Skift Research Global Travel Outlook 2022

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Report Overview

In our annual outlook for the travel industry, Skift Research has created 2022 global revenue forecasts for airlines, hotels, short-term rentals, cruise lines, and online travel agencies. We also built an estimate for international cross-border travel from 2022–2025.

We just lived through one of the most challenging years that the travel industry will ever face. 2021 will be remembered as the inflection point of the pandemic. We went into the year with no vaccine and the travel industry in free fall. But we end the year with many borders opened and the industry edging up to 70% of the pre-pandemic activity. There are still many bumps in the road to full recovery (looking at you, Omicron) but the broad trend is onward and upward.

Looking ahead into 2022 and beyond, Skift Research is optimistic for a short-term and long-term travel recovery. We believe that travel is a megatrend and forecast for all major travel sectors to grow next year.

**What You'll Learn In This Report:**

- Forecasts of Cross-border trips 2022–2025, globally and for North America, Europe, and Asia-Pacific regions
- Forecasts of 2022 industry revenue for airlines, hotels, short term rentals, cruises, and OTAs
- In-depth industry recovery trends for airlines, hotels, short-term rentals, and OTAs
- Key changes that will stay post-pandemic
- Factors that contribute to strong long-term travel return
Table of Contents

• 2022 Revenue Forecast by Industry
• Travel’s Great Return
• OTA & Distribution
• Hotels
• Short-Term Rentals
• Airlines
• Cruise
• How Has the Pandemic Changed Travel
• Travel Will Return Stronger Than Before
Skift Research 2022 Revenue Forecast, by Sector

2022 Revenue Estimates (Billions)

- Hotels: $450
- Airlines: $380
- Short-Term Rentals: $150
- Online Travel & Distribution: $95
- Cruise: $45

Skift Research. Data as of December 2021.
Skift Research 2022 Revenue Recovery Forecast, by Sector (% Change vs. 2019)

2022 Estimated Revenue vs. 2019

- Short-Term Rentals: 3%
- Online Travel & Distribution: -8%
- Cruise: -13%
- Hotels: -16%
- Airlines: -38%

Skift Research. Data as of December 2021.
Skift Research Forecast for Key Industry Indicators

**Current Travel Activity**
- Trending -36% vs. 2019

**International Travel**
- 560M cross-border trips in 2022 (-64% vs. 2019)
- 1.7B cross-border trips by 2025 (+10% vs. 2019)

**Online Travel & Digital Distribution**
- $95B revenue in 2022 (-8% vs. 2019)
- $475B OTA gross bookings in 2022 (-6% vs. 2019)

**Accommodations**
- Hotels: $450B room revenue in 2022 (-16% vs. 2019)
- Short-Term Rentals: $150B gross bookings in 2022 (+3% vs. 2019)

**Airlines**
- $380B revenue in 2022 (-38% vs. 2019)
- $(18)B Operating Loss in 2022

**Cruise**
- $45B revenue in 2022 (-13% vs. 2019)
Travel’s Great Return
Travel’s Great Return

- The Skift Recovery Index shows that travel activity remains 36% below ‘normalized’ 2019 levels. There is still a lot of recovering left to do.
- The nascent travel recovery has been highly fragmented on both a regional and sectoral basis.
- The Americas have been the best performing regions while Asia Pacific lags in 2021 after a strong showing in 2020.
- Lodging is the best performing travel sector. However, the recent shift between flight and car rental suggests an eagerness to return to long-haul travel.
- Skift Research estimates that there will be 560 million international trips in 2022, up +45% from 2021 but still just a third of 2019 levels.
- Skift Research estimates that cross-border travel will reach 2019 levels again in 2024. We see a further 10% growth above 2019 by 2025. Our upside scenario envisions the world crossing 2.1bn international trips by 2025, up +40% vs. 2019 levels. Our downside scenario sees no full recovery, with 1.3bn int’l trips in 2025, -17% vs. 2019.
- Asia Pacific has been hardest hit region from a cross-border perspective. International tourism cannot truly recover until outbound Asian travelers hit the road again.
Skift Recovery Index: Not Out of the Woods Yet

The travel industry improved from pandemic troughs, according to our Skift Recovery Index. However, travel still has a long road to making a full recovery back to 2019 levels of activity.

Global Weighted Scores

<table>
<thead>
<tr>
<th>Month</th>
<th>2020 vs 2019</th>
<th>2021 vs 2019</th>
</tr>
</thead>
<tbody>
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<td>44</td>
</tr>
<tr>
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<tr>
<td>December</td>
<td>44</td>
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</table>

Skift Recovery Index. Data as of November 2021.
Skift Recovery Index: The Recovery Has Been Highly Fragmented Across Regions

The Americas have an undisputed lead in re-opening their travel industries. Asia Pacific lags in 2021 after a strong showing in 2020

Source: Skift Recovery Index. Data as of November 2021.
Skift Recovery Index: Lodging Sector Remains in the Lead

However, the recent switch in leadership between flight and car rental suggests an eagerness to return to long-haul travel

Recovery Score by Travel Segment

Skift Recovery Index. Data as of November 2021.
Cross-Border Travel Fell in 2021 Despite the Vaccine

2022 will see the first annual increase in international travel since the pandemic began. We don't see a full recovery of cross-border travel until 2024 at the earliest.

Global Cross-Border Trips (Millions)

International Travel Scenario Analysis

An upside scenario forecasts the world crossing 2.1bn international trips by 2025, up +40% vs. 2019 levels. Our downside scenario sees no full recovery, with 1.3bn int’l trips in 2025, -17% vs. 2019. Our baseline is for 2025 to be up +10% vs. 2019 levels.

Europe: Return To Travel But Old Issues Fester

The pandemic pushed long-standing travel challenges to the back burner. But unresolved issues, like the migrant crisis and Brexit, will be much higher on the agenda in 2022.

Outbound Departures from Europe & Central Asia (Million Trips)

Asia-Pacific: When Will the Great Catch-Up Begin?

Asia-Pacific has been hardest hit region from a cross-border perspective. International tourism cannot truly recovery until outbound Asian travelers hit the road again.

Outbound Departures from Asia-Pacific (Millions of Trips)

<table>
<thead>
<tr>
<th>Year</th>
<th>Departures</th>
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</thead>
<tbody>
<tr>
<td>2018A</td>
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<tr>
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North America: Will the Strength in 2021 Continue?

North America was the only major region to see outbound departures grow in 2021, up 10% vs. rest of world -13%. Can this leadership continue into 2022 and beyond?

Outbound Departures from North America (Millions of Trips)

<table>
<thead>
<tr>
<th>Year</th>
<th>Departures</th>
</tr>
</thead>
<tbody>
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<td>2018A</td>
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<tr>
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<td>2024E</td>
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<tr>
<td>2025E</td>
<td>240</td>
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Online Travel and Distribution

The channel wars are poised to return with a vengeance.
Online Travel and Distribution

• Skift Research estimates that revenue from digital travel distribution businesses (OTAs, Metasearch, and GDS) will grow at 50%+ in both 2021 and 2022, reaching ~$95 billion in 2022.

• Skift Research estimates that online travel agencies will process ~$475 billion of gross bookings by 2022, representing a 94% recovery vs. 2019.

• Based on past trends, OTAs are often winners in the first stages of a travel recovery when demand is weak and booking sites can put “heads in beds”. But the traditional OTA strategy of value pricing is not as effective this time around because many consumers increased savings during lockdown.

• That said, we believe that many consumers are booking direct during COVID out of a fear of being caught off-guard by changing health protocols. We think that many will prefer a more price-conscious, OTA shopping experience once health fears fade.

• Loyalty is up for grabs as COVID has upset routines of loyalty travelers, creating opportunities to steal market share. This dynamic is likely to drive an even more intense round of the channel wars.
Digital Distribution Revenue Estimates

We see revenue from digital travel distribution businesses (OTAs, Metasearch, and GDS) growing at 50%+ in both 2021 and 2022. The sector will likely return to 2019 levels in 2023.

Source: Capital IQ, Skift Research. Data as of November 2021.

Commissionable revenue is primarily online travel agencies while non-commissionable are metasearch and GDS.
Online Travel Agency Volume on Pace For Recovery

We see 40% gross bookings growth for global online travel agencies in 2022, which should bring volumes effectively back to 2019 levels.

Source: Capital IQ, Skift Research. Data as of November 2021.
A Challenge for Online Sites: Decisions Are Not Influenced By Price Drops

This crisis has been unique in that it is not economics driven and therefore OTAs won’t be able to rely on their traditional discounting strategies to grow during this travel market recovery.

Did you book a trip that you would otherwise not consider because travel companies were offering deeper discounts due to the coronavirus?

% Responding Yes...

Source: Skift Research Monthly Travel Tracker. N = 1,000+.
COVID Drove Direct Bookings, But Not Always For the Right Reasons

Not all direct bookings are equal. Hotels have an opportunity to grow direct share but need to address pain points. Customers booking via phone or walk-in will likely revert to third-party channels post-COVID.

**Net Change In Hotel Bookings By Channel During COVID**

- Unpaid Digital Direct: +5%
- Phone and Walk-ins: +5%
- Paid Digital Direct: +2%
- Online Travel Agents: +0%
- Global Distribution Systems: -1%
- Traditional Travel Agents: -2%
- Corporate Travel Agents: -2%
- Bedbanks / Tour Operators: -3%
- Group Bookings: -5%

Source: Skift Research, Survey Conducted April 2021. N = 129
Loyalty Up For Grabs

COVID has upset routines of loyalty travelers, creating opportunities to steal market share. This dynamic is likely to drive an even more intense round of the channel wars.

**Loyalty Program Contribution Declined at Most Brands During COVID**

![Bar chart showing loyalty program contribution decline at various brands during COVID-19](chart.png)

Source: Skift Research, respective company filings and franchise disclosure documents. Data as of July 2021. Hilton data is systemwide. For all others we picked a single brand to analyze: Marriott for Bonvoy, Holiday Inn for IHG Rewards, Comfort Inn for Choice Privilege, Super 8 for Wyndham Rewards, and Hyatt Regency for World of Hyatt.
Hotels

Demand is returning fast, but challenges remain
Hotels

• Skift Research estimates that global hotel industry room revenue will grow at 55% in 2022, reaching ~$450 billion.

• The hotel industry registered an unprecedented decline in 2020, but we estimate that it sees a significant hike in performance with growth of 35% in 2021. Hotel occupancy level data from across the world shows, however, that continuing uncertainty remains as new variants and travel restrictions have a quick impact on heads in beds.

• The U.S. has been one of the strongest performing hotel market, with resilient domestic demand. Revenue per Available Room (RevPAR) is expected to rise by 47% in 2021, and further in 2022, but a considerable gap to 2019 levels will remain, and this final gap back to pre-pandemic levels will be slower to close.

• When looking at the largest hotel chains, it appears that those with strong economy and midscale portfolios in rural and interstate U.S. have performed better than those focused on urban upscale and luxury locations.
Global Hotel Revenues Set For Strong Comeback

Global Hotel Revenue

Source: Skift Research from STR, CBRE Hotels, Wyndham Hotels company filings. Data as of November 2021.
Occupancy Levels Recovering in All Regions

Monthly fluctuations in occupancy levels, however, point to continuing uncertainty, and will suppress pricing power from hotels. With the omicron variant, it is becoming clear that 2022 will continue to be a bumpy ride.

Hotel Occupancy Levels by Region

Source: STR. Data as of November 2021.
U.S. Hotel RevPAR Registered Considerable Recovery in 2021

The U.S. has been one of the strongest performing hotel market, with resilient domestic demand. RevPAR is expected to rise further in 2022, up to 2015 levels at $76. That is still a considerable gap to the $87 registered in 2019, and this gap will be slower to close.

Source: STR, Tourism Economics. Data as of August 2021
Major Hotel Companies Show the Road to Recovery Remains Long

Looking at the large hotel chains, RevPAR was impacted across the board, Economy-focused chains Wyndham and Choice saw the smallest impact on their RevPAR. A significant part of their portfolios are in secondary and tertiary rural and interstate locations.

**Comparable Systemwide RevPAR - First Nine Months of Every Year**

- **Accor**: $71, $119, $112
- **Marriott**: $70, $69, $48
- **Hilton**: $71, $42, $48
- **Wyndham**: $71, $48, $36
- **Hyatt**: $83, $53, $53
- **IHG**: $26, $48, $33
- **Choice**: $138

**Comparable Systemwide RevPAR YoY Growth - First Nine Months of Every Year**

- **Accor**: -8%, -59%, -57%
- **Marriott**: -43%, -46%, -44%
- **Hilton**: -60%, -57%, -40%
- **Wyndham**: -65%, -53%, -38%
- **Hyatt**: -47%
- **IHG**: 46%
- **Choice**: 46%

Source: Company filings. Accor data shows first 6 months of every year. Constant 2020 exchange rates.
Short-Term Rentals

Rentals went mainstream in 2020, but can the sector hold on to its newfound market share?
Short-Term Rentals

• Skift Research estimates that short-term rental gross bookings will grow by 8% in 2022, reaching ~$150 billion.

• Short-term rentals came through 2020 better than hotels, registering a decline of -33% compared to -60% for hotels. In 2021 the sector is expected to register 42% growth, moving towards bookings returning to pre-pandemic levels by 2022.

• The big question in many minds is whether short-term rentals will continue to outperform hotels moving forward. Was the pandemic a watershed moment?

• There are a few indicators that highlight that the STR sector is in a much better position now to compete with hotels. Pre-pandemic research by Goldman Sachs (2016) already showed that only 40% of people that had used rentals would return to hotel stays. The pandemic allowed many travelers to have their first experience with rentals, with some of these stays likely to be sticky. Data also shows that average stays continue to be longer, which again benefits rentals over hotels.

• All that said, we do need to consider that hotels will certainly win back some of the lost business, especially in the transient business and solo travel areas. Data from the Skift Recovery Index shows that throughout 2021, hotel bookings grew faster than rental bookings in 20 of the 21 countries analyzed. Don’t write hotels off yet.
Rentals Set for Pre-Pandemic Booking Value by 2022

Short-term rentals in 2020 did better than hotels, registering a decline of -33% compared to -60% for hotels. We forecast booking revenues to return to pre-pandemic levels by 2022.

Short-Term Rental Gross Booking Value ($ billion)

Source: Skift Research from company filings and estimates. Data as of November 2021.
Airbnb Extends Lead in Share of Bookings

Airbnb and Vrbo have been the most successful STR platforms. Airbnb saw a significant dip in performance during 2020, relying heavily on urban rentals, but has registered $23.7 billion in gross bookings in the first half of 2021, the same as the company’s total revenues in 2020.

Gross Bookings of Top 5 Short-Term Rental Platforms ($ billion)

Source: Skift Research from company filings and estimates. Data as of November 2021
Major Opportunity for Rental Operators for Market Expansion, Especially in the Longer Stay Segment

Pre-pandemic research by Goldman Sachs (2016) showed that only 40% of people that had used rentals would return to hotel stays. During the pandemic, many travelers have experienced rentals for the first time; will they return to hotels?

Data from the EU shows that 2/3 of domestic trips and more than 90% of international trips are longer than 3 nights.

Hotels are probably better at attracting the short stays, but rentals will be in a stronger position now to compete for 3+ night stays, a big chunk of the market.

Source: Eurostat. Data as of December 2021
The Trend for Longer Stays in Rentals Is Continuing

Altered working requirements, and a shifting travel demand, could benefit rentals, with people looking for longer stays and traveling with larger groups. In the U.S., demand for longer stays in rentals declined over the summer but has started to climb again.

**U.S. Long-Term Stays (7+ and 28+ Days) as a Percent of Total Booked Short-term Rental Nights**

Source: AirDNA. Data as of November 2021.
Urban Rental Demand Is Returning, Offering Strong 2022 Prospects

There was strong demand for rural rentals during the pandemic, but AirDNA data now shows that urban demand is also returning. Given that there has been little downward impact on rural rentals, the overall rental sector has strong prospects for 2022.

U.S. Short-term Rental Nights Booked vs 2019 by Location Type

Source: AirDNA. Data as of November 2021.
But Don’t Write Hotels Off Yet

Data from the Skift Recovery Index, which has tracked the travel industry’s performance over the past two years, shows that hotel bookings grew faster in 2021 than rental bookings in 20 of the 21 countries analyzed.

Source: Skift Recovery Index. Data as of August 2021.
Airlines

Recovery in Sight.
Airlines

- Global commercial airline passenger revenue is expected to grow by 67% in 2022, reaching ~$378 billion. This is still 38% below 2019 levels. Pre-Covid levels are expected only after 2023.
- Global revenue passenger kilometers (RPKs) are forecasted to improve by 51% in 2022, reaching 61% of pre-crisis levels.
- Capacity restoration is expected to happen gradually. Available seat kilometers (ASKs) are expected to be down by -33% in 2022 as compared to 2019.
- Covid managed to invert the usual excess demand-under supply dynamic, the gap is expected to reduce by -30% in 2022.
- In 2022, the pace of vaccine rollout and government policies will determine the course of international traffic while domestic travel will remain strong.
- The industry is forecasted to make net losses of $54 billion in 2021, cutting these losses to $18 billion in 2022. As the traffic recovery continues airlines will face cost pressures.
- In the aftermath of Covid, low-cost airlines leveraged their lean cost structure and their ability to undercut competitors on price to gain market share as domestic or short-leisure demand returned faster than business travel demand.
- In a year of gloom, the positive performance of ancillary revenue provided the desperately needed support to airlines.
Movement in the Right Direction

Current passenger revenue is only 1/3rd of pre-COVID levels, with pre-COVID level expected after 2023. In 2022, the pace of vaccine rollout and government policies will determine the course of international traffic while domestic travel will remain strong.

Global Commercial Airline Passenger Revenue

Source: IATA, Skift Research. Data as of October 2021
Capacity and Demand to Return Gradually

Covid inverted the usual excess demand-under supply dynamic, the gap is expected to reduce by ~30% in 2022.

Global Commercial Airlines Passenger Demand vs. Capacity (YoY % Change)

Excess Demand vs. Capacity Growth

Source: IATA, Skift Research. Data as of October 2021
%growth in 2021 and 2022 is vs. 2019
Airlines to See Much Lower Losses in 2022

After operating losses of $54 billion in 2021 the industry will likely lose $18 billion in 2022. As the traffic recovery continues, rising costs will put pressure on airline financials. Real travel costs will be lower than pre-crisis as airlines will target to stimulate demand in re-opening markets.

Global Commercial Airline Operating Profit

Source: IATA, Skift Research. Data as of October 2021
Post-COVID Dilemma: Delivering Superior Customer Experience or No-Frills Service

In the aftermath of Covid, low-cost airlines have had both cost and revenue advantage as their primary market — leisure customers — has recovered faster than business travel.

YoY Change in RASM for Full-Service and Low-Cost Airlines in U.S.

- Q2 2020: -50% (Full Service Carriers), -23% (Low Cost Carriers)
- Q3 2020: -45% (Full Service Carriers), -38% (Low Cost Carriers)
- Cumulative for Q2 and Q3 2020: ≈-47% (Full Service Carriers), ≈-34% (Low Cost Carriers)

Source: US Department of Transportation, Adapted from OliverWyman, Skift Research
The Power of Ancillary Revenue as a Source of Support for Airlines

Increased share of ancillary revenue in the pandemic period shows travellers’ appetite to purchase non-core products from the airlines and the power of an ancillary revenue strategy.

Top 10 Airlines - Ancillary Revenue as a % of Total Revenue

<table>
<thead>
<tr>
<th>Airline</th>
<th>2019 Result</th>
<th>2020 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest</td>
<td>20.1%</td>
<td>26.6%</td>
</tr>
<tr>
<td>Vietjet Air</td>
<td>25.2%</td>
<td>32.8%</td>
</tr>
<tr>
<td>Pegasus</td>
<td>26.4%</td>
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<tr>
<td>Ryanair Group</td>
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<td>Average</td>
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<td>Volaris</td>
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<td>Viva Aerobus</td>
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<td>Wizz Air</td>
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<tr>
<td>Allegiant</td>
<td>51.8%</td>
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</tbody>
</table>

Source: IdeaWorksCompany, Skift Research
Cruise

As the industry sets sail again, we expect a strong recovery.
Cruise Industry Market Size

Global Cruise Industry

Source: Skift Research, Capital IQ. Data as of November 2021.
Passengers Are Rapidly Returning To Cruising But The Industry Is Still Struggling With COVID Aftershock

Cruise volumes nearly doubled in 2021 over the prior year but are still 50% below 2019 levels

Source: Cruise Market Watch.
Americans Are The Largest Group Of Cruisers Allowing The Industry To Benefit From Outperformance In That Region

Cruise Passenger Source Markets

- North America: 48%
- Europe: 25%
- Asia: 17%
- Oceania: 6%
- South America: 4%
- Mid-East & Africa: 1%

Source: Cruise Market Watch.
How Has the Pandemic Changed Travel

Not every COVID change is here to stay, but some key shifts are.
What Has Changed Due To COVID?

We have identified 3 areas of change that got boosted during the pandemic and will likely last beyond:

**Sustainability**
- Sustainability, and particularly environmental sustainability, was a growing topic of interest before the pandemic, but has really been pushed to the fore by COVID-19. One of the side effects of the pandemic-induced pause in travel was to make clear the environmental impacts that travel creates.
- In 2019, tourism contributed about 11% of global greenhouse gas emissions. The entire travel industry needs to step up in setting strong targets, being transparent in reporting on them, and better communicating the impacts of their choices to consumers.

**Mobile Commerce**
- Covid has increased mobile usage in a lot of ways, and people are getting more comfortable using mobile devices to complete online transactions, also for big purchases like travel.

**Consumer Experience More Important Than Ever**
- Our surveys show that customer satisfaction appears not to have declined during the pandemic. But beneath the surface, we see growing signs of discontent, with leisure travelers likely in a “honeymoon phase” as they return to travel.
- As time passes, we believe that travelers will become less willing to lower their expectations and accept sub-par service under the guise of ‘safety’. To succeed in 2022 and beyond, travel businesses will need to challenge themselves to invest in returning to CX excellence, incorporating both old and new ways of working. Companies that prioritize CX during a downturn stand to outperform their competition for years to come.
Is Sustainability Really Important?

Yes! (If Google adds it to search results, the travel industry needs to pay attention)
Will Airline Sustainability Go On the Backburner As Profitability Becomes King During Recovery?

Airlines’ emissions intensity has decreased over the past decade, but absolute emissions were still rising pre-Covid. How airlines marry their return to profitability with plans to decrease their absolute carbon emissions will set companies apart from one another.

**Total CO2e Emissions 2016-2019 and 2050 Target**

Source: Skift Research; Due to insufficient information, we were unable to calculate IAG’s 2050 target emissions.
Hotel Sustainability Needs More Attention

Hotels are also considerable polluters, especially impacting their direct local environments and communities. Below is an example of IHG, but the setting of targets and how these are measured need to be better regulated across the industry.

**IHG: Kilogram CO2e Per Occupied Room**

- 2016: 29.36
- 2017: 28.37
- 2018: 27.71
- 2019: 26.7

IHG reports on declining emissions per occupied room, but actual total emissions have been increasing.

**IHG: Total Metric Tonnes CO2e Emissions (with 2030 Target)**

- 2016: 2,557,624
- 2017: 2,458,311
- 2018: 2,341,146
- 2019: 2,342,546
- 2030: 2,089,564

Source: Skift Research from company filings, CDP.
How to Marry Increasing Demand with a Desire for Sustainability?

We believe travel needs to improve sustainability at all processes. This also includes, for example, loyalty programs, which are generally tied to high volumes of usage and therefore encourage extremely polluting behavior. Are there ways to look at this differently?

**Metric Tonnes of CO2e Emissions Required To Achieve Travel Loyalty Status vs Total Annual Emissions by Citizens**

- Top Tier Airline - International Flying: 25.8
- Top Tier Airline - Domestic Flying: 14.7
- Top Tier Hotel: 1.3
- Average American: 15.5
- Average Brit: 5.8
- Global average: 4.6

Source: Skift Research from company filings, CDP, 2019 data.
Will Sustainable Tourism Goals be Redefined and Acted On?

Destinations need to bring sustainability into their core objectives. Issues around environmental degradation and overtourism were growing rapidly before the pandemic and a simple return to how things were in 2019 will not benefit many destinations. Now is the time to drive change.

Source: Skift Research; The size of the bubble represents the total absolute emissions from tourism.
COVID to Boost Mobile Commerce Sales

The shift to m-commerce will last post-pandemic. People are getting more comfortable using mobile devices to complete online transactions, even for big purchases like travel.

Desktop vs. Mobile Hotel Bookings

Source: D-Edge Hospitality Solutions, Skift Research
On the Surface, Traveler Satisfaction Does Not Appear to Have Declined During the Pandemic

Finally, consumer demands will have changed due to COVID. Surprisingly, few leisure travelers said the travel experience declined during the pandemic. But we believe consumers will not be as indulgent as COVID fears fade.

**Leisure hotel experience compared to pre-pandemic**

<table>
<thead>
<tr>
<th>% responding...</th>
<th>Better</th>
<th>Similar</th>
<th>Worse</th>
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<tbody>
<tr>
<td>Hotel Amenities</td>
<td>37%</td>
<td>54%</td>
<td>19%</td>
</tr>
<tr>
<td>Loyalty Benefits</td>
<td>39%</td>
<td>43%</td>
<td>8%</td>
</tr>
<tr>
<td>Booking Process</td>
<td>42%</td>
<td>42%</td>
<td>6%</td>
</tr>
<tr>
<td>Check-in/Check-out</td>
<td>46%</td>
<td>41%</td>
<td>7%</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>46%</td>
<td>41%</td>
<td>20%</td>
</tr>
<tr>
<td>Customer Service</td>
<td>47%</td>
<td>39%</td>
<td>11%</td>
</tr>
<tr>
<td>Overall Experience</td>
<td>45%</td>
<td>48%</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Leisure airline experience compared to pre-pandemic**

<table>
<thead>
<tr>
<th>% responding...</th>
<th>Better</th>
<th>Similar</th>
<th>Worse</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-flight F&amp;B</td>
<td>38%</td>
<td>42%</td>
<td>23%</td>
</tr>
<tr>
<td>Airport F&amp;B</td>
<td>41%</td>
<td>39%</td>
<td>20%</td>
</tr>
<tr>
<td>Booking Process</td>
<td>45%</td>
<td>45%</td>
<td>8%</td>
</tr>
<tr>
<td>Check-in &amp; Baggage Check</td>
<td>48%</td>
<td>40%</td>
<td>2%</td>
</tr>
<tr>
<td>Airline Communication</td>
<td>47%</td>
<td>41%</td>
<td>6%</td>
</tr>
<tr>
<td>Loyalty Benefits</td>
<td>51%</td>
<td>33%</td>
<td>3%</td>
</tr>
<tr>
<td>Overall Experience</td>
<td>47%</td>
<td>39%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Despite Steady Satisfaction Ratings, Negative Sentiment Is On the Rise

As time passes, we believe that travelers will become less willing to accept sub-par service under the guise of 'safety'. To succeed in 2022 and beyond, travel businesses will need to challenge themselves to invest in returning to CX excellence.

% Change

**Intensity of Hotel Review Sentiment Pre- and Post- COVID-19**

- Extremely Negative: 57%
- Highly Negative: 39%
- Moderately Negative: 19%
- Negative: 12%
- Mildly Negative: 0%
- Neutral: -25%
- Mildly Positive: 0%
- Positive: 2%
- Moderately Positive: 0%
- Highly Positive: -3%
- Extremely Positive: 8%

Travel Will Return Stronger Than Before

Why are we optimistic about travel?
Travel Will Return Stronger Than Before

- Though this has been a devastating time for the travel industry, we must remember that great opportunities can be forged out of adversity.

- This upcoming generation of travel giants, like Airbnb or GetYourGuide, were founded during the last crisis. In fact, more than 200 travel start ups were founded during the global financial crisis which have subsequently gone on to raise more than $6.5 billion.

- Sentiment surveys often underestimate just how fast people will return to old behaviors. In the wake of 9/11 Americans reported fears of flying due to terrorism for two decades but air traffic volumes show that people ‘voted with their feet’ to travel much quicker.

- We expect a similar trend to play out again with both leisure and business travelers returning to the road once government restrictions are lifted faster than many might expect.

- Travel has shown a long-term link to income worldwide. Across regions and cultures, as incomes rise, so too does propensity to spend on travel.

- If you believe, as we do, that the world will be wealthier over the coming decade, then you should believe that travel will grow over the next decade.

- Travel is a megatrend. The industry has experienced crises before and has always returned to growth and a higher baseline level of international travel.
# Great Opportunities Can Be Forged Out of Adversity

Over 200 travel startups that were founded in 2008/2009 have gone on to raise a cumulative $6.5B.

<table>
<thead>
<tr>
<th>Startup</th>
<th>Description</th>
<th>Cumulative $ Raised</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airbnb</td>
<td>Online marketplace for alternative accommodations</td>
<td>$4.4 Billion (Pre-IPO)</td>
<td>Defined the home-sharing market. Went public, becoming the most valuable travel company in the world.</td>
</tr>
<tr>
<td>GetYourGuide</td>
<td>Online marketplace for tours and activities</td>
<td>$790 Million</td>
<td>Pioneer of, and one of the largest players in, bringing tours online; now valued as a unicorn with backing from Softbank.</td>
</tr>
<tr>
<td>Vacasa</td>
<td>Branded property manager of alternative accommodations</td>
<td>$635 Million</td>
<td>Currently the largest vacation rental management company in the U.S.</td>
</tr>
</tbody>
</table>

Sentiment Survey Might Underestimate How Fast People Act

*Actions Speak Louder Than Words: Americans Reported Being Less Willing to Fly But Passenger Numbers Continued to Grow*

% of Americans less willing to fly due to terrorism

- % Less Willing to Fly Due to Terrorism (LHS)
- Air Passengers on U.S. Carriers (RHS)

Source: Skift Research, Gallup, Department of Transportation.
Travel Has a Long-Term Link to Rising Incomes Worldwide

Across regions and cultures, as incomes rise, so too does propensity to spend on travel.

Tourism Set to Grow as Global Incomes Rise
(Log Scale)

Travel is a Megatrend

Our industry has weathered storms before — be it acts of terrorism, disease, or economic declines — and has always come out stronger for it.

*Skift Believes That International Travel Will Return To And Exceed 2019 Levels Once Again*

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Thank You

Research@skift.com For Any Questions