

OAG: Global air capacity trending down to less than 50 million by year end; but U.S. capacity continues to rise

According to the OAG Blog of Nov. 9, (OAG's Coronavirus Capacity Update Week Forty-Three) global air capacity suffered its fourteenth consecutive week of declines, with another one million seats wiped out across the worlds' scheduled airlines. The current rate will take the industry below 50 million seats a week by year end -- around 54% below the 106 million reported in the last week of 2019.

Since Jan. 20, 2020, scheduled airlines are operating 2.275 billion fewer seats compared to the same time last year, says OAG. Assuming an industry average load factor of 75%, this translates into a passenger revenue loss to the industry of close to US\$426 billion.

The expected reductions in Western European capacity as a result of new lockdowns could lead to a 20% fall in capacity and the loss of another one million seats a week. Western Europe is now at only 30% of its January levels making it the poorest performing regional market in the world, says OAG.

The United Kingdom is reporting a -37.5% reduction in weekly capacity as the lockdown sets in and is now at just 20% of its pre COVID-19 capacity levels. Both Germany (-23.5%) and Spain (-19.7%) have also seen large reductions in capacity this week as both markets feel some of the knock-on effect from the UK lockdown. Both countries saw weekly capacity fall by nearly 170,000 seats, reports OAG.

Conversely, North America and specifically the United States, added 400,000 plus seats to the weekly capacity the week of Nov. 9, nearly a 4% increase.

Since the week of Oct. 5, the U.S. market has been trending differently than the rest of the world. The U.S. recorded a 13-point improve-

ment compared to the steady decline elsewhere, which translated into a nine point decline since the beginning of September.

International capacity races ahead of domestic growth

Whereas many countries have increased quarantine restrictions the United States has not. As a result, OAG points out that U.S. domestic capacity has increased by over one million seats, an 11% growth in ten weeks. The surprise, it says, is that international capacity has increased by over 40% in the same period.

OAG sees two factors driving the growth in international capacity: an increasing demand for leisure and Visiting Friends & Relatives (VFR) travel, and the easing of travel restrictions to Latin America.

Under leisure demand, OAG points to Mexico, with a 70% increase in capacity with Puerto Vallarta, and both Cancun and San Jose Cabo doubling their weekly capacity. The reopening of capacity to countries such as El Salvador, Guatemala and Peru has also boosted capacity.

The State of the States

In terms of airline passenger capacity, the three fastest growing states are New Jersey, Hawaii and Florida. Florida gets a double benefit—with passenger flow from both leisure demand and its gateway position for much of the capacity that flows into Latin America.



TFWA releases more details on China Reborn December event

TFWA has released more details of its China Reborn online event, taking place on Dec. 1-3, 2020.

In addition to the networking opportunities from its signature ONE2ONE e-meetings, the China Reborn online event will present a virtual conference that will feature a full program that analyzes market opportunities and shopper trends in China from speakers including Charles Chen of China Duty Free Group (CDFG), Eudes Fabre from Lagardère Travel Retail and Angel Zhao of Ant Group. The session will begin with an address from TFWA President Alain Maingreau.

Day two of the conference will present the latest data and research on current travel patterns in China, and how these will evolve in 2021. Speakers will include APTRA's Sunil Tuli, Evita Qu of CNSC and Mirko Wang of Jessica's Secret, who will share exclusive data on Chinese shopper preferences. The session will also hear from representatives from two leading Chinese travel data providers – Wang Zhiyong of CAPSE/Variflight, and Hao Liping from TravelSky Technology.

Day three will look at China's future economic direction and its implications for all companies doing business there; it will also explore the future for the consumer sector, and look at how the "daigou" market has adapted to the COVID-19 crisis. Delegates will hear from Dr Edward Tse of Gao Feng Advisory; Prof Yao Yang from the China Centre for Economic Research, and Casey Hall, Business of Fashion Asia Correspondent.

For a final chance to register, visit the TFWA website at <https://www.tfwa.com/tfwa-china-reborn/book-your-place-100006004>.

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Grab expands into Miami with MIA2GO platform

Miami International Airport has unveiled its new contactless mobile platform that allows customers to safely click, grab and go when ordering food and beverages.

Developed through a partnership between the Miami-Dade Airport Department (MDAD), Unibail-Rodamco-Westfield Airports (URW) and Grab, the new **MIA2GO** platform is available via MIA's mobile-friendly website or mobile app, providing touch-free food pre-orders at participating restaurants. Eating options are searchable by food type and airport terminal, and orders are scheduled for pick-up at pre-set times, allowing customers to avoid waiting in line.

"MIA2GO is the latest aggressive step we have taken to make the travel experience safer and more convenient for our passengers by

leveraging technology," said Lester Sola, MIA Director and CEO.

As *TMJ* has reported, passengers can use their smartphone to scan one of many QR codes located throughout the airport, or visit MIA2GO.com to browse restaurant menus.

The platform accepts multiple forms of payment, including credit/debit card, Apple Pay and Google Pay. Once an order is placed, customers will receive update alerts on their mobile device.

When the order is ready, it will be sealed and placed at one of the designated pick-up locations with the passenger's name identified on the label.

"The pandemic has forced us to reset and reimagine certain portions of the airport experience," said Mike Salzman, EVP/ Group Director, URW Airports.

"MIA2GO not only offers peace of mind for health-conscious travelers, it makes for a more comfortable airport experience. It's also helping to drive sales and put

airport employees back to work," said Salzman.

MIA2Go joins a growing list of Fly Safe, Fly Smart measures recently introduced at the airport.



Carnival cancels all U.S. cruises into 2021

Carnival Cruise Line has canceled all embarkations from U.S. homeports at least until February, as well as cruises from Baltimore, Charleston, Jacksonville, Long Beach, Mobile, New Orleans and San Diego embankments through Feb. 28.

The line has also paused embankments on *Carnival Legend* out of Tampa through March 26.

Carnival is in the process of building a gradual, phased in approach to resume guest operations, which will focus initially on Miami and Port Canaveral, to be followed by Galveston.

These measures are in effect as CCL implements its plan to meet the requirements of the Framework for Resuming Cruise Ship Operations Order issued on Oct. 30 by the U.S. Centers for Disease Control and Prevention (CDC).

Consistent with CDC protocols, *Carnival Horizon* arrives in Miami this week, and *Carnival Breeze* will be the next ship back to the U.S.

In total, 16 Carnival ships are currently following the CDC process for an eventual resumption of guest service in the U.S. in 2021. These include *Carnival Conquest*, *Dream*, *Ecstasy*, *Elation*, *Freedom*, *Glory*, *Liberty*, *Miracle*, *Panorama*, *Pride*, *Sensation*, *Sunrise*, *Sunshine* and *Vista*.

Mardi Gras, which is under construction in Finland, will also enter service in 2021.

In addition, Carnival had previously cancelled certain other itineraries on four ships (*Magic*, *Paradise*, *Valor*, and *Victory/Radiance*) that are scheduled for required dry docks in the first half of 2021, with the plan to return them to operations after maintenance work and upgrades are completed.

Carnival previously cancelled operations in Australia through March 2, 2021.

Dufry strengthens footprint in Russian market with 7-year extension of St. Petersburg Pulkovo Airport concession contract

Dufry has extended its duty free concession contract at Pulkovo Airport in St. Petersburg for another seven years. St. Petersburg is the most visited tourist city in Russia and Pulkovo airport welcomes 19.6 million passengers per year, with a mix of domestic and international travelers.

Dufry's concession covers more than 3,100 sq meters of retail space.

Commenting on the new contract, Eugenio Andrades, CEO Operations said: "We have operated the Pulkovo concession since 2014 and this renewal in cooperation with our RegStaer partners is a significant step to strengthen our footprint in the important Russian market as a solid and experienced operator.

"I would like to thank Pulkovo Airport for the renewed partnership and trust, which we will honor with a further enhancement of the retail space offering passengers a breathtaking shopping experience.

"This will also include our latest best practices in digital technology and customer engagement services."

As part of the contract renewal, Dufry will redesign the current departure area by refurbishing the walk-through concept featuring all core categories including Perfume & Cosmetics, Liquor, Tobacco and Food & Confectionery, covering close to 1,900 sq meters of space. The refurbishment, in addition to delivering a very innovative design, will also allow a better connection between the duty free store and the central lounge area of the terminal.

The revisited specialty store area with 13 shops across 1,100 sq. meters presents global and local brands as well a selection of souvenirs in the Spirit of St. Petersburg.

The concession also includes a 100 sqm last-minute shop.





Expedia and ARC release 2021 Travel Trends Report: U.S. ticket prices are lower, outdoor and island destinations top list

What do Lincoln, New Hampshire; The Hamptons, New York and Lake Havasu, Arizona have in common? These were all trending destinations for U.S. travelers in 2020, destinations that are a far cry from last year's hot spots of Lima, Osaka and Lisbon.

Airlines Reporting Corporation (ARC), in collaboration with Expedia.com, has released the **2021 Travel Trends Report**, which analyzes extensive travel data from Expedia and ARC to uncover key search and booking trends for travelers.

Top insights in the report show that average ticket prices are historically low for U.S. travelers, but seasonality, advance purchase and departure timing still impact pricing. In addition, flexibility has become a top priority, with most travelers purchasing flights less than a month out.

Not surprisingly, domestic destinations with outdoor activities are trending in 2020 and beaches and vacation cities are among Expedia's most-searched destinations for 2021.

ARC reports that Lake Havasu, Arizona; New Bern, North Carolina; and The Hamptons, New York top Expedia's list of 2020 trending destinations, seeing the best year-over-year growth, based on lodging demand. For the coming year, beach resorts such as Cancun, Mexico (#1); Riviera Maya, Playa del Carmen and Tulum, Mexico (#2); and Punta Cana, Dominican Republic (#5) are among the most popular Expedia.com searches, along with vacation cities such as Las Vegas (#3), Orlando (#4) and Miami (#8).

"It's no secret that air travel changed this year in ways we have never seen before, but people are still flying, and they will continue to fly. We are keeping a close eye on these changes to help travelers get the most from their journeys," said Chuck Thackston, Managing Director of Data Science and Research for ARC.

Traveler Priorities in 2021

Flexibility is required: In 2021, flexibility will continue to be top of mind for travelers, who booked refundable rates 10% more often this year compared to last. Expedia lodging data shows average daily rates for refundable bookings were 20% cheaper in 2020 compared to 2019.

Health and safety advancements: In the year to come, concerns about staying safe while traveling will continue to impact every aspect of trip planning, from what type of accommodations to choose to where to go to who to travel with. Since May, nearly 300,000 properties have added health and cleanliness information on Expedia.com, including enhanced cleaning, contactless check-in, social distancing and other guest safety measures.

Majority of travelers booking less than a month out: According to ARC data, in 2019, the average U.S. traveler booked flights around 35 days in advance of their departure date, but during the onset of the pandemic, that window - to 46 days. The new normal (since August) is just 29 days out - the average advance purchase dropping

below the 30-day mark for the first time in years - and illustrating how travelers have adapted to the rapidly changing environment. With airlines eliminating change fees travelers may feel more confident booking further out, knowing they can always change their plans down the road.

Growth in alternative accommodations: While the most popular lodging type in 2020 was hotels, the types of accommodations showing the biggest growth compared to last year were castles, ranches, cabins, chalets and cottages. These types of retreats, typically found outside of big cities, were getaway spots for travelers in search of wide-open spaces, nature and privacy. This trend is expected to continue as people look to travel safely amid the pandemic. Whether it's a hotel, vacation rental or chalet, Expedia lodging data shows the cheapest days to stay are Sunday through Tuesday, so try scheduling a long weekend trip at the start of the week instead of the end.

The full 2021 Travel Trends Report and its findings can be found [on Expedia's website](#).



A destination like Miami Beach combines both the allure of a big city and the escape of a beach resort—two major trends identified for 2021 in the Expedia and ARC 2021 Travel Trends Report.

The Next Big Trip: Top-searched destinations for 2021 and beyond

While nearby escapes and road trips are likely to remain popular as travelers navigate the ongoing realities of life amid a pandemic, search data proves that aspirations persist for grander, far-flung vacations. Expedia says that "vacation-deprived Americans" are dreaming of their next trip in one of two categories:

Island escapist

Looking at the top 20 destinations, half are islands and another third are popular beach resorts.

Cancun (#1)
Riviera Maya, Playa del Carmen and Tulum (#2)
Punta Cana (#5)
Oahu (#6)
Maui (#7)
Los Cabos (#9)
French Polynesia (#10)
Maldives (#11)
Montego Bay (#12)
Aruba (#13)
Puerto Vallarta (#14)
Key West (#16)
Nassau (#18)
Bali (#20)

The urban returner

Expedia search results show that travelers are eager to return and enjoy all the culture, activities and experiences that you can only find in these large iconic U.S. cities.

Las Vegas (#3)
Orlando (#4)
Miami (#8)
New York (#15)
Los Angeles (#17)
New Orleans (#19)

IWSR: GTR spirits sales down 68%

The COVID-19 pandemic has had a dramatic impact on global travel retail spirits sales, with volume consumption down -68% in 2020 vs 2019, according to the IWSR.

With borders closed, quarantine requirements introduced, and consumer confidence plummeting amid mounting health concerns, recovery in the channel is expected to be slow.

Most regions are not likely to return to 2019 beverage alcohol volumes before 2023, with varying pace across different regions. Land border, ferry crossing and free zone business is expected to return to strength earlier than air travel or cruise business.

Meanwhile, a growing preference for intra-regional travel could have a significant impact on long-haul hubs.

There does seem to be pent-up demand for leisure travel, particularly from China. Recovery of business travel, however, will likely be more volatile due to the widespread adoption of video conferencing and other operational changes during lockdown.

If companies permanently change their business travel

polices, with travel frequency reduced in favor of more remote communication, this could change the GTR beverage alcohol landscape. Since business travelers are often high-frequency, high-net-worth travelers, their loss of custom would hit higher-end products particularly hard.

For those consumers who do resume travel, research conducted by IWSR partner, mind-set, shows that the majority of wine and spirits shoppers will change their behavior in airports in the future.

As a result of the pandemic, shoppers have moved to online shopping in greater numbers than before, and may expect more digital options when they return to GTR.

New hygiene and social-distancing norms within travel hubs will inevitably change the way GTR sales representatives are able to work. In particular, travelers remain cautious about sampling products and being in close proximity to sales staff. Therefore, as the GTR environment becomes more transactional and less browsing-centered in the short to medium term, digital

solutions may prove to be a valuable way of both safeguarding and streamlining the shopper's journey.

The pandemic is also having a direct impact on price trends in GTR with anxious and cash-strapped travelers pivoting to standard-priced favorites. In the short term, some ranges have been rationalized and promotions offered to clear excess stock. Standard-priced products are also likely to be driven by more promotional offers.

Higher-end products could also lose out to 'tried and tested' brands at border crossings, ferries and free zones, which are expected to be the first areas to bounce back in GTR, since these channels favor bulk purchases and standard-priced offerings.

More generally, declines in airline and airport revenues will inevitably mean that financial pressure is passed on to concession operators and brand owners. Smaller brands may find it harder to compete and gain new listings under these conditions, which will naturally favor larger multi-brand owners.

Since many smaller players sit

in the premium-plus price bracket, this could also impact the premium trajectory of drinks in GTR in the short to medium term.

A decline in more niche brands could also make the overall drinks offer at airports less interesting, and make the experience of travel retail more geared towards duty savings and convenience and less focused on aspirational, luxury products. To combat this, there will likely be a push towards offering prestige or prestige-plus products exclusively via the GTR channel.

Thorsten Hartmann, director at IWSR notes that while there will be a "scissoring effect" in GTR "for some time," the "premiumization mantra should return to relevance over the recovery period." He adds: "Airport GTR will remain a place to showcase new luxury product launches, if presence and investment can be maintained. In the meantime, the balance between GTR and domestic markets may shift slightly as brands divert resources."

"The key focus going forward will be to restore and maintain the presence of premium-and-above brands in GTR, and to refresh and re-expand the product offering."

Champagne Lanson wins Editor's Choice from *Wine Enthusiast*

Champagne Lanson was awarded a top score by *Wine Enthusiast* for its new cuvée Le Black Reserve - which is exclusive to duty free, wine retailers and on-premise. The cuvée - along with the new Le Blanc de Blancs - is now onshelf with Lagardère at Paris airports.

With a score of 96 points, Le Black Reserve won the best score in the non-vintage category and was named Editor's Choice.

Lanson's portfolio of cuvées also received outstanding scores from *Wine Enthusiast*: Le Vintage 2009 (94), Le Green Label Bio (94), Le Blanc de Blancs (93), Le Black Label Brut (92) and le Rosé (92).

The company says the ratings reflect the work it has done over the past few years and affirms its "place among the great wines of Champagne."



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