

Skift
MEGATRENDS
Defining Travel in 2023

SESSION

2023 Skift Research Global Travel Outlook: A Redistributed World



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SPEAKER

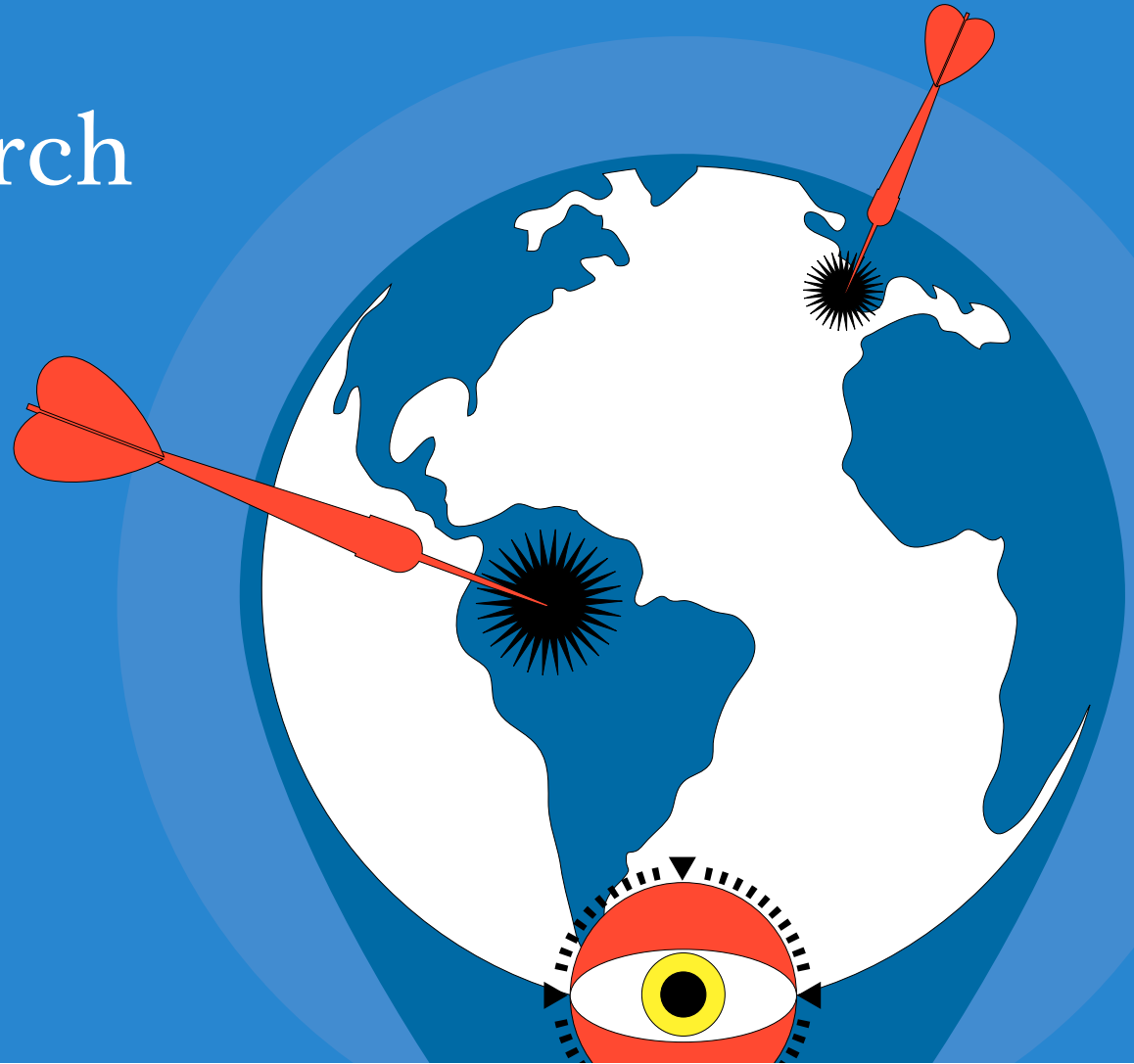


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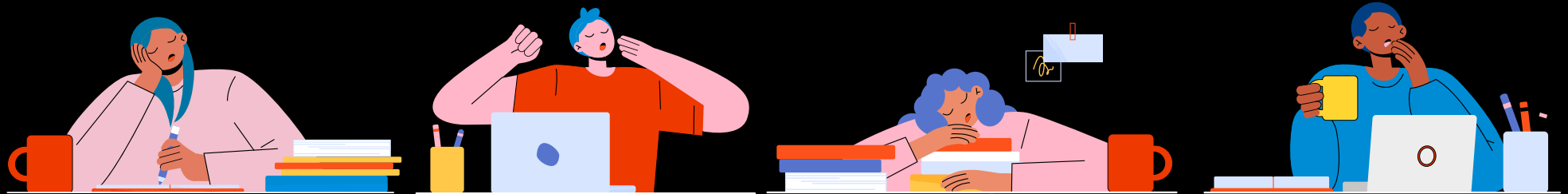
2023 Skift Research Global Travel Outlook: A Redistributed World

SETH BORKO
Skift Research



No Rest for the Weary

Cautious optimism as travel switches from regaining lost ground to breaking fresh trails in 2023



EXTREME INFLATION

LABOR SHORTAGES

2023 RECESSION?

BREXIT

CLIMATE CHANGE

New Covid variants? MIGRANT CRISIS

UKRAINE WAR

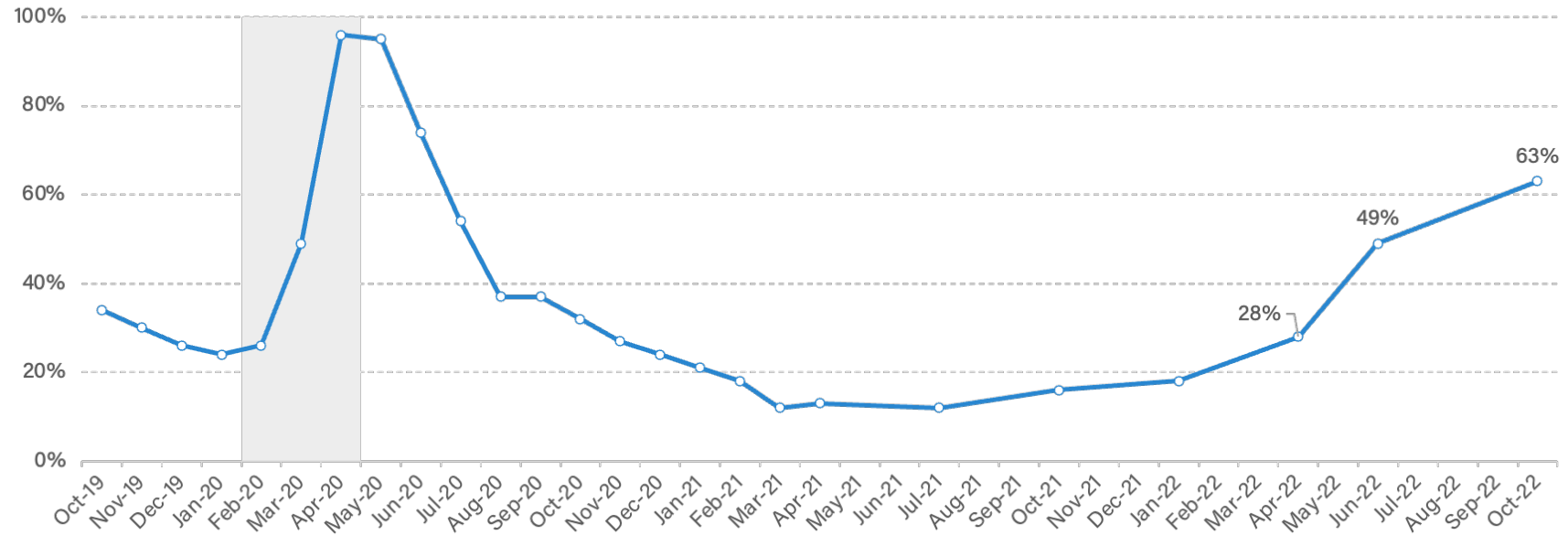
CHINA - U.S. TRADE WAR

SOCIETAL POLARIZATION

The Bad News: Recession Risks Have Risen Sharply

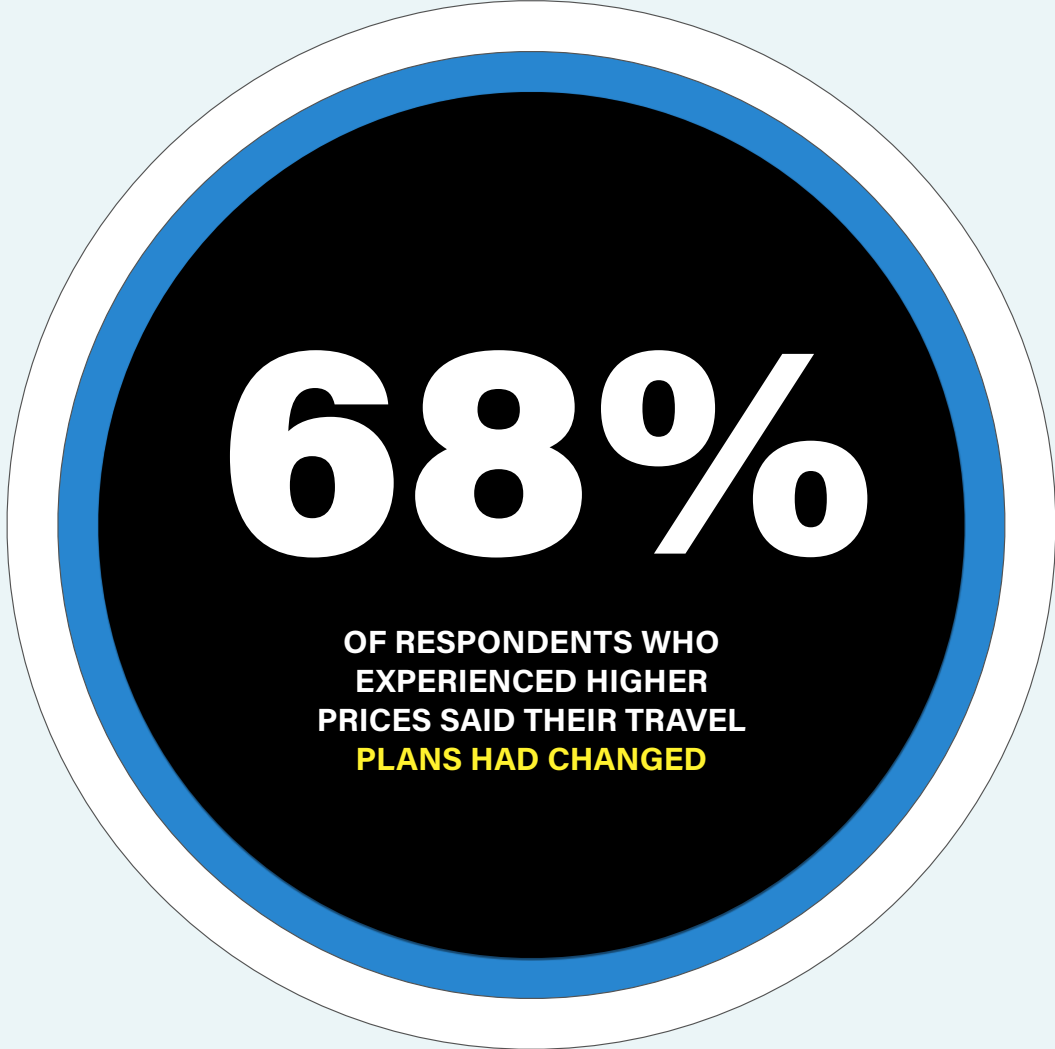
For all the strength in travel, let's be clear-eyed about the broad economic environment. The risk of a recession is high and rising.

Probability That the U.S. Is in a Recession in the Next 12 Months



The Bad News: Inflation Impact Can Already Be Felt

When faced with rising travel prices, most people spent less in-destination or chose a cheaper destination but a fifth completely cancelled or postponed their travel plans.

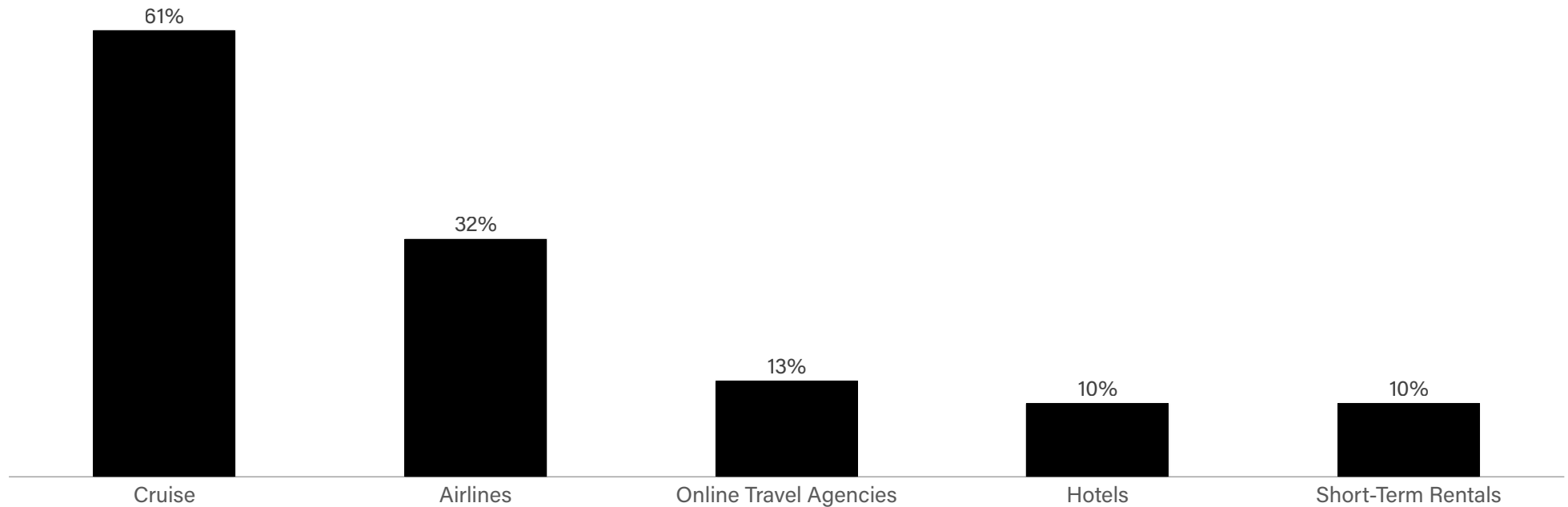
A large circular graphic with a black center, a blue inner ring, and a white outer ring. The text '68%' is written in large white font in the center. Below it, in smaller white font, is the text 'OF RESPONDENTS WHO EXPERIENCED HIGHER PRICES SAID THEIR TRAVEL PLANS HAD CHANGED'. The words 'PLANS HAD CHANGED' are highlighted in yellow.

68%

**OF RESPONDENTS WHO
EXPERIENCED HIGHER
PRICES SAID THEIR TRAVEL
PLANS HAD CHANGED**

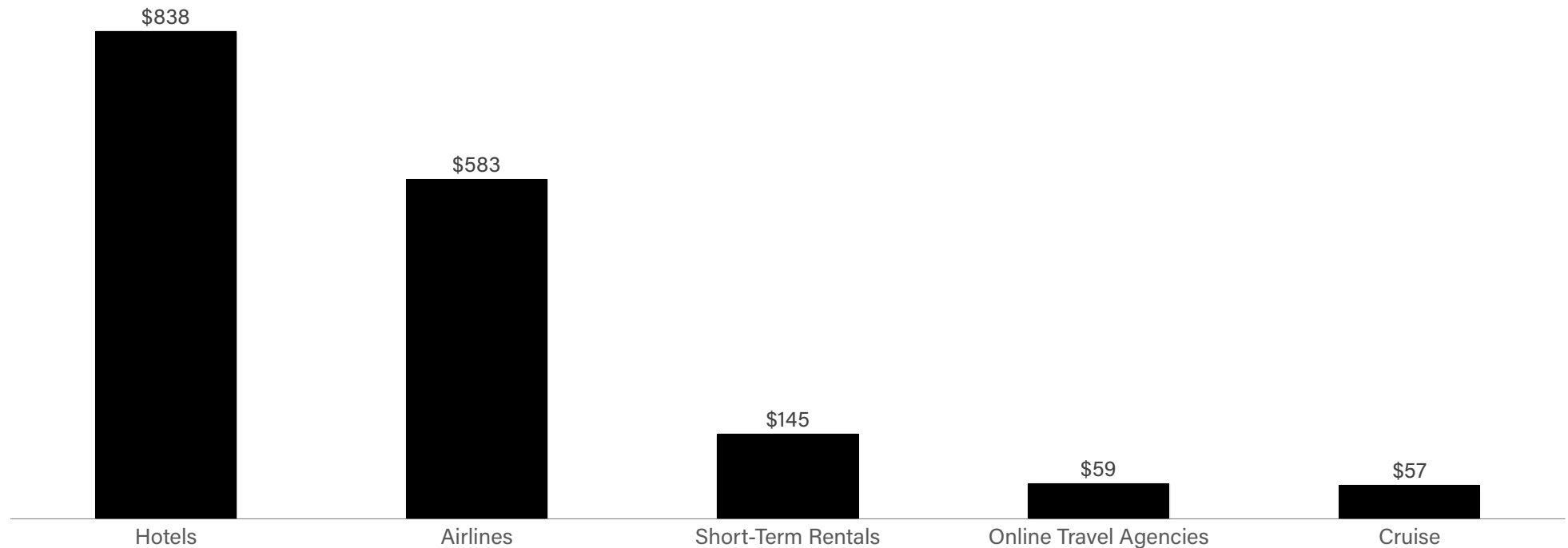
Skift Research 2023 Revenue Growth Forecast, by Sector (% Change vs. 2022)

2023 Estimated Revenue vs. 2022



Skift Research 2023 Revenue Forecast, by Sector

2023 Skift Research Revenue Estimates
(\$ Billions)



How Can Travel Continue to Grow Through a Recession?

1

**TRAVEL IS STILL
UNDER-INDEXED
RELATIVE TO THE
BROAD ECONOMY**

2

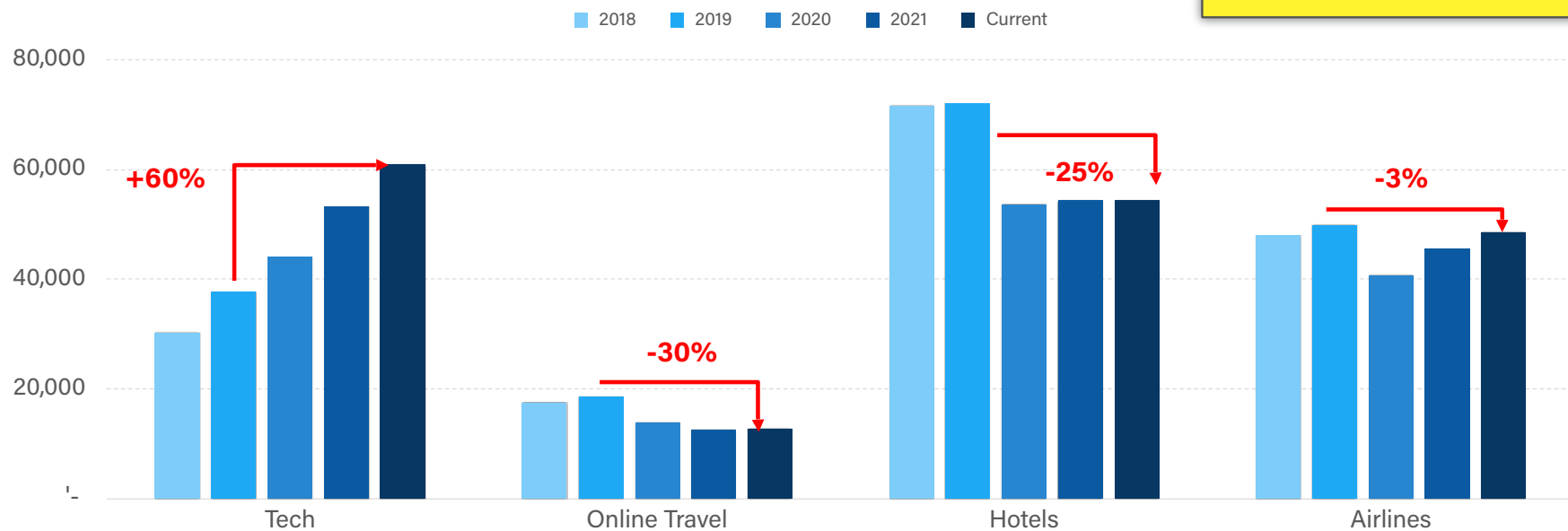
**RE-OPENING OF ASIA
PROVIDES A SHOT OF
ADRENALINE JUST IN
THE NICK OF TIME**

Let's Not Panic at Scary Layoff Headlines

Tech headcount grew during the pandemic while travel went through a major reduction in force that it has yet to recover from. Tech layoffs are a cause of concern, but travel may be insulated as it already took the hit in 2020.

Tech: Google, Twitter, Lyft, Salesforce, Meta, Snap
Online Travel: Expedia, Booking, Tripadvisor
Hotels: Marriott, Hilton, IHG, Choice, Wyndham
Airlines: Southwest, Delta, United, America, Alaska, JetBlue, Allegiant, Spirit, Hawaiian

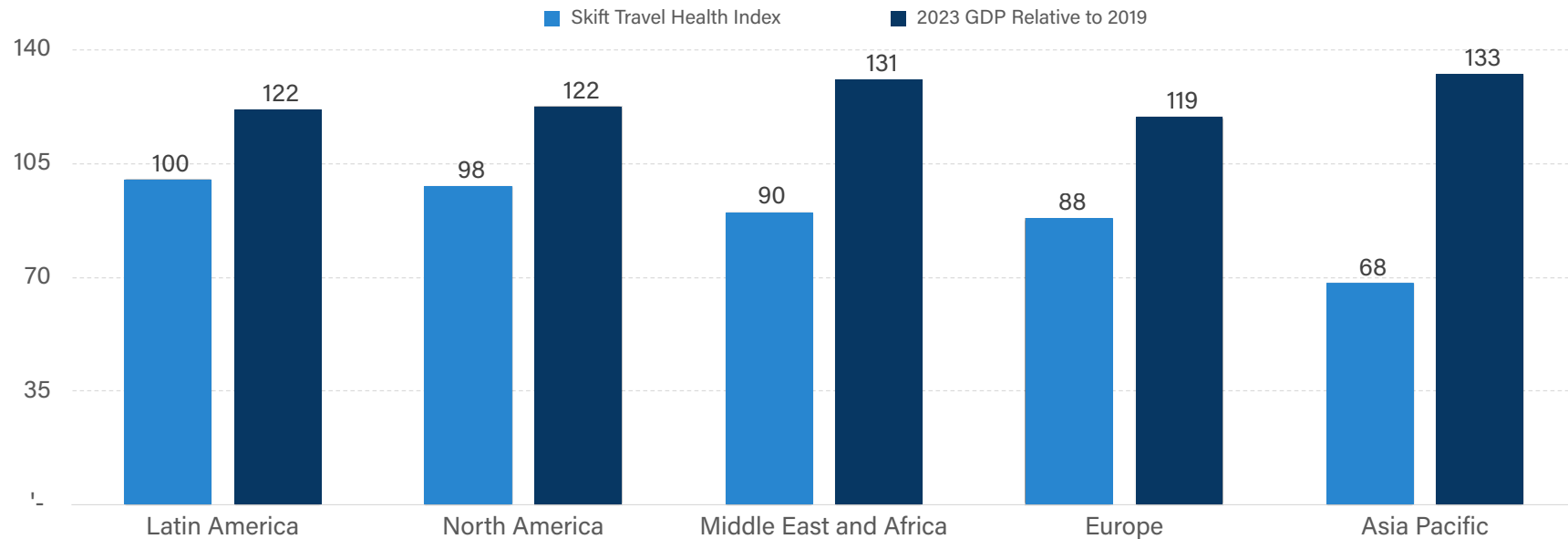
Average Company Headcount by Sector



Travel Has Significant Upside Relative to the Broader Economic Recovery Since the Pandemic

GDP is 20-30% higher than it was pre-pandemic while travel has, at best, only just recovered. This suggests that there is still potential for significant 'catch up' growth in travel in every region of the world.

Travel's Recovery Lags the Broader Economic Recovery



Don't Believe Us, Ask Around!

How long can the good times last? When asked point blank, leaders of the largest airlines in the U.S. were unequivocal. They see strong travel lasting into at least early 2023.

*The travel industry is experiencing a countercyclical recovery... **Demand has not come close to being quenched by a hectic summer travel season.***

ED BASTIAN, CEO



*The return of long-haul international travel leaves us **very bullish about overall demand** even in an uncertain economic environment.*

ROBERT ISOM, CEO



*There's been a permanent structural change in leisure demand because of the flexibility that hybrid work allows... **This is not pent-up demand. It's the new normal.***

SCOTT KIRBY, CEO



*[Travel] tailwinds are stronger than the headwinds. And I would say meaningfully stronger, which is why **we will continue to recover, we continue to have pricing power.***

CHRIS NASSETTA, CEO



We continue to see kind of the power of people's love for travel, pent-up demand, pent-up savings, and recovery in certain markets.

LEENY OBERG, CFO



*One of the things that we've seen is despite a lot of consumers pulling back on spending, the **one area that I haven't seen them pull back on as much is travel.***

BRIAN CHESKY, CEO



How Can Travel Continue to Grow Through a Recession?

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**TRAVEL IS STILL
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Travel Is Moving East West

2019

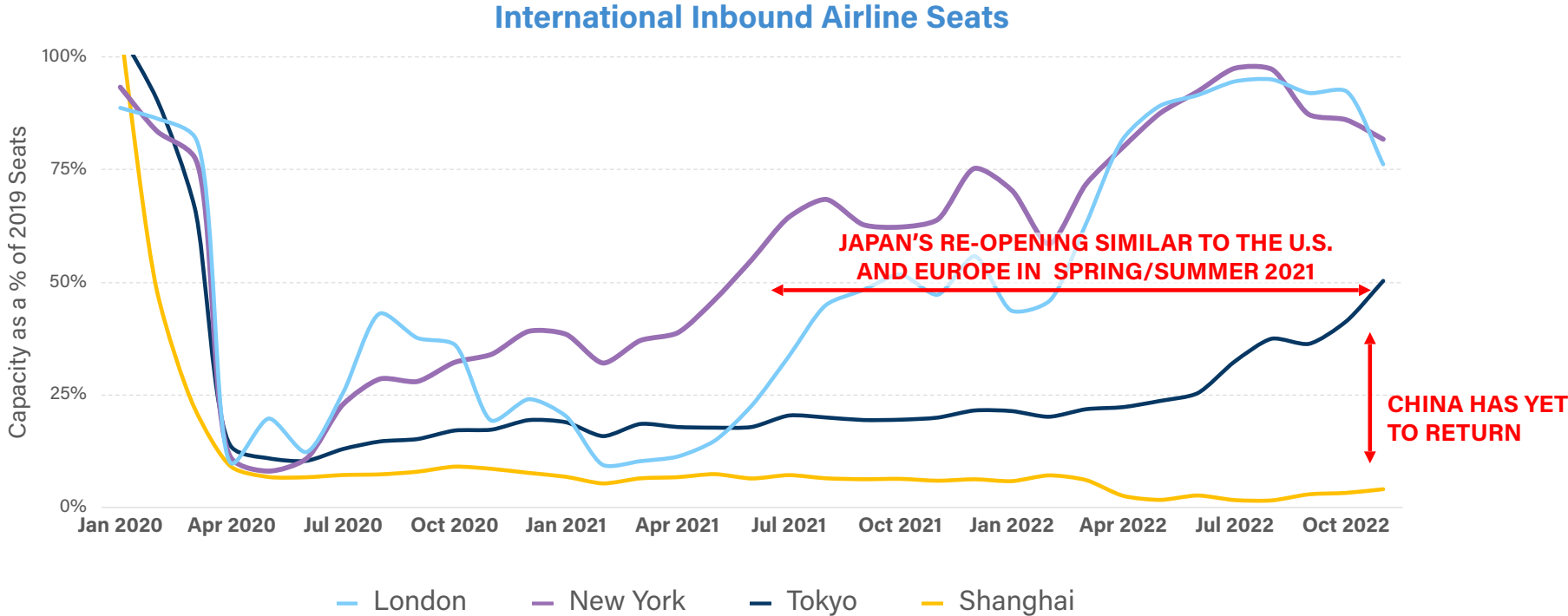
	DEPART	ARRIVE	MILLION SEATS
1	HONG KONG	TAIPEI	7.96
2	KUALA LUMPUR	SINGAPORE	5.56
3	JAKARTA	SINGAPORE	5.48
4	BANGKOK (BKK)	HONG KONG	4.83
5	HONG KONG	SHANGHAI	4.46
6	HONG KONG	SEOUL (ICN)	3.94
7	HONG KONG	MANILA	3.85
8	NEW YORK (JFK)	LONDON (LHR)	3.83
9	BANGKOK (BKK)	SINGAPORE	3.83
10	JAKARTA	KUALA LUMPUR	3.79

2022

	DEPART	ARRIVE	MILLION SEATS
1	CAIRO (CAI)	JEDDAH	3.23
2	DUBAI (DXB)	RIYADH (RUH)	3.19
3	NEW YORK (JFK)	LONDON (LHR)	2.84
4	DUBAI (DXB)	LONDON (LHR)	2.69
5	KUALA LUMPUR	SINGAPORE	2.44
6	DUBAI (DXB)	JEDDAH	2.42
7	ORLANDO	SAN JUAN	2.09
8	MUMBAI	DUBAI (DXB)	1.97
9	CAIRO (CAI)	RIYADH (RUH)	1.91
10	DELHI	DUBAI (DXB)	1.89

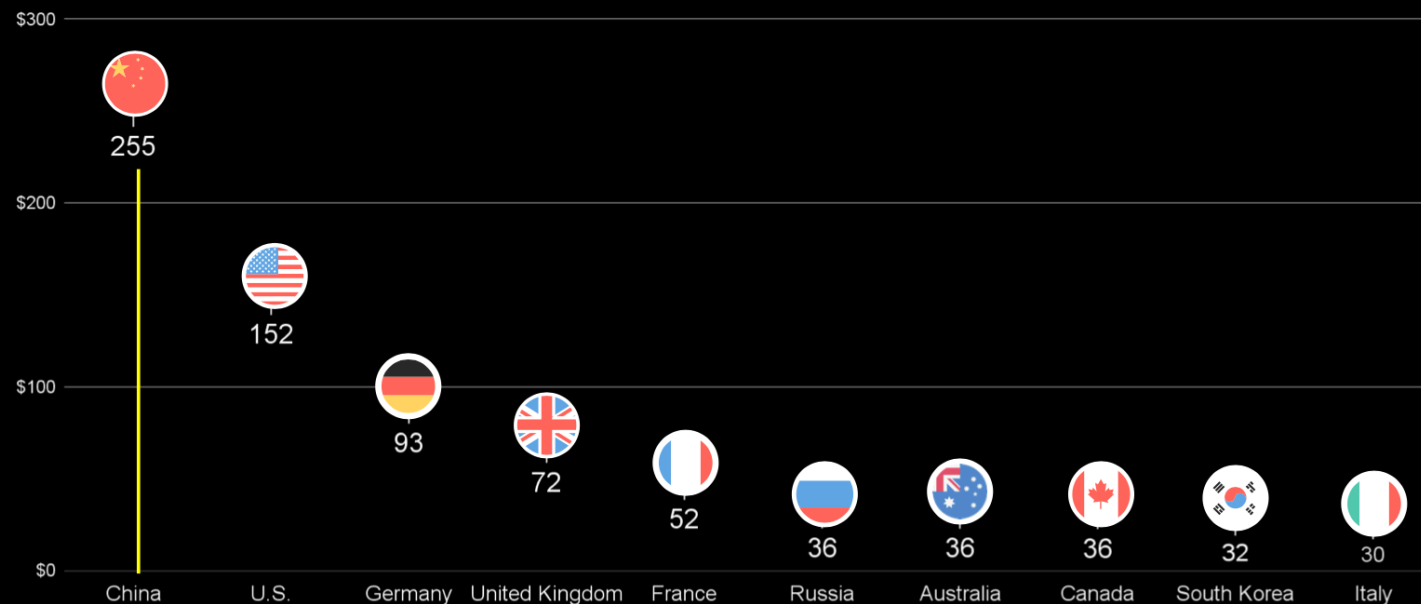
Asia's Reopening Is Underway but Progress Slow

Growth in Asia likely to offset slowdowns elsewhere. Japan seems poised to repeat the massive travel boom the West went through last year though China remains an open question.



China is Largest Outbound Travel Market in the World

China was the largest exporter of tourism in 2019.



← Top 10 Countries for Outbound Tourism Expenditure (\$ billion)

Asia's Return Powers Growth Even as it Redistributes the Flow of Travel

EUROPE AND THE AMERICAS HAVE ALREADY USED MUCH OF THEIR PENT-UP DEMAND EVEN AS ASIA WILL ENTER ITS 'CATCH-UP' PHASE IN EARNEST.

THE LOOSENING OF CHINA'S ZERO-COVID POLICY SETS THE STAGE FOR THE RETURN OF CHINA'S 155 MILLION TOURISTS.

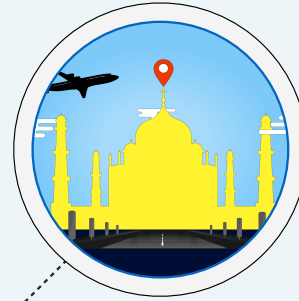
BUT THE BIG QUESTION IS: WILL CHINESE TRAVELERS STILL WANT TO TRAVEL IN THE SAME WAY THEY DID PRE-PANDEMIC GIVEN THE MORE FRACTURED POLITICAL LANDSCAPE OF TODAY?

THIS SETS THE STAGE FOR A REDISTRIBUTION OF WHERE AND HOW CITIZENS TRAVEL

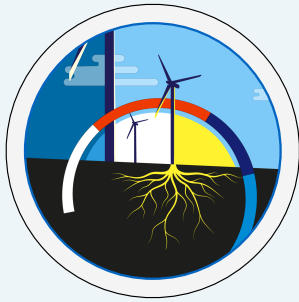
**ANYWHERE
TRAVELER PUTS
NEW DESTINATIONS
ON THE MAP**



**INDIA BECOMING
THE NEW CHINA IN
THE REORDERING
OF ASIA TRAVEL**



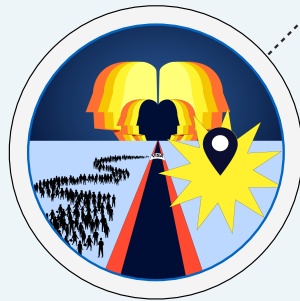
**CLIMATE IMPACT
MOVES FROM
MARKETING TO
OPERATIONS**



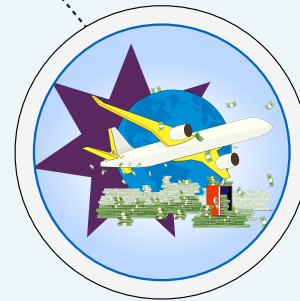
**BIG BANKS CHASE
A MUCH BIGGER
PIECE OF THE
TRAVEL MARKET**



**BORDER
BOTTLENECKS
WIDEN TRAVEL'S
DIVIDE**



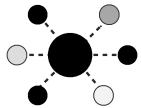
**AIRLINE REVENUE
SUCCESS COMES
WITH COST DISTRESS**



Redistributed

Themes

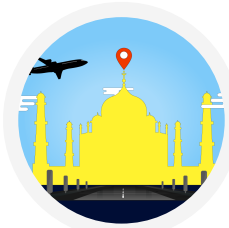
01



Redistributed



ANYWHERE TRAVELERS



CHINA INDIA



BIG BANKS



AIRLINE REVENUE



BORDER BOTTLENECKS



CLIMATE IMPACT

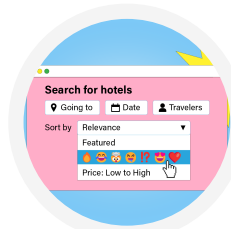
02



Blended



BLENDED TRAVEL



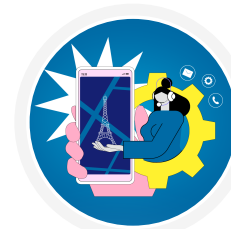
HOTELS TAP INTO EMOTION



STR PRICING TRANSPARENCY

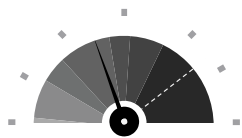


TRANSFORMATIONAL EVENTS



TOUR OPERATORS EMBRACE TECH

03



Polarized World



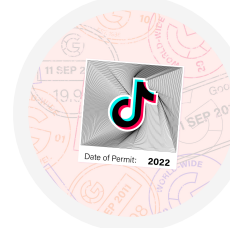
SUPER LUXURY



GENERATIVE AI



CHANGING FACE OF LABOR



TIKTOK



PERMANXIETY

Stay ahead of the trends shaping the future of travel

- ✓ Data Tools & Dashboards
- ✓ 30+ Reports annually
- ✓ Library of 200+ Reports

EMAIL: RESEARCH@SKIFT.COM

