SKIFT RECOVERY INDEX
WEEK OF JUNE 14

SKIFT RESEARCH TAKE

by + Skift Team
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REPORT OVERVIEW

This report highlights the latest insights from the Skift Recovery Index, as we have added data for June 14 to June 20. The total available dataset now spans from December 29th, 2019 to June 20th, 2020 (weeks 1 to 25).

The Skift Recovery Index is a real-time measure of where the travel industry at large — and the core verticals within it — stands in recovering from the COVID-19 pandemic. It provides the travel industry with a powerful tool for strategic planning, of utmost importance in this uncertain business climate.

This week we add five new data providers to the index, to further strengthen the insights and get as broad a perspective of the travel industry and its recovery as possible. Amadeus, Skyscanner, Collinson, Key Data Dashboard, and TrustYou have joined the ten data partners we were already working with: Arrivalist, Criteo, Hotelbeds, OAG, RateGain, Shiji Group, SimilarWeb, SiteMinder, Sojern, and Transparent as data partners for the Skift Recovery Index.

We continue to be open to add additional partners, especially in the drive (car rental) and tours and activities space. Please get in touch at research@skift.com if you'd like to contribute.

New Partners Added, Score Rebased

The big news this week is that we have added five new data partners to our roster, which will strengthen the index particularly in the flight vertical, with Amadeus, Skyscanner, and Collinson now providing data. Hotel reviews is an interesting angle to look at hotel performance, which is why we've added TrustYou's data, and data from Key Data Dashboard adds more insight into the U.S. vacation rental space in predominantly traditional rental markets.

Adding these new players, and after having run the index for a few weeks, we were able to recalibrate some of the weightings to provide a better insight into the recovery. We would like to reiterate that the recovery index is a mixture of leading and trailing indicators, taking into account indicators ranging from traveler intent in the form of website visits and searches, to future bookings, to actual achieved occupancies, revenues and cancellations. It is therefore not necessarily a representation of actual revenues achieved on the books, but instead a more holistic view of the health of the entire industry, and the different verticals within it.

After refining the weightings and adding additional sources, the past week's score stands at 36, which shows a stalling of the climb of the past weeks, mainly due to new outbreaks and restrictions in China, and a stagnating performance in the U.S. as it also continues to struggle with increasing amounts of new outbreaks.

### Exhibit 1: Is the recovery stalling?
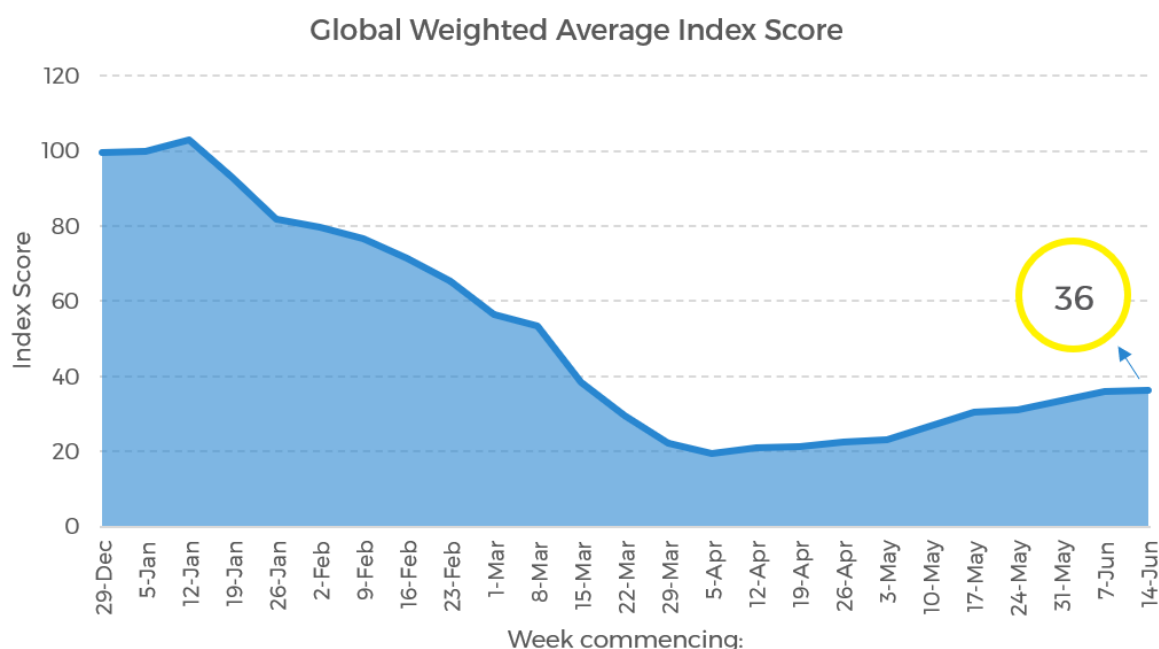
Source: Skift Research

Despite their turn for the worse in terms of new coronavirus cases, China and the U.S. remain the stand-out performers in travel recovery, Germany is showing strong performance increases over the past weeks.

Singapore currently tracks lowest, but as it moved to phase 2 of its reopening on June 19,

we might start to see a slow uptick in performance in the coming weeks. However, international travel remains restricted in this phase, and with the city state highly reliant on inbound arrivals, recovery might still be a while away.

Drive was an early strong performer as people looked to make more car journeys, and rent more cars in the process, likely to make domestic holidays. In the past weeks, however, this has plateaued and with borders opening we expect flight to start picking up more strongly. Lodging is continuing its rise as people start to travel again, and more importantly, are looking to stay in travel accommodation.

**Exhibit 2: Lodging only vertical that's still growing**

Global Average Score by Vertical
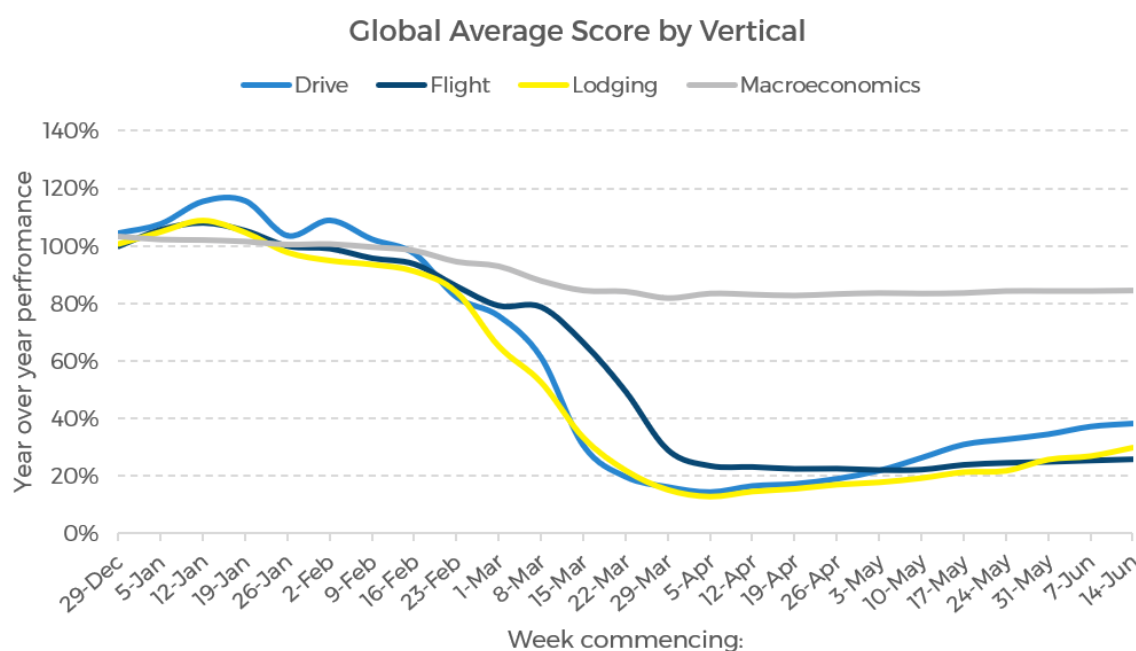
Source: Skift Research

Largest Tourism Economies, Strongest Performers?

The index score is weighted using tourism output data, a combination of inbound, outbound, and domestic tourism expenditure for each country. We use this to ensure that the global index score takes into account how some tourism economies are much larger than others, and therefore contribute more to the global recovery of the travel industry.

Exhibit 3: Average global scores with different weightings

Global Average Score - Simple, Tourism Output, and GDP
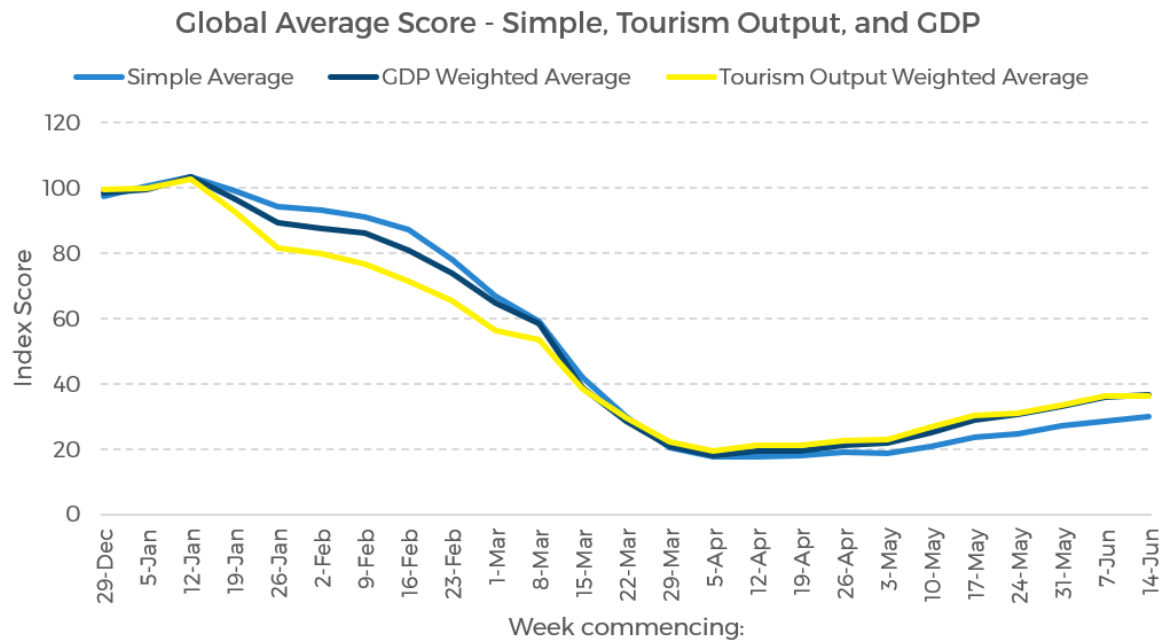
Source: Skift Research

However, it is interesting to compare the weighted score with a simple average score, where each country included in the index is weighted equally, and a weighted score based on GDP, with larger economies contributing relatively more to the global score.

What we see here is that China, accounting for 37% of global tourism output, pulls the index down much more significantly using tourism output weighted average than simple average from January to March, but that by week 15 at the beginning of May, when China was only cautiously opening up and the rest of the major tourism markets were in deep lock-down, all countries were at their low point and the three scores converged completely. Since then, however, the weighted index scores (both weighted by tourism output and GDP) have outperformed the simple average score, as larger (tourism) economies are outperforming their smaller counterparts.

This is interesting, and worth a deeper dive. When considering tourism output, major outliers are China, the U.S., and India, all with large domestic markets. Germany is the strongest performer of the rest, relying on a strong domestic and outbound market.

Exhibit 4: GDP and tourism output by country

	Tourism Output ($ billion)	Tourism Weight		GDP ($ trillion)	GDP Weight
China	$1,816	37%	U.S.	$21,428	37%
U.S.	$1,369	28%	China	$12,859	22%
India	$515	10%	Germany	$3,862	7%
Germany	$180	4%	India	$2,858	5%
France	$156	3%	France	$2,724	5%
UK	$130	3%	UK	$2,933	5%
Australia	$130	3%	Italy	$2,006	3%
Spain	$130	3%	Brazil	$1,805	3%
Thailand	$117	2%	Canada	$1,776	3%
Italy	$99	2%	Australia	$1,402	2%
Brazil	$89	2%	Spain	$1,398	2%
Canada	$72	1%	Mexico	$1,285	2%
Mexico	$51	1%	Thailand	$567	1%
Singapore	$46	1%	Singapore	$377	1%
UAE	$43	1%	UAE	$421	1%

Source: Skift Research from The World Bank, UNWTO, NTTO, USTA.
Tourism Output is a Skift Research estimate of the sum of inbound receipts, outbound expenditure and domestic expenditure.

Comparing these four countries against a simple average of the other 11 countries shows how the U.S., China, and Germany are outperforming smaller tourism economies, while India is lagging behind.

Exhibit 5: Most larger tourism economies are performing strong


SRI Scores for Selected Countries
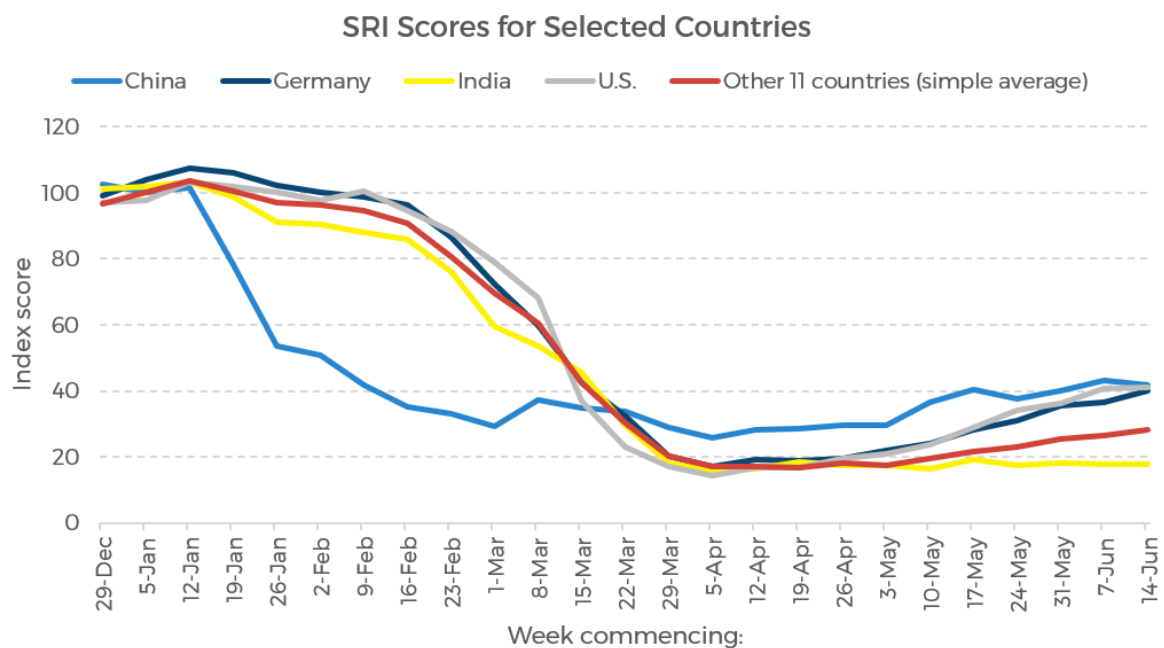
Source: Skift Research

So how are these countries outperforming other markets? They clearly have a larger traveler base to tap into, but are there specific areas or travel verticals where we see these

countries moving ahead of their counterparts?

There are some interesting differences between the leading countries. The lodging industry is performing strongest in China and the U.S., and clearly out front compared to India and the average of the other 11 countries. Interestingly, flight is performing well in China, as it has opened up to air travel much more than other countries, while drive is performing better in the U.S. Germany has particularly high performance in the drive vertical, with Germans seemingly not waiting for flights to resume, and instead opting for drive holidays.

Exhibit 6: Vertical scores for selected countries

Vertical Scores for Selected Countries

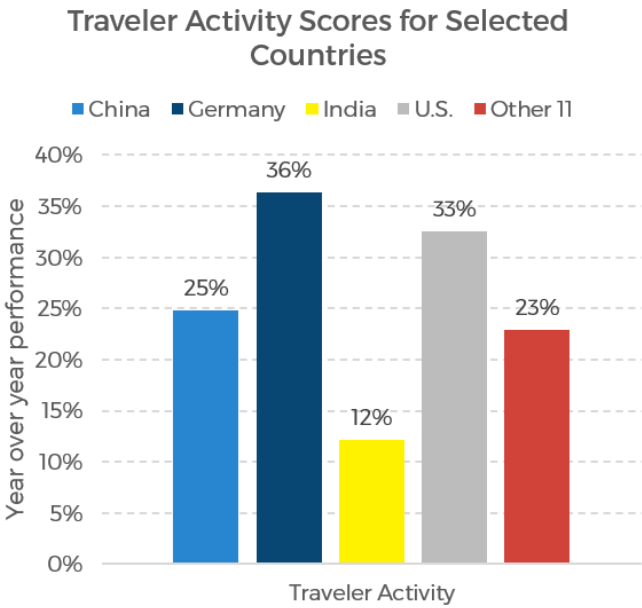■ China   ■ Germany   ■ India   ■ U.S.   ■ Other 11
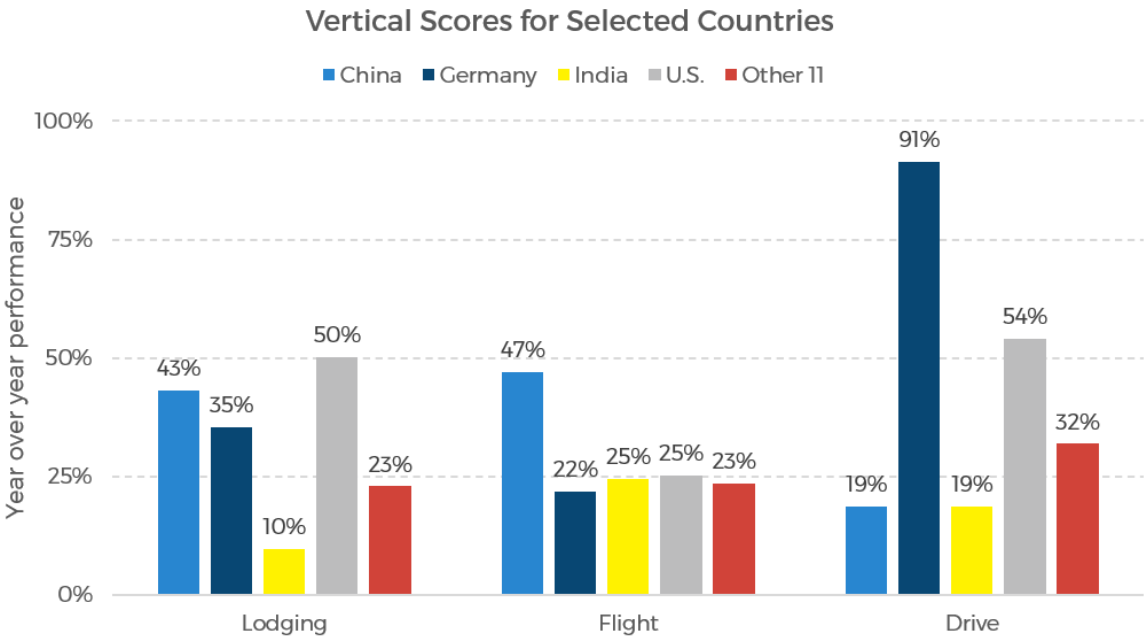
Source: Skift Research. Scores represent a simple average of the last 4 weeks.

With the exception of its lodging performance, India is not tracking down much in the different travel verticals compared to other countries. However, if we look at origin data (rather than the vertical data discussed above, which has a destination focus), we can see that travel searches and bookings made by Indian residents are far lower than those in other countries.

This means that India will likely have a longer road to recovery. As residents in other countries are starting to book future travel, India continues to lag in this perspective. For a country heavily reliant on domestic travel spending, it is important that its residents start traveling again.

Exhibit 7: Traveler activity scores for selected countries

Traveler Activity Scores for Selected Countries

■ China ■ Germany ■ India ■ U.S. ■ Other 11

China: 25%
Germany: 36%
India: 12%
U.S.: 33%
Other 11: 23%

Year over year performance

Traveler Activity

Source: Skift Research. Scores represent a simple average of the last 4 weeks.

DATA PARTNERS

We would like to thank the following partners who are collaborating with Skift Research by providing their data which shapes the Skift Recovery Index.

AMADEUS is a global travel technology leader that delivers the most trusted, critical systems across the travel industry to airlines, airports, hotels, travel agents, and car rental and railway providers. Amadeus is providing insight on travel search trends and behavior for the Skift Recovery Index.

ARRIVALIST uses mobile location datasets to provide actionable insights on consumer behavior, competitive share, media effectiveness, and market trends, and has been tracking driving behavior of U.S. residents, which we have included in the Index.

COLLINSON is a global travel services business, creating traveler experiences, loyalty strategy and programs, travel insurance, and travel and medical assistance. Priority Pass is operated by Collinson and provides frequent travelers access to over 1,300 lounges, with Collinson providing aggregated customer lounge visit data for the index.

CRITEO is a global technology company powering the world's marketers with trusted and impactful advertising. The company provides indexed data from various OTA, airline, and car rental partners. Criteo provides data for airline and car rental web traffic and sales.

HOTELBEDS provides over 180,000 hotels across the globe with access to high-value, complementary distribution channels that do not compete with the hotelier's direct distribution strategy. The company provides data on hotel bookings and source market performance.

KEY DATA DASHBOARD is a provider of real-time, direct-source vacation rental data for the short-term rental sector, aggregating data sourced directly from more than 30+ reservation systems of 700+ professional property managers around the world. Key Data provides bookings, RevPAR and cancellations data for the Skift Recovery Index.

OAG collects and analyzes data about every journey, every booking, every take-off and landing, departure, and delay, totalling over 110,000 flights, 100,000 schedule changes daily and over 4 million flight status updates. OAG provides flight capacity data for the Skift Recovery Index.

RATEGAIN helps travel and hospitality companies with cognitive revenue management, smart e-distribution, and brand engagement. RateGain supports over 250,000 hotel properties globally by providing 240 billion rate and availability updates, and powering over 30 million bookings. For the Index, RateGain provides hotel bookings and cancellation data.

SHIJI GROUP provides software solutions and services for the hospitality, food service, retail, and entertainment industries, serving over 74,000 hotels, 200,000 restaurants and 600,000 retail outlets across the world. Shiji Group provides China hotel bookings and room night data for the Skift Recovery Index.

SIMILARWEB gathers digital data from multiple sources, including first-party direct measurement, public data sources, anonymous behavioral data, and external partners. For the Index, SimilarWeb provides unique visitor data to the top 10 travel websites per country.

SITEMINDER works with over 35,000 hotels as their guest acquisition platform to generate in excess of 100 million reservations worth over US$35 billion in revenue for hotels each year. SiteMinder provides hotel booking data for the Skift Recovery Index, pulled from its World Hotel Index.

SKYSCANNER has 100 million peak monthly active users, over 100 million app downloads, and more than 1,200 partners across flights, hotels, car rental, and more. Skyscanner's Travel Insight product helps companies guide their COVID-19 recovery plans, and the company contributes flight search data from Travel Insight for the Skift Recovery Index.

SOJERN provides digital marketing solutions for the travel industry, helping to drive direct demand for more than 10,000 hotels, attractions, tourism boards, and travel marketers. Sojern contributes flight and hotel search data for the Skift Recovery Index.

TRANSPARENT provides business intelligence serving the vacation rental industry, including insights around supply growth, demand patterns, rate changes, and property manager activities. Transparent contributes occupancy and bookings data for the Skift Recovery Index. The company draws on data from the 34 million vacation rental listings they track worldwide, in every geography.

TRUSTYOU provides a guest feedback platform that makes listening to customers easy, powerful, and actionable. In response to the current crisis, TrustYou has put together a Travel Health Index, using hotel reviews managed through its platform as a proxy for hotel occupancy. TrustYou's Travel Health Index is integrated in the Skift Recovery Index.

We would welcome more partners who want to join this effort, especially in the drive (car rental) and tours and activities space. Please get in touch to talk about a possible collaboration.

ABOUT SKIFT

Skift is the largest intelligence platform in travel, providing media, insights and marketing to key industry sectors.

THE SKIFT RESEARCH DIFFERENCE

Skift Research is the official research arm of Skift. Our reporting combines:

- Skift's extensive industry experience
- Rigorous financial & quantitative analysis
- Qualitative insights from top executives at nearly every major travel company

We conduct primary research, summarize our findings through desk analysis, and present them back to you in a digestible format which you can take to your team, partners, and clients to understand the market and make decisions.

Using our proprietary blend of qualitative and quantitative analysis, Skift Research closes the information gap faced by businesses today.

Contact us at research@skift.com!