SKIFT TRAVEL HEALTH INDEX
DECEMBER 2022 HIGHLIGHTS

SKIFT RESEARCH TAKE

Skift Research is cautiously optimistic about travel's continued recovery in 2023, despite a growing likelihood of a recession in many countries. Travel is still underindexed compared to the broader economy, and the reopening of Chinese borders provides a strong boost.

by Wouter Geerts + Skift Team
Published January 2023

TABLE OF CONTENTS

REPORT OVERVIEW

This report highlights the latest insights from the Skift Travel Health Index. The index covers travel's performance since January 2020, up to and including December 2022.
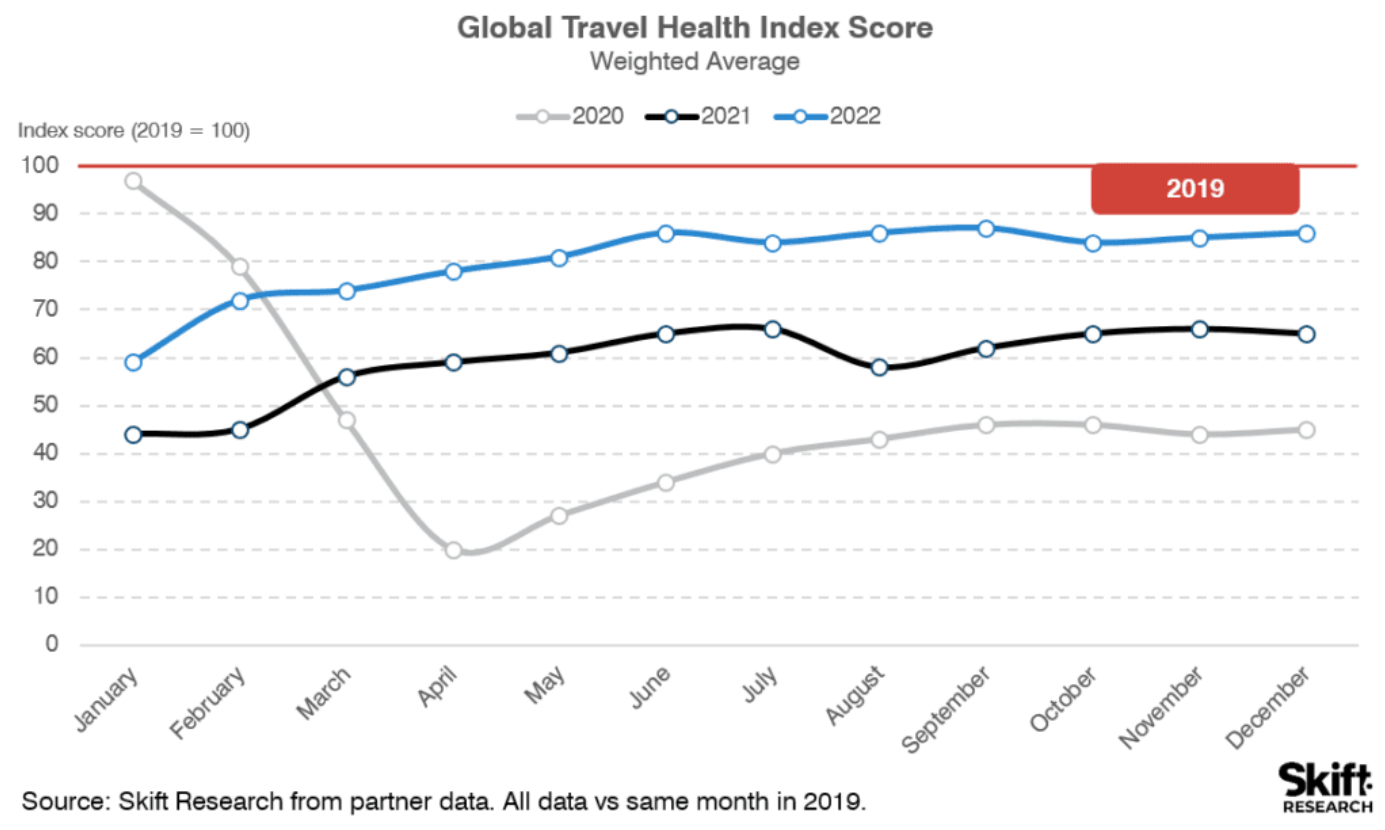
The Skift Travel Health Index is a real-time measure of the performance of the travel industry at large, and the core verticals within it. The Index provides the travel industry with a powerful tool for strategic planning, which is of utmost importance as times remain uncertain.

Skift Research launched the Index in May 2020 as the Skift Recovery Index. At the start of 2022 we rebranded the Index as the Skift Travel Health Index, to reflect some far-ranging changes: the addition of many more indicators, additional data partners, and most importantly, our continued effort to track the industry health beyond the impact of the Covid-19 pandemic.

We are thankful for the support of our data partners: Amadeus, Aviasales, Beyond, CarTrawler, Cendyn, Collinson, Criteo, Duetto, ForwardKeys, Hotelbeds, Key Data Dashboard, OAG, Onyx CenterSource, OTA Insight, RateGain, Shiji Group, Skyscanner, Sojern, Transparent, and TrustYou. Their data allows us to provide you with a monthly assessment of travel's performance.

2022 SIZZLES OUT BUT SAW REAL GAINS

There has been little movement in the global Index score since June, and December 2022 was no different. The Skift Travel Health Index now stands at 86 points, meaning it falls 14% short of 2019 performance levels.

Global Travel Health Index Score
Weighted Average

—○—2020   —●—2021   —○—2022

Index score (2019 = 100)

Source: Skift Research from partner data. All data vs same month in 2019.

Skift RESEARCH

Although there has been little movement into year end, performance in 2022 has improved over 2021. All regions improved their performance during 2022, with Europe seeing the strongest growth at nearly 50%. Latin and North America continue to be the strongest performers, however, both performing above 2019 levels.

ANNUAL COMPARISON OF INDEX SCORES BY REGION - DECEMBER 2020 VS 2021 VS 2022

Index scores	Dec-20	Dec-21	Dec-22	Growth 20/21	Growth 21/22
Asia Pacific	48	54	73	13%	35%
Europe	32	63	94	97%	49%
Latin America	54	91	107	69%	18%
Middle East and Africa	55	66	94	20%	42%
North America	47	85	103	81%	21%

From a sector point of view, vacation rentals close the year strongest, as it has done every year since the start of the pandemic. The sector performed 15 percentage points above 2019 levels in December. Car rentals saw the strongest improvement between December 2021 and 2022, with Aviation also picking up strongly in 2022.

ANNUAL COMPARISON OF INDEX SCORES BY SECTOR - DECEMBER 2020 VS 2021 VS 2022

Index scores	Dec-20	Dec-21	Dec-22	Growth 20/21	Growth 21/22
Aviation	35	53	78	51%	47%
Hotels	47	67	84	43%	25%
Vacation Rentals	73	98	115	34%	17%
Car Rental	39	46	98	18%	113%

CHINA SPURS ON 2023 OPTIMISM

As already noted last month, things have started to move forwards in China. Yet, the world was taken by surprise at the speed of the country's re-opening, with the first international flights taking place on January 8th.
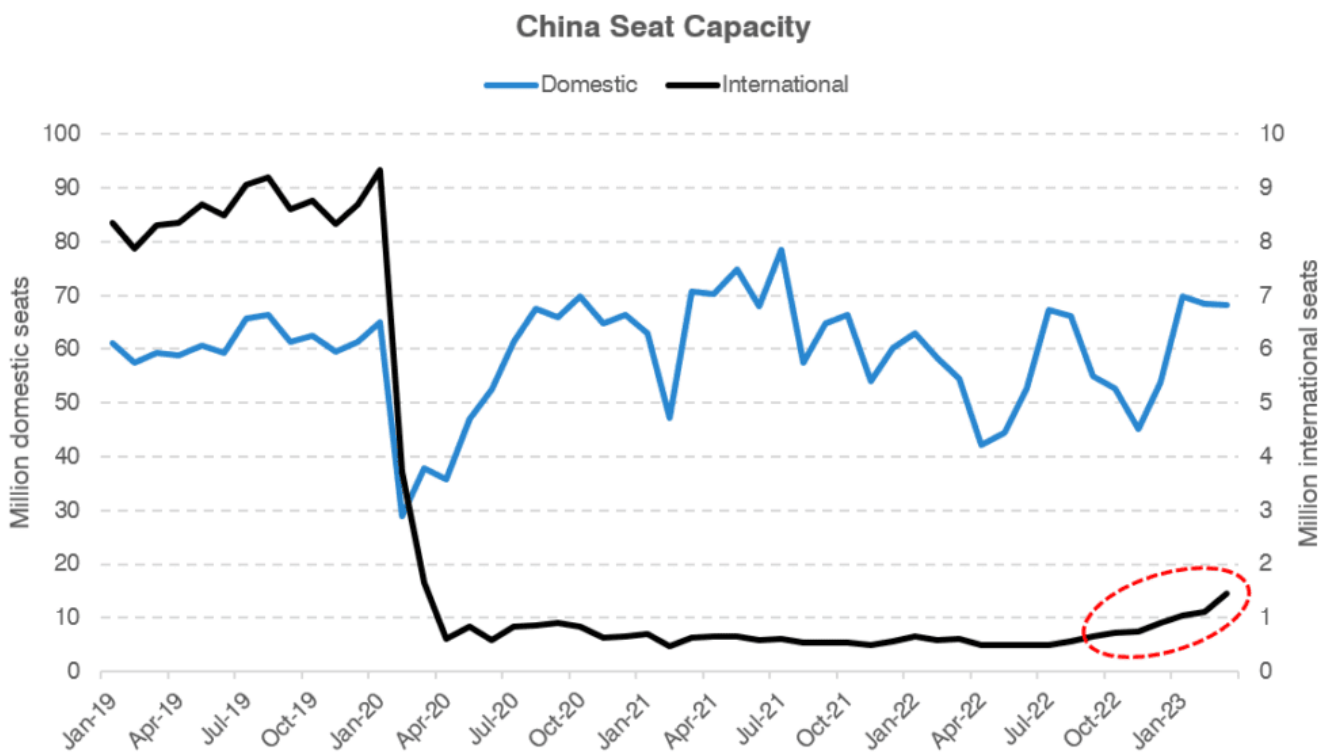
December 2022 did not yet see a significant bump in performance for China, but it did for neighboring Hong Kong, which is so reliant on Chinese travelers.

Country	November 2022 Score	December 2022 score	MoM Growth (abs)	MoM Growth (%)	YoY Growth (%)
Hong Kong, China	58.4	70.1	11.7	20.0%	118%
Thailand	80	90.6	10.6	13.3%	152%
Italy	95.1	102.7	7.6	8.0%	72%
Japan	78.9	84.8	5.9	7.5%	119%
Australia	93.4	100.1	6.7	7.2%	64%
Russia	53.9	56.7	2.8	5.2%	-29%
Spain	99.6	103.9	4.3	4.3%	61%
Mexico	114.9	119.5	4.6	4.0%	20%
Germany	83	85.8	2.8	3.4%	79%
France	96.3	99.2	2.9	3.0%	40%
Argentina	93.5	96	2.5	2.7%	33%
United Arab Emirates	103.6	105.5	1.9	1.8%	32%
Indonesia	82.1	83.5	1.4	1.7%	93%
Brazil	104.4	106.1	1.7	1.6%	12%
Canada	95.9	97	1.1	1.1%	49%
United Kingdom	98.3	99.1	0.8	0.8%	71%
India	99.6	100	0.4	0.4%	48%
U.S.	104.8	103.9	-0.9	-0.9%	22%

Country	November 2022 Score	December 2022 score	MoM Growth (abs)	MoM Growth (%)	YoY Growth (%)
China	56.9	55.4	-1.5	-2.6%	0%
Turkey	109.8	104.8	-5.0	-4.6%	29%
Singapore	88.1	83.9	-4.2	-4.8%	130%
South Africa	83	78.3	-4.7	-5.7%	75%

Much has been written about the speed and shape of the Chinese restart of international travel, and not all of it is positive. Many countries worried about new Covid-19 variants, or have reintroduced some level of entry requirements for Chinese travelers. As we saw during the depths of the pandemic, travel has become a political issue once again.

But that is not necessarily stopping travel demand. One indicator which shows that things are on the mend is flight seat capacity. OAG data for the coming months shows a significant increase in scheduled international flights. That said, March 2023 seat capacity for international flights is still at only 17% of March 2019 levels.

Source: Skift Research from OAG

This is, however, a significant improvement over what data showed last month. Over the past month, seats scheduled by airlines increased by 24% for February 2023, and by 12% in March 2023.

China International Seat Capacity (Million)

—As per Dec 14, 2022   —As per Jan 14, 2023
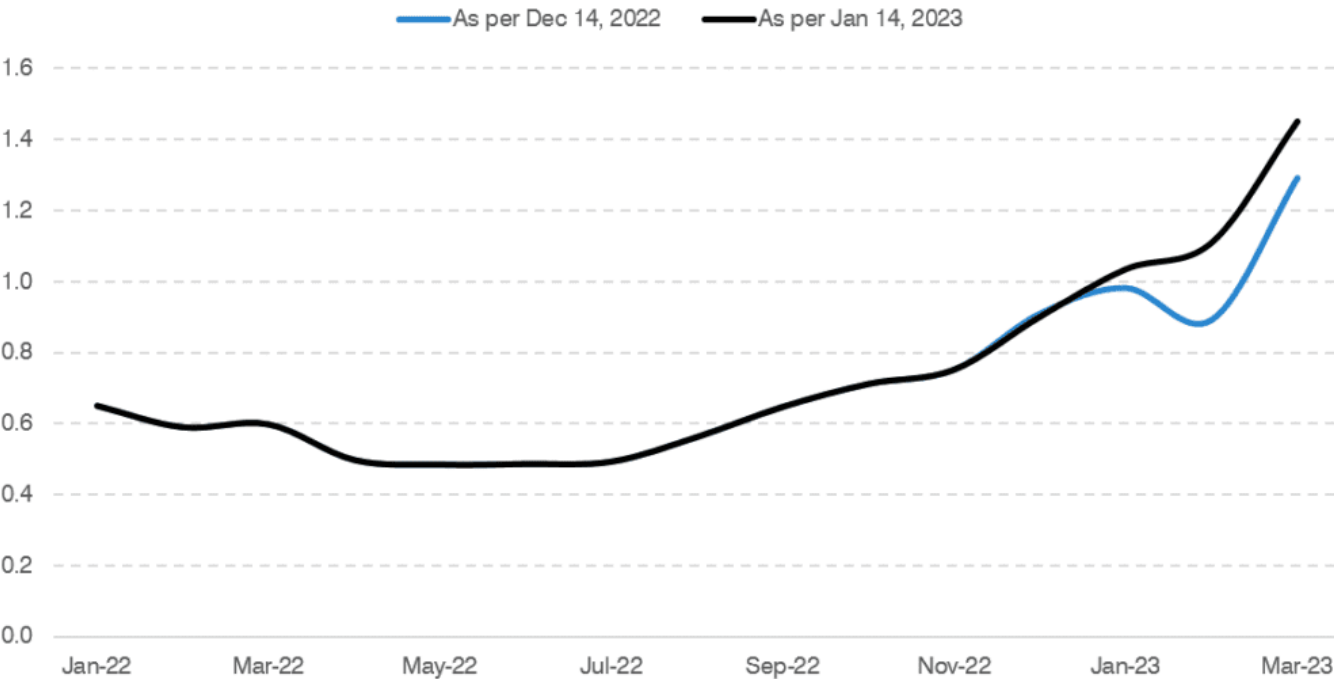
Source: Skift Research from OAG

Skift RESEARCH

Not only will full travel recovery not be possible without the return of Chinese outbound travelers, but the opening up of China will also provide a much needed boost in the West, where the tough macro-economic environment is impacting consumer spending behavior.

SKIFT RESEARCH 2023 FORECAST ON ECONOMIC SITUATION

The U.S. economy is at increasing risk of a recession in 2023, and according to the IMF half of the European Union will head into a recession this year. In the UK, chancellor Jeremy Hunt has said the economy is "likely to get worse before it gets better". All in all, the IMF expects that a third of global economies will be in recession in 2023.

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

Source: Wall Street Journal Survey of Economists, October 16, 2022.

At Skift Research, however, we remain cautiously optimistic about the prospects of travel. Demand from Asia Pacific provides a boost, and the travel industry is not seeing the layoffs other sectors like tech is currently experiencing, since the bulk of layoffs happened during the pandemic and the industry still is not back to pre-pandemic staffing levels.

And while travel is closely linked to the wider health of the economy, we've been focused on getting back to pre-pandemic levels, whilst the industry has forgotten that the rest of the economy has already moved on.

In North America, GDP is on track to be 20% higher than in 2019, while the Travel Health Index has only just returned to 100%. The industry is calling a victory for getting back to pre-pandemic levels, but the truth is that the broader economy has grown by 20 to 30% in the meantime.

This all to say that even if travel will be impacted by a recession and reduction in travel spending, there is still a lot of room for growth. If GDP growth drops by a few percentage

points, the difference in where travel stands today remains significant and continues to allow for growth.

Travel's Recovery Lags the Broader Economic Recovery

■STHI December 2022 Score   ■2023 GDP Relative to 2019

Region	STHI December 2022 Score	2023 GDP Relative to 2019
Latin America	107	122
North America	103	122
Middle East and Africa	94	131
Europe	94	119
Asia Pacific	73	133
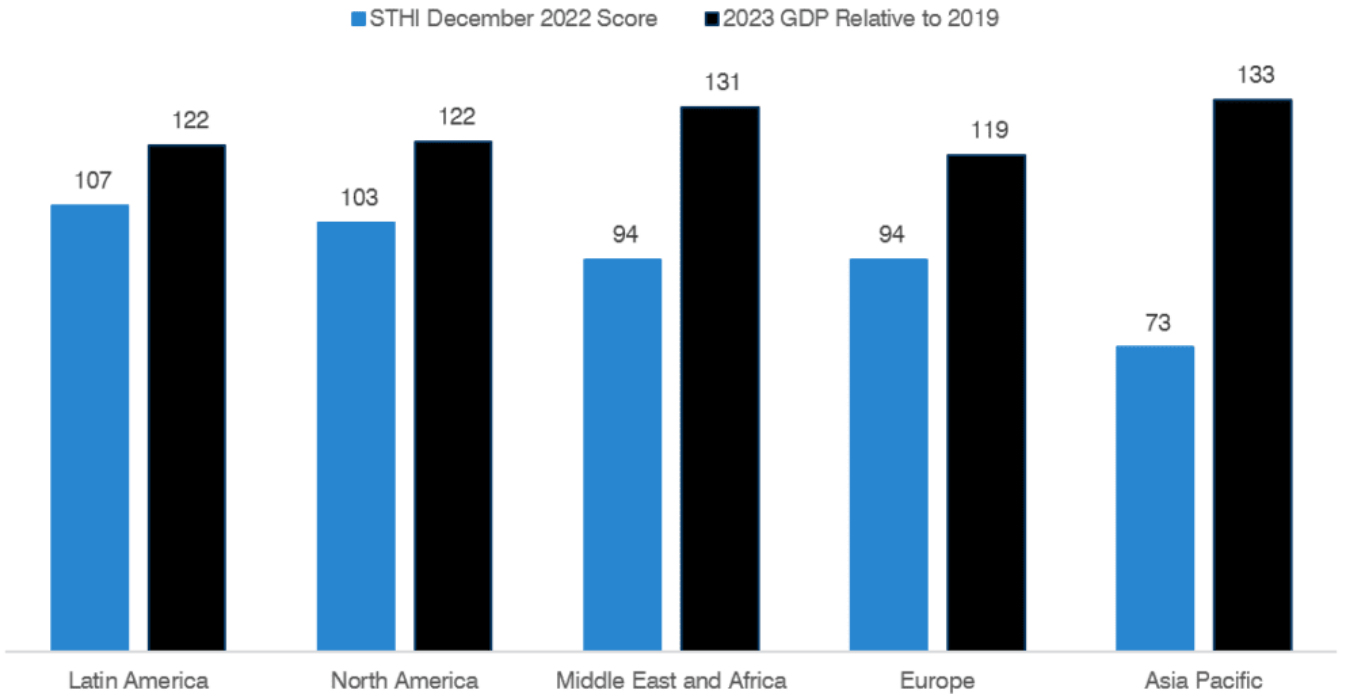
Source: Skift Research, IMF, World Bank. Data as of January 2023.

Skift· RESEARCH

In Skift Research's recently released Global Travel Outlook 2023 we provide a forecast for trips and sector performance. International trips are set to grow 50% in 2023, compounding a 90% growth rate in 2022.

Global Cross-Border Trips (Millions)

1,519	1,556	389	373	705	1,087	1,380	1,463
2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
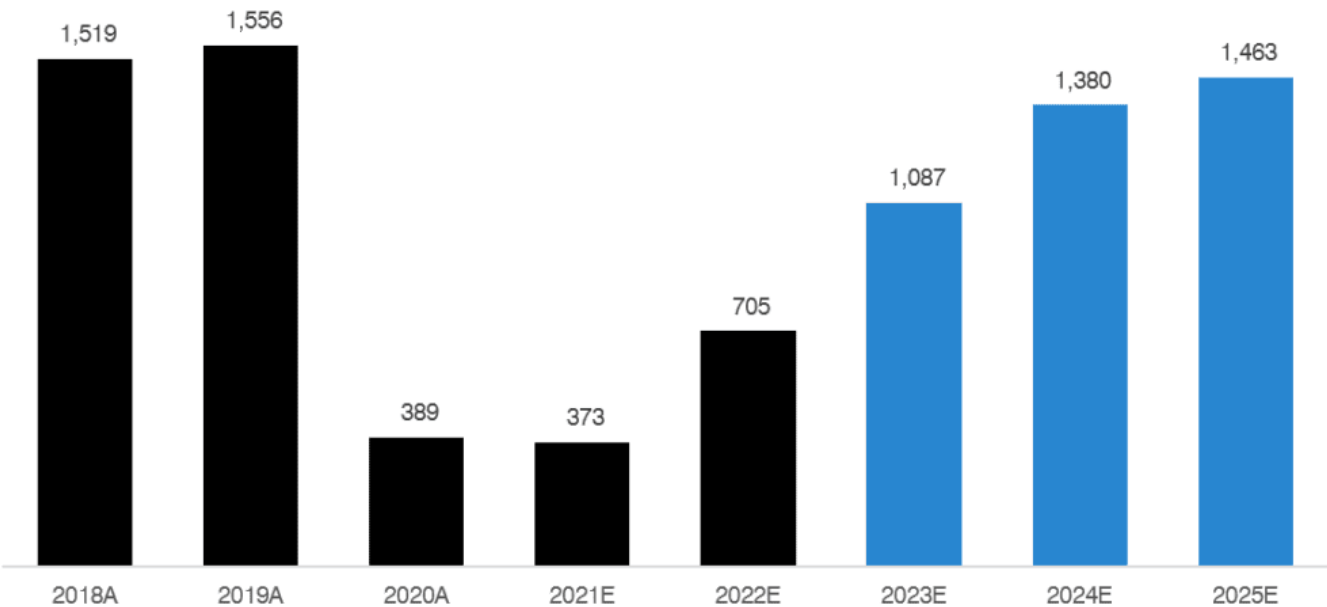
Source: : UNWTO, IMF, national statistic offices, Skift Research estimates. Data as of December 2022.

Skift RESEARCH

Skift Research forecasts growth for all travel sectors in 2023. Cruise will grow strongest as it saw very limited recovery in 2022. Airlines, likewise, still have a lot of ground to make up. Even short-term rentals, which has seen strong growth each year since the pandemic started, is expected to continue its resilience into 2023.

2023 Estimated Revenue vs. 2022

Cruise	Airlines	Online Travel Agencies	Hotels	Short-Term Rentals
61%	32%	13%	10%	10%
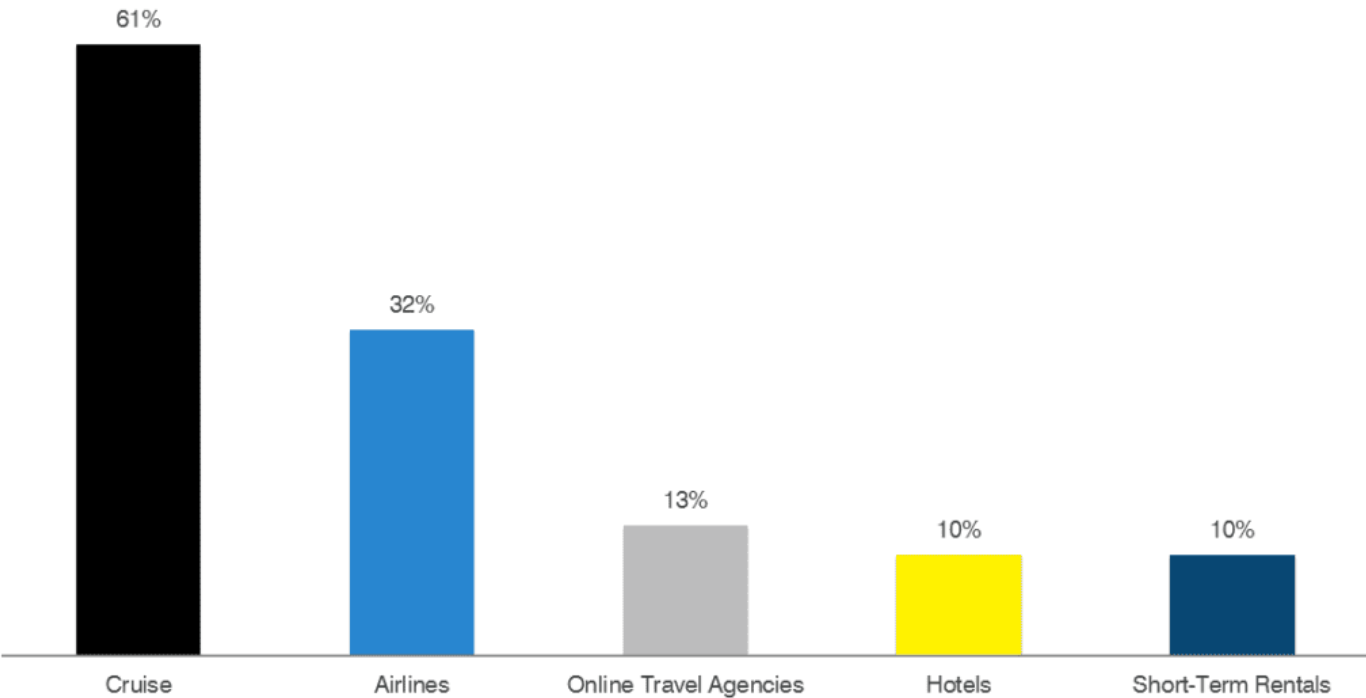
Source: Skift Research 2023 Outlook

Skift RESEARCH

More info on each sector can be found in our Outlook 2023 report.

More info on each sector can be found in our Outlook 2023 report.

METHODOLOGY

DATA PARTNERS

Skift Research collects and analyzes data from 20 different data partners, to provide the most comprehensive view of the travel industry's performance.

Aviation	Hotels	Vacation Rentals	Car Rental
aMaDEUS	CENDYN	BEYOND	CarTrawler
aviasales	duetto	KEYDATA	
COLLINSON	hotelbeds	Transparent	
CRITEO	onyx		
ForwardKeys	OTA INSIGHT		
OAG	RateGain		
Skyscanner	Shiji		
SOJERN	TRUSTYOU		

INDEX DESIGN

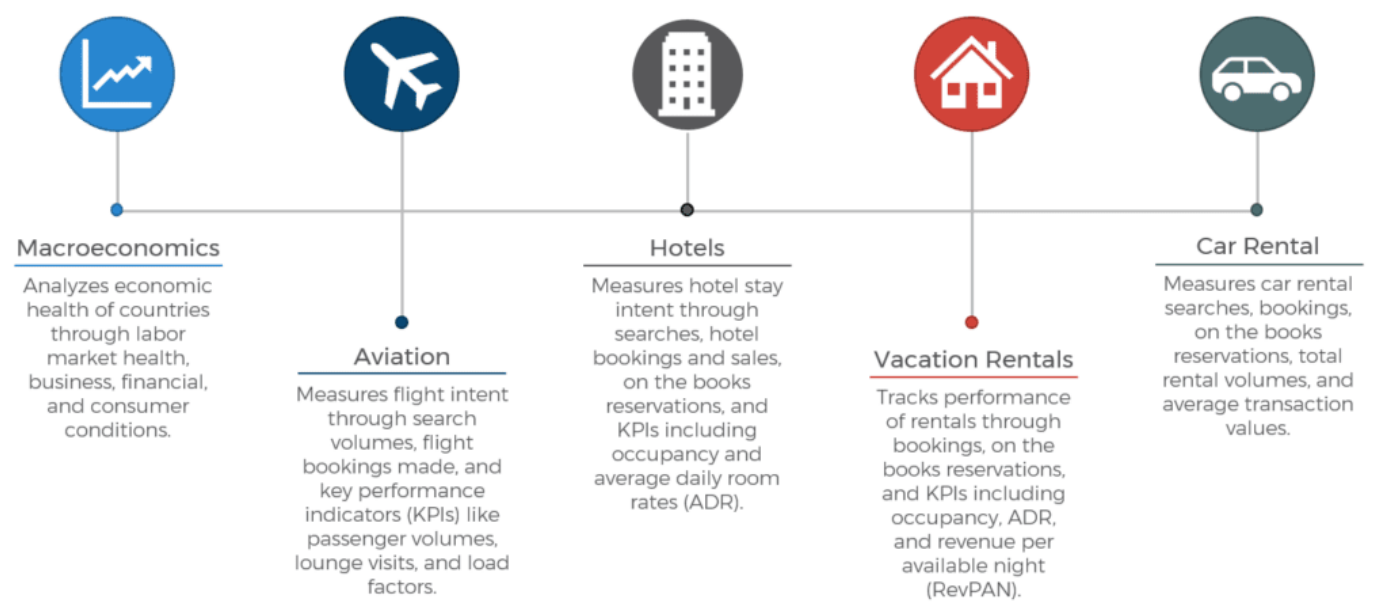The Index tracks 84 indicators per country to assess the health of the travel industry in each country. These indicators are aggregated into performance categories and sub-categories. The top level of division is by travel vertical, and each vertical is further divided by intent indicators, booking indicators, and key performance indicators.

The Index covers the following travel sectors:

Macroeconomics
Analyzes economic health of countries through labor market health, business, financial, and consumer conditions.

Aviation
Measures flight intent through search volumes, flight bookings made, and key performance indicators (KPIs) like passenger volumes, lounge visits, and load factors.

Hotels
Measures hotel stay intent through searches, hotel bookings and sales, on the books reservations, and KPIs including occupancy and average daily room rates (ADR).

Vacation Rentals
Tracks performance of rentals through bookings, on the books reservations, and KPIs including occupancy, ADR, and revenue per available night (RevPAN).

Car Rental
Measures car rental searches, bookings, on the books reservations, total rental volumes, and average transaction values.

COUNTRY COVERAGE

The Index focuses on the travel performance in 22 of the largest tourism economies, combined accounting for 62% of inbound tourism receipts, 67% of outbound tourism expenditure, and 78% of global 2019 GDP.

- Argentina

- Australia

- Brazil

- Canada

- China

- France

- Germany

- Hong Kong, China

- India

- Indonesia

- Italy

- Japan

- Mexico

- Russia

- Singapore

- South Africa

- Spain

- Thailand

- Turkey

- U.S.

- United Arab Emirates

- United Kingdom

INDEX SCORE CALCULATION

The Index is designed to provide an easy overview of the health of the travel industry. We have tracked the industry since the beginning of 2020. For 2020, 2021, and 2022 data, the

performance of each indicator is compared to the same time in 2019. The Index provides a score relative to a baseline reading of 100 for the same month in 2019.

The full methodology can be found on our website.

DATA TABLES

Total Skift Travel Health Index Scores by Country

	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Argentina	94.8	99.0	95.5	96.9	116.2	100.6	93.5	96.0
Australia	92.2	98.2	93.0	94.2	98.5	94.8	93.4	100.1
Brazil	106.7	103.2	99.3	103.1	101.2	97.9	104.4	106.1
Canada	95.1	99.3	92.2	94.6	99.7	97.6	95.9	97.0
China	45.1	61.9	66.5	62.4	56.9	55.5	56.9	55.4
France	105.7	102.5	96.2	100.6	97.6	94.5	96.3	99.2
Germany	86.9	87.7	78.4	82.3	87.2	81.7	83.0	85.8
Hong Kong, China	37.1	41.2	45.7	61.0	54.8	58.5	58.4	70.1
India	103.4	104.0	101.8	108.0	107.9	98.3	99.6	100.0
Indonesia	82.3	85.0	75.9	81.2	81.6	83.0	82.1	83.5
Italy	106.8	103.0	98.4	101.3	101.1	96.0	95.1	102.7
Japan	56.8	57.7	61.4	66.0	76.9	80.4	78.9	84.8
Mexico	109.1	113.2	109.8	113.6	114.6	111.6	114.9	119.5
Russia	55.1	53.8	52.9	58.4	60.4	55.3	53.9	56.7
Singapore	84.6	86.8	79.2	84.4	89.6	86.1	88.1	83.9
South Africa	79.2	79.0	77.3	85.0	86.9	81.1	83.0	78.3
Spain	97.6	94.5	89.7	93.7	94.7	95.3	99.6	103.9
Thailand	83.1	85.1	76.5	74.6	79.9	78.6	80.0	90.6
Turkey	111.3	115.6	98.1	101.8	113.2	114.7	109.8	104.8
U.S.	102.2	104.4	100.4	101.2	105.0	103.2	104.8	103.9

	May 2022	**Jun 2022**	**Jul 2022**	**Aug 2022**	**Sep 2022**	**Oct 2022**	**Nov 2022**	**Dec 2022**
United Arab Emirates	113.0	104.7	96.6	102.5	105.5	108.5	103.6	105.5
United Kingdom	99.9	98.8	95.7	99.4	98.9	98.1	98.3	99.1

Aviation Scores by Country

	May 2022	**Jun 2022**	**Jul 2022**	**Aug 2022**	**Sep 2022**	**Oct 2022**	**Nov 2022**	**Dec 2022**
Argentina	73.1	76.2	75.5	81.9	85.1	80.2	79.0	84.2
Australia	80.2	86.0	81.8	84.5	88.6	89.9	90.4	93.9
Brazil	106.4	91.7	90.4	93.9	90.7	89.2	93.9	93.2
Canada	79.7	82.0	78.0	79.8	83.1	83.7	84.9	87.0
China	27.0	32.4	37.2	30.4	30.3	28.5	35.7	43.1
France	91.7	90.4	86.2	85.0	82.9	82.2	83.9	86.6
Germany	78.2	79.4	71.8	72.8	72.8	71.3	71.2	77.4
Hong Kong, China	12.9	14.6	15.1	18.4	24.3	29.2	34.0	45.9
India	102.6	98.6	98.0	98.6	98.0	92.6	104.3	106.4
Indonesia	51.3	54.9	46.4	51.2	55.7	55.0	55.4	57.5
Italy	110.9	107.8	102.4	101.1	100.4	98.5	95.1	108.6
Japan	40.5	43.4	44.9	46.5	57.3	61.7	65.6	73.6
Mexico	97.3	98.8	99.9	100.9	101.9	101.6	102.8	105.9
Russia	72.3	80.5	76.0	73.4	77.9	65.2	67.4	66.1
Singapore	60.2	65.7	55.2	56.8	63.6	63.7	65.6	70.2
South Africa	74.7	75.2	74.4	73.0	72.5	71.0	70.5	75.0
Spain	99.2	96.8	93.3	94.0	95.3	95.6	102.5	104.7
Thailand	57.2	61.0	58.1	61.0	67.0	66.6	71.1	75.7

	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Turkey	106.2	103.5	97.9	110.4	108.0	98.7	101.4	105.2
U.S.	91.8	94.8	90.7	91.5	96.3	94.8	95.0	96.9
United Arab Emirates	97.0	92.3	94.2	85.3	89.4	90.4	86.6	92.1
United Kingdom	89.6	88.9	85.9	86.7	84.2	83.7	87.0	92.6

Aviation contributes 37.5% to the total score. The scores in this table have been indexed to give a better insight into performance. 100 = pre-pandemic level.

Hotel Scores by Country

	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Argentina	115.3	125.2	119.7	114.1	146.1	112.0	100.2	104.3
Australia	95.0	103.1	94.8	95.8	103.5	91.5	96.6	95.1
Brazil	114.1	122.5	110.9	119.9	118.8	111.1	121.9	124.9
Canada	111.4	121.8	110.2	112.3	124.2	109.7	111.0	105.4
China	55.5	86.6	91.4	82.8	72.8	58.5	55.3	48.5
France	116.8	120.7	107.2	113.6	114.1	103.6	106.3	111.6
Germany	100.1	105.9	90.5	95.1	105.8	91.5	94.0	88.4
Hong Kong, China	49.2	52.1	60.2	90.2	59.9	58.8	56.8	74.6
India	126.0	124.1	112.7	123.8	122.8	97.3	89.9	89.7
Indonesia	121.1	122.3	102.9	105.3	98.0	98.4	95.9	99.9
Italy	115.2	112.5	103.6	104.6	109.6	100.9	98.3	94.0
Japan	78.0	75.2	75.9	76.3	90.8	94.2	81.6	83.3
Mexico	130.2	135.7	121.0	126.4	128.1	125.4	130.1	136.3
Russia	22.0	11.1	11.9	20.5	19.3	19.1	12.6	22.4

	May 2022	**Jun 2022**	**Jul 2022**	**Aug 2022**	**Sep 2022**	**Oct 2022**	**Nov 2022**	**Dec 2022**
Singapore	105.1	101.5	93.8	100.0	104.8	96.8	109.2	85.8
South Africa	82.9	85.1	77.2	94.0	98.2	87.6	91.2	72.8
Spain	104.1	100.9	91.4	94.3	93.9	94.5	95.7	96.5
Thailand	116.9	114.6	90.6	80.5	87.0	87.5	86.0	106.2
Turkey	138.2	151.2	104.6	94.4	131.8	137.1	118.6	102.8
U.S.	116.1	116.0	112.0	106.7	108.8	103.9	106.9	102.6
United Arab Emirates	130.7	114.6	90.1	112.5	114.7	122.1	113.8	114.6
United Kingdom	106.5	107.7	104.8	103.1	105.4	103.7	104.5	100.2

Hotels contributes 32.5% to the total score. The scores in this table have been indexed to give a better insight into performance. 100 = pre-pandemic level.

Vacation Rental Scores by Country

	May 2022	**Jun 2022**	**Jul 2022**	**Aug 2022**	**Sep 2022**	**Oct 2022**	**Nov 2022**	**Dec 2022**
Argentina	137.8	137.4	137.9	137.2	139.1	144.1	143.8	139.1
Australia	137.3	140.8	135.5	134.0	138.2	137.4	103.0	141.0
Brazil	110.8	108.1	114.4	117.0	117.7	115.1	114.3	113.2
Canada	118.0	119.8	119.6	109.3	101.8	113.4	93.7	115.9
China	112.6	113.8	112.7	129.6	107.8	108.3	109.0	112.3
France	124.8	124.0	125.3	124.2	122.4	122.4	125.3	122.8
Germany	96.5	95.7	95.0	95.0	96.4	99.0	104.5	110.0
Hong Kong, China	62.6	70.8	75.2	86.1	88.0	84.4	91.7	97.9
India	100.8	101.0	100.7	98.9	96.5	99.7	100.2	105.2
Indonesia	82.9	78.4	82.6	85.0	89.0	94.0	99.6	100.5

	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Italy	116.1	114.4	116.6	126.1	117.8	116.8	116.1	126.4
Japan	61.7	62.6	64.0	68.5	72.0	79.2	98.3	112.6
Mexico	124.4	123.4	121.3	129.4	133.1	124.5	135.6	142.3
Russia	101.3	93.5	99.7	106.5	112.9	112.9	112.8	112.5
Singapore	93.0	97.3	96.7	103.6	108.2	108.1	103.2	100.6
South Africa	89.1	82.4	85.9	82.2	82.3	84.0	83.4	86.7
Spain	108.8	109.0	108.4	112.6	114.5	116.6	119.3	131.8
Thailand	86.4	87.5	90.8	90.6	93.4	94.8	102.3	102.2
Turkey	105.2	95.6	105.8	112.4	124.1	137.8	146.3	137.8
U.S.	109.1	112.3	111.7	111.8	112.7	112.3	110.3	120.3
United Arab Emirates	123.4	114.5	119.9	121.0	126.5	130.7	128.6	126.6
United Kingdom	133.9	131.5	129.6	128.0	132.3	129.3	125.0	126.7

Vacation Rentals contributes 10% to the total score. The scores in this table have been indexed to give a better insight into performance. 100 = pre-pandemic level. 2021 VR data for Argentina missing.

Car Rental Scores by Country

	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Argentina	114.6	111.4	102.5	108.4	114.3	99.5	82.9	79.6
Australia	106.7	109.8	109.6	109.1	106.1	106.5	103.7	110.7
Brazil	111.3	109.8	105.1	98.3	96.4	93.4	89.6	91.9
Canada	117.3	115.4	108.3	114.0	117.6	122.7	122.0	117.5
China	43.1	48.5	56.1	55.5	56.7	85.4	82.5	66.2
France	117.0	103.2	97.3	108.7	104.0	103.3	102.6	101.0

	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Germany	85.5	81.2	78.8	82.1	85.7	84.5	84.1	95.6
Hong Kong, China	66.0	76.2	82.9	89.8	102.1	118.4	105.0	105.8
India	83.5	92.5	96.6	102.4	107.3	114.6	109.6	103.1
Indonesia	83.5	92.5	96.6	102.4	107.3	114.6	109.6	103.1
Italy	80.0	79.3	79.7	87.1	81.4	76.9	83.3	100.9
Japan	86.0	90.2	88.9	92.3	100.2	98.7	95.1	99.4
Mexico	119.7	115.2	114.2	118.3	116.3	112.9	109.2	112.7
Russia	74.6	74.6	74.6	74.6	74.6	74.6	74.6	74.6
Singapore	114.9	114.8	116.5	121.8	123.7	118.8	114.4	111.3
South Africa	95.1	97.9	98.9	104.2	102.1	103.8	103.0	100.8
Spain	83.2	83.2	82.4	88.5	88.2	88.3	94.0	106.9
Thailand	85.4	93.7	97.7	100.7	103.0	98.3	93.7	95.8
Turkey	78.7	84.7	91.3	95.4	88.8	102.4	99.9	99.3
U.S.	115.2	113.4	110.8	120.0	127.0	127.3	128.8	124.4
United Arab Emirates	116.9	117.9	111.8	117.8	117.9	114.9	113.1	110.4
United Kingdom	102.0	101.7	100.2	112.2	113.2	115.1	108.7	108.1

Car Rental contributes 15% to the total score. The scores in this table have been indexed to give a better insight into performance. 100 = pre-pandemic level.