Vienna travel trends and outlook

Market Spotlight: China Outbound Recovery

March 2023

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ForwardKeys PREDICTING TRAVELLERS' IMPACT

METHODOLOGY & GLOSSARY

PERIOD & PERIMETERS

- **Focus markets**: Germany, USA, UK, Italy, France, China, Spain, Switzerland, Saudi Arabia, UAE, Qatar, Kuwait, Canada, Japan, South Korea, Taiwan
- **Note:** The China analysis includes bookings of one-way trips
- Data is updated as of 7 March 2022

GLOSSARY

Ticket: Document issued by an airline which provides for the carriage of the passenger, either a “Passenger Ticket and Baggage check” or an Electronic Ticket.

On the Book: Air tickets according to the Travel Dates in the future. When calculating year-on-year variations, it compares the same travel period with the bookings that are issued during the same booking period during the previous year.

DATA SETS & SMARTS INCLUDED IN THE REPORT

ACTUAL AIR TICKETS

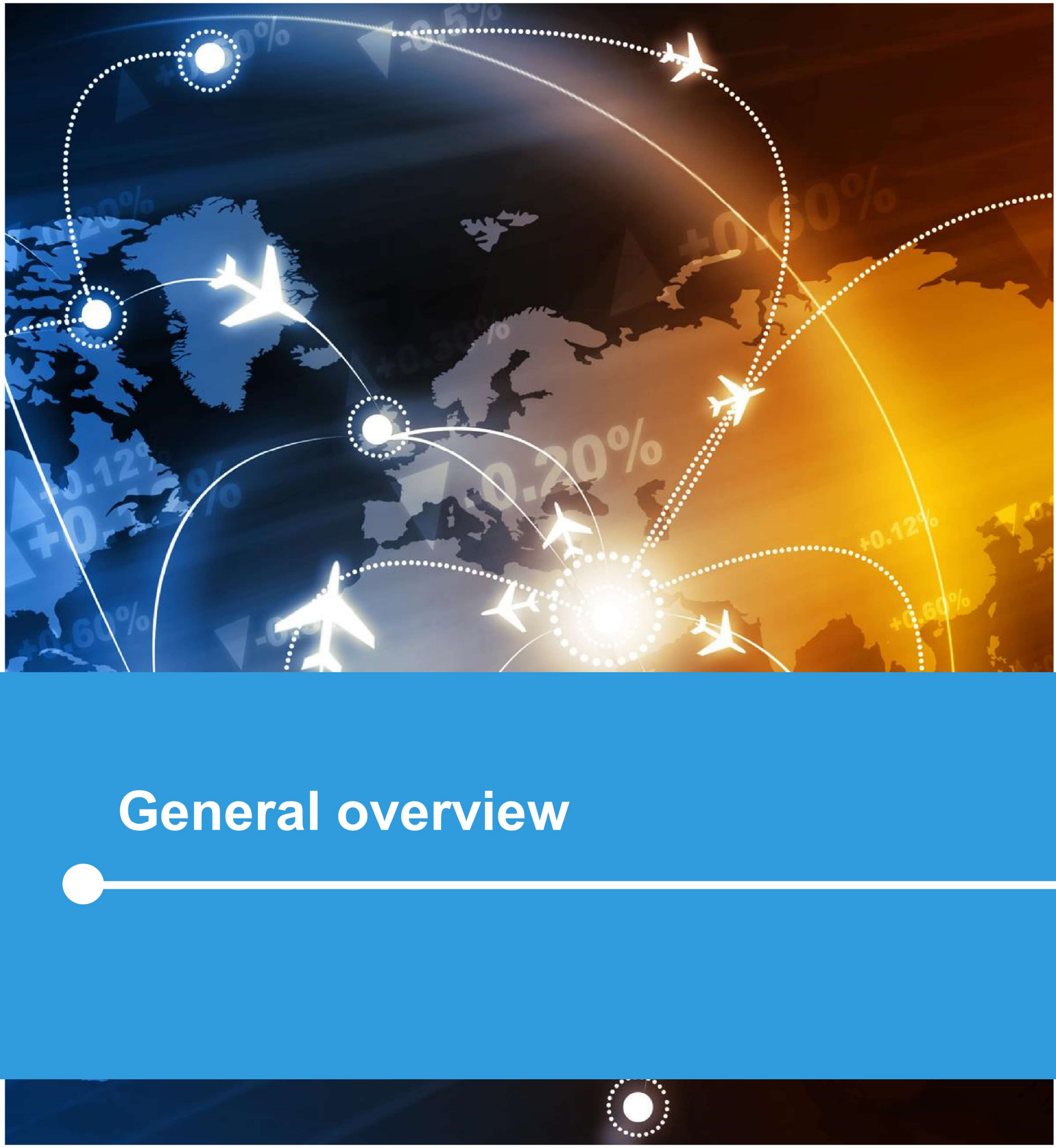
This dataset registers bookings ticketed directly by airlines who provided their ticketing data to IATA (about 30% of global direct airline tickets), in addition to all tickets made through GDSs (about 93% of all indirect tickets).

FLIGHTS SEARCHES

This dataset compiles daily flight searches aggregated by Kiwi, providing key and dynamic insights on travel intention. It aggregates searches for the most important travel agencies and meta-searches (Kayak, Skyscanner, Wego, Google Flights, Kiwi and more) on the market, as well as carriers working with Kiwi.

SEAT CAPACITY

Provided by OAG and enriched by ForwardKeys, Seat Capacity allows Destination Gateway users to analyse the available seats on direct commercial flights scheduled from/to your destination.



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General overview

Seat capacity to Vienna closes in on pre-pandemic levels

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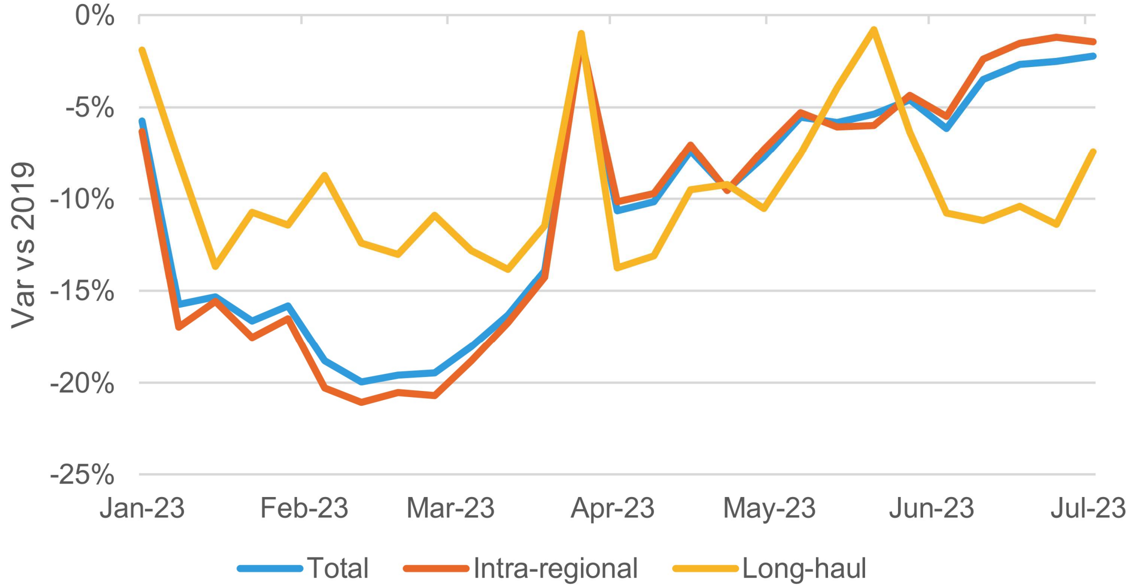
- Air connectivity in H1 2023 is 10% away from pre-pandemic levels.
- Long-haul air supply recovery is driven by arrivals from the GCC, at +33%; whereas the US is still recovering at 22% down vs 2019.
- Air supply from key European markets is yet to recover with Germany still 30% down vs 2019. France is 14% down and the UK 11% down.

Scheduled seat capacity recovery in **Vienna** in **H1 2023**



Seat capacity to **Vienna** from **focus markets**

Origin market (% share)		Var vs 2019
Germany	16%	-30%
Italy	8%	+11%
Spain	8%	+1%
United Kingdom	5%	-11%
France	4%	-14%
Switzerland	4%	-32%
United Arab Emirates	2%	+44%
U.S.A.	2%	-22%
Canada	0.7%	+15%
Qatar	0.7%	-30%
TOTAL INTERNATIONAL		-10%

Source: ForwardKeys Seat Capacity Data.

Demand from France, the UK, Italy and Spain are fully recovered

*Tickets issued in 2023 for all future trips to **Vienna**; recovery vs 2019*

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- Tickets issued to Vienna made between 1 Jan and 7 March 2023 for all future trips are 23% down vs 2019. Compared with 2022 bookings have increased by +112%.
- Within the top 10 markets Spain stands out as a success story, with an increase of 31% for bookings compared with pre-pandemic.
- Whilst Germany is still the largest source market, the lack of air connectivity is causing a bottleneck in the recovery of bookings.

Top origin markets	Var vs 2019
Germany	-32%
U.S.A.	-5%
France	+1%
United Kingdom	0%
Switzerland	-19%
Italy	-1%
Spain	+31%
Netherlands	-14%
Belgium	-15%
South Korea	-14%
TOTAL INTERNATIONAL	-23%

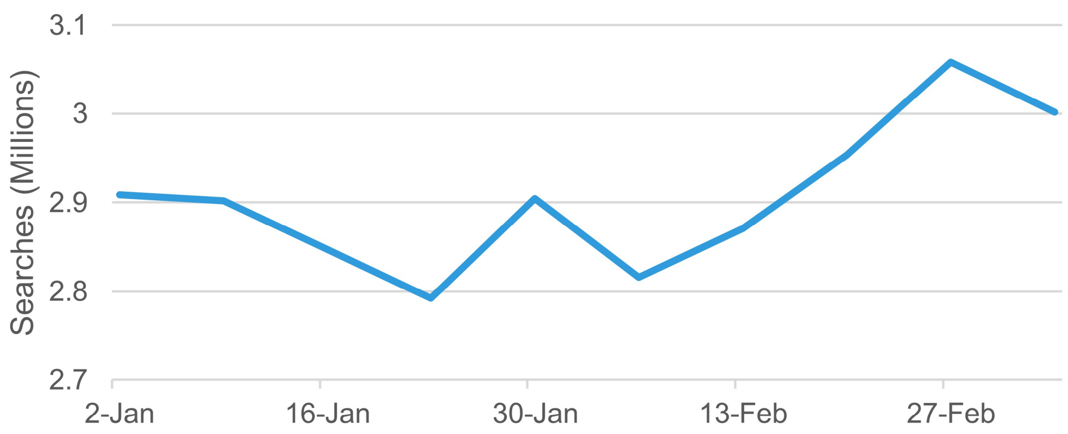
Source: ForwardKeys Actual Air Tickets.

Spain and Germany show strong travel intent

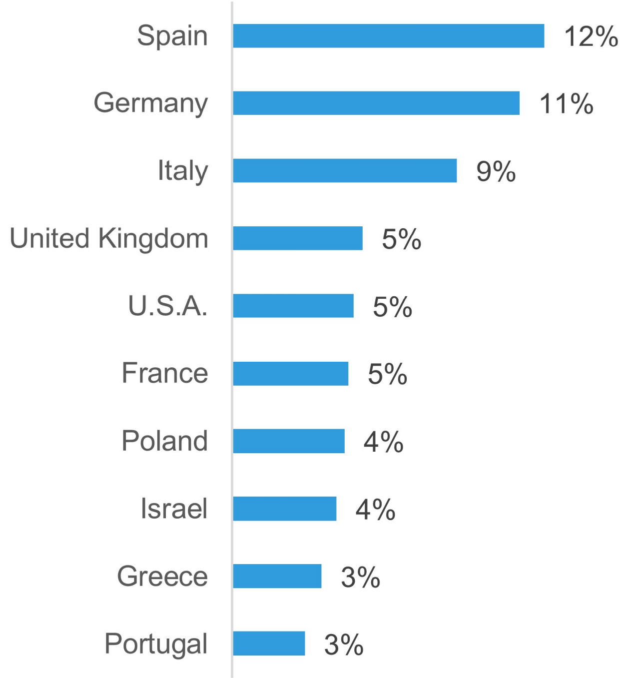
*Flight searches made to **Vienna** in 2023*

- Spain is the largest origin market searching for Vienna between 01 Jan and 12 March 2023, with Barcelona accounting for 24% share and Madrid with 22% share.
- Since the beginning of 2023 searches for Vienna are on the rise, with significant spikes in searches for arrivals to Vienna with travel dates during Easter 2023 from markets such as Spain and Italy

Evolution of searches made to **Vienna** for all future trips



Top origin markets searching for **Vienna** in 2023



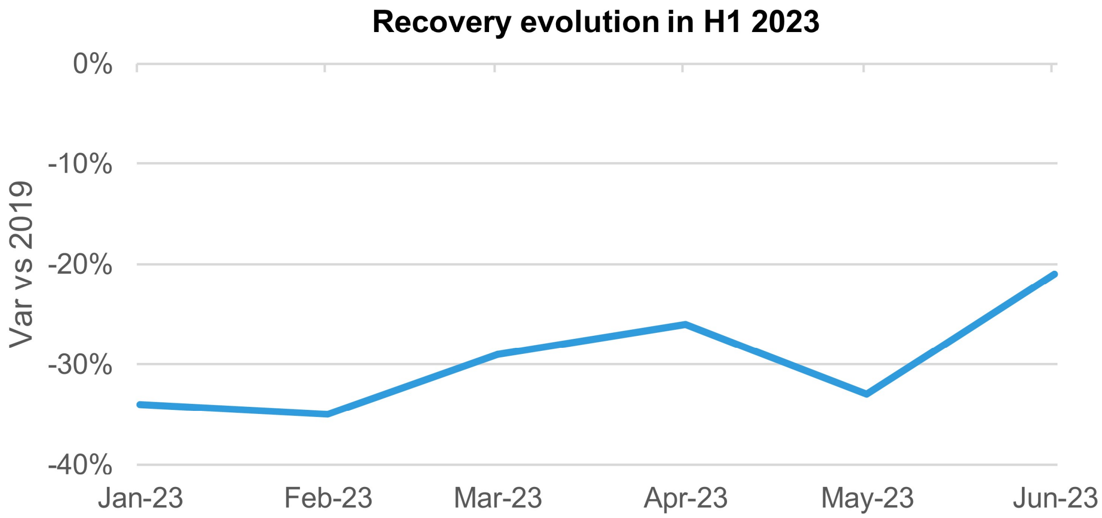
Source: ForwardKeys Flight Search Data.

The forward-looking recovery of arrivals from focus markets is uneven

*International arrivals in **Vienna** in H1 2023; vs 2019*

Arrivals in Vienna from Focus markets	Q1	Q2
Spain	+15%	+39%
United Arab Emirates	+3%	+32%
France	-9%	-13%
Italy	-10%	+13%
U.S.A.	-16%	-6%
Canada	-21%	-20%
South Korea	-22%	-23%
Switzerland	-23%	-38%
United Kingdom	-29%	-2%
Qatar	-30%	-46%
Saudi Arabia	-31%	-37%
Germany	-41%	-20%
Kuwait	-52%	-40%
Taiwan	-58%	-70%
Japan	-79%	-76%
China	-88%	-88%
All International	-32%	-25%

- As of 7 Mar, arrivals in Vienna in the first quarter of 2023 are down by 32% compared with 2019 levels.
- From selected focus markets Spain is the origin market growing the most, whilst the largest origin market Germany is yet to recover, at -41% vs 2019.
- Since the beginning of the year the evolution of recovery holds a strong upwards trend – a positive sign moving towards summer 2023.



Source: ForwardKeys Actual Air Tickets.

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Market Spotlight:

China Outbound recovery

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China outbound travel recovery

- Key milestones
  - On 8 Jan, China lifted their zero-tolerance policy to COVID-19 and their strict border controls, following the announcement on 27 Dec 2022.
  - On 4 Jan, EU government official recommended pre-flight testing of passengers from China and wastewater testing in airports, after which 16 European countries imposed testing restrictions.
  - From 6 Feb, China resumes outbound group tours to 20 countries, including to the UAE, Hungary and Switzerland
  - On 16 Feb, EU countries agreed to phase out COVID-19 restrictions on travellers from China.
  - From 15 March, China resumes outbound group tours to a further 40 countries, including France, Italy and Spain
- Key recovery factors
  - Travel restrictions
  - Air connectivity and flight fares
  - Passport renewals
  - Delays of visa applications

Airlines are set to significantly reactivate seat capacity within the first half of the year

Scheduled seat capacity for departures from China in H1

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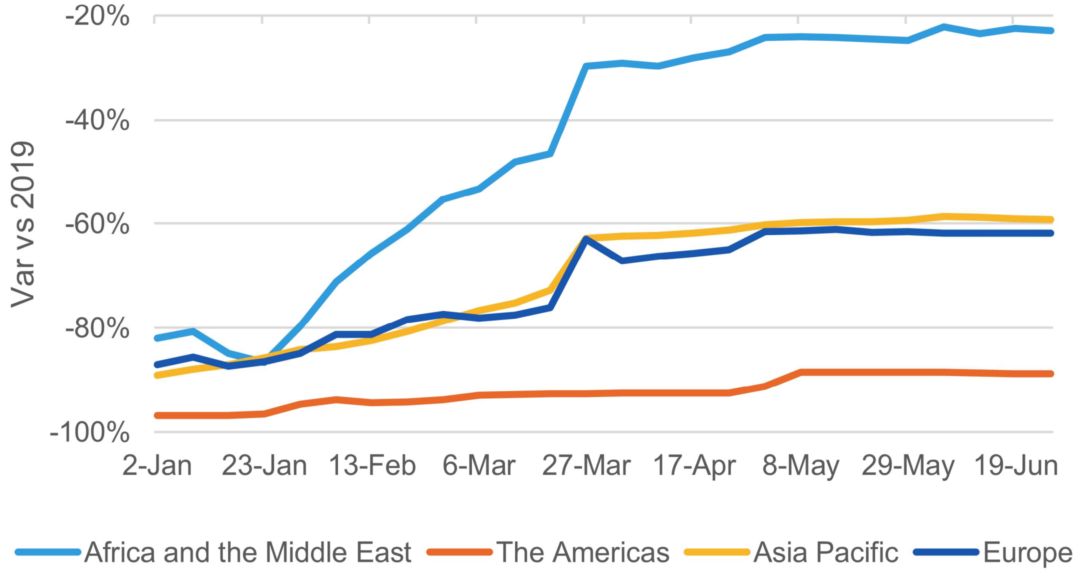
- Africa and the Middle East are leading the recovery, driven by destinations within the GCC.
- Western Europe is set to recover to 32% of capacity levels in Q2.
- Airlines are not banking on the re-activation of North American markets (-90% in Q2). However, Air China have established a new connection with Colombia.



Most recovered sub-continents	Q1	Q2
Sub-Saharan Africa	-41%	11%
North Africa	-42%	-5%
Southern Europe	-69%	-37%
South Asia	-70%	-49%
Middle East	-70%	-33%
Northeast Asia	-78%	-60%
Central/Eastern Europe	-79%	-70%
Oceania	-81%	-60%
Northern Europe	-84%	-62%
Western Europe	-84%	-68%
Southeast Asia	-84%	-61%
North America	-95%	-90%
South America	*New connection	

Source: ForwardKeys Seat Capacity Data.

Scheduled seat capacity for departures from China in H1

- There is a clear evolution in recovery of air supply throughout the first half of 2023, highlighted by some key markets such as the Untied Arab Emirates marking a 29p.p. difference between Q1 and Q2
- Recovery of air supply from China to Vienna is currently 74% down in Q1 and 65% down in Q2, vs 2019.

Q1

Most recovered destinations	Var vs 2019
Macao	-22%
Hong Kong	-67%
United Arab Emirates	-70%
Singapore	-76%
Taiwan	-76%
Cambodia	-79%
Philippines	-80%
Australia	-81%
Indonesia	-83%
Thailand	-87%
TOTAL INTERNATIONAL	**-81%**

Q2

Most recovered destinations	Var vs 2019
Macao	-13%
United Arab Emirates	-41%
Philippines	-46%
Singapore	-49%
Hong Kong	-55%
Australia	-61%
Cambodia	-61%
South Korea	-62%
Taiwan	-64%
Thailand	-66%
TOTAL INTERNATIONAL	**-63%**

Only considering destinations with shares > 2%

Source: ForwardKeys Seat Capacity Data.

Long-haul outbound travel is driving international recovery

*Departures from **China** between March and June 2023; vs 2019*

Departures from China to…	Var vs 2019
Domestic	-24%
Intra-regional	-71%
Long-haul	-66%
TOTAL INTERNATIONAL	**-68%**

Most resilient long-haul regions	Var vs 2019
Middle East	-37%
Africa	-45%
Europe	-70%
Americas	-70%

- Driven by arrivals in the Middle East, long-haul departures from China between March and June are recovering faster than intra-regional departures.
- Recovery of intra-regional departures is hampered by the slow reactivation to key destinations such as Japan and South Korea
- Recovery to Europe and the Americas is even, both seeing a 30% recovery compared with 2019 levels.
- 60% of tickets booked for departures between March and June are on one-way tickets, a common trend for Chinese travellers. This could in fact mean that the strong recovery to the Middle East is actually driven by passengers transferring through the Middle East to reach other destinations, such as European cities.

Source: ForwardKeys Actual Air Tickets.

Recovery of departures from China to Europe

*Departures from **China** between March and June 2023; vs 2019*

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Most recovered European Cities	Var vs 2019
Manchester	-26%
Belgrade	-30%
Frankfurt	-59%
London	-60%
Amsterdam	-63%
Milan	-63%
Istanbul	-63%
Budapest	-67%
Moscow	-67%
Paris	-68%
TOTAL INTERNATIONAL	**-70%**

Only considering destinations with shares > 2%

Vienna	**-85%**

- Key European Cities such as London, Amsterdam, Budapest and Paris have made their way into the top most resilient destinations for Chinese passengers for arrivals between March and June, all performing above the European average of -70% vs 2019.
- Belgrade is a stand-out performer which can in part be related to the visa waiver program for Chinese passengers.
- Chinese passengers arriving in Schengen-zone destinations are required to get a visa which took up to 48 hours to apply for in 2019, however since the reopening the waiting time for a Schengen visa is considerably longer which could hamper overall recovery to the EU.
- Group tours are making a come-back and as of 15 March there are 60 countries globally which have resume outbound Chinese group tours.

= no visa required

= group tours permitted

Source: ForwardKeys Actual Air Tickets.

Direct air connectivity with Europe is hampered by airspace restrictions in Russia

*Scheduled Seat capacity for arrivals in **Europe** in Q2 2023; vs 2019*

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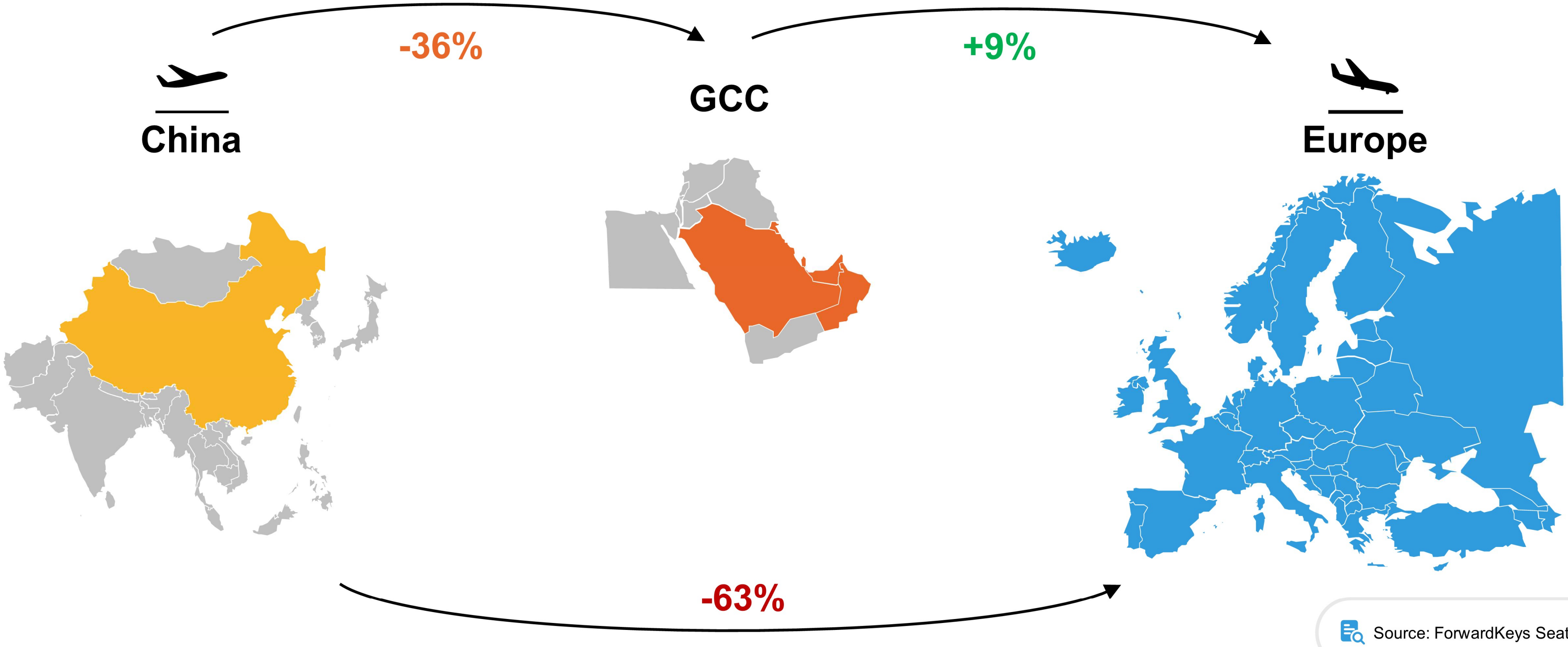
- Scheduled seat capacity for arrivals to Europe from China remain 63% down vs 2019 in the second quarter of 2023. The restrictions for European airlines to fly Russian airspace is adding a competitive disadvantage over Chinese-operated flights, with longer flying times and fares.
- Connectivity from China to GCC destinations is much further recovered, at just 36% down vs 2019, whilst connectivity with Europe from the GCC is even growing compared with pre-pandemic levels.



Source: ForwardKeys Seat Capacity Data.

Dubai gains importance as a hub connecting China with the EU and the UK

*Departures from **China** to the **EU** and the **UK** between March and June 2023; vs 2019*

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- Looking at the last point of transfer before reaching the EU or the UK can shine some light on how Chinese passengers are reaching the continent.
- Dubai now accounts for 14% of all transfers from China, having gained 10p.p. compared with shares in 2019.
- Istanbul also stands out as a key transit hub, with large shares and strong recovery.
- Vienna has also gained 1p.p. share compared with 2019 and now accounts for 3% of all transfers, with recovery levels for arrivals between March and June 63% down vs 2019.
- Arrivals on non-stop flights maintain a similar proportion as in 2019, 33%. However, complex itineraries of 2 stops of more have lost 6p.p. to single transfer itineraries (from 50% in 2019 to 56% in 2023).

Top transfer points before reaching the EU and the UK	% Share	Var vs 2019
Dubai	14%	-21%
Frankfurt	13%	-67%
Amsterdam	12%	-60%
Istanbul	7%	-19%
Brussels	6%	+93%
Paris	6%	-84%
Copenhagen	5%	-8%
Helsinki	4%	-68%
Warsaw	4%	0%
Vienna	3%	-63%

** Excluding gateways within China and Hong Kong*

Source: ForwardKeys Actual Air Tickets

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