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# ASIA PACIFIC TRAVEL OUTLOOK: REASSESS, RE-EVALUATE, RECONFIGURE

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# Today's presentation will focus on:

- Asia Pacific travel outlook in 2023 and what does the future look like
- Key emerging destinations in the region
- Preferences of younger travellers and how to engage with this segment
- Future of travel post-pandemic

# Flight Cancellations



Flight	Codeshare	Destination	Time	Status
PX004	SQ4202	WEDNESDAY	11:15	Cancelled
NZ136	QF397	PORT MORESBY	11:25	Cancelled
FJ920	BA7407	AUCKLAND	11:50	Cancelled
QF051		NADI	12:50	Cancelled
XJ311	HA2813	SINGAPORE	13:00	Cancelled
CI053	MU4257	BANGKOK	13:35	Cancelled
QF135	LH9729	AUCKLAND	14:00	Cancelled
TG474	QF363	CHRISTCHURCH	14:30	Cancelled
SB151	EK5125	BANGKOK	17:20	Cancelled
QF125		NOUMEA	17:40	Cancelled
BI010	TG4805	AUCKLAND	17:55	Cancelled
NZ734		BANDAR SERI BEGAWAN	17:55	Cancelled
VA105		AUCKLAND	18:40	Cancelled
VA159		WELLINGTON	20:35	Cancelled
QF055		AUCKLAND	20:55	Cancelled
EK435	QF8435	LOS ANGELES	21:50	Cancelled
OL844		DUBAI	22:15	Cancelled
EY485	AZ4168	APIA	22:25	Cancelled
EK431	QF8431	ABU DHABI		Cancelled
		DUBAI		Cancelled

FOR FURTHER INSPECTION BY POLICE.

# Implementation of Safety Measures



Limited Flight Schedules

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Empty Terminals

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# Social Distancing and Mask Mandate

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# Aircraft Hibernation

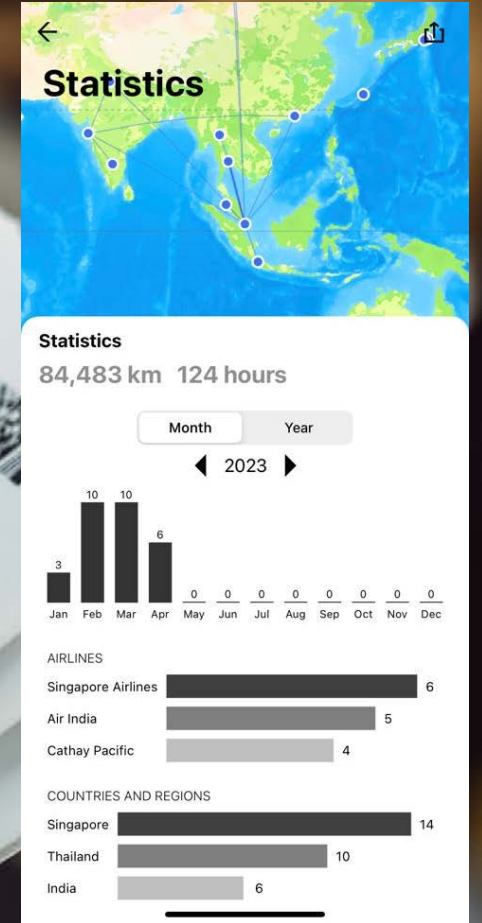
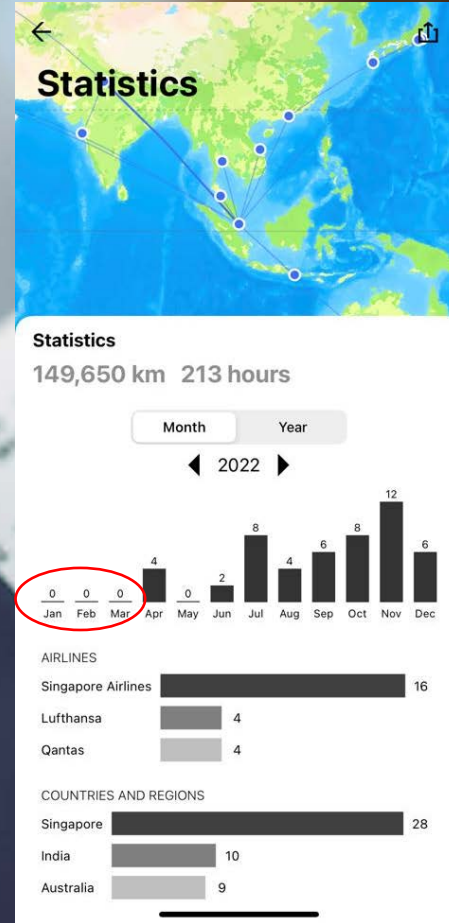
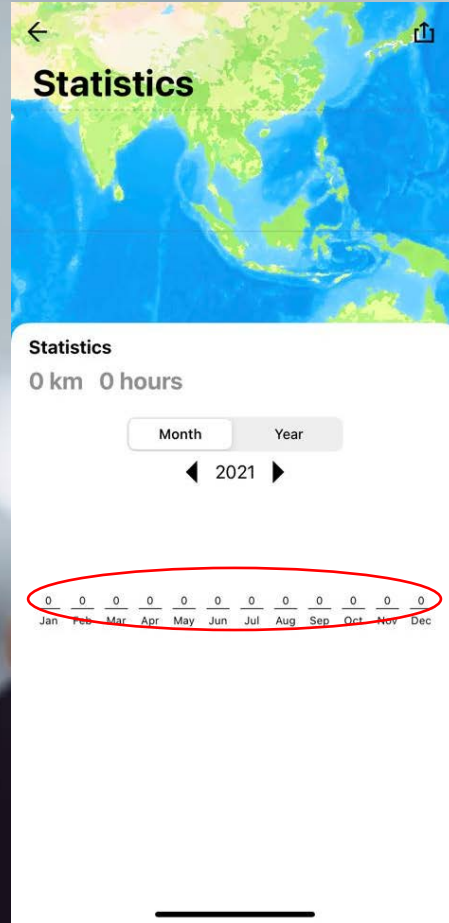
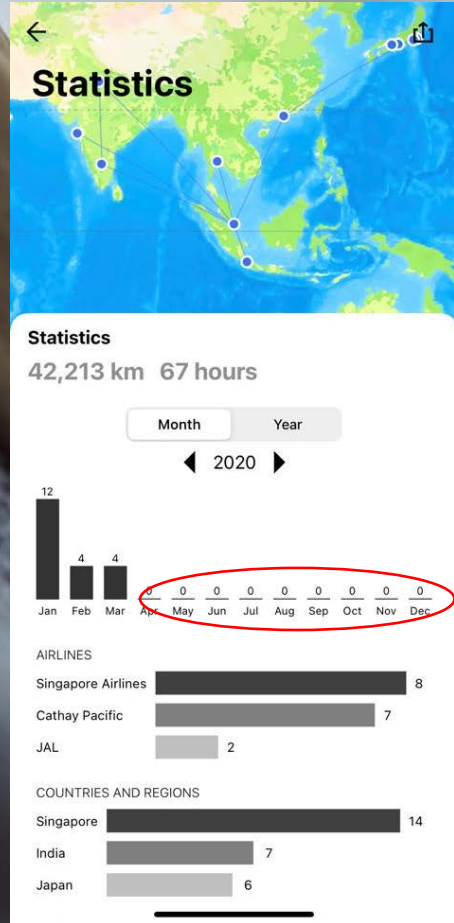
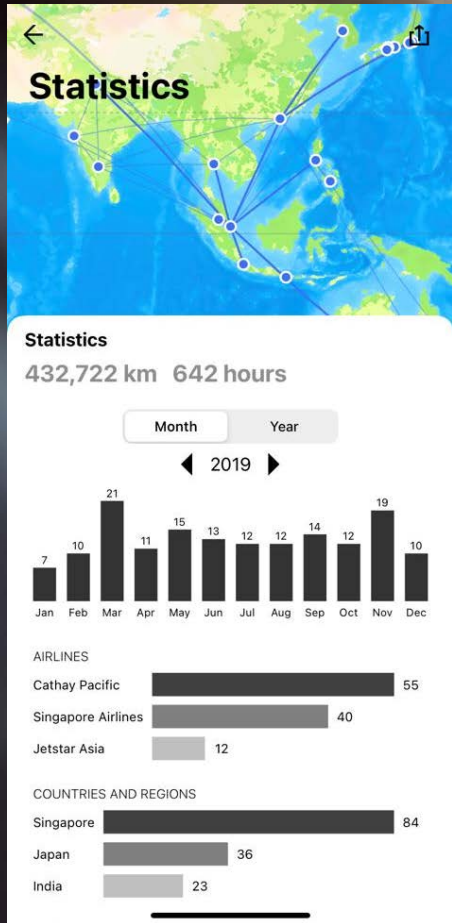
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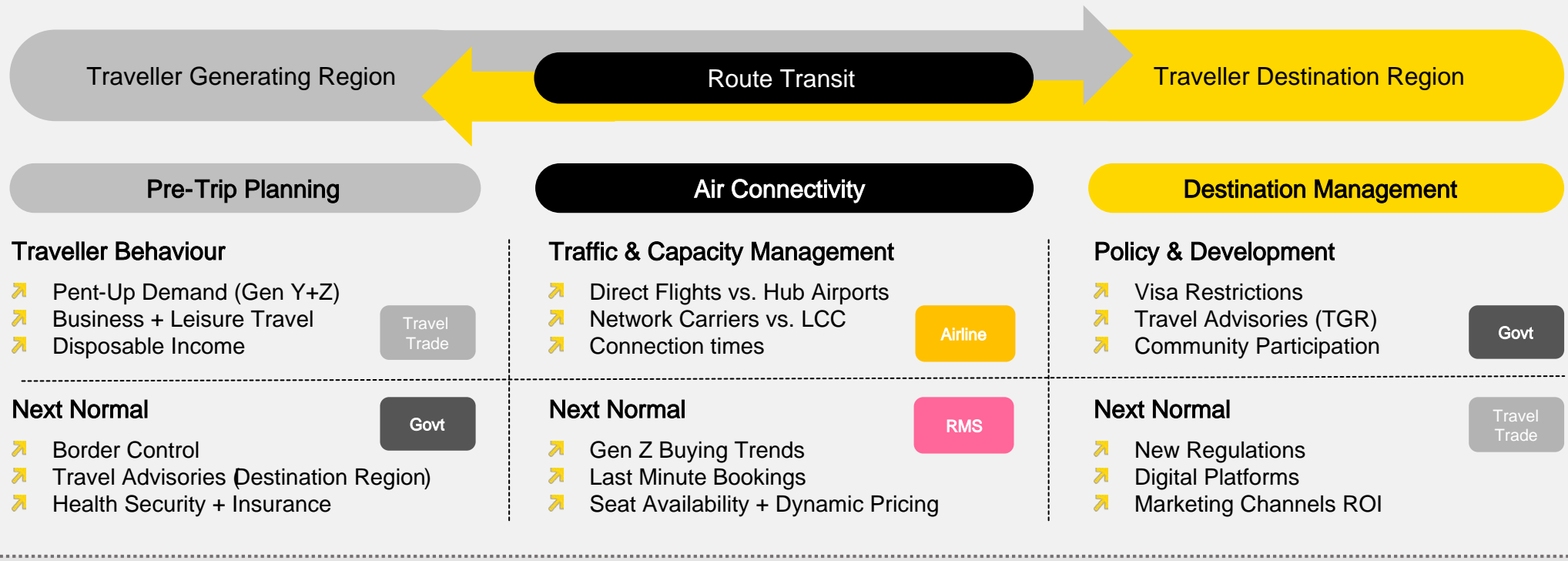


# My Covid Travel Journey



# Travel Ecosystem Model and The Next Normal

## Traveller and Travel Industry Sectors



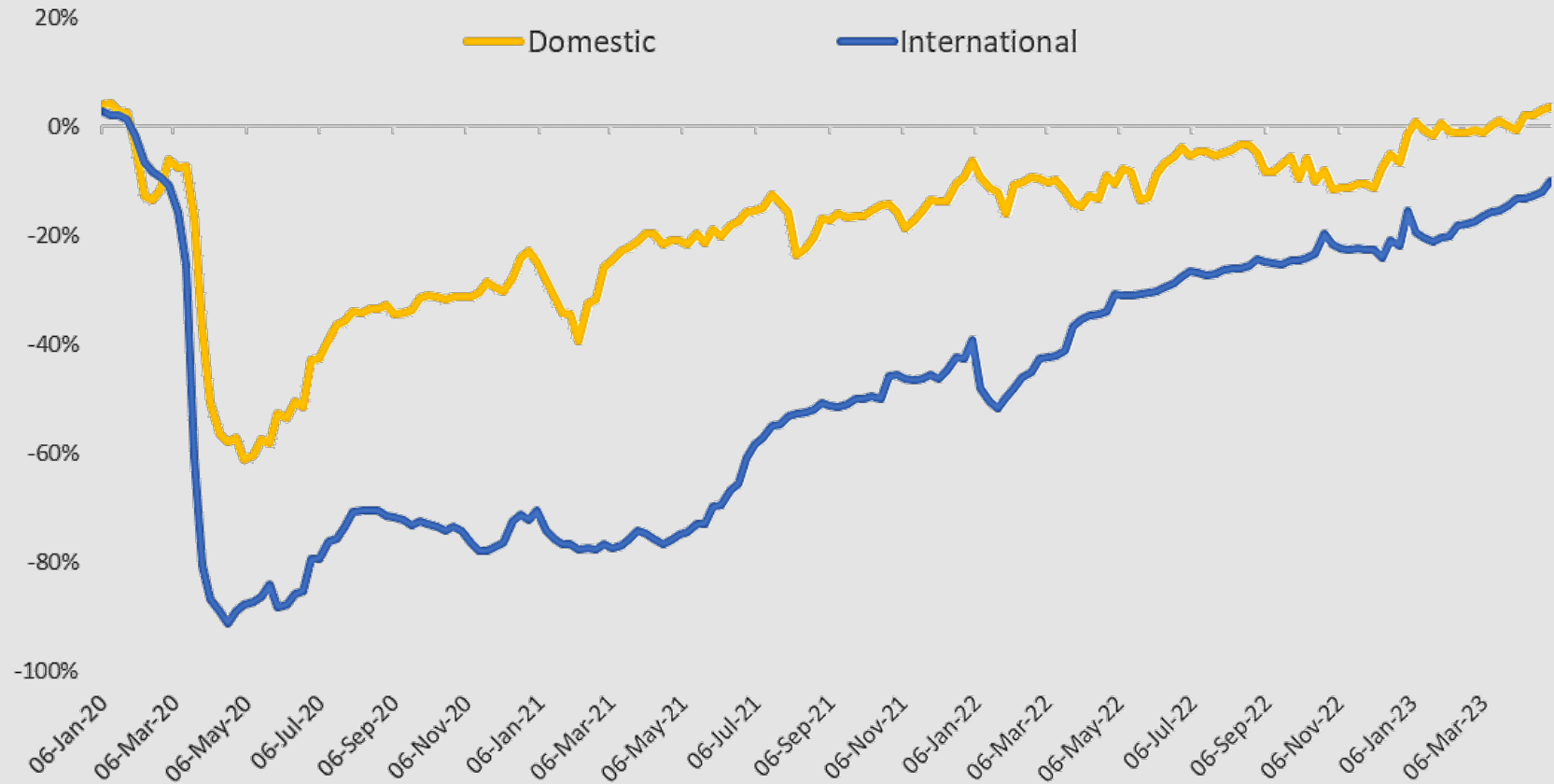
**Environmental Factors:** Economical, Political, Legal, Technological, Socio-Cultural and Physical

# Asia Pacific Travel Outlook



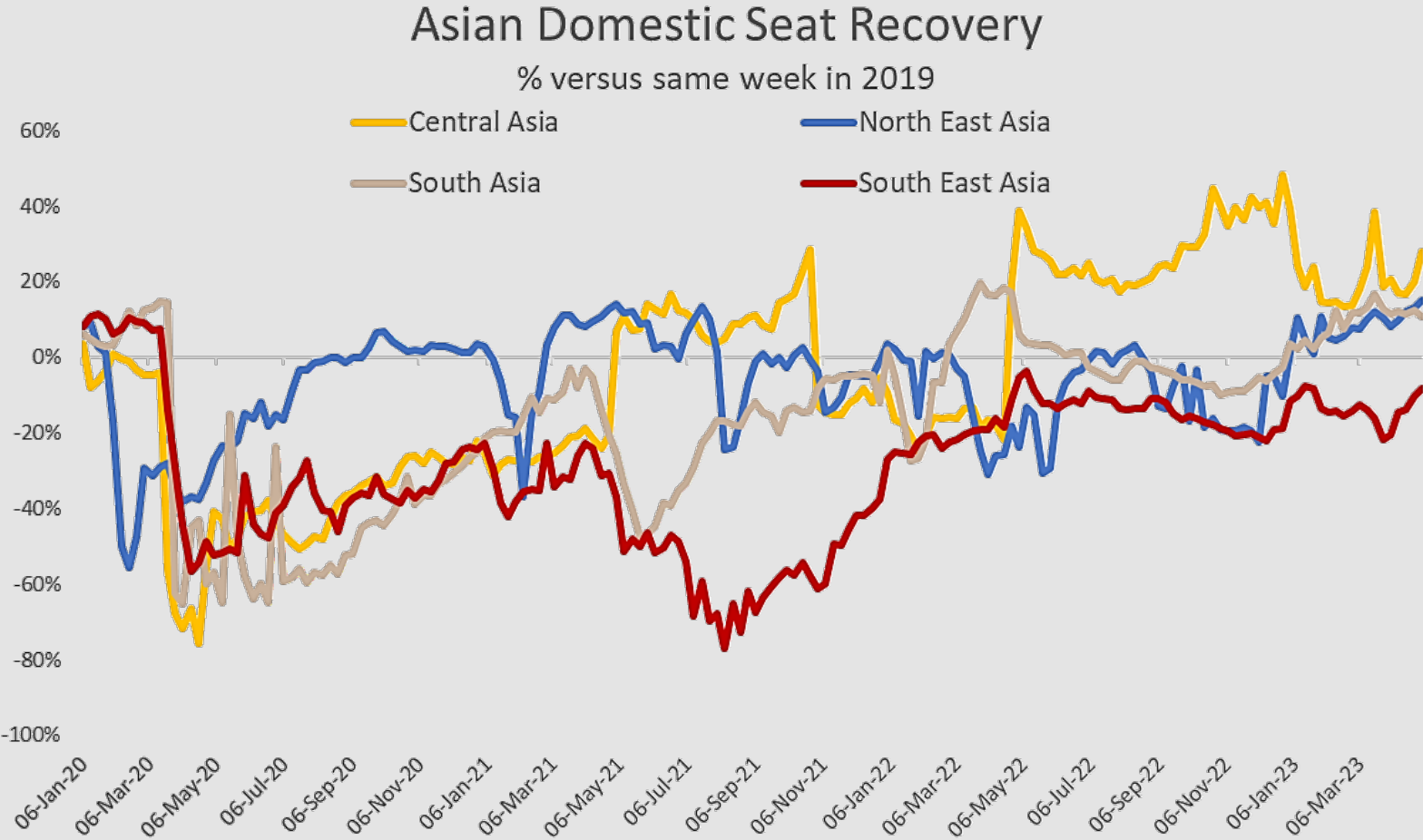
## Global Seat Recovery

% versus same week in 2019



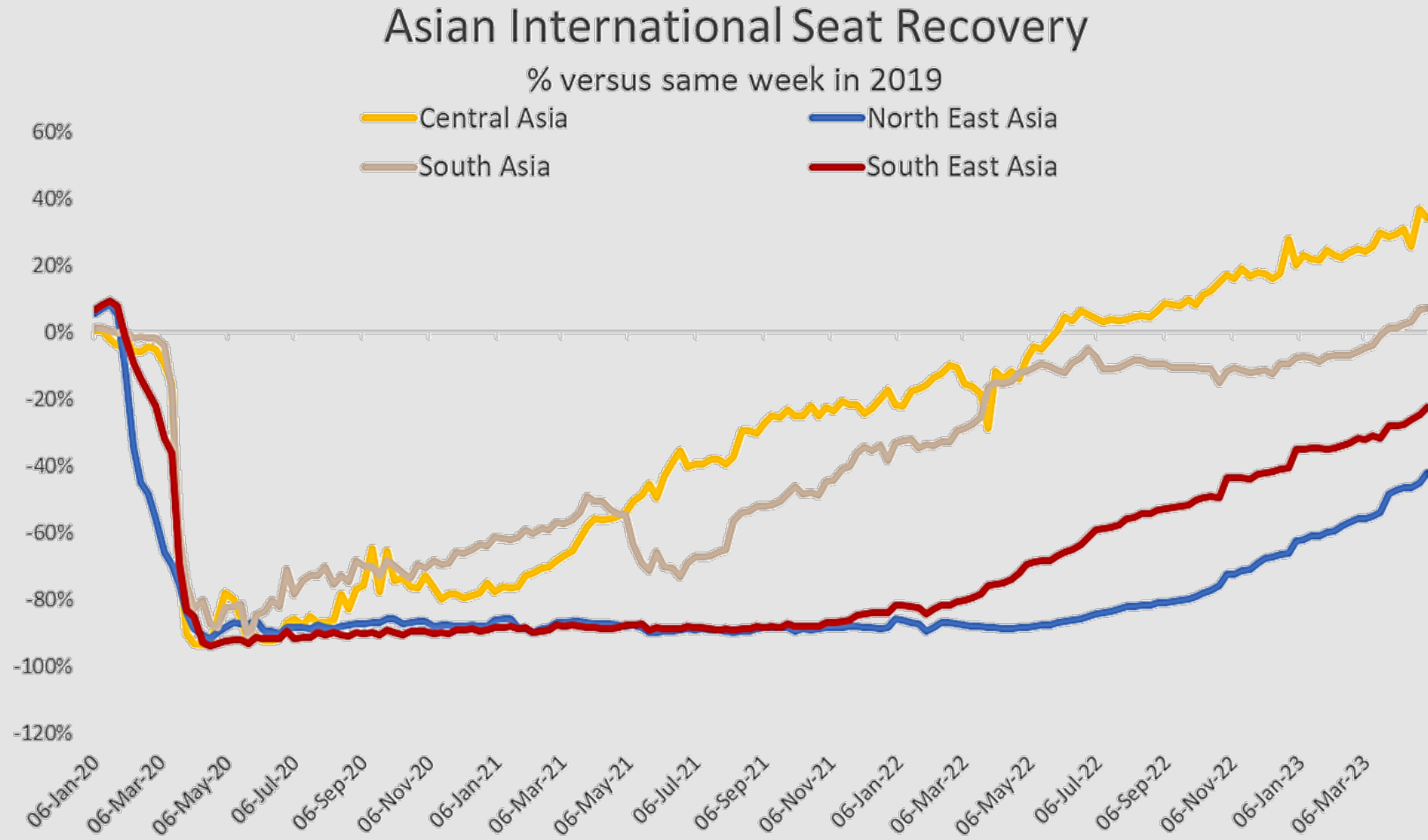
Source - OAG Schedules Analyzer

# Asia Pacific Travel Outlook



Source - OAG Schedules Analyzer

# Asia Pacific Travel Outlook



Source - OAG Schedules Analyzer

## Asia Pacific Travel Outlook: **Moving Beyond**

- Current schedules show a **98%** global recovery to pre-pandemic 2019 levels with Asia Pacific remaining slightly below the global performance
- A full recovery in global capacity not expected before March 2024
- **Seven** out of **global top ten busiest international** airline routes are in Asia Pacific region\*
- **Nine** out of **global top ten busiest domestic** airline routes are in the Asia Pacific region\*
- Structure of the regional markets will be different and Asia Pacific may be slightly later in recovering, but not by a significant time period
- As consumers continue to search for fresh experiences, pent-up demand will carry on driving traffic to regional Asia Pacific destinations over the next 12 months.
- These destinations are expected to appeal to a range of demographic groups

*\* OAG Schedules data for week commencing 02 May 2023*

# Asia Pacific Travel Outlook: **Where to Next?**

- Global travel recovery trajectory firmly on track with global flight seat capacity just **2%** below pre-pandemic levels
- Regional Asia Pacific recovery has been a story of two halves
- Varying degrees of market reopening in the past 12 months has resulted in **supply and demand imbalance**
- Focusing on the **Southeast Asia sub-region:**
  - The Northeast Asia market's capacity weakness can be attributed to China's recovery pattern, which continues to have an impact despite the easing of travel restrictions
  - While domestic capacity is 14% below where it was in April 2019, international capacity is at **-26%**
  - The country with the largest capacity in SE Asia is Indonesia which makes up 30% of the region's capacity
  - Thailand is the second largest country in the region in terms of capacity, contributing **18%** of regional capacity

# Asia Pacific Travel Outlook: **China Importance**

- The importance of China to the whole Asia market cannot be underestimated:
  - It is **three and a half** times larger than the Indian market
  - Accounts for **nearly 50% of all capacity** in the region
  - As this picks up, we will see stronger and more robust growth rates over the next 6 months
- International flight recovery from China has been slower than the domestic segment
  - Early stages of international market opening in China
  - China is predominately a domestic market – first priority to ramp up to cater to this vast market first
  - Airlines/regulators might also be potentially focussing on key regional markets
  - For European and US airlines, there is also the issue of overflying over Russia having to reroute, adding time and cost
- Chinese airlines are looking to rebuild more regional markets ahead of long destinations in Europe, North America & Australia
- By October 2023, capacity to Malaysia, Singapore and South Korea will have increased by a **50%**



## Asia Pacific Travel Outlook: **China Importance**

- Travel restrictions from and to China have been slowly easing since January 2023 in a “**phased**” approach from the authorities
- Chinese airlines are in a predicament they require increased yields and US Dollars, but recent losses have left them hesitant to expand into international markets
- Securing accommodation in some markets for outbound travellers has proven harder than in previous years as those destinations found new markets
- This should equalise over time as travel operators renegotiate their supply contracts
- It’s important to remember that pre-pandemic, the vast majority of scheduled airline capacity (**88%**) from China was operated in the domestic market
- This is significant but it also paves for international opportunities that we had seen pre-pandemic



## Asia Pacific Travel Outlook: **Emerging Destinations**

- Asia Pacific carriers continue to develop a dual-brand strategy:
  - Increased focus on low-cost brand subsidiary to capitalise on the growing demand for leisure travel
  - Simultaneously maximizing the potential of the luxury market for its full-service brand
  - Case in point: Cathay Pacific/HK Express, Qantas/Jetstar and Singapore Airlines/Scot
- Over the next 9 months, we can expect a significant increase in arrivals to regional destinations like **Indonesia (Bali)**, **Vietnam**, **Thailand**, **South Korea**, and **Japan**
- This surge in traffic can be attributed to a growing trend among travellers to seek out more personalised experiences and to explore new, previously undiscovered destinations

## Asia Pacific Travel Outlook: Preferences of Young Travellers

- To serve young travellers:
  - Travel brands and retailers need to think innovatively and incorporate technology and AI advancements throughout the **experiential journey process**
  - Effective marketing and engagement strategies are crucial in understanding the unique habits of every traveller and developing services around them
  - Targeted promotions and relevant app reach will be essential at every touchpoint, from airport shopping to booking experiences at destination

# Asia Pacific Travel Outlook: **Future of Post Pandemic Travel**

## ➤ This needs to focus on specific trends:

- **YOLO** – “you only live once” segment - curated retreats at resorts offering transformative wellness retreats
- **FOMO** – “fear of missing out” – social pressure to be at the right place with the right people or
- **JOMO** – “joy of missing out” – allows travellers to be who they are in present moment
- Sustainable travel
- Solo travel
- Travellers considering booking travel advisers for their next vacation
- Travellers who would travel during off-seasons

## ➤ It’s all about understanding the “Generations” :

- **Gen Zs** (1997 and 2012) are travelling more than **Generation X** (1965 and 1980)
- **Baby Boomers** (1946 and 1964) and are on par with **Millennials** (1981 and 1996) who are currently the focus of the industry
- Gen Zs aren’t waiting until they have high-paying jobs or awaiting retirement to travel. Rather they are finding ways to fit it into their budgets now



# Asia Pacific Travel Outlook: Understanding Generations



**Baby Boomers**  
1946-1964



**Generation X**  
1965-1980



**Millennials**  
1981-1996



**Gen Z**  
1997-2012

## Context

- ✎ Postwar
- ✎ Dictatorship

- ✎ Political transition
- ✎ Capitalism

- ✎ Globalisation
- ✎ Economic stability
- ✎ Emergence of Internet

- ✎ Mobility
- ✎ Social networks
- ✎ Digital natives

## Behaviour

- ✎ Idealism
- ✎ Revolutionary
- ✎ Collectivist

- ✎ Independent
- ✎ Competitive
- ✎ Pragmatic

- ✎ Globalist
- ✎ Ambitious
- ✎ Tech-savvy

- ✎ Digitally connected
- ✎ Self directed
- ✎ Realistic

## Consumption

- ✎ Ideology
- ✎ Vinyl and movies

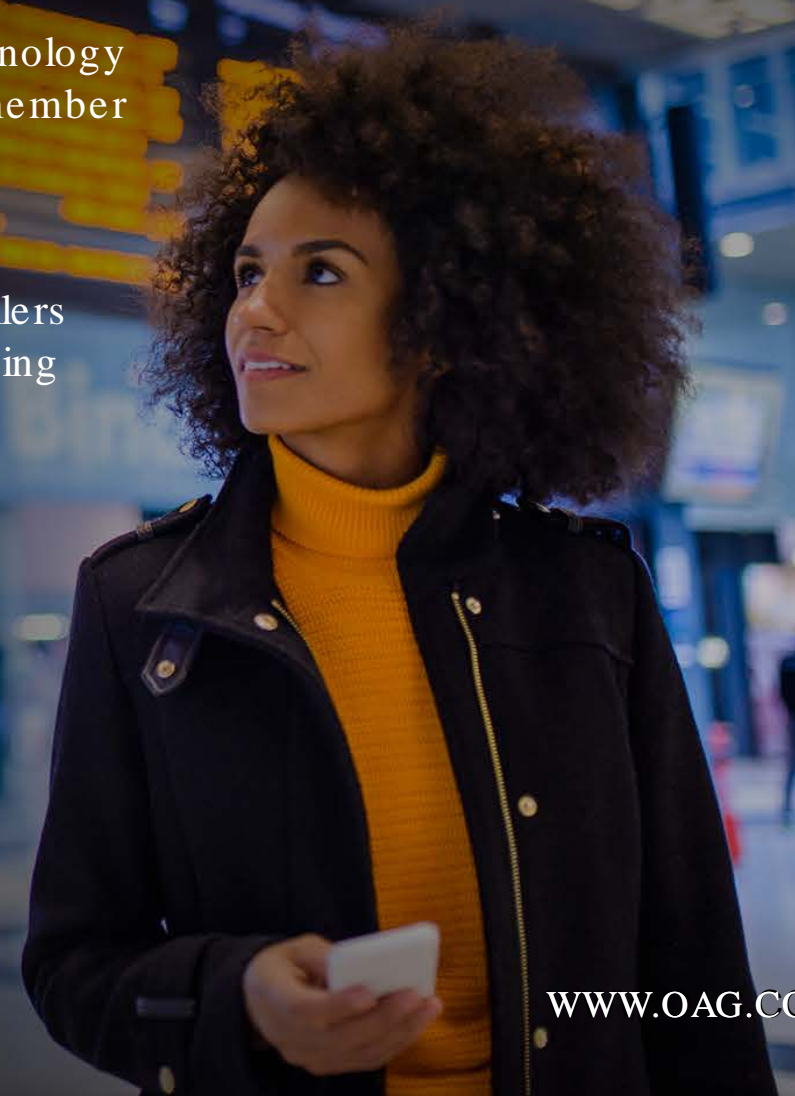
- ✎ Status
- ✎ Brands and cards
- ✎ Luxury articles

- ✎ Experience
- ✎ Festivals and travel
- ✎ Flagships

- ✎ Brand agnostic
- ✎ Uniqueness
- ✎ Ethical

# Asia Pacific Travel Outlook: **Future of Post Pandemic Travel**

- Tapping into various **generation clusters** will be paramount on the way technology is utilised for travel inspiration and booking discounts as Millennials may remember life without mobile phones and social media but Generation Z don't
- As we move forward, **digital transformation** will play a key role in how travellers interact with travel suppliers driving their travel habits, behaviour, and spending pattern



# Asia Pacific Travel Outlook: Top 5 Trends

# #1

New destinations are on the upswing

- Discovering new travel destinations through social media content
- Today, travellers are planning to go for lesser-known places

# #2

Moving from Seeing to Experiencing

- Searching social media about their desired destination and seeking the unique experience

# #3

Travelers now seek more control

- Cross verification of information and reading of reviews of experiences before booking

# #4

Travel as a means for personal growth

- Travelling with unknown people in larger groups and taking adventure travel to help them project as superior self

# #5

Book Now, Pay Later

- Fast tracking dreams into reality

# Global Outlook: What to look for in the rest of the year

- 
- Available resources: The greatest challenge to the final recovery. There are shortages of skilled staff, spare parts, engineers and this is affecting every part of the industry from travel tech/distribution, to operations and stretches into the whole travel sector
  - The price of oil: With the price per barrel unlikely to fall in 2023, air fares will remain high at least through the whole summer season
  - Corporate demand: Hopes of a recovery in corporate demand are now focussed on September at the earliest, but may not bring the volumes
  - Sustainability: An increasing area of activity, but access to Sustainable Aviation Fuel (SAF) remains very limited and its very expensive!
  - EVTOL's: Electric aircraft will be trialled by United Airlines in 2024, growing interest in such products
  - Indian aviation: Air India's hub development, rapid LCC growth and massive emergent market
  - Saudi Arabia: Vision 2030, a tripling of traffic in seven years - Riyadh Air, NEOM, a massive aviation disruptor
  - Project Sunlight: Qantas' non-stop SYD/MEL to LHR/JFK. Implications for Singapore/ Hong Kong stopovers?
  - Geopolitics: China's global ambition, and political tensions in the ASPAC region



# THANK YOU

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