

4D FOCUS

AVIATION AND AIRFARE ANALYSIS SNAPSHOT

The Australian Aviation and Airfare report is compiled by Flight Centre Travel Group's 4th Dimension Business Travel Consulting division (4D). The report is produced annually and has been running since 2015.

- 4D has collated the data during the 12 month period from January to December and is reported for 2017, 2016 and 2015.
- 4D's fare analysis includes tracking of ticket price data from fares purchased via the corporate and leisure brands within Flight Centre Travel Group. The 4D team has also monitored published fares from airlines and reported on price changes during the analysis period.

**All information in this document has been supplied by 4D.

MARKET TRENDS

- The 4D research shows that on average across the 10 city pairs monitored in 2017, travellers paid an extra 3.5% and 8.9% for domestic economy corporate and leisure fares respectively.
- The 4D benchmarking indicates that in 2017 the Perth to Singapore route had the highest average corporate fare increase of 11% and the Melbourne to LA and the Melbourne Hong Kong routes experienced the deepest drop of -8%.
- Both Qantas Airways and Virgin Australia also increased their published (domestic) airfares during 2017, with the largest percentage increases on the economy class restricted airfares.
- The carrier-driven increases have pushed the cheaper 'leisure traveller' domestic airfares upwards to the tune of 2.5% to 8% more. Also noted are domestic economy class flexible fare increases of 2% to 7% during 2017 and domestic business class fare increases of 2% to 8%.
- The report also indicated a 14% increase in the number of interstate, overnight business trips reaching 9.5 million trips in 2017. These business trips were shorter, with more overnight trips taken.

TICKET TRENDS FOR PURCHASED ECONOMY FARES BY FCTG CUSTOMERS DURING 2017:

Corporate Economy tickets:

AVERAGE INCREASE

↑\$7 OR ↑3.5%

Leisure Economy tickets:

AVERAGE INCREASE

↑\$14 OR ↑8.9%

TICKET TRENDS FOR FARES PUBLISHED BY QANTAS AND VIRGIN AUSTRALIA IN 2017:

	QANTAS	VIRGIN AUSTRALIA
AVERAGE INCREASE PER FARE CLASS		
Business	+8.8%	+2.8%
Economy-flex	+7.3%	+2.2%
Economy-saver	+7.9%	+2.7%

These figures reflect average increases across the 10 domestic city-pairs used in 4D's analysis

4D FOCUS

AVIATION AND AIRFARE ANALYSIS SNAPSHOT

WHY THE INCREASES?

The increases in 'purchased fares' via FCTG is the result of the changes we are seeing in 'published ticket prices' that are available for all agents to book through the Global Distribution System (GDS).

With Qantas and Virgin Australia both having 12 or so different fare types available, the price increases are being driven by a change in price points for the lower priced, cheaper seats. The carrier-driven fare increases witnessed during the past 12 months, have pushed the low-cost airfare base upwards.

Additionally with more people travelling at home in Australia, the influx of domestic tourism has also impacted the availability of domestic seats. The demand for domestic seats in the leisure space was strong last year, which has also affected ticket prices.

INDUSTRY OVERVIEW

- The global economy performed stronger than expected in 2017, which has given businesses confidence into 2018-2019. This spike in confidence is most notable in the small to medium enterprise (SME) market, where businesses continued to invest in travel.
- Air travel is an essential component of doing business for clients across the sports, entertainment and creative industries, therefore ticket sales were strong in 2017 and have maintained these levels into 2018. Some clients have taken steps in their travel programs to mitigate the gradual increase in domestic fares, but they are in the minority.
- Some clients, such as sport teams and television news crews – need to travel at peak times and therefore have to absorb the higher fares. A large sporting or music event, which is planned months ahead and involves many stakeholders plus travellers (or fans), will lead to higher demand for seats and therefore will impact ticket prices.
- Throughout 2017, Stage and Screen indicated there was growth from both their small to mid-size clients and large market customers. Clients continue to both fly domestically and internationally, with the domestic growth approximately double that of international in 2017. While there have been peaks and troughs from varying months due to customer travel patterns, the overall consensus is that businesses are continuing to invest in travel. Within this, the customer travel experience plays a critical role in the selection of preferred carriers.

For more information on the 4D report please download the full copy from our website or contact your Stage and Screen Account Manager or team.