

## **EMEA-Market Update- Q1 2023**

### **LEISURE TRAVEL**

#### **France**

In the leisure travel segment, the explosion of rates, especially in air travel, has a strong impact. However, agencies and tour operators are redoubling their activity. The French are very keen to travel and do spend more than before. Therefore, the volume of business remains a bit above 2019 level, with fewer customers and a very high average basket.

All destinations combined, travel sales grew by 29% in March 2023, compared to March 2022, and by 21% in February.

- **Top medium-haul destinations:**

Spain (+9% business volume; +12% average basket); Greece (+53% business volume; +6% average basket); Italy (+34% business volume; +20% average basket); Portugal (+12% business volume; +12% average basket); Croatia (+141% business volume; +22% average basket).

- **Top long-haul destinations:**

Mauritius (+106% business volume; +10% average basket); Dominican Republic (-47% business volume; +22% average basket); US (+27% business volume; +4% average basket); Mexico (+11% business volume; +27% average basket); UAE (-13% business volume; +35% average basket); Tanzania (+6% business volume; +22% average basket); Thailand (+382% business volume; +35% average basket); Canada (+106% business volume; +18% average basket).

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#### **Iberian Peninsula & Mediterranean**

##### **Inbound**

- Tourism in Spain has started the year along the same lines as last year, with great strength and capacity.
- The Canary Islands were the main destination in January, with 29% of the total number of tourists and receiving 1.2 million tourists, or what is same, 58.5% more than in January 2021. The Canary Islands are followed by Catalonia, with 19.2% of the volume of tourists, and Andalusia, which brings together 16.7%. Both regions are the destinations, behind the Canary Islands, most chosen by international tourists.
- The data of this Q1 "suggests a very satisfactory season".
- Hotel occupancy for Easter Week stands at 72%.
- Bookings for Easter already confirmed exceed this 2023 by 30% those registered before the pandemic, in 2019.
- The figures published month by month continue to confirm strong demand despite the challenging economic environment that is affecting the global economy, particularly the European one.
- Spain expects 2023 tourism revenue to surpass pre-pandemic levels.

## Outgoing

- On a national level, Madrid, Valencia, Málaga and Cádiz are the most popular destinations for Easter Holidays.
- On an International level, Paris, London, Rome, Amsterdam, Lisbon, New York are the most popular cities for Spanish people to enjoy their Easter Holidays.
- On the other side, Santa Cruz Tenerife, Las Palmas de Gran Canaria and Palma de Mallorca are the most popular beach destinations.
- There is a lot of interest for Tokyo, Egypt, which has been blooming in Q1.

## TRENDS

- Airlines at 70% in comparison to 2019, are increasing rates which is making travelers booking a lot more in advance.
- Asia starting to rise with 50% bookings compare to 2019.
- 5\* hotels increasing rates globally as per high demand, and increase of costs.
- Wellbeing and meaningful activities still on the rise.
- Mandatory added values, premium experience.
- Positive trend for Q2.

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## Italy

### LEISURE TRENDS

A recent survey made by Enit (Ente Nazionale del Turismo Italiano) stated that for their vacations Italians look for:

- **Sustainable Experiences:** factors such as inclusiveness and eco-sustainability affect choice almost as much as price.
- **Live Like Locals:** Italians look for unique experiences to disconnected from mass tourism. Offering travellers a distinctive and organised experience directly is a way of fostering their immersion in the local reality.. they can be proposed to families and couples, as well as small groups.
- **Holiday While Working** In the wake of smart working, it is not unusual to dedicate time to work on holiday. This requires space and technology management. It is necessary to set up small workstations suitable for the use of a laptop, both in the room and in the common areas. But above all, it is essential to ensure a reliable Internet connection.
- **Never Ending Tourism:** with the increase in the use of digital content and online purchases following the pandemic, tour operators have realised the importance of extending the traditional offer to digital. Thus creating an experiential continuum before, during and after the trip, thanks to online content such as virtual visits to museums and cities, dedicated e-commerce platforms to buy local handicrafts, etc. people continue to demand.
- **Flexibility** with regard to prices and payments.

### BUSINESS TRAVEL

- 2022 was the year of the return to business travel for Italian companies, with a recovery exceeding expectations: the volume of business trips, both domestic and international, increased overall by 70% compared to the previous year. The domestic market leads the growth, with an increase of 72% on 2021 which brings it back to -14% from the peak of 22 million trips recorded in 2019.
- The growth in spending on business travel is much more decisive, which in 2022 in Italy exceeded 17 billion euros, doubling the value of 2021 (+96%) and approaching significantly pre-pandemic levels (-16% on 2019).
- The recovery of Business Travel is evident and gives a strong signal of restart, but the data are also affected by contingencies and external factors. The dynamics of spending have as its propellant both

geo-political tensions and the strong recovery in leisure demand that determines the rationing of the supply of services. The increased volatility of prices and the purchase risk make it difficult to contain spending with the usual strategies and, therefore, the players in the sector are called to continue the work of renewing their mechanisms by increasingly introducing digital.

- The digitalization of reporting and reconciliation activities, for example, allows a huge saving of time and therefore costs. In addition, the digitalization of procedures allows the achievement of greater benefits, if accompanied by proper management and use of data.

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## **India**

- Outbound travel has witnessed growth despite rupee depreciation and increase in airfares, summer of 2023 is expected to be robust.
- Visa processing for US, UK & Europe continues to be a challenge however the respective Embassies have taken necessary steps to handle the summer vacation demand.
- Indian Outbound Tourism Market is expected to surpass US\$ 42 Billion by the end of the year 2024. India is one fastest-growing major economy globally.
- Indians emerge as Asia Pacific's most confident travelers with 86 percent of Indians intending to travel in the next 12 months, according to Booking.com.
- AMEX FHR, Serandipians and other luxury agents have started receiving encouraging queries for summer.

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## **CORPORATE/BUSINESS TRAVEL**

## **France**

- Business Travel has strongly bounced back since 2022 and more specifically in some industries such as Luxury Goods, Banks...
- The biggest drivers of the expected continued increase in travel are the growth of live events and easing restrictions. Long-haul trips are still catching up.
- Some travel buyers are considering reviewing their city caps on some destinations and may accept reasonable rate increases for 2024.
- After having implemented dual rate strategies during and post Covid, buyers tend to go back to static rates only.
- Sustainability being a clear corporate priority, companies keep on working to optimize their corporate travel policy to decrease their environmental impact.
- American Express GBT closed most of their BTCs in France and Belgium. Agents now work from home. Only a few of them are at the office (15 in Lyon and in Paris).

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## **Iberian Peninsula & Mediterranean**

### **Corporate Business**

- Late RFPs, as we still managing them in March 2023.
- Global Travel Buyers still negotiating rates with hotels and asked for more rate adjustments.
- Many Travel agents working from home or in an hybrid mode.
- The corporate travel sector is adopting this mix of "work travel" and "leisure time" as the new standard.
- Sustainable Corporate Travel is receiving more attention.
- Price Increases for Hotels and Flights. The causes are, among other things, increasing fuel costs, inflation, and a shortage of workers.
- Madrid, Barcelona are positioned as the most popular cities for business events.

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### **India**

- Business travel bouncing back slowly, Q1 demand was strong however Q2 pace have been slow
- The usage of online booking tools has increased in India year on year.
- High airfares continue to be a deterrent for some international corporate travelers and even for some domestic travel since budgets are running low towards the end of the year.
- G20 events will help corporate demand since there will be delegations and representations throughout 2023.

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