



## Industry Trend Report

Travel and Lodging 2014

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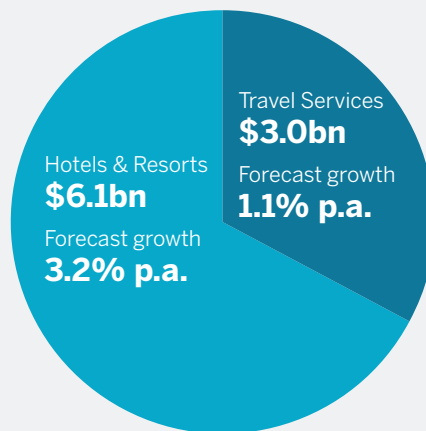
The Travel and Lodging Industry Report for Q1 2014 shows a market worth \$9.1bn per annum and growing modestly.

### Welcome to the American Express Travel and Lodging Industry Report Q1 2014.

This report shows that more and more Australians travelling, plus welcome growth in international visitors, particularly from China. There is evidence of increasing cost and pricing pressure, partly driven by online bookings.

At American Express we process millions of transactions daily, and we have unique insights into Merchants across many industries. We hope these insights are of value to your business.

### How Big is Travel & Lodging?<sup>1</sup>



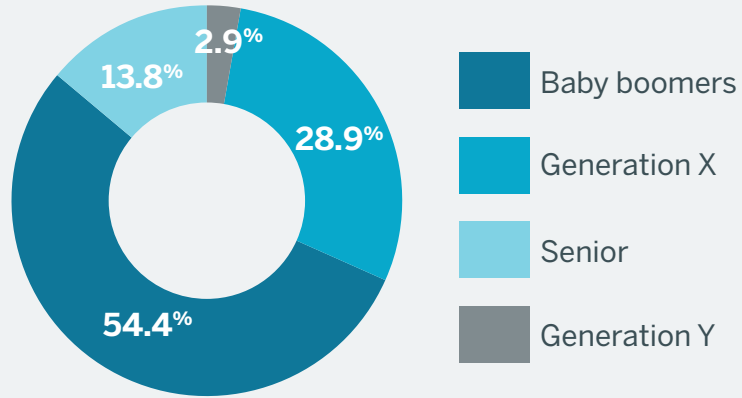
### Positive Factors

- Increasing inbound tourism
- Falling exchange rate
- Improving consumer sentiment
- More Australians travelling
- Competitive pricing
- Increasing occupancy levels
- Increasing visitor nights
- Continued growth in business travel

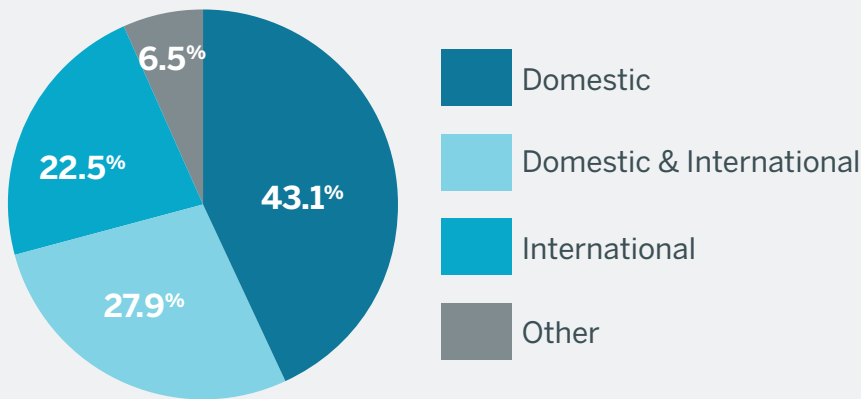
## Top 5 Inbound International Markets<sup>2</sup>

- UP 1% NZ – 1.2m
- UP 14.9% China – 740k
- UP 10.9% UK – 670k
- UP 6.9% USA – 510k,
- UP 14.6% Singapore – 346.5k

## Share of Travellers – By Age<sup>3</sup>



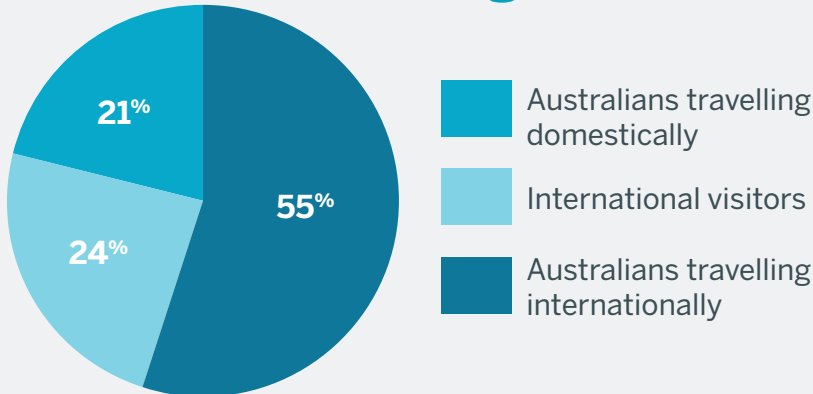
## Australian Tourism



### International Travel

- Inbound **+2.9%**
- Outbound **+8.8%**
- Business visitors stay average of **15 nights**
- Number of Australians holidaying overseas has **doubled**

## Mix of Travel Bookings



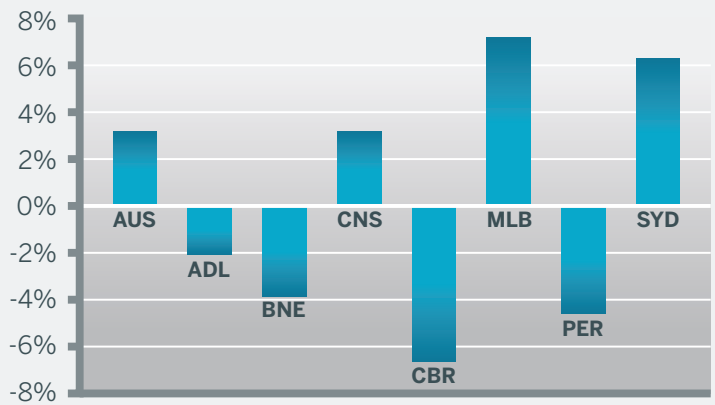
## Key Indicators Improving<sup>4</sup>

Measure	Dec 2012	Dec 2013
Average Occupancy	69.4%	72.5%
Average Daily Rates	\$193	\$189

## Australian Hotel Trends

RevPAR\* Rising with Positive Outlook<sup>3</sup>

- Average RevPAR across Australia = **\$132**
- YoY increase **+3.2%** ('13 over '12)
- Mlb, Syd, Cairns lead the way
- Offset by decreases elsewhere
- Growth in international visitors as \$A weakens



Australian Hotels  
Average RevPAR % Change from YTD 2012  
as at December 2013

\*Revenue Per Available Room

## Global Air Travel Trends<sup>5</sup>

- Demand for air travel is increasing
- Supported by global economic improvement
- Increased business confidence is further support

Air Travel Volumes  
Seasonally Adjusted



RPKs = Revenue Passenger Kilometres  
(1 RPK = 1 paying passenger transported 1 km).

## Hotel Occupancy Rates as at Dec 2013<sup>4</sup>

Location	Occupancy (%)
Australia	72.5
Adelaide	75.8
Brisbane	71.3
Cairns	67.6
Canberra	70.9
Melbourne	79.8
Perth	80.6
Sydney	80.8

## High Value, High Spending, Connected Card Members<sup>6</sup>

Card Member Profiles	American Express	Other Cards
Household income > \$100,000 p.a.	61%	43%
Spend on lodging past 12 months	\$4,457	\$2,683
Member of 2 or more loyalty programs	43%	23%
Average number of electronic devices	7.8	7
Use social media/purchase online	56%	44%

## American Express Card Members<sup>6</sup>

Charged lodging purchases to their Card in the past 12 months

**67%**

Less likely to return to a Merchant if they experience limitations on their Card

**50%**

Declined purchase when asked to switch cards or pay a surcharge

**12%**

### Sources

1. IBISWorld Industry Report H4401 – Hotels and Resorts in Australia – by Ryan Lin – November 2013
2. Tourism Australia. (Statistics compared to 12 months prior to year end February 2014)
3. Data based on aggregate spending behaviour by AUS American Express Card Members, adjusted to reflect AUS adult population. Data does not represent American Express financial performance. Definition of Travel: American Express Australian Card Members who transacted with Australia-based airlines, air carriers, travel agencies and tour operators
4. Insight Australian Hotels, Savills Research, January 2014
5. IATA, State of the Industry and Global Economic Outlook, Tony Tyler and Brian Pearce, Global Media Day, December 2013
6. American Express commissioned Internet panel survey conducted in October-December 2012 based on purchases made in the prior 12 months.