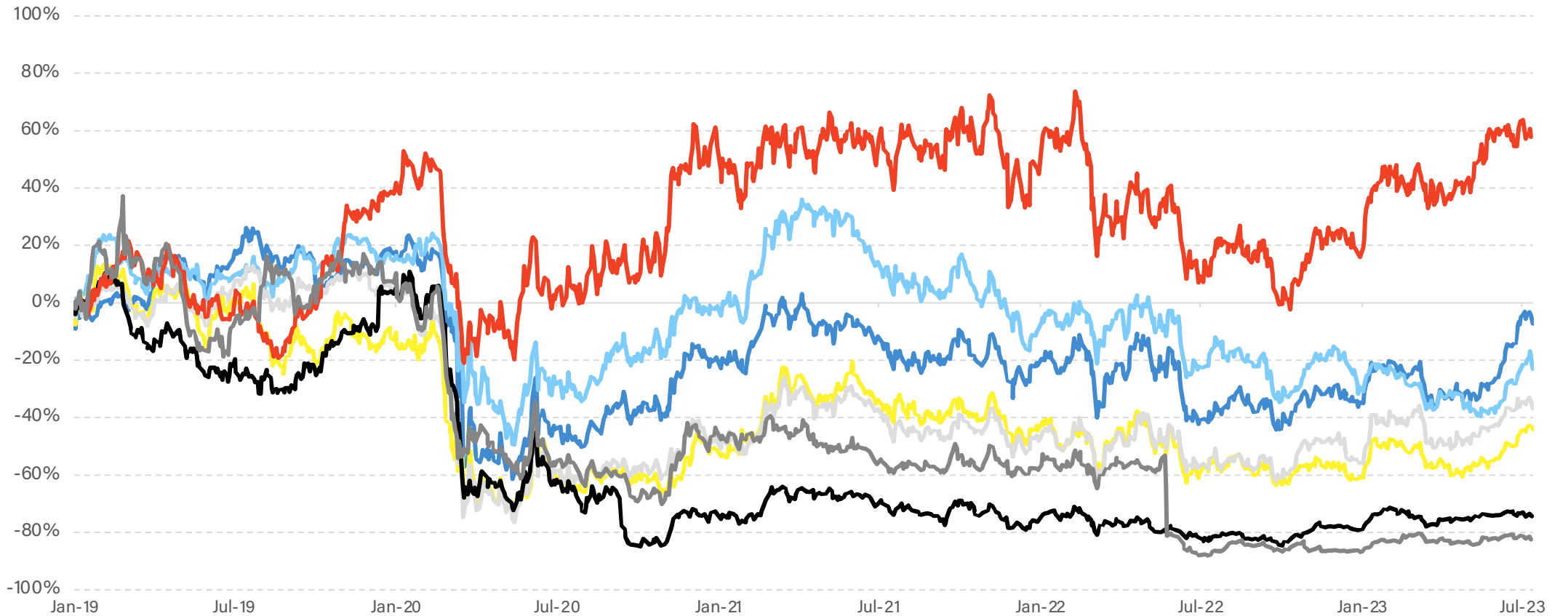
5.3 Startups and Funding



# Major Airlines Stock Performance

## Major U.S. and European Airlines - Stock Price Indexed to January 2019

— Delta — Southwest — American — United — IAG — Ryanair — AF-KLM



5.1 Stock Performance

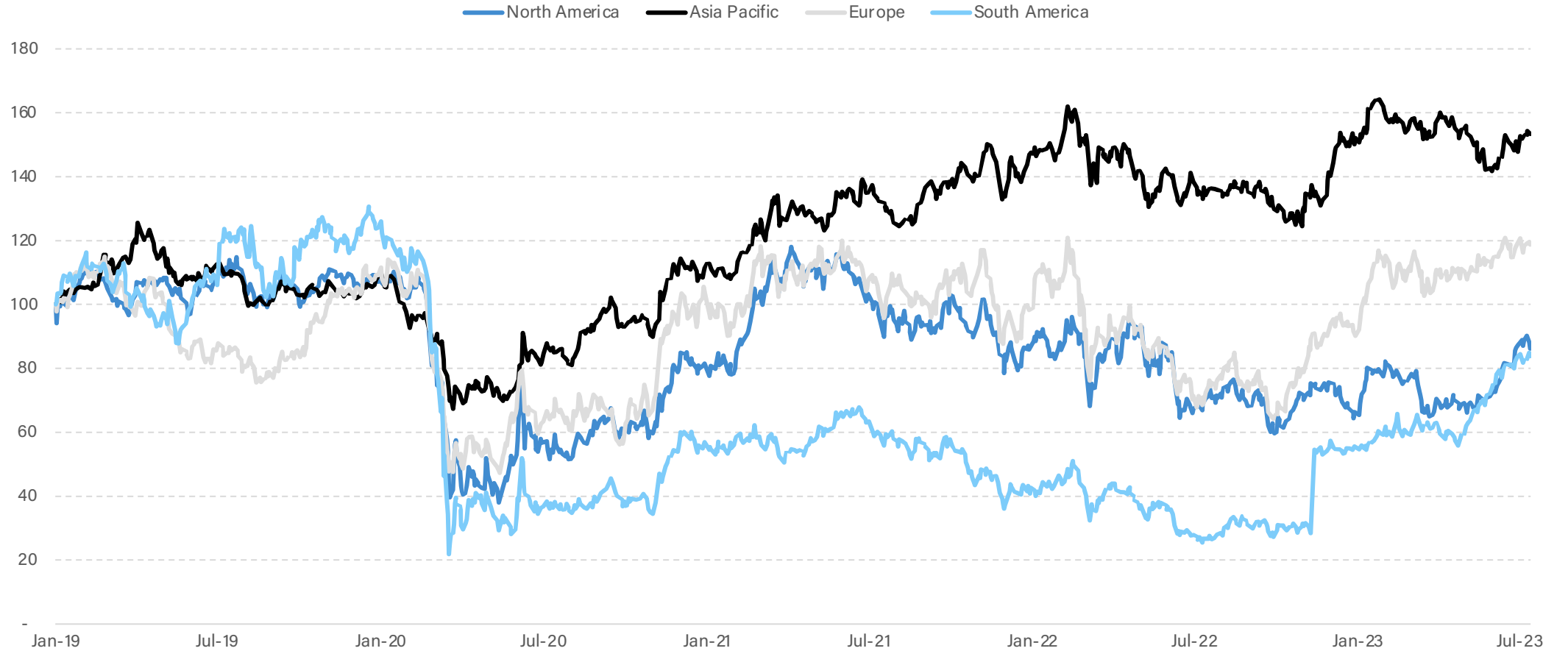
5.2 Mergers and Acquisitions

5.3 Startups and Funding



# Airline Stock Performance by Region

Global Airlines - Cumulative Market Cap Indexed to January 2019

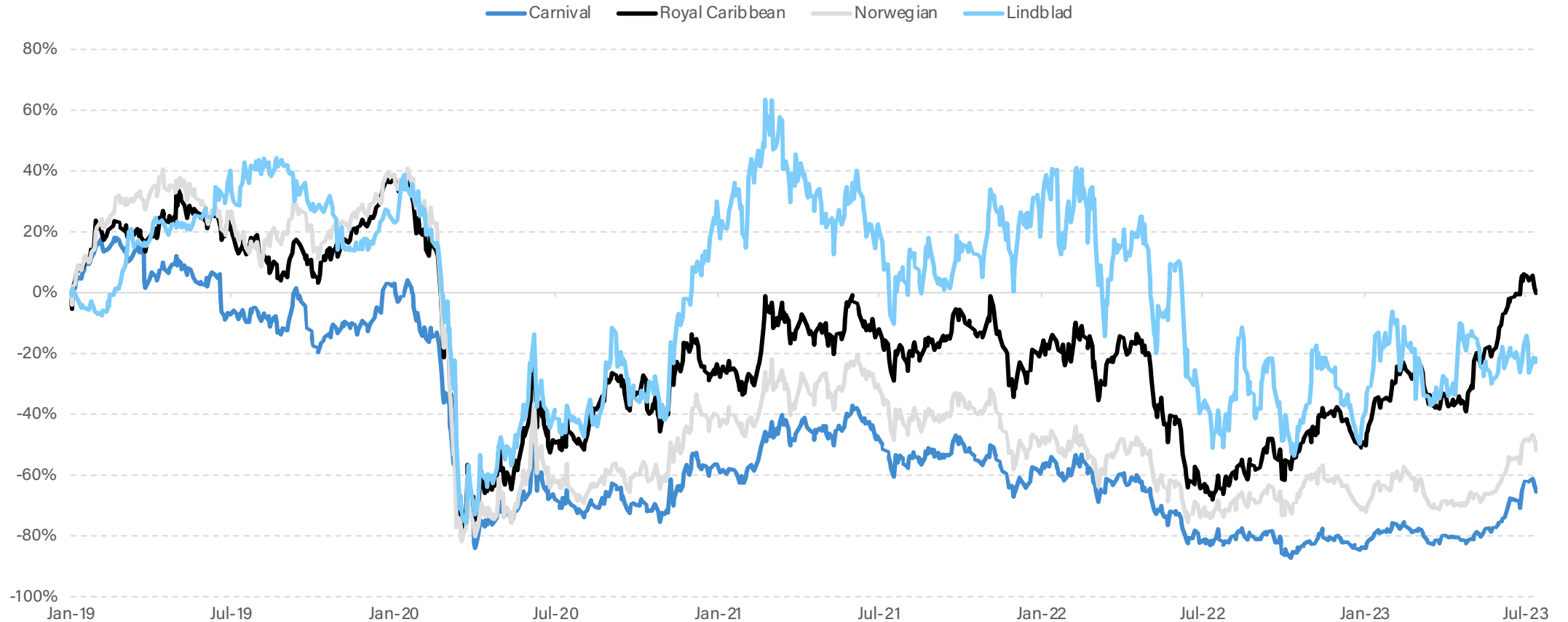


Note: Data calculated as cumulative market cap for 54 airlines sorted by region indexed to 100 = January 2, 2019. Gaps in indices due to restructuring of bankrupt businesses.

Source: Skift Research from Capital IQ data as July 2023.

# Cruise Line Stock Performance

## Major Cruise Lines - Stock Price Indexed to January 2019



5.1 Stock Performance

5.2 Mergers and Acquisitions

5.3 Startups and Funding

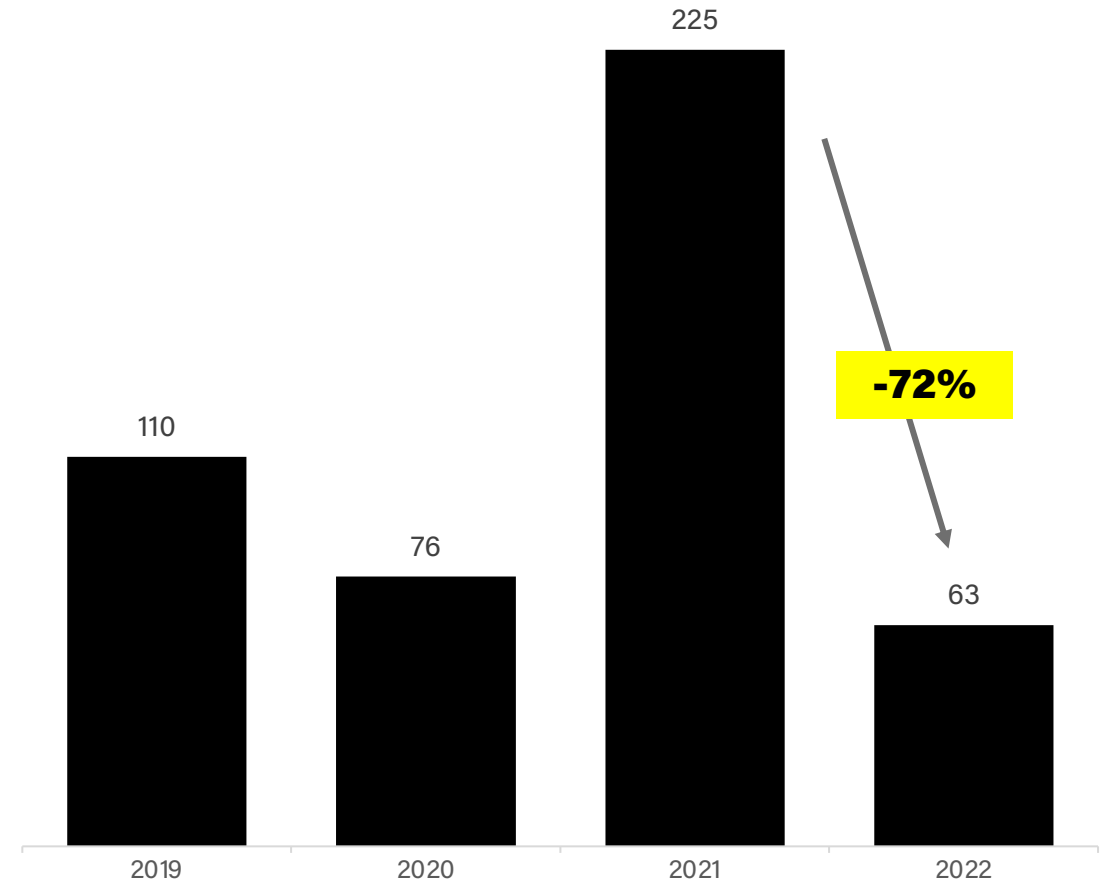


# M&A Activity Slowed Down Significantly in 2022

M&A activity and deal flow nearly tripled in 2021, spurred on by relatively cheap financing and rapidly rebounding consumer spending on travel. In 2022, M&A activity was down 72% year-over-year, impacted by inflation, rising interest rates and economic uncertainty.

In the face of economic challenges, travel companies instead looked to diversify their portfolios, with many hotel brands, for example, expanding into new chain scales, such as Choice acquiring Radisson (expanding into upscale) and Marriott buying City Express (expanding into midscale).

## U.S. Total Deal Value in the Travel, Leisure & Hospitality Sector (\$ billion)

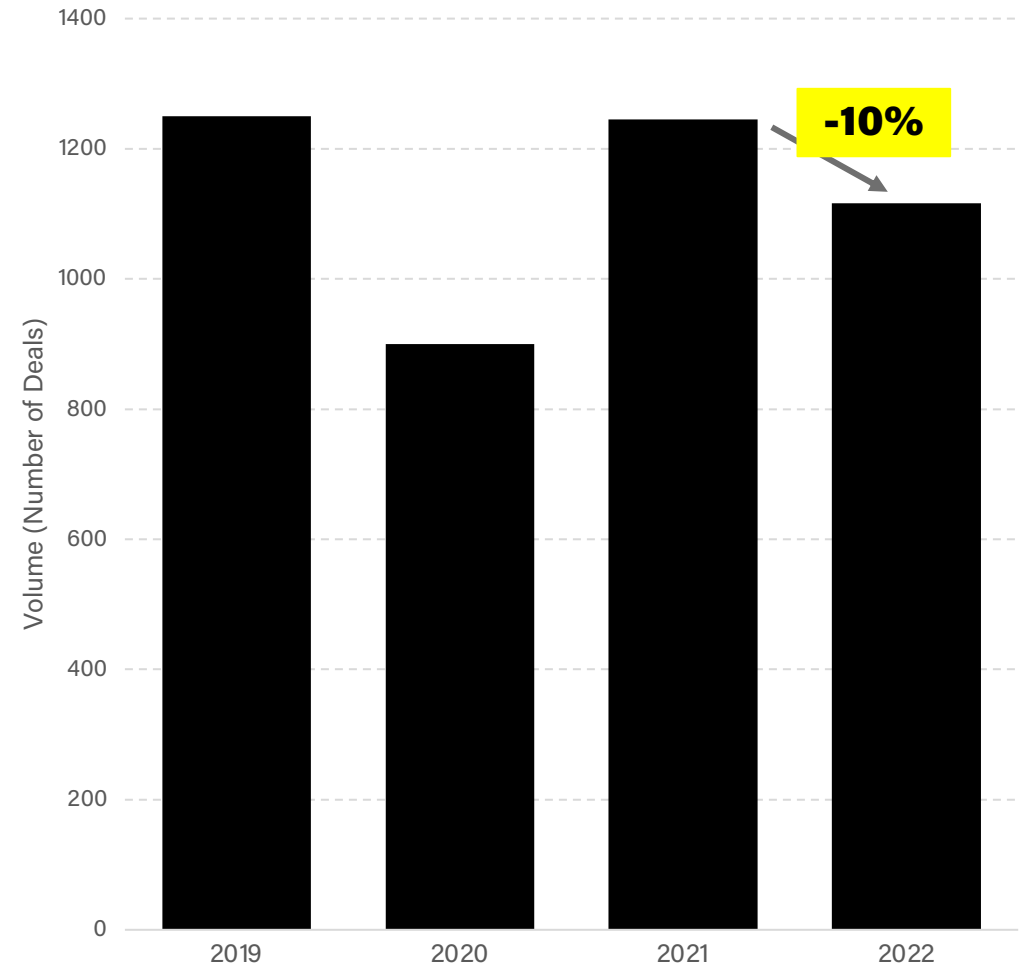


Source: Skift Research and estimates from KPMG "Parked at the gate - M&A trends in travel, leisure and hospitality", 2022, data as of June 2023.

# M&A Transactions are Smaller in 2022

Transactions are also smaller in 2022 than in 2021 – whilst total deal volume was down 72% in 2022, the volume of deals were only down 10% suggesting that deals are still happening but at lower valuations.

## U.S. Total Number of Deals in the Travel, Leisure & Hospitality Sector



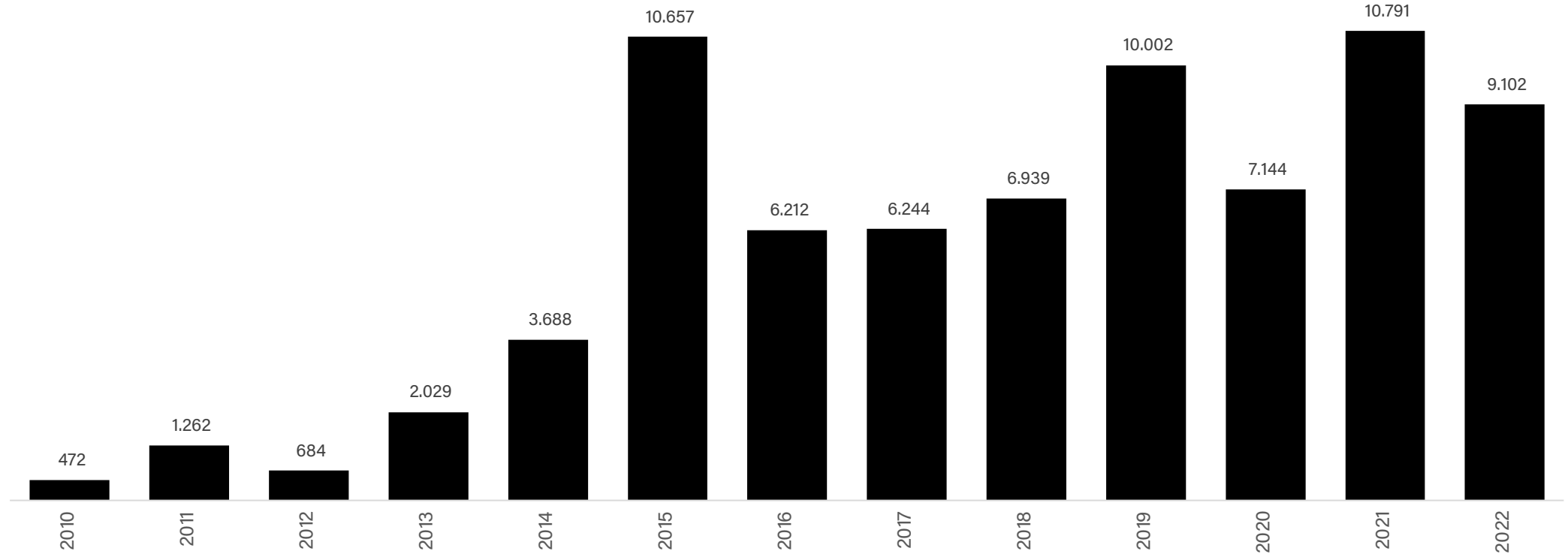
Source: Skift Research and estimates from KPMG "Parked at the gate – M&A trends in travel, leisure and hospitality", 2022, data as of June 2023.



# Startup Funding Declined in 2022

Investment into travel companies in 2021 surpassed 2019 levels but has fallen in 2022.

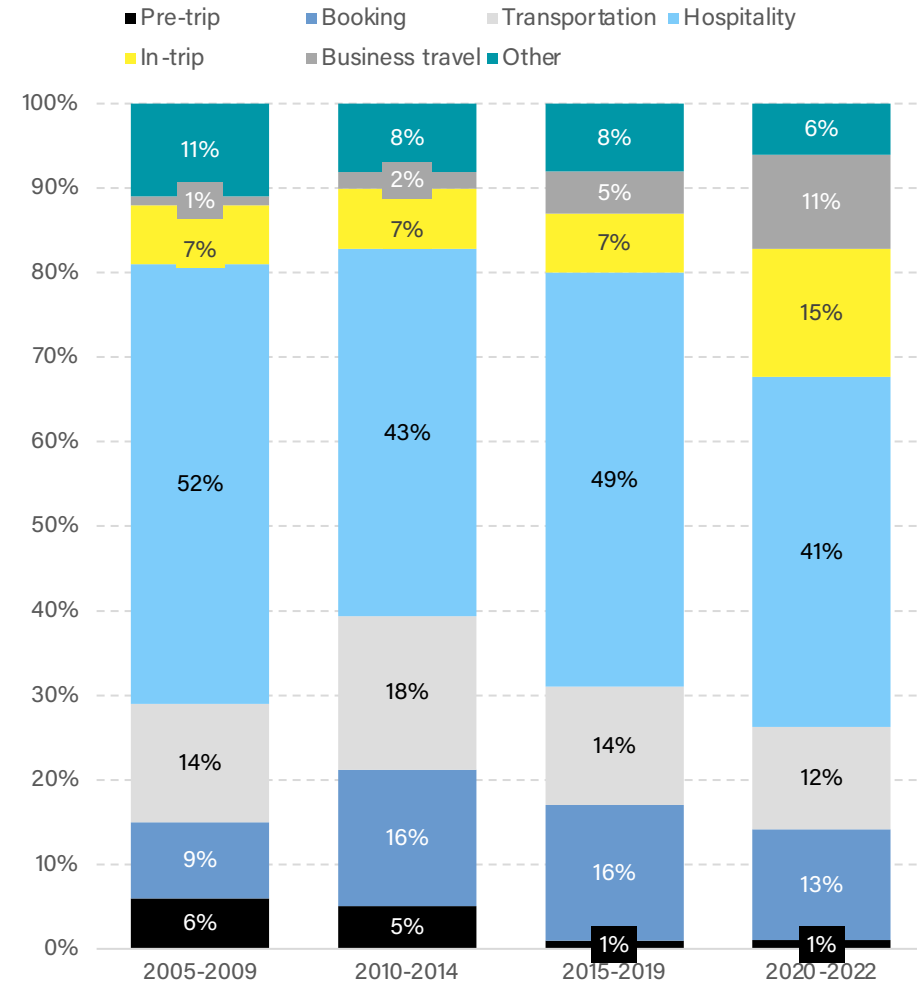
Travel Startup Funding Value (\$ million)



# Experiences & Business Travel Increase Funding Share

Hospitality startups are the largest beneficiary of funding, with short-term rental companies making up more than half of hospitality startup funding in 2021. Interestingly, funding into business travel has materially increased through Covid, primarily into expense management software companies. Investment into tours & activities companies has also more than doubled through Covid.

Startup Funding by Travel Segment



Source: Skift Research from McKinsey "Travel startups: Disruption from within?", March 2023.

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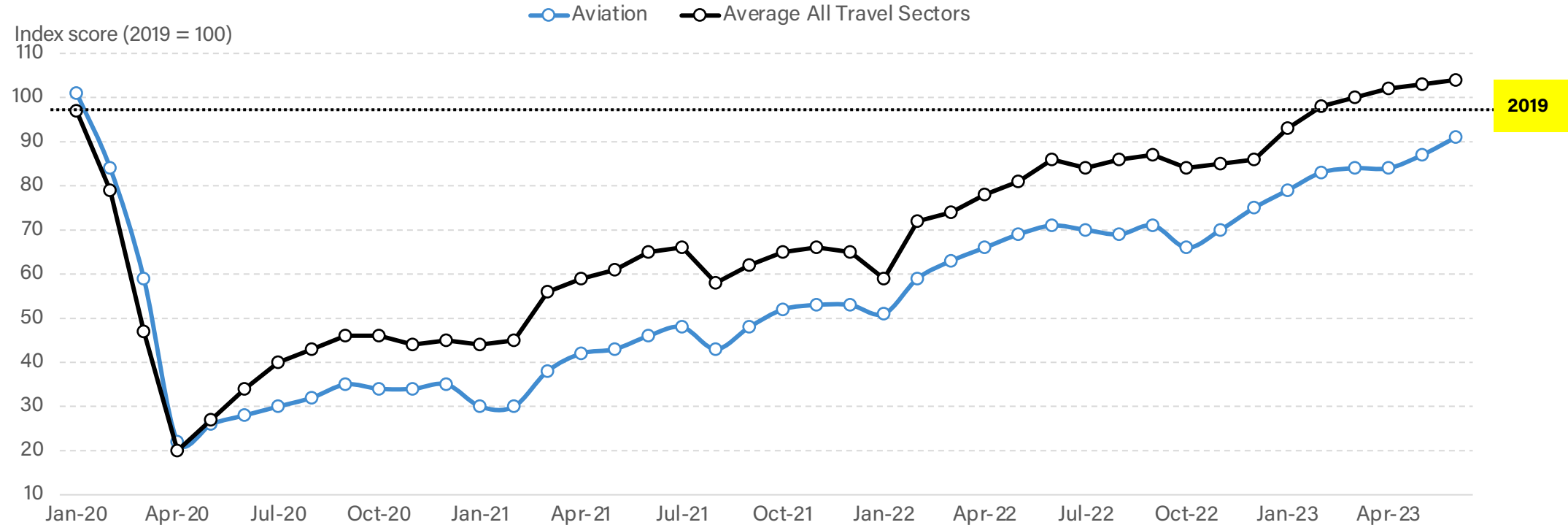
# AIRLINES



# Airline Sector Nearing Full Recovery

The aviation sector has struggled to recover, mainly due to the lag in international travel recovery. Demand and capacity, however, are at their highest of the last three years, according to our Skift Travel Health Index.

**Global Travel Health Index Score by Sector**  
Weighted Average



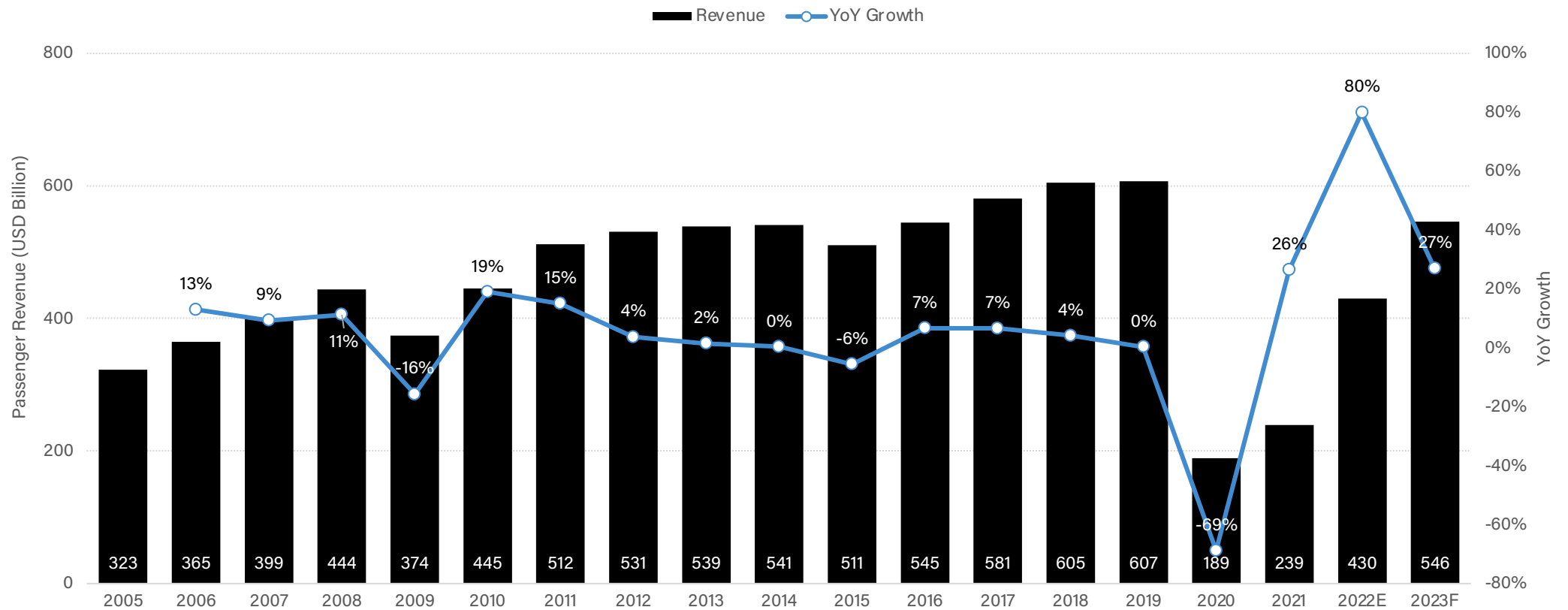
Note: All data vs same month in 2019.

Source: [Skift Travel Health Index](#), July 2023.

# Airline Sector Nearing Full Recovery

Airline passenger revenue for 2023 is expected to reach 90% of the 2019 high.

## Global Airline Passenger Revenue, 2005-2023F



6.1 Aviation Performance

6.2 Industry Rankings

6.3 Diversifying Revenue Streams

6.4 Sustainable Aviation

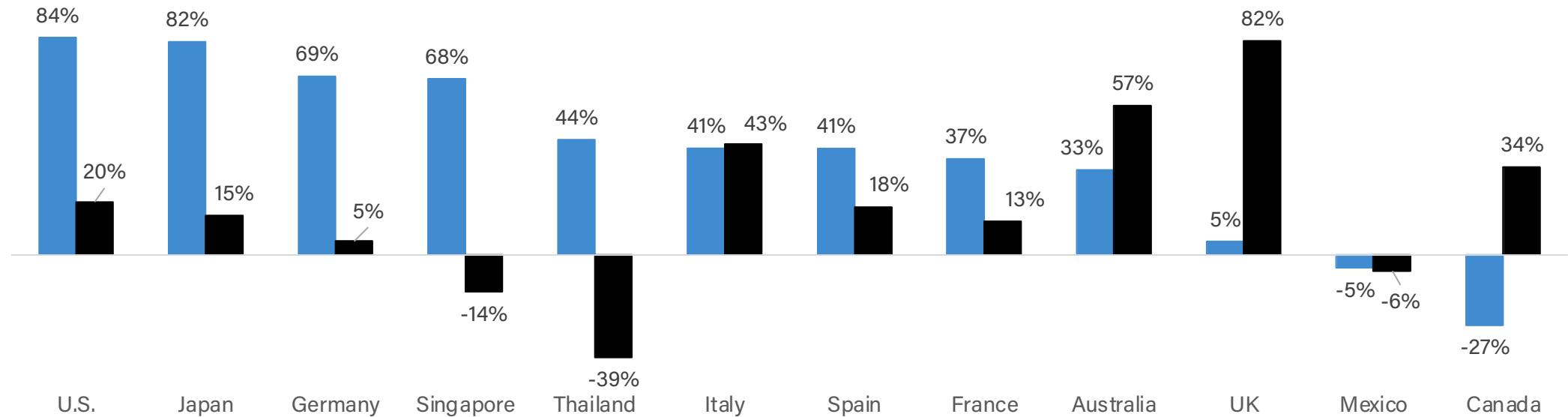


# Strong Pricing Has Been Driving Sector Recovery

Flight transaction values for most countries are above pre-pandemic levels, as pricing power has boosted airline recovery.

## Growth in Average Flight Transaction Values

■ June 2023 vs June 2019   ■ June 2023 vs June 2022

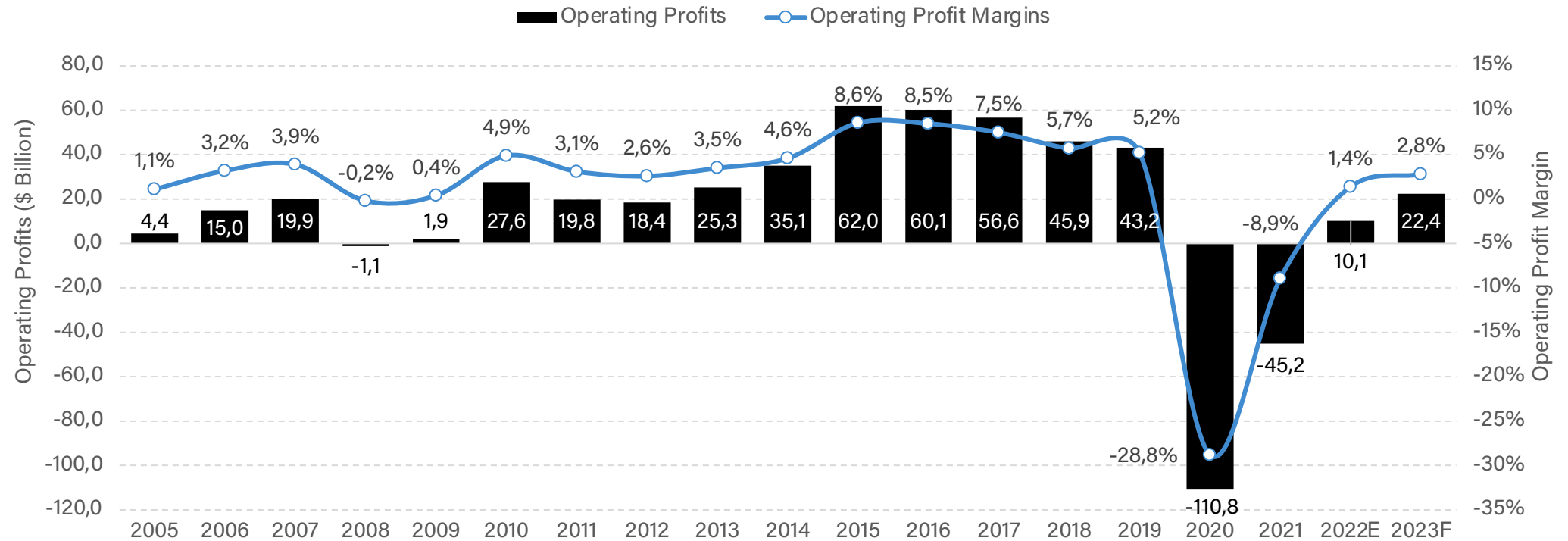


Source: Nium, data as of July 2023.

# Operating Margins Recovering In Line with Revenues

Global commercial airline operating margins are expected to improve from -29% in 2020 to 2.8% in 2023.

## Global Commercial Airline Operating Profit, 2005-2023F

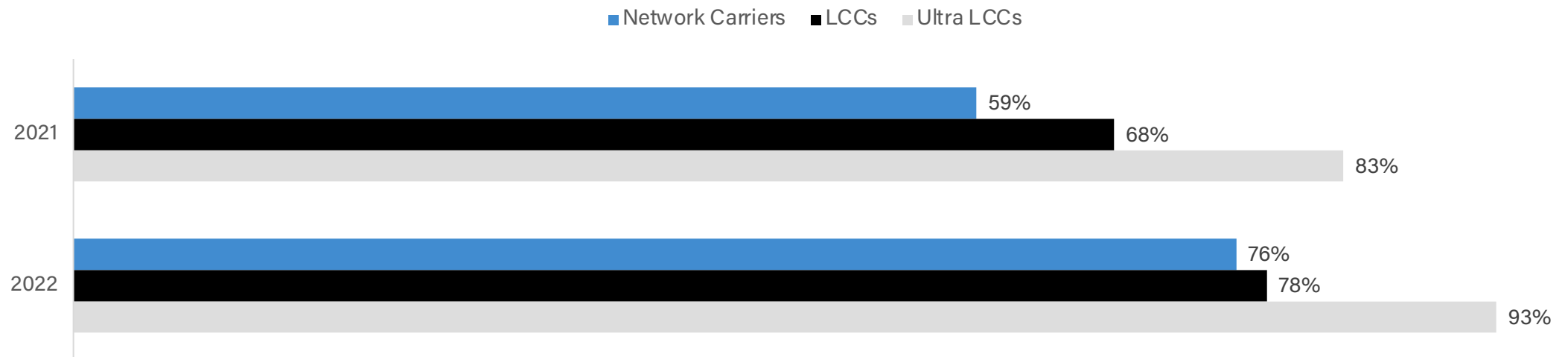


Source: IATA, data as of June 2023.

# Low-Cost Carriers Recovered Quicker Than National Carriers

Consolidation in the U.S led to major upheaval in the market, leading to the top four carriers controlling more than 84% of the market in 2017. However, ultra low-cost carriers (ULLCs) have found a foothold, and the lean business model has helped them recover faster than the more traditional network carriers.

**Total Revenue Recovery by Airline Type**  
2021/22 vs 2019



Note: Network Carriers – Delta, American & United; LCCs – Southwest, JetBlue, Alaska & Hawaiian; ULCCs - Spirit, Frontier, Allegiant Air & Sun Country. 2022 data is for first 9 months.

Source: Skift Research from U.S. Department of Transportation and company filings, data as of May 2023.

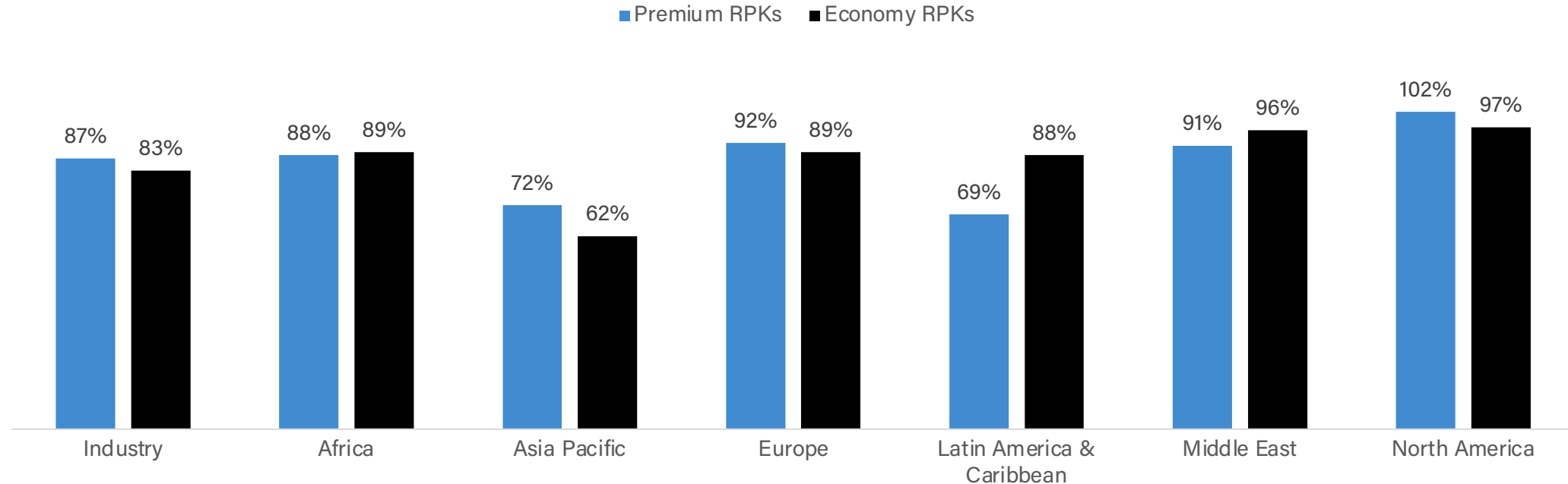
Reproduced from [U.S. Airline Sector: Skift Research Estimates 2023/2024](#), May 2023.



# Premium Cabin Recovers Ahead of Economy

Premium seats on international flights recovered faster than economy seats. North America, Europe and Asia Pacific drove this trend, while Africa, Latin America and the Middle East saw economy class recovery ahead of premium.

**International Revenue Passenger Kilometers (RPK) by Cabin Class**  
Jan – May 2023 vs Same Period in 2019



6.1 Aviation Performance

6.2 Industry Rankings

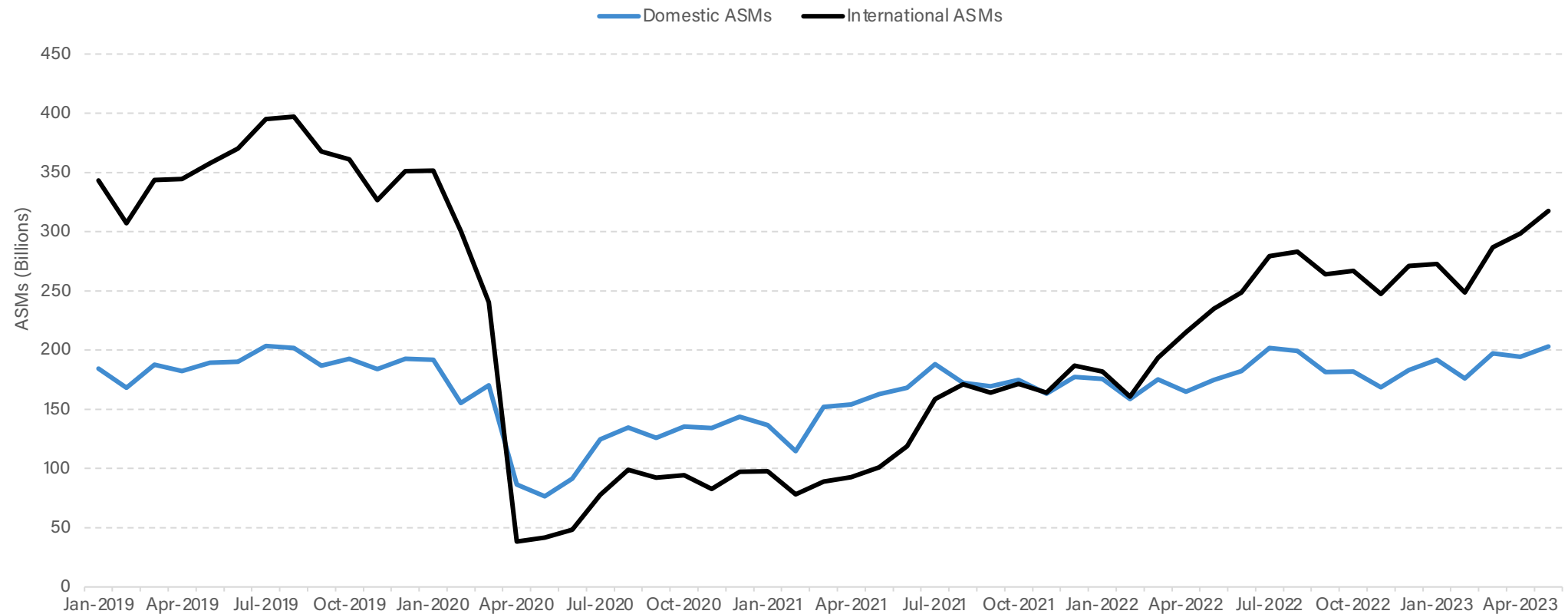
6.3 Diversifying Revenue Streams

6.4 Sustainable Aviation



# Seat Capacity Now Only Lagging for International Flights

Monthly Domestic and International Available Seat Miles (ASM), 2019 - 2023



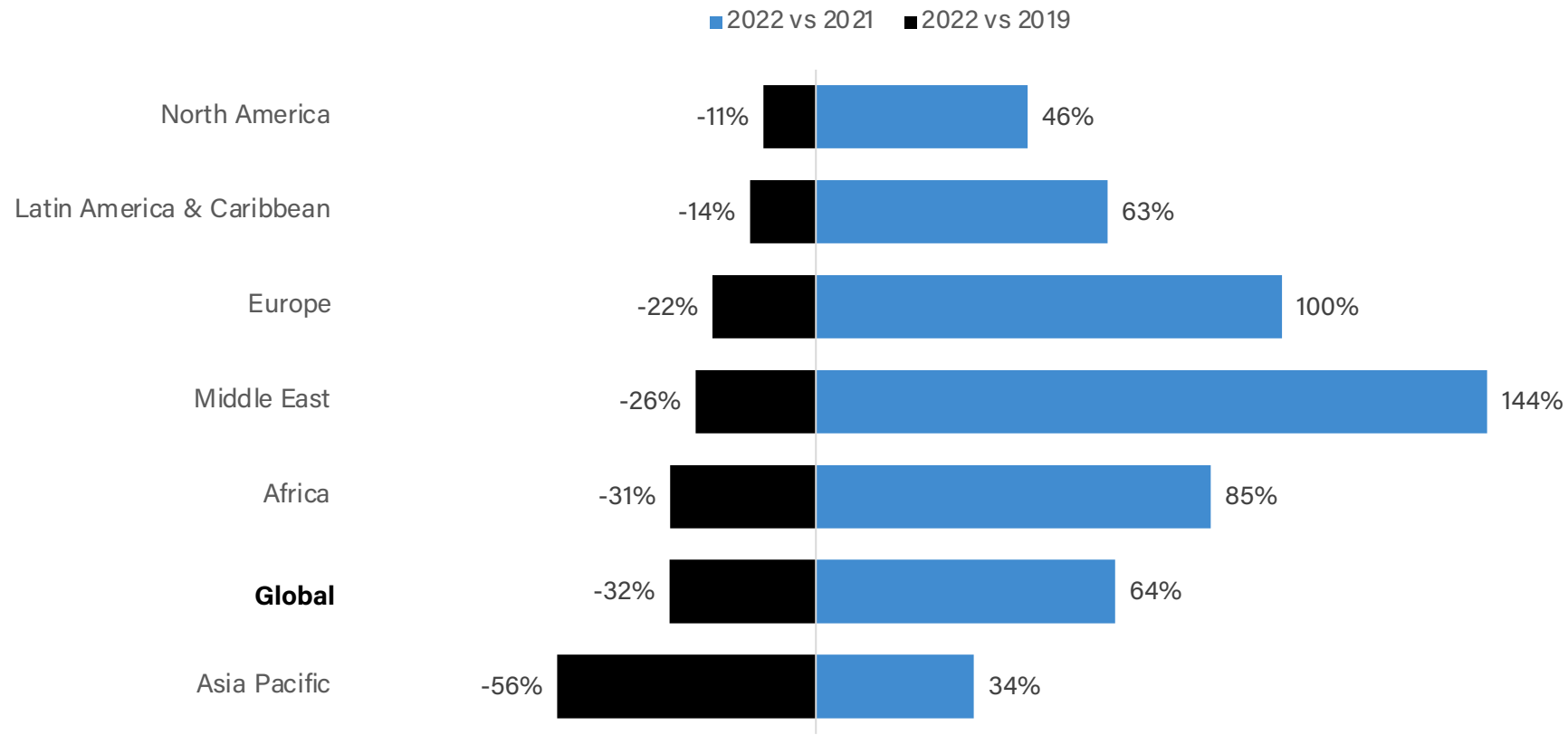
Note: 2023 is up to May 2023.

Source: OAG, data as of June 2023.

# Demand Rebounded Strongly in 2022

Even with the substantial growth in 2022, global air passenger demand was still 32% lower than in 2019.

## Air Passenger Demand by Region, 2022

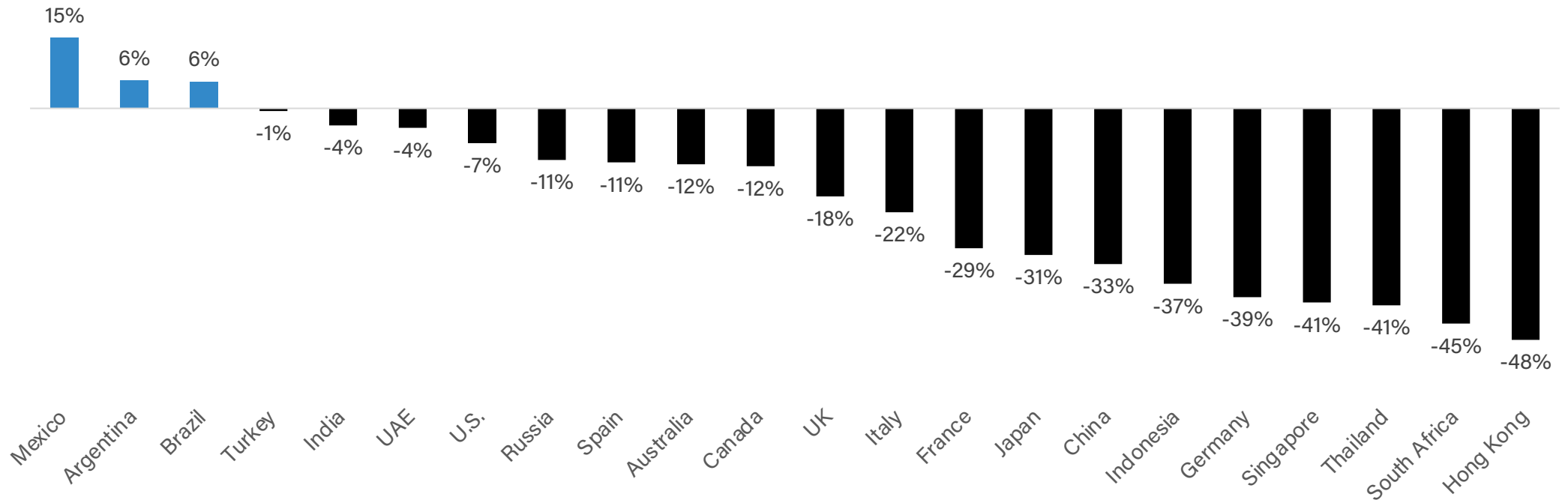


Source: IATA, data as of June 2023.

# Bookings Not Back to 2019 Levels Yet

Also, air tickets sold in most countries have not rebounded to pre-pandemic levels.

**Growth in Air Tickets Sold By Destination**  
June 2023 vs June 2019

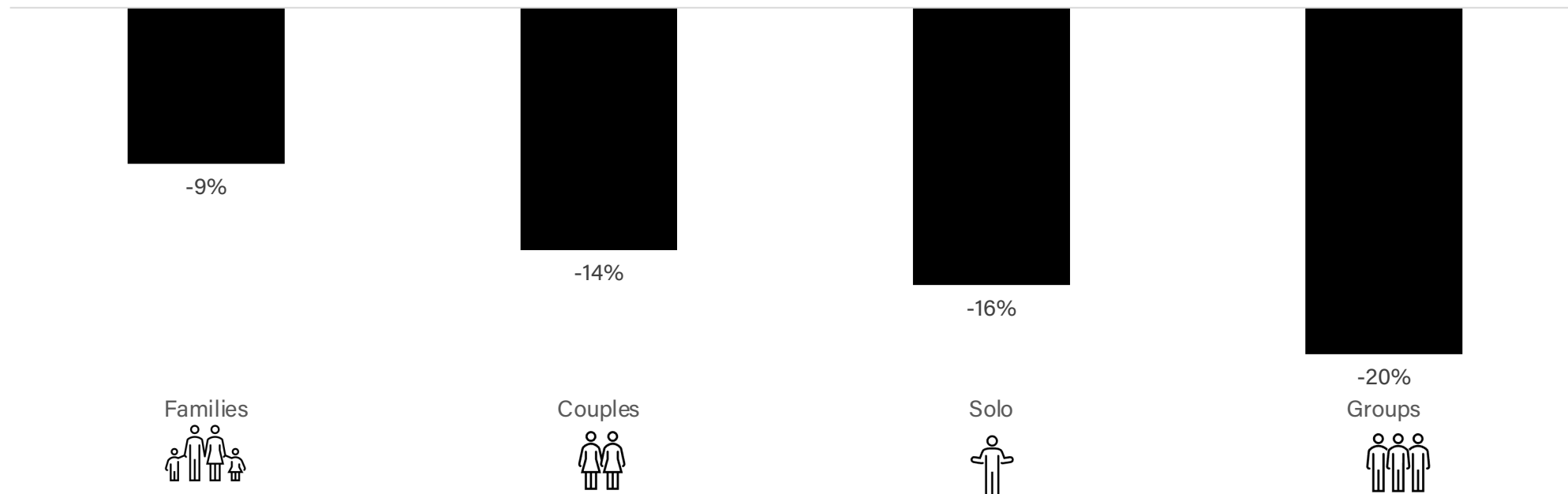


Source: ForwardKeys, data as of July 2023.

# Family Travel Continues to Push Flight Recovery

Pent-up demand for family vacations has helped family travel bounce back in 2022 and continues this year. Group travel is the slowest to recover.

Flight Tickets Booked for International Travel in Summer 2023  
Relative to 2019



6.1 Aviation Performance

6.2 Industry Rankings

6.3 Diversifying Revenue Streams

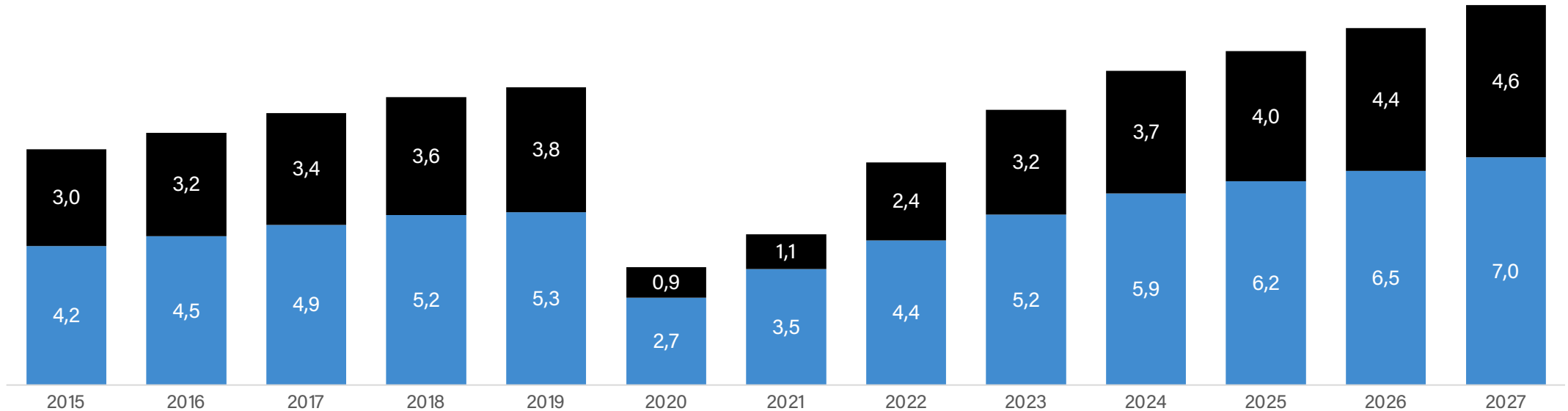
6.4 Sustainable Aviation

# International Passenger Share Set to Grow

In 2023, the share of international passengers is expected to make up 38% of total passengers, much closer to the 42% of traffic share it represented in 2019.

## Global Passenger Traffic by Type (Billion Passengers)

■ Domestic ■ International



6.1 Aviation Performance

6.2 Industry Rankings

6.3 Diversifying Revenue Streams

6.4 Sustainable Aviation

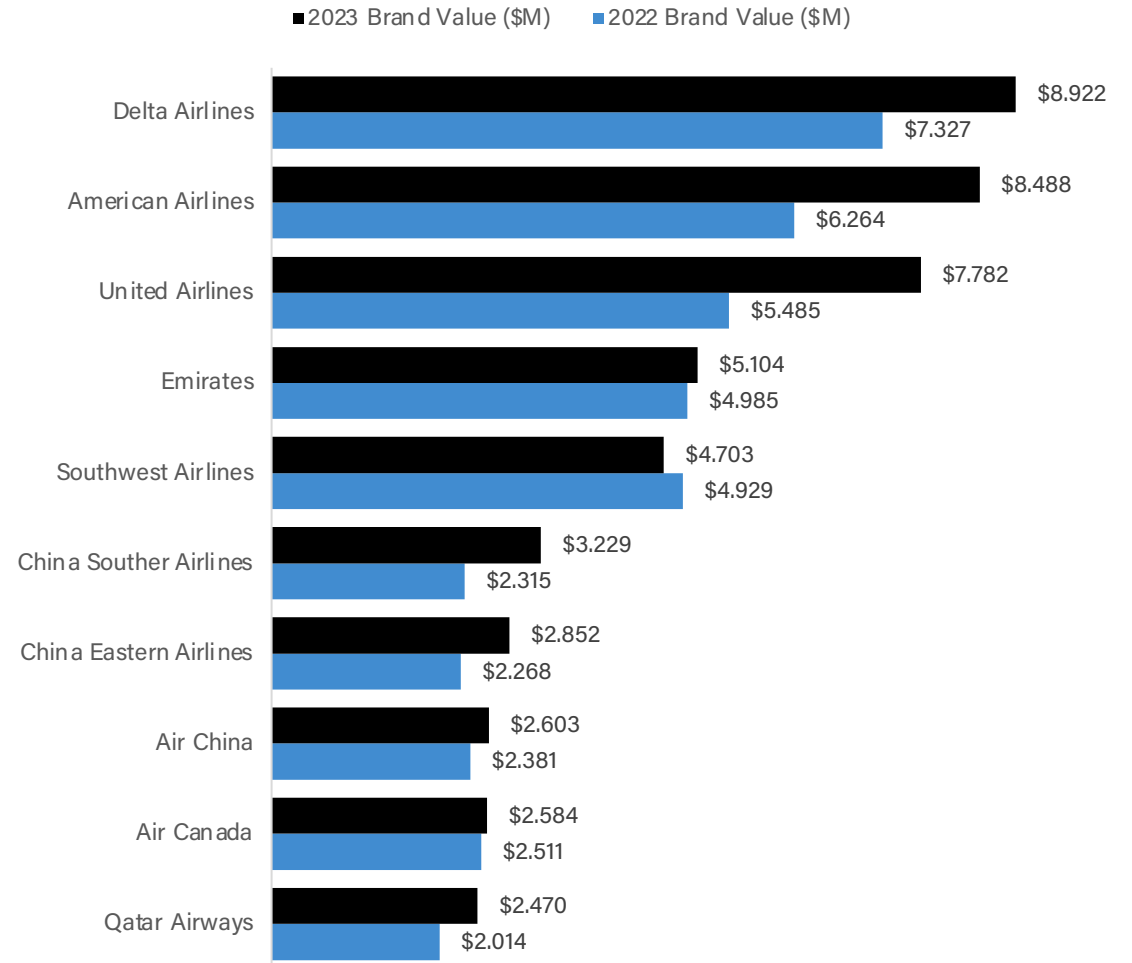


# Most Valuable Airline Brands Ranking

Brand Finance conducts an annual investigation of the value of major brands, determining “the value a company would be willing to pay to license its brand as if it did not own it.”

According to this research, Delta Airlines has the highest valued brand of any airline. Qatar Airways leapfrogged multiple regional carriers to enter the top 10 airlines list, likely boosted by the Qatar World Cup.

## Airline Ranking by Brand Finance, 2022-2023

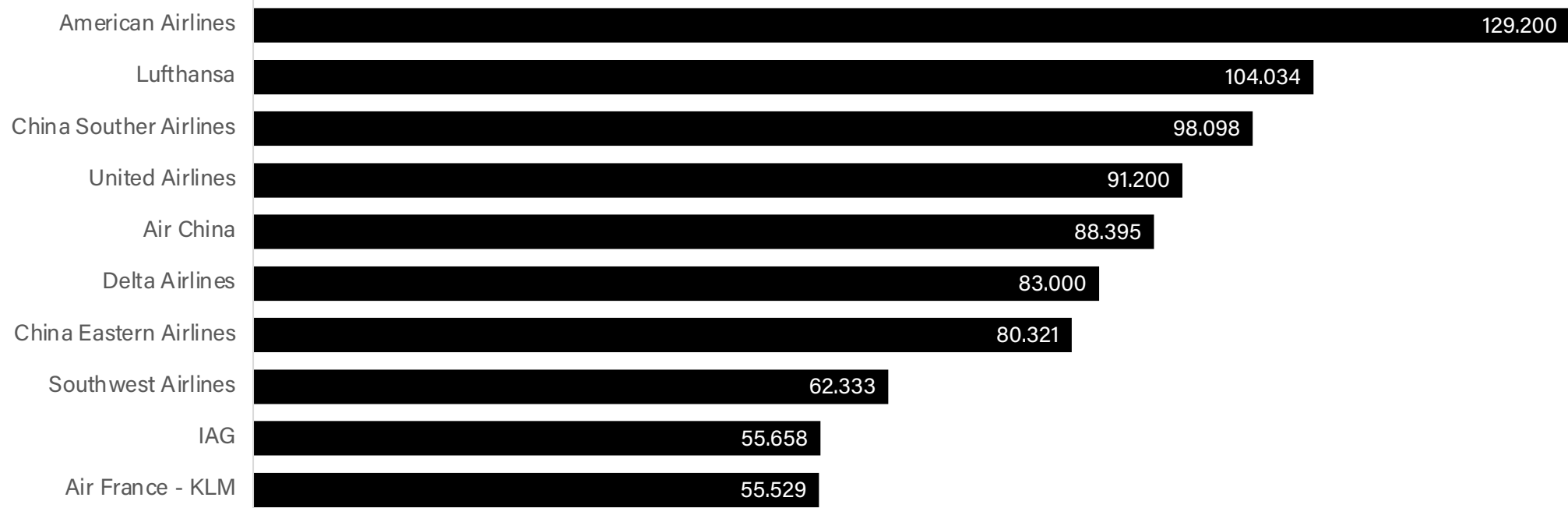


Source: Brand Finance, data as of May 2023.

# U.S. and Chinese Airlines Well Represented in Largest Employer Ranking

American Airlines is the biggest airline in terms of the number of employees.

## Top Publicly Traded Airlines by Number of Employees, 2022

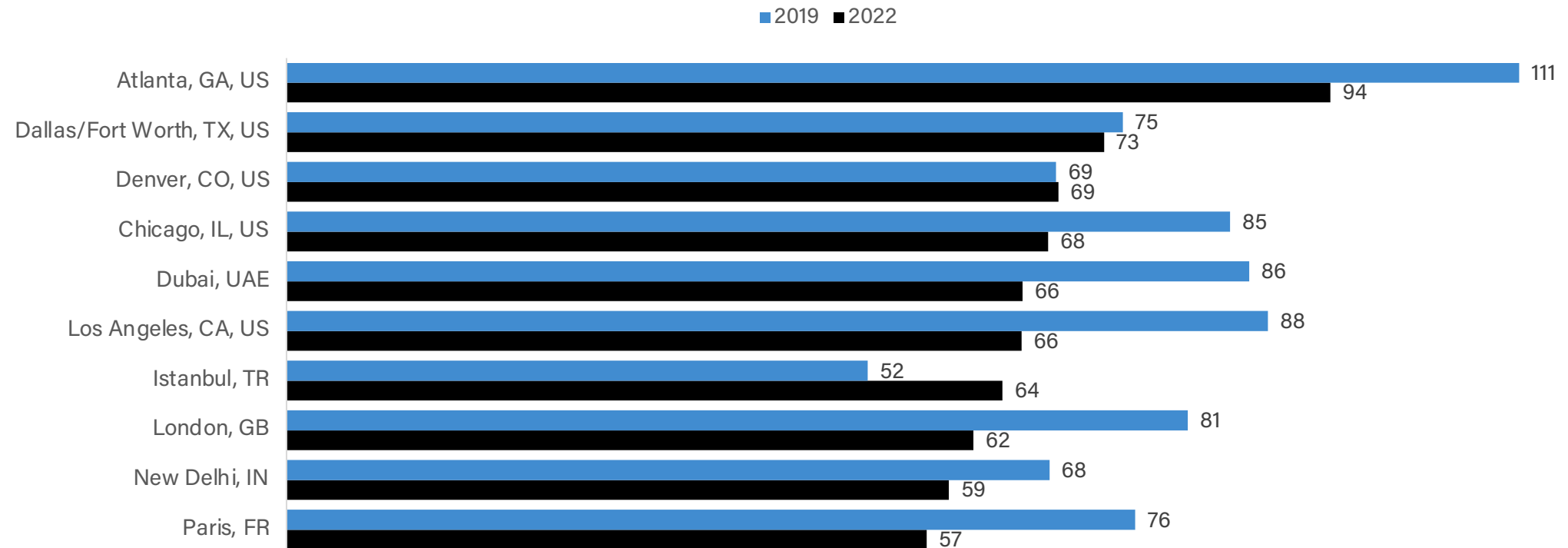




# World's Busiest Airports

In terms of passenger numbers, Atlanta airport was ranked as the busiest airport in the world in 2022. With its ongoing growth, Istanbul keeps demonstrating its potential as a mega hub, being the only airport in the top 10 that was larger in 2022 than in 2019.

## Top 10 Busiest Airports in the World by Number of Passenger (Millions), 2022



Source: Airports Council International, data as of April 2023.

# Despite Slow Recovery, Asia Retains Busiest Routes

Jeju to Seoul was ranked as the busiest domestic airline route in June 2023, while Kuala Lumpur to Singapore was ranked as the busiest international route in terms of number of seats.

## Top 10 Busiest Domestic Routes, June 2023

Route Name	Seats
Jeju International - Seoul Gimpo	1,122,245
Sapporo New Chitose - Tokyo Haneda	989,476
Hanoi - Ho Chi Minh City	926,877
Fukuoka - Tokyo Haneda	913,980
Melbourne - Sydney	764,649
Beijing - Shanghai Hongqiao	728,045
Jeddah - Riyadh	684,006
Tokyo Haneda - Okinawa Naha	653,797
Jakarta - Denpasar-Bali	650,011
Guangzhou - Shanghai Hongqiao	622,071

## Top 10 Busiest International Routes, June 2023

Route Name	Seats
Kuala Lumpur - Singapore Changi	417,982
Cairo - Jeddah	395,944
Hong Kong - Taipei	369,752
Dubai - Riyadh	341,300
Seoul Incheon - Tokyo Narita	338,434
Seoul Incheon - Osaka Kansai	336,964
Jakarta - Singapore Changi	336,672
New York JFK - London Heathrow	334,560
Bangkok - Singapore Changi	286,620
Bangkok - Hong Kong	270,272

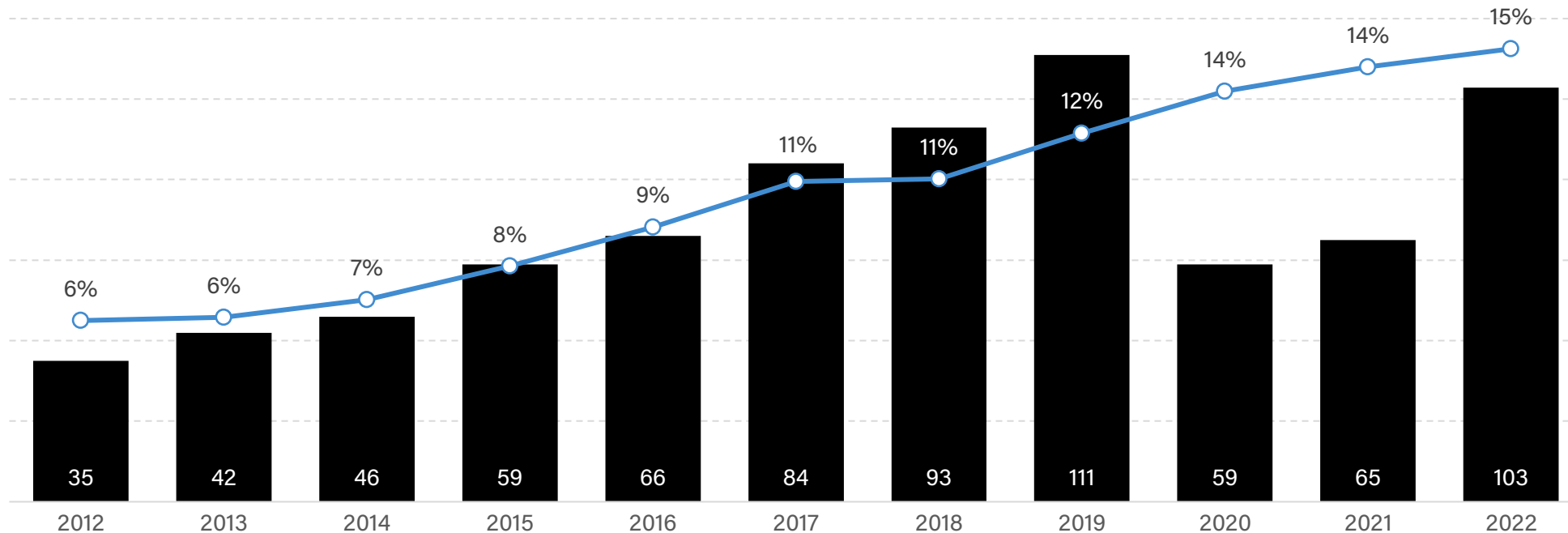
Source: OAG, data as of June 2023.

# Ancillary Revenue: Growing Importance to Bottom Line

Airline ancillary revenue nears pre-pandemic level with a 56% increase to \$102.8 billion for 2022.

## Worldwide Estimate of Ancillary Revenue

■ Ancillary Revenue Estimate (\$ billion)    ● % of Total Revenue

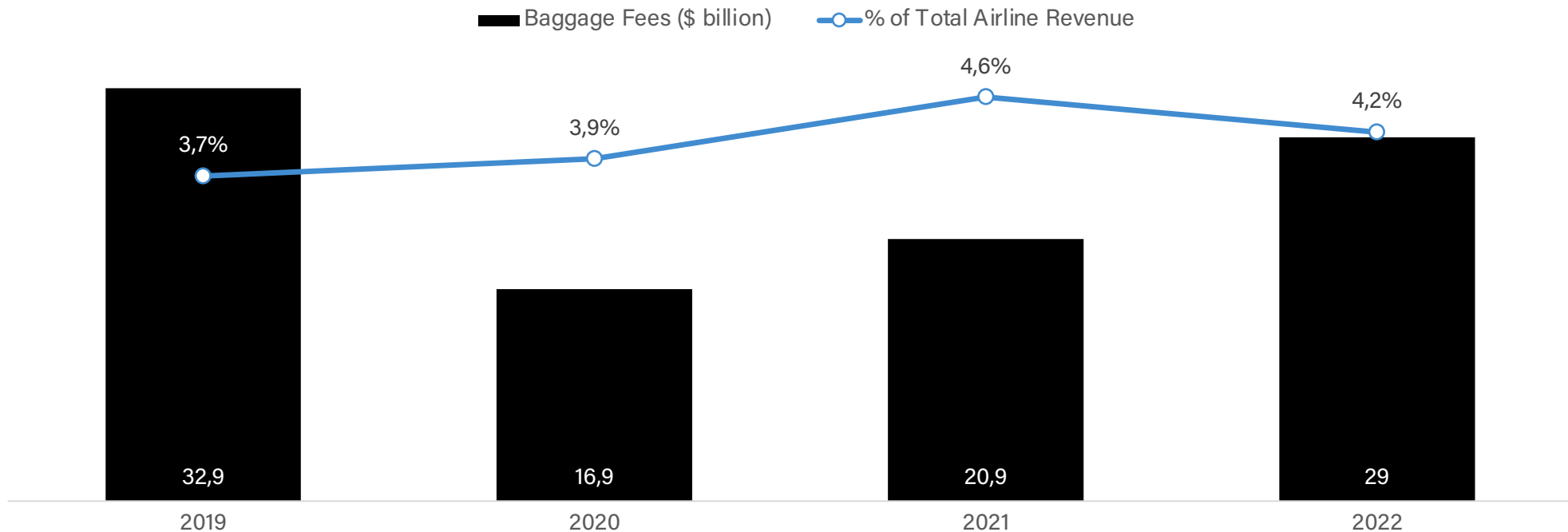


Source: IdeaWorks and CarTrawler, data as of November 2022.

# Ancillary Revenue: Importance of Baggage Fees

A global estimate of baggage fee revenues shows they fell only slightly short in 2022 compared to 2019. During the recovery years, baggage fees took a larger share of total airline revenues.

### Global Estimate of Baggage Fee Revenue



6.1 Aviation Performance

6.2 Industry Rankings

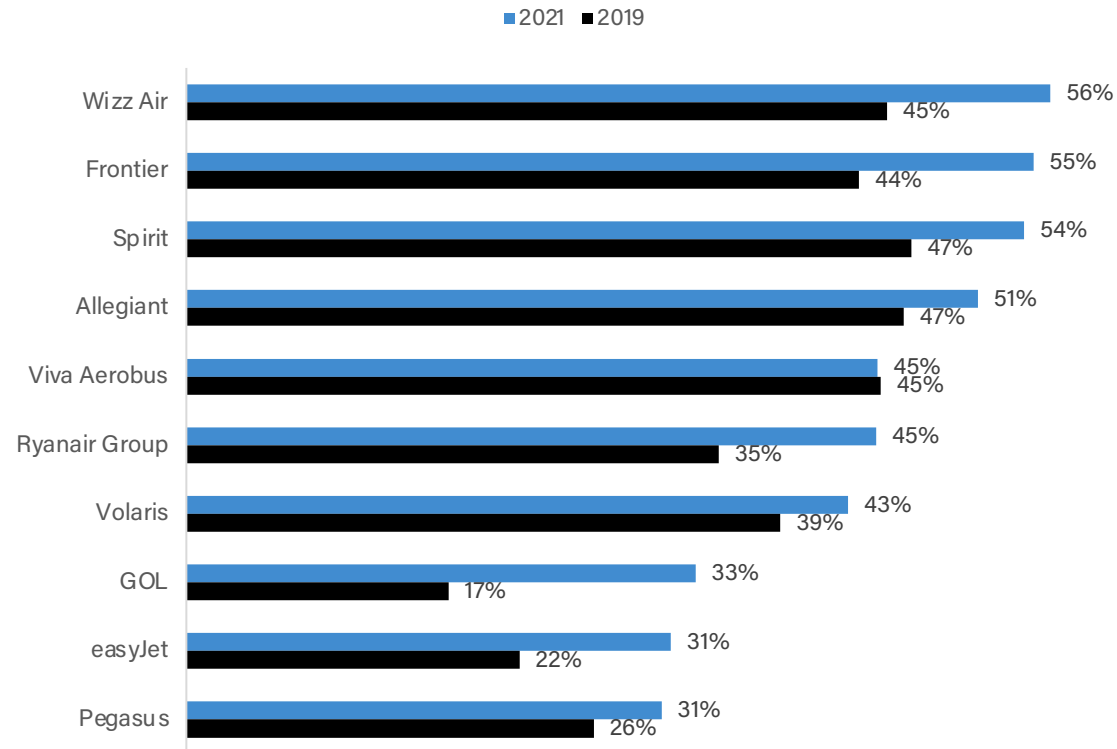
6.3 Diversifying Revenue Streams

6.4 Sustainable Aviation

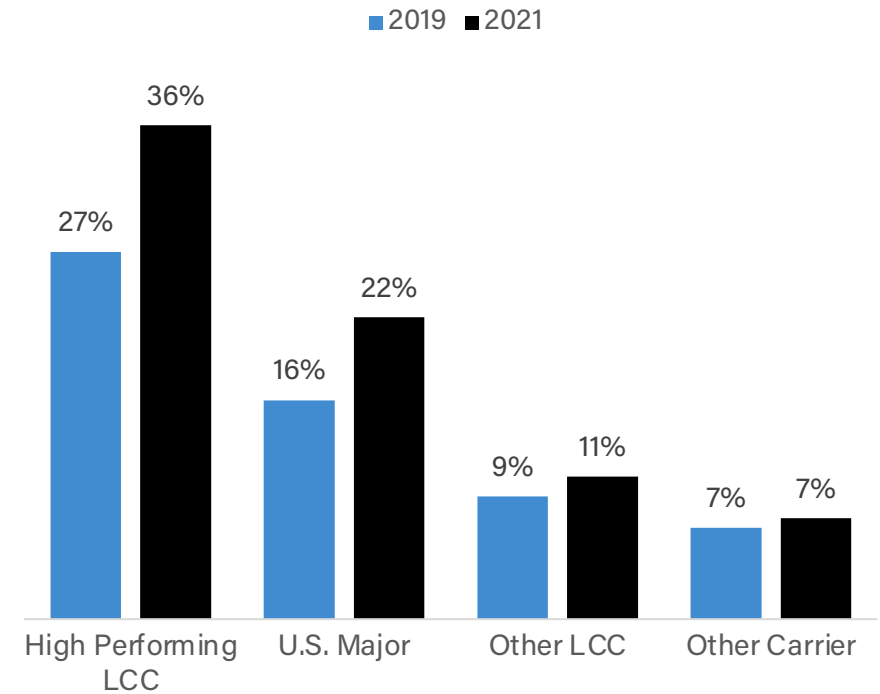
# Ancillary Revenues: Particularly Important to LCCs

It's no surprise that the top 10 airlines in the world with the most reliance on ancillary revenue are all low-cost carriers.

### Ancillary Contribution to Total Revenue



### Ancillary Contribution as % of Total Revenue by Carrier Type

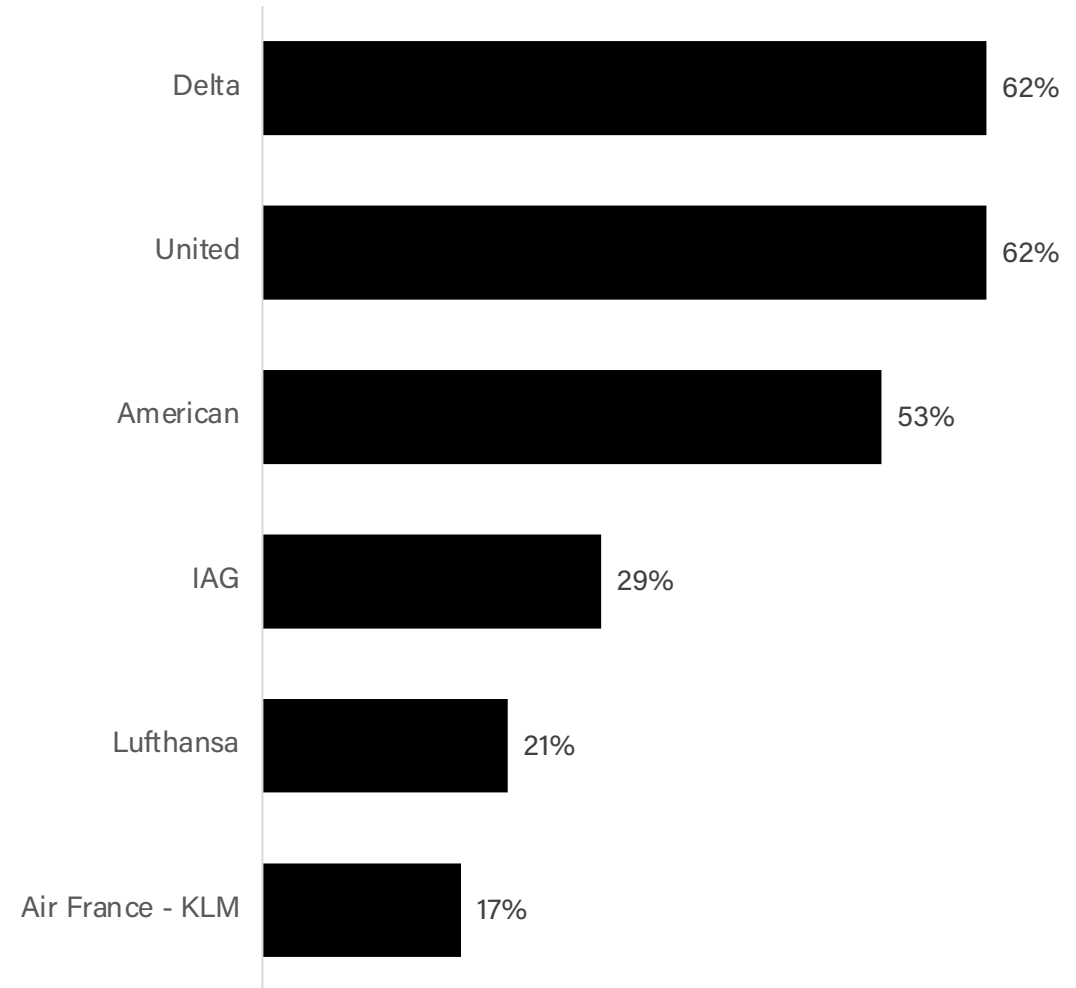


Source: IdeaWorks and CarTrawler, data as of November 2022.

# Loyalty Revenue: Over Half of Passengers in U.S. Are Members

United and Delta's loyalty member bases account for 62% of the total number of passengers carried by these airlines in 2019, compared to roughly 20% for European airlines.

Loyalty Members as % of Total Travelers in 2019



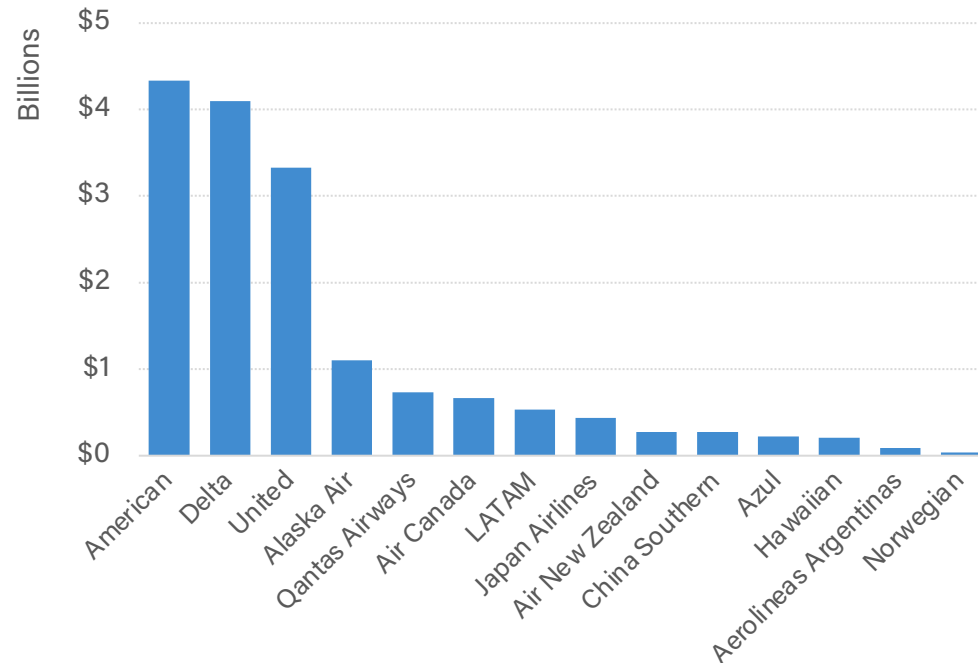
Source: Skift Research from company filings, data as of April 2022.

Reproduced from [Travel Loyalty Programs Deep Dive 2022](#), April 2022.

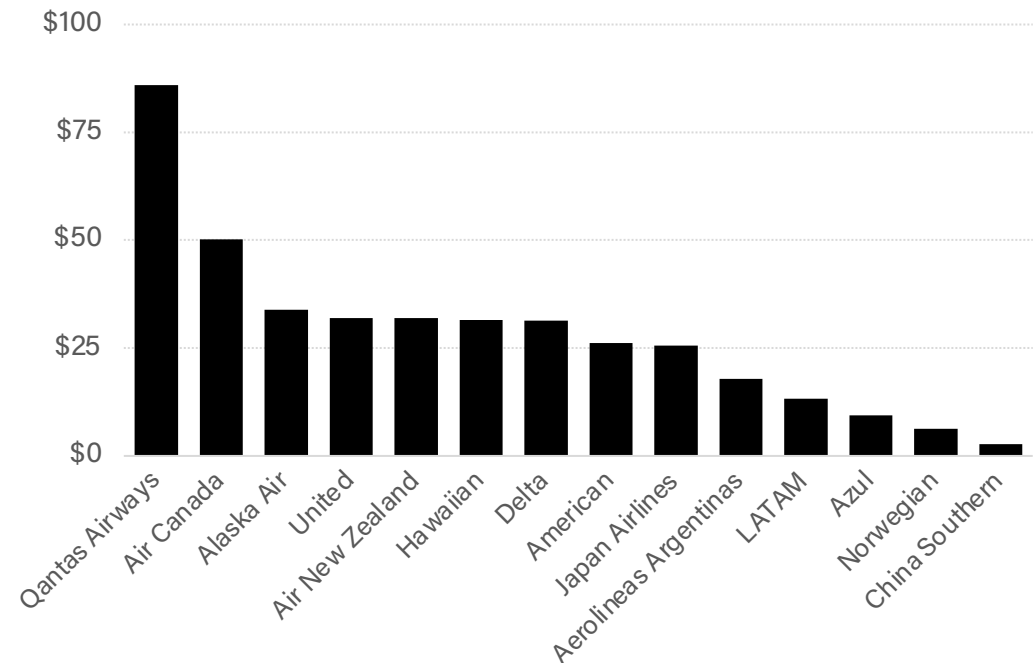
# Loyalty Revenues: Value to Bottom Line Increased During Pandemic

In 2021, the five main U.S. airlines (Alaska, American, Delta, Southwest, and United) earned \$16.4 billion in income from their frequent flyer programs. This results in an average of \$31 per passenger, which is considerably more than the \$26 per passenger achieved in 2019.

### Revenue Attributed to Frequent Flyers - 2021



### Frequent Flyer Revenue per Passenger - 2021



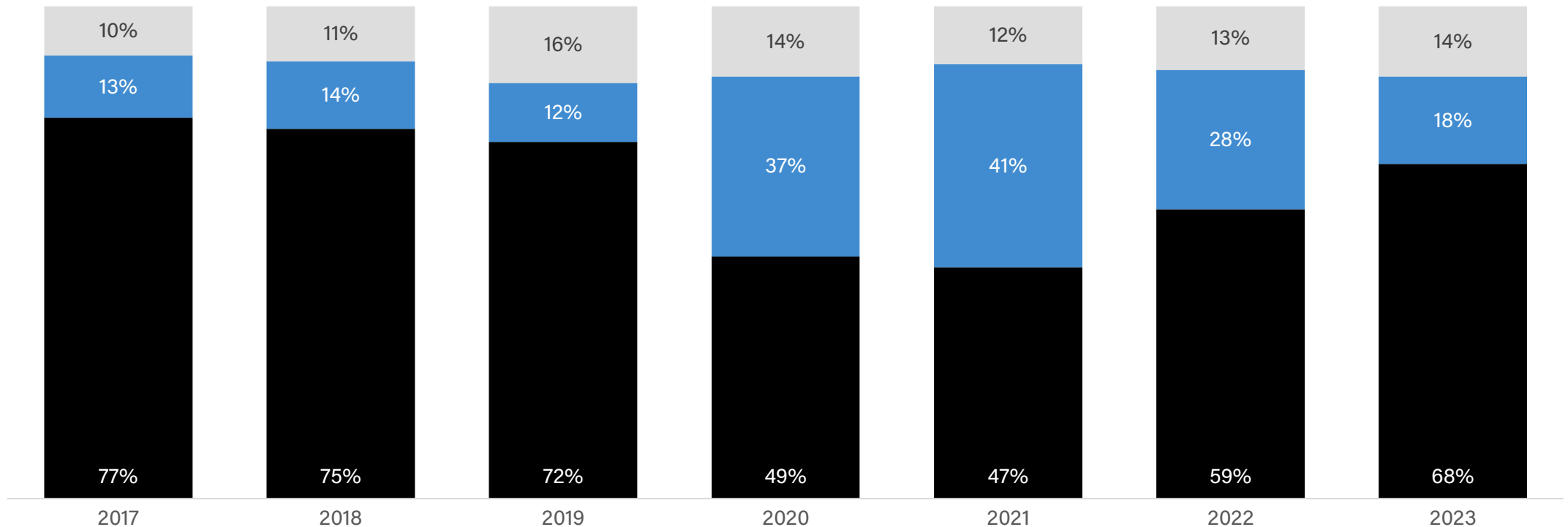
Source: IdeaWorks Ancillary Yearbook, data as of August 2022.

# Cargo: Back to Pre-Pandemic Levels

Cargo revenue spiked during the pandemic years and its share has only recently started to shrink as more passenger capacity is deployed. However, cargo has solidified its mark as a major revenue generating business for airlines.

## Share of Airline Revenue by Source

■ Passenger Revenue ■ Cargo Revenue ■ Other Revenue



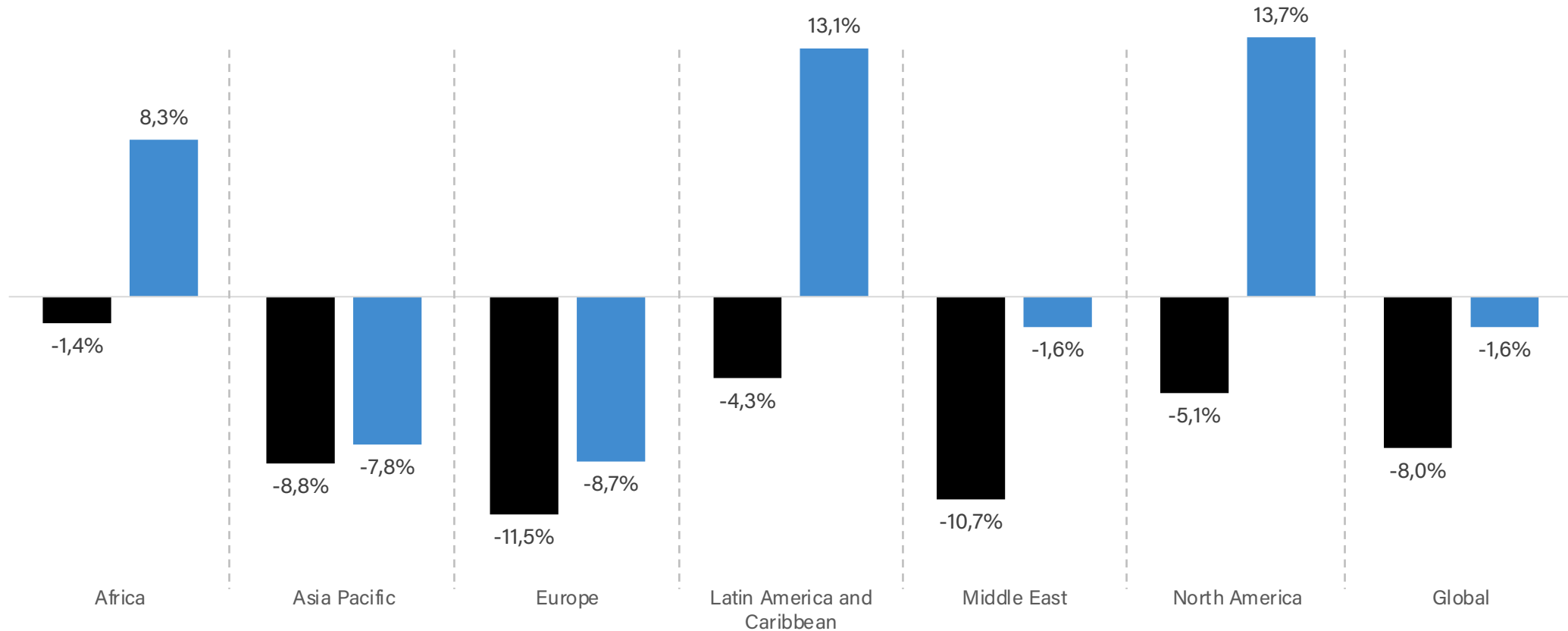
Source: IATA, data as of June 2023.



# Cargo: Still of Greater Importance in Americas

## Air Cargo Demand by Region, 2022

■ 2022 vs 2019 ■ 2022 vs 2021



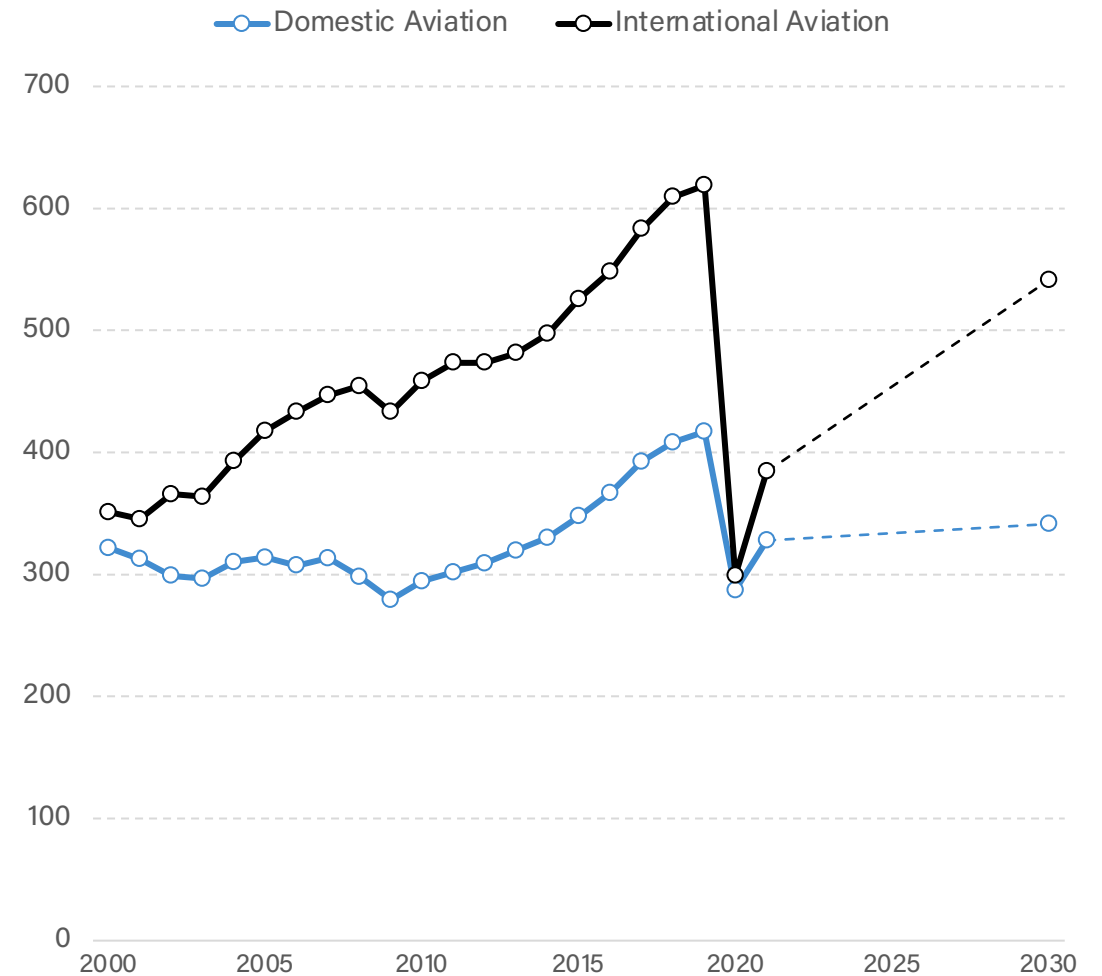
Source: IATA, data as of June 2023.

# Decarbonizing Aviation: Emissions Continue To Rise

Direct CO<sub>2</sub> emissions from aviation have been steadily growing over the decades before the pandemic. The near total stop in aviation in 2020 meant a strong reduction in emissions, but these are now coming back fast.

According to a Net Zero scenario by the International Energy Agency, which would see the aviation industry reach carbon neutrality by 2050, the industry would need to get emissions below 900 Mt CO<sub>2</sub> by 2030, considerably below 2019 levels and a real challenge with the current boom in air travel.

**Direct CO<sub>2</sub> Emissions (Metric Tons) from Aviation with 2030 Net Zero Target**



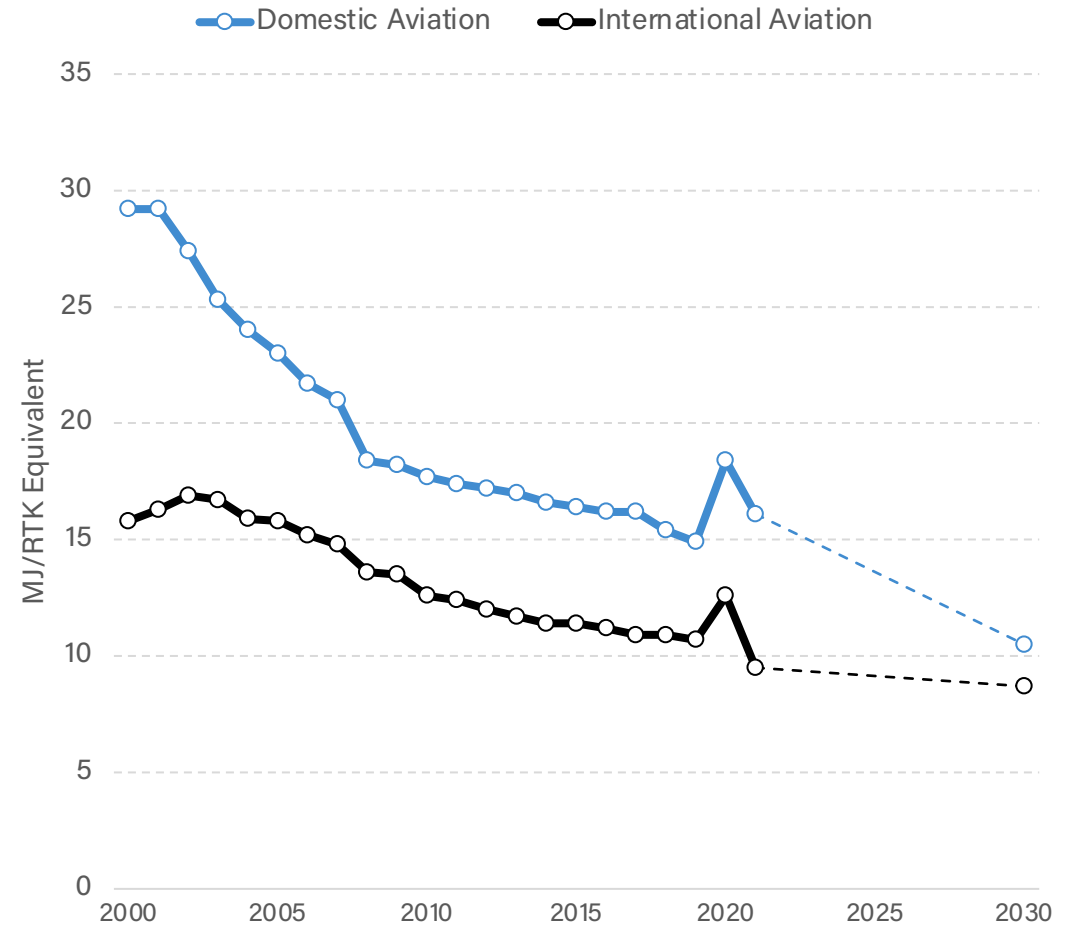
Source: International Energy Agency, data as of September 2022.

# Domestic Aviation Needs To See Biggest Efficiency Improvement

Over the past decades, the aviation industry has seen continued improvements in efficiency, but its rate of emission reduction per kilometre flown is slowing down.

Domestic operations, which tend to be shorter and therefore less efficient flights, need to register the strongest increase in efficiency for the aviation industry to be on target for net zero by 2050.

## Energy Intensity of Passenger Aviation with 2030 Net Zero Target



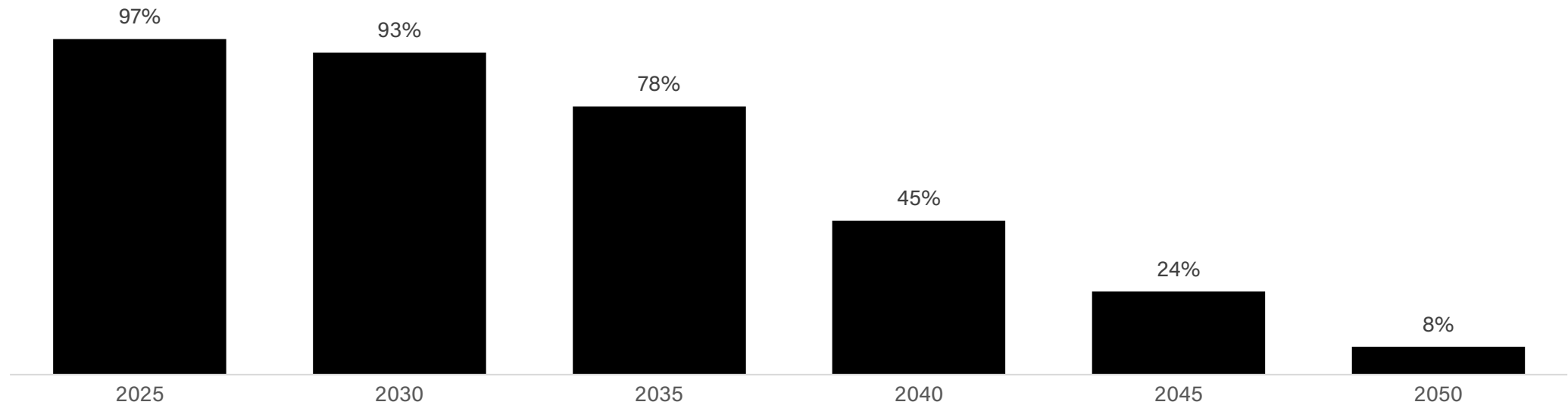
Note: MJ/RTK Equivalent stands for Million Joule per Revenue Ton Kilometre, essentially a measure of energy efficiency per kilometre flown by airlines.

Source: International Energy Agency, data as of September 2022.

# Current Overreliance on Carbon Offsetting Will Need to End

To achieve net zero targets by 2050, as set by industry body IATA, the reliance of airlines on CO<sub>2</sub> offsets need to reduce from almost 100% today, to 8% by 2050.

### Share of Carbon Offsets to Achieve IATA 2050 Targets



6.1 Aviation Performance

6.2 Industry Rankings

6.3 Diversifying Revenue Streams

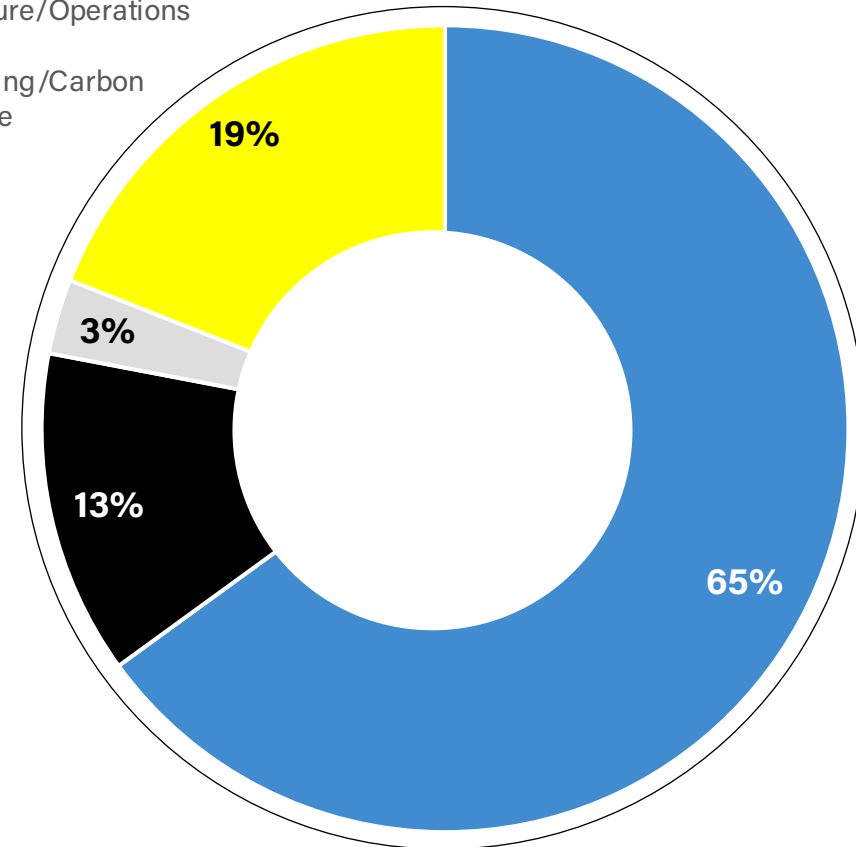
6.4 Sustainable Aviation

# SAF Pushed As Industry's Panacea

IATA expects that sustainable aviation fuel (SAF) will become the most important means for the industry to achieve reduction targets. SAF is a biofuel which has similar properties to jet fuel, but with lower carbon emissions when burnt.

## Contribution to Achieving Net Zero Carbon Targets by 2050

- SAF
- New technologies
- Infrastructure/Operations
- Offsetting/Carbon Capture



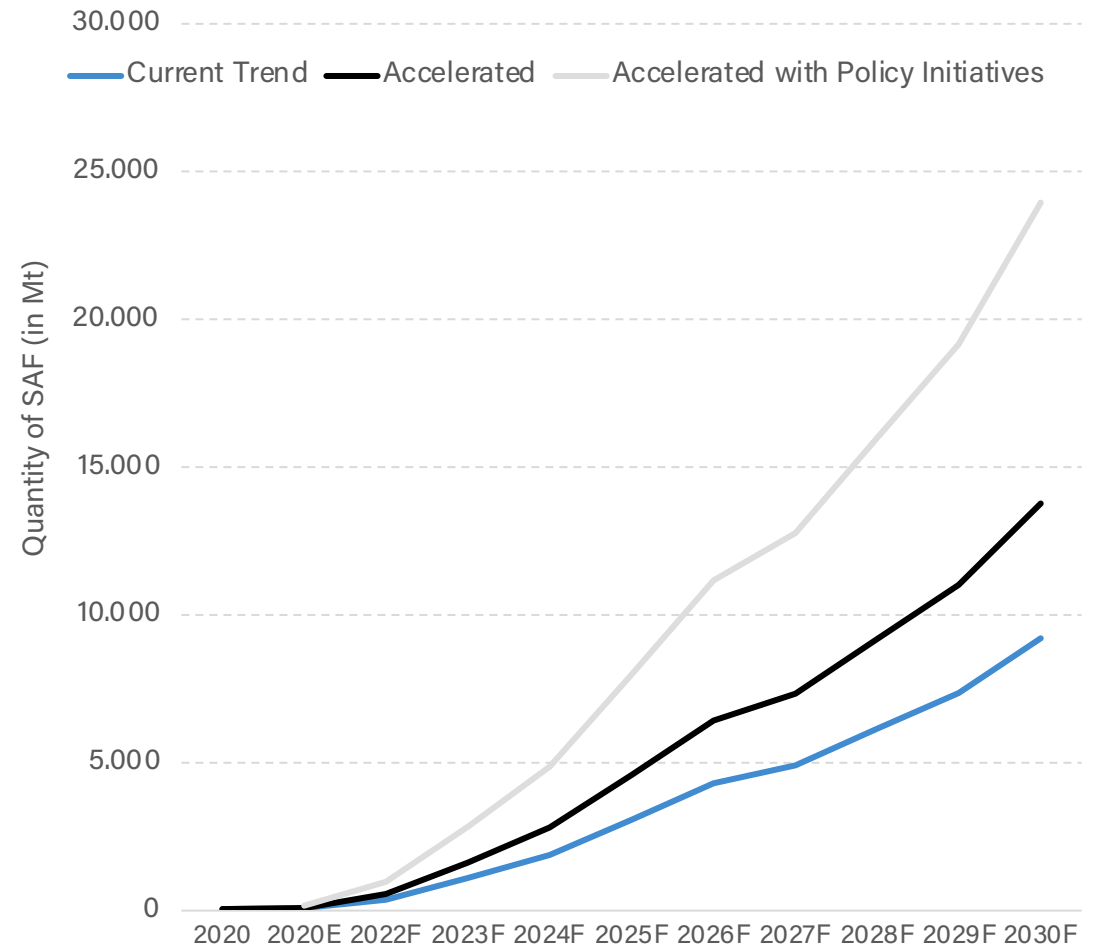
Source: IATA Net Zero 2050, data as of June 2023.

# Production of SAF Will Be Major Barrier

With growing industry demand for SAF and regional governments pushing for more SAF blended fuel, the existing rate of SAF production will be insufficient.

According to Air Transport Action Group research, policy changes and incentives will be required to encourage aggressive production.

## SAF Production in the Coming Years

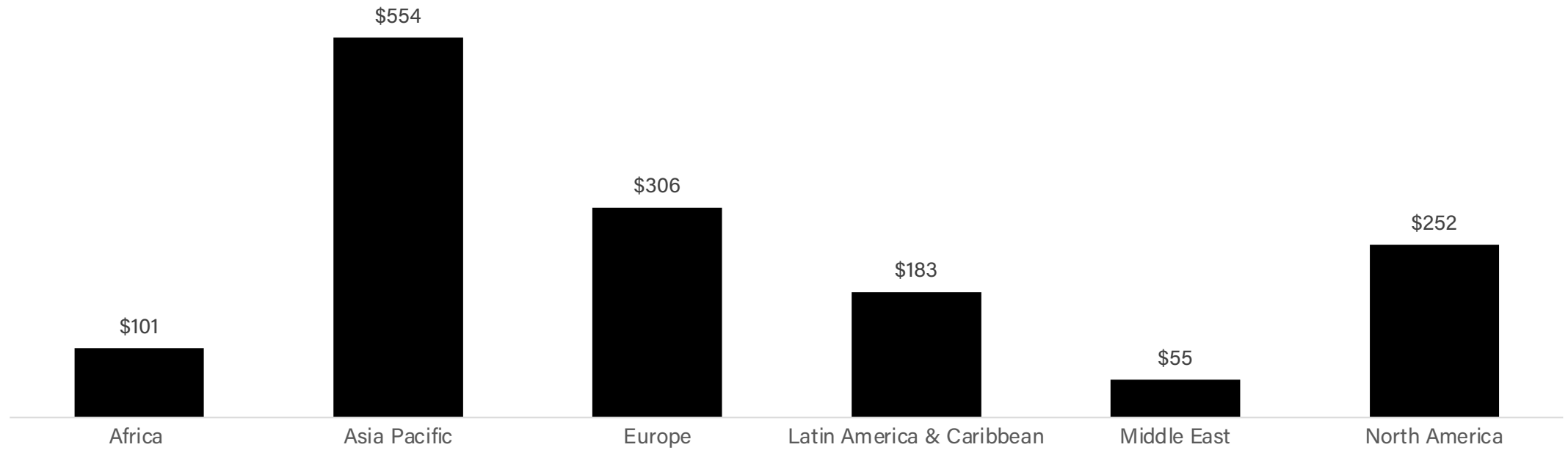


Source: Air Transportation Action Group, Waypoint 2050 report, September 2021

# Major Infrastructure Investment Required to Support SAF Boom



According to analysis by the Air Transport Action Group up to 7,000 facilities may be required to create sufficient SAF to meet the aviation industry's climate targets. To support its expanding aviation business, Asia Pacific would need to provide one-third of the total worldwide investment needed.

**Total Infrastructure Investment Required for Accelerated SAF Deployment (\$ billion)**



# Companies Have Big Ambitions to Scale up SAF Usage

In line with industry targets, many airlines have recently committed to more SAF usage. Similarly, fuel providers have also set ambitious SAF production targets for the future.

Role	Company or Initiative	SAF Usage/Production Target	Target Year
 Airlines	Alaska Air Group, Delta Air Lines, Finnair, International Airlines Group, JetBlue Airways, Malaysia Airlines, Qantas Airways, Royal Air Maroc, Sri Lankan Airlines	10%	2030
	Norwegian Air Shuttle	16-28%	2030
	Scandinavian Airlines System	17%	2030
	Ryanair	12.5%	2030
	Lufthansa Group	5-10%	2030
 Fuel providers	Neste	1.5 Mt	2023
	Shell	2 Mt	2025
	OMV	0.7 Mt	2030
	Eni	0.5 Mt	2030

Sources: BloombergNEF (BNEF) from company announcements, data as of June 2023.



7.

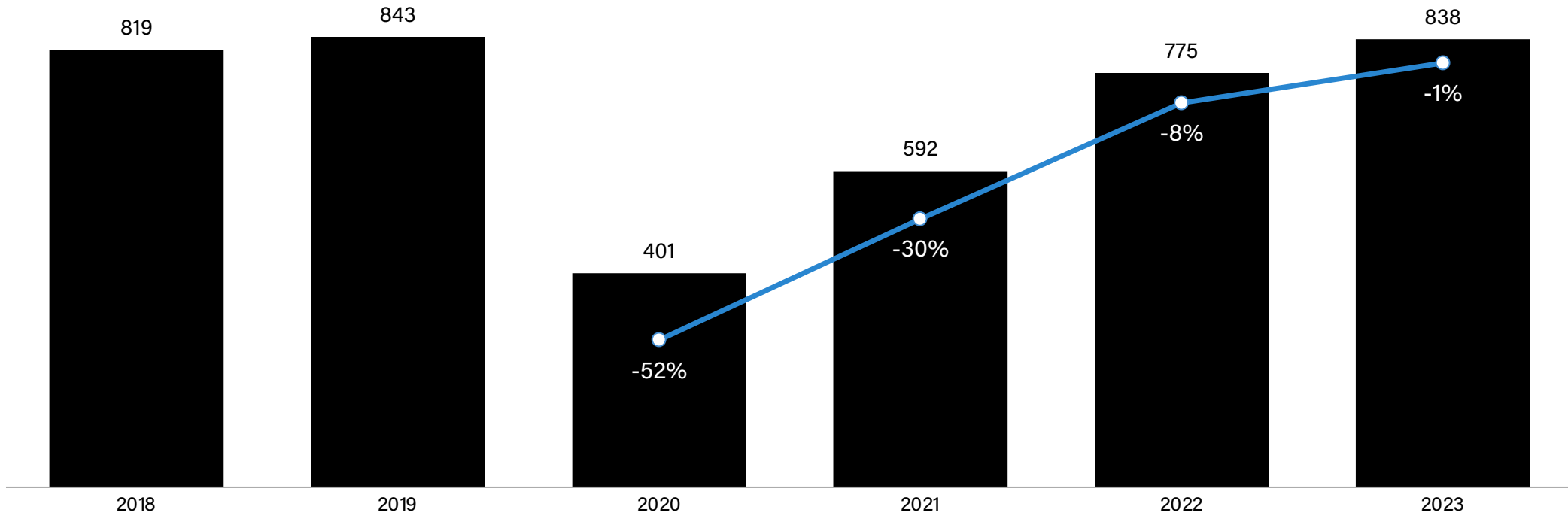
HOTELS



# Hotel Revenues Close to Pre-Covid Levels in 2023

We estimate that hotel revenues will be 1% below 2019 levels in 2023, recovering from -8% in 2022.

### Global Hotel Revenues (\$ Billions) and Recovery vs 2019 Levels



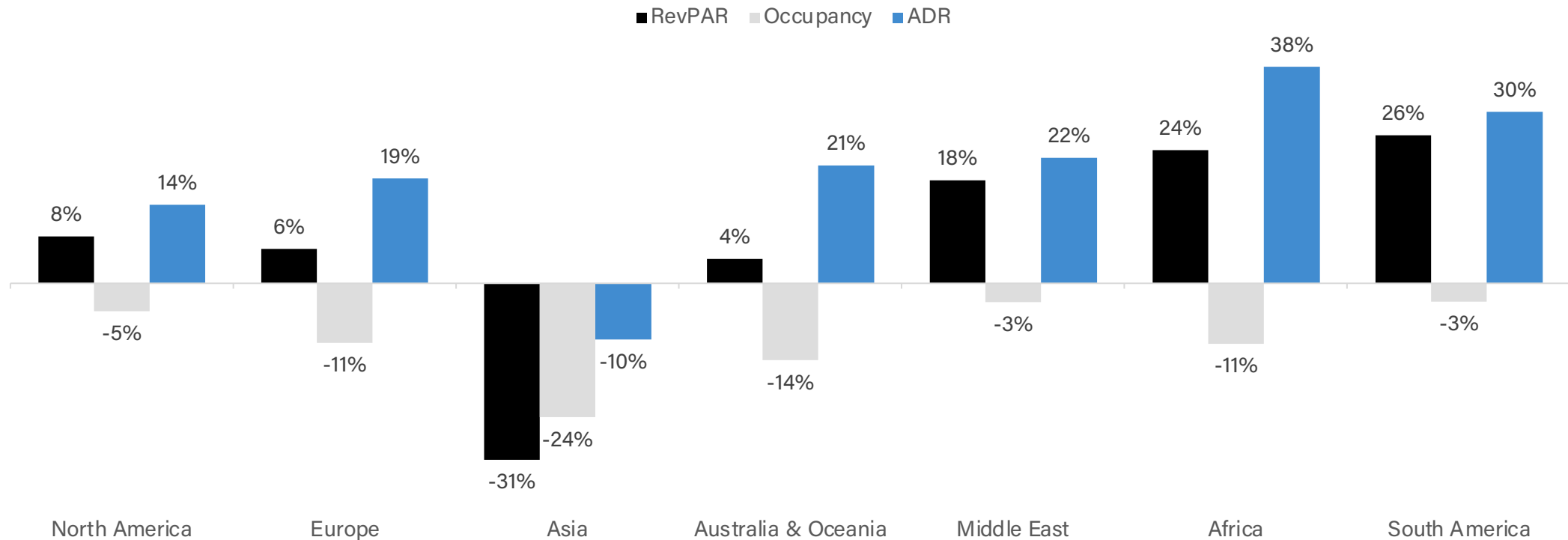
Source: Skift Research estimates, data as of January 2023.

Reproduced from [Skift Research Global Travel Outlook 2023](#), January 2023.

# All Regions Bar Asia Have Recovered in 2022

RevPAR (Revenue per Available Room) recovery is led by ADR (Average Daily Rate), whilst demand (occupancy levels) is still below pre-Covid levels, meaning there is further demand recovery to go in 2023.

## Hotels Key Performance Indicators by Region - 2022 vs 2019 Levels



7.1 Hotel Performance

7.2 Luxury Hotels Lead the Way

7.3 Midscale Shows Greatest Branding Opportunity

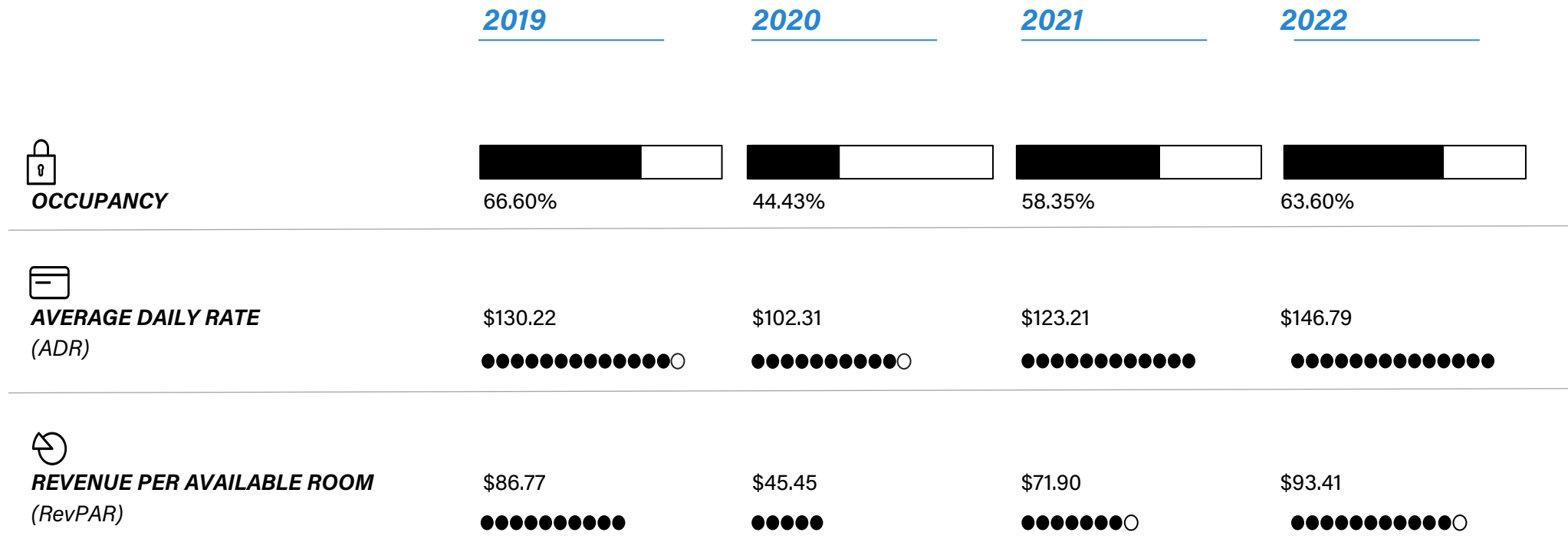
7.4 Hotel Tech Remains Untapped Opportunity

7.5 Hotel Sustainability



# U.S. Key Performance Indicators

U.S. hotel key performance indicators show strong 2022 recovery.



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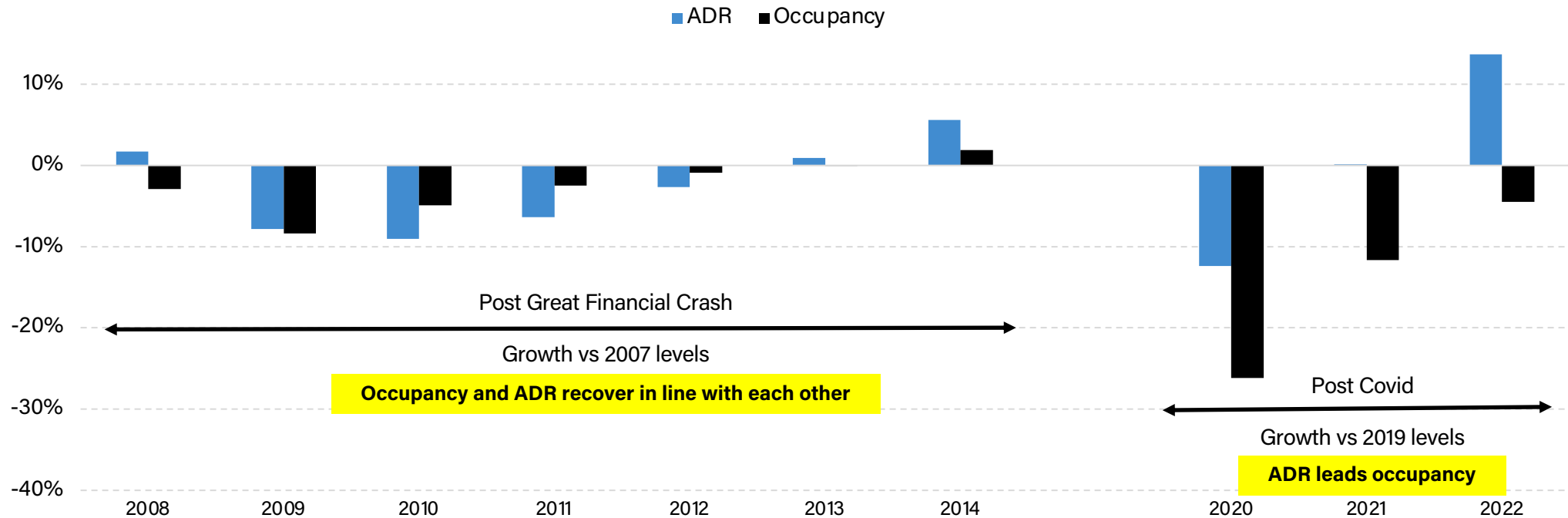
7.5 Hotel Sustainability



# Recovery Has Been Led by Pricing Strength

Unlike other recessions, where occupancy and ADR recover in pace with each other, the Covid recovery has seen ADRs lead occupancy. In 2022, ADRs were above pre-pandemic levels, but occupancy still below, meaning that even as we enter a potential recessionary environment, there is still scope for demand recovery – and with that comes further ADR growth.

## U.S. Hotel Industry: ADR & Occupancy Growth Post Crises



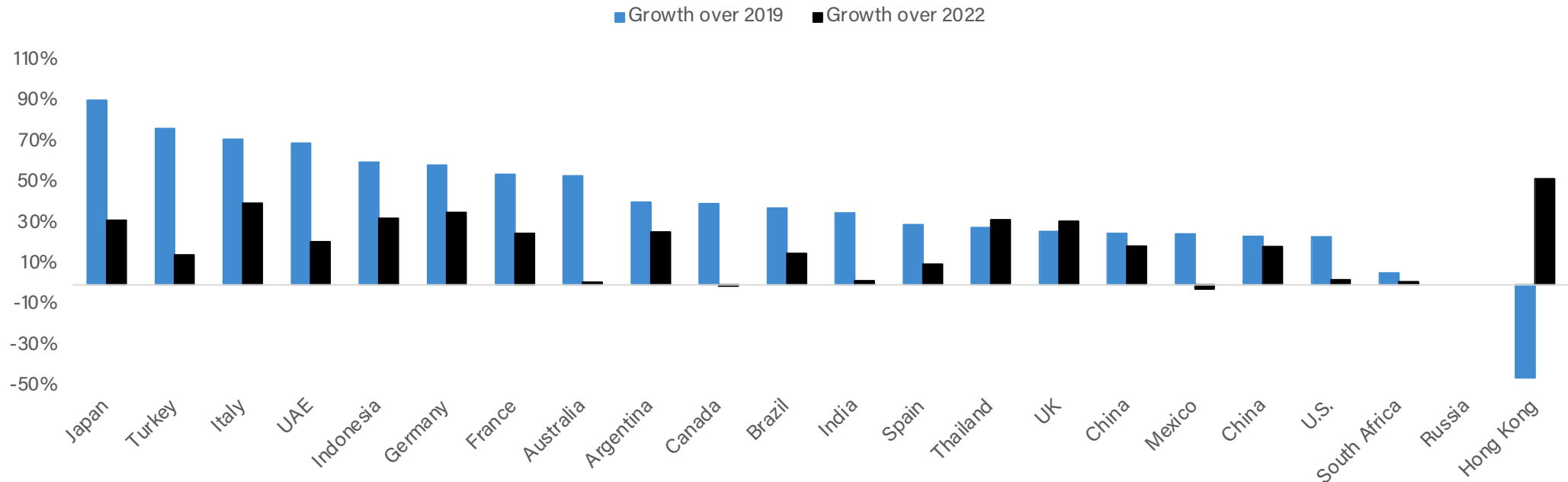
Source: Skift Research from STR, data as of March 2023.

Reproduced from [Recession Watch: Hotel Chain Scale Analysis 2023](#), March 2023.

# Hotel Rates Continue the Upward Trend in 2023

Hotel rates in most countries have grown over 2019 levels.

## Growth in Hotel Published Rates in June 2023



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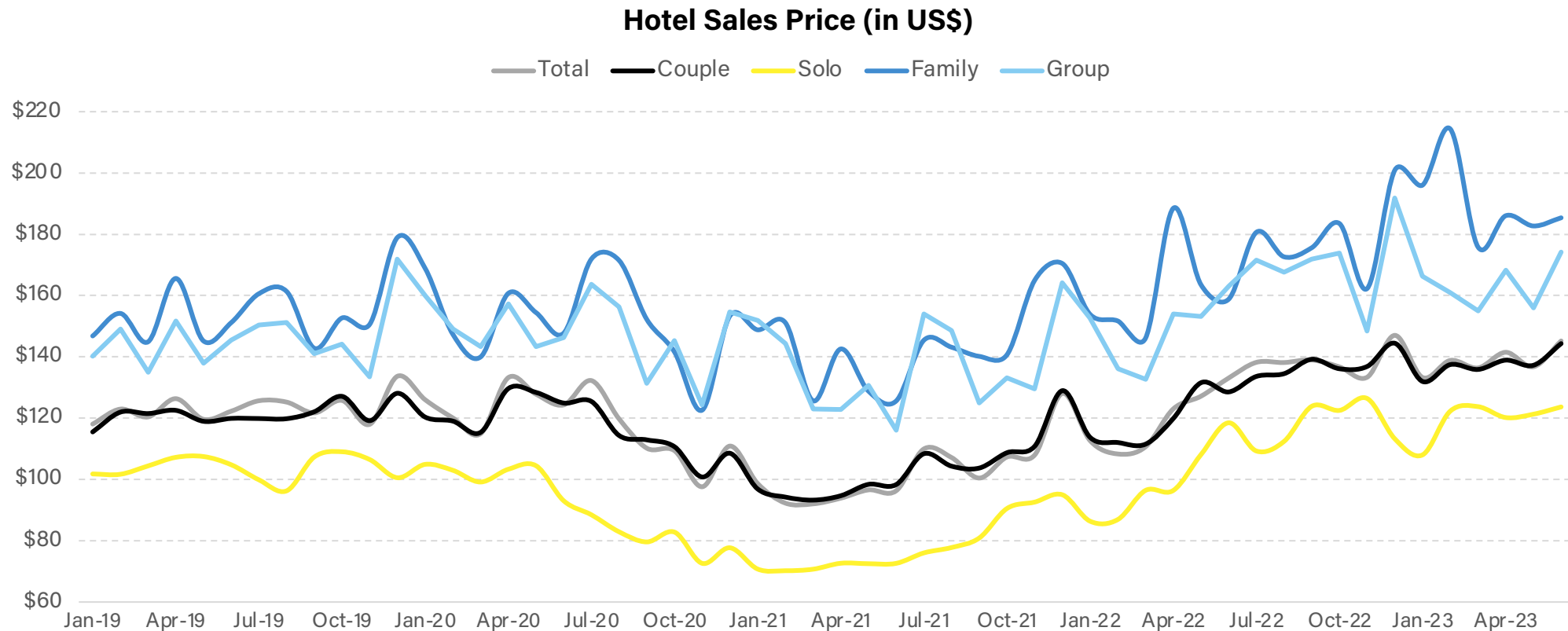
7.4 Hotel Tech Remains Untapped Opportunity

7.5 Hotel Sustainability



# Families Continue to be the Big Spenders

Families tend to pay the highest price for hotel stays, and they were willing to pay 19% more in June 2023 than in June 2019. Sales prices for the other segments have grown 20-23% over 2019. Solo travelers are still the most price sensitive in 2023.

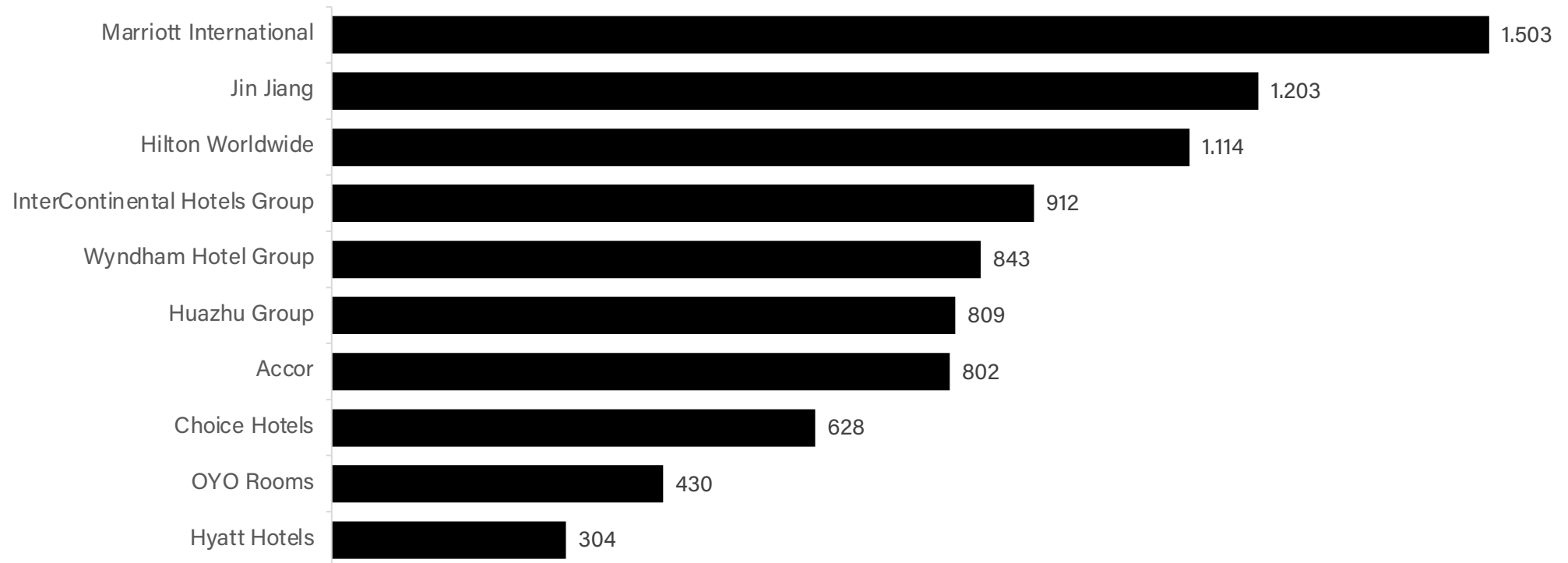


Source: TravelgateX, data as of July 2023.

# Hotel Industry Top Companies

Marriott is by far the largest hotel chain in the world. However, we are seeing rapid expansion from other companies, mainly Chinese ones like Jin Jiang and Huazhu, which are growing 2-3x faster than companies in the West.

## Top 10 Hotel Companies by Room Count (Thousands) - 2022



7.1 Hotel Performance

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7.4 Hotel Tech Remains Untapped Opportunity

7.5 Hotel Sustainability

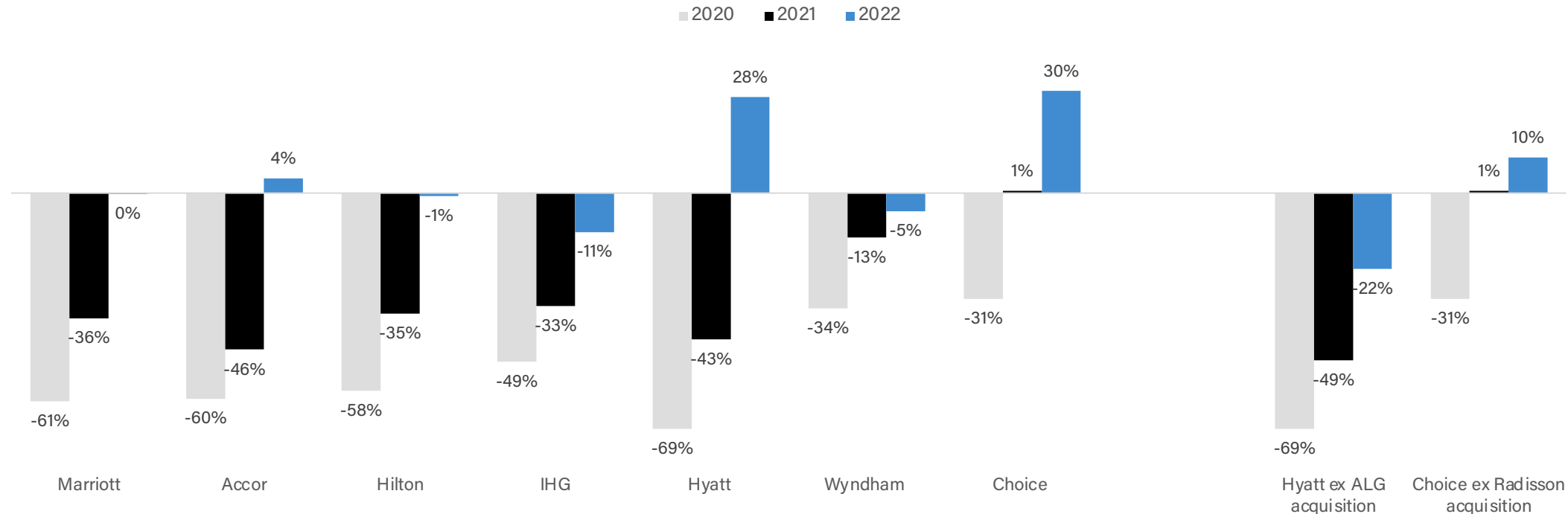




# Hotel Revenues are Nearly Back to 2019 Levels

Revenue recovery has been led by pent-up demand and strong pricing in 2022. In 2023, we expect further demand recovery, especially from the return of international travelers which will skew towards luxury, just as we saw in the U.S. and Europe in the summer of 2022.

### Total Revenue vs 2019 Levels by Company



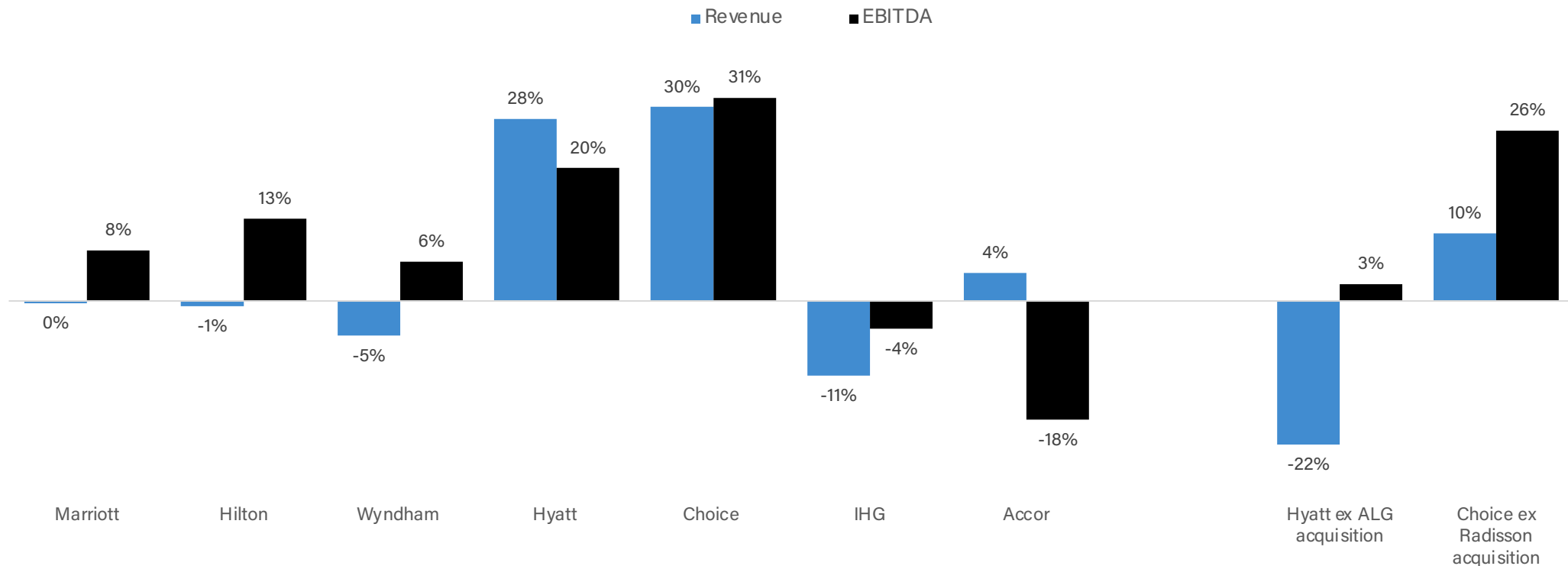
Note: Revenue excludes cost re-imbursement revenue. Hyatt acquired Apple Leisure Group (ALG) at the end of 2021. Choice acquired Radisson Americas in 2022.

Source: Skift Research from company reports and Capital IQ, data as of June 2023.

# Hotels Are More Operationally Efficient

Whilst revenues for major hotel chains are close to recovering back to 2019 levels, EBITDA has gone beyond pre-Covid levels or are recovering quicker than revenue, showing increased operational efficiencies.

Full Year 2022 Revenue and EBITDA Growth vs 2019 Levels



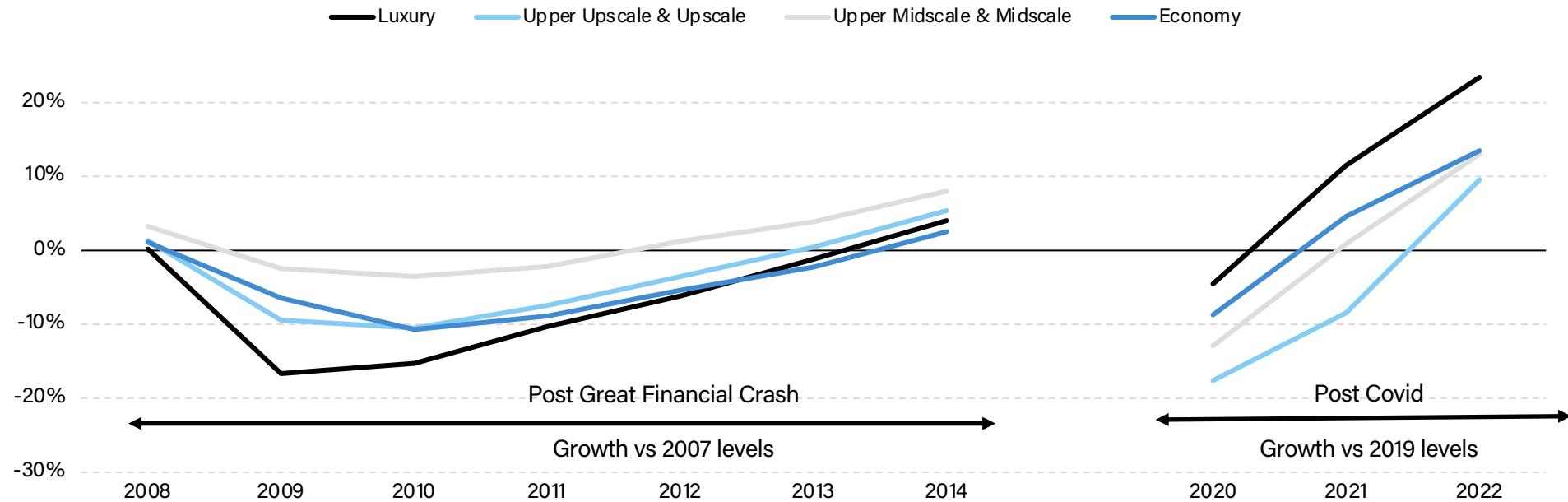
Note: Revenue excludes cost re-imbursement revenue. Hyatt acquired Apple Leisure Group (ALG) at the end of 2021. Choice acquired Radisson Americas in 2022.

Source: Skift Research from company reports and Capital IQ, data as of June 2023.

# Luxury Hotels Have Led Pricing Growth

Luxury tends to be a pro-cyclical chain scale, positively correlating with economic cycle fluctuations – underperforming the market during economic downturns and outperforming during upturns. During the 2008 GFC, luxury hotels, being the most discretionary of chain scales, saw the steepest ADR decline. During the Covid recovery luxury hotels have exhibited high pricing power benefitting from huge pent-up demand and high savings rates which have allowed leisure skewed luxury resorts to rapidly raise prices in response to high demand within a compressed market.

### ADR Growth Post Crises in the U.S. by Chain Scale



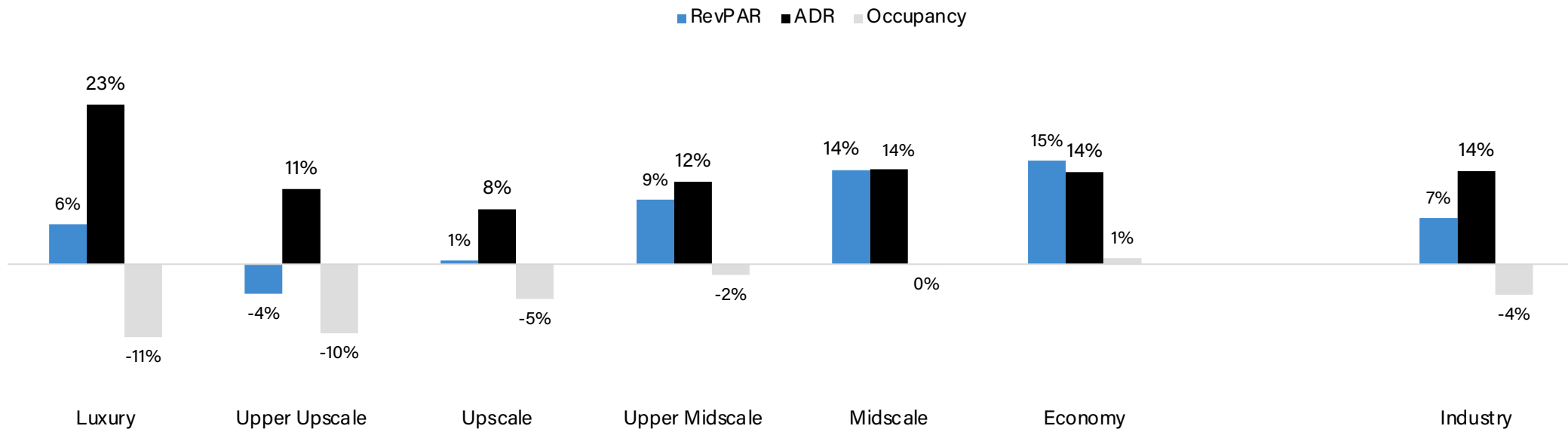
Source: Skift Research from STR, data as of March 2023.

Reproduced from [Recession Watch: Hotel Chain Scale Analysis 2023](#), March 2023.

# Luxury to Show Resilience in Potential Recession

Whilst Luxury ADRs are over 20% above 2019 levels, occupancy levels are still more than 10% below, meaning further scope for demand recovery – and continued pricing strength in line with demand, albeit not at the levels seen in 2022. Despite a looming recession, demand for luxury remains strong, with further tailwinds to come from the recovery of international and business travelers.

## 2022 U.S. Hotel performance vs 2019 Levels Across Chain Scales by Occupancy, ADR and RevPAR



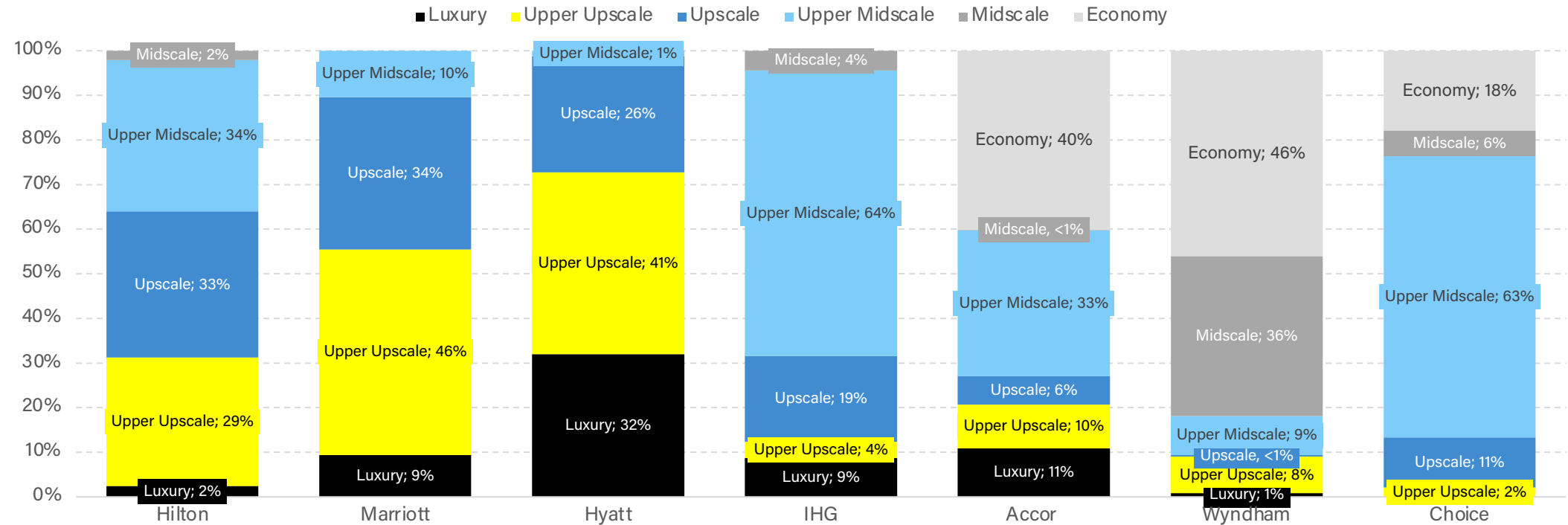
Source: Skift Research from STR, data as of March 2023.

Reproduced from [Recession Watch: Hotel Chain Scale Analysis 2023](#), March 2023.

# Hyatt and Accor are Most Exposed to Luxury

Luxury hotels in Asia Pacific are likely to see the biggest uplift, benefitting from huge levels of pent-up demand for high-end hotels as we have seen in the U.S. and Europe last year. We would expect Hyatt and Accor to outperform peers, being the most exposed to luxury and to Asia Pacific among the major hotel brands.

### Global Rooms by Chain Scale Mix % for Major Hotel Brands



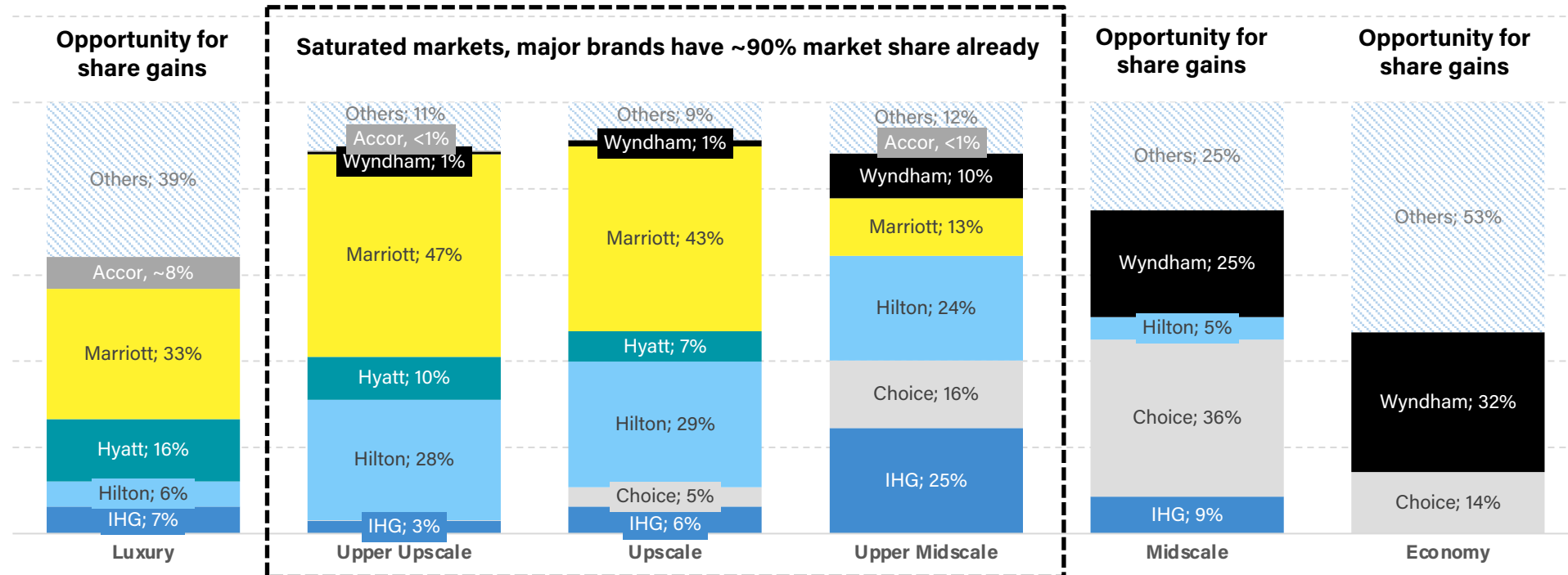
Source: Skift Research from STR, data as of March 2023.

Reproduced from [Recession Watch: Hotel Chain Scale Analysis 2023](#), March 2023.

# Hotel Brands Are Expanding Into Midscale

In 2023, we have seen a flurry of activity from hotel companies launching new brands in the midscale and economy chain scales, such as Hilton with Spark, Marriott with City Express and Accor with Handwritten Collection. Midscale and economy are the most opportunistic areas in the market for market share gains.

## Market Share of Branded Hotel Chains by Chain Scale in the U.S.



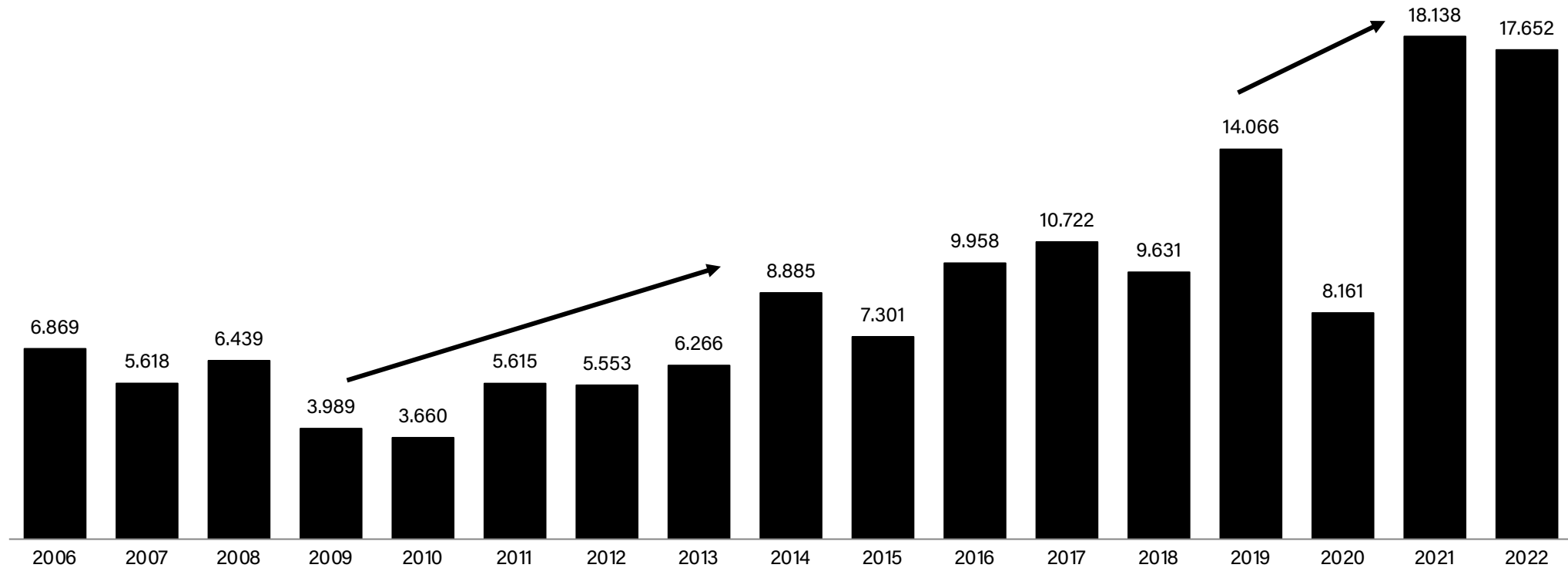
Source: Skift Research from STR, data as of March 2023.

Reproduced from [Recession Watch: Hotel Chain Scale Analysis 2023](#), March 2023.

# Hotel Branding in Flux

Downturns tend to benefit brand conversions. Covid-19 sped up consolidation, as also seen in previous downturns, which resulted in brand affiliation growth.















## Rooms Converted to Marriott from Other Brands



Source: Skift Research from Marriott company filings, data as of June 2023.

# Winning Over Independents

Chains offer brand recognition, and with it more direct bookings.

Distribution Channel - 2019	Branded Chains	Independent Properties
 Phone and Walk-ins	12%	8%
 Group Bookings (weddings / conferences)	7%	10%
 <b>Non-Digital Direct</b>	<b>19%</b>	<b>18%</b>
 Unpaid Digital Direct (Web and Mobile)	22%	16%
 Paid Digital Direct (Metasearch, Google, FB, etc.)	3%	5%
 <b>Digital Direct</b>	<b>26%</b>	<b>21%</b>
<b>Total Direct</b>	<b>45%</b>	<b>39%</b>
 Online Travel Agents	34%	25%
 Corporate Travel Agents	3%	6%
 Traditional Travel Agents	8%	8%
 <b>Travel Agents</b>	<b>45%</b>	<b>39%</b>
 Bedbanks / Tour Operators	4%	14%
 Global Distribution Systems	3%	6%
 <b>Wholesale</b>	<b>7%</b>	<b>20%</b>
<b>Total Indirect</b>	<b>52%</b>	<b>60%</b>
 Other	3%	1%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>

Note: Branded N = 48, Independent N = 59.

Source: Skift Research, data as of May 2021.

Reproduced from [Hotel Direct Booking Outlook in 2021](#), May 2021.



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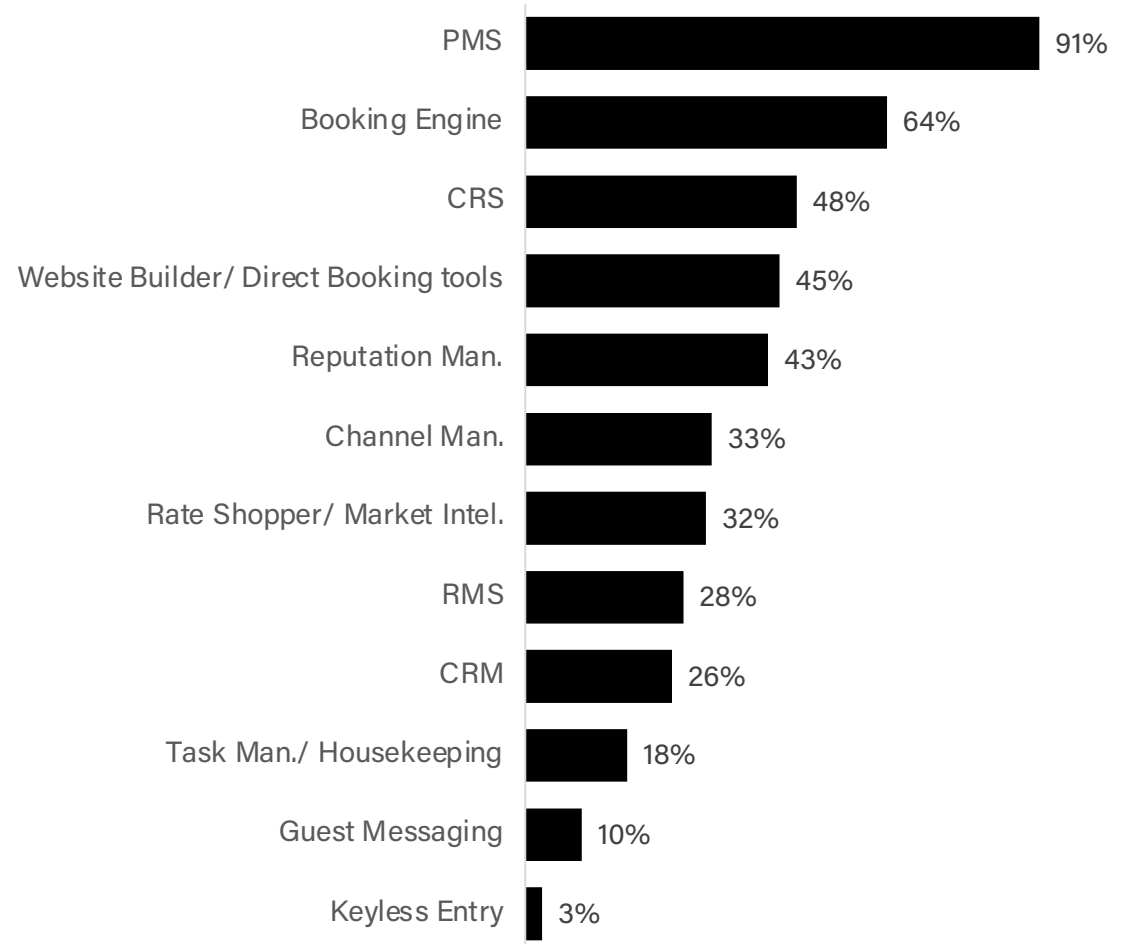


# Most Tech Still Vastly Underpenetrated

Most hotel companies have taken a step towards accepting technology as an enabler of efficient operations and seamless guest experiences, but the sector continues to have a lot more unused potential.

## Tech Utilization by Hotels Worldwide

% of hotels using tech



Source: Skift Research [Hotel Tech Benchmark](#), data as of June 2023.



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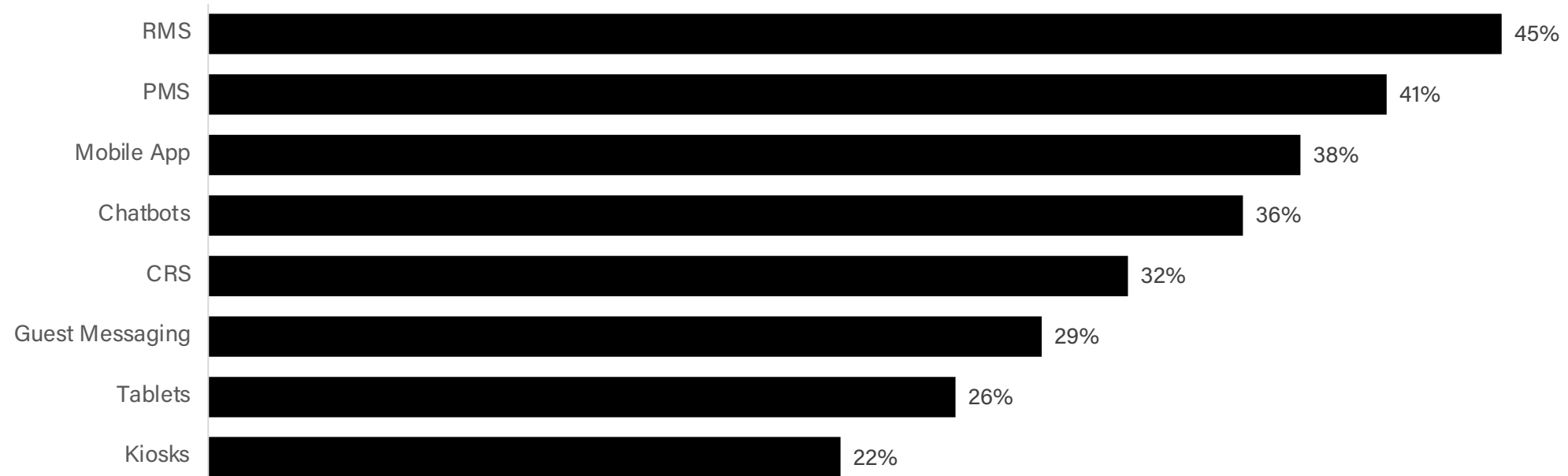
7.5 Hotel Sustainability



# Investment in Tech On the Rise

The shift in consumer behavior towards preferring digital-first interactions, and the desire for convenience and personalization as technology becomes an integral part of our day-to-day lives, has meant that many hotels are investing in guest-facing technology, but upgrading or adding core operational tech like property management systems (PMS) and revenue management systems (RMS) still take prime position for investment.

**Percentage of Hotel Operators Investing in Hotel Tech**  
Adding, Upgrading or Switching Suppliers



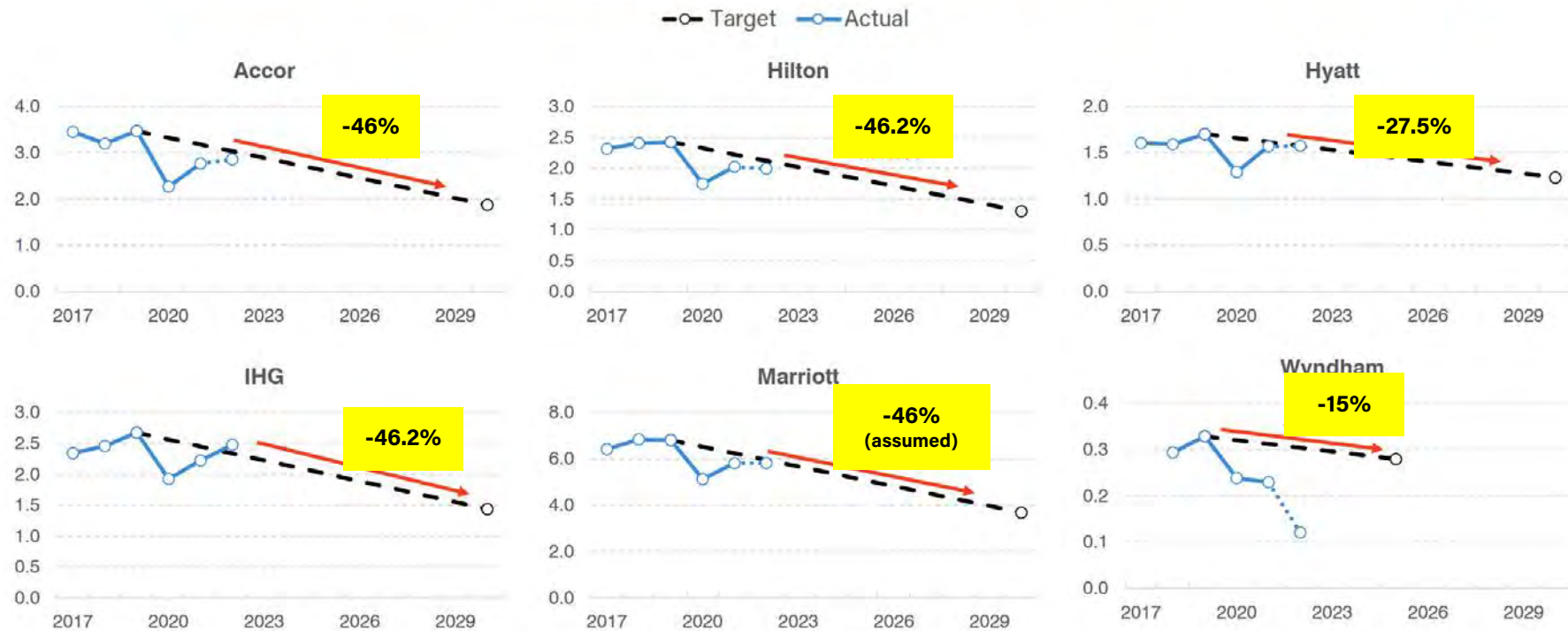
Source: Skift Research from 2022 Lodging Technology Study by Hospitality Technology.

Reproduced from [Hotel Tech Benchmark: Guest-Facing Technology](#), November 2022.

# Hotel Companies Target to Reduce Emissions

Though Covid was a clear enabler of reduced absolute emissions, all companies saw emissions increase again in 2021 as demand returned. However, assuming that most companies have restarted their emission-abatement measures, the largest hotel chains are on track to achieve their 2030 emission reduction targets.

## Hotel Companies' Absolute Scope 1 & 2 Emissions (Million Metric Tons, 2017-2021) and Targets (2025/2030)



Note: Due to the split of Wyndham Worldwide into Wyndham Hotels & Resorts and Wyndham Destinations, there is no comparable data for 2017.

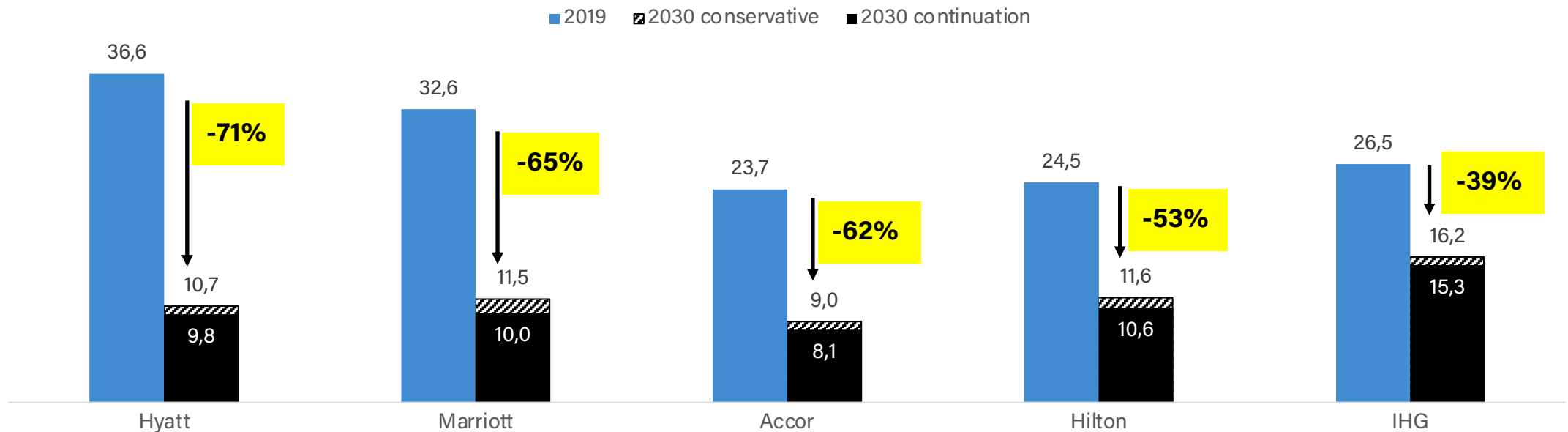
Source: Skift Research from CDP, company filings, and Franchimp, data as of March 2023.

Reproduced from [Progress in Sustainability: Hotel Company Analysis 2023](#), March 2023.

# Significant Reductions Needed to Achieve Targets

While companies are on track to reach their absolute reduction targets, we should take into consideration that these companies have grown significantly over the past decades. If we assume that they will continue to grow (continuing past growth, or at a more conservative pace), we can see the task at hand. Will companies reconsider pipelines and acquisitions in the future?

**Emissions (kg CO<sub>2</sub>e) per Occupied Room in 2019 and 2030 Target**  
Scope 1, 2 and 3 (Franchise Only)



Source: Skift Research from CDP, company filings, and own estimates, data as of March 2023.

Reproduced from [Progress in Sustainability: Hotel Company Analysis 2023](#), March 2023.

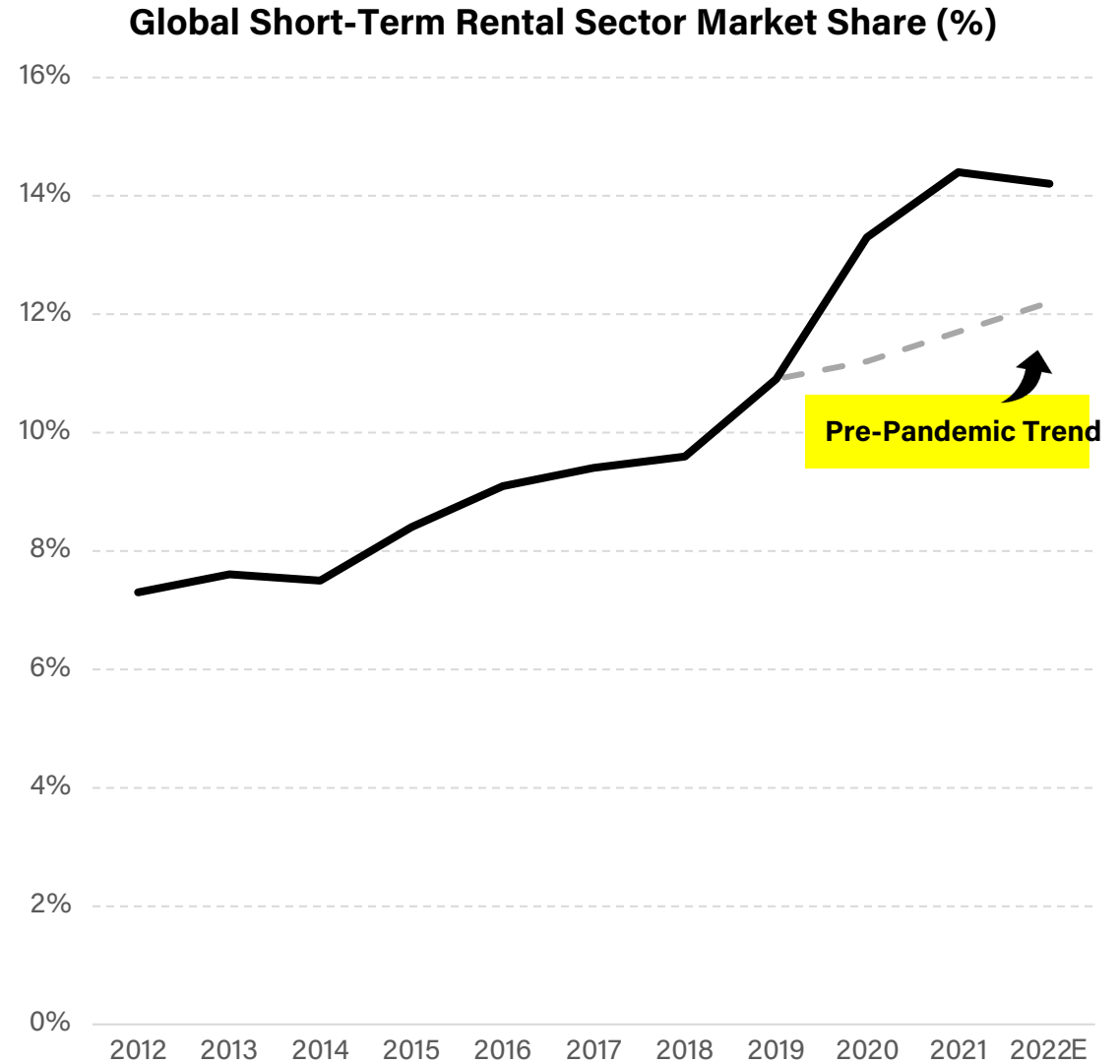
8.

# SHORT-TERM RENTALS

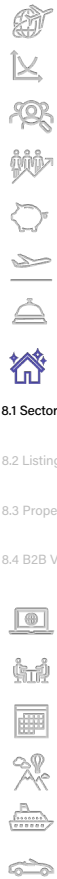


# Short-Term Rental Share Increasing

Skift Research estimates that short-term rentals are now a \$67 billion market in the U.S., representing 18.6% of the overall accommodation sector. On a global scale, our estimates put short-term rentals at 14.2% of the \$908 billion global market for accommodation. That share has risen dramatically from before the pandemic struck.



Source: Skift Research, data as of August 2022.  
Reproduced from: [Global Accommodation Sector Market Estimates 2022](#), August 2022.



8.1 Sector Performance

8.2 Listing Sites

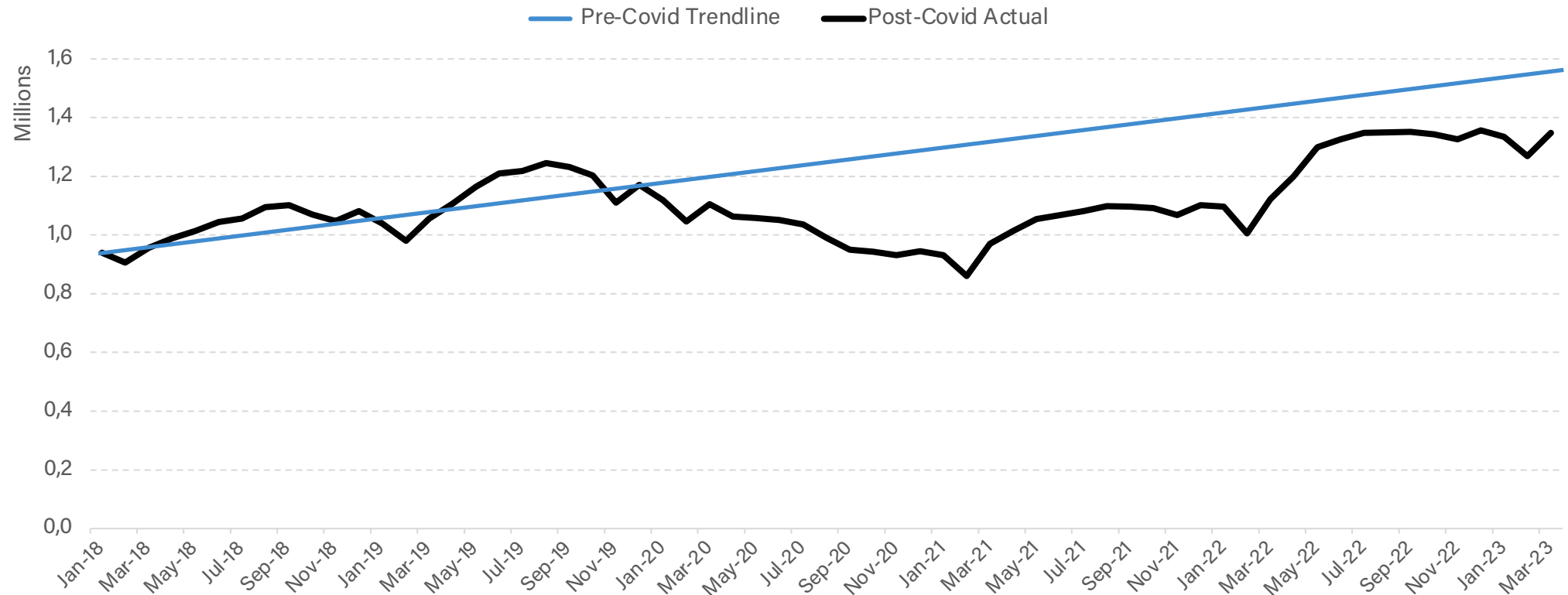
8.3 Property Managers

8.4 B2B Vendors

# No Issue of 'Oversupply' Just Yet

While supply has grown since 2019, with available listings in the U.S. 28% higher in April 2023 than in April 2019 according to AirDNA, talk of 'oversupply' seems unwarranted as there has been a period of "under-supply" during the pandemic.

### U.S. Monthly Short-Term Available Listings

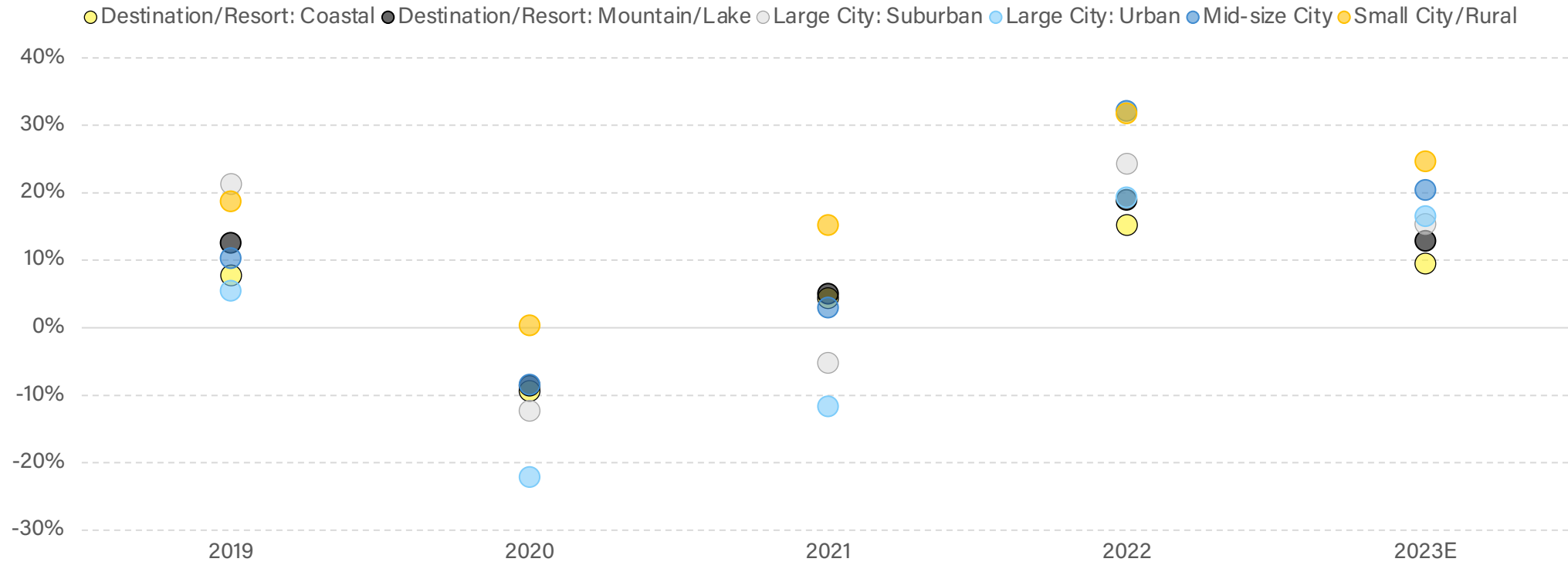


Source: AirDNA, data as of May 2023.

# Rural Supply Continues Growth

According to data from AirDNA, rentals in small cities and rural areas saw the least impact from the pandemic and have since seen the strongest growth in supply. While urban rentals have made a comeback with Covid worries dissipating, rural rentals continue to perform strongly.

## Growth of U.S. Average Annual Available Listings by Location Type



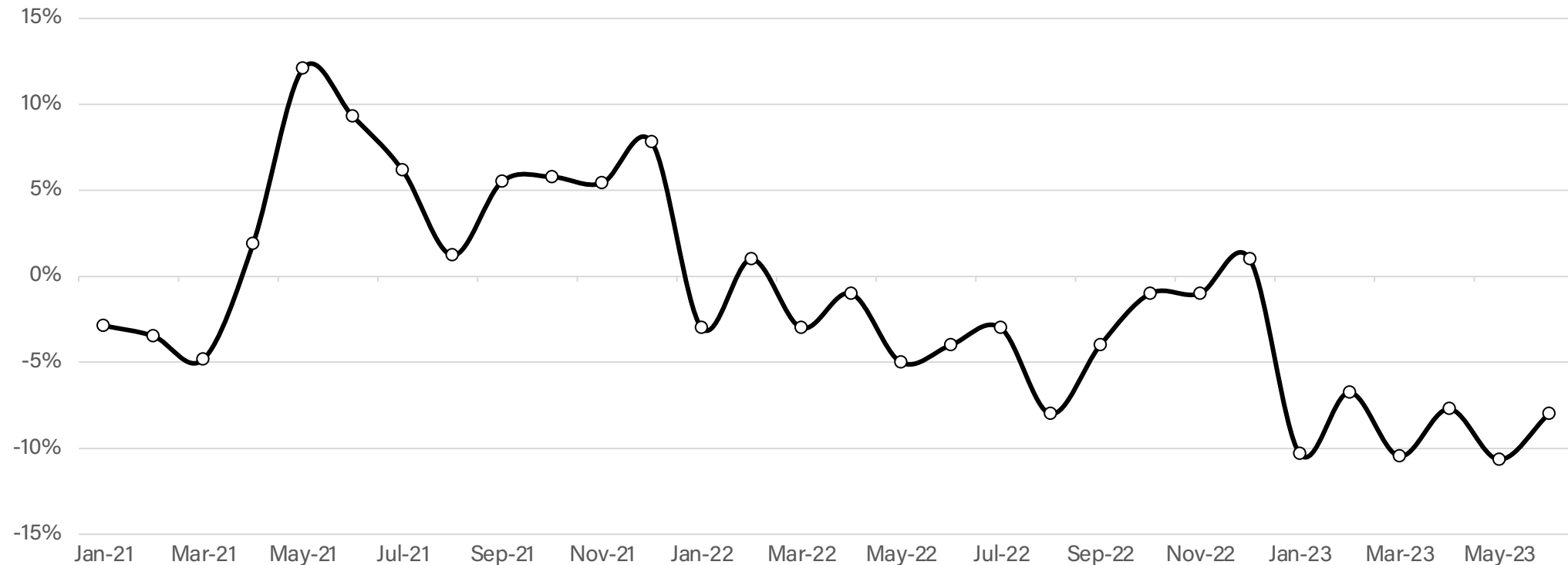
Source: AirDNA, data as of May 2023.



# U.S. Occupancy Stagnates Further in 2023

Average occupancy levels started dipping below 2019 levels in 2022, according to U.S. data by Transparent. In 2023 this trend is continuing.

## U.S. Vacation Rental Occupancy Growth



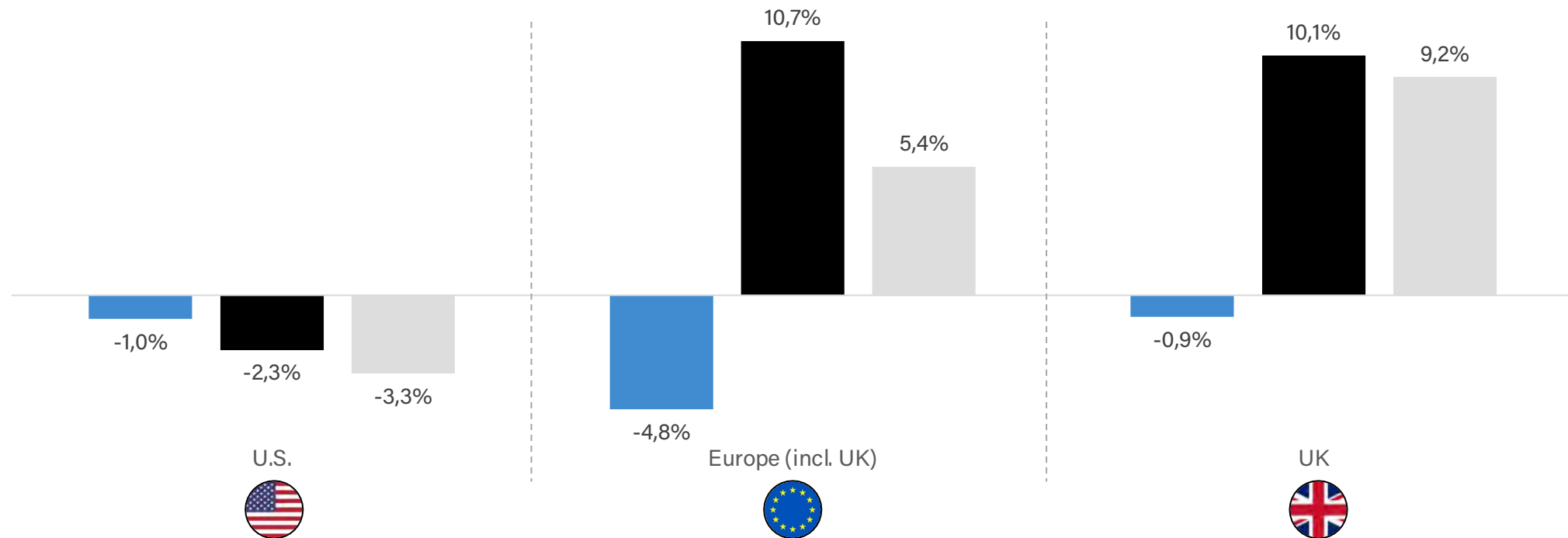
Source: Transparent, data as of July 2023.

# Europe Continues to Boom

According to data from Key Data Dashboard, the encroaching weakness is a U.S. phenomenon, with performance in Europe remaining strong.

## Vacation Rental Performance H1 2023 vs H1 2022

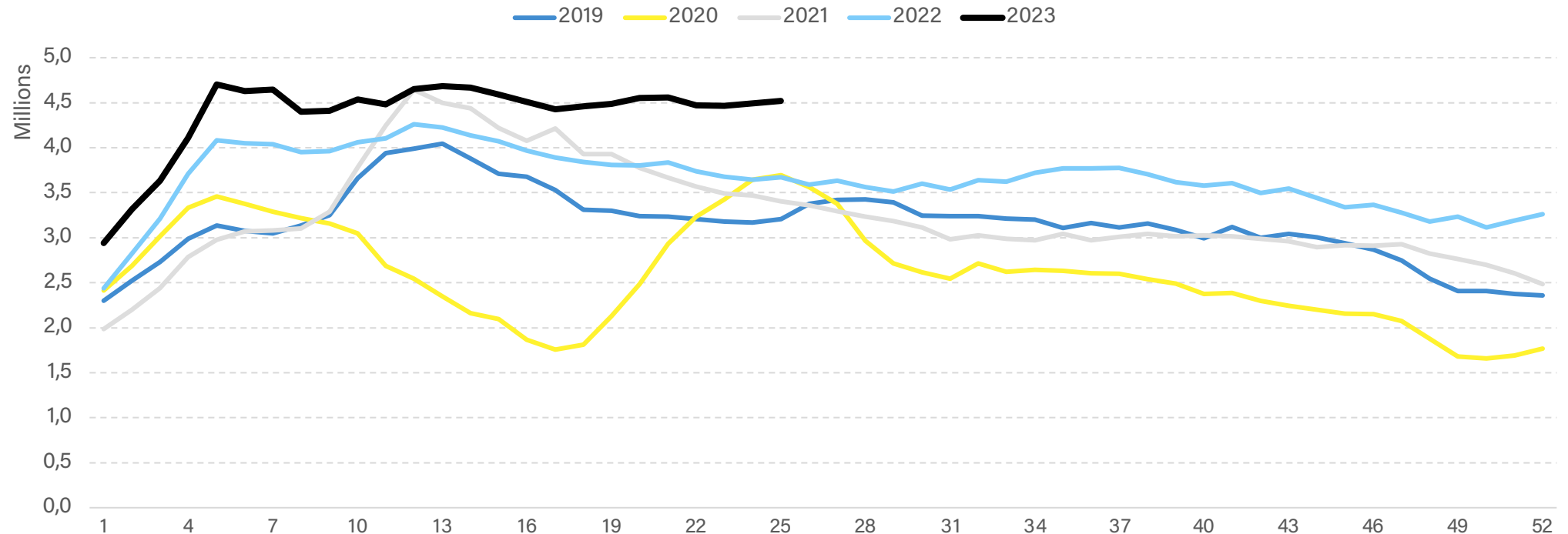
■ Occupancy ■ ADR ■ RevPAR



# U.S. Bookings Do Remain Strong

Despite some latent weakness in performance, future bookings for U.S. short-term rentals remain strong and above any previous year, according to AirDNA data. Certainly not a doom scenario.

**U.S. Short-term Rental Nights Booked**  
4 Week Moving Average



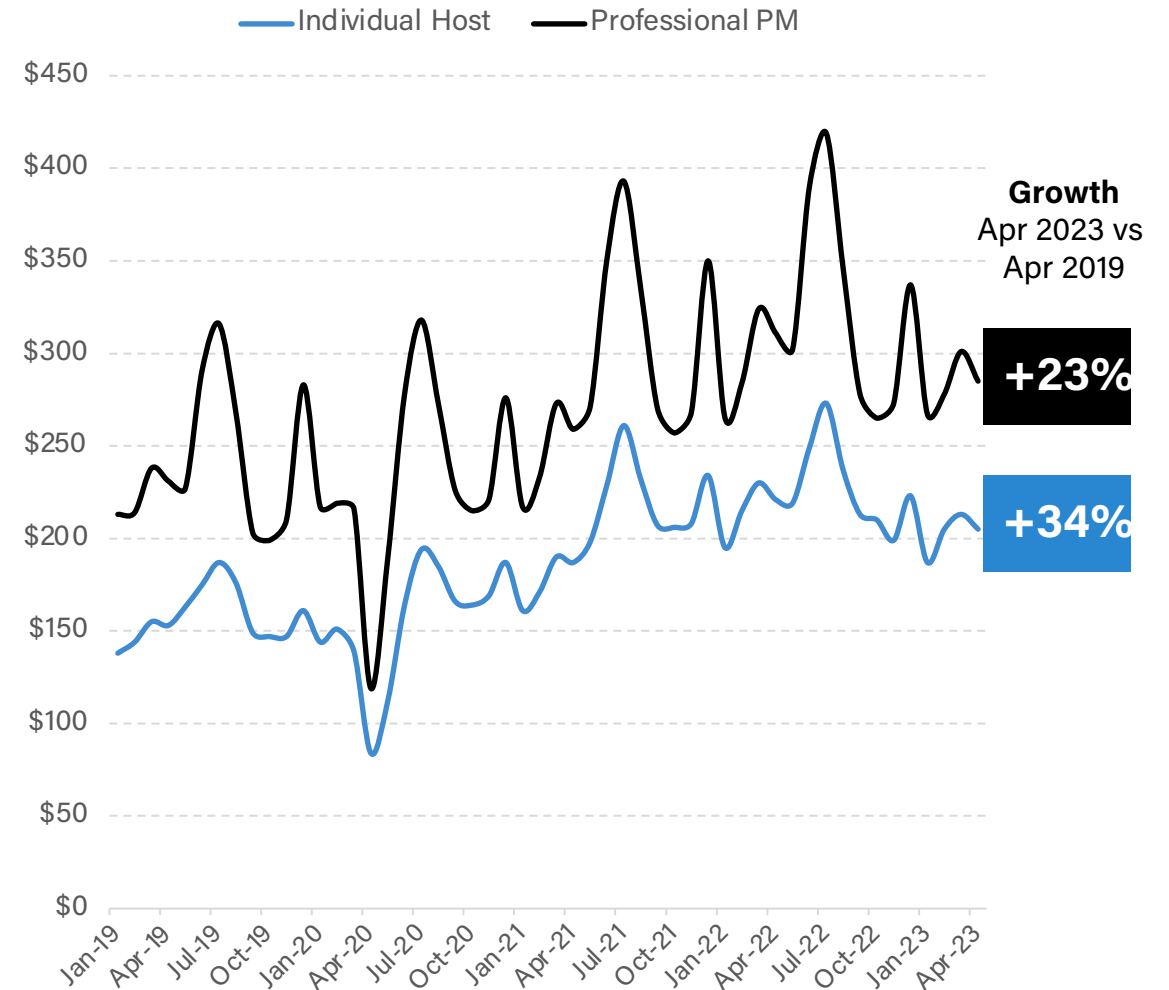
Note: Data shown for reservation date, not booking date.

Source: AirDNA, data as of June 2023.

# Daily Rates Have Continued to Increase

Average Daily Rates (ADR) for rentals were only suppressed for a short time at the start of the pandemic and have since seen steady growth. While there is a definite flattening out of price increases, both individual (hobby) hosts and professional property managers can now ask significantly higher rates for their rentals than in 2019.

## U.S. Vacation Rental ADR by Management Type

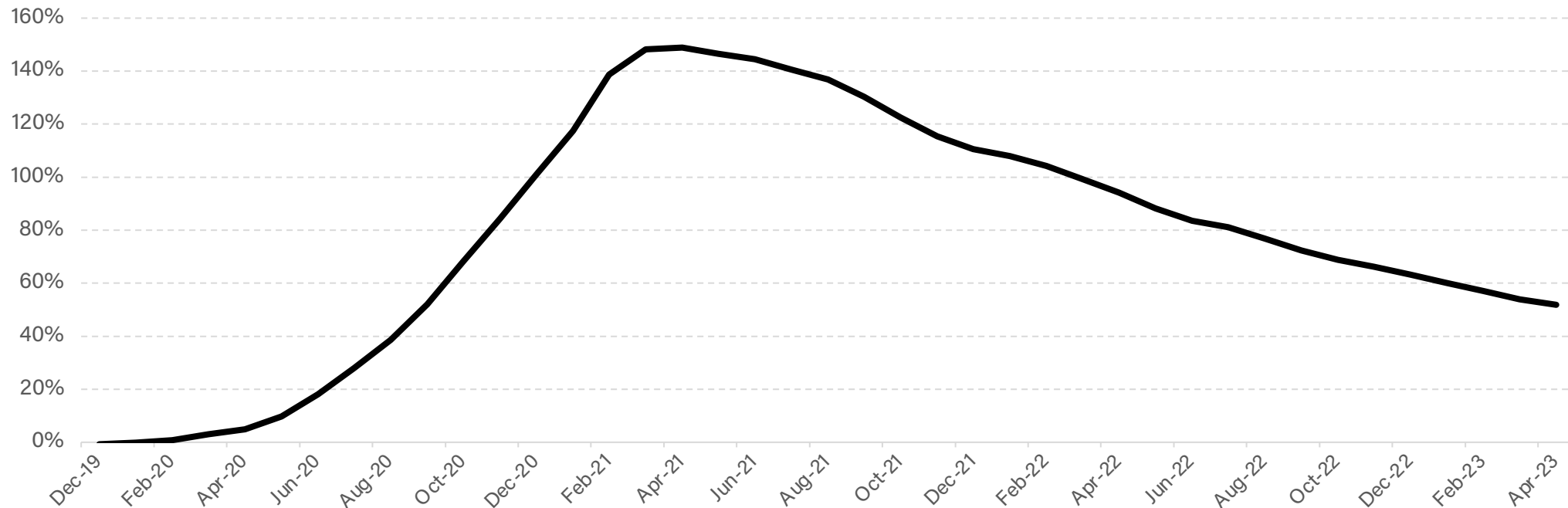


Source: Beyond, data as of May 2023.

# Rental Pricing Power Stronger than for Hotels

During the pandemic, pricing power shifted considerably in favor of rentals, and while we have seen the difference in the rates charged by hotels and rentals shrinking and getting back to 2019 levels, today short-term rental operators still command a 52% unit revenue premium over hotels.

### Unit Revenue Premium: STRs Compared to Hotels



Note: Unit revenue measured as RevPAR for hotels, RevPAN for STRs.

Source: Skift Research from Beyond and STR, data as of April 2023.

# Hotels Score Better in Reliability, Safety and Loyalty

Despite the 'professionalization' of the short-term rental industry, our surveys show that better customer service, standardization, and better health and safety standards are important reasons for travelers to pick a hotel over a rental property.

## Reasons for Picking a Hotel over a Vacation Rental, Q1 2023



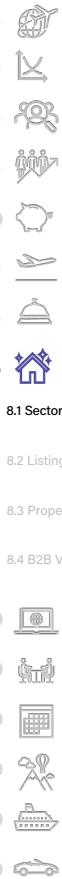
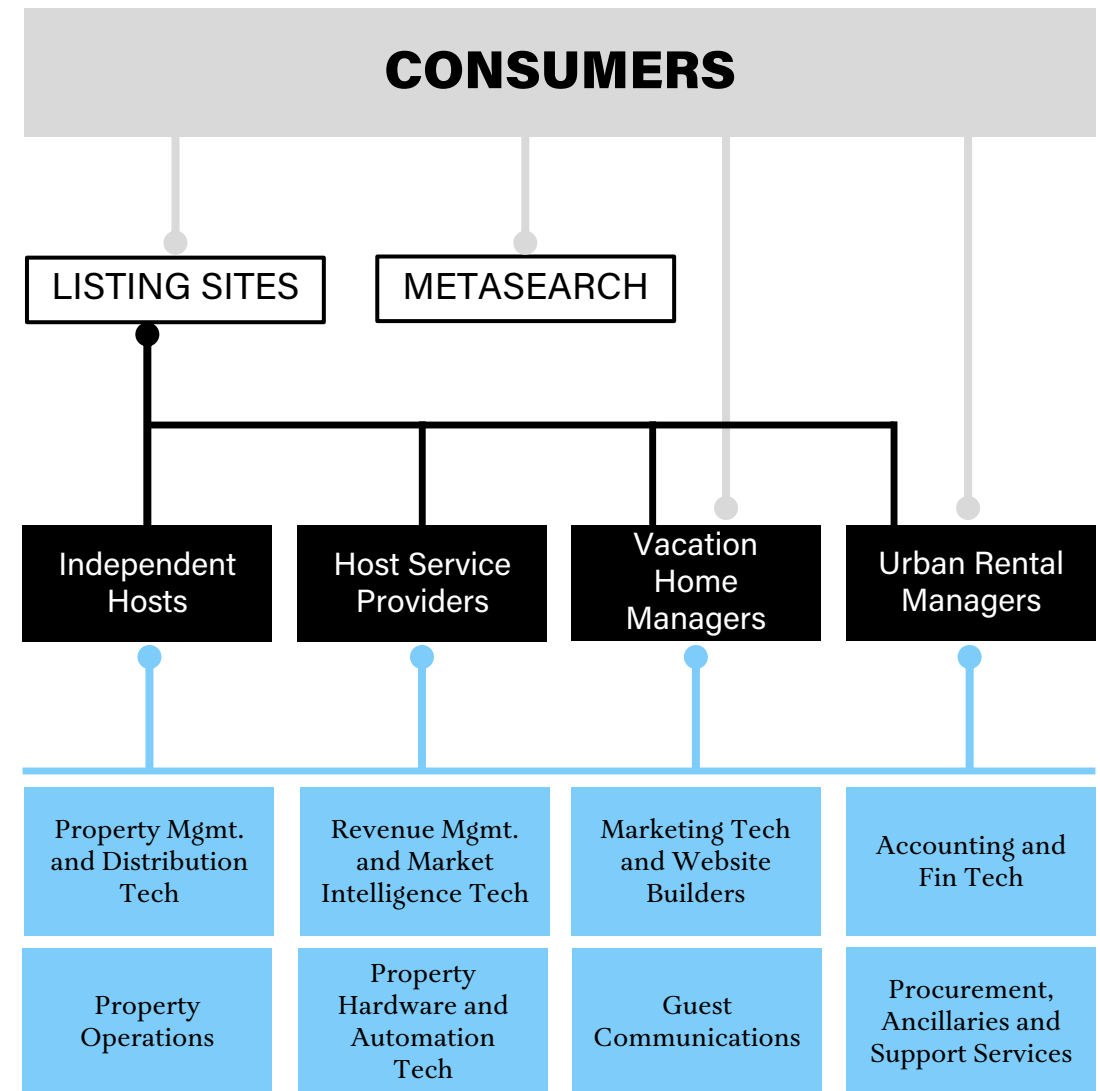
Note: N = ~1,000 (Business travelers N ~200 and travelers traveling for personal purposes. N ~800). \* Valid only for business travelers.

Source: Skift Research U.S. Travel Tracker, Q1 2023.

# Short-Term Rental Sector Framework

The short-term rental sector consists of a lot of different players, some of which are consumer-facing, while others work with a business-to-business model.

We divide the industry into 3 categories, and 14 sub-categories. In the following pages we will provide our take on the most important trends in these sub-categories.



8.1 Sector Performance

8.2 Listing Sites

8.3 Property Managers

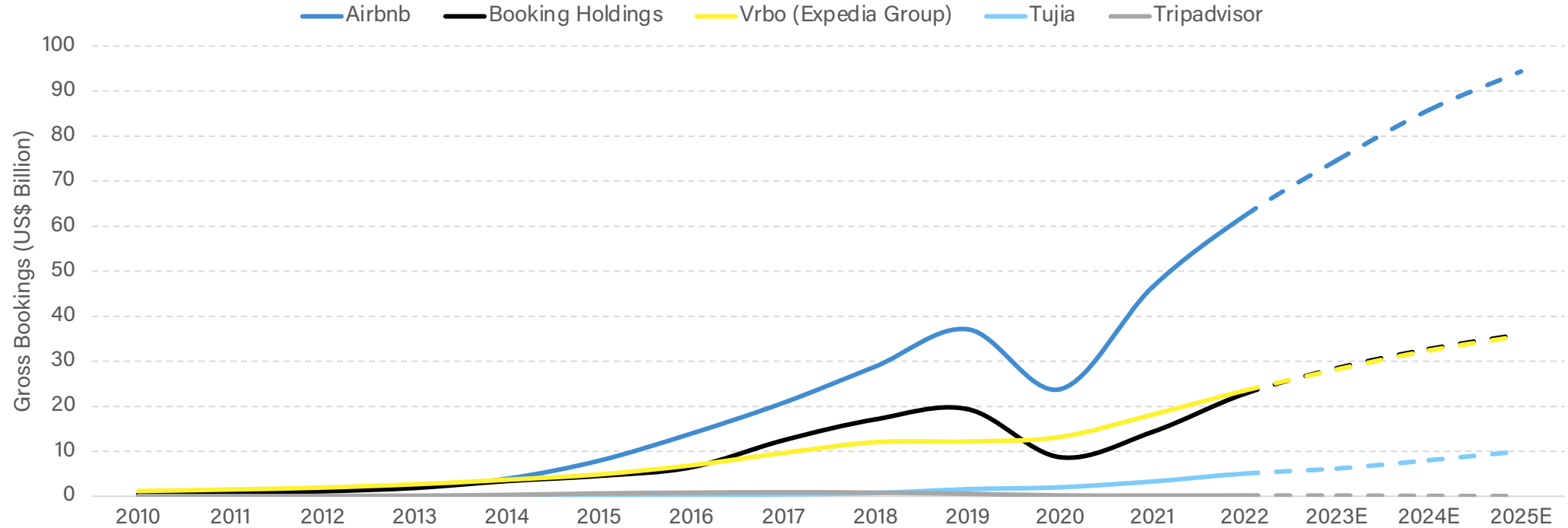
8.4 B2B Vendors



# Airbnb Increases Gap to Competition

Airbnb is probably the most successful travel company of the last decade. A startup that went from a crazy idea to a verb. One of the keys to Airbnb's success is its gold-plated brand. Airbnb's image and platform help drive a powerful flywheel that is difficult to replicate.

### Gross Bookings of Top 5 Short-Term Rental Platforms



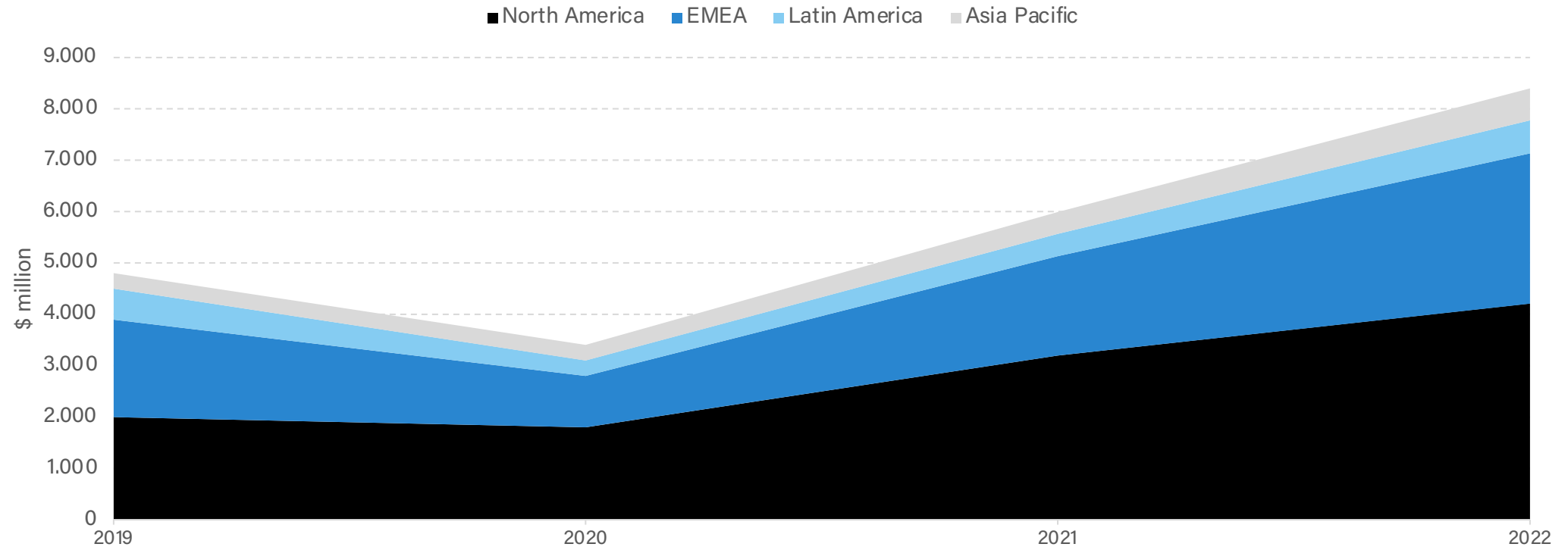
Source: Skift Research from company filings and own estimates, data as of May 2023.



# North America Remains Key Region

Airbnb relies for about 50% of its revenues on North America, and there has been minimal change in this. Europe, at 35% in 2022, is the company's second largest region. The region has grown in importance, up from 29% in 2019.

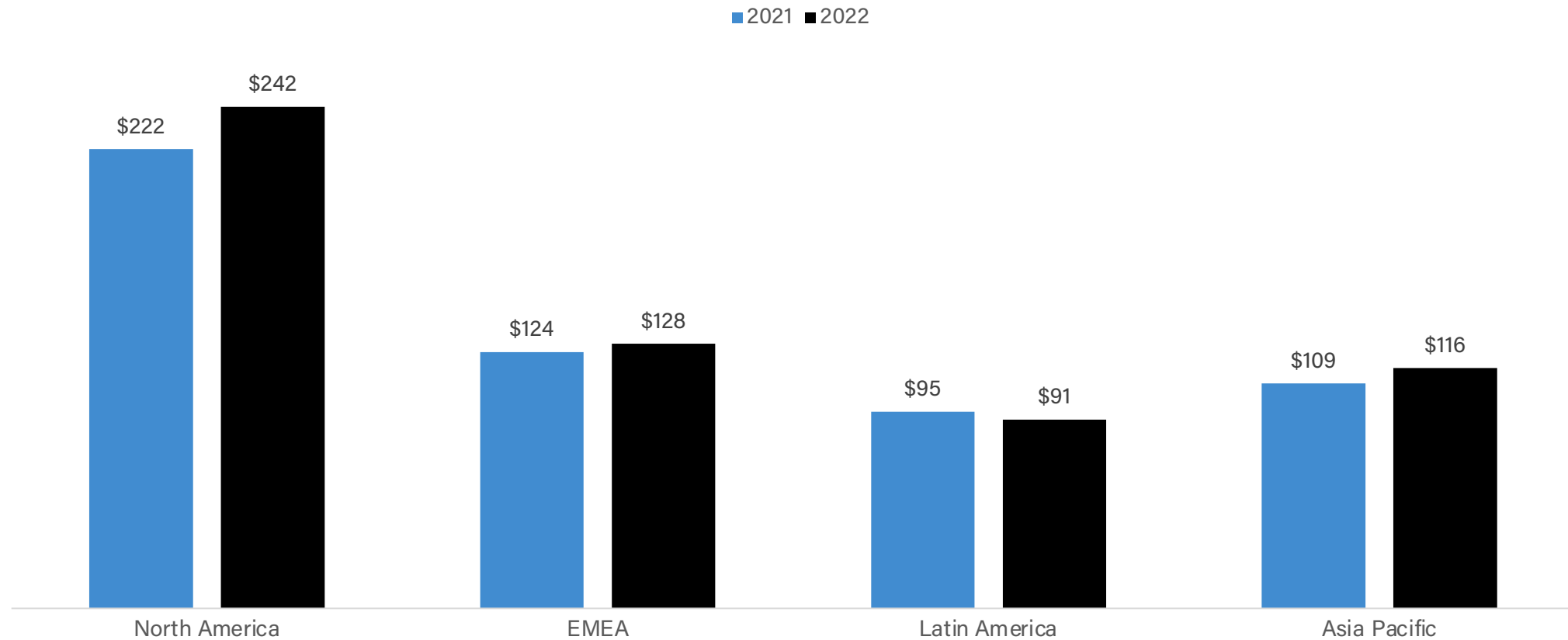
### Airbnb Revenues by Region



Source: Skift Research from company filings and own estimates. Data as of May 2023.

# Higher Value per Booking in North America

Average Rate per Night/Experience Booked on Airbnb, by Region



8.1 Sector Performance

8.2 Listing Sites

8.3 Property Managers

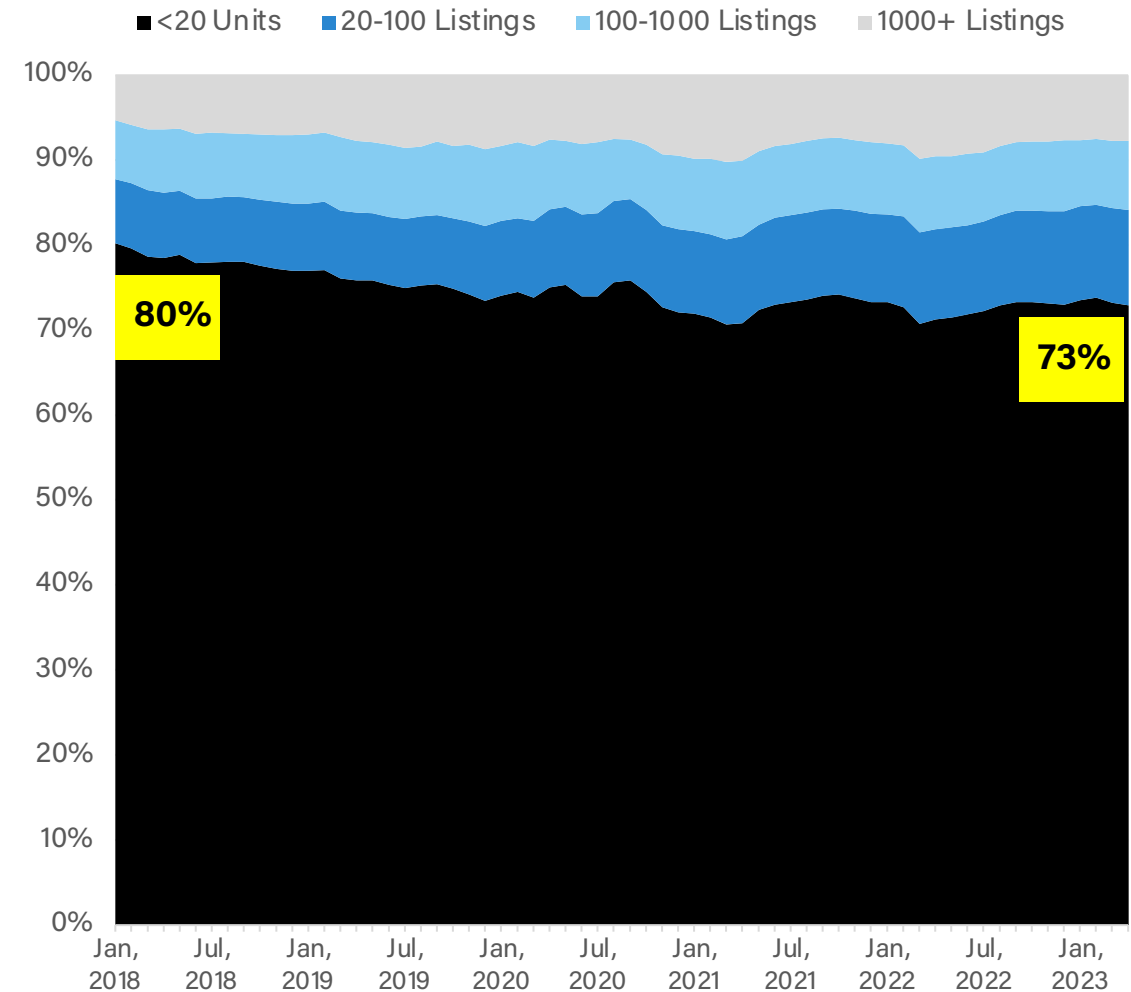
8.4 B2B Vendors



# Independent Hosts Remain Majority

Independent hosts remain by far the largest cohort of hosts. By March 2023, 73% of hosts had fewer than 20 units, and we believe that the vast majority of this has only 1 or 2 rental properties. This growth is shrinking; at the beginning of 2018, its share was 80%.

### Property Managers by Size

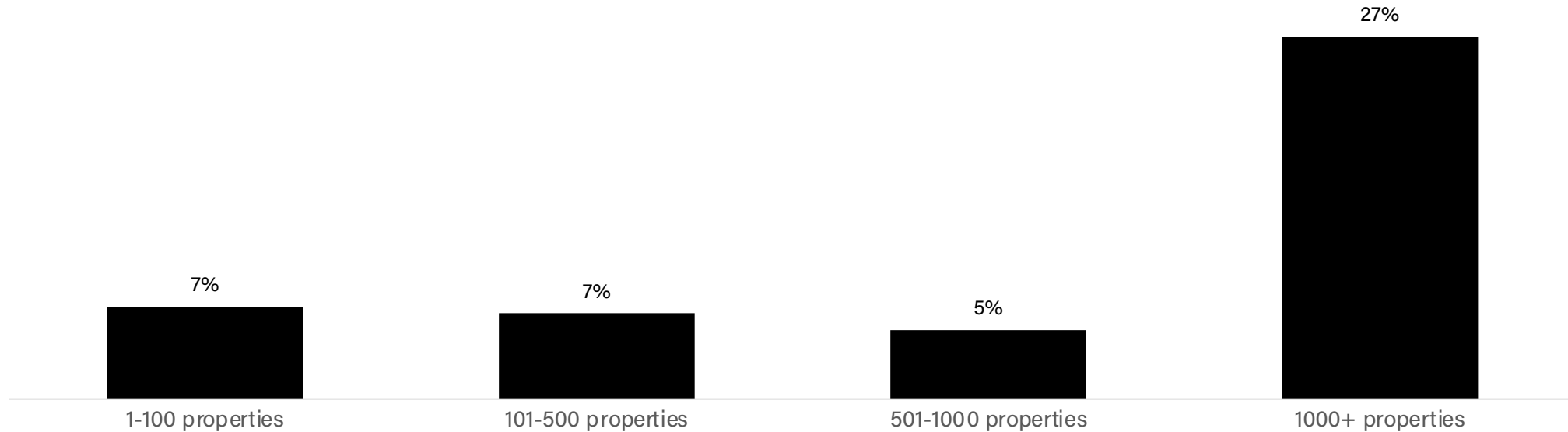


Source: AirDNA, data as of June 2022.

# Large Property Managers See Strongest Growth

According to data from Key Data Dashboard, it's particularly large operators with more than 1,000 units that has grown the most over the past year.

**Average Size of Portfolios of U.S. Property Managers**  
April 2022 vs April 2023



# Professional Managers Make More Money

Professional property managers generated 27% more revenue per available night premium than their mom-and-pop peers did in 2019. That premium only grew during the pandemic and today sits at about 34%.

### RevPAN Premium: Professional vs. Individual Property Managers

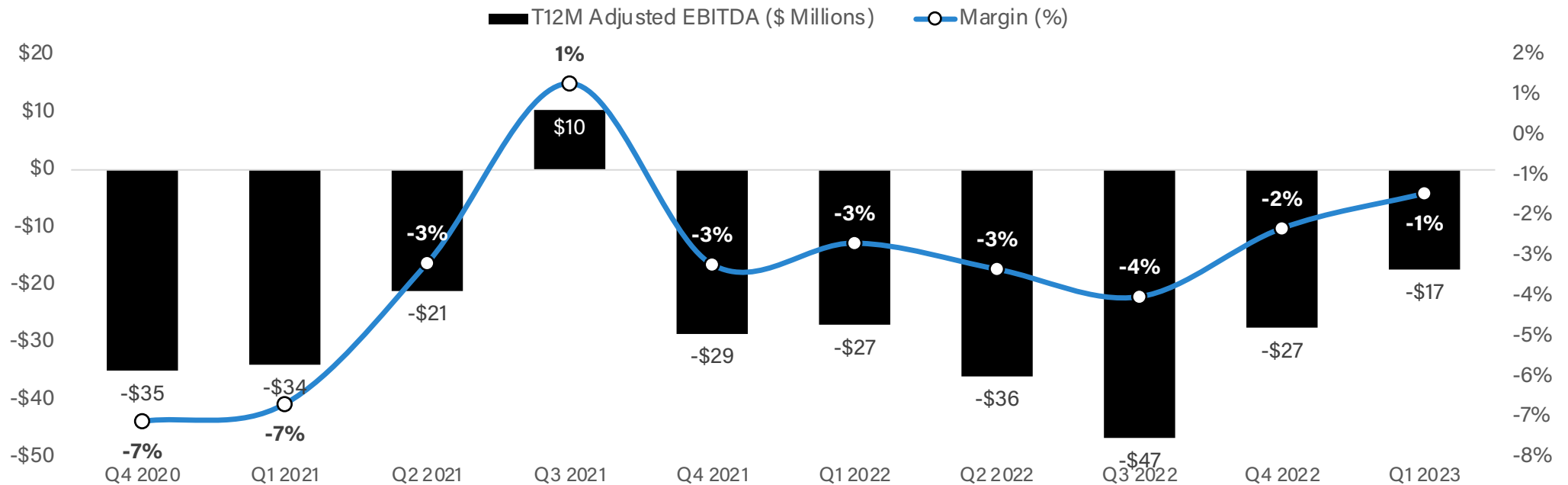


Source: Beyond, data as of April 2023.

# Scaling Remains Hard for Large PMs

Vacasa is the largest property manager in the U.S., but it has been struggling since going public. The company is loss-making, and while the \$17 million loss on an adjusted EBITDA basis over the past 12 months is an improvement over the previous year, it remains a cautionary tale that, unlike tech companies, property management is a game played on the ground, and scaling it efficiently and effectively remains hard.

### Vacasa Adjusted EBITDA and Margin

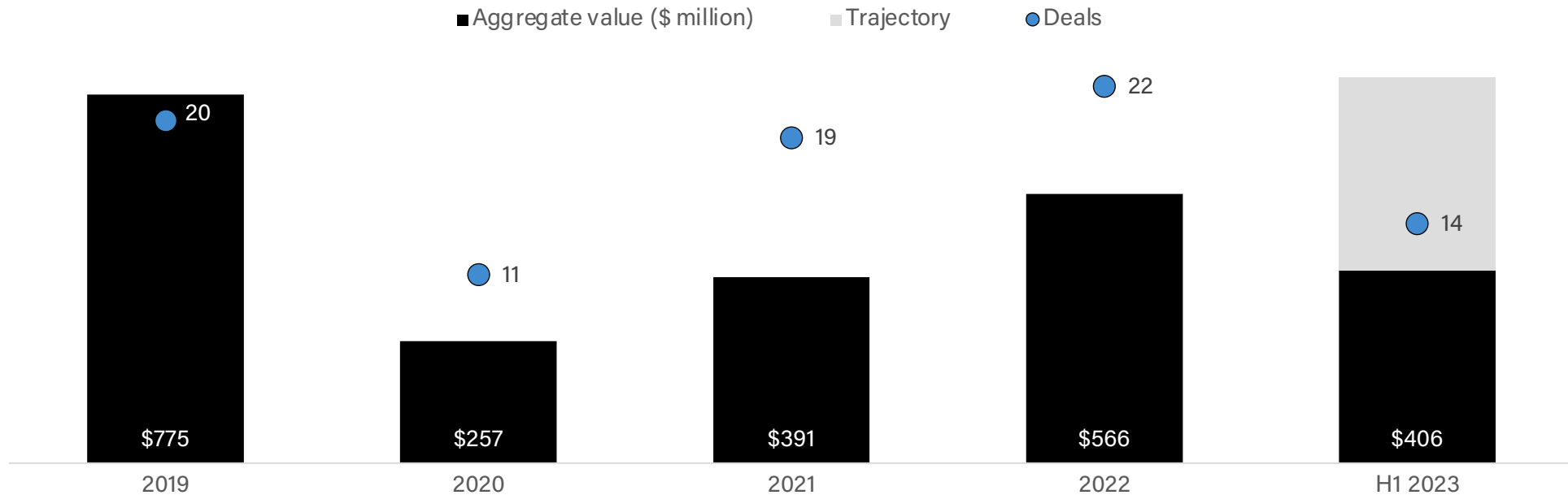


Source: Skift Research from company filings, data as of June 2023.

# Funding in B2B Tech and PMs Set To Overtake 2019

The business-to-business tech and operations landscape of the STR sector is highly fragmented and ever-growing. Investors are showing strong interest in the sector. Funding in short-term rental startups is on its way to returning to 2019 levels, with the first half of 2023 seeing 14 deals worth a total of \$406 million.

## Funding in Short-Term Rental Startups

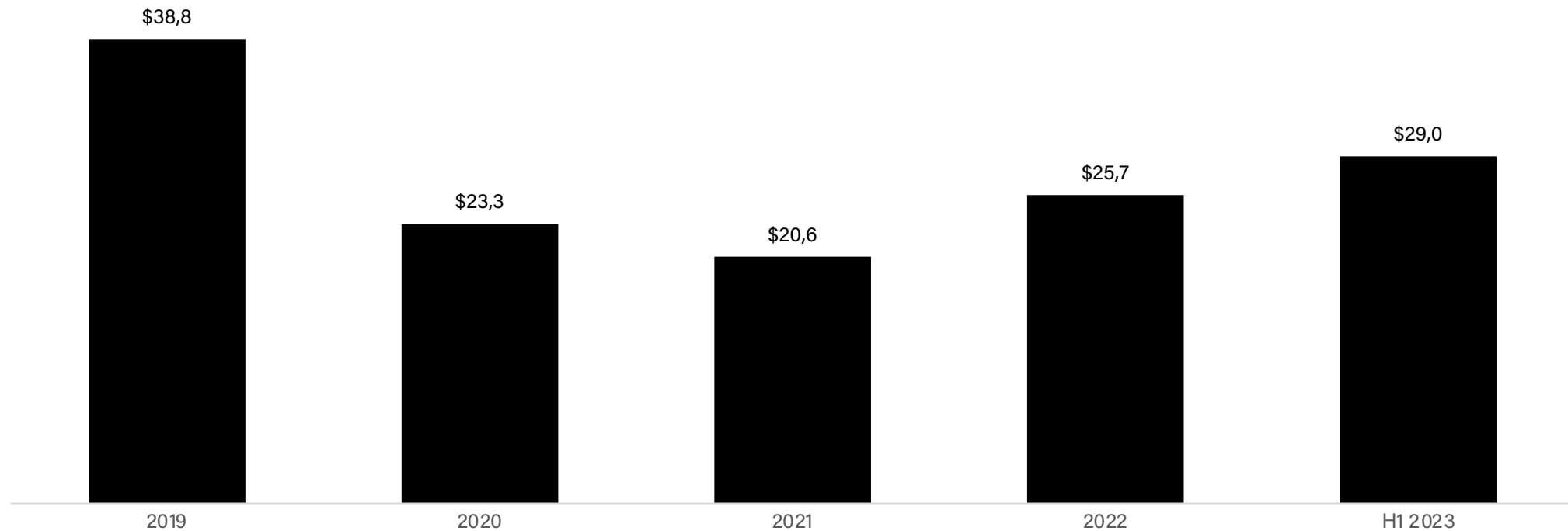


Source: Skift Research from Skift funding roundups, data as of June 2023.

# Deal Sizes Still Lower than Pre-Pandemic

The average size of funding rounds has reduced considerably since the start of the pandemic, and although it is picking up, money is distributed in smaller amounts to more players.

Average Value of STR Funding Rounds (\$ Million)







9.

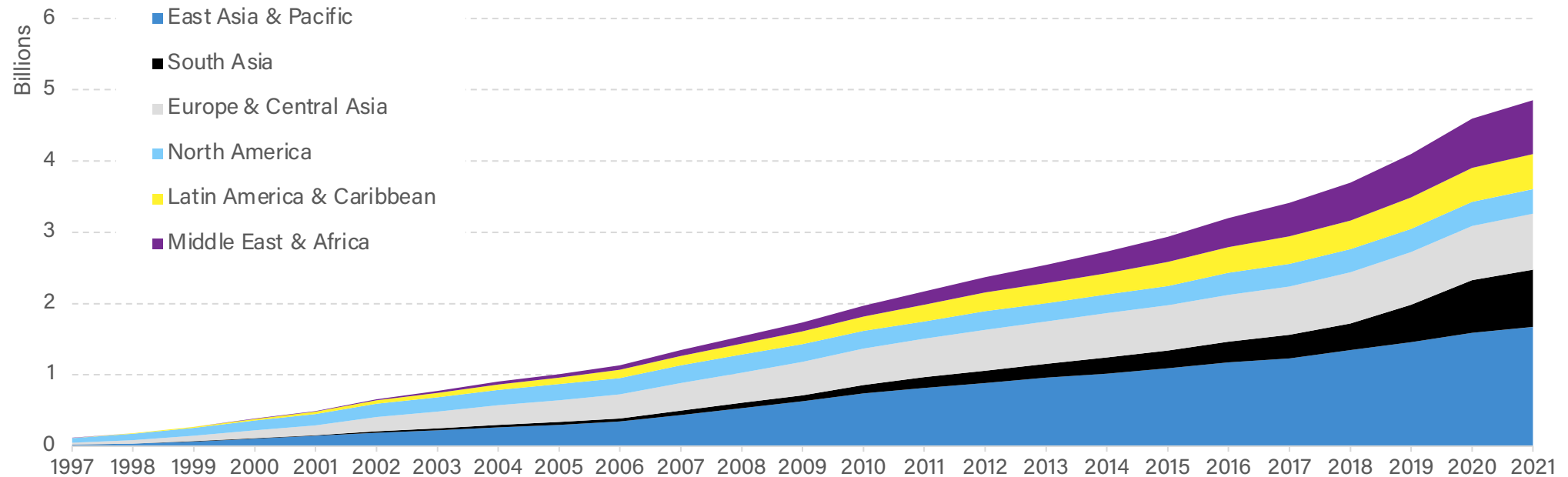
# ONLINE TRAVEL



# Global Connectivity Drives Online Travel

From zero users in 1990 to 5 billion by 2021, the internet has transformed the travel industry. The largest beneficiaries of this shift have been the online travel agencies. As internet access expands in the developing world, opportunities for booking sites will continue to grow.

## Total Number of Internet Users

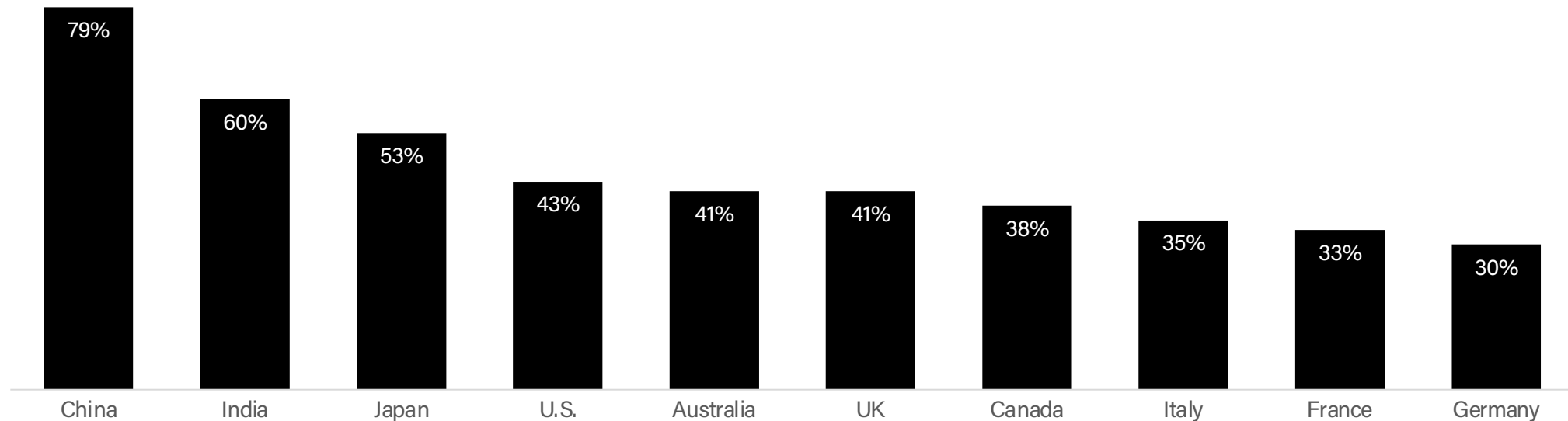


Source: Skift Research from U.N. and World Bank, data as of June 2023.

# Mobile Phones Driving the Next Leg of Bookings

Mobile bookings are the next stage of online bookings. Some markets, like China and India, have “leapfrogged” desktop adoption and consumers there do the majority of online travel booking from their phones. Even ‘slower’ markets like the U.S. and Europe are quickly reaching critical mass for mobile bookings.

## Mobile Bookings as Share of Online Bookings - 2019



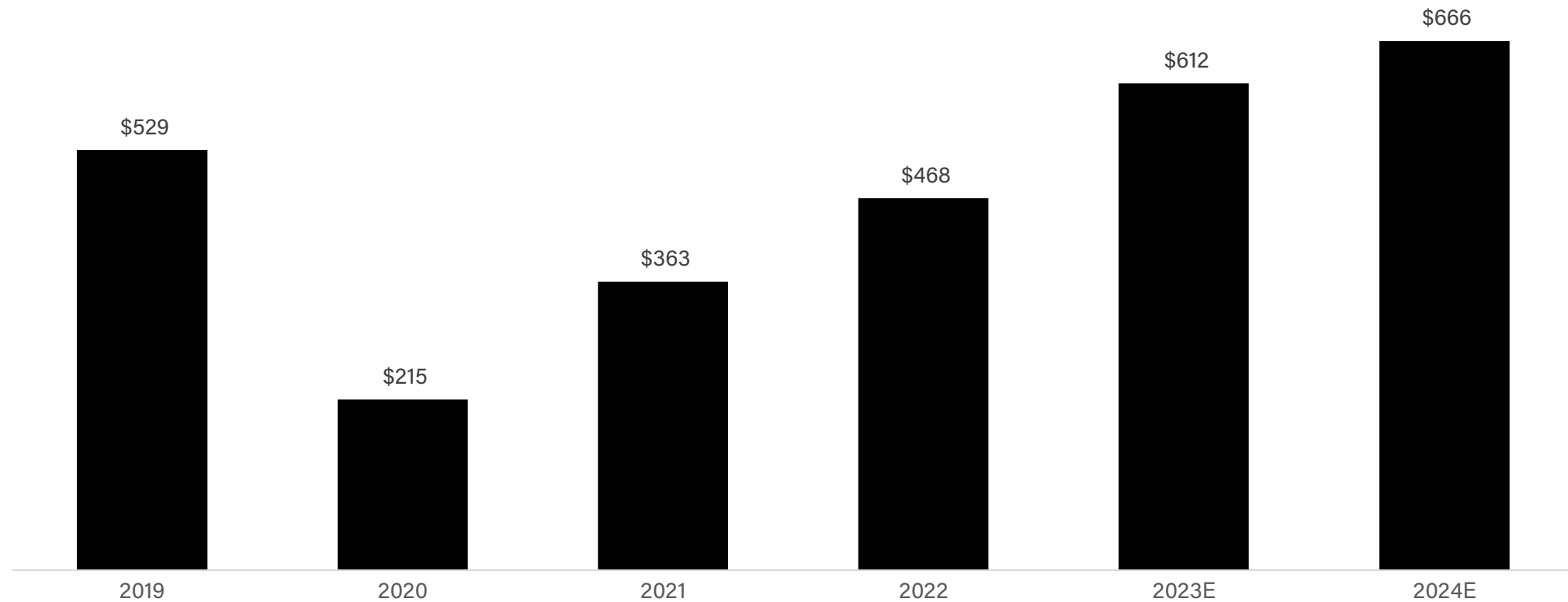
Source: Skift Research from SimilarWeb, D-Edge, Euromonitor International, Hotrec Hospitality Europe, iResearch Global, Statista, and Phocuswright, data as of October 2021.

Reproduced from: [Mobile Commerce in Travel: A Global Perspective](#), October 2021.

# Online Bookings Continue to Grow Globally

Skift Research estimates that global online bookings will reach \$666 billion by 2024, 26% above 2019 levels.

Online Travel Market Global Gross Bookings (\$ billion)



9.1 Online Travel Performance

9.2 U.S. Market Shifts

9.3 Hopper's Rise in Travel

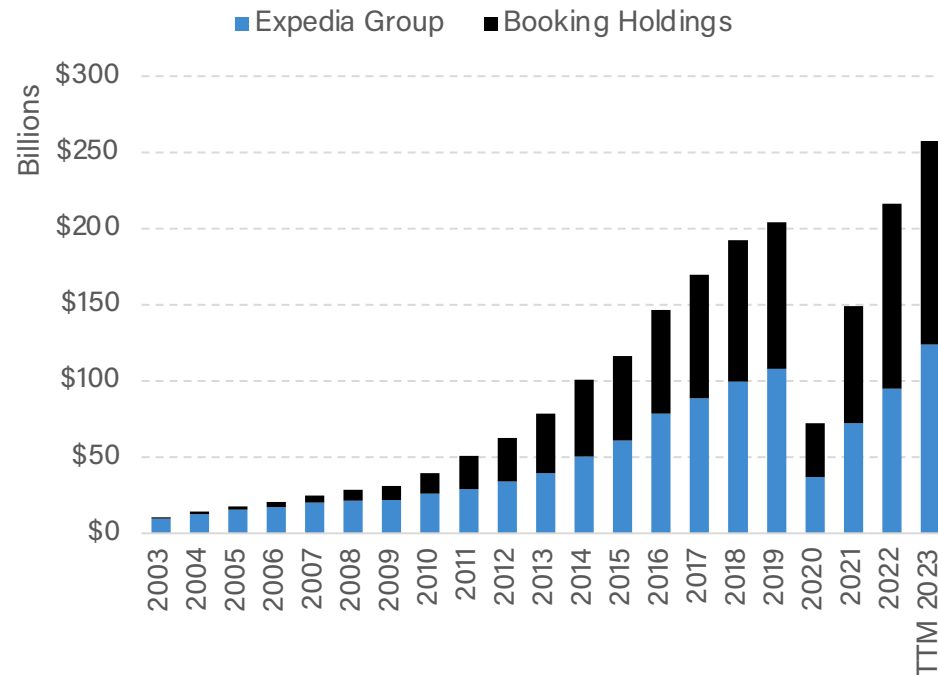
9.4 Direct Traffic and Marketing Strategies

9.5 Product Innovation and Differentiation

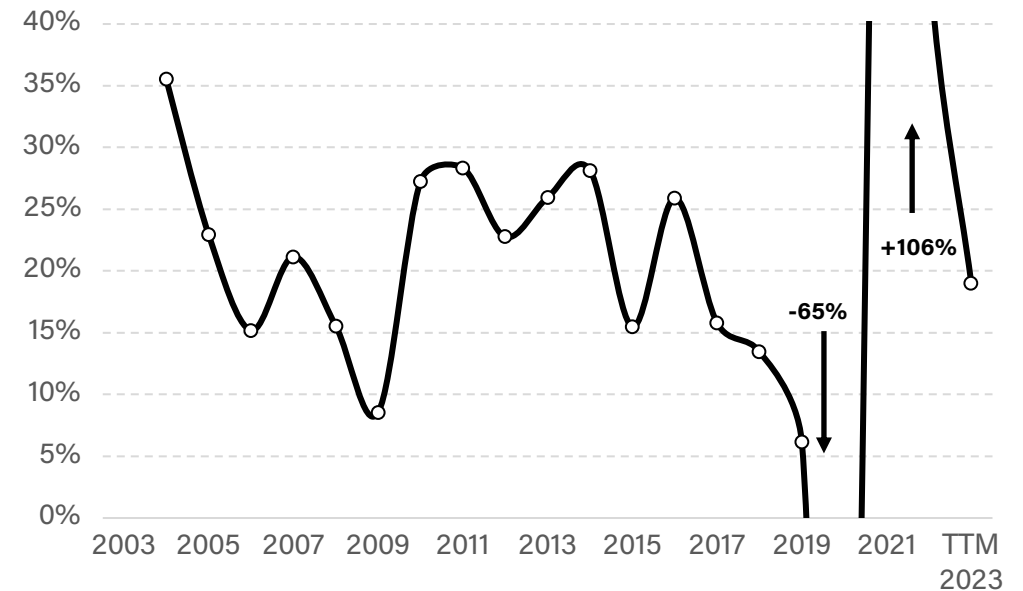
# Online Travel Agencies Have Been Riding Global Wave of Digital Adoption for Decades

The big two western OTAs, Expedia Group and Booking Holdings, have ridden this long-term wave of digital adoptions to \$250 billion in travel bookings. The two groups have grown combined gross bookings at a mid-teens rate for nearly two decades.

## Big 2 Online Travel Agency Gross Bookings



## Combined Gross Bookings Growth Rate



Note: 2023 TTM for Q2 2022 - Q1 2023.

Source: Skift Research from company filings, data as of June 2023.

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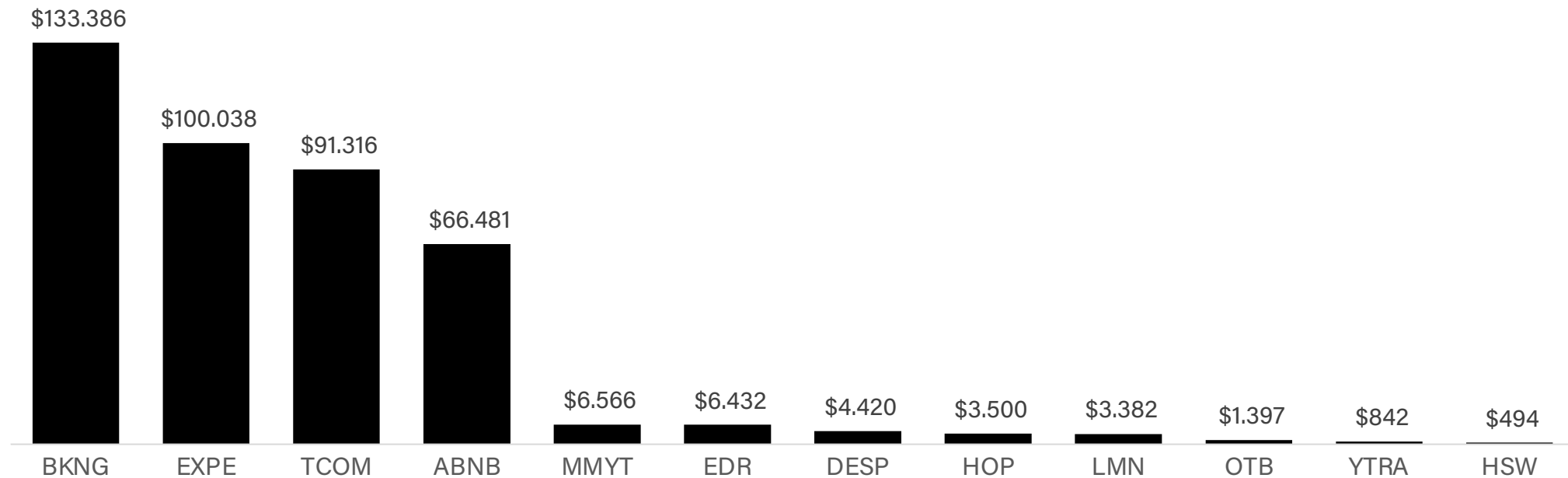
9.5 Product Innovation and Differentiation



# Largest Online Travel Agencies by Gross Bookings

Booking Holdings, Expedia Group, and Trip.com Group the largest three booking sites in the world. Airbnb comes in a close fourth. There is an order of magnitude difference between the top four and other online players.

Online Travel Gross Bookings (\$ million, trailing 12 months)



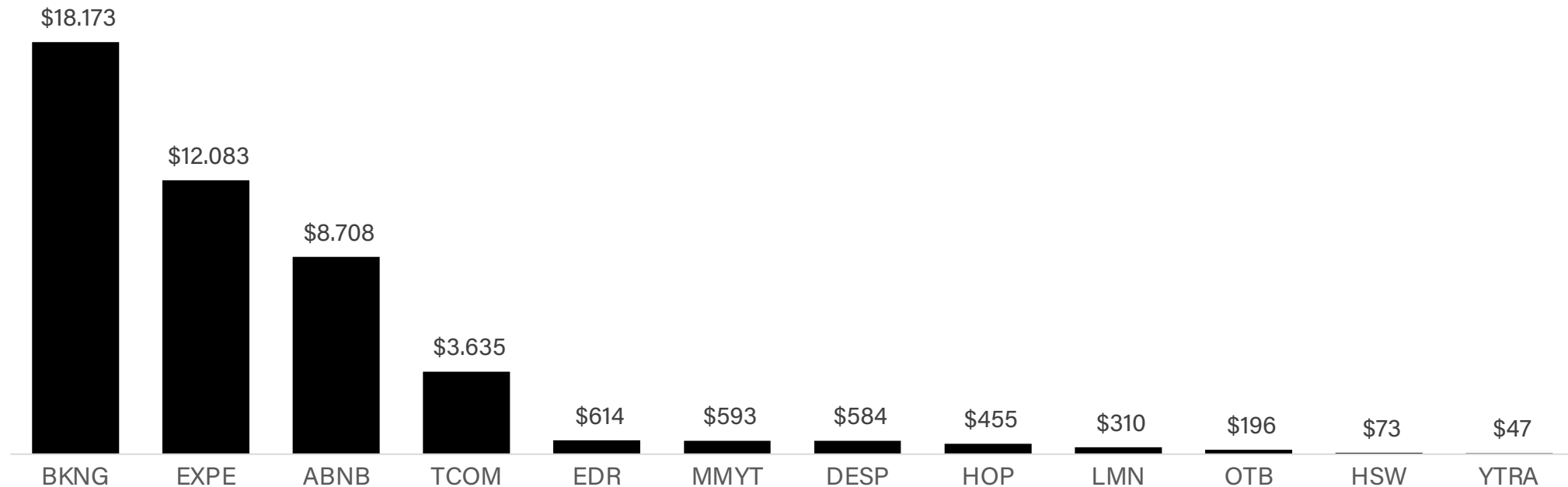
Note: BKNB = Booking Holdings, EXPE = Expedia Group, TCOM = Trip.com Group, ABNB = Airbnb, MMYT = MakeMyTrip, EDR = eDreams ODIGEO, DESP = Despegar, HOP = Hopper, LMN = Lastminute.com, OTB = On the Beach Group, YTRA = Yatra Online, HSW = Hostelworld Group.

Source: Skift Research from Capital IQ and company filings, data as of March 2023 for all except HOP, LMN, and HSW which are as of December 2022. Data accessed as of June 2023.

# Largest Online Travel Agencies by Revenue

Trip.com falls from rank #3 in gross bookings to #4 in revenue. This represents its much lower take rate as a result of a very heavy product mix towards flights. Similarly, Expedia Group's take rate is lower than Booking Holdings' or Airbnb's because of its flight exposure.

Online Travel Revenue (\$ million, trailing 12 months)



Note: BKNG = Booking Holdings, EXPE = Expedia Group, TCOM = Trip.com Group, ABNB = Airbnb, MMYT = MakeMyTrip, EDR = eDreams ODIGEO, DESP = Despegar, HOP = Hopper, LMN = Lastminute.com, OTB = On the Beach Group, YTRA = Yatra Online, HSW = Hostelworld Group.

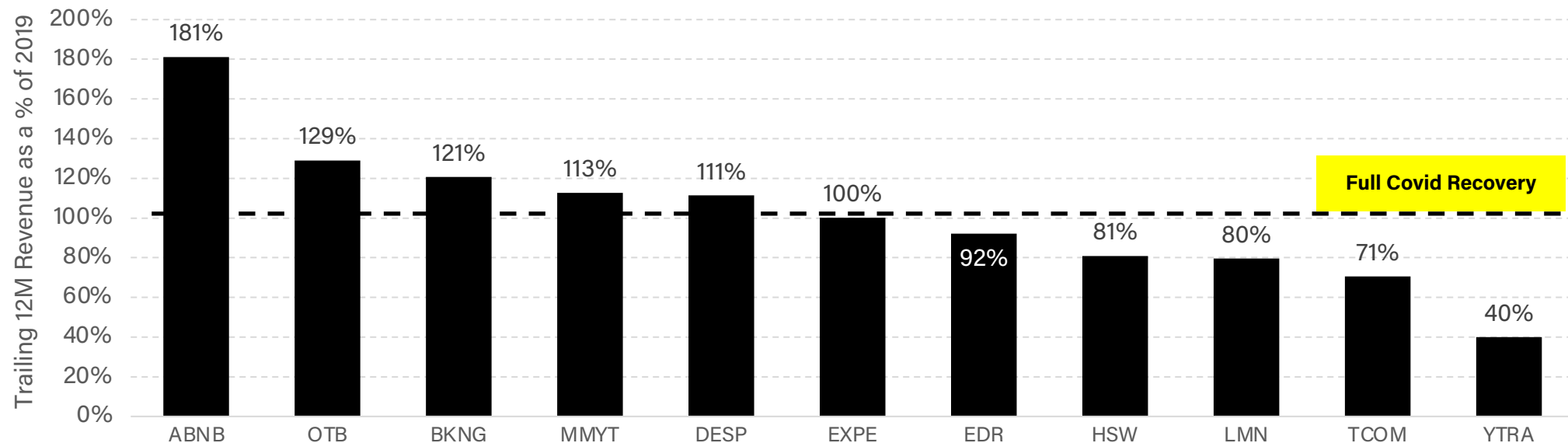
Source: Skift Research from Capital IQ and company filings, data as of March 2023 for all except HOP, LMN, and HSW which are as of December 2022. Data accessed as of June 2023.



# Many Booking Sites Have Fully Recovered, or Even Grown, From Pre-Covid Levels

Airbnb leads the online travel agency recovery, powered by the surge in demand for short-term rentals during the pandemic. Flights have been slower to recover than hotels, holding back Expedia Group relative to Booking Holdings. Trip.com has been held back by China's slow re-opening.

## Online Travel Revenue Recovery



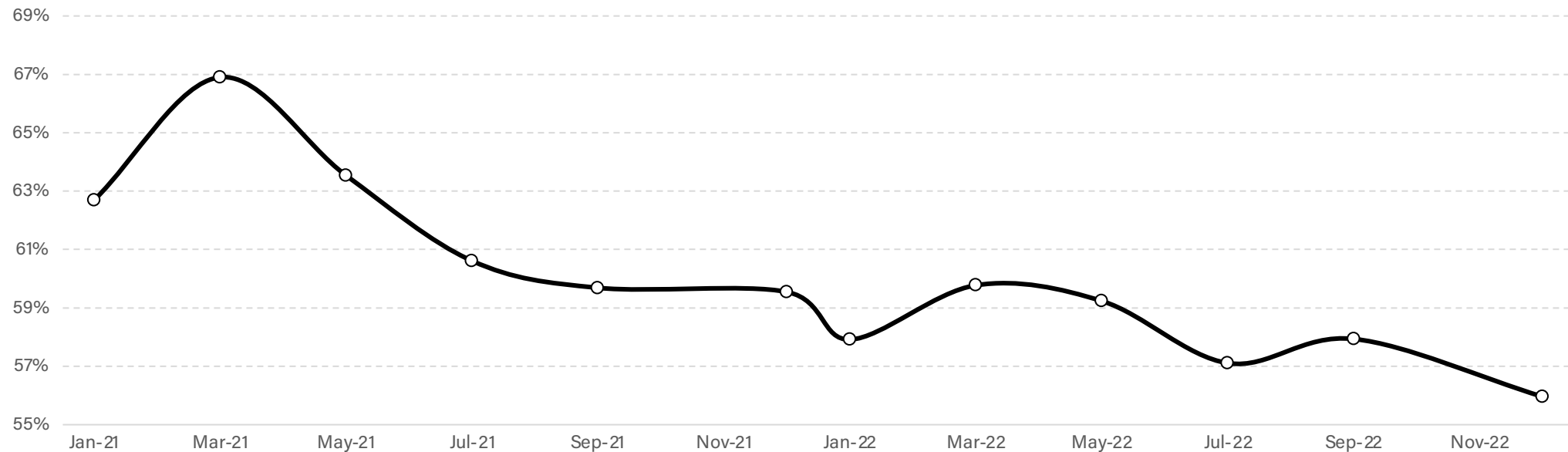
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Source: Skift Research from Capital IQ and company filings, data as of March 2023 for all except HOP, LMN, and HSW which are as of December 2022. Data accessed as of June 2023.

# Americans Return to Third-Party Booking Sites as Pandemic Fades

The pandemic drove a surge in U.S. direct bookings as ever-changing health and safety policies created customer confusion. In this environment, shoppers preferred the certainty of booking directly with suppliers rather than risking needing to cancel/reschedule through an intermediary. With the pandemic effectively over, we have seen Americans return to third-party booking sites.

## Share of U.S. Travelers Booking Direct



Note: Data smoothed using rolling aggregates.

Source: Skift Research, U.S. Traveler Tracker Survey, data as of February 2023.

Reproduced from: [Online Travel Booking Trends During the Pandemic](#), February 2023.

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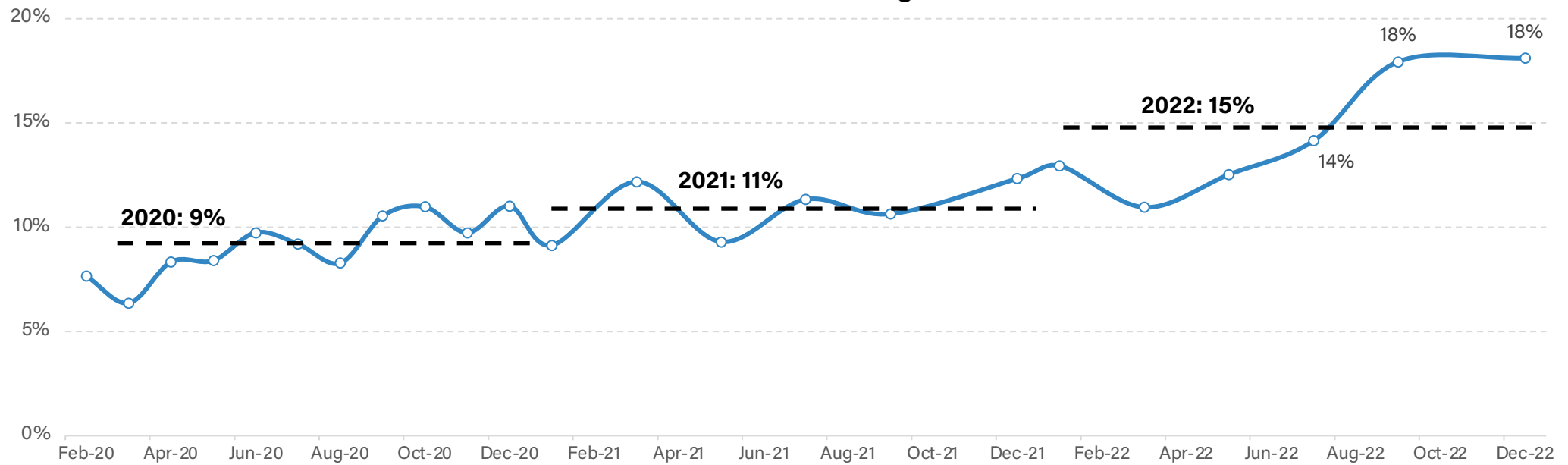
9.5 Product Innovation and Differentiation



# As Health Fears Fade and Inflation Hits Wallets, Americans Look for Discounts, Boosting OTAs

The pandemic was a health crisis, not a financial one. Americans were willing to shell out more for the certainty of trusted brands during Covid. But today, as inflation picks up and budgets get tighter, Americans will shop around for a deal. This plays into the strengths of third-party booking sites.

Percentage of Respondents Who Booked a Trip Because of Discounts Being Offered



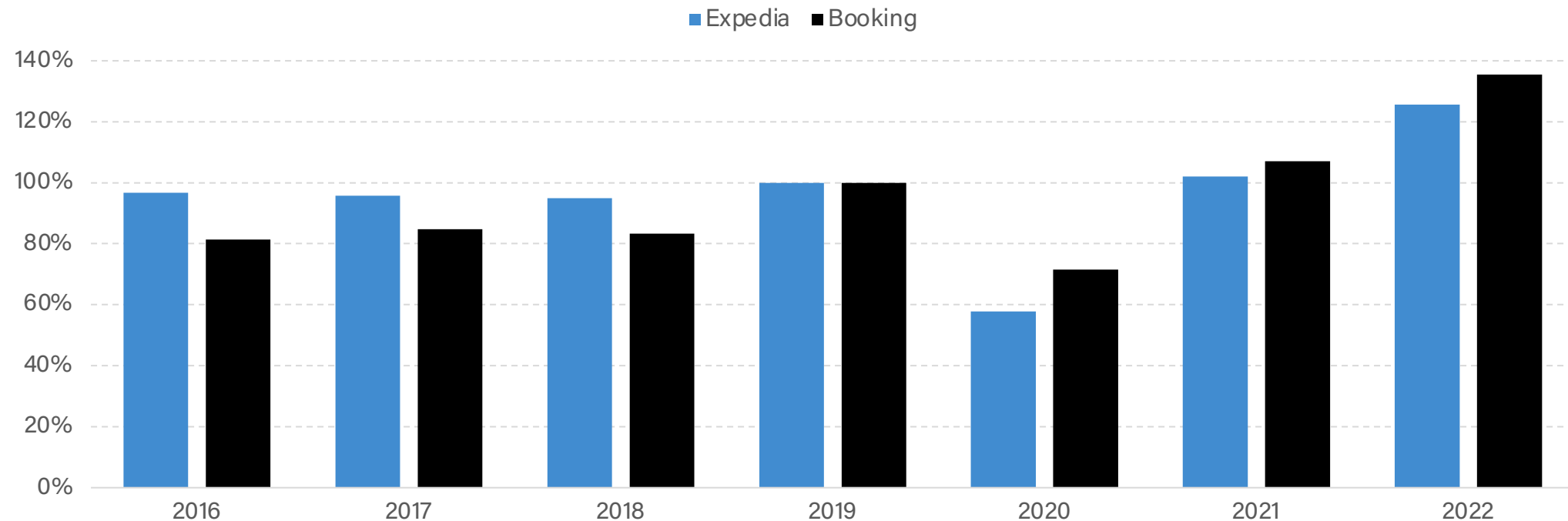
Source: Skift Research U.S. Travel Tracker, data as of February 2023.

Reproduced from: [Online Travel Booking Trends During the Pandemic](#), February 2023.

# U.S. OTA Traffic Has Surged, Up ~30% From 2019

2022 marked a major recovery inflection point for online booking sites in the U.S. Today, shopper traffic is 30% above 2019 levels.

## U.S. Desktop Traffic as a % of 2019



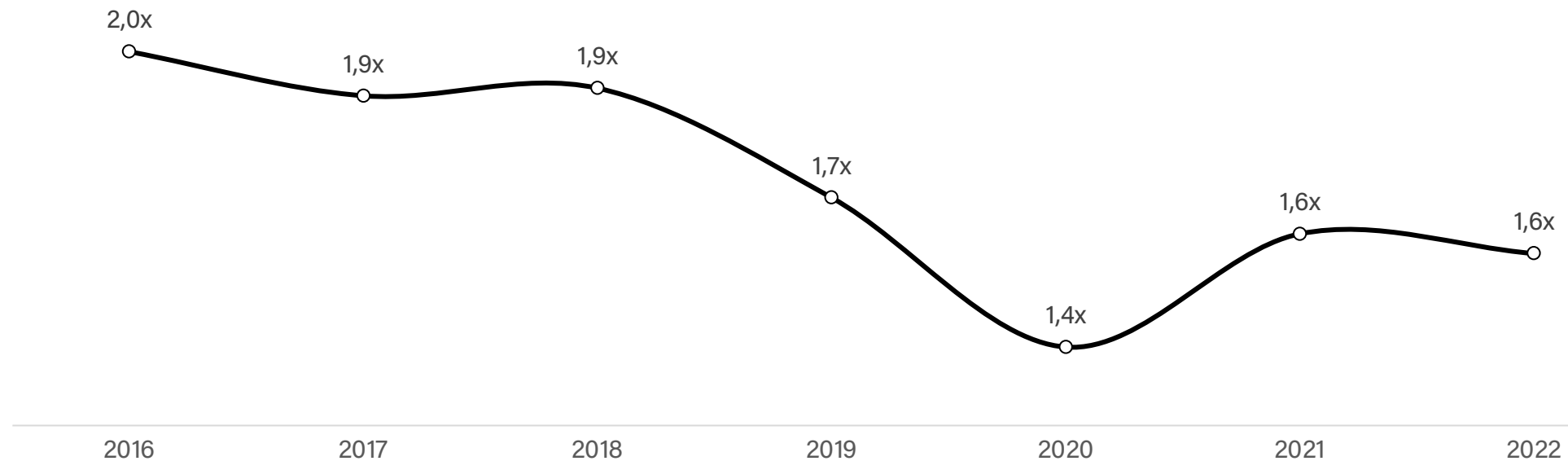
Source: Skift Research from SimilarWeb, data as of November 2022.

Reproduced from [Expedia and Booking in the Post-Pandemic Travel Landscape](#), December 2022.

# Booking.com Used Pandemic Reset to Grow U.S. Presence

Historically, Booking Holdings competed in the U.S. through its priceline.com brand, while booking.com was mainly European. Booking used the pandemic to reset its strategy and has emerged with a new focus on growing booking.com in the U.S. This has been an early success, and while expedia.com remains the larger site, its traffic advantage relative to booking.com has declined in recent years.

### Expedia.com U.S. Desktop Traffic Relative to Booking.com



Source: Skift Research from SimilarWeb, data as of November 2022.

Reproduced from [Expedia and Booking in the Post-Pandemic Travel Landscape](#), December 2022.

# Booking.com and Hopper the Fastest Growing U.S. OTAs

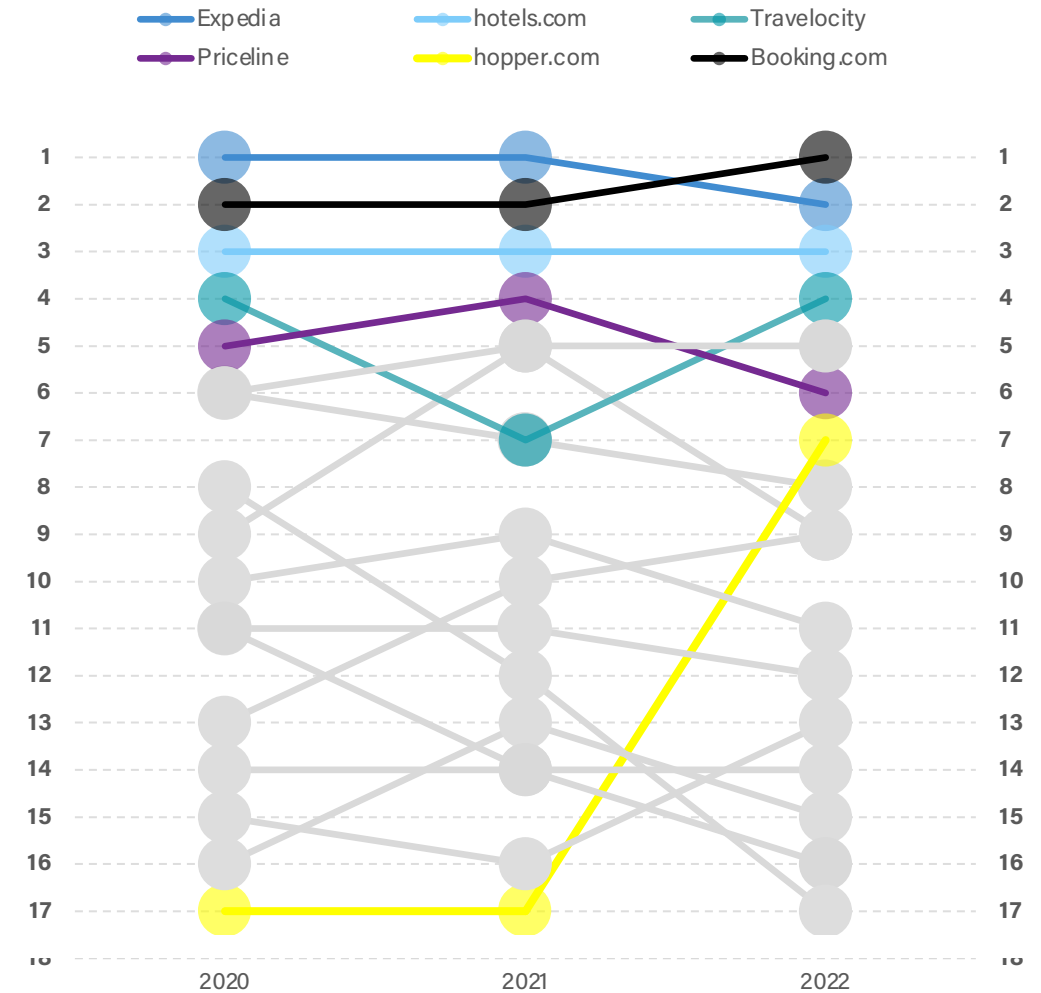
Highlighting the success of Booking.com's U.S.-centric strategy, it rose to become the most popular online booking site, according to our U.S. traveler surveys. This data is from a small subsection of our data and so may not be fully representative of U.S. traffic or booking data, but it still speaks to the directional trend of things.

The investments in booking.com appear to have come at the expense of priceline.com that went from 4<sup>th</sup> place in our 2021 data to 6<sup>th</sup> in 2022.

Expedia Group, through its multi-brand strategy still owns the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> most popular U.S. booking sites in our 2022 surveys. When paired with the decline in Priceline, this means that Expedia Group remains the most popular overall in the U.S.

Of interest is the rapid rise of Hopper from nil to 7<sup>th</sup> place in 2022.

## U.S. Online Booking Site Rankings



Source: Skift Research from SimilarWeb, data as of November 2022.

Reproduced from [Expedia and Booking in the Post-Pandemic Travel Landscape](#), December 2022.



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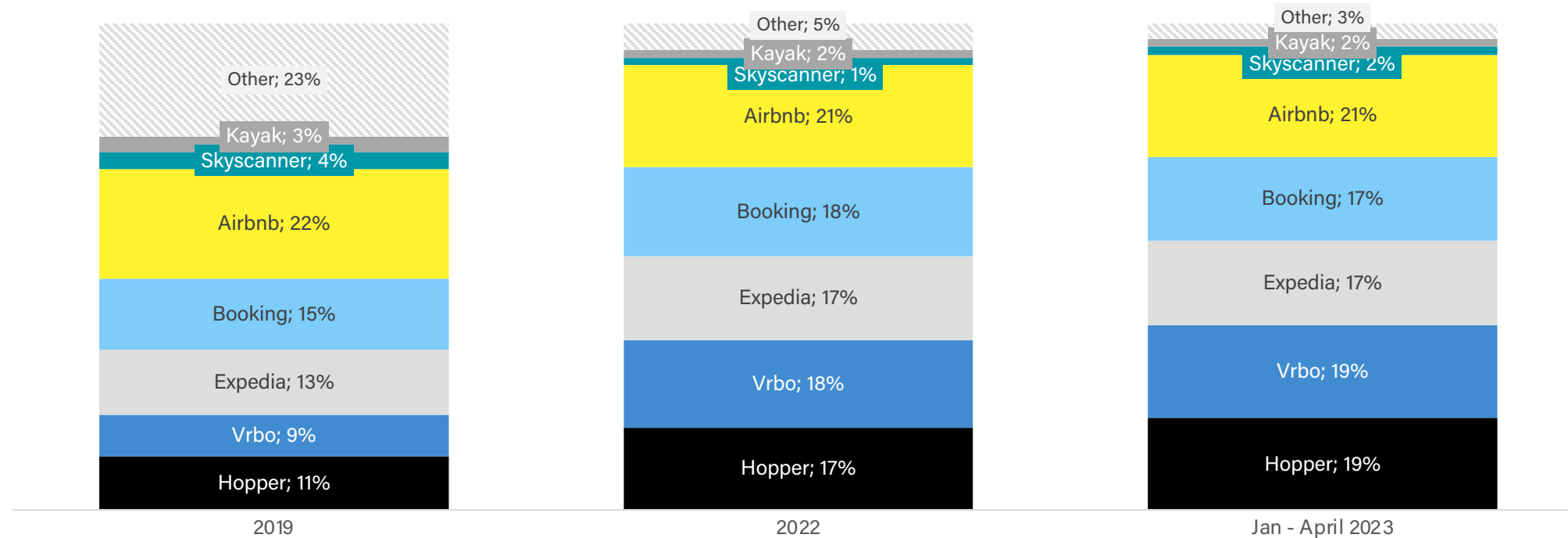
9.5 Product Innovation and Differentiation



# Large Booking Sites Investing in U.S. Mobile Market Share

In 2019, smaller players still made up a large share of mobile travel apps. Since the pandemic, the big OTA groups have invested in mobile. Now just four companies, Expedia, Booking, Airbnb, and Hopper control the majority of the U.S. mobile travel app market.

## U.S. Market Share of Monthly Active App Usage



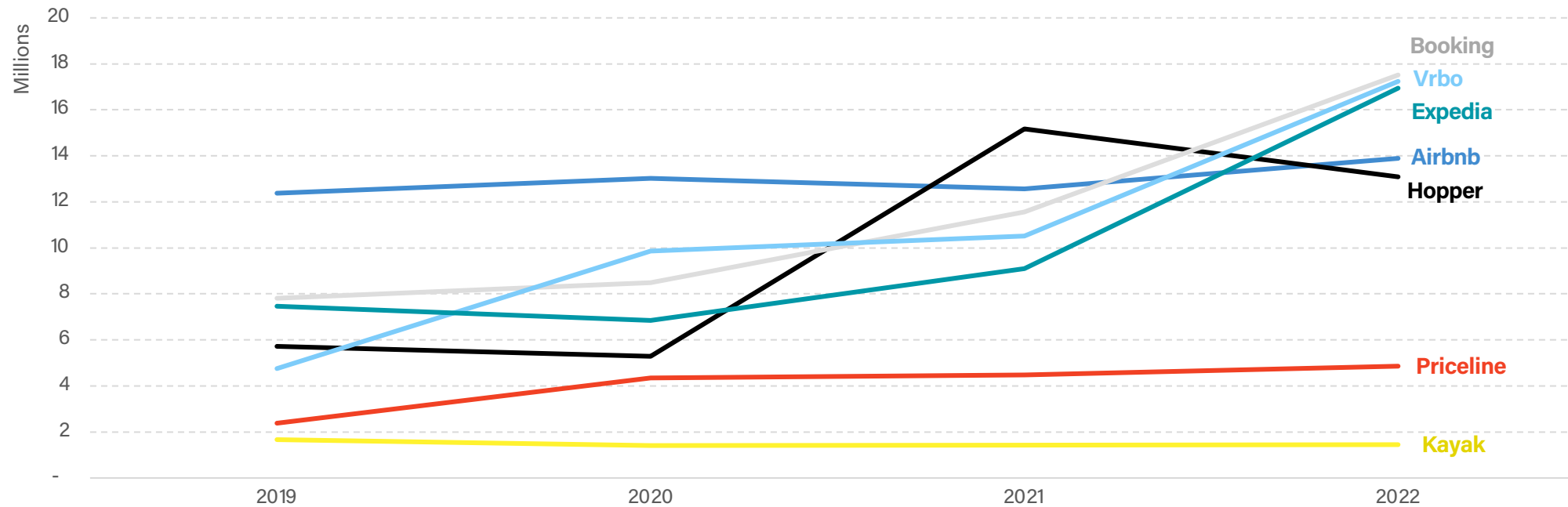
Source: Skift Research from Apptopia, data as of April 2023.

Reproduced from: [Hopper's Rise in Travel 2023](#), May 2023.

# Large Booking Sites Investing in U.S. Mobile Market Share

Growth in mobile app downloads demonstrates interest from U.S. shoppers in mobile bookings. Note that Hopper was the most downloaded travel app in the U.S. in 2021.

## U.S. Annualized App Downloads



Source: Skift Research from Apptopia, data as of April 2023.  
Reproduced from: [Hopper's Rise in Travel 2023](#), May 2023.



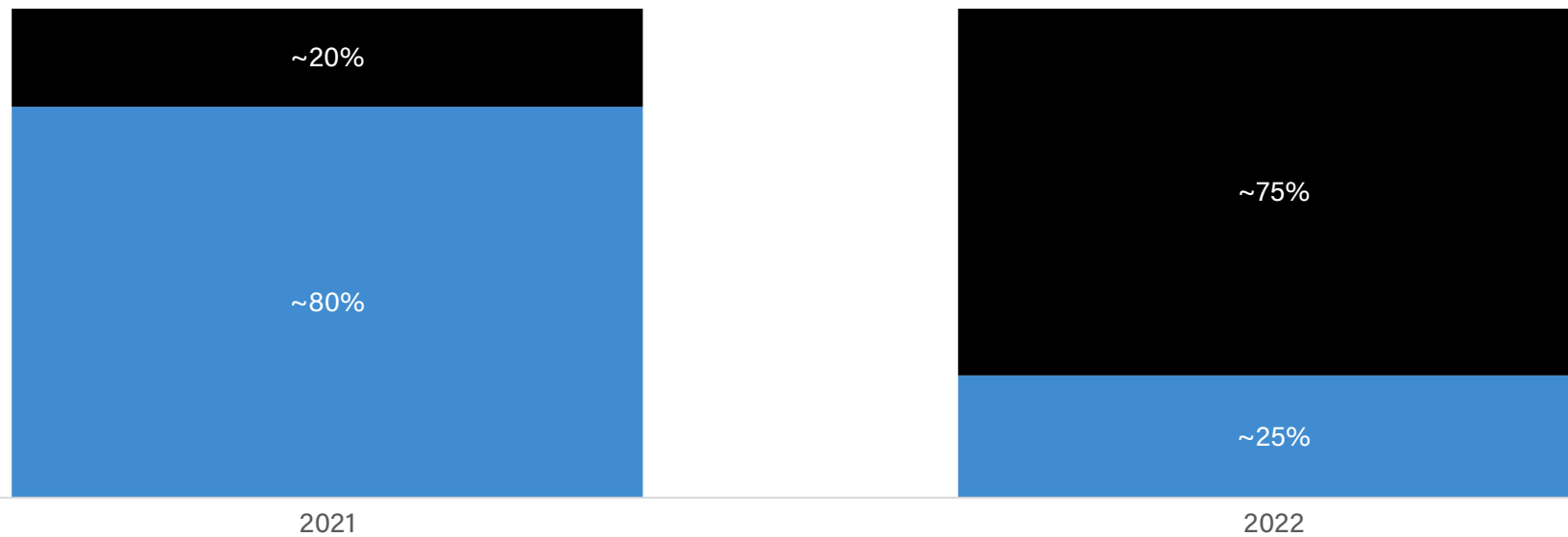
# Hopper Broke the Performance Ad Rat Race By Investing in a Super App and Social Commerce

When Hopper first launched, it used the same performance marketing playbook as Expedia and Booking. Unable to compete at scale with incumbents it pivoted to investing in new ways of driving customer engagement: developing a super app and packing it with social commerce interaction opportunities, like mini-games and user streaks.

## Hopper's Split of Marketing Spend: 2021 vs 2022

■ Paid marketing (mainly social media channels)

■ Internal spend (super app strategy, social commerce etc)

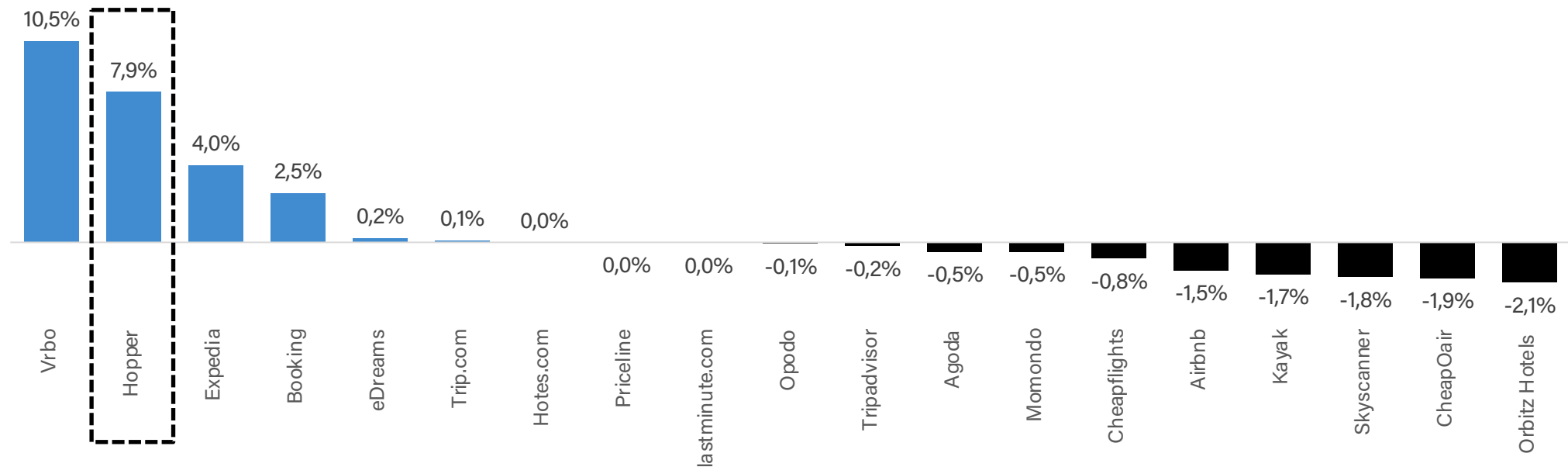


Source: Skift Research from Hopper and own estimates, data as of May 2023.  
Reproduced from: [Hopper's Rise in Travel 2023](#), May 2023.

# Gamification Drives Hopper's App Market Share

Hopper's focus on app development, social commerce, and gamification seems to be paying early dividends. It has gained the largest U.S. app market share of any full-service OTA brand in the U.S. since 2019, more than double what Expedia and Booking did. Only Vrbo grew share faster, fuelled by the rise of STRs.

**U.S. Market Share Gain/Loss of Monthly Active App Users**  
2023 (Jan-April) vs 2019



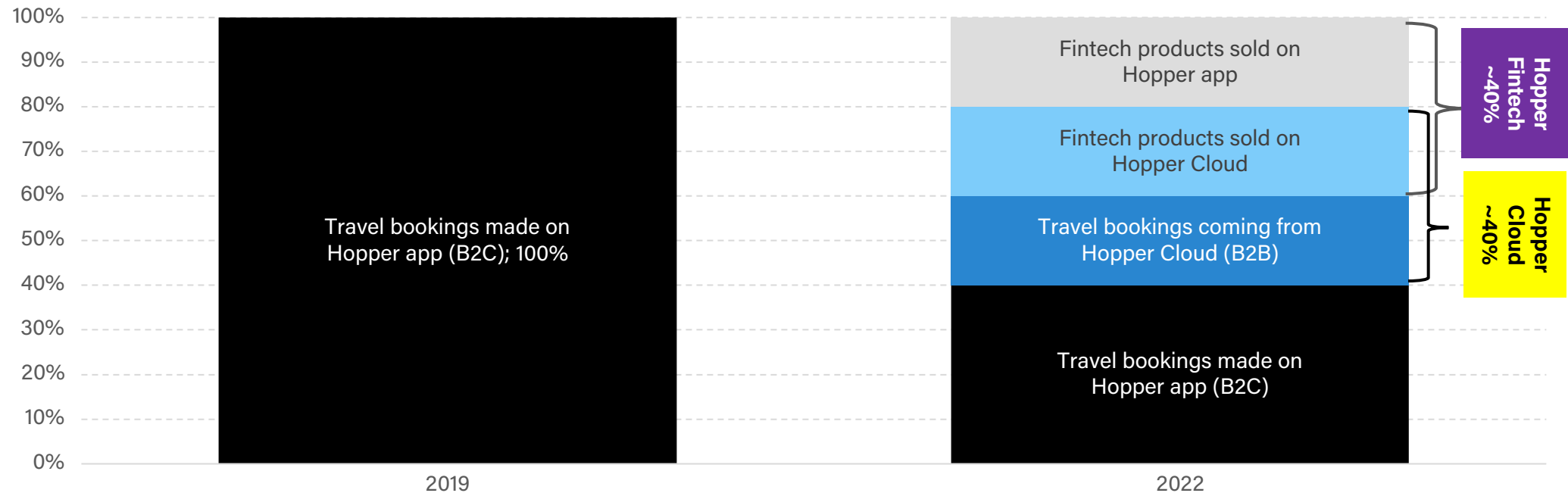
Source: Skift Research from Apptopia, data as of May 2023.

Reproduced from: [Hopper's Rise in Travel 2023](#), May 2023.

# Hopper Focuses on Travel Fintech Products and Building a B2B Platform

Rather than slug it out in the highly competitive B2C online travel space, Hopper has instead played to its strengths as a smaller, tech-led challenger brand. Today nearly 40% of its revenue comes from Hopper Cloud – a white label booking platforms that powers Capital One's travel site, among others.

Hopper's Revenue Mix: Travel vs Fintech, Hopper App vs Hopper Cloud



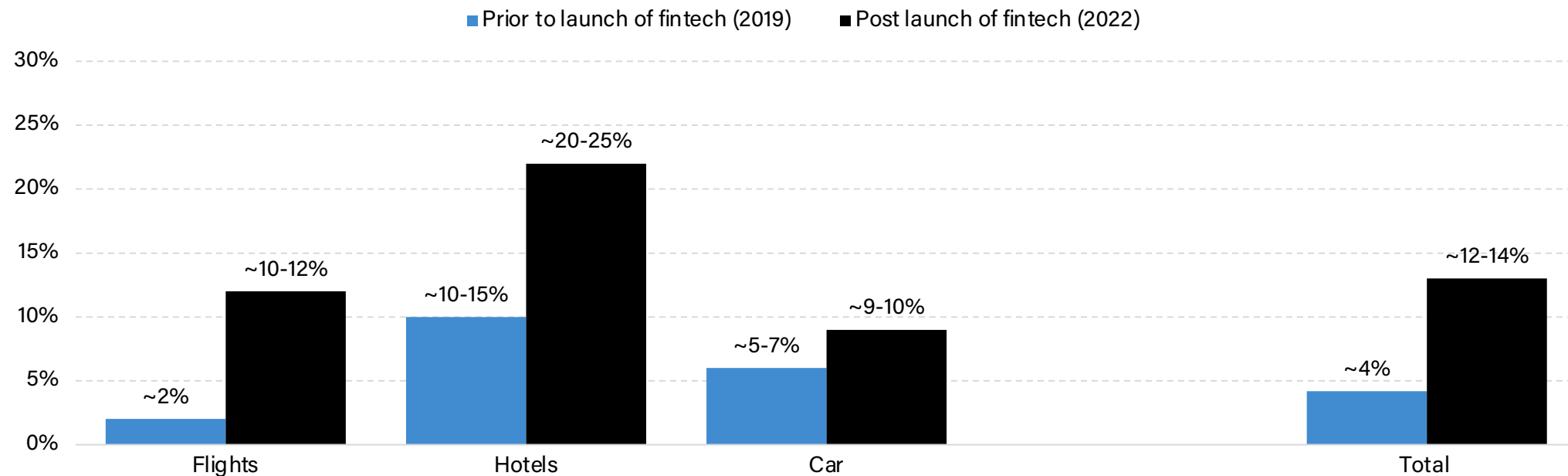
Source: Skift Research from Hopper and own estimates, data as of May 2023.

Reproduced from: [Hopper's Rise in Travel 2023](#), May 2023.

# Fintech Taps Into Traveler Anxiety and Drives Significant Margin Boost

The vast majority of revenue that Hopper generates from selling Fintech products, like price freeze, drops straight down to the bottom line. This supplements the commission earned by selling traditional travel. On a blended basis this can take a very low commission product, like flights, and turn it into a business generating hotel-like take-rates.

### Hopper's Take Rate Before and After Launch of Fintech Products



Source: Skift Research from Hopper and own estimates, data as of May 2023.

Reproduced from: [Hopper's Rise in Travel 2023](#), May 2023.

# Search and Other Online Channels Critical to the Trip Planning Process

Online search is far and away the most popular source of travel planning used by Americans. Online sources in their totality are used twice as often as offline sources. This makes discovery via online sources like Google, metasearch, and social media a key part of marketing strategies for online travel agencies.

## Which of the following sources did you use when planning for your trip?

CATEGORY	PLANNING SOURCE	2020	2021	2022	Δ 22/20
Online	Online search	47%	48%	46%	-1%
Offline	Recommendations from friends and/or family	34%	33%	32%	-2%
Online	Travel review websites (such as TripAdvisor)	18%	17%	19%	1%
Online	Destination websites	14%	13%	14%	0%
Online	Online websites that aggregate many hotels and airlines, etc. where you can book directly (such as Expedia and Booking.com)	11%	11%	11%	1%
Online	Social media (Facebook, Instagram, etc.)	9%	10%	10%	0%
Online	Online travel publications (such as LonelyPlanet and Frommer's)	7%	8%	11%	4%
Online	Online websites that aggregate booking sites where you can click through to book on separate websites (such as Kayak and Trivago)	6%	6%	8%	2%
Offline	Travel books / Guides	6%	6%	8%	2%
Offline	Newspapers / Magazines	5%	5%	6%	1%
Offline	Traditional travel agents	3%	3%	5%	2%
Offline	Travel related TV shows	5%	5%	6%	1%
Offline	Travel related radio	3%	3%	5%	2%
Other	Other	10%	10%	7%	-2%

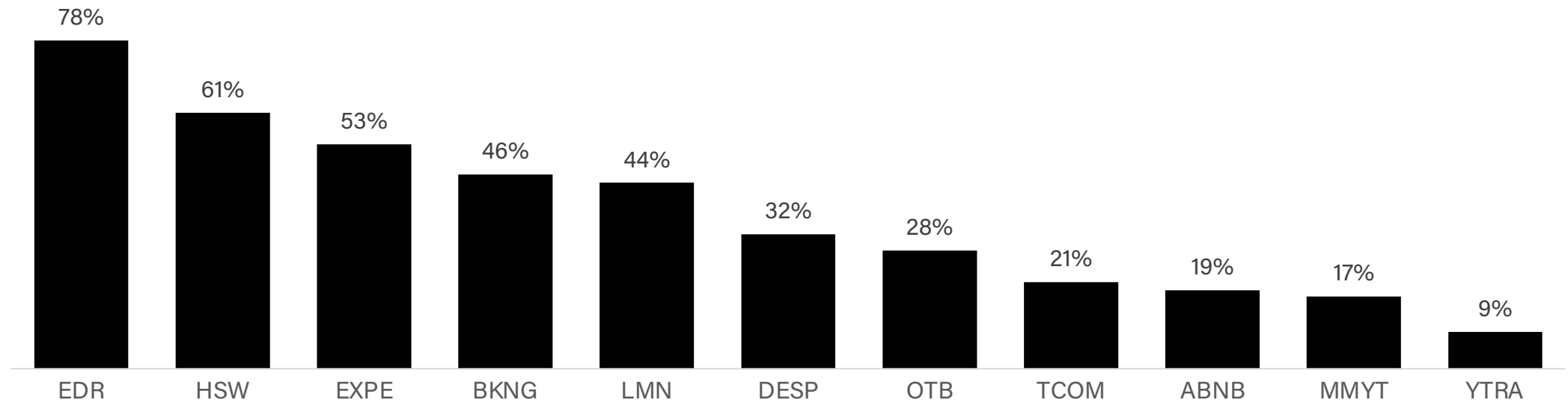
Source: Skift Research, U.S. Traveler Tracker Survey, data as of February 2023.

Data from: [Online Travel Booking Trends During the Pandemic](#), February 2023.

# Online Travel Sites Invest Heavily in Marketing to Differentiate their Brands and Acquire Traffic

Online booking sites make dramatic investments in sales and marketing. Expedia and Booking invest half of their revenue back in sales and marketing, some do even more.

Online Travel Sales & Marketing Spend as % of Revenue



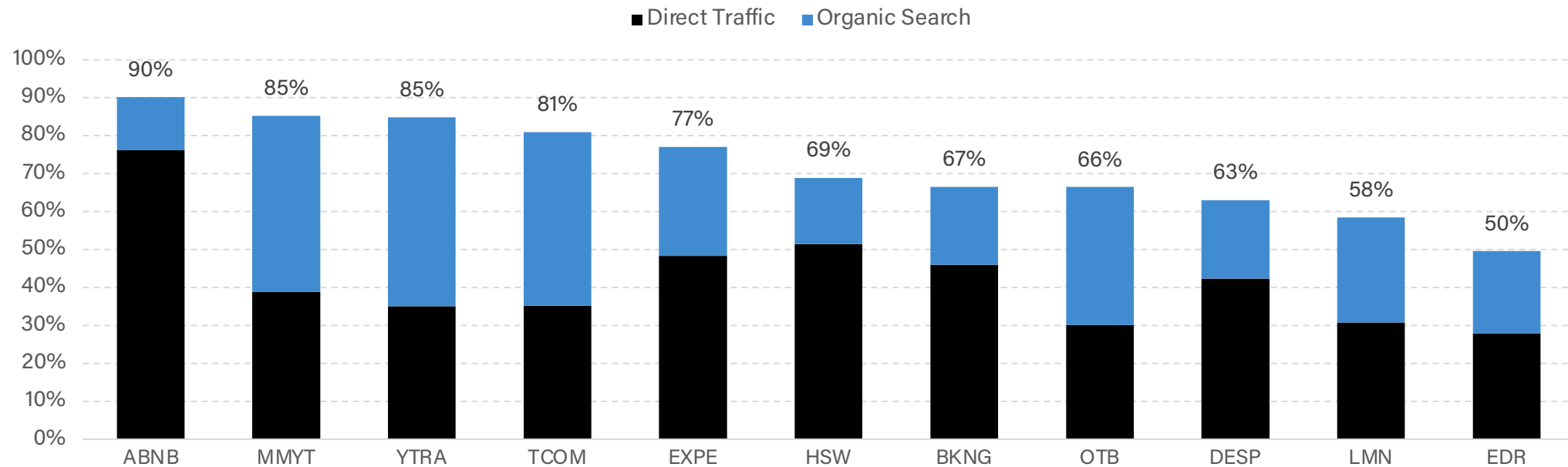
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Source: Skift Research from Capital IQ and company filings, data as of March 2023 for all except HOP, LMN, and HSW which are as of December 2022. Data accessed as of June 2023.

# Unpaid Traffic is the Holy Grail But Not All Online Sites Are Equal in Consumers' Eyes

Given how expensive online advertising is, free web traffic is the holy grail for booking sites. Direct traffic is the best as it speaks to a strong brand-customer relationship, but clicks on organic links (as opposed to paid) in search results will also do. Airbnb is the king of driving direct traffic.

### Online Travel Desktop Unpaid Traffic Share



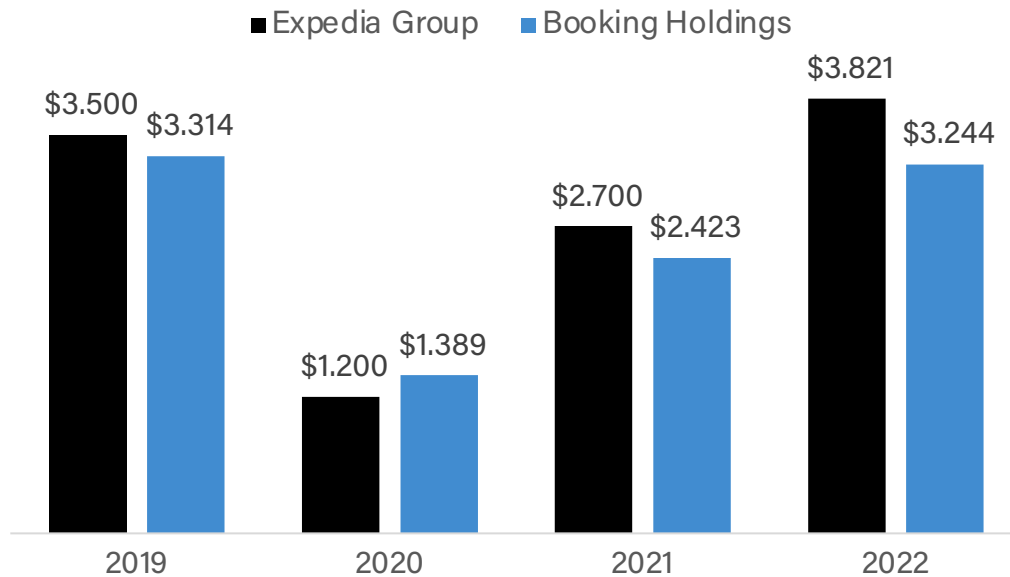
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Source: Skift Research from SimilarWeb, data as of June 2023.

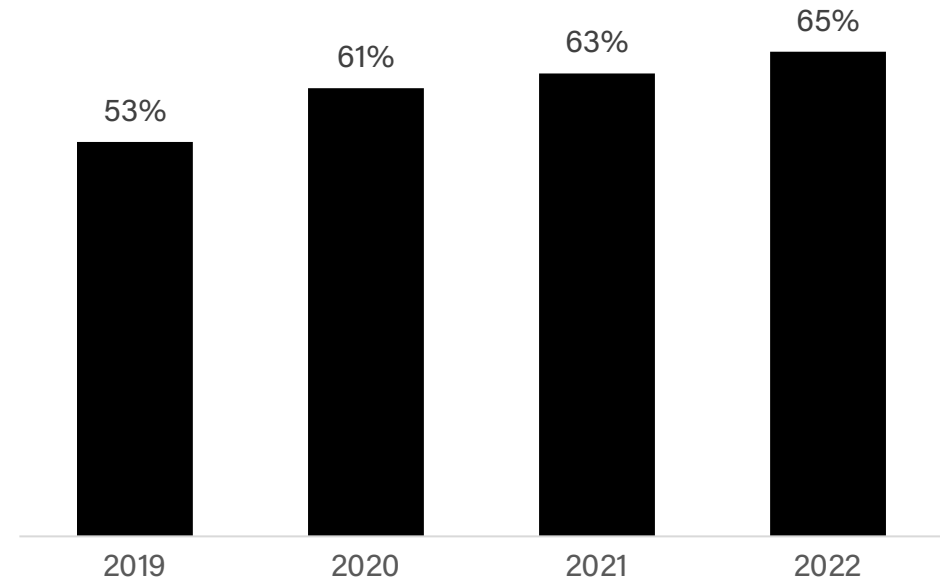
# Expedia and Booking Invest Billions In Advertising, Much Flows to Google

Expedia spent \$3.8B in advertising in 2022, Booking \$3.2B. That spend was not evenly distributed. The majority of it likely went to Google. Skift estimates that nearly 65% of the big two ad budgets were spend on Google in 2022, up from 53% in 2019.

### Advertising Expense at Big Two Online Booking Sites



### Share of Expedia and Booking Performance Ad Budgets Spent on Google



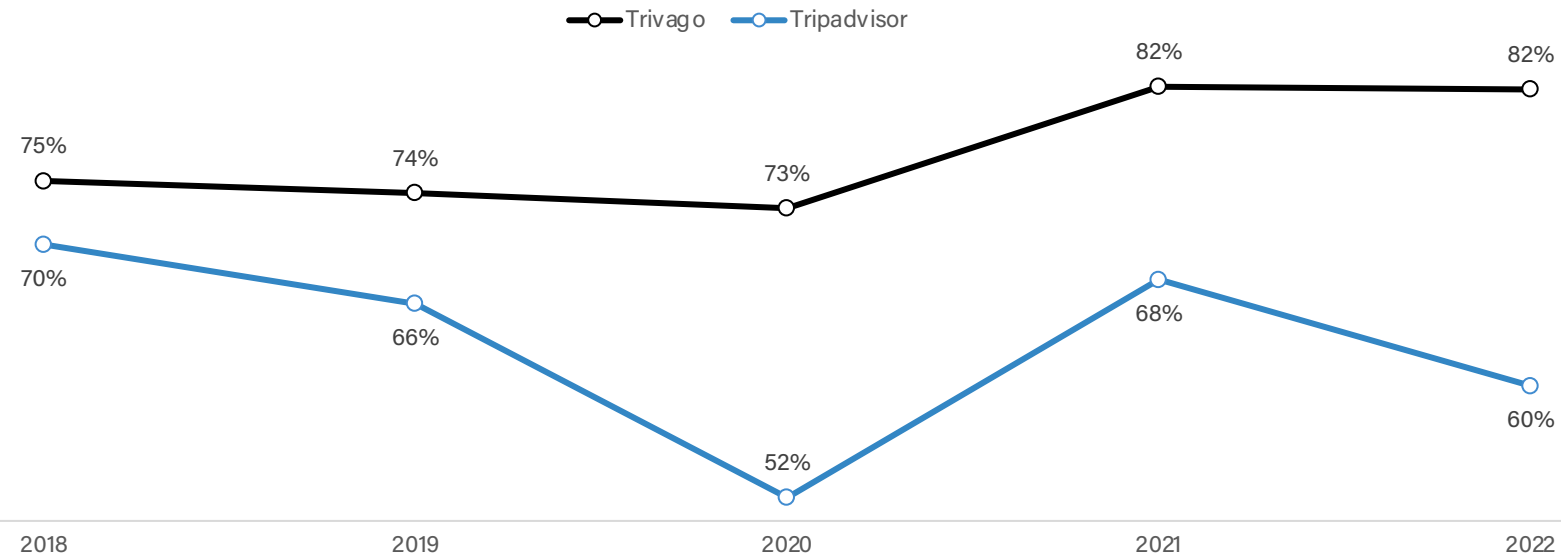
Source: Skift Research from Capital IQ and company filings, data as of June 2023. Reproduced and updated from: [A Deep Dive Into Google's Impact on Travel 2022](#), April 2022.



# Rise of Google a Threat to Travel Metasearch Which Depend on Expedia and Booking

Google's prominence at the top of the online search funnel has only grown over the years, taking an ever-larger share of OTA ad dollars with it. That leaves travel specific metasearch sites, like Trivago and Tripadvisor in a vulnerable position. These businesses get most of their revenue from either Expedia or Booking. If these big two continue to shift budgets towards Google, it will put travel-specific metasearch at risk.

## Big Two OTA Share of Metasearch Revenue



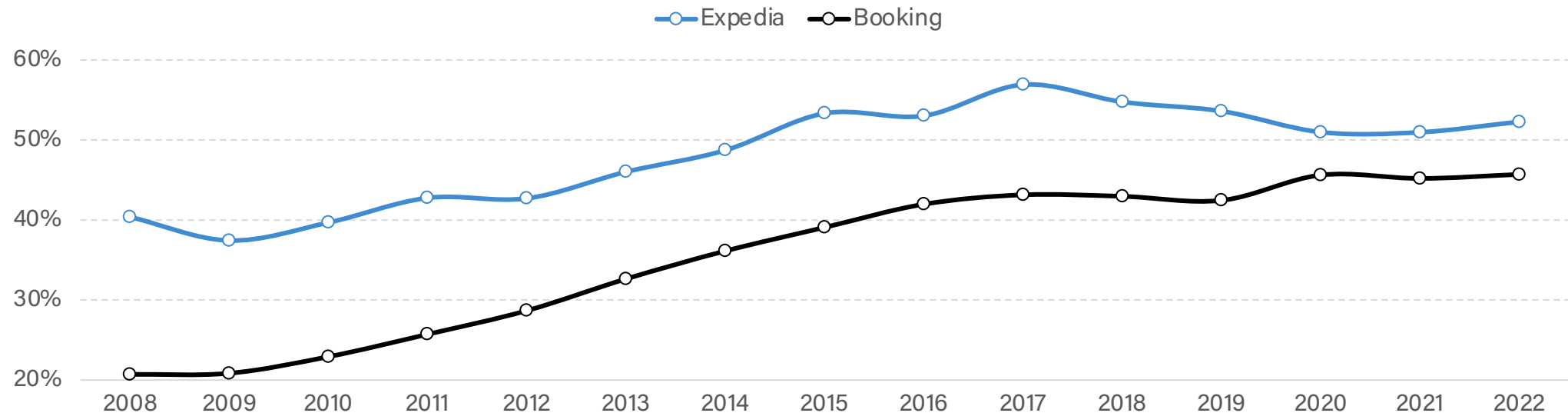
Source: Skift Research from Capital IQ and company filings, data as of June 2023.

Reproduced and updated from: [A Deep Dive Into Google's Impact on Travel 2022](#), April 2022.

# Competition Traffic Creates a Race to the Bottom of Marketing Spend

Online travel has always used performance advertising to drive bookings, but their reliance on it has increased in recent years. Plus, competition has emerged, both from new OTA challengers, but also from brands like Marriott and Delta, all bidding on the same keywords and customers. As a result, costs have increased. Today Expedia invests 52% of revenue on sales and marketing, up from 40% in 2008. Booking does 46% in 2022 vs. 20% in 2008.

### Sales & Marketing as a % of Revenue



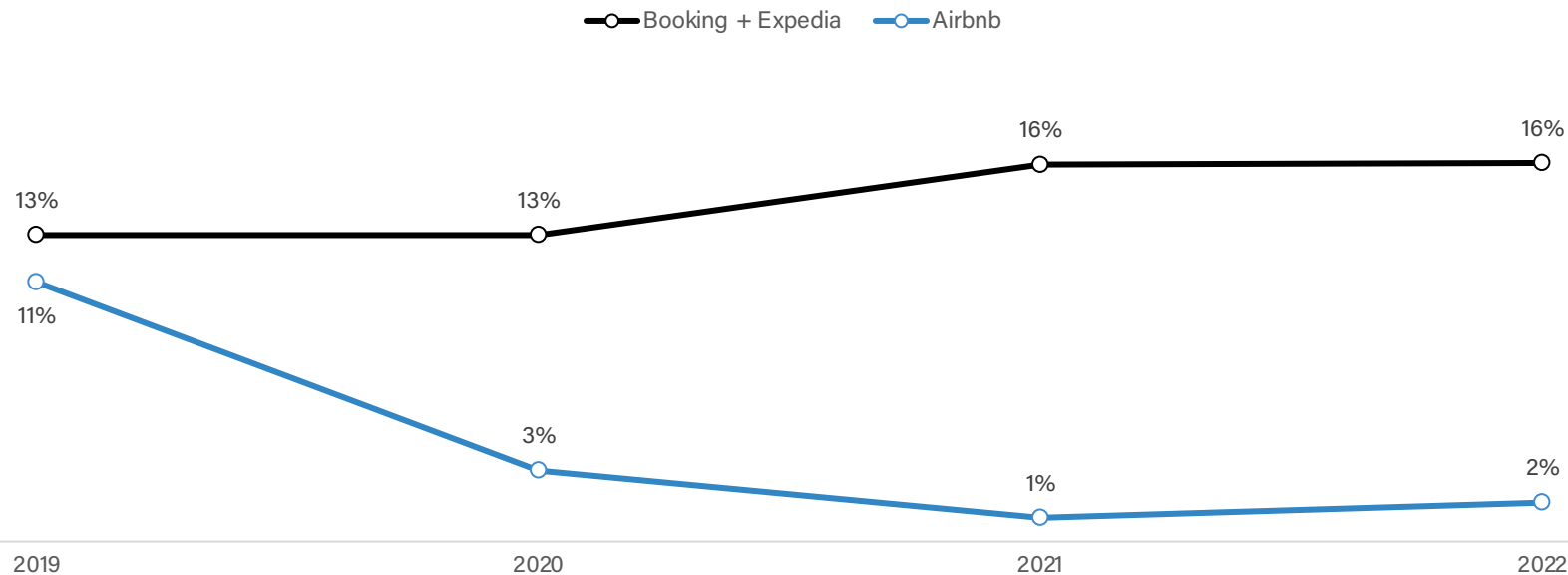
Source: Skift Research from company filings, data as of December 2022.

Reproduced and updated from: [Expedia and Booking in the Post-Pandemic Travel Landscape](#), December 2022.

# But Some, Like Airbnb, Have Managed to Grow with Minimal Investment in Google

Expedia and Booking rely heavily on Google performance ads and compete with each other to win traffic. But Airbnb shows it is still possible to grow in online travel without Google. It cut Google spend from 11% of revenue in 2019 to 2% in 2022, Skift estimates, with little visible impact to bookings.

### Google Ad Spend as a % of OTA Revenue



Source: Skift Research from Capital IQ and company filings, data as of June 2023.

Reproduced and updated from: [A Deep Dive Into Google's Impact on Travel 2022](#), April 2022.

# The Race to the Bottom

The ever-increasing commoditization of online travel is driving a race to the bottom in marketing spend. To succeed, booking sites either need:



**OVERWHELMING  
SCALE**

or



**PRODUCT  
INNOVATION AND  
DIFFERENTIATION**



9.1 Online Travel Performance

9.2 U.S. Market Shifts

9.3 Hopper's Rise in Travel

9.4 Direct Traffic and Marketing Strategies

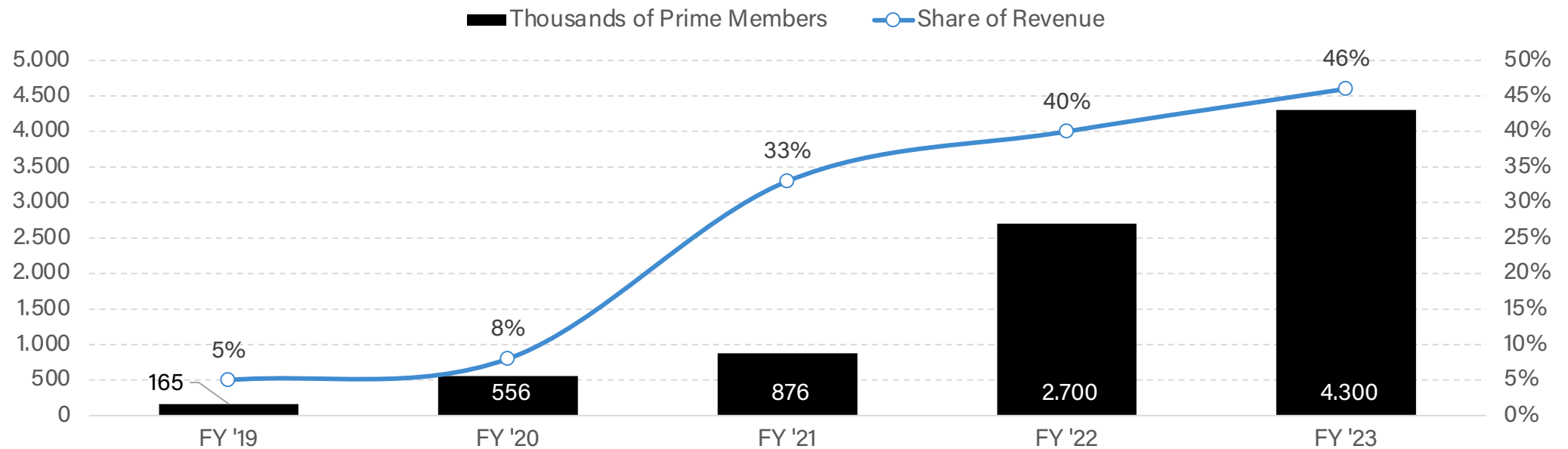
9.5 Product Innovation and Differentiation



# No More Rat Race: eDreams Built Subscription To Drive Nearly Half of Revenue

Like we discussed earlier about Hopper, eDreams is also attempting to break out of the Google rat race. The company is doing this through its travel subscription program, called Prime. Clearly modelled after Amazon Prime, the hope is to create a loyal audience of first-party direct shoppers. Today eDreams generates 46% of revenue from its 4.3 million Prime members.

### eDreams Odigeo Prime Subscription

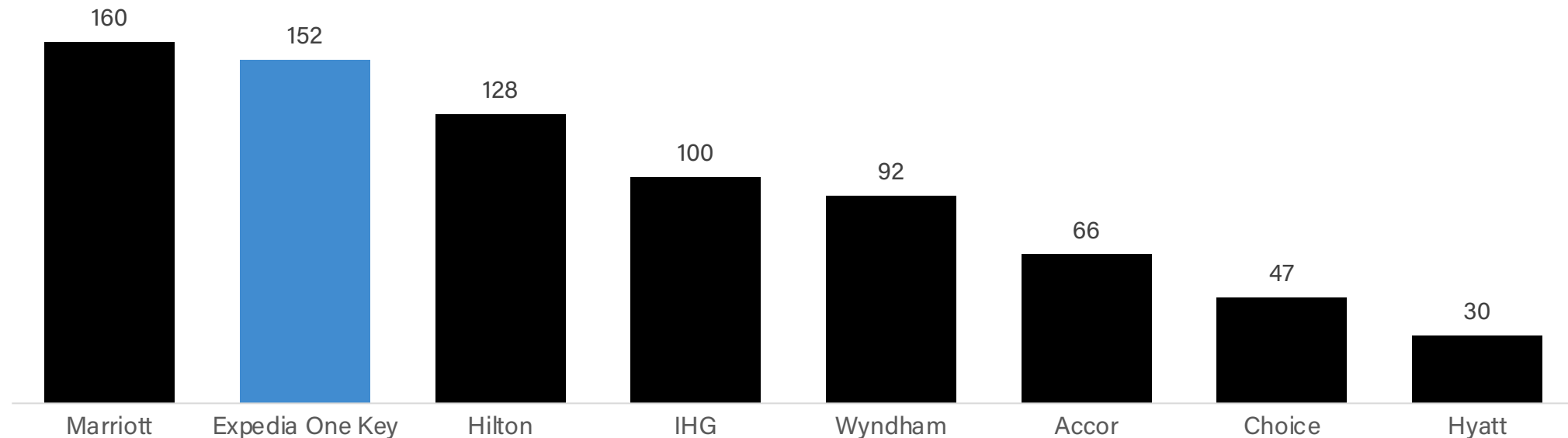


Source: Skift Research from company filings, data as of June 2023.

# No More Rat Race: Expedia Consolidates Loyalty Programs To Create Scale

Expedia, faced with competition from hotel loyalty programs has decided to fight fire with fire. It recently consolidated its loyalty efforts across its many brands to launch a unified “One Key” plan. With nearly as many members as Marriott Bonvoy, the hope is that this can drive repeat shoppers and direct customers. If it works, it would help Expedia cut its reliance on performance marketing and Google.

## Loyalty Members (Millions)



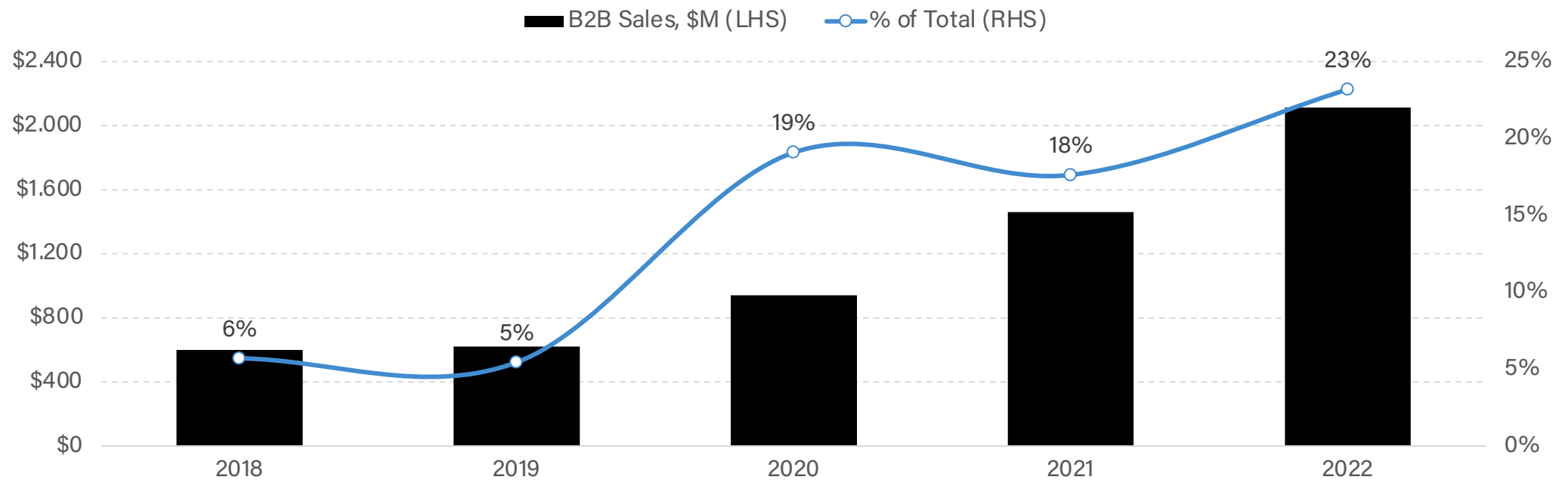
Source: Skift Research from company filings, data as of December 2022.

Reproduced from: [Expedia and Booking in the Post-Pandemic Travel Landscape](#), December 2022.

# No More Rat Race: Expedia Invests in B2B Customers with Lower Marketing Costs

Expedia is also investing heavily in B2B initiatives such as offering white label booking platforms to others within and outside of travel. With such a high Google bill it makes sense to outsource some of those expensive customer acquisition costs to brand partners that want access to Expedia's tech and supplier inventory.

**Expedia: B2B Revenue**

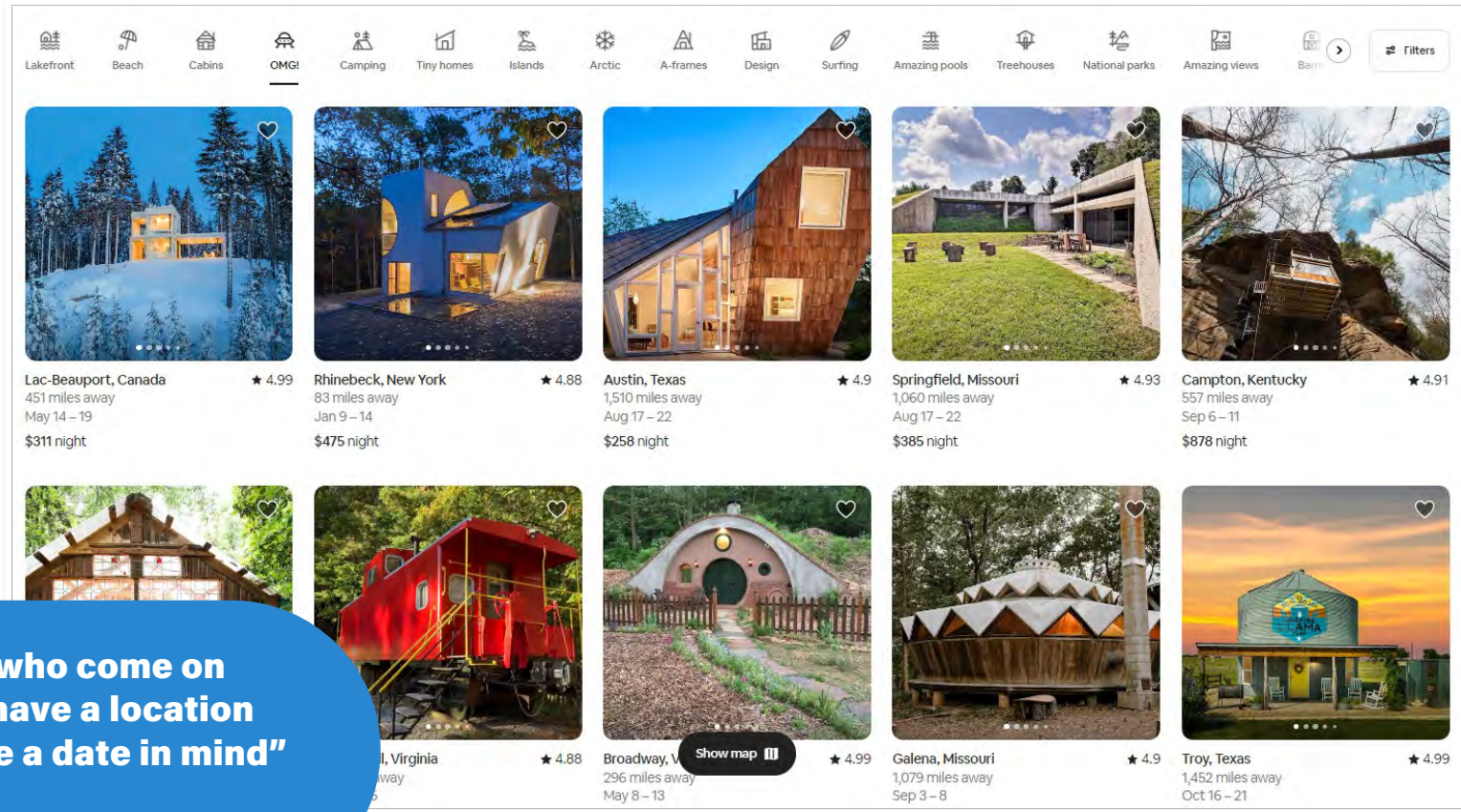


Source: Skift Research from company filings, data as of June 2023.

Reproduced from: [Expedia and Booking in the Post-Pandemic Travel Landscape](#), December 2022.

# No More Rat Race: Airbnb's Re-Design Encourages Dreaming, and Direct Visitation

Airbnb launched home categories and uses AI to help curate the millions of homes on its platform. Rather than prompting users to start by entering a location or a date, a new interface encourages shoppers to explore the many unique homes on the platform. This helps customers associate Airbnb with dreaming about travel and drives the company's industry leading direct traffic visitation rates.



**"40% of our Guests who come on Airbnb either don't have a location in mind or don't have a date in mind"**

Brian Chesky  
CEO, Airbnb



9.1 Online Travel Performance  
9.2 U.S. Market Shifts  
9.3 Hopper's Rise in Travel  
9.4 Direct Traffic and Marketing Strategies  
9.5 Product Innovation and Differentiation



# No More Rat Race: Hopper Monetizes Uncertainty and Price Hikes

After multiple years of logistical failures when travelling and a summer of price hikes, customers are burnt out on travel planning. Hopper has turned this environment of heightened anxiety into an opportunity (a reason for Expedia recently dropping it as a partner). Price freeze protection and other similar fintech products are new to the industry, and Hopper has been a leader in developing and promoting them. This leads to shoppers booking with Hopper rather than a supplier or another OTA.

9.1 Online Travel Performance






9.2 U.S. Market Shifts

9.3 Hopper's Rise in Travel

9.4 Direct Traffic and Marketing Strategies

9.5 Product Innovation and Differentiation



- 
**Price Prediction**  
 Predict future prices and watch trips
- 
**Price Freeze**  
 Freeze prices to book at a convenient time
- 
**Price Drop Guarantee**  
 Reimburse customers if prices drop further
- 
**Cancel for Any Reason**  
 Flexible and refundable tickets
- 
**Flight Disruption Guarantee**  
 Protect customers from travel disruption



Source: Skift Research from Hopper and own estimates, data as of May 2023.

Reproduced from: [Hopper's Rise in Travel 2023](#), May 2023.

10.

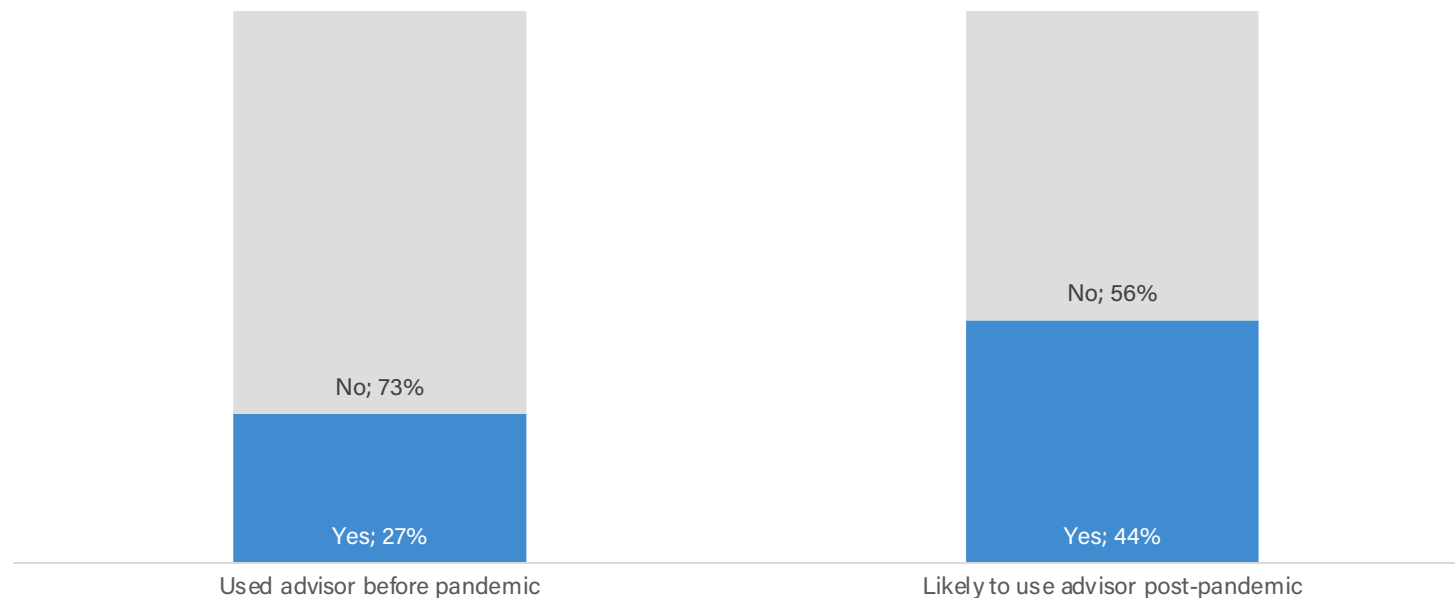
# TRADITIONAL TRAVEL AGENTS



# Travel Advisors More Popular Now Than Before Pandemic

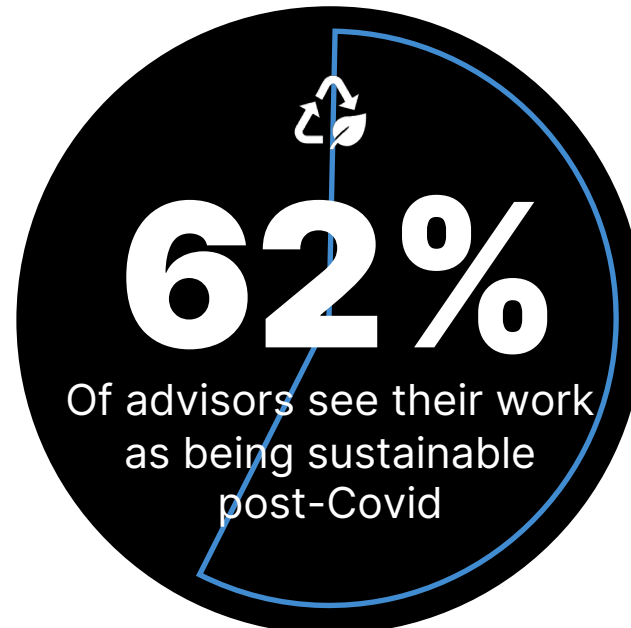
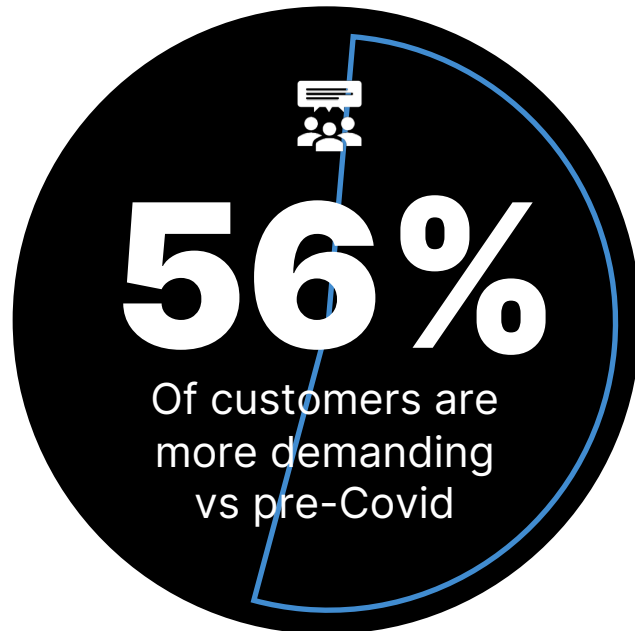
The desire for human connection and personalized service post-Covid is driving interest in travel agents. A 2021 poll by the American Society of Travel Advisors found 76% of advisors saw an increase in customers compared to before the pandemic, while 81% said they were hearing from consumers who had never used an advisor before.

### Use of Travel Advisors Grew During Pandemic



# Travel Advisors Here to Stay

Surveys by industry website TravelAge West found that customers are more demanding now than prior to the pandemic. These increased expectations are driving travel advisors to brand themselves as experts in their fields.



Source: TravelAge West.

Reproduced from Skift, [The Re-Reinvention of the Travel Agent](#), July 2022.

# Back To The Future

Travelers are increasingly eager for a human element in their dealings with travel advisors that technology cannot provide.

**“Customers want a good old-fashioned travel agent that knows stuff .... and that I can pick up the phone (and) get the latest information from. They take the burden off me because I try to phone the airline – nobody answers. I email the airline – nobody answers. I try to contact the (online travel agency) – nobody answers.”**



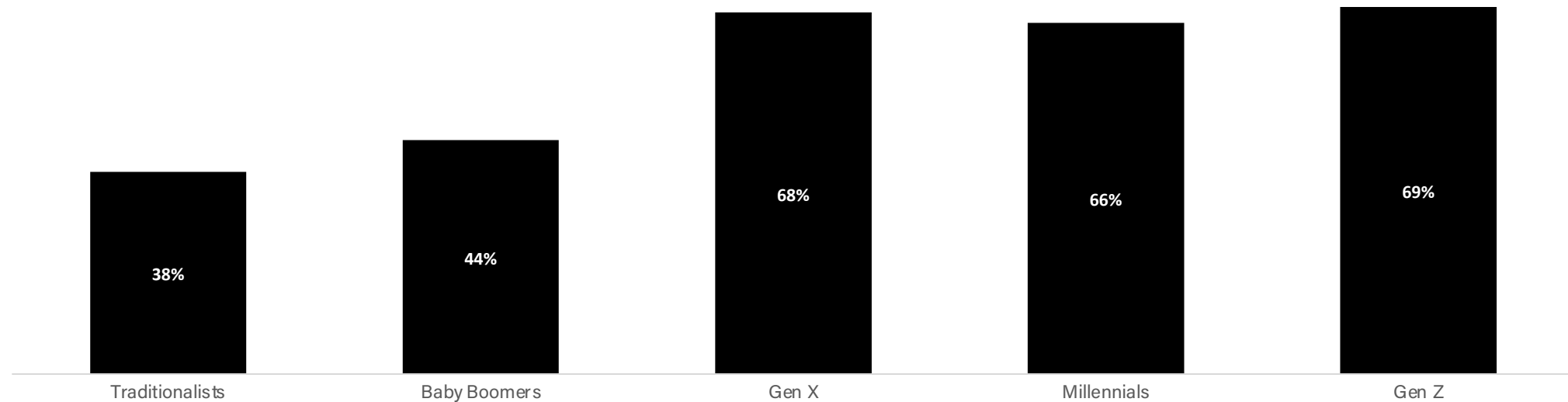
Otto de Vries

CEO, [Association of Southern African Travel Agents](#)

# Cruise Provides Interesting Niche for Advisors

In certain markets, it's like the '90s never ended. When booking cruises, for instance, the majority of sailings are sold via travel agents, and in actual fact, younger generations seem more likely to use a travel advisor when booking a cruise than older generations.

Share of Bookers Using a Travel Advisor to Book Their Cruise



# Even Online Giants Are Realizing a Need to Invest in Brick-and-Mortar

Trip.com sees offline as an important sales channel. A throwback to the old days of high street travel agencies, but also an important differentiating factor for Trip.com to use when competing against other online travel agencies.



**“We are expanding our offline presence to open up offline stores with our business partners to serve our users who prefer an in-person experience. In our offline stores, we provide users with one-stop services, such as travel consultation services and other local support and assistance. In addition, our offline stores are expanding to lower-tier cities in China to cover user base with different purchase and consumption habits, experiences, and needs.”**

11.

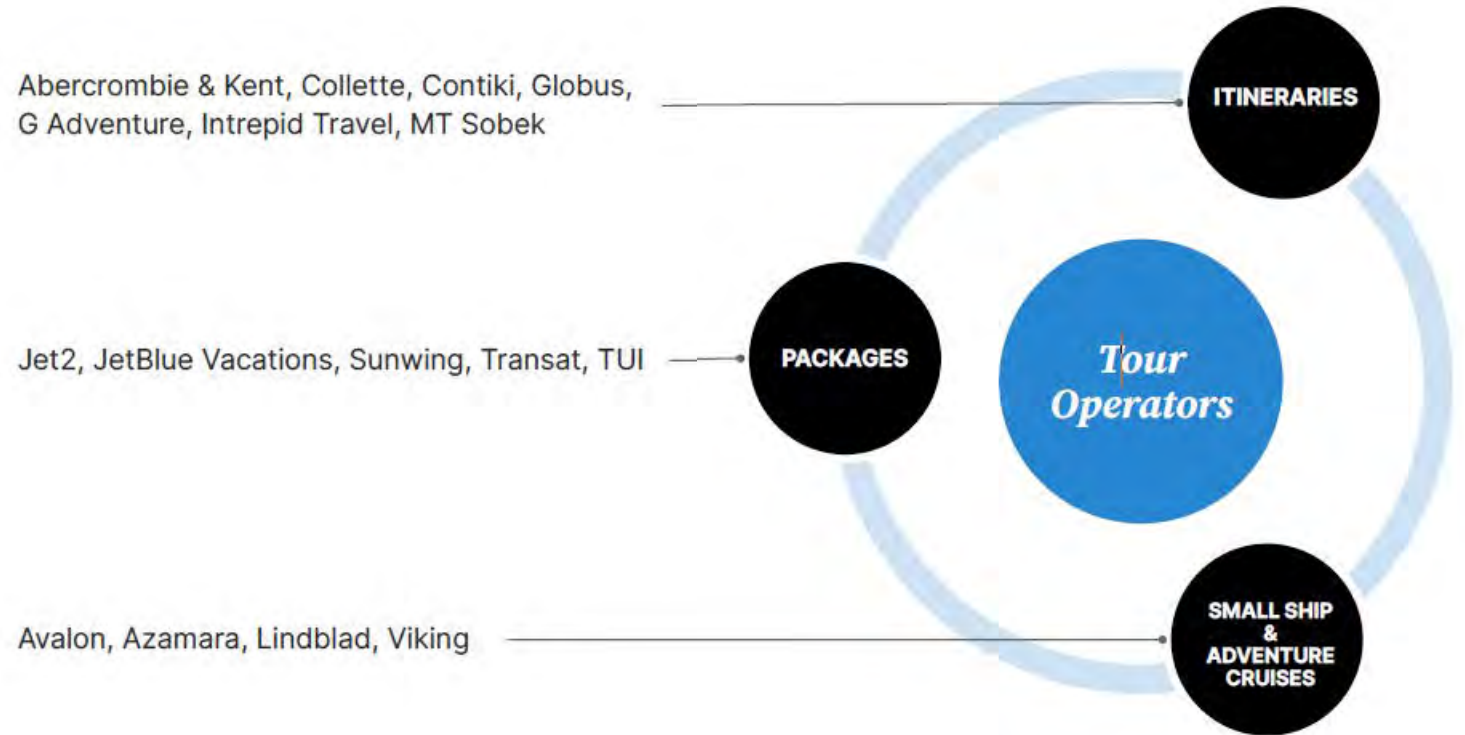
# MULTI-DAY TOUR OPERATORS





# Tour Operators: A Diverse Bunch

It can be hard to pin down what exactly makes up a multi-day tour operator. But at their core, these are travel businesses that bundle together two or more trip components, such as: flights, accommodations, activities, guides, and local transportation. The big three groupings of tour operators are packaged tour groups, itinerary-based tours, and small-ship cruises (as distinct from large cruises covered in a separate section).



# Tour Operators: A Diverse Bunch

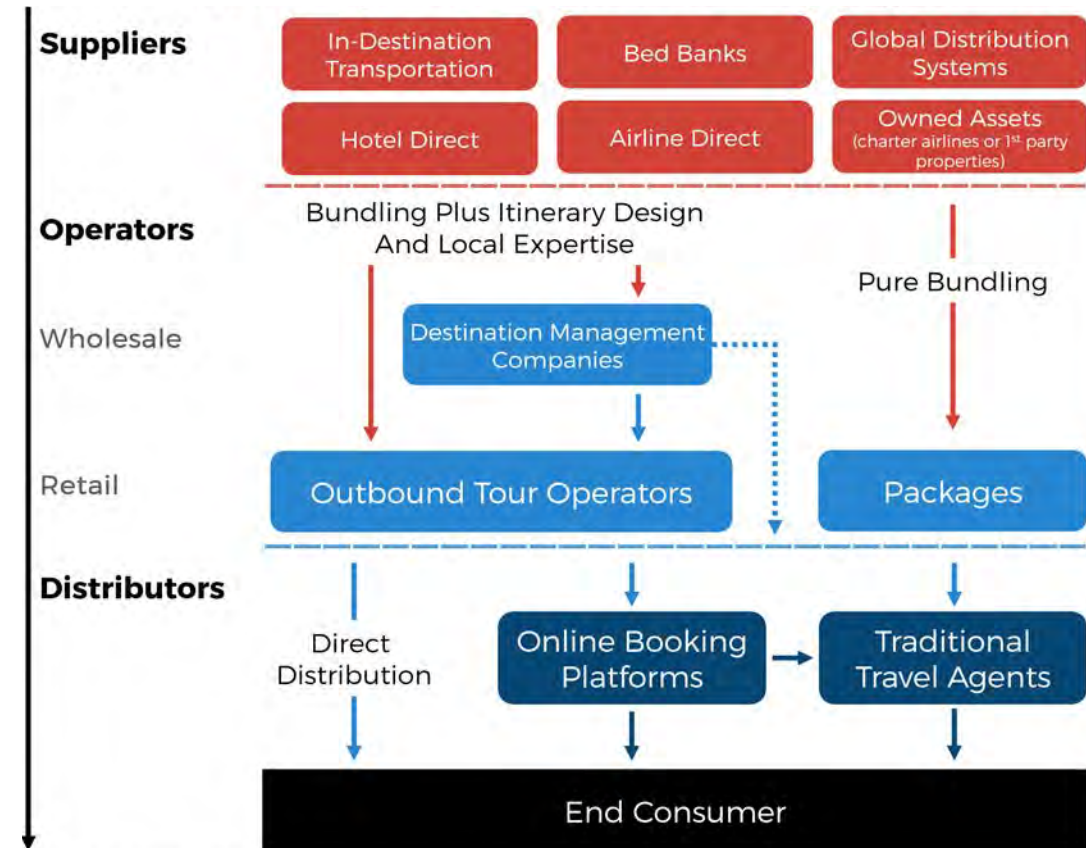
Our model of the tour operator chain has three layers. It starts with the supply of core travel products like hotels, flights, trains, and cars. Some fully integrated tour operators own their own charter airline or resort properties.

Using these 'raw materials', tour companies 'assemble' unique trips by taking building blocks from other travel suppliers and adding an additional layer of intangible value-add.

For some tour packagers, the value-add is the savings and convenience of pure bundling. For itinerary-based tours, the value comes from an additional layer of destination curation and in-country expertise.

The final layer is that of distribution. The three primary channels are direct, online booking sites, and travel agents.

## The Multi-Day Tour Operators Supply Chain



Source: Skift Research adapted from original work by Dune7.

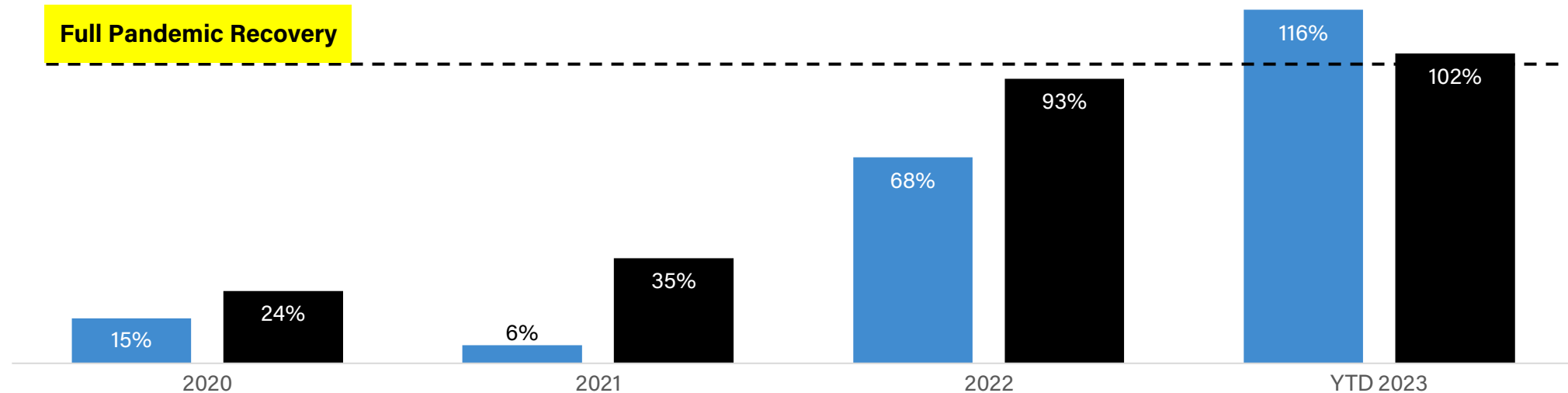
Reproduced from: [Multi-Day Tour Operators 2021: Reshaping Supply Chains and Distribution](#), October 2021.

# Tour Operators of All Stripes Reach Recovery and Growth Above 2019 Baseline

Packaged tour operators that focused on “sun and sand” destinations, like TUI, grew faster in the early stages of recovery. Today, more culturally focused operators, like Intrepid Travel, are posting strong growth beyond 2019 levels.

## Revenue Recovery vs. 2019

■ Intrepid Travel ■ TUI



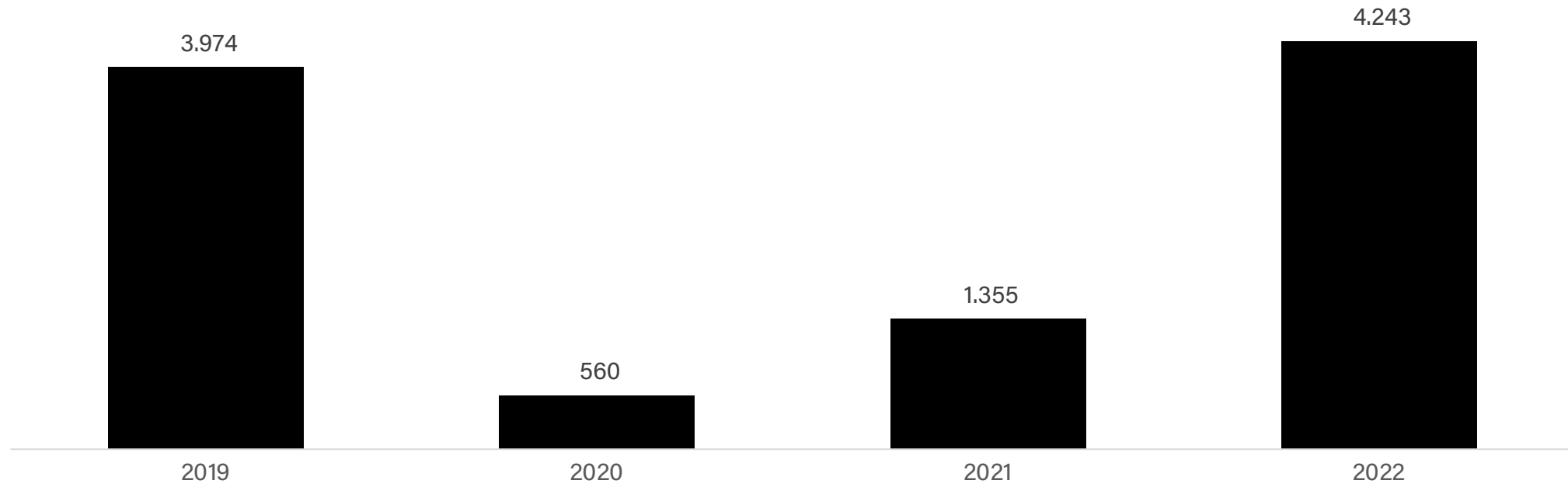
Note: Intrepid YTD through June 2023; TUI YTD through March 2023.

Source: Skift Research from company filings and press releases, data as of July 2023.

# Tour Operators of All Stripes Reach Recovery and Growth Above 2019 Baseline

Similarly, adventure tour operators today report serving 7% more guests in 2022 than in 2019 suggesting a full recovery.

Average Number of Guests Served



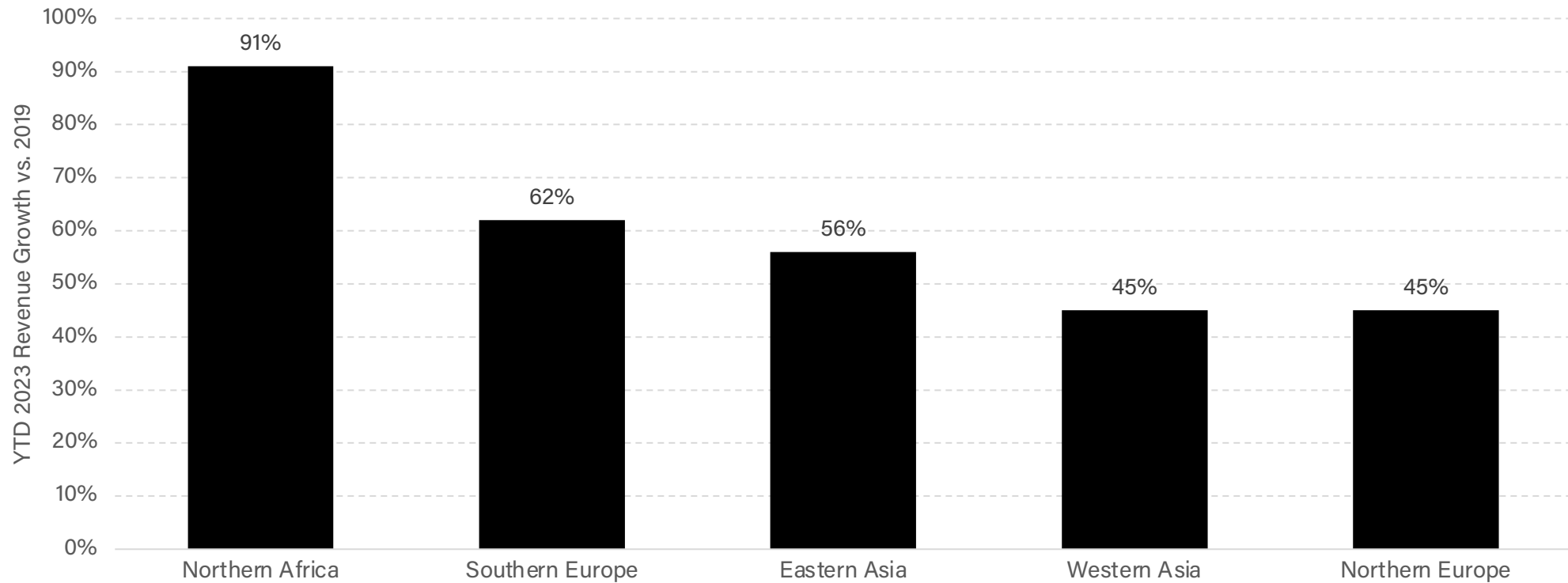
Note: 2022 n=144, 2021 n=226, 2020 n=222, 2019 n=126.

Source: Adventure Travel Trade Association, 2023 Adventure Tour Operator Snapshot Survey, data as of April 2023.

# Long Haul Travel Returns with a Vengeance

Intrepid Travel reports that North Africa is its most in-demand destination, with demand 91% above 2019 levels. Asia is also seeing notable demand growth; East Asian itineraries saw revenue 56% above 2019 baselines.

Intrepid Travel: Fastest Growing Trip Regions



# Long Haul Travel Returns with a Vengeance

Natural Habitat Adventures, an adventure and ecotourism travel company, tells a similar story of demand for trips to far-flung destinations. Africa, Asia, and Polar trips are all popular.

**“The story of 2023 so far is bigger, longer, further out there. 2022 was the aggressive rebound of North American travel [...] but in 2023, the demand has shifted to the big trips in further out places like Africa, Asia and Polar travel.**

**Natural Habitat’s Africa business in particular has exploded - up 100%+ vs. 2019. Asia and Pacific trips are also up well over 160% vs. 2019.”**

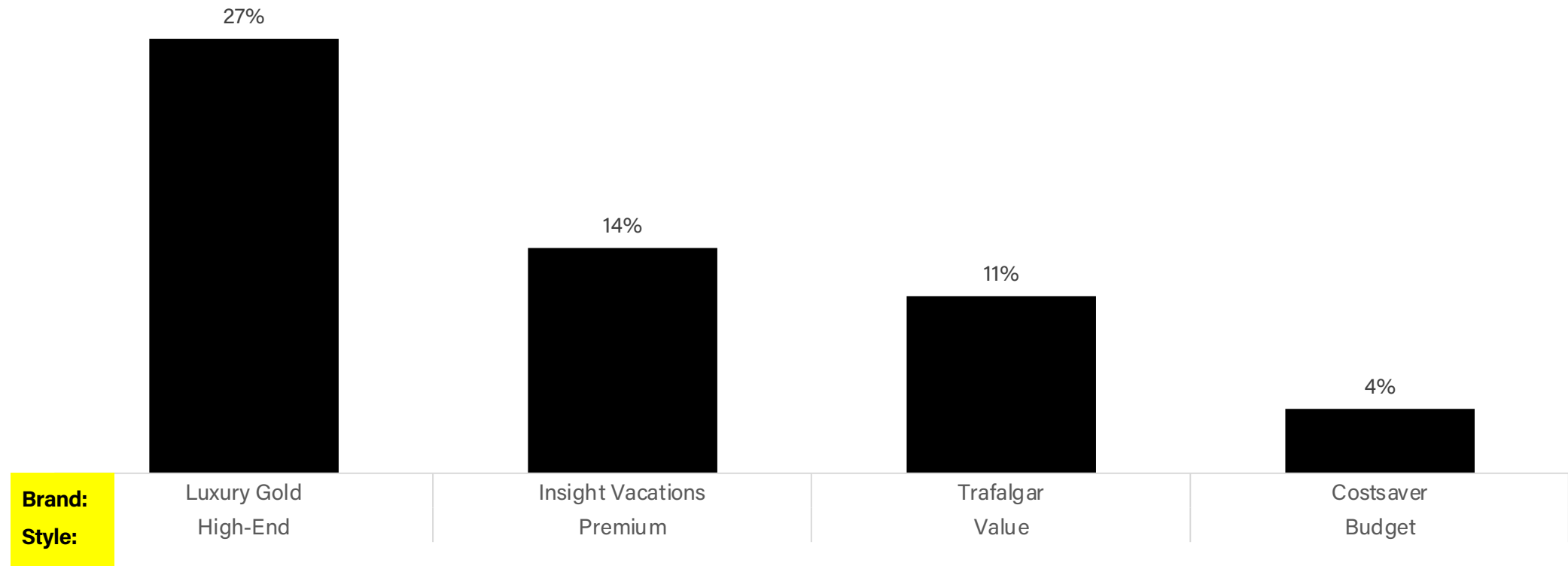


Ted Martens  
CMO, Natural Habitat Adventures

# Post-Pandemic Guests Want to Tour in Style

At the Travel Corporation, higher-end brands have seen the strongest growth above pre-pandemic baselines.

**TTC: Strong Demand for Luxury Tours**  
2022 vs 2019 Change in Consumer Spend



# Post-Pandemic Guests Want to Tour in Style

Intrepid Travel confirms that the shift to demand for luxury trips is widespread. Demand for premium tours is especially strong in North America and Europe.

**“Each of Intrepid Travel’s trip styles are seeing positive revenue growth in 2023 in comparison to 2019, although our Premium products are doing exceptionally well, with a growth of 146% in revenue globally”**

Intrepid Travel



# Post-Pandemic Guests Want to Tour in Style

EF World Journeys sees a similarly high willingness to spend. Not only are travelers booking more premium trips, they are also splurging on ancillary upgrades, like tour extensions or optional excursions, at a higher rate than ever.

**2X** “Sales of “premium” tour experiences are seeing as much as 2x growth compared to our other experiential products/tours”

EF World Journeys

# Growing Interest in Cultural Trips Powers Educational Travel

Educational travel ties into the broader trend of growth in culturally immersive trips. Millennials aspire to travel and as they become parents it's no surprise that they support educational trips for their kids.



of parent-aged adults believe that the career-ready skills that employers seek as critical for success are best acquired through real-life, immersion learning opportunities and/or education-based travel.

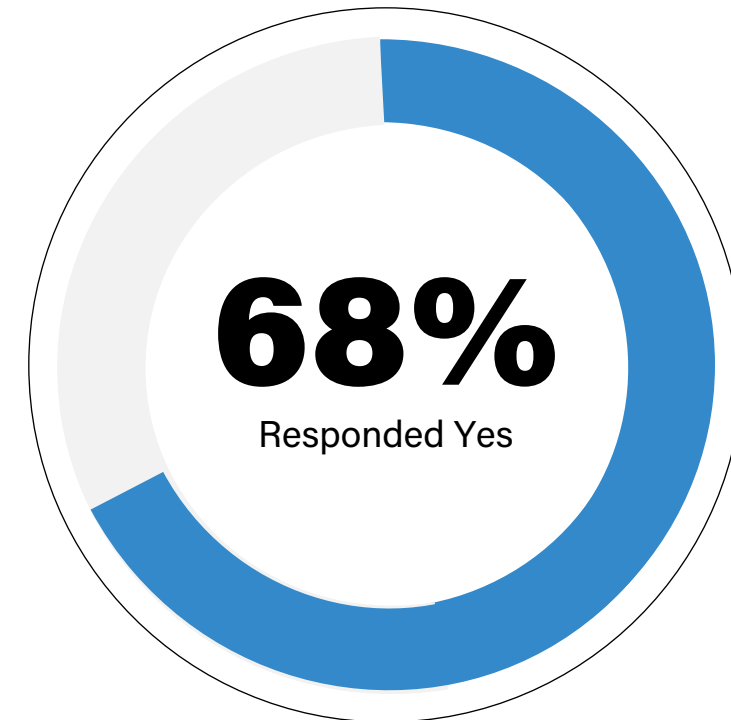


of parents say they would put off other expenses for their children to participate in real-life immersion learning opportunities, like travel.

# Tours Still Early in their Digital Transformation

Multi-day tours is one of the few remaining travel subsectors with a substantial offline presence. The industry is making progress, but still 32% of adventure tour operators are unable to take online credit card payments.

**Does your organization have an online reservation system that accepts credit cards?**



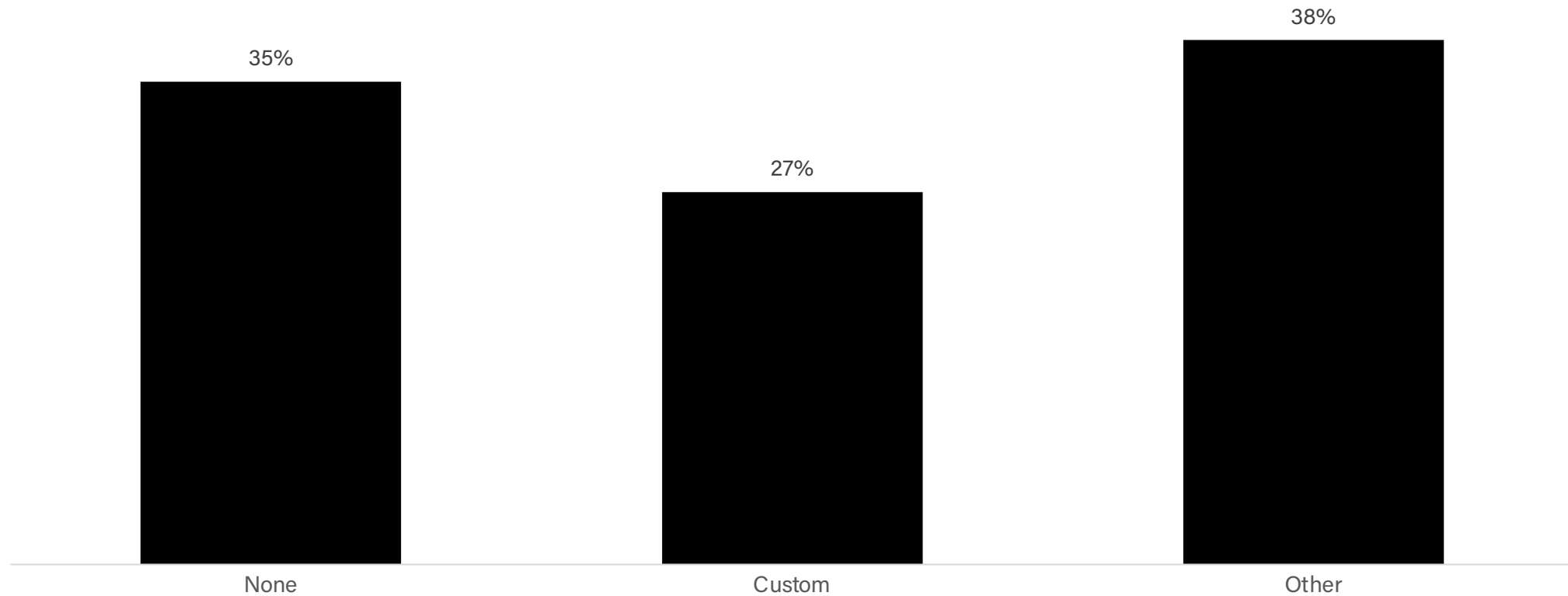
Note: N = 111 travel suppliers.

Source: Adventure Travel Trade Association, 2023 Adventure Travel Industry Snapshot, April 2023.

# Tours Still Early in their Digital Transformation

35% of travel suppliers don't even use a booking platform. Another quarter use a custom-built tech solution. This speaks to the challenges of digitization in this sector and the lack of one-size-fits all vendors.

**If you use a booking platform, which one did you use?**



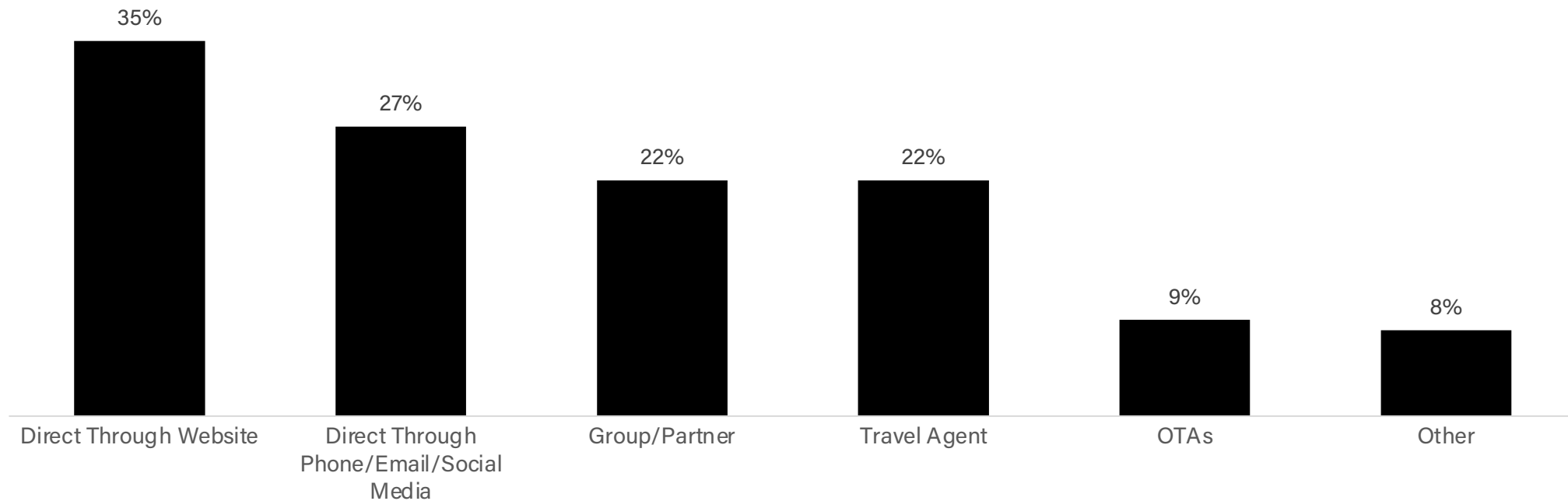
Note: N = 119 travel suppliers.

Source: Adventure Travel Trade Association, Adventure Travel Supply Chain: Complexities, Challenges & Preferences, September 2022.

# Digital Transformation Shifts Bookings from Travel Agents to Direct

Multi-day tours are one of the last bastions of travel agents (along with cruises). The sector also leans heavily on outbound source market partners, due to the offline nature of the space. The shift to digital channels allows for more direct bookings.

Share of Guests Booking Through Each Channel



Note: N = 146 tour operators. Does not add to 100% due to rounding.

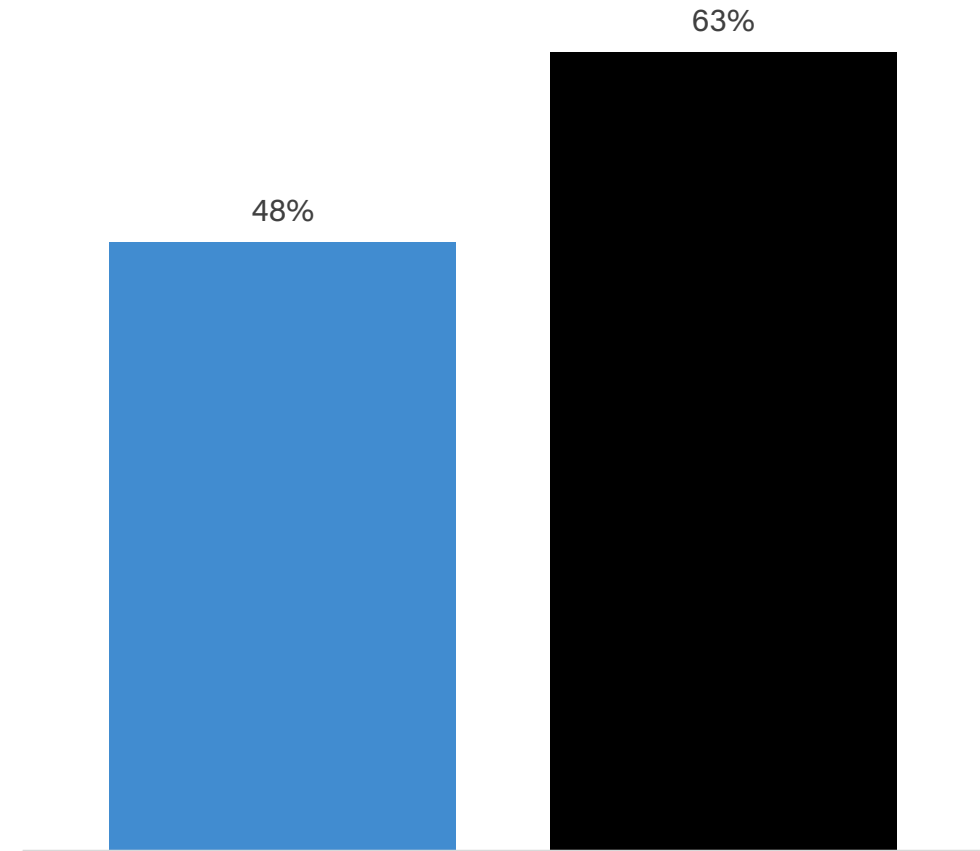
Source: Adventure Travel Trade Association, Adventure Travel Industry Snapshot, February 2022.

# Large Tour Operators Fight For Direct Traffic

In a strategic shift, similar to what the hotel and airline sectors went through, tour operators are building scale and embracing digital transformation to drive direct traffic. Intrepid Travel has emerged from the pandemic as a majority direct bookings business, a 15-point channel shift since 2019.

## Intrepid Travel's Direct Bookings Share

■ 2019 ■ 2023

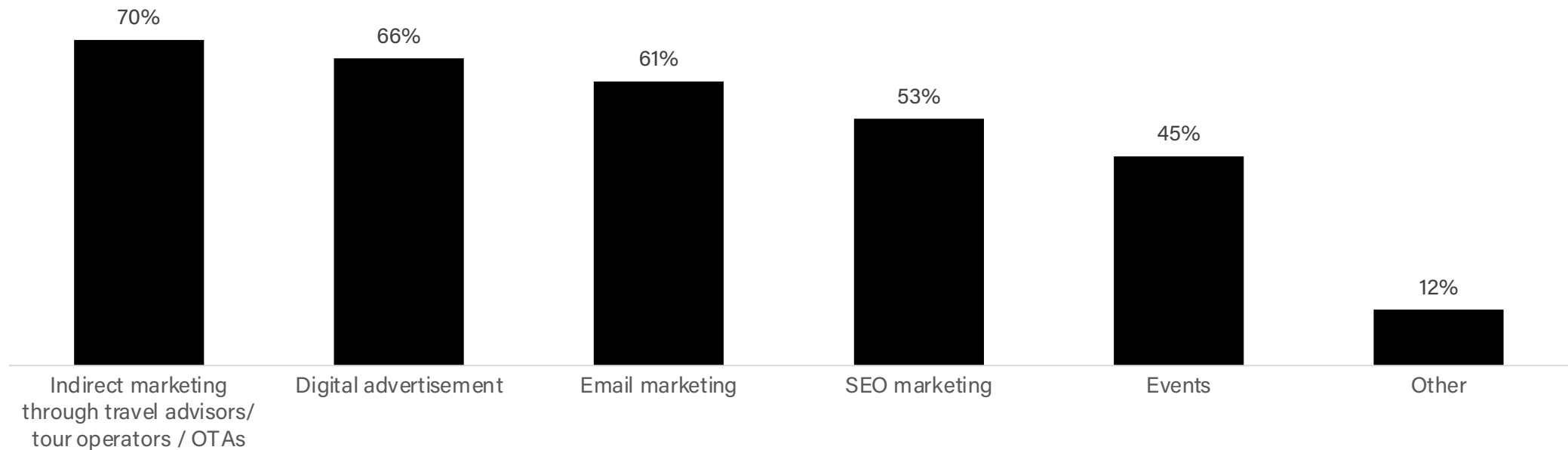


Source: Skift Research from company filings, data as of June 2023.

# Third-Parties Will Remain A Critical Marketing Channel Alongside Digital Efforts

While direct online channels are critical, indirect marketing through third-parties remains the most used marketing channel for tour operators. This creates an opportunity for a new generation of tour-focused OTAs.

## What Kind of Marketing Channels Do You Use to Reach Individual Travelers?



Note: N = 119 travel suppliers.

# Multi-Day Tour OTAs an Emerging Opportunity

Digital transformation of multi-day tours is likely to follow a similar path to many other sectors where multi-billion dollar businesses have been built around online travel agencies. The highly fragmented and offline nature of the tour sector is particularly well suited for third-party digital distribution.





12.

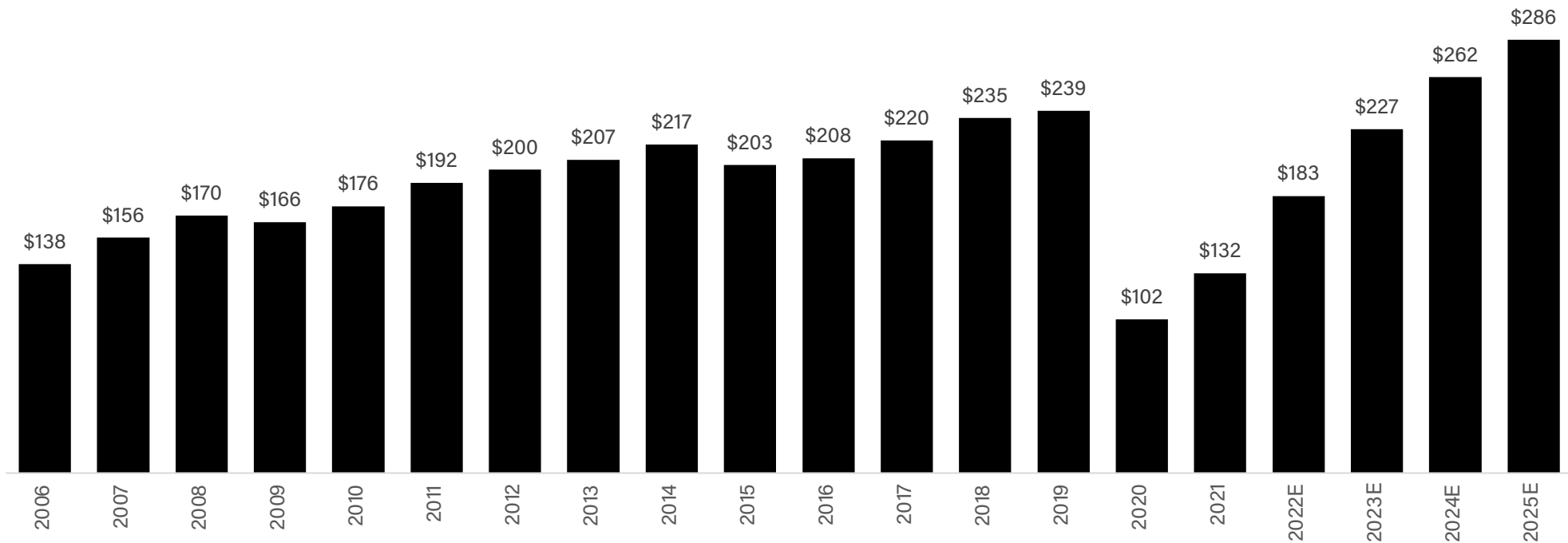
TOURS AND  
ACTIVITIES



# Tours and Activities Sector Rapidly Recovering

After falling nearly 60% due to the pandemic, tours and activities have been making a steady comeback. The industry is on track to regain 2019 levels by 2024.

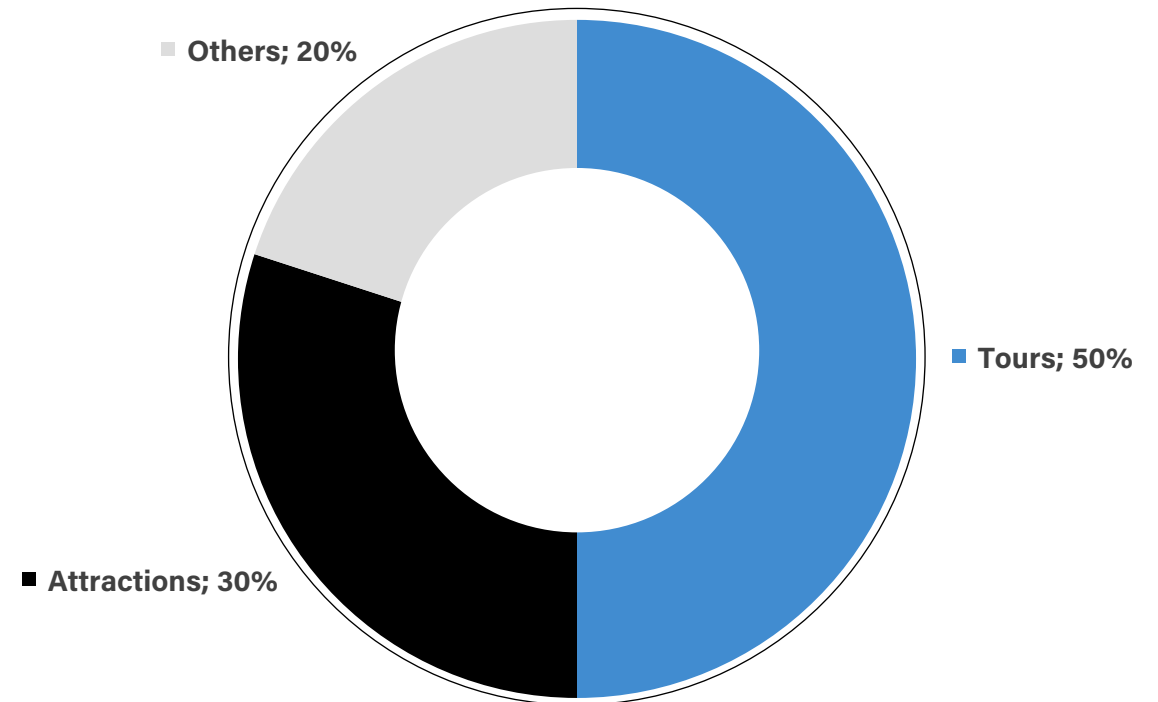
Tours, Activities & Experiences Market Size (\$ billion)



# Curated Tours Is the Largest Sub-Market

Tours (such as city walking tours), make up roughly half of the market. Many of the online travel agents in the space are in the business of grouping and curating individual attractions under one tour. These attractions on their own make up roughly 30% of the market, whilst other experiences (such as workshops, shows and events) make up the remaining 20%.

Tours & Activities: Split by Segment

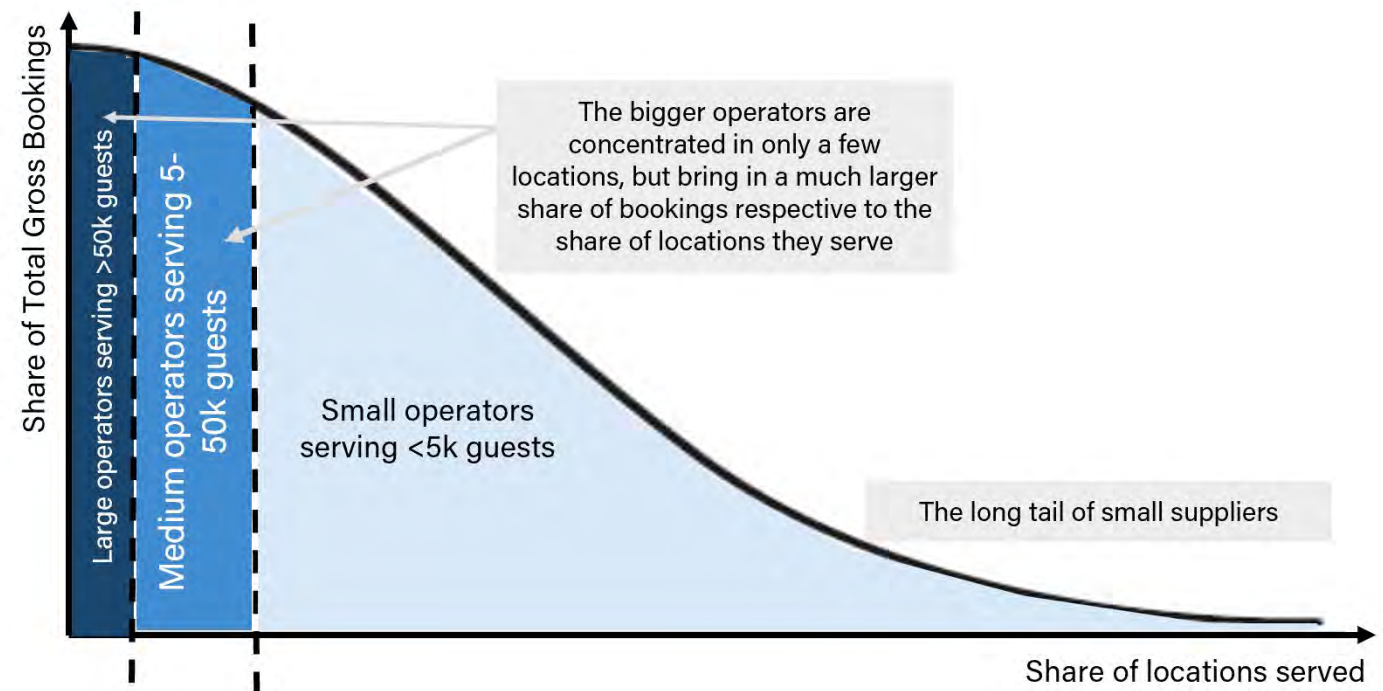


Source: Skift Research and estimates based on data from company reports and commentary, data as of July 2023.

# Tours & Activities a Highly Fragmented Sector

Large operators in the tours & activities space are rare. Tours & activities is fundamentally a fragmented sector with small operators that serve less than 5,000 guests per year, making up 86% of all tours & activities outposts. This long tail of small suppliers presents a vast and attractive opportunity for consolidation.

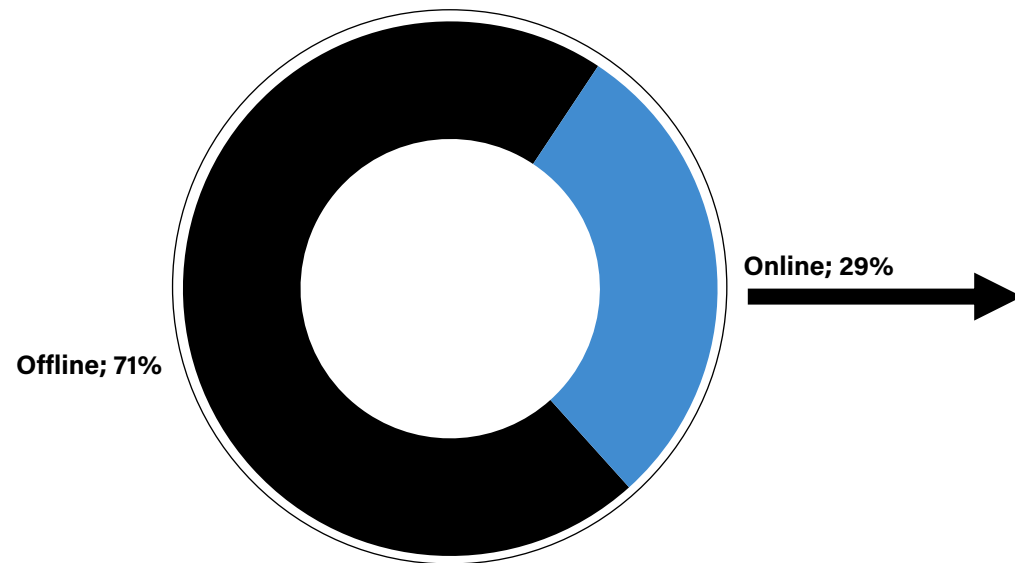
## Tours & Activities Operators by Size



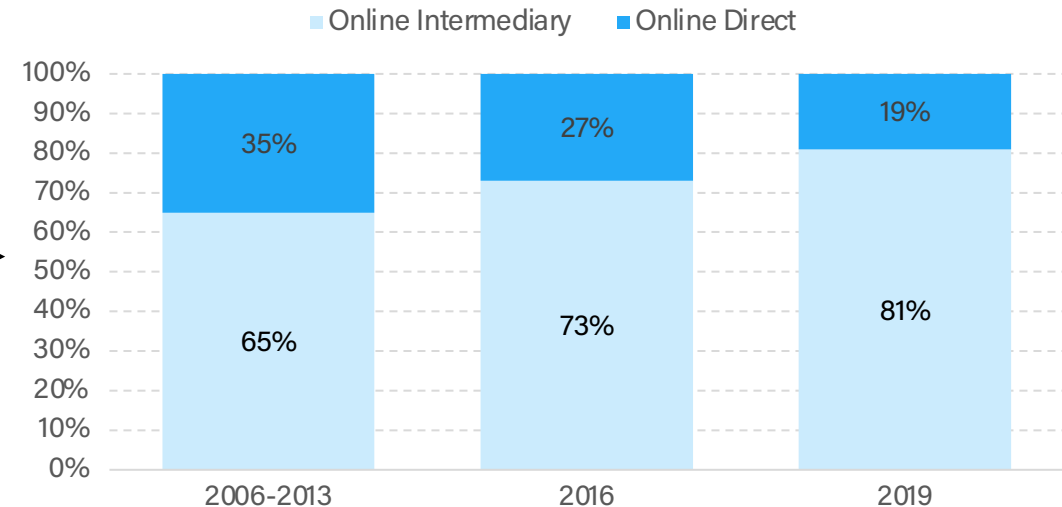
# Tours & Activities Are Still Sold Primarily Offline

Tours & activities is one of the last great offline sectors in travel (along with multi-day tours). The overwhelming majority of sales still take place offline, with many happening in person at brick-and-mortar facilities or on the streets in city centers. Within the online part, online intermediaries (OTAs) are quickly gaining share from online direct.

**Tours & Activities: Offline vs Online (2023E)**



**Split of Online part of Tours & Activities sector: Direct vs OTA**

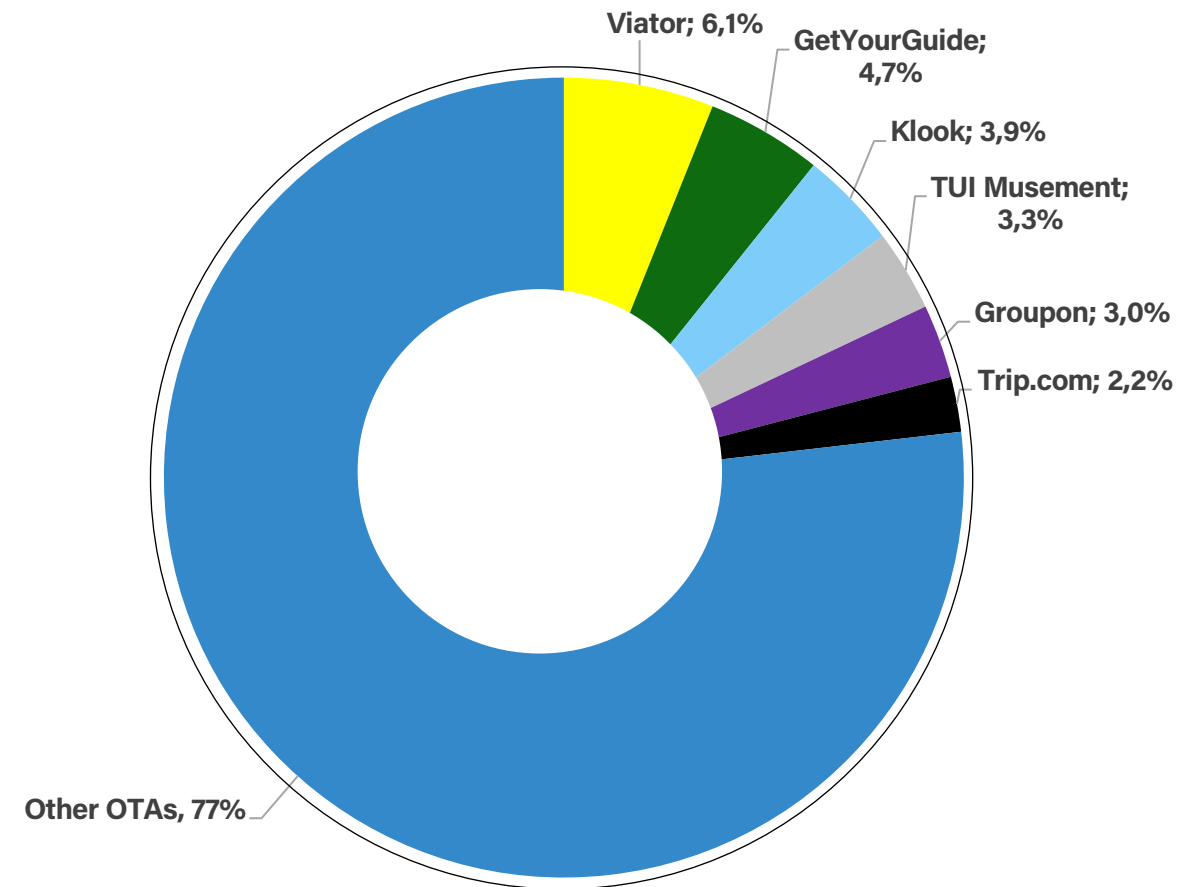


Source: Skift Research estimates based on data from Euromonitor and Arival, data as of July 2023.

# There is a Vast Opportunity for Consolidation

Of the OTAs in the tours, activities and experiences sector, we estimate that the largest players only have around 20% market share, with the remaining 80% shared by a long tail of smaller OTAs. This goes to show the vast opportunity for the current market leaders to consolidate and gain further share.

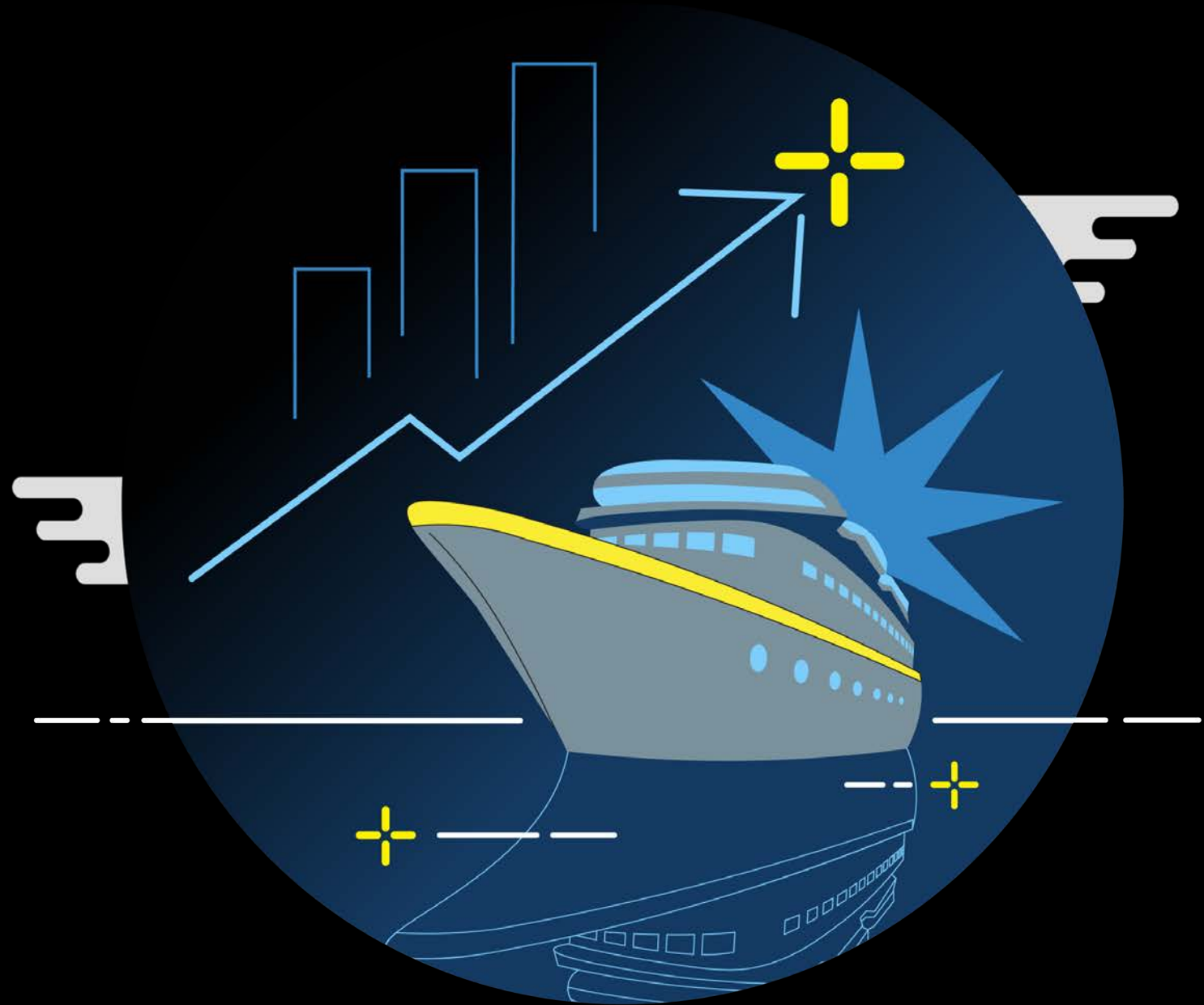
## Market Share of OTAs in Tours, Activities & Experiences Sector



Source: Skift Research estimates based on data from Euromonitor, company reports and commentary, data as of July 2023.

13.

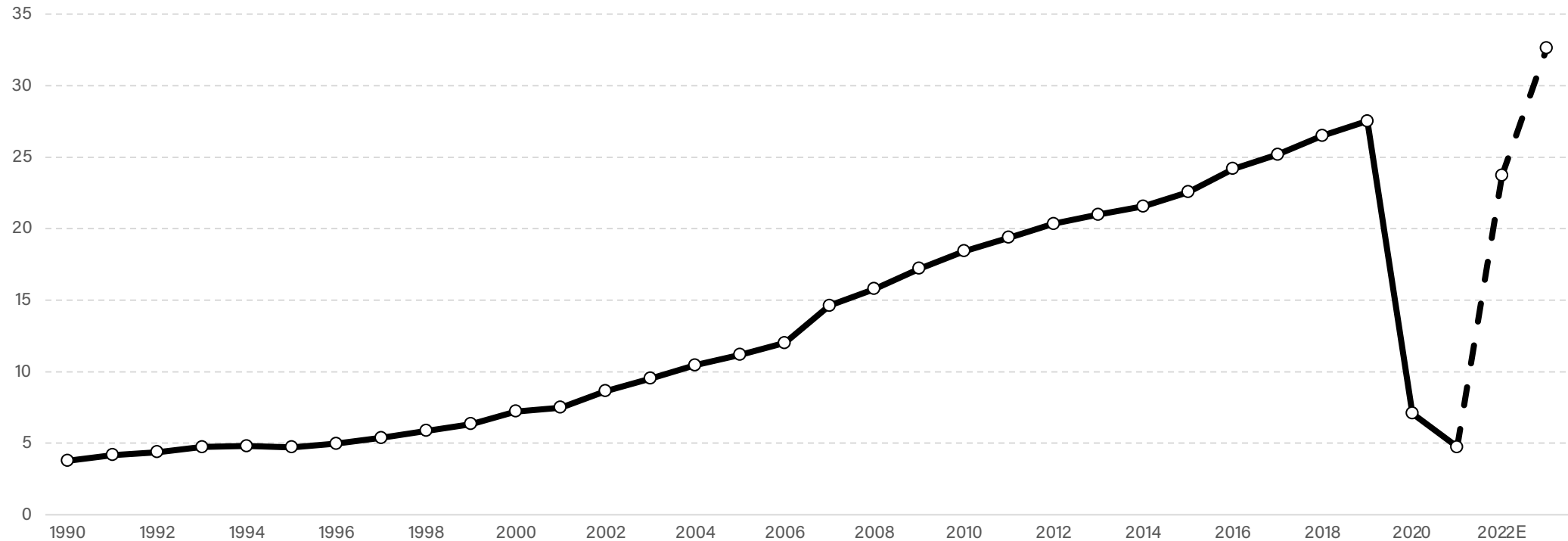
CRUISE



# Cruise is Back, Baby!

Despite some bad publicity at the start of the pandemic, with many Covid outbreaks happening on board of ocean cruisers, cruise has made a strong comeback, expected to exceed 2019 passenger levels in 2023.

### Worldwide Passengers Carried (Millions)

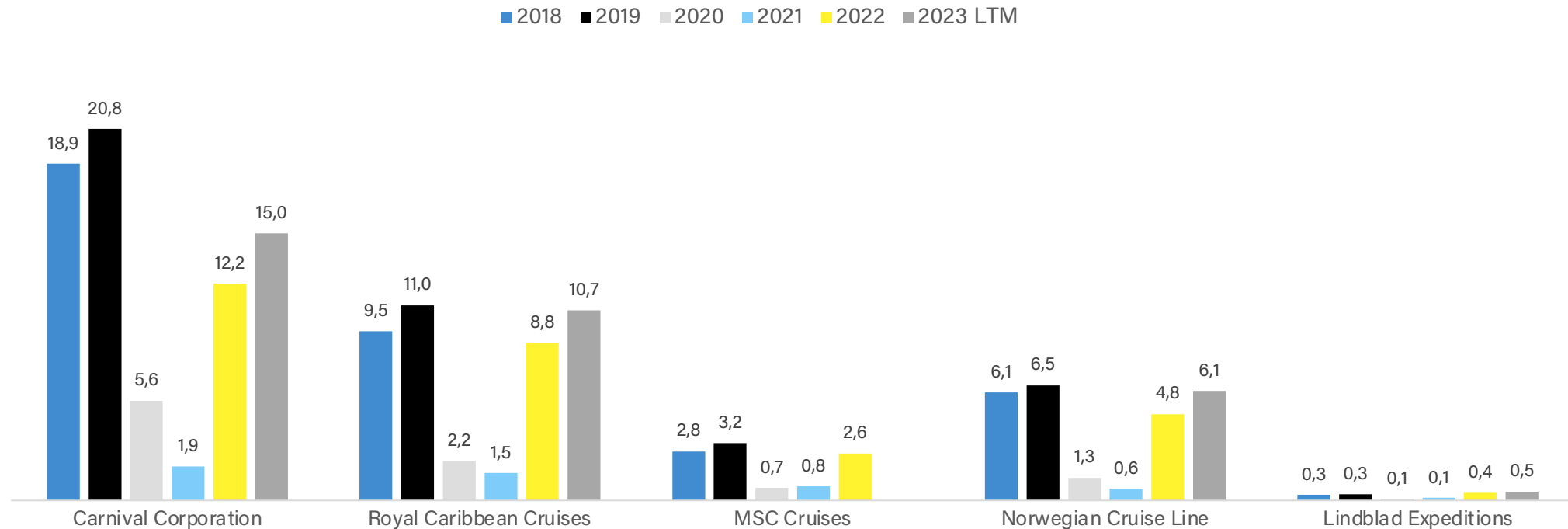




# Cruise Companies Making Strong Comeback

The largest cruise companies are seeing strong performance, with early 2023 results showing promising signs of continued recovery this year.

Performance of Key Cruise Companies by Revenue (\$ billion)



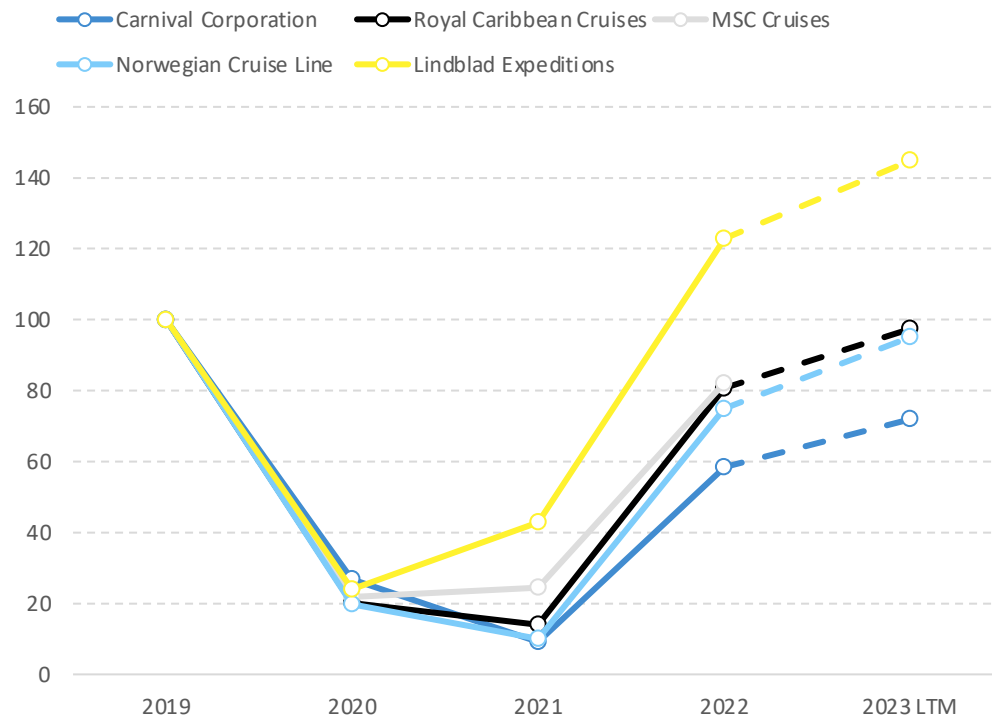
Note: LTM stands for Last Twelve Months. Data includes Q1 2023 results.

Source: Skift Research from company filings, data as of June 2023.

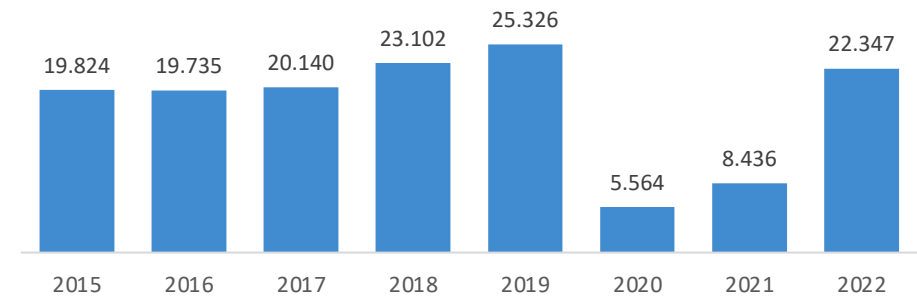
# Adventure Cruises Popular

Lindblad Expeditions, a cruise operator offering premium adventure trips, has seen strong performance since the pandemic, with 2022 revenues already above 2019, and seeing yields per guest night increasing considerably.

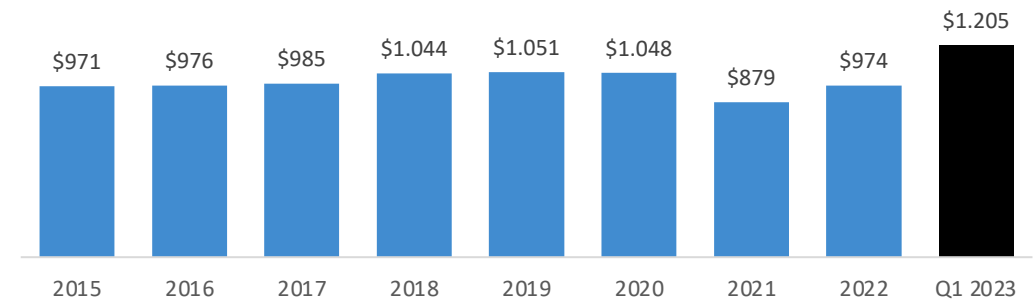
### Cruise Company Revenues, Indexed to 2019



### Lindblad - Number of Guests



### Lindblad - Net Yield per Available Guest Night



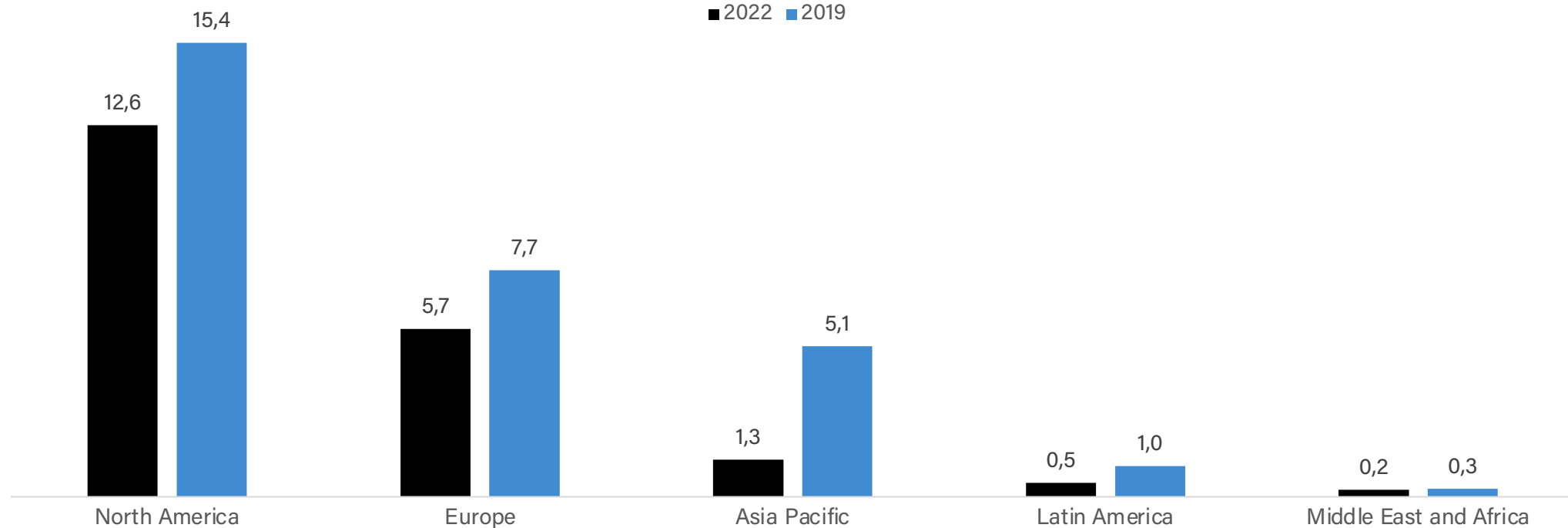
Note: LTM stands for Last Twelve Months. Data includes Q1 2023 results.

Source: Skift Research from company filings and Lindblad Expeditions Investor Presentation May 2023, data as of June 2023.

# North America Is Main Source Region

Cruising is a U.S.-centric industry. However, European passengers have a strong showing, while Asia's recovery is still trailing.

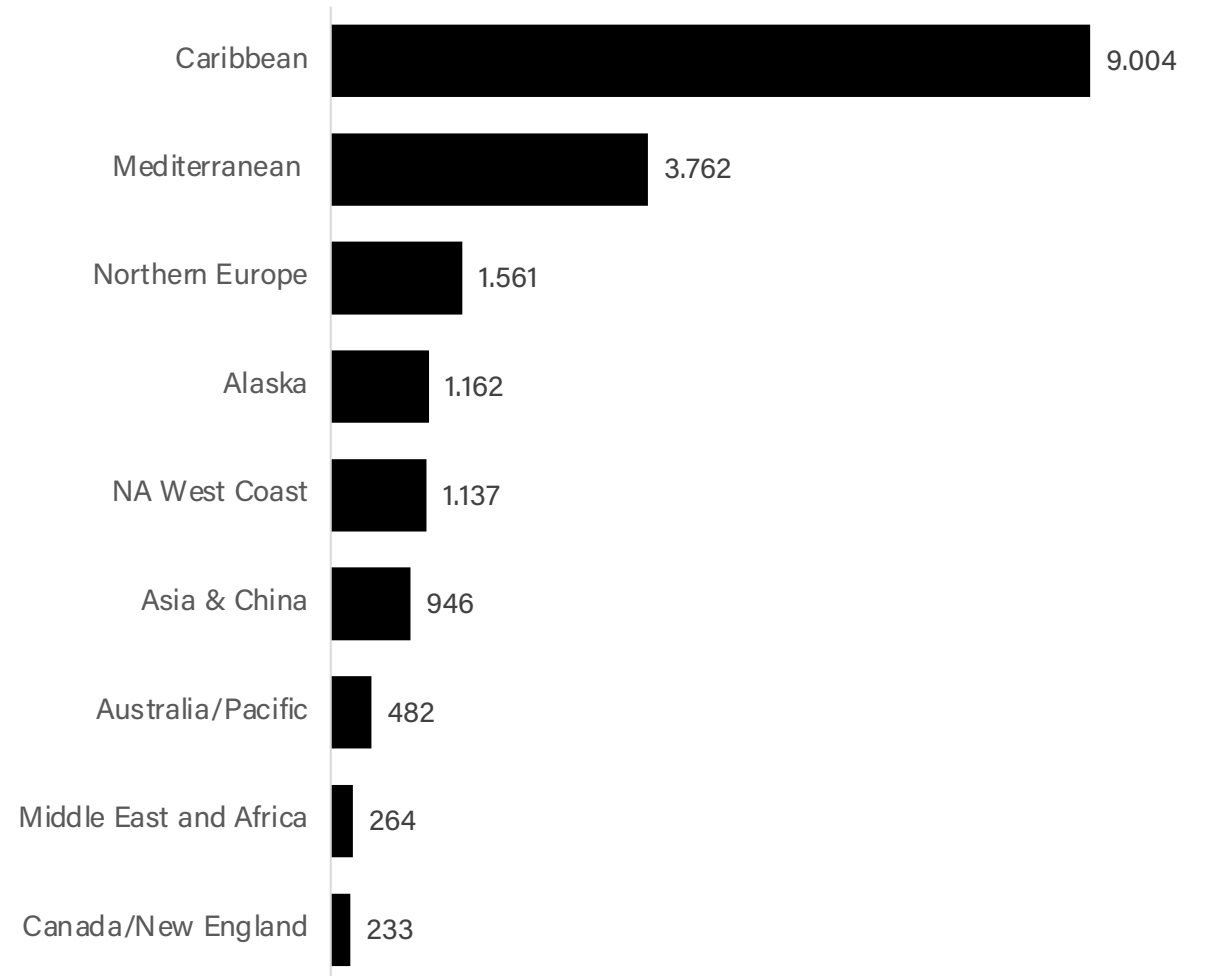
### Cruise Passengers by Source Region (Millions)



# Caribbean is Top Destination

The Caribbean was by far the most popular destination for cruises in 2022.

## 2022 Cruise Passengers by Destination (Thousands)



14.

CAR RENTAL

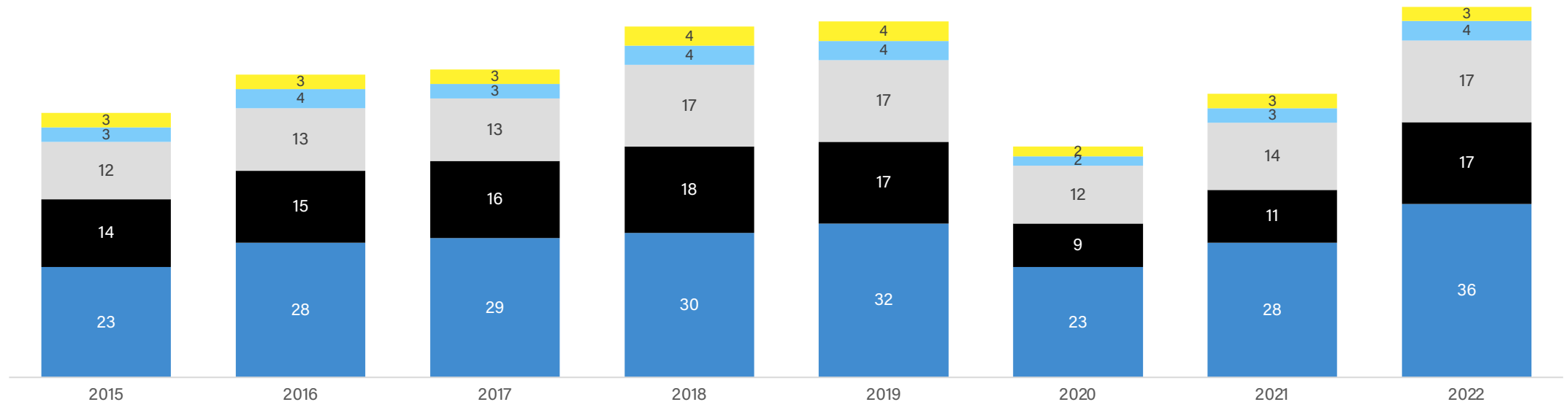


# Car Rental Revenues Move Beyond 2019 Levels

The pandemic did not impact the car rental industry the same as other travel sectors, with people substituting public transportation and international destinations for drive-to destinations. The car rental industry declined by 35% in 2020 and has since seen steady growth. While supply issues suppressed growth, in 2022 revenues were above 2019 levels.

### Global Car Rental Revenues (\$ billion)

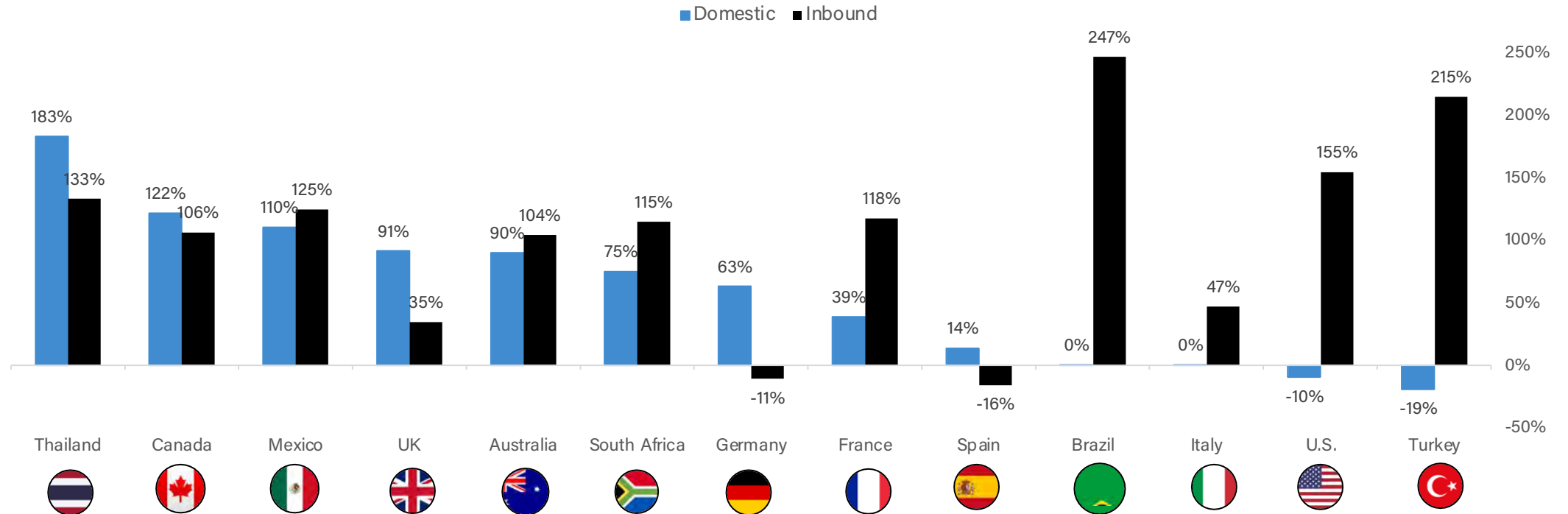
■ U.S. ■ Europe ■ APAC ■ Middle East and Africa ■ Latin America



# Car Rental Search Demand is Booming

Demand for car rentals has significantly outpaced pre-pandemic levels in many countries, according to data by CarTrawler. Some exceptions are Germany and Spain, which are behind on inbound car rental search, and the U.S. and Turkey where domestic search is lagging pre-pandemic levels.

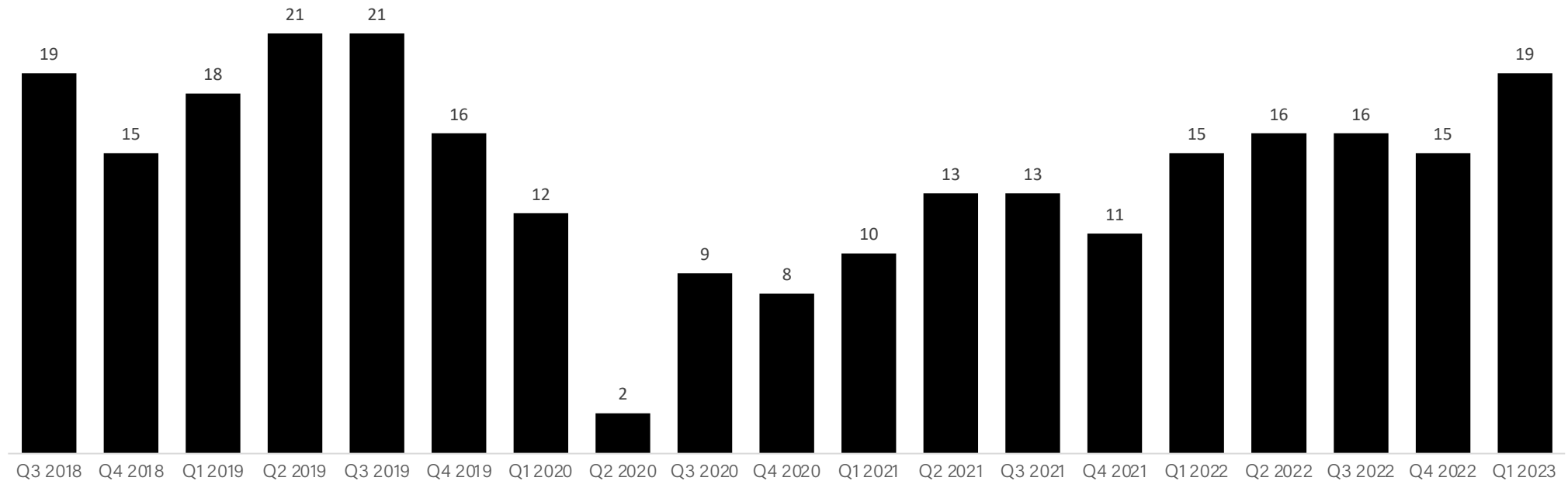
H1 2023 Car Rental Search Growth over 2019



# Rental Bookings Seeing Uptick

Data from Booking Holdings shows that rental days were still suppressed in 2022. Q1 2023, however, was the strongest first quarter of the last four years. Let's see if that trend continues.

Booking Holdings Car Rental Days Booked (Millions)

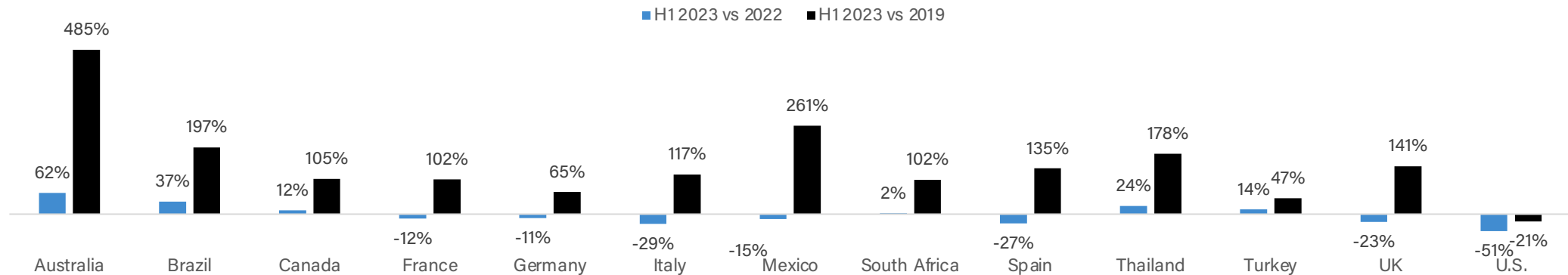




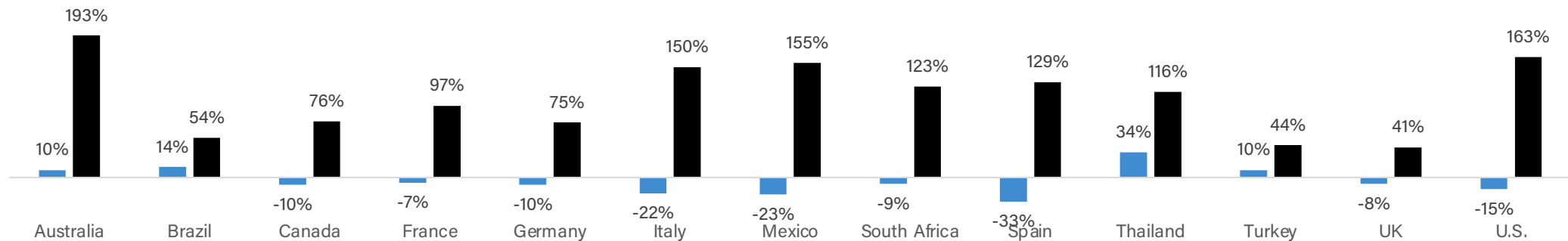
# Pricing Softens in 2023, But Remains High

With the exception of the U.S., where domestic car rental prices have reduced to below 2019 levels, most countries continue to see extremely high prices for rentals when compared to pre-pandemic levels.

### Domestic Car Rental Transaction Value Per Day



### Inbound Car Rental Transaction Value Per Day



# Enterprise Is the Largest Car Rental Company

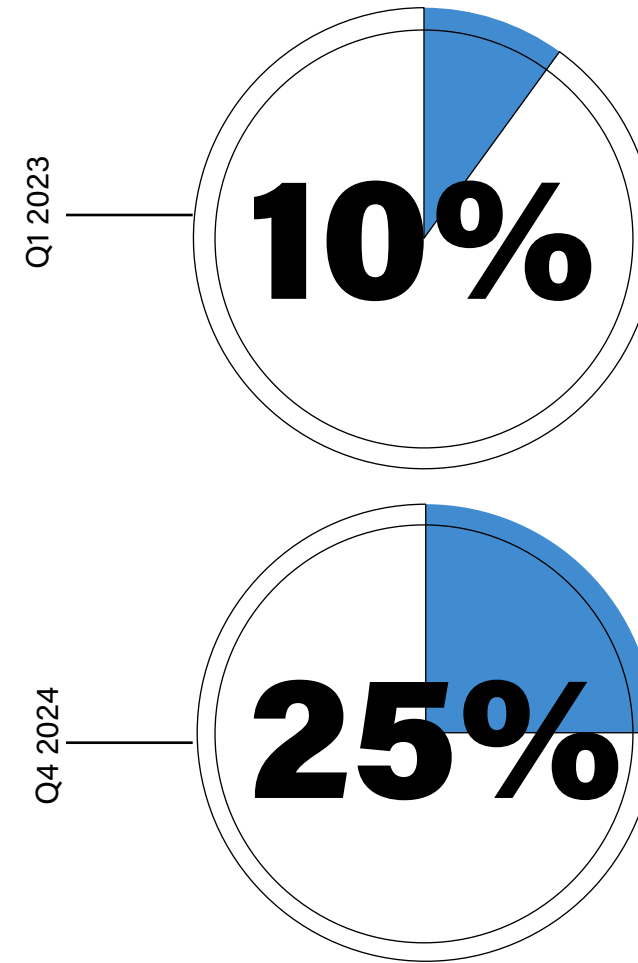
## Car Rental Company Revenues (\$ million)

Company	Headquarters	2020	2021	2022
<b>Enterprise Holdings</b>	U.S.	\$ 22,500	\$ 23,900	\$ 30,000
<b>Avis Budget Group</b>	U.S.	\$ 5,402	\$ 9,313	\$ 11,994
<b>Hertz Global Holdings</b>	U.S.	\$ 5,258	\$ 7,336	\$ 8,685
<b>SIMPAR</b>	Brazil	\$ 1,888	\$ 2,489	\$ 4,612
<b>Sixt</b>	Germany	\$ 1,874	\$ 2,596	\$ 3,277
<b>Localiza Rent a Car</b>	Brazil	\$ 1,985	\$ 1,957	\$ 3,364
<b>ComfortDelGro Corporation</b>	Singapore	\$ 2,453	\$ 2,598	\$ 2,820
<b>LOTTE Rental</b>	South Korea	\$ 2,026	\$ 2,000	\$ 2,145
<b>Movida Participações</b>	Brazil	\$ 787	\$ 957	\$ 1,816
<b>Autohellas</b>	Greece	\$ 602	\$ 730	\$ 818
<b>Theeb Rent A Car Company</b>	Saudi Arabia	\$ 176	\$ 200	\$ 258

# It's All About Fleet Electrification

One major trend in the car rental industry is the electrification of fleets, with car rental companies striking deals with manufacturers like Tesla, Polestar, and China's BYD to buy electric cars and phase out fossil-fuel engines. Legislation, like the ban on fossil fuel cars in Europe by 2030, are driving car rental companies to set ambitious targets. Hertz was the first mover, and Sixt has stated that 10% of its fleet is now electric.

## Hertz - Electric Vehicles as Share of Total Fleet



Source: Hertz company announcements, data as of June 2023.

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