

ForwardKeys predicts travel retail will bounce back in 2023



Seat capacity is above 74% of 2019 levels, reports ForwardKeys

The latest air ticketing data from [ForwardKeys](#) reflects a better year for travel retailers and airports as post-COVID consumer preferences swing in a more premium direction. Despite the economic slowdown, business travel is on an upward trend. This is great news for travel retailers, duty free operators and brands as business travelers are a key audience for luxury goods at the airports.

According to a press release, "Intraregional Europe business travel made a comeback in 2022 and now it is time for APAC business travel to make a return. Business travel from Japan is stronger than its leisure equivalent. Europe is attracting the business crowd from Japan through Frankfurt, Paris, London and Istanbul. Istanbul Airport is in a strong position in this market, up by 13% in Q1 of 2023. More than 90% of those tickets booked are for transfers to Italy, Germany, France, and Spain."

"What is aiding this hot trend are two things. Seat Capacity is above 74% of the 2019 levels and the lower cost of airfares when compared to flights from Japan to Germany or France," says Olivier Ponti, VP of Insights at ForwardKeys.

With travel restrictions now eased in China and Southeast Asia new opportunities have opened. According to bookings for travel in Q1, the share of single Chinese travelers traveling abroad has increased from 25% in 2019 to 40%, and the share of passengers flying in premium class has increased from 10% to 17%.

Traveler behaviors have changed, and global air connectivity is very different, as can be seen with the examples of travel from the US to Europe, and outbound travel from India.

"In Q1, US travelers are flying and increasing the number of travelers into Lisbon (+106% vs 2019), Copenhagen (+68%) and Istanbul (+62%). Moreover, they are staying longer and increasingly taking multi-destination holidays. The top destination pairs from the US remain the UK & France, and France & Italy, but new pairs are emerging like Denmark & Sweden (+127%), Portugal & Spain (+116%) and Turkey & Greece, +32%."

India is roaring to get back to long-haul travel with new itineraries. For example, the new air connectivity put in place between India and Warsaw Airport means that Warsaw Airport has witnessed an unprecedented triple-digit growth versus the pre-pandemic period from Indian travelers heading towards the US or key destinations in Europe.

According to ForwardKeys, "a simple reason why 2023 has the potential to be a powerful profit-making year for airport retailers and brands is that people spend more time at the airports when they transfer. The share of short transfers (meaning less than two hours), has decreased from 44% in 2019 to 37% in 2023. This means travelers have more time to shop now that airport operations are running more smoothly. Besides, many of them also tend to plan a bit more time at the airport before departure to avoid bad surprises."