

TRANS•ATLANTIC®

THE U.S. MARKET FOR TRAVEL TO EUROPE • JUNE 17, 2013

STRONG MAY REVERSES SEVEN-MONTH DECLINE IN TRANS-ATLANTIC TRAFFIC

1. **The leading carriers reported a combined 3.2-percent increase in overall trans-Atlantic traffic in May**, the first monthly increase since September, and the first monthly increase of more than 1 percent since March of 2012.

The gain in May was enough to bring total combined traffic for the year to within 0.2 percent of the total for 2012 through May.

Combined capacity was up (2.1 percent) for the second consecutive month; capacity had decreased each month from January '12 through March of this year. Combined load factor was 84.7. The European carriers accounted for almost all the

NEXT ISSUE: Did U.S. Visits to Europe also Pick Up in May?

growth, particularly Air France/ KLM (+4.5 percent) and Lufthansa (+8.4 percent). They also led in load factor, at 86.7 and 86.0, respectively. See the **Trans-Atlantic Traffic Trends** chart.

2012: FEWER EUROPEANS TRAVELED TO U.S.

2. The numbers on total 2012 European traffic to the U.S. are finally in: **Visits by Europeans declined by 1.4 percent to 12.48 million**, according to the U.S. Dept. of Commerce. That compares to the previously reported increase in U.S. visits to Europe of 3.9 percent to 11.24 million, although that growth has not continued into 2013.

While Europe accounted for 41.9 percent of all overseas visits to the U.S., it was the only region to send fewer visitors in 2012. Asia was up 14.7 percent; South America, +17.6 percent; the Middle East, +14.1 percent. See the **International Visitors to the U.S.** graph.

Japan accounted for much of Asia's increased visits to the U.S. with 3.70 million (+13.8 percent). China generated the largest percent increase with 1.47 million (+35.3 percent). The surge in visits from South American included gains of 19 to 21 percent each from Brazil, Venezuela, Argentina and Colombia.

3. Of all European visits to the U.S., **Britain's 3.76 million accounted for 29.7 percent of the total**, although British visits dropped 1.9 percent. Results for other European countries: Germany, 1.88 million visits to the U.S. (+2.9 percent); France, 1.46 million (-3.2 percent), Italy, 831,000 (-6.8 percent); Eastern Europe, 727,000 (+8.0 percent); Spain, 607,000 (-13.3 percent); Netherlands, 592,000 (-1.5 percent); Switzerland, 477,000 (0.0 percent); Sweden, 442,000 (+0.7 percent). See the Dept. of Commerce tables at www.tinet.ita.doc.gov/view/m-2012-I-001/index.html.
4. **While fewer Europeans visited the U.S. in 2012, they spent 10 percent more per visit (averaging \$2,883) than they did in 2011**, according to the most recent data, and 33 percent more than Americans spent per visit in Europe (\$2,170). Airfares not included.
5. **International travel to the U.S. is projected by the Dept. of Commerce to continue to grow through 2018**, especially from Canada, China, Mexico and Brazil. Visits from Europe are projected to decline again in 2013, but by only 1 percent, and then to rise slowly through 2018 (when they could reach 14.2 million).
See: www.tinet.ita.doc.gov/view/f-2000-99-001/index.html.

VISITBRITAIN: WE NEED TO SPEND MORE IN U.S.

6. **U.S. visits to Britain are down 9 percent for this year through April**, according to preliminary figures from VisitBritain, which also said it lacks the funds to halt the decline. Visitors from all countries were down 1 percent.

The results led Visit Britain's chief executive, Sandie Dawe, to say: "The USA, still Britain's most valuable source of overseas visitors, continues to struggle. **We simply haven't got the resources currently to arrest that.** Like others in the public sector, we're making a strong case for additional funding through the (Cameron government's) Spending Review."

She added, "The world travel picture remains highly competitive and our GREAT (promotional) activity is building good momentum on what it is that makes Britain such a wonderful destination, especially at a time when other countries are dramatically raising their game and their funding." She did not say which specific countries might be outspending Britain in the U.S. or other target markets.

The Office for National Statistics, whose monthly survey generates the tourism data, also said total visitor spending was up 13 percent for the year despite the 1-percent downturn in visits. U.S. visits were flat in the Olympic year of 2012 at 2.84 million.

7. **One country that IS doing well in the U.S. market is Turkey**, at least through April, with 144,000 U.S. arrivals, or 17.5 percent more than a year ago. That follows

a strong 2012 with 771,000 U.S. visits for the year (at least 40 percent of which were cruise arrivals).

The U.S. numbers are likely to decrease this month, thanks to two weeks of clashing between police and demonstrations against the Erdogan government in and around Istanbul's Taksim Square. Tour operators and hotels have reported cancellations on the part of individuals and groups.

LITTLE SLIPS: CONFIDENCE, DOW, DOLLAR

8. The U.S. jobs report for May supported optimism of the subdued variety. For the month, 175,000 jobs were added, but the combined total for March and April was revised down to 291,000 (-4.0 percent). Unemployment ticked up to 7.6 percent.

The economy still has 2.4 million jobs to go to make up for all of the 8.7 million lost in the 2008 financial crisis. Some analysts said hiring might accelerate when businesses are more certain of how Obamacare will affect their health-insurance costs. Most features of the law will be in place by year's end.

9. The Dow lurched downward Friday but remained above 15,000; investors are said to worry that the Federal Reserve might ease stimulus bond-buying this summer (the board meets Tuesday). The **price of oil rose to \$98** per barrel (above the \$92-\$97 range of the past seven weeks), attributed to worries that Syria's civil war will spread. **Gasoline remained stable at \$3.63** a gallon (national average).

10. Consumer confidence slipped a bit. The Thomson Reuters/Univ. of Michigan index dropped less than two points to 82.7 in early June from a revised 84.5 in early May (which was its highest since July 2007). Previously, the Conference Board index jumped to 76.2 in late May (its highest since 2008) from a revised 69.0 in late April.

11. The dollar has slid in recent weeks vs. the euro, dropping from nearly €0.78 on May 19 to €0.75 (interbank rate).

AIRPORTS: LONG DELAYS WHEN COMING TO AMERICA

12. Incoming travelers are waiting as long as three hours to get through passport and customs checkpoints at U.S. airports. The delays have caused so many travelers to miss connecting flights—particularly non-U.S. citizens—that airlines have revised schedules. Miami International has sent hundreds to an auditorium filled with cots to wait for the next available flight.

At JFK's Terminal 4 the longest wait in May was 177 minutes, up from 113 minutes a year earlier, according to Scott McCartney in *The Wall Street Journal*.

The problem: The number of Customs & Border Protection (CBP) agents has not increased while traffic from abroad is up 12 percent in three years. So far, “sequester” furloughs have been avoided, the CPB says, but overtime has been cut back. Several airports are considering picking up the overtime costs to get things moving as summer traffic builds.

More U.S. citizens are signing up for Global Entry (you are interviewed, finger-printed and pay \$100 for five years), which provides much-expedited processing. And automated passport kiosks are being introduced, beginning with Chicago’s O’Hare.

13. Thousands of flights in France and Europe were canceled or delayed last Tuesday and Wednesday as French air traffic controllers went on strike;

relatively few trans-Atlantic flights were affected. The controllers are worried that the European Commission’s new drive to establish the Single European Sky could lead to job cuts. Some flights were also delayed Thursday, although strike action was called off. The long-delayed Single Sky plan calls for unification and reduction of the current 63 national air-control centers to no more than 40, and eventual introduction of a GPS system to track and manage flights in place of the current radar-based system.

AIR FLEETS TO DOUBLE, OSLO RATED COSTLIEST, CRUISE LINES SINK IN POLL

14. Airbus and Boeing renew their Paris Air Show competition today, three days after the first test flight of the A350, Airbus’s answer to Boeing’s 787 Dreamliner. After a year of further tests to win certification, Airbus hopes to begin deliveries by the end of 2014, or three years after the first delivery of 787s.

The A350 offers features pioneered by the 787, including carbon-composite airframe components (to save on fuel) and larger windows; development, so far, has gone much more smoothly than for the 787. Boeing has delivered 57 787s and has one on display and one in the air at Le Bourget. Pending orders: 800 for the 787, 613 for the A350.

15. Boeing’s latest forecast: Airlines will need 35,280 new aircraft—doubling the world fleet—over the next 20 years. Seventy percent would be single-aisle jets like the Boeing 737 and Airbus’s A320. Larger wide bodies, including the 777, 787, A330 and A350, would account for 22 percent of demand; and jumbo jets, like the extended 747 and the double-deck A380 would account for only 2 percent.

16. Oslo is the world’s most expensive popular city for visitors; Sofia the least.

That’s according to TripAdvisor, which ranked selected leading tourism cities by total costs for two for: A one-night stay in a four-star hotel, cocktails, a two-course dinner paired with a bottle of wine, and a round-trip taxi ride (two miles each way).

Costs reflect summer rates as reported in the spring and converted to dollars using

April 19 exchange rates. Here’s the TripAdvisor list for Europe with three U.S. cities thrown in for comparison, and world highs indicated. Sofia was the world’s lowest for hotel as well as overall.

Oslo was the only city in which the meal for two cost more than the hotel. For cities beyond Europe, see www.tripadvisor.com/PressCenter-i6061-c1-Press_Releases.html.

	Hotel	Taxi	Dinner	Cocktails	TOTAL
Sofia	\$ 96	\$ 5	\$40	\$17	\$158
Warsaw	103	14	53	17	187
Budapest	104	11	50	28	193
Lisbon	138	11	52	34	235
Athens	122	17	70	36	245
Kiev	167	9	45	24	256
Prague	133	13	103	11	261
Istanbul	180	4	62	26	272
Las Vegas	136	21	85	31	273
Vienna	154	21	79	30	284
Barcelona	188	16	71	26	301
Brussels	151	26	100	36	313
Munich	183	23	72	36	314
Rome	188	26	67	43	323
Dublin	174	21	105	31	332
Dubrovnik	258	17	70	14	359
Denver	281	15	73	21	390
Amsterdam	207	17	111	35	401
Moscow	241	25	98	37	401
Helsinki	192	31	143	36	402
Copenhagen	219	38	148	37	444
London	271	41	102	37	460
Paris	323	18	105	66 High	511
New York	379 High	23	82	32	516
Stockholm	243	27	210	42	522
Zurich	299	39	151	35	523
Oslo	230	29	277 High	45	581 High

17. **Public perception of cruise lines gets worse, not better.** Reputations of top cruise brands continue to sink, particularly that of Carnival Cruises, the Harris Poll said.

Harris compared results of three surveys: The first taken Jan. 11-Feb. 8; the second taken Feb. 19-21, a week after *Carnival Triumph* fire in the Gulf of Mexico; and

the latest taken mid-May (*before the Grandeur of the Seas* fire) with 2,052 respondents.

The average perceived **Quality Score** dropped 7 points from the first poll to the second, and a further 6 points in the third poll. Carnival Cruises' Quality Score dropped 16 points and then another 12 points.

The average **Trust Score** dropped 7 points from the first poll to the second, and then a further 5 points. Carnival's Trust score dropped 15 points, and then another 11 points.

Purchase Intent also dropped, 6 points and then a further 5 points for all brands. Carnival was down 12 points and then a further 8 points.

Fifty-one percent of Americans agreed that they are "less likely" to take a cruise now than a year ago. That dropped to 43 percent among those who have previously cruised.

Deana Percassi, a Harris vice president, said the deteriorating results "coupled with reports of heavily discounted pricing on Carnival cruises, indicate that the industry as a whole, as well as the Carnival brand specifically, may still be facing rough seas."

18. Events: **The 1.2-mile Danube Bridge 2** opened Saturday between Calafat, Romania, and Vidin, Bulgaria (www.euronews.com/2013/06/14/new-bridge-opens-on-the-river-danube/)... Grindelwald will mark the 75th anniversary of the first successful ascent of the **Eiger's north face**, July 9-12... Antwerp will open the **Red Star Line Museum** celebrating 2 million people who emigrated to New York via Antwerp, Sept. 28.

19. **Registration for the Visit Europe Media Exchange is open.** VEMEX will start in **Toronto** on Friday, Nov. 15, at the Toronto Board of Trade, then go to **New York** on Monday, Nov. 18, at the Harvard Club; and to **San Francisco** on Wednesday, Nov. 20, at the Sheraton Fisherman's Wharf.

Go to the 2013 website at **VisitEuropeMediaExchange.com** for information and registration.

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Trans-Atlantic Traffic Trends, May '13 Compared to previous year, +/- percent

RPMs	June '12	July '12	Aug. '12	Sept. '12	Oct. '12 **	Nov. '12 **	Dec. '12	Jan. '13	Feb. '13 ***	March '13	April '13	May '13	ASMs (/M _{prev} '13)	load factor
Delta (Sky)	- 5.5	- 6.7	- 5.1	- 0.3	- 3.0	- 3.1	- 4.3	- 6.4	- 8.8	- 5.7	- 3.2	+ 2.0	+ 0.6	85.8
Air France/ KLM (Sky)	+ 5.6	+ 2.0	+ 0.0	+ 1.1	- 3.3	+ 1.0	- 0.1	- 0.7	- 1.8	+ 0.5	+ 3.2	+ 4.5	+ 3.4	87.6
United (Star)	- 1.4	- 5.8	- 2.4	- 5.3	- 9.6	- 7.2	- 4.6	- 4.7	- 9.1	- 6.8	- 4.1	- 1.3	- 2.6	82.8
Lufthansa/ Swiss/ Aus. (Star)	+ 3.8	+ 2.1	+ 4.2	+ 0.4	- 1.0	+ 3.4	- 0.8	+ 2.2	+ 4.6	+ 9.8	+ 4.3	+ 8.4	+ 9.1	85.4
American (One)	- 5.5	- 3.3	- 0.6	- 0.7	- 8.5	- 7.8	- 4.9	- 6.8	- 11.0	+ 5.0	- 4.8	- 0.1	- 2.1	85.0
British Airways/ Iberia (One)	+ 6.0	+ 4.1	+ 6.2	+ 6.9	+ 2.4	+ 3.1	- 1.9	+ 1.2	- 1.4	- 1.0	- 0.4	+ 3.5	+ 2.0	86.3
Leading-carriers combined *	+ 0.5	- 1.3	+ 0.4	+ 0.4	- 3.8	- 1.8	- 2.8	- 2.5	- 3.7/-0.2	0.0	- 0.3	+ 3.2	+ 2.1	85.5
All carriers (Airlines for America + Association of European Airlines)	- 1.3	- 0.5	+ 1.9	+ 1.4	- 3.5	- 1.1	- 1.5	- 1.0	- 3.0/+0.4	+ 0.3	- 0.2			
U.S.-citizen departures to Europe, Dept. of Commerce	+ 4.7	+ 0.8	+ 7.6	+ 1.8	+ 1.0	+ 0.2	+ 1.5	- 2.9	- 2.7/+0.8	- 3.1	- 2.0			

* Beginning with February '13, "Leading-carriers combined" gives percent +/- in combined total RPMs. Previously given is an average of the percent +/- reported by each of the six carriers. ** Hurricane Sandy reduced flights and traffic to and from U.S. Northeast Oct. 29-Nov. 3. *** February '13 had one day less than February '12, thus average DAILY combined RPMs were down only 0.2 percent.

Notes: Figures include traffic (Revenue-Passenger Miles) generated on both sides of the Caribbean; British Airways/ Iberia figures are for North America only. U.S.-carrier the ocean. Lufthansa figures include traffic between Europe, and Canada, Mexico, figures include trans-Atlantic traffic beyond Europe. Despite these caveats, they remain the Caribbean and South America; Air France/ KLM figures include the same, minus our best immediate trend indicators. Capacity is measured in Available-Seat Miles.

INTERNATIONAL VISITORS TO THE U.S. 2012

Arrivals by region and country of residency.
Including air, sea and limited land arrivals.
Share for 2011 in parens.

