



Latest Global And
Regional PAX Trends
And Key Market
Outlook



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TRAVEL
RETAIL'S
EXPERTS



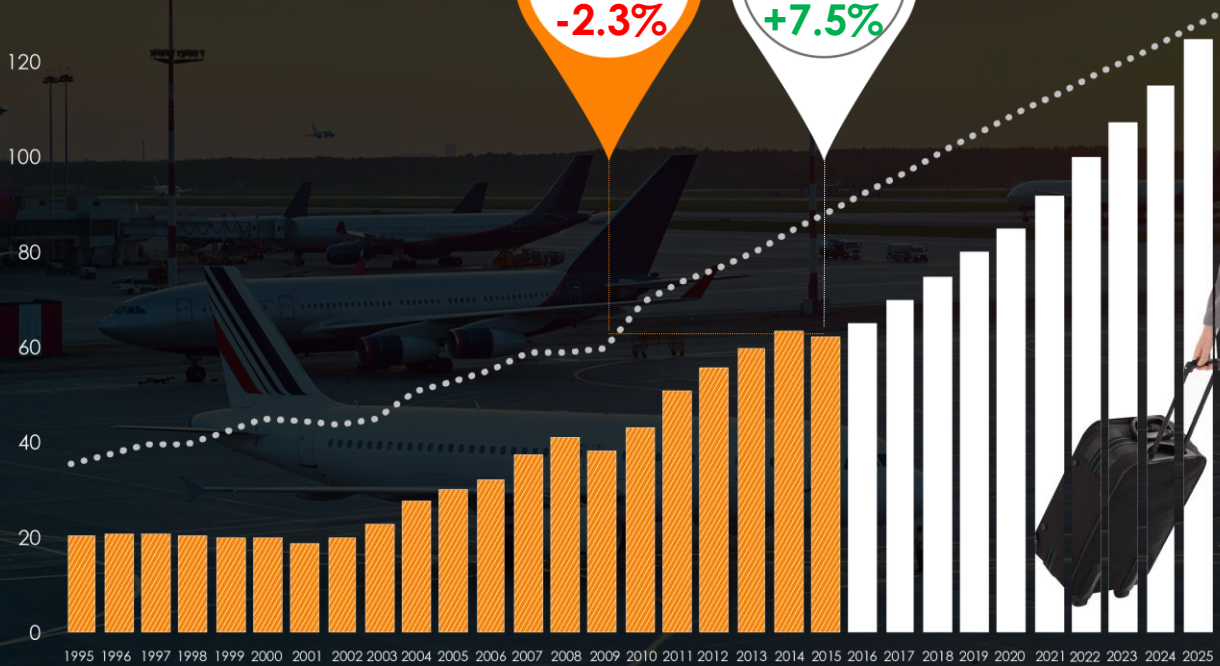
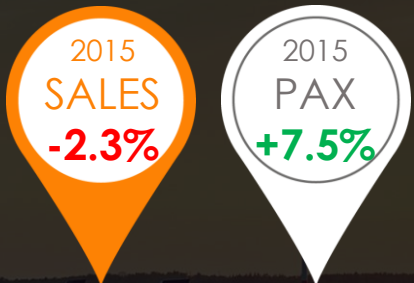
GLOBAL & REGIONAL PAX FIGURES





THE MARKET TODAY

TR is projected to be \$125Bn by 2025



10bn
8bn
6bn
4bn
2bn



TRENDS IMPACTING TODAY'S TRAVELLER



Economic instability
in leading markets



Impact of migration
across Europe



Changing attitudes
towards premium goods



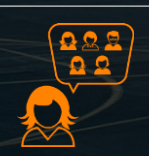
On-going threat of
terrorism



The impact of digital
and e-commerce



An outdated industry
model



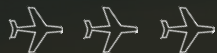
The changing face of the
travelling population



An industry that is moving
in the dark!



GLOBAL & REGIONAL PAX FIGURES



26%

Share of global
traffic departing
from Europe's top
5 countries



21

New international
routes from China in
past twelve months

Americas
2.1bn
+5.0%

Europe
1.8bn
+5.2%

MENA
0.4bn
+6.9%

APAC
2.2bn
+8.9%

Global
6.5bn
+6.4%

Global PAX – 12 month's
to June 2016



WHAT'S DRIVING PAX CHANGE



WHAT IS DRIVING GROWTH?

In the next 10 years:



Global GDP will increase by 35%



Population growth by 10%



Passport holders growing

China 16mn

USA 14mn

India 12mn



Visa relaxation for key countries



Growth and enablement of a new middle Class



GLOBAL GDP GROWTH IN THE NEXT 10 YEARS



	CHINA		INDIA
	+68%		+117%



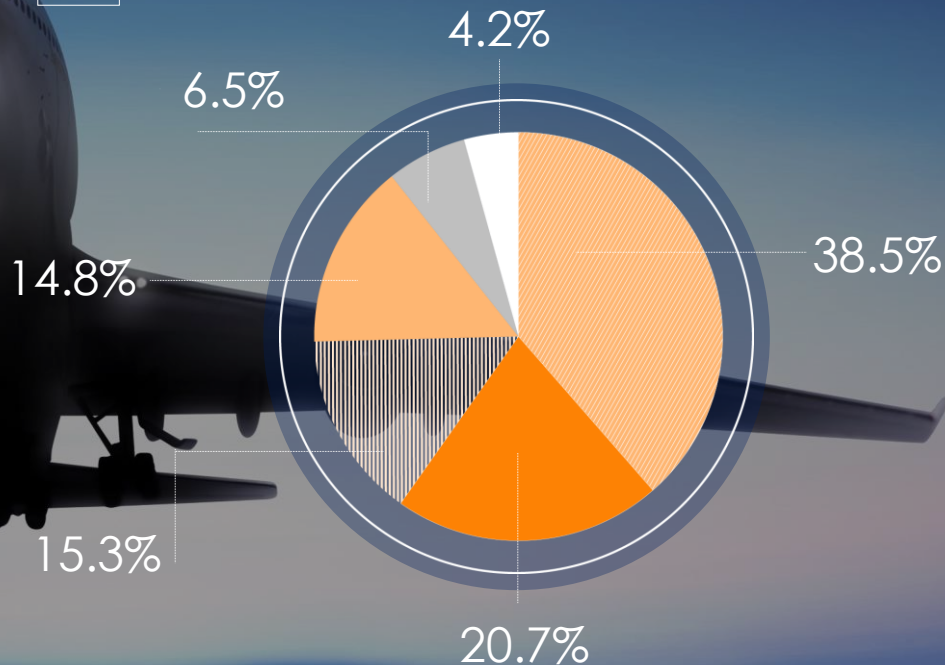
AVIATION TRENDS



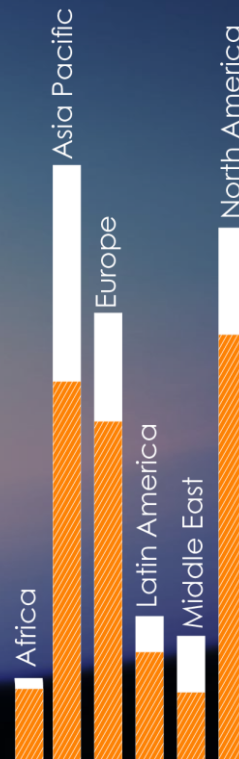
HEAVY AVIATION INVESTMENT IN APAC



AIRPORT CONSTRUCTION INVESTMENT BY REGION



EXISTING FLEET VS ORDERS





THE EMERGING MIDDLE CLASS

Middle Class Consumer Spending:

Inner Ring = 2009 USD Trillions

Outer Ring = 2030 USD Trillions (Predicted)



SIZE OF THE MIDDLE CLASS, REGIONS

(millions of people and global share)

	2009		2020		2030	
	Size (m)	Share	Size (m)	Share	Size (m)	Share
North America	338	18%	333	10%	322	7%
Europe	664	36%	703	22%	680	14%
Central & South America	181	10%	251	8%	313	6%
Asia Pacific	525	28%	1,740	54%	3,228	66%
Sub-Saharan Africa	32	2%	57	2%	107	2%
Middle East & North Africa	105	6%	165	5%	234	5%
World	1,845	100%	3,249	100%	4,884	100%

% of World Population that are Middle Class			
	27%	43%	59%



GLOBAL & REGIONAL PAX FIGURES

2.98bn



Number of additional
PAX travelling in 2025

Americas
2.7bn
+32.5%

Europe
2.4bn
+35.3%

MENA
0.6bn
+38.4%

APAC
3.7bn
+71.6%

Global
9.3bn
+47.0%

Global PAX forecast
For 2025

Fastest growing major
nationalities* (Intl traffic)

Nationality	2025 PAX Growth v 2015
Thailand	+96%
India	+93%
Turkey	+71%
China	+70%
South Korea	+67%
Malaysia	+66%



+74mn



Growth in
Chinese
International
PAX 2025 v
2015



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CHINESE TRAVELLER FOCUS





CHINESE TRAVELLER FOCUS

Top 5

global destination countries

(July 15-June 16) Int'l flights only



Japan +35%



Thailand +56%



South Korea +1%



Hong Kong -2%



Chinese Taipei -1%



Weak ¥ Yen has contributed to growth in travel to Japan



High growth in traffic to Thailand boosted by LCC's flying to smaller regional Thai airport locations

35.6m



Number of Chinese int'l passengers departing China



+23%

Growth in Chinese Int'l travel during Lunar New Year 2016

Split of Chinese PAX by Destination region & YoY growth

(July 15-June 16) Int'l flights only

6%

+27%

9%

+15%

3%

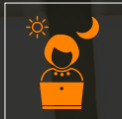
+12%

82%

+17%



CHINESE TRAVELLER FOCUS



Millennials are helping drive different travel behaviour



Budget Airline traffic in China has tripled since 2013



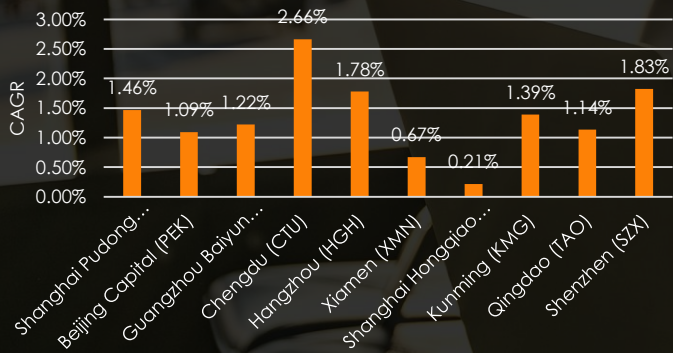
More variation in locations:

- More adventurous travel
- Different reasons for travel



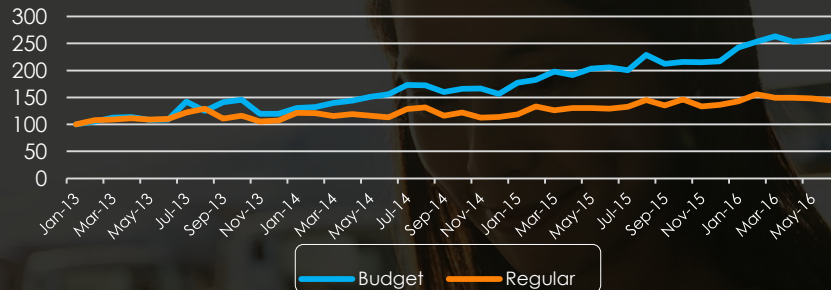
CHINESE AIRPORTS

INTL DEPARTURES GROWTH SINCE 2013 (CAGR)



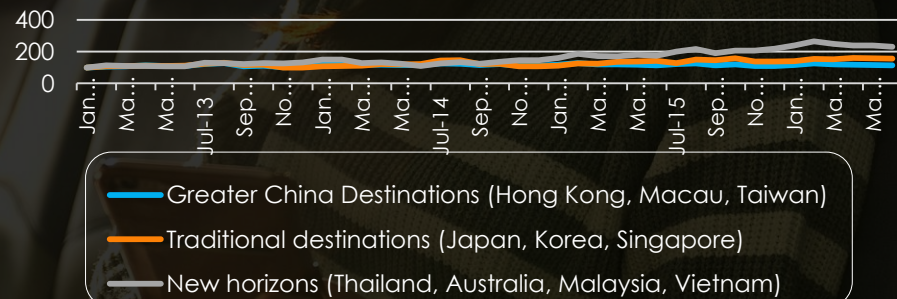
INDEXED AIRLINE TYPE GROWTH

INTERNATIONAL DEPARTURES FROM CHINA FLYING WITHIN ASIA



INDEXED GROWTH OF DESTINATION TYPE

INTERNATIONAL DEPARTURES FROM CHINA FLYING WITHIN ASIA





CHINESE TRAVELLER FOCUS

The Chinese traveller has evolved but remains important to the success of travel retail.

Chinese Millennials

60%



Shop on-line at least once per month

31%



WeChat users buy through the site

60%



WeChat purchases are apparel

19%



Take advice from brand

32%



Take advice from Friends



Multiple platforms used for travel



40%

Chinese Outbound Travellers are Millennials





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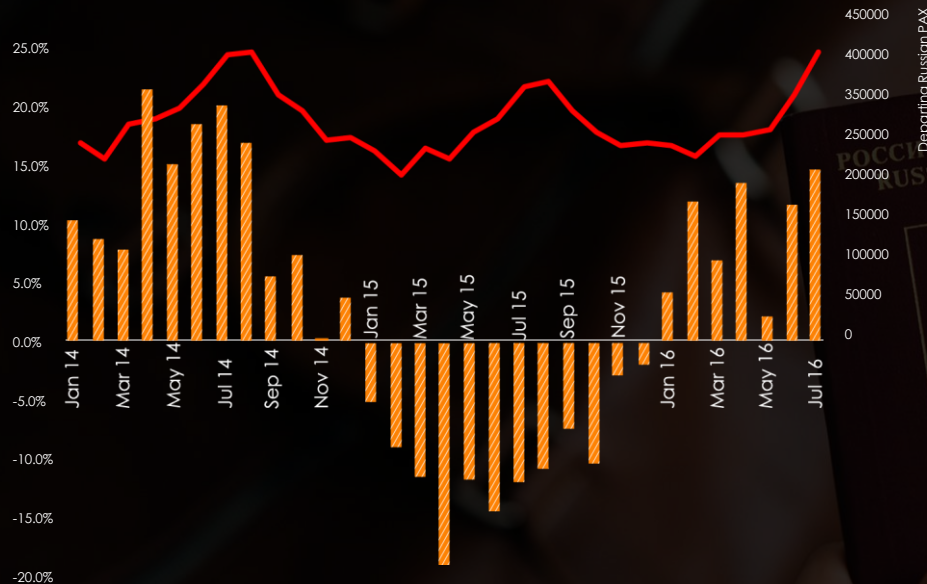
RUSSIAN TRAVELLER FOCUS





RUSSIAN TRAVELLER FOCUS

Monthly YOY Growth of Departing int'l Russian PAX



YOY Growth by Destination Jan-Jun 2016

Europe	-3%
MENA	+1%
Asia	+9%
Americas	+3%

Russian Intl Dep PAX flying from Russia Jan-Jul 2016 v Jan-Jul 2015



2016 YTD has seen a return to growth. Not yet back at previous levels, but encouraging



Predicted to match previous PAX levels in 2017

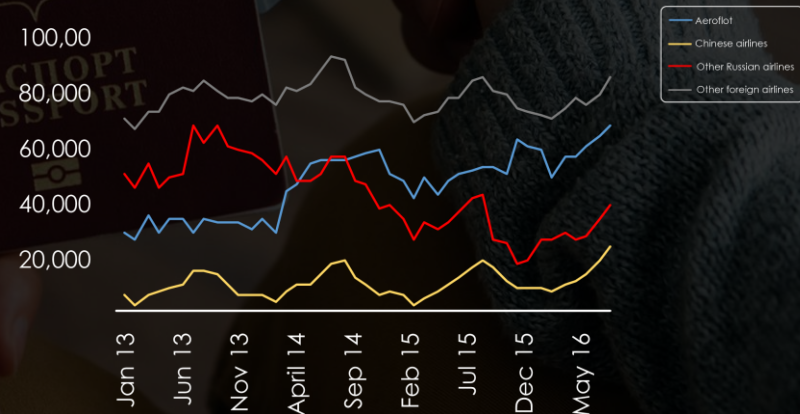


Aeroflot is growing, picking up routes from other Russian airlines



Intl Russian Departures from Russia by Airline

Monthly departing Russian PAX





CiR

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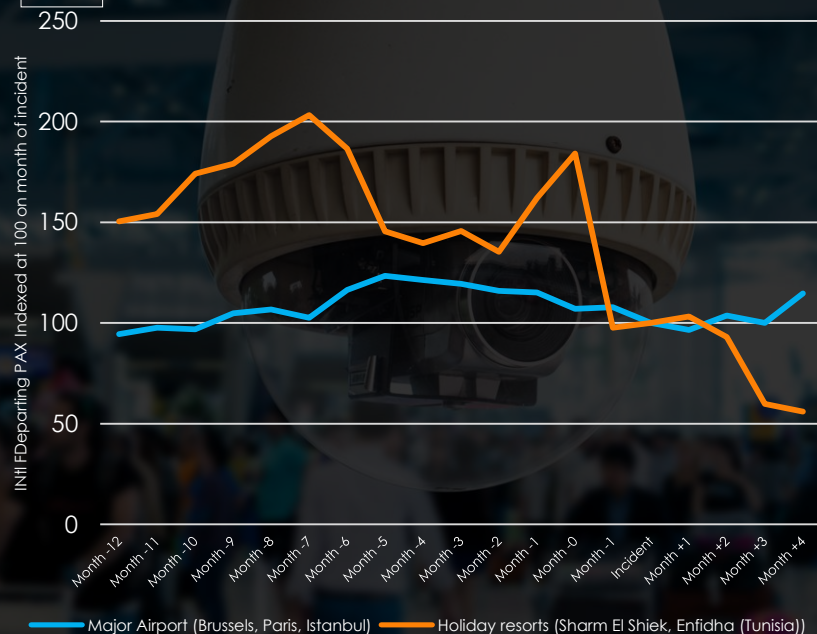


IMPACT OF TERRORISM OF PASSENGER TRAFFIC

IMPACT OF TERRORISM



IMPACT OF TERROR INCIDENTS BY AIRPORT TYPE DEPARTING PAX INDEXED AT INCIDENT DATE

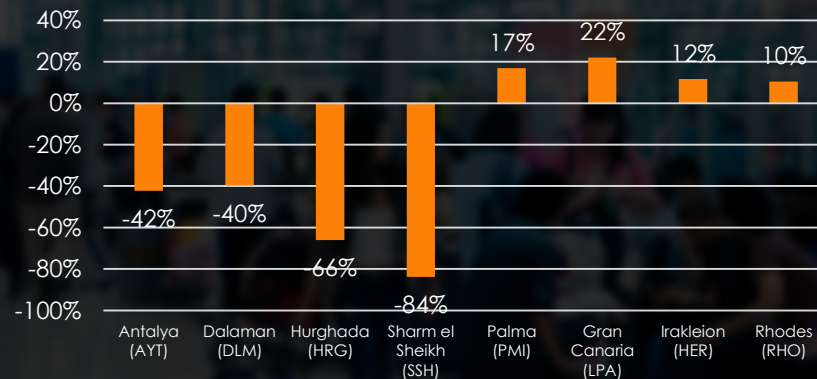


Airline PAX from UK to Egypt (Jun-Jul 16 v 15)

Airline	% Growth (+/-)
EgyptAir	-8.1%
British Airways	+9.0%
Thomas Cook Air	-71.6%
easyjet	-86.2%



% YOY GROWTH





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THE NEXT BIG THING



THE NEXT BIG THING



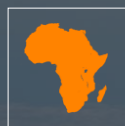
Established markets will continue to flourish



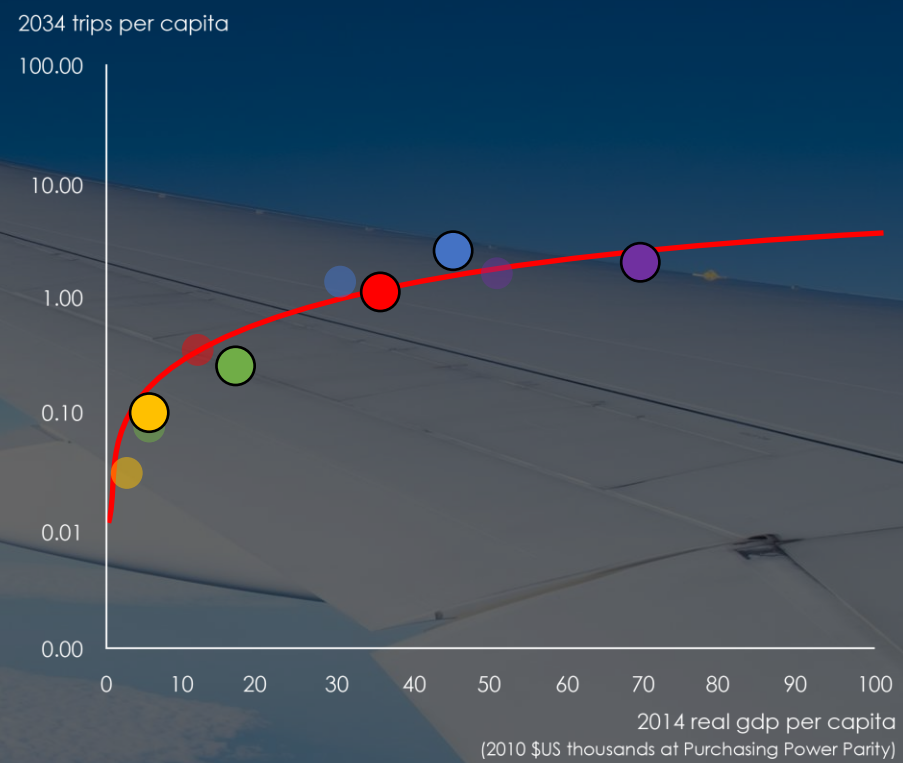
China on its own will overtake where Europe is now



Indian PAX will become a major influence in air travel



The African market is not ready yet... but its time will come





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SO WHAT
FOR TRAVEL
RETAIL?





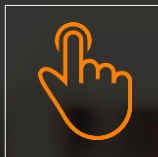
SO WHAT FOR TRAVEL RETAIL?



Focus on
millennials



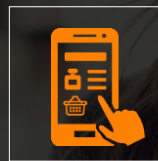
Think Like today's
new consumer



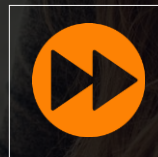
Build Digital &
e-Commerce Strategy



Build for the
new middle class



Link with the hyper
connected consumer



Focus on the
new routes



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THANK YOU

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