



Skift Travel Health Index

March 2023 Highlights

India has all the cards to become the next mega source market for international travel, although major barriers still need to be overcome. The country has been performing extremely well in our Skift Travel Health Index.

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Executive Summary

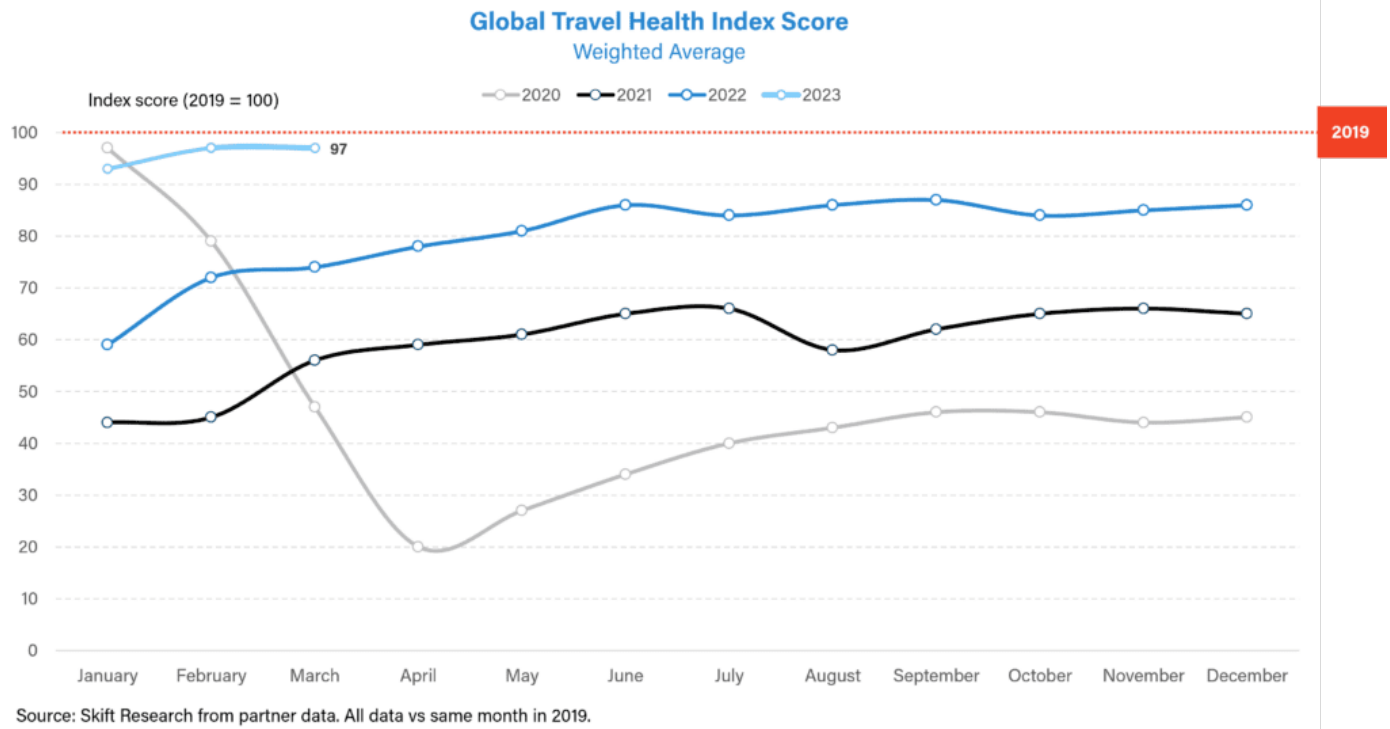
The travel industry remained stable at a 97% recovery in March 2023, the same level as February 2023. Hotels and vacation rentals witnessed a slight decline, but have gained 21 and 29 percentage points (pp) respectively over March 2022. The aviation sector maintained a flat 83% recovery while car rentals witnessed 3 pp gains over the last month.

All regions except North America performed better than March 2022 performance. Latin America and Asia Pacific continued their month-on-month growth trajectory; Asia Pacific achieved almost a full recovery.

This report focuses on the exceptional travel rebound of India which drew the world's attention when Chinese travel came to a standstill. With India expected to become the most populous nation, overtaking China in 2023, it will be interesting to see the future potential the country brings to global travel.

The Last Leg of Recovery Remains Arduous

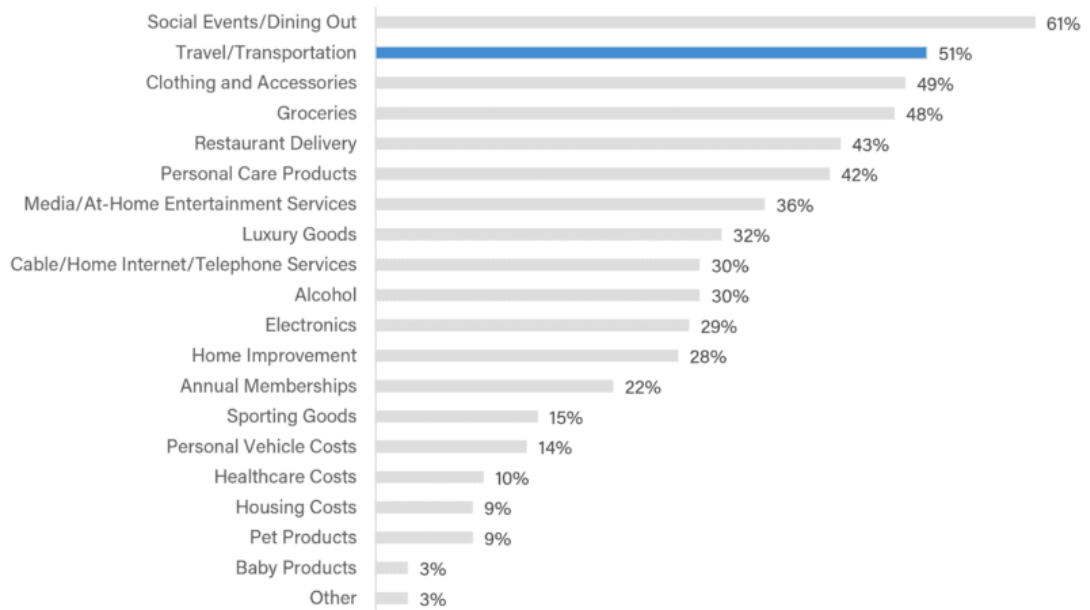
Global travel recovery looks stable in March 2023. The Travel Health Index stands at 97, the same level as February 2023. The recovery momentum looks stable, with the index at its highest since 2020. The industry needs a push to achieve the last leg of recovery.



The Potential Impact of a Slowing Economy

Growing inflation could potentially impact travel demand. A recent [survey](#) by Cowen and Company that tracks U.S. consumer spending shows that travel is the second-highest category to witness cuts in spending. 51% of respondents planned to reduce travel spend in response to inflation. A deep dive into respondents cutting spend on travel showed that as of February 2023, high earners (those with income beyond \$50,000) are the ones making higher travel spending cuts.

Categories to Witness Reduced Spending by US Consumer

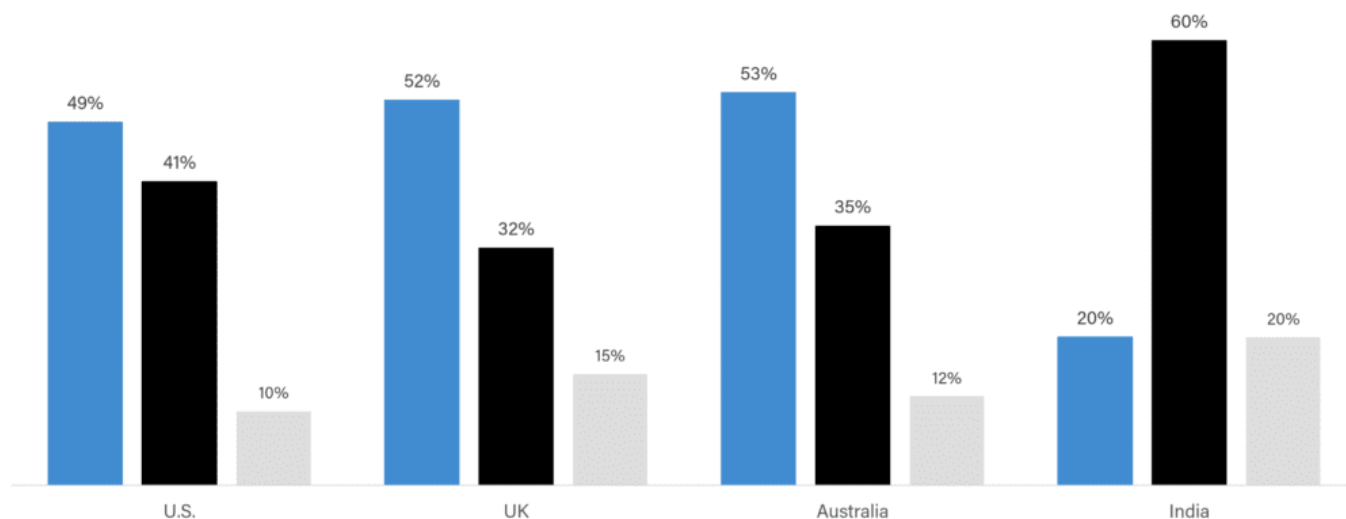


Source: Cowen and Company

Skift Research's multi-country survey for business travelers shows that companies too have started scaling back business trips. Indian travelers, however, are optimistic about the economic conditions in the country and a vast majority of them do not think it will impact their travel spending. Approximately half the respondents in the other countries surveyed think the economic condition will worsen. The respondents also reported that their company already has, or is expected to cut down on business travel.

Perception of the Impact of Slowing Economy on Business Travel Spending (% of Respondents Who Believe Economic Conditions Will Worsen)

- Yes, my company has already started to scale down business trips
- No, I don't think it will have an impact on travel spending
- I expect my company to start restricting business travel



Source: Skift Research Business Traveler Survey

Note: Represents % of respondents who are pessimistic about upcoming economic conditions in the country

The Accommodation Sector Declined

Looking at travel recovery by sector, hotels and vacation rentals declined slightly. Vacation rental and car rental performance, however, have long surpassed pre-pandemic levels. The aviation sector remained consistent at 83% recovery in March. The car rental sector performance improved by 3 pp.

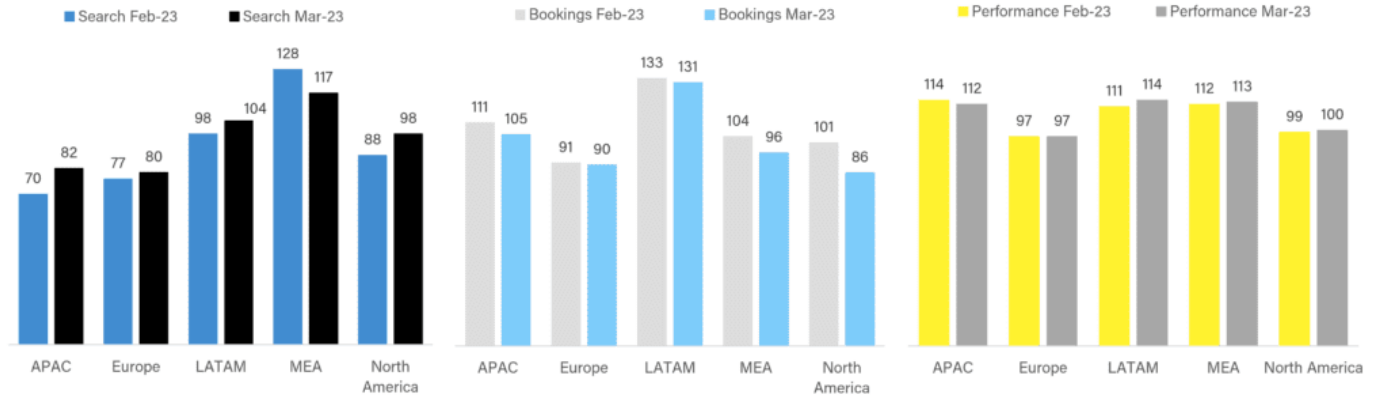
Skift Travel Health Index Performance by Sector

Sector	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	MoM Growth (abs)
Aviation	69	71	66	70	75	78	83	83	0
Hotels	97	97	88	86	84	100	103	99	-4
Vacation Rentals	112	107	108	109	115	134	139	138	-1
Car Rentals	93	96	104	103	98	98	106	109	+3

Hotel search levels have been up, especially in the Asia Pacific region where hotel

search surged by 12 pp. Weakening hotel bookings across all regions led to the decline in sector performance. Hotel performance, which signifies actual occupancy and average rates, remained stable across all regions.

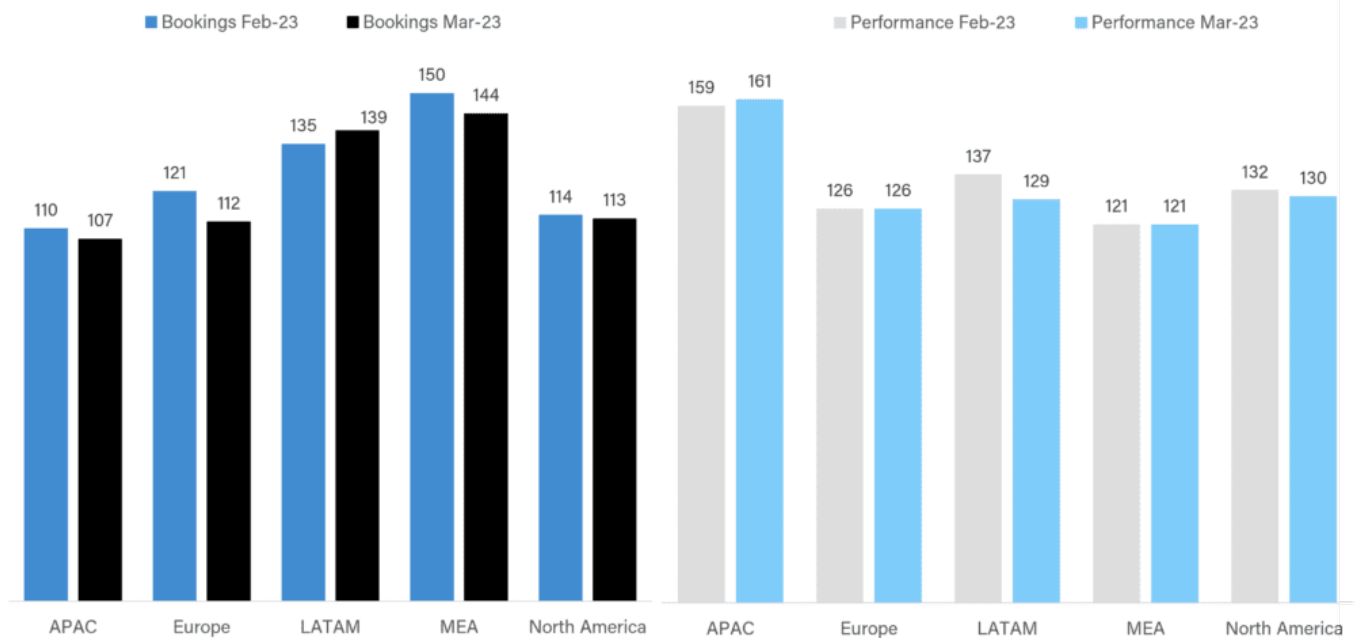
Hotel Search, Bookings, and Performance
(Relative to 2019)



Source: Sift Research from data by Sojern, Shiji, Duetto, Onyx, RateGain, Criteo, Hotelbeds, and TravelgateX

The vacation rental sector has consistently outperformed pre-pandemic times. In March 2023, vacation rental bookings as well as performance dropped over the last month, leading to a slight decline.

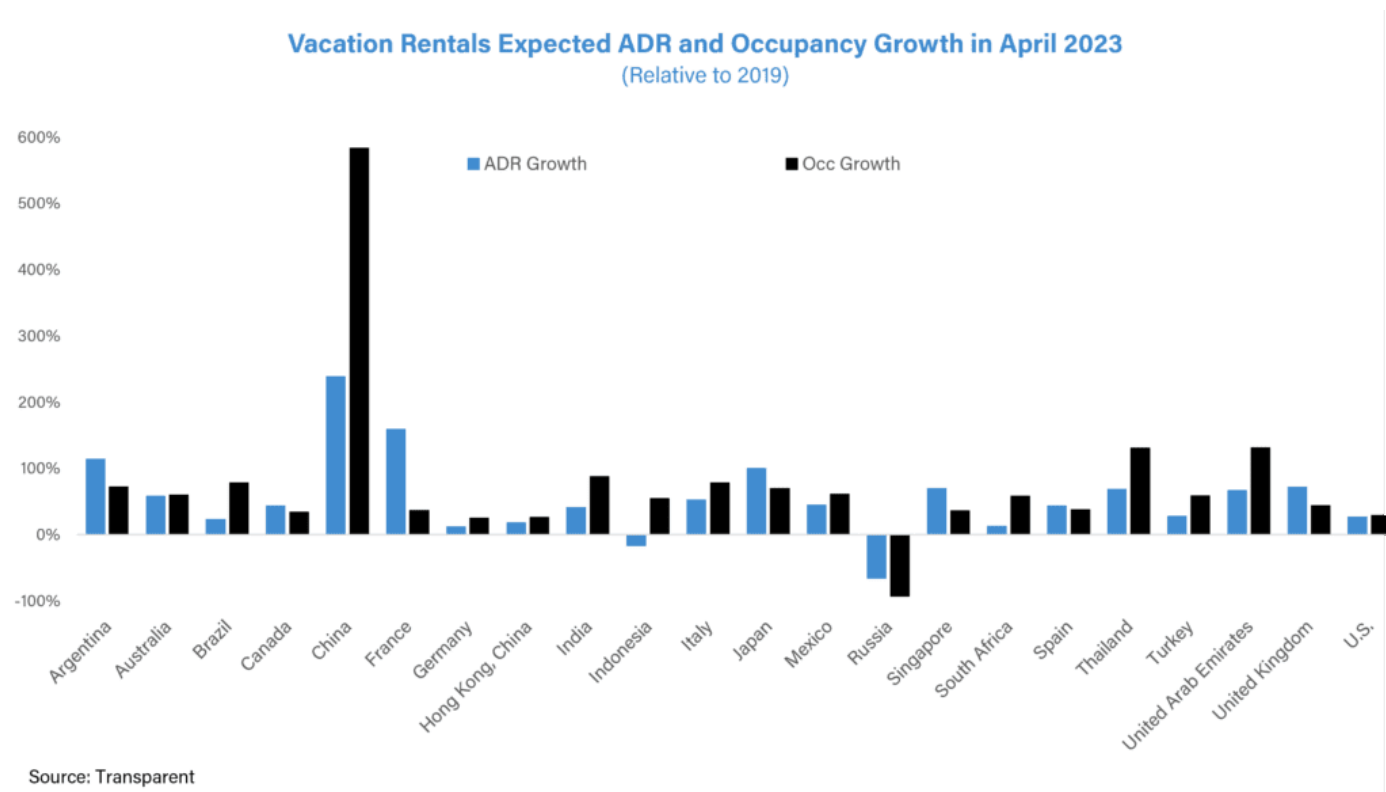
Vacation Rental Bookings and Performance
(Relative to 2019)



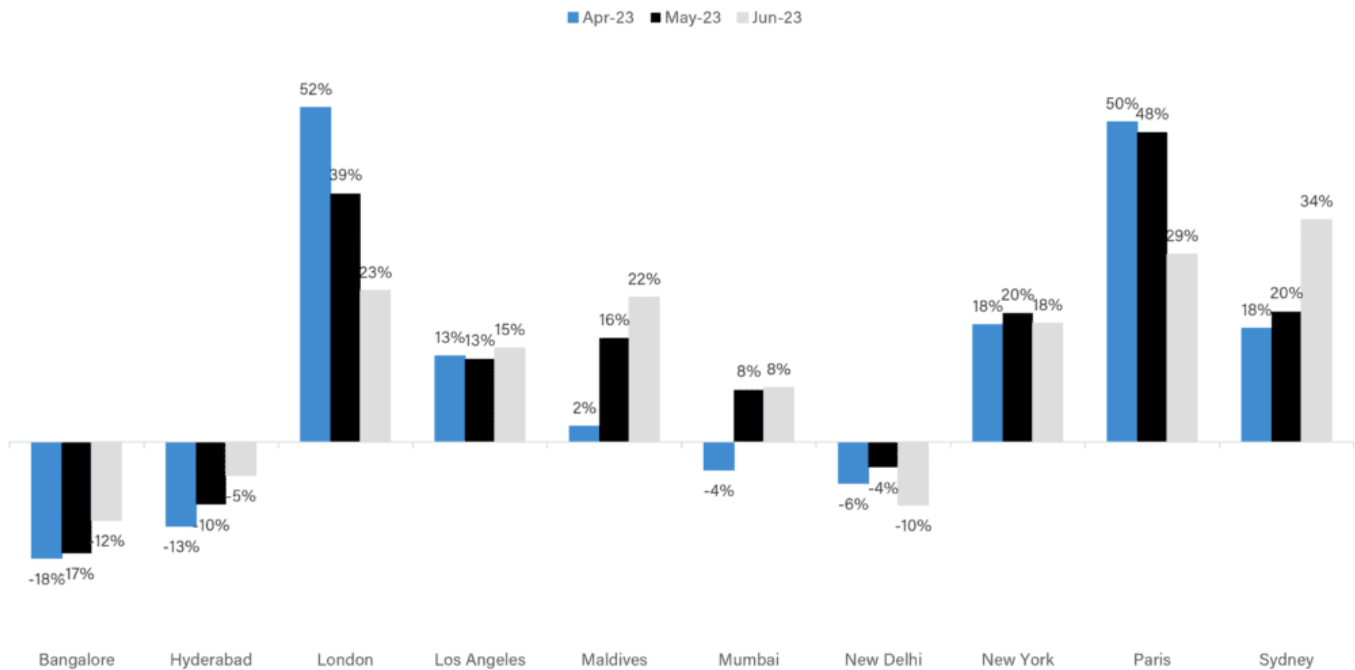
Source: Sift Research from data by Transparent, KeyData, and Beyond

That said, hotel and vacation rental performance is expected to grow in the coming months.

Transparent data shows that China is expected to lead growth in both occupancy and publicized rates in April 2023. Barring Russia, all countries displayed growth over pre-pandemic performance.



OTA Insight data shows growth in published hotel rates across some major cities worldwide in the upcoming months.

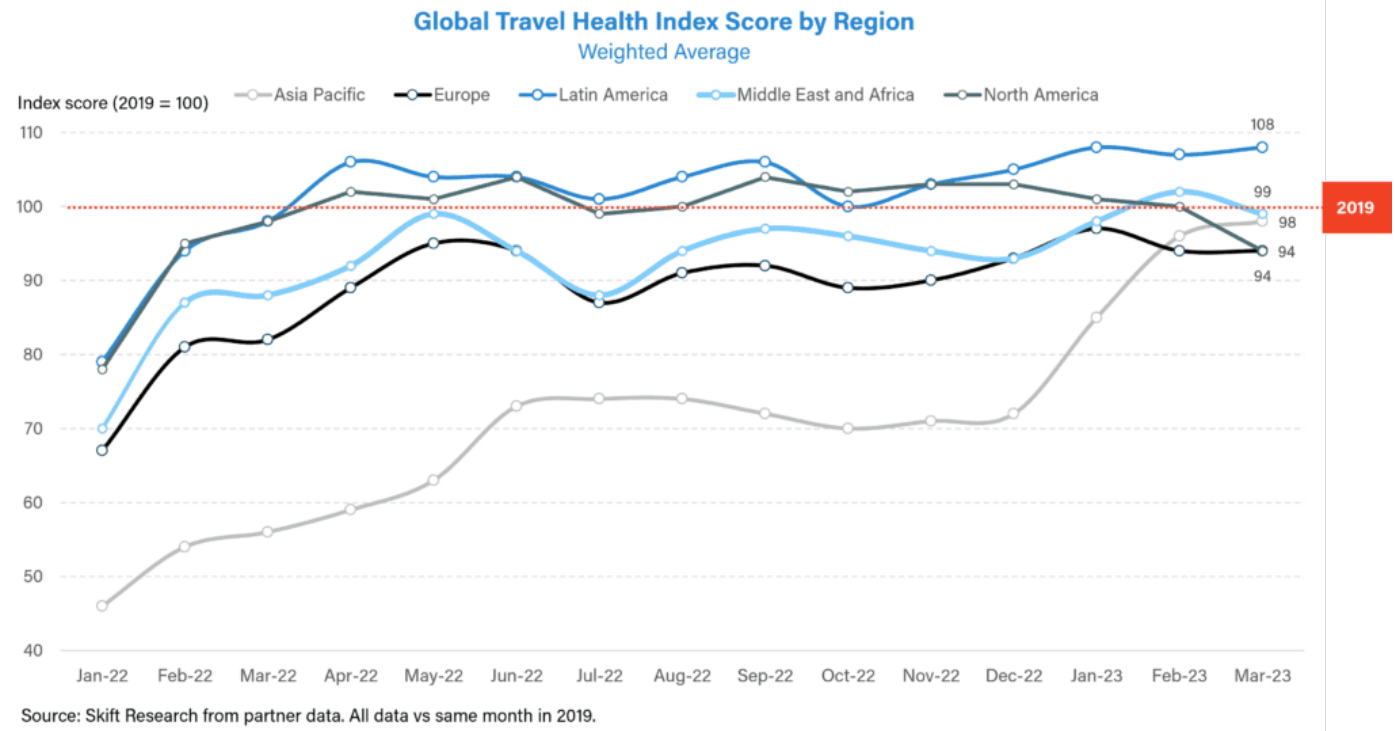
Hotel Published Rates Growth over 2019 (April 2023 – June 2023)

Source: OTA Insight

So while the accommodation sector witnessed a slight month-over-month decline, performance remains far above what we saw in March 2022, and forward-looking indicators are positive for the coming months.

Asia Pacific and Latin America Continue the Upward Trend

Latin America continued its journey upwards and so did the Asia Pacific region. After a strong February, North America, the Middle East, and Africa witnessed a performance decline. While travel performance dipped slightly in March, the first quarter of 2023 has been the strongest since 2020.



Turkey, after a massive performance decline last month, performed exceptionally in March 2023 and now tracks above pre-pandemic levels again. This is surprising, seeing the impact the earthquakes had on the country and the news cycle. Countries in Asia Pacific dominate month-over-month growth, with India and Japan being the strongest-performing countries in the region. China now is not far from full recovery, although this remains largely based on domestic travel substituting international travel.

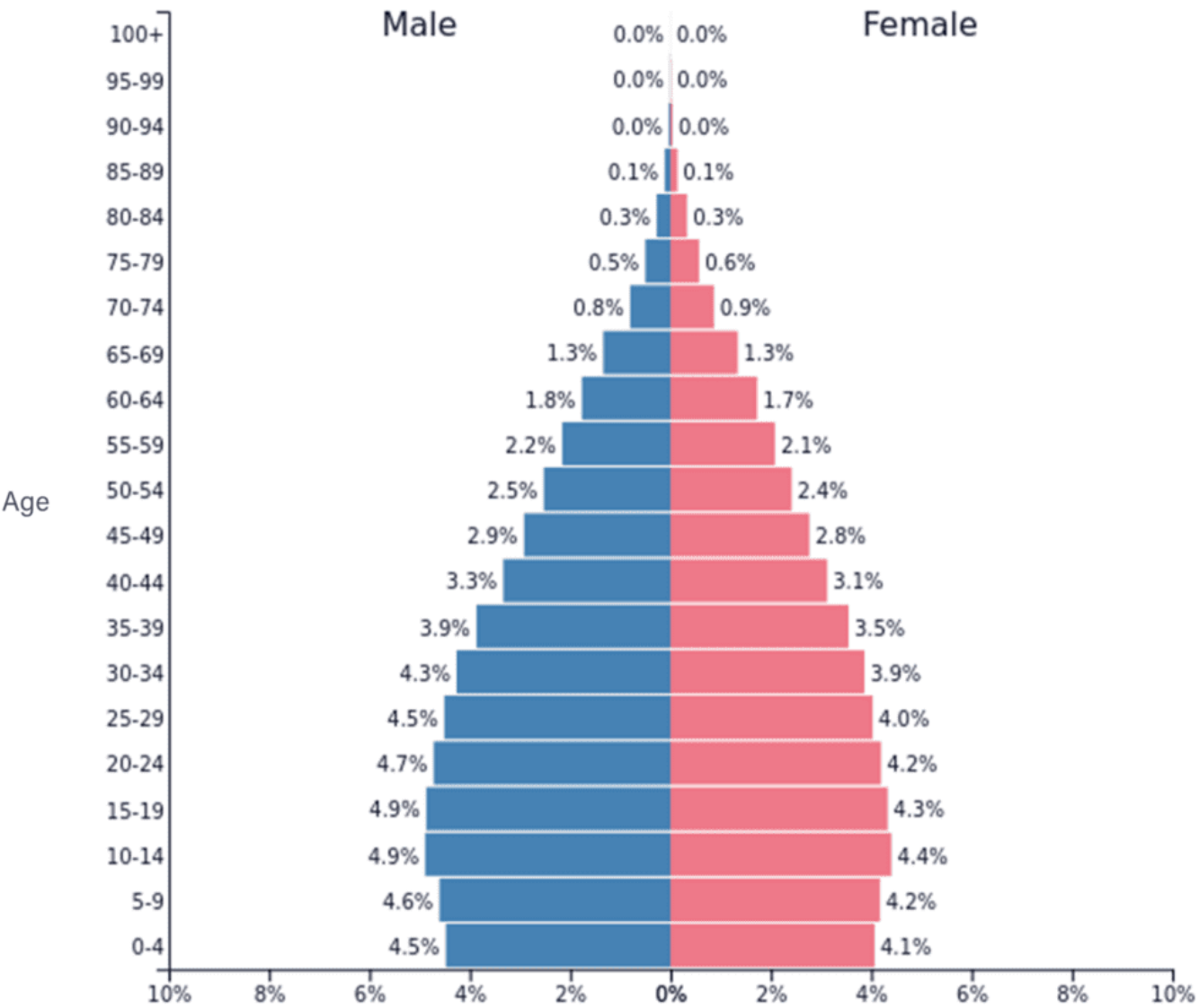
Skift Travel Health Index Performance by Country

Country	Mar-23	Feb-23	MoM Growth (abs)	YoY Growth (abs)
Turkey	103	89	+14	+7
Argentina	103	94	+8	+21
Singapore	100	93	+7	+34
Japan	109	104	+6	+65
India	110	107	+3	+25
Italy	99	97	+2	+16
China	95	93	+2	+49

Country	Mar-23	Feb-23	MoM Growth (abs)	YoY Growth (abs)
Brazil	108	106	+1	+7
South Africa	93	93	0	+19
United Kingdom	102	102	0	+11
Germany	87	87	0	+16
Spain	101	103	-1	+13
Canada	96	97	-1	+8
Thailand	97	99	-2	+38
Australia	96	98	-2	+10
Russia	65	67	-2	+19
France	101	103	-2	+9
Mexico	117	120	-3	+6
Hong Kong, China	70	74	-4	+39
U.S.	94	100	-6	-5
United Arab Emirates	103	109	-6	+5
Indonesia	87	94	-7	+24

India is the Frontrunner in Asia Pacific's Rebound

India has outperformed other countries in Asia Pacific with a faster tourism rebound. According to Booking.com, Indians have emerged as the most confident travelers in Asia Pacific, with 86% of Indian travelers making travel plans for the year. Projected to surpass China as the most populous country in 2023, India is expected to become the new China in the next five years. Generation Z and Millennials, the cohort that is most eager to travel comprise a major population share in the country, fueling the recovery of tourism.



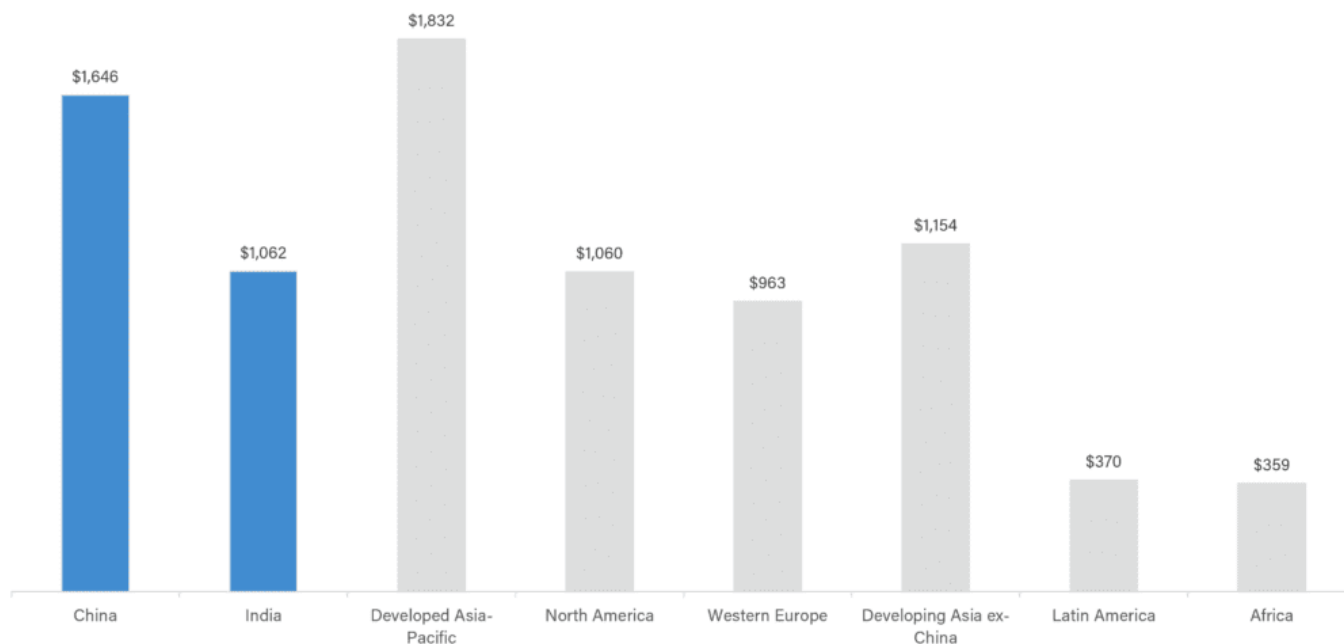
PopulationPyramid.net

India - 2019
Population: 1,366,417,755

Source: PopulationPyramid.net

Pre-pandemic, the average expenditure for outbound trips for Indians was 35% lower than for Chinese travelers.

Average Expenditure per Outbound Trip, 2019 US\$

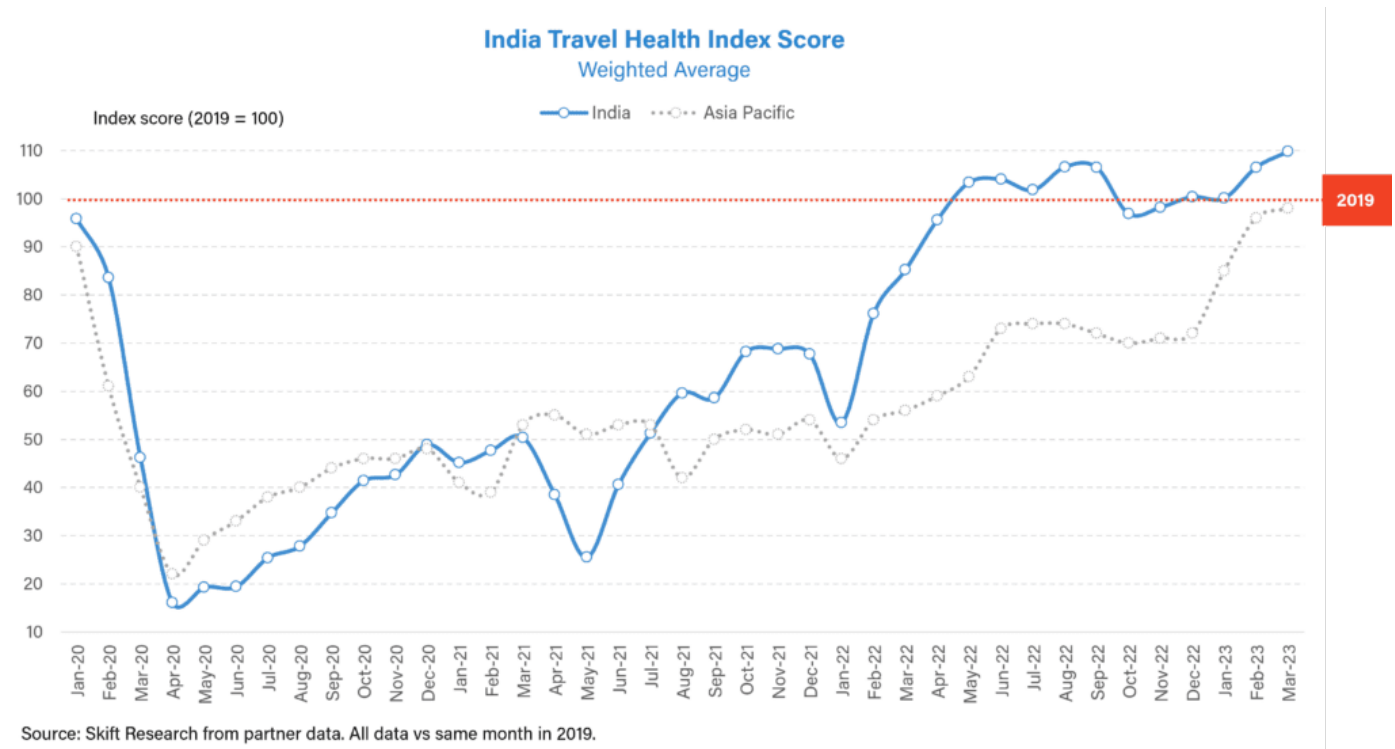


Source: Skift Research, World Bank, UN World Tourism Organization, International Monetary Fund. All figures in current \$ levels. Data as of 2019.

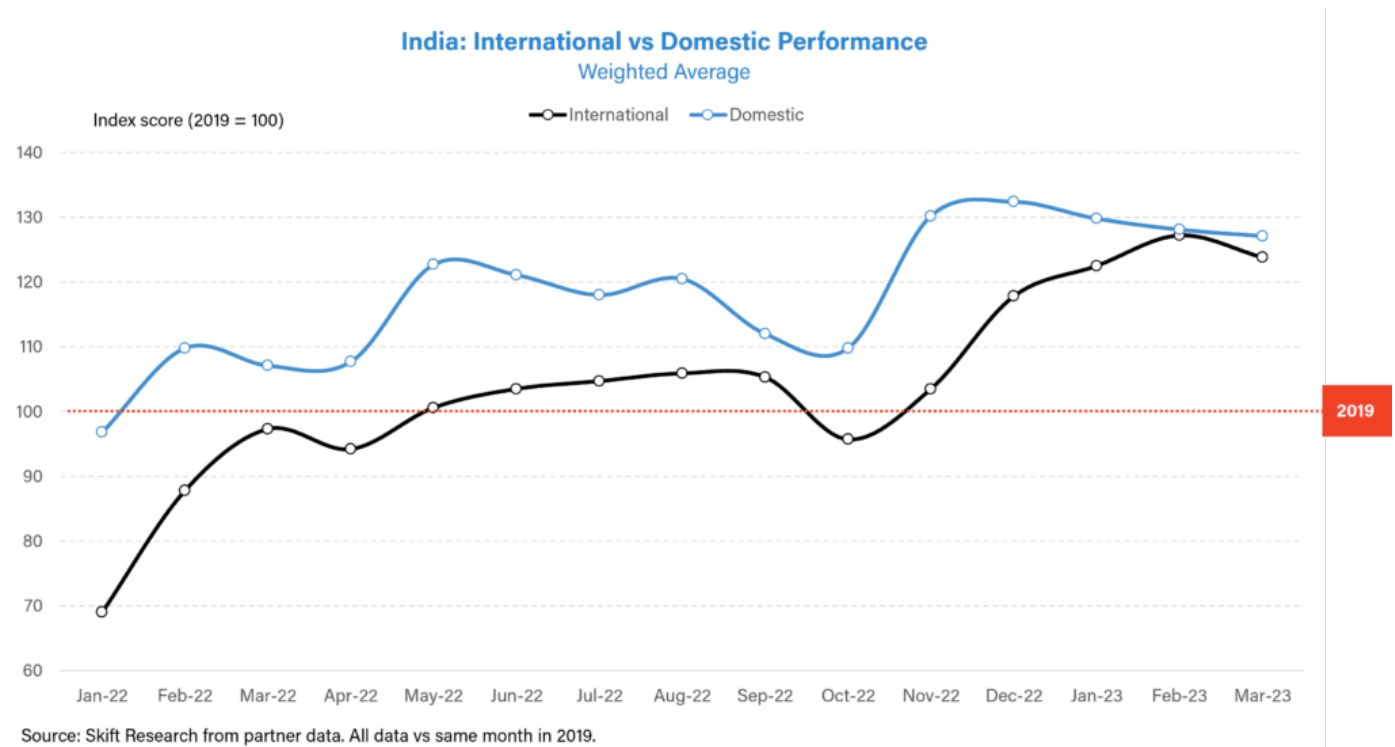
However, when Chinese tourism came to a standstill, countries realized that Indians too are big spenders. Skift Research's [survey](#) on business travel showed that 94% of Indians expect business travel spending to increase in 2023 compared to 2019, and around 74% of respondents expect an increase in personal spending on leisure travel this year.

India's Travel Recovery

Since mid-2021, travel performance in India has been the driving force for Asia Pacific's travel recovery.



Looking at aviation performance, domestic travel in the country surpassed pre-pandemic times early last year. While international performance slightly lagged, it has been performing beyond 2019 levels since the second half of 2022. As of the first quarter of 2023, domestic and international demand has been strong.



Inbound hotel and flight searches have increased over the last year. [OTA Insight](#) data shows that cities in Asia are at the top of inbound searches in India.

Top Cities with Inbound Hotel Searches in the Last Year

(March 2022 vs March 2023)

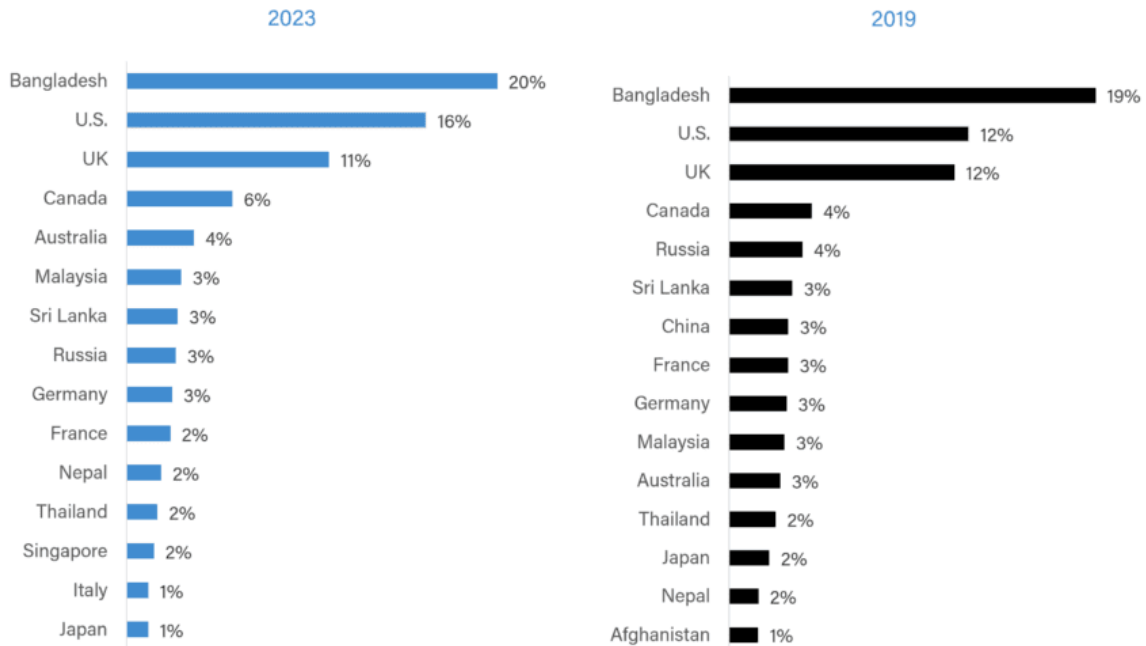
Source City	Flight searches increase	Hotel searches increase
Shenzhen	1100%	900%
Shanghai	1200%	1500%
Tokyo	600%	700%
Taipei	1800%	1100%

Source: OTA Insight

A [report](#) by the [Ministry of Tourism](#) of India shows that as of February 2023, foreign tourist arrivals in India grew by 292% in 2023 over the last year. However, this is still 21% lower than in 2019. According to [RateGain's India Inbound Travel Trends report](#), [families and couples](#) take a majority share of inbound bookings in India. Family hotel bookings increased from 4% in the first quarter of 2019 to 10% in the first quarter of 2023. France and Spain are the top source markets for families visiting India.

Bangladesh, the U.S., the UK, and Canada still made it to the top of the list of source markets for foreign tourists in India in 2023, however, the market shares have changed.

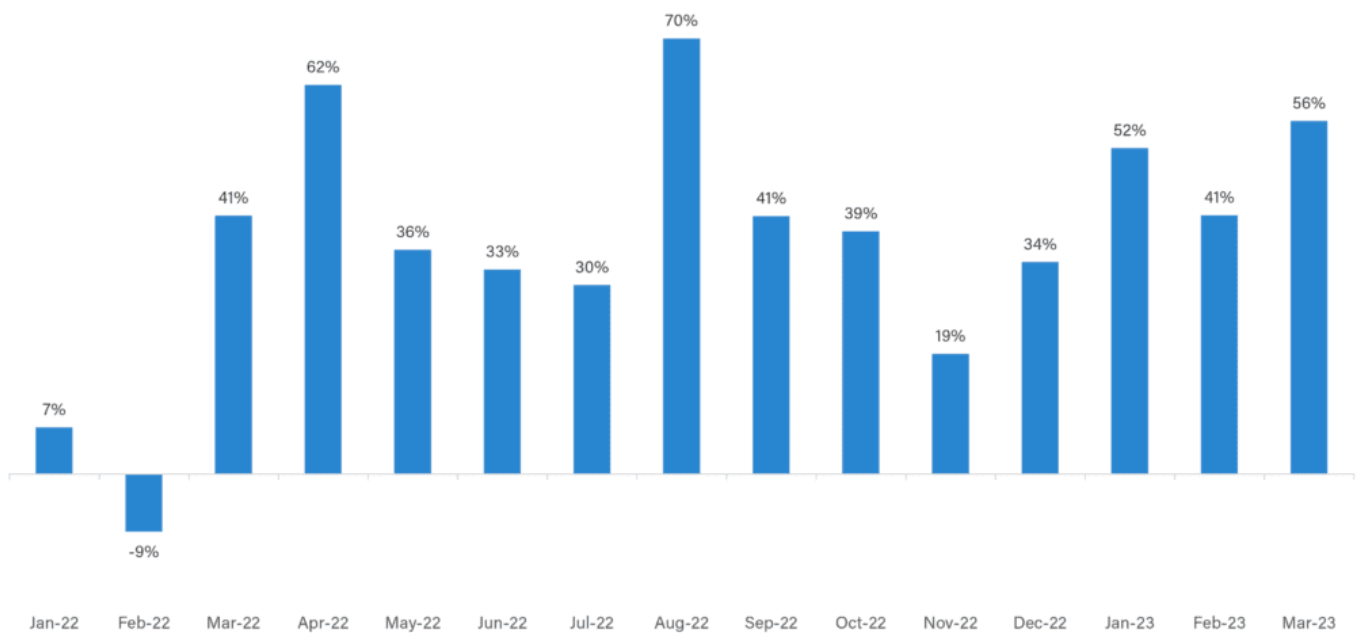
Evolution of Top Source Markets for Inbound Tourism in India in 2023 and 2019



Source: Ministry of Tourism, India

Hotel published rates in India have grown on average 35-40% above 2019 levels in the last year.

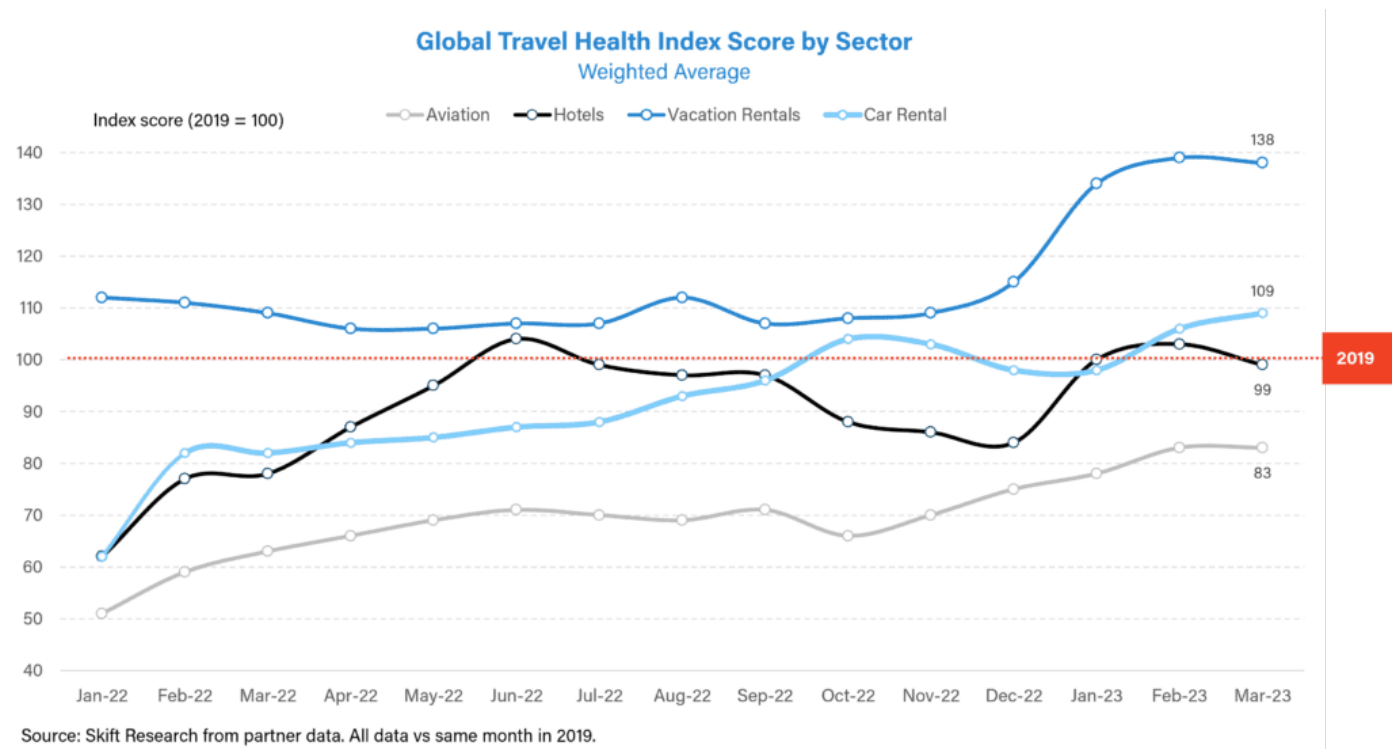
India: Hotel Published Rates Growth over 2019



Source: OTA Insight

Conclusion

It is fascinating to see the trend of recovery across sectors over the last year. While there is a lot of talk about the impact of the slowing economy on travel, the Travel Health Index has not declined. Vacation rental and car rental performance is at an all time high. The gains in car rental performance made up for the slight decline in hotel performance in March 2023. Overall, the industry stayed at 97% recovery just like last month. The aviation sector with all its struggles since pandemic hit is still at the highest its been in a year. A slight push would bump the global Travel Health Index to full recovery. Having said that, looking at the potential of the sectors apart from aviation that have surpassed pre-pandemic performance, the industry should certainly be aiming to perform way beyond 2019 levels.

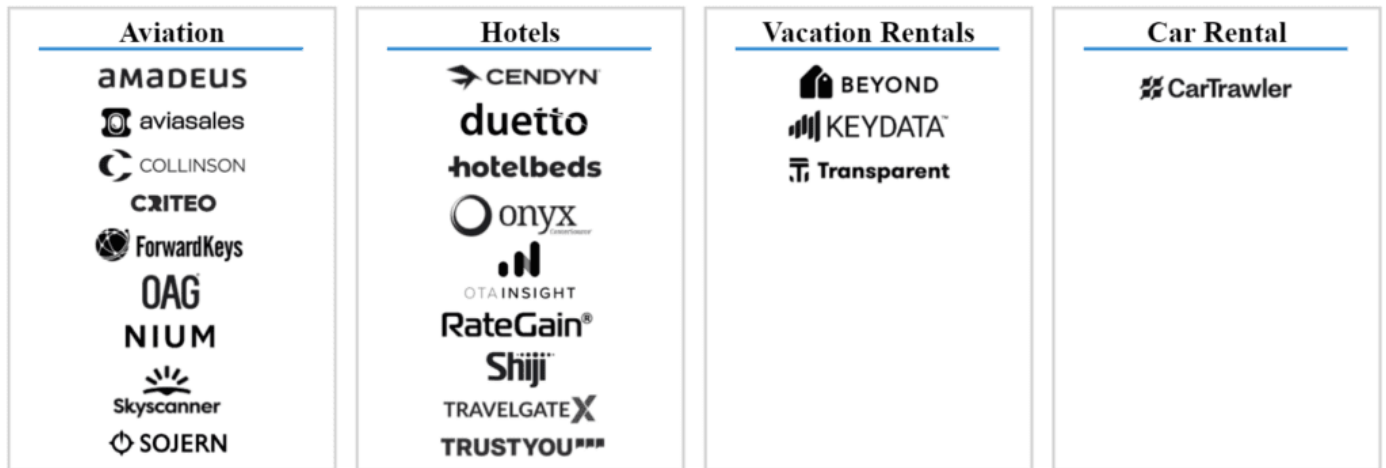


India has been the star performer, boosting travel performance in Asia Pacific, and filling the void left by the absence of Chinese travelers. With international hotel chains such as Marriott and multiple other hotel brands aiming to develop hotel properties across the country, there certainly is a lot of optimism surrounding the Indian travel industry. Although Indians are optimistic about the economic conditions of the country in the coming months, it would be interesting to see how travel performance pans out in the future.

Methodology

Data Partners

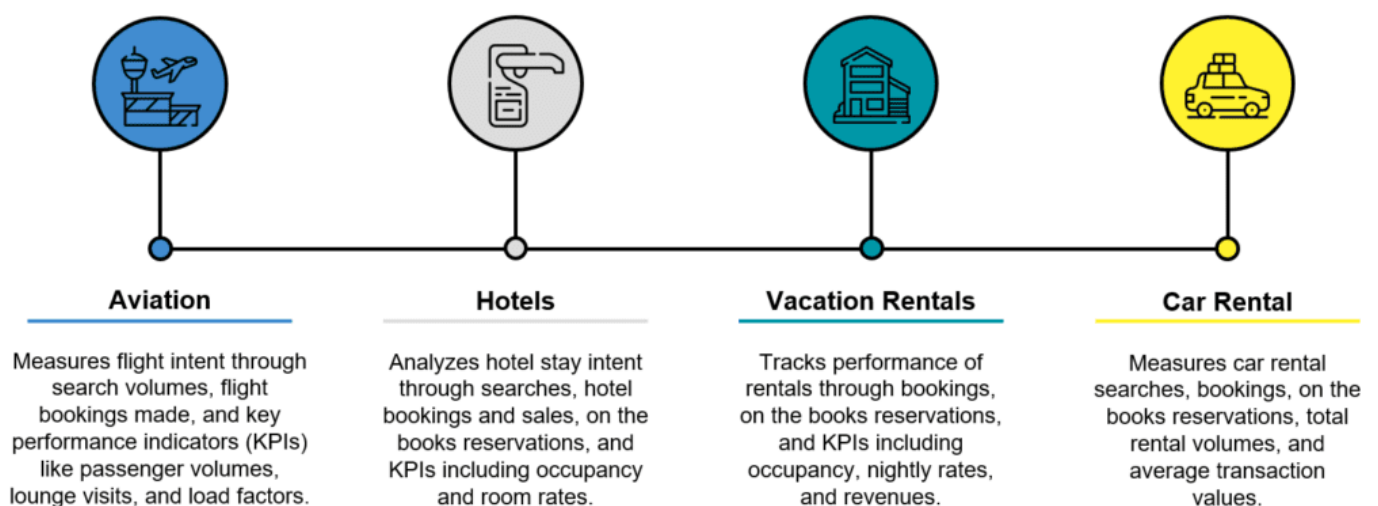
Skift Research collects and analyzes data from 22 different data partners, to provide the most comprehensive view of the travel industry's performance.



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:



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, 2022, and 2023 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

	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
Argentina	96.9	110.5	94.9	90.5	92.4	95.2	94.3	102.6
Australia	94.2	98.1	94.4	93.1	99.4	108.1	97.9	96.2
Brazil	102.4	100.5	97.2	103.5	104.4	109.5	106.2	107.5
Canada	94.1	99.1	97.1	95.4	96.7	93.8	97.3	95.9
China	62.4	55.9	55.4	57.0	55.9	74.9	93.1	94.7
France	100.1	97.1	94.0	95.9	99.9	107.0	102.9	100.7
Germany	81.4	86.7	80.8	82.6	85.4	88.5	87.3	86.9
Hong Kong, China	61.0	53.4	55.6	55.6	68.5	56.0	74.0	70.0
India	106.6	106.5	96.9	98.2	100.4	100.1	106.5	109.8
Indonesia	79.8	80.2	81.5	80.6	82.2	91.8	94.2	86.8

	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
Italy	100.8	100.7	95.7	94.8	102.9	99.9	97.2	99.4
Japan	63.1	71.2	77.5	73.2	78.8	101.4	103.6	109.1
Mexico	113.6	114.1	111.0	114.3	119.0	119.8	120.3	117.0
Russia	55.5	57.5	52.4	51.1	54.1	68.1	67.3	65.2
Singapore	83.5	88.6	85.1	87.1	83.2	88.0	92.8	99.5
South Africa	84.1	86.9	80.2	81.9	77.3	90.5	93.1	93.4
Spain	93.2	94.2	94.9	99.2	103.9	102.3	102.5	101.3
Thailand	73.9	79.2	77.9	79.2	90.1	97.0	98.8	97.2
Turkey	101.8	112.2	113.8	108.8	103.4	112.9	89.1	103.3
U.S.	100.7	104.5	102.7	104.4	103.9	101.9	100.4	94.2
United Arab Emirates	101.8	104.8	107.8	102.9	104.7	103.4	109.2	102.9
United Kingdom	99.0	98.4	97.6	97.8	98.5	102.8	101.8	101.6

Aviation Scores by Country

	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
Argentina	81.9	85.1	80.2	78.8	83.7	82.6	81.7	86.9
Australia	84.5	88.6	89.9	90.4	94	92.5	101.7	102.9
Brazil	93.9	90.7	89.2	93.5	92.2	103.1	98.7	102.2
Canada	79.8	83.1	83.7	84.8	87.2	75.2	88.5	88.8
China	30.4	30.3	28.2	36.1	45	41.6	57.0	58.6
France	85	82.9	82.2	83.9	86.4	94.1	91.3	95.4
Germany	72.8	72.8	71.3	71.1	76.6	90.2	87.3	89.4
Hong Kong, China	18.4	24.3	29.2	34.1	46	35.2	50.1	50.5

	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
India	98.6	98	92.7	104.4	111	101.6	103.6	105.6
Indonesia	51.3	55.9	54.9	55.1	57.6	67.8	67.3	61.1
Italy	101.1	100.4	98.5	95	108.3	112.9	105.2	109.0
Japan	46.5	57.3	61.7	65.6	73.6	86.0	87.5	93.4
Mexico	100.9	101.9	101.6	102.8	105.5	107.0	110.8	110.9
Russia	73.4	77.9	65.3	67.7	67.2	77.9	74.1	73.1
Singapore	56.8	63.6	58.8	60	61.1	71.6	77.0	74.8
South Africa	73	72.5	62.2	61.6	64.2	76.9	74.2	73.0
Spain	94	95.3	83.2	90.3	87.1	115.4	114.8	112.7
Thailand	61	67	66.6	71	76	80.2	82.0	79.3
Turkey	110.4	108	86.5	89.3	87.8	106.0	93.7	91.5
U.S.	91.5	96.3	85.1	85.4	86.2	94.1	94.9	90.2
United Arab Emirates	85.3	89.4	84.6	80.8	84.3	96.7	101.8	96.7
United Kingdom	86.7	84.2	73.2	76.4	77.8	89.8	90.8	93.0

Aviation contributes 40% 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

	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
Argentina	114.1	146.1	112	100.2	102.5	111.3	111.9	123.3
Australia	95.9	103.6	91.6	96.9	95.7	121.3	85.9	77.6
Brazil	119.9	118.8	111.1	121.9	123.1	123.1	126.2	124.7
Canada	112.3	124.2	109.8	111.3	107.6	99.8	95.3	93.5

	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
China	82.8	72.8	58.5	55.3	47.8	94.6	108.4	101.6
France	113.6	114.2	103.7	106.6	115.1	113.6	106.6	99.0
Germany	95.1	105.9	91.7	94.2	89.4	86.2	88.9	86.1
Hong Kong, China	90.2	59.9	58.8	56.8	74	58.2	83.5	72.2
India	123.8	122.8	97.3	89.9	89.8	95.8	105.5	112.7
Indonesia	105.3	98	98.4	95.9	100.2	113.4	116.0	104.1
Italy	104.7	109.8	101.3	98.9	96.4	90.3	91.2	88.3
Japan	76.3	90.8	94.2	81.6	82.6	123.7	120.0	122.9
Mexico	126.4	128.1	125.4	130.1	135.4	131.3	129.7	121.6
Russia	20.5	19.3	19.1	12.6	21.8	49.0	50.8	50.9
Singapore	100	104.8	96.8	109.2	86	96.7	104.7	117.6
South Africa	94	98.2	87.6	91.2	72.5	101.7	114.7	115.1
Spain	94.3	93.9	94.6	96.1	98.2	86.8	89.6	90.1
Thailand	80.5	87	87.5	86	106.4	118.0	109.4	116.7
Turkey	94.4	131.8	137.1	118.6	101.3	128.4	85.6	118.2
U.S.	106.7	108.9	104	107	103.8	100.3	99.6	91.9
United Arab Emirates	112.5	114.7	122.1	113.8	114.1	99.1	105.5	95.5
United Kingdom	103.1	105.5	103.8	104.7	100.3	107.2	106.3	103.0

Hotels contributes 35% 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

	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
Argentina	137.2	139.1	144.1	143.8	139.1	144.9	144.9	144.7
Australia	134.0	138.2	137.4	103.0	141.0	139.3	135.1	138.7
Brazil	117.0	117.7	115.1	114.3	113.2	130.2	131.0	122.1
Canada	109.3	101.8	113.4	93.7	115.9	126.9	128.2	134.1
China	129.6	107.8	108.3	109.0	112.3	165.2	180.0	180.0
France	124.2	122.4	122.4	125.3	122.8	131.5	132.1	132.1
Germany	95.0	96.4	99.0	104.5	110.0	116.9	117.5	108.4
Hong Kong, China	86.1	88.0	84.4	91.7	97.9	64.9	78.3	81.9
India	98.9	96.5	99.7	100.2	105.2	106.6	112.8	112.3
Indonesia	85.0	89.0	94.0	99.6	100.5	96.6	97.9	90.6
Italy	126.1	117.8	116.8	116.1	126.4	128.2	130.3	141.8
Japan	68.5	72.0	79.2	98.3	112.6	120.2	123.3	138.0
Mexico	129.4	133.1	124.5	135.6	142.3	143.5	142.0	136.5
Russia	106.5	112.9	112.9	112.8	112.5	113.0	113.7	96.2
Singapore	103.6	108.2	108.1	103.2	100.6	112.1	117.3	112.9
South Africa	82.2	82.3	84.0	83.4	86.7	97.9	97.9	99.2
Spain	112.6	114.5	116.6	119.3	131.8	137.8	134.6	132.7
Thailand	90.6	93.4	94.8	102.3	102.2	123.3	136.9	129.0
Turkey	112.4	124.1	137.8	146.3	137.8	117.8	109.6	115.4
U.S.	111.8	112.7	112.3	110.3	120.3	130.8	129.1	126.4
United Arab Emirates	121.0	126.5	130.7	128.6	126.6	140.3	147.1	143.3
United Kingdom	128.0	132.3	129.3	125.0	126.7	135.2	130.4	131.8

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

	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
Argentina	108.4	114.3	99.5	82.9	79.6	94.1	88.9	85.9
Australia	109.1	106.1	106.5	103.7	110.7	110.3	106.3	105.5
Brazil	98.3	96.4	93.4	89.6	91.9	98.8	98.8	94.3
Canada	114.0	117.6	122.7	122.0	117.5	129.1	126.2	119.4
China	55.5	56.7	85.4	82.5	66.2	63.4	101.4	124.0
France	108.7	104.0	103.3	102.6	101.0	133.6	129.9	115.5
Germany	82.1	85.7	84.5	84.1	95.6	85.6	84.7	85.7
Hong Kong, China	89.8	102.1	118.4	105.0	105.8	109.5	121.6	117.5
India	102.4	107.3	114.6	109.6	103.1	110.9	121.3	121.2
Indonesia	102.4	107.3	114.6	109.6	103.1	110.9	121.3	121.2
Italy	87.1	81.4	76.9	83.3	100.9	80.8	79.7	83.7
Japan	92.3	100.2	98.7	95.1	99.4	114.1	113.1	117.6
Mexico	118.3	116.3	112.9	109.2	112.7	129.8	124.0	120.5
Russia	74.6	74.6	74.6	74.6	74.6	74.6	74.6	74.6
Singapore	121.8	123.7	118.8	114.4	111.3	119.6	127.0	120.0
South Africa	104.2	102.1	103.8	103.0	100.8	107.6	107.9	105.5
Spain	88.5	88.2	88.3	94.0	106.9	89.3	87.6	87.9
Thailand	100.7	103.0	98.3	93.7	95.8	102.1	107.3	100.5
Turkey	95.4	88.8	102.4	99.9	99.3	109.9	95.3	104.3
U.S.	120.0	127.0	127.3	128.8	124.4	116.1	107.0	98.2

	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
United Arab Emirates	117.8	117.9	114.9	113.1	110.4	115.9	121.2	114.4
United Kingdom	112.2	113.2	115.1	108.7	108.1	117.7	113.3	110.2

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.

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