

***South Korea MERS Outbreak:
Impact on Global Air Net Bookings
with a Focus on Greater China***

Valencia – June 2015

*“Applied traveler operational intelligence to support
tactical business decisions”*



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International Air Reservations to South Korea Since May 20th 2015

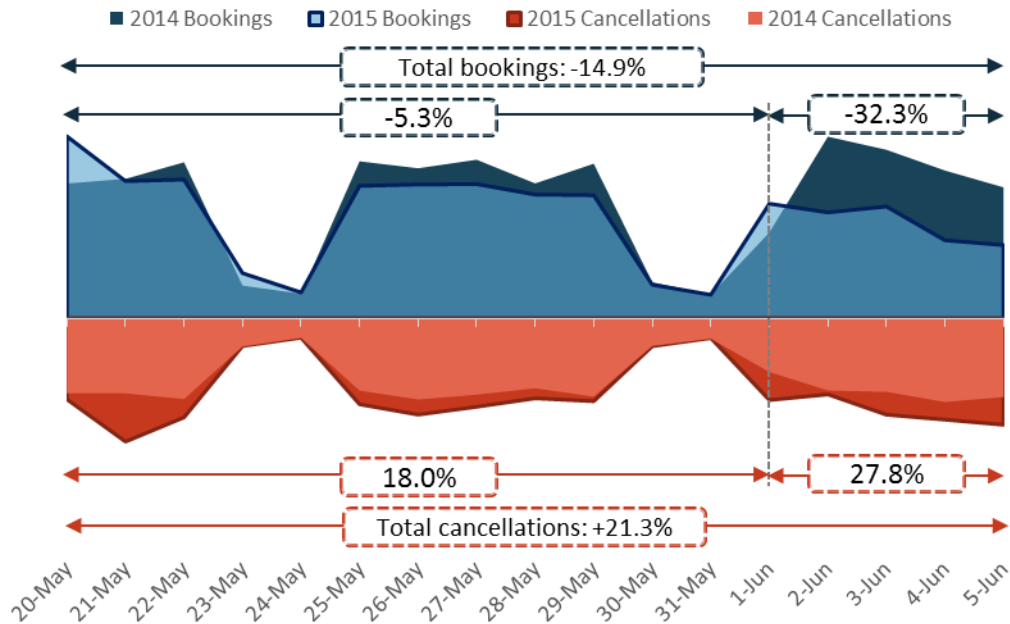


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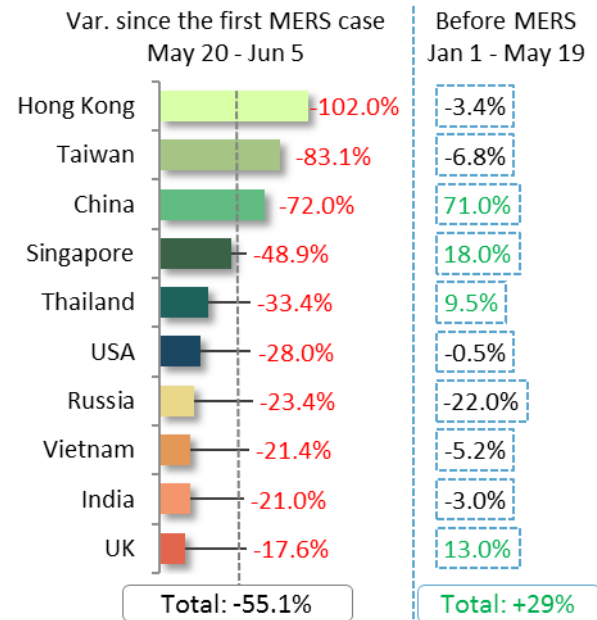
June Saw Clear Decreases and Chinese Markets in Panic

- ▶ International air reservations reacted to South Korea's first MERS case within five days. A steep drop in bookings and an increase in cancellations started on June 1st.
- ▶ Asian markets saw sharp decreases in total reservations immediately after South Korea announced its first MERS case on May 20th, as cancellations poured in.
- ▶ China, Hong Kong and Taiwan are the 3 source markets for South Korea worst affected and they are important origin markets, figuring among the top 5 in total net bookings in 2015 YTD June 5th.

**Daily Bookings and Cancellations
Of International Trips to South Korea**
(Actual volumes in shape; Var. vs. same week days
of prev. year; May 20th to Jun 5th, 2015)



Variation of Total Net Bookings by Source Market
(Var. of total net bookings of Jan 1st to Jun 5th 2015
vs. same week days of prev. year)



Note: Same week days of Prev. Year: Jan 2nd to Jun 6th, 2014

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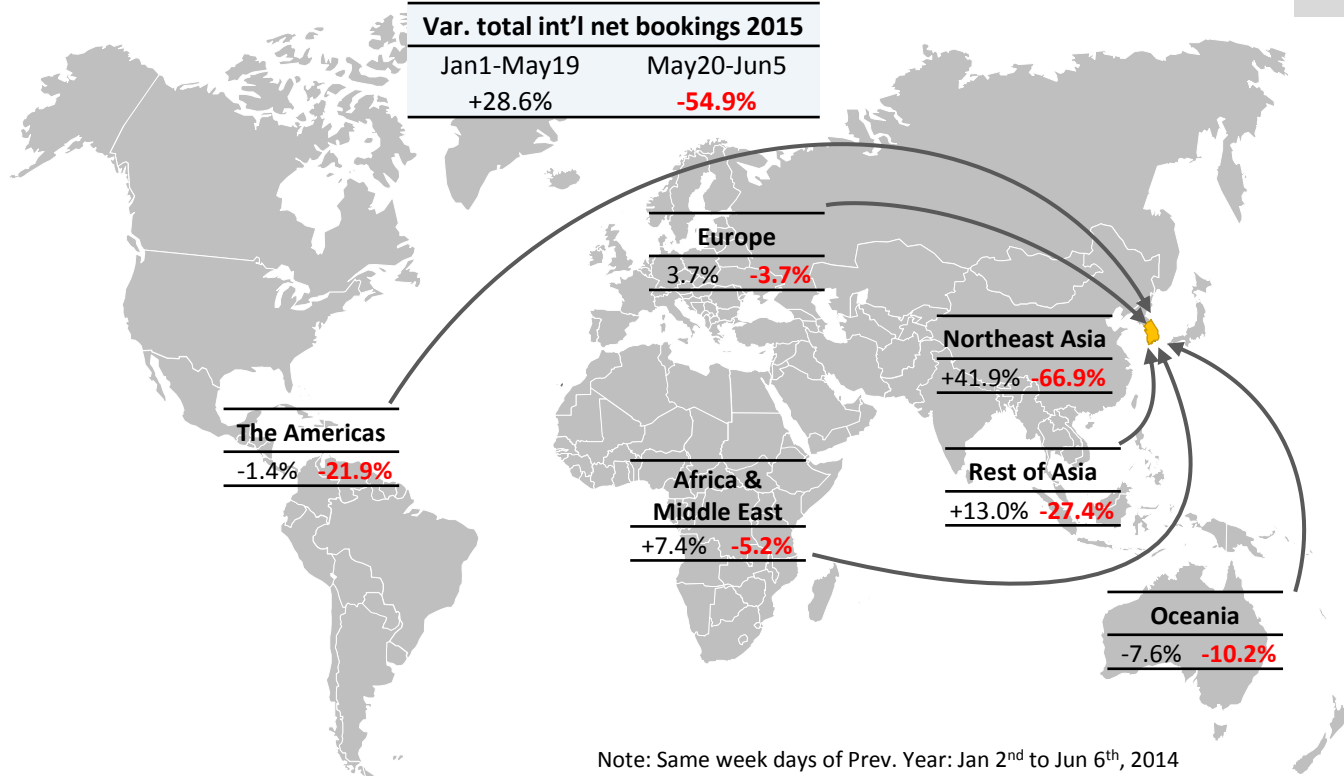
International Air Net Bookings to South Korea by Sub-continent

Asia and the Americas are Most Sensitive to MERS

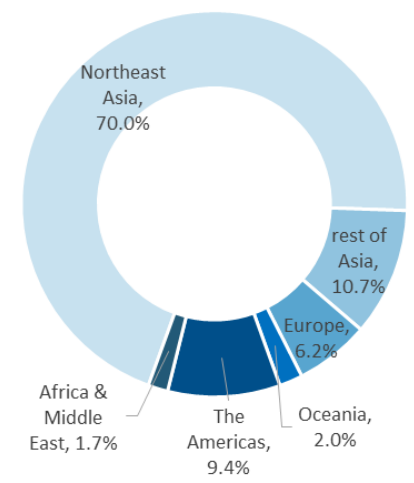
- ▶ Worldwide net bookings to South Korea have collapsed since the MERS outbreak.
- ▶ Asia, particularly China and Hong Kong, are worst-affected, as haunting memories of the 2003 SARS outbreak remain.
- ▶ USA led the decrease in the Americas region although no travel advisory against South Korea was published by the USA.

Variation in Net Bookings by Sub-continent
 (Var. of total net bookings of Jan 1st to May 19th 2015 & May 20th to Jun 5th 2015 vs. same week days of prev. year)

Var. total int'l net bookings 2015	
Jan1-May19	May20-Jun5
+28.6%	-54.9%



Market Share by Sub-continent
 (% share of total int'l net bookings from Jan 1st to Jun 5th 2015 by sub-continent)



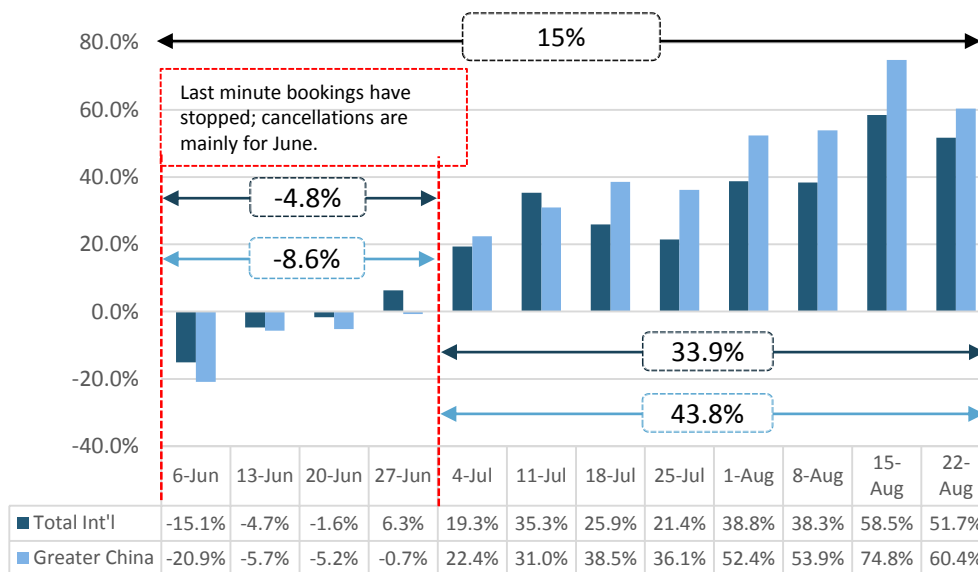
Note: Same week days of Prev. Year: Jan 2nd to Jun 6th, 2014

Forward Looking for the Summer: Jun 6th to Aug 28th 2015

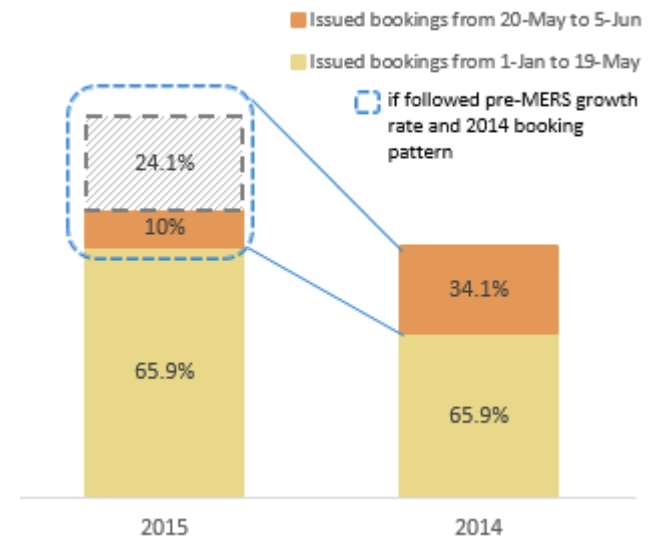
Concerns are Mostly for June Arrivals at the Moment

- ▶ Looking at net bookings from Jan 1st to Jun 5th, 2015, total arrival volume for summer weeks Jun 6th to Aug 28th is still 15% above the same period last year. However, June will suffer a loss of last-minute bookings as well as cancellations.

Weekly Net Bookings for Travel Between Jun 6th and Aug 28th 2015 vs the Same Weeks in 2014
(Var. of issued net bookings from Jan 1st to Jun 5th 2015 vs the same weeks in 2014)



Comparison of Total Net Bookings for Travel Between Jun 6th and Aug 28th 2015 vs the Same Weeks in 2014



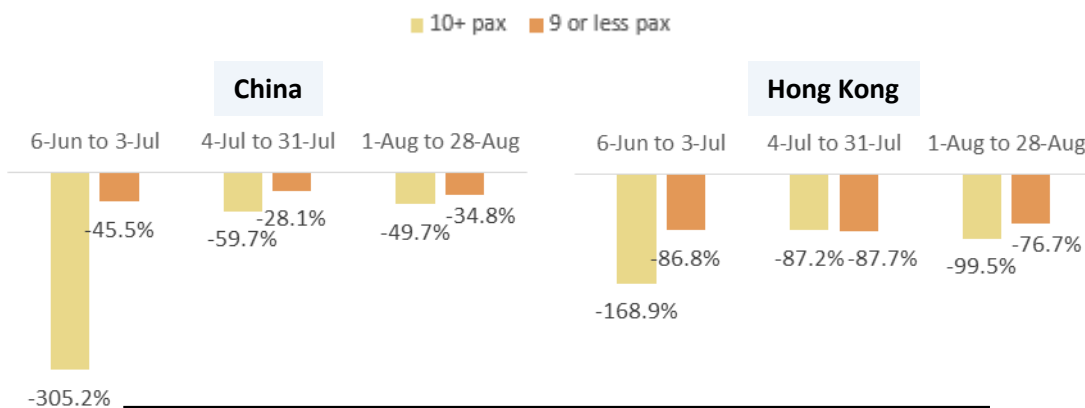
Note: Same weeks in 2014 for arrivals: Jun 7th to Aug 29th, 2014;
Same weeks for issued bookings: Jan 2nd to Jun 6th, 2014.

Forward Looking Greater China Market in the Summer

Group Bookings Are Hit Worse

- ▶ Cancellations are primarily affecting the groups segment with over 10 passengers, suggesting that the vacation package market is most impacted.

Net Bookings by Passengers per Booking
 (Var. of total passengers based on total net bookings issued during May 20th to Jun 5th 2015 for travel in 2015 vs. 2014)



Variation in Total Net Bookings From May 20th to Jun 5th for Travel Between Jun 6th to Aug 28th, 2015.

China	Hong Kong
-74.6%	-100.9%

Note: Same weeks in 2014 for arrivals: Jun 7th to Aug 29th, 2014;
 Same weeks for issued bookings: Jan 2nd to Jun 6th, 2014.

Methodology and Glossary



- ▶ This analysis is based on air reservation data belonging to ForwardKeys® as of 9th June 2015. The database contains reservations made by 180,000 travel agencies worldwide, collected daily from the main GDSs worldwide.
- ▶ The database was updated as of **6th June 2015**.

- ▶ **Perimeter:**
 - ▶ Markets: **Total International**, with a specific focus on **Greater China** (China Mainland, Hong Kong, Taiwan)
 - ▶ Destinations: South Korea
 - ▶ Period:
 - ▶ Booking History: 1st January to 5th June 2015;
 - ▶ On the Book: Saturday, 6th June 2015 to Friday, 28th Aug 2015;
 - ▶ Length of Stay: Current analysis includes only those reservations staying at least one night in the destination, therefore excluding transits, day trips or one way trips.

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- ▶ **Arrivals** refer to the number of airline passengers arriving at the destination within a specific time frame.
 - ▶ **Arrivals on the Book (OTB Arrivals)** refer to the number of airline passengers arriving in the destination within a specific future time frame based on existing bookings.
 - ▶ **Net Bookings** = bookings – cancellations. When the variation in the Net Bookings is greater than -100%, it means cancellations outweigh bookings for the period stated.