

# TRAVEL TRENDS INDEX

The Travel Trends Index measures the direction and pace of travel volume to and within the U.S. on a monthly basis. The index includes a Current Travel Index (CTI) and a Leading Travel Index (LTI). Both the CTI and the LTI include subcomponents (domestic, international, leisure and business).

## CTI shows travel grew in March 2016. LTI predicts moderate travel growth through mid-2016, with pickup in international inbound travel.

Overall travel volume (person trips to or within the United States involving a hotel stay or air travel) grew from March 2015 to March 2016 at a slightly slower rate than from February 2015 to February 2016. Domestic leisure travel expanded at a similar pace, while domestic business travel fell again. Growth in international inbound travel trailed the domestic market for the ninth straight month. The near-term outlook suggests international travel will strengthen over the next six months.

### ► HIGHLIGHTS:

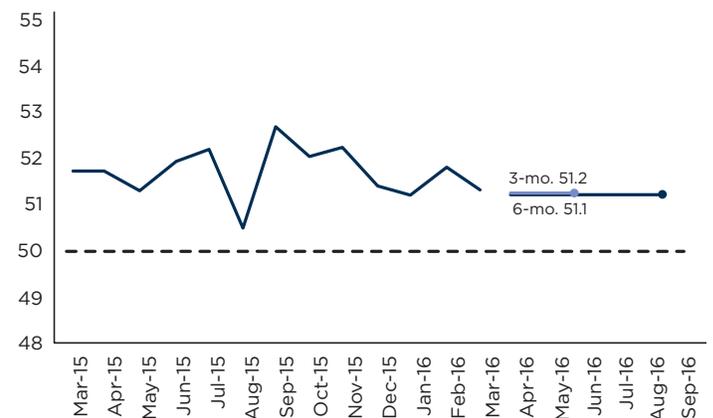
\* For CTI and LTI definitions, please see below.

- The Current Travel Index (CTI) has registered above the 50 mark for 75 straight months, as the industry builds on over six years of continued expansion.
- The CTI fell in March, with a reading of 51.3, slightly below the 6-month moving average of 51.7.
- International inbound travel growth remains modest, though overseas demand is on the mend. The Leading Travel Index (LTI) projects a bump in international travel in the near-term, with growth levels near those of the domestic travel market.
- Domestic leisure travel expanded in March, and will continue to lead the U.S. travel sector into mid-2016. Domestic business travel remains in negative territory and will continue to underperform through the summer months.
- The 3- and 6-month LTI readings of 51.2 and 51.1, respectively, indicate that U.S. travel volume will grow at a rate of around 2%, on average, through September 2016.

### March Travel Trends Index

Current Travel Index and Leading Travel Index

Index (>50=expansion, <50=decline)



Source: Oxford Economics, U.S. Travel Association

“This month’s TTI readings signal that, despite the weight of the strong U.S. dollar on foreign buying power, a rebound for international travel to the U.S. appears to be on the horizon. The continued softness of business travel is worth keeping an eye on, but for the moment is more than offset by strength in the rest of the travel market.”

– David Huether  
Senior Vice President, Research

	CTI	3-month LTI*	6-month LTI**
February Index	51.8	51.3	51.2
March Index	51.3	51.2	51.1
Direction and Speed	Travel demand increased at a slightly slower rate than the previous month	Travel is expected to grow over the coming 3 months, at a slightly slower rate	Travel is expected to grow over the coming 6 months, at a slightly slower rate

\* Average outlook reading for Apr 2016 to Jun 2016  
\*\* Average outlook reading for Apr 2016 to Sep 2016

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The Oxford/U.S. Travel **Leading Travel Index (LTI)** is an indicator of the future direction and pace of travel volume to and within the U.S. over the coming three and six months compared to the same period in the prior year. The LTIs represent average readings over the next three and six months. The LTI econometric model is based on data sets that have demonstrated to predict near-term future travel: online travel searches and bookings for future travel, consumer travel intentions data, and economic fundamentals. A score above 50 indicates expansion. A score below 50 indicates decline.

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## ► DETAILED RESULTS

Domestic leisure travel will continue to lead the industry, although some moderate lag lies ahead, as growth in domestic vacation intentions and forward-looking leisure travel bookings has slowed. Market fluctuations and lower corporate profits compared to a year ago are weighing on business confidence, which suggests domestic business travel volumes will continue to decline into mid-2016.

Revised forward-looking search data for international travel to the U.S. since November 2015 suggest that momentum is building for international inbound travel, with potential gains of closer to 2% by mid-2016. While a strong U.S. dollar persists, APIS data indicate healthier overseas air traffic growth since the start of the year as well.

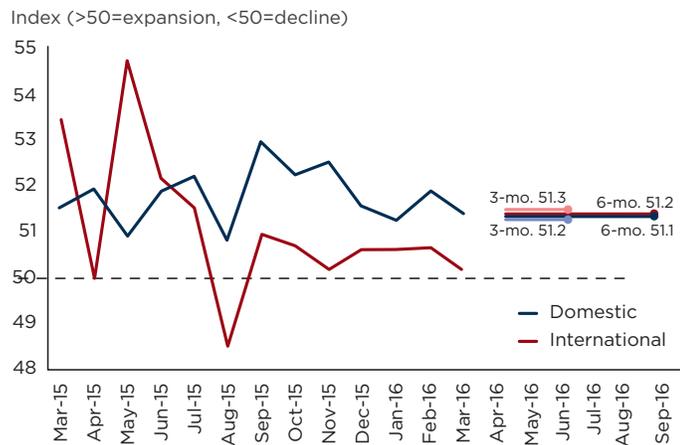
### Travel Trends Index Summary

	Current Travel Index (CTI)				Leading Travel Index (LTI)		6-month LTI vs. CTI 6-month avg	
	6-month avg	January	February	March	3-month*	6-month**	Direction	Speed
<b>Total Market</b>	<b>51.7</b>	<b>51.2</b>	<b>51.8</b>	<b>51.3</b>	<b>51.2</b>	<b>51.1</b>	Increasing ▲	Slower
International	50.5	50.6	50.6	50.1	51.3	51.2	Increasing ▲	Faster
Domestic	51.8	51.2	51.9	51.4	51.2	51.1	Increasing ▲	Slower
Business	49.2	48.7	49.6	48.0	48.6	49.1	Decreasing ▼	Slightly Faster
Leisure	53.1	52.6	53.0	53.1	52.3	51.9	Increasing ▲	Slower

\* Average outlook reading for Apr 2016 to Jun 2016

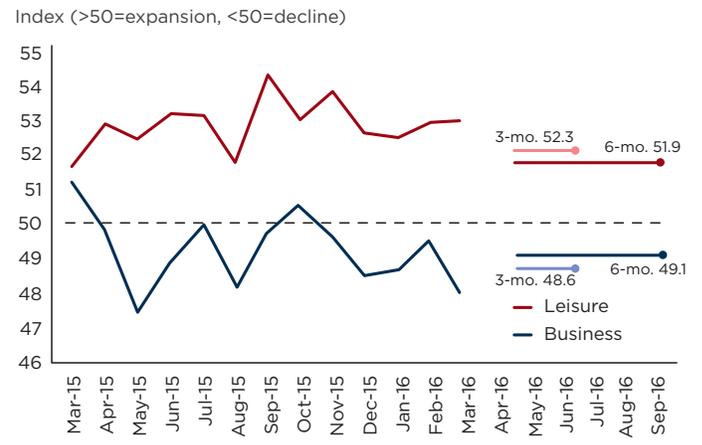
\*\* Average outlook reading for Apr 2016 to Sep 2016

### March Domestic and International Travel Index



Source: Oxford Economics, U.S. Travel Association

### March Domestic Business and Leisure Travel Index



Source: Oxford Economics, U.S. Travel Association

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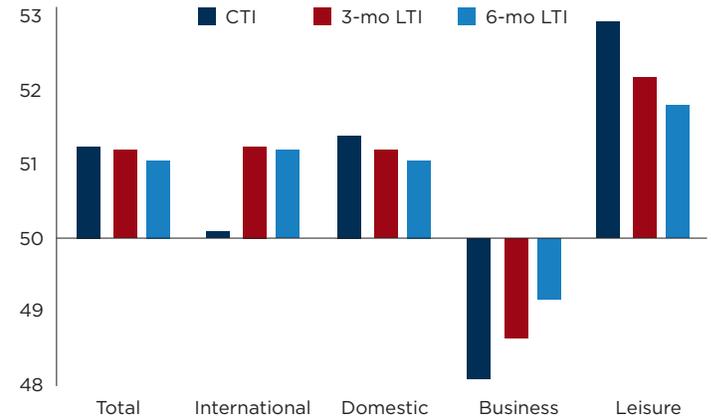
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Domestic travel growth will stay on par with its year-to-date trend of 2% growth through mid-2016, despite some expected moderate softening in the domestic leisure segment. Revisions to the number of searches for future inbound travel to the U.S. reported since November 2015 suggest that travel demand has been building from foreign source markets more than expected, in spite of a still-strong dollar. The revised six-month LTI predicts that international inbound travel growth will slightly exceed that of the domestic market.

Adam Sacks, President of Oxford's Tourism Economics group says, "The revised inbound travel search data supports what strong year-to-date growth in overseas air traffic data have suggested - that the strong dollar may be weighing less heavily on foreign travel demand than previously thought. Meanwhile, a robust leisure segment is driving steady gains in the domestic market, and softer gains in vacation intentions are not expected to bring average overall domestic travel growth below 2% through midyear."

## March CTI, 3-month and 6-month LTI

>50=expansion, <50=decline



Source: Oxford Economics, U.S. Travel Association

## ► METHODOLOGY

**The Current Travel Index (CTI)** measures monthly travel volume in the U.S., including both domestic and international inbound travel. A score over 50 indicates an expansion in travel relative to the same month the prior year.

The index measures person trips that involved a hotel stay and/or a flight. STR provides monthly data on hotel room demand and A4A provides monthly data on passenger enplanements. TNS provides representative data on U.S. travelers to determine the average length of stay, persons per traveler party and the proportion of hotel guests who also fly. On these bases, the CTI encompasses three traveler types that are shown below with their basic calculation.

### Hotel Guests & Flyers

$$\frac{\text{enplanements}}{\text{enplanements per trip}} \times \% \text{ of flyers that stay in hotel}$$

### Hotel Guests & Non-Flyers

$$\frac{\text{occupied rooms} \times \text{people per room}}{\text{length of stay}} \times \% \text{ of hotel guests that did not fly}$$

### Non-Hotel Guests & Flyers

$$\frac{\text{enplanements}}{\text{enplanements per trip}} \times (1 - \% \text{ of flyers that stay in hotel})$$

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The Oxford/U.S. Travel **Leading Travel Index (LTI)** is an indicator of the future direction and pace of travel volume to and within the U.S. over the coming three and six months compared to the same period in the prior year. The LTIs represent average readings over the next three and six months. The LTI econometric model is based on data sets that have demonstrated to predict near-term future travel: online travel searches and bookings for future travel, consumer travel intentions data, and economic fundamentals. A score above 50 indicates expansion. A score below 50 indicates decline.

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The international component of the CTI is based on monthly data from the U.S. Department of Commerce I-94 and I-92 programs, as well as Statistics Canada. The I-94 dataset is the basis of official overseas inbound travel estimates for the United States. The I-92 program is called the Advanced Passenger Information System (APIS), and tracks international travel to the U.S. with distinctions between inbound travel by foreign nationals and U.S. citizens. APIS is generally more timely than I-94, allowing for estimates of air arrivals with only a one-month lag. Domestic travel is measured as the residual of total travel minus international.

The domestic leisure travel component of the CTI is based on STR room demand data that is segmented by type of property and day of the week. A domestic leisure travel proxy has been developed based on the location, type of property and day of the week of travel. Domestic business travel is measured as the residual of domestic travel minus domestic leisure.

**The Leading Travel Index (LTI)** measures the likely average pace and direction of U.S. travel volume over the coming three and six month periods. A score over 50 indicates an expansion in travel relative to the same period last year.

The LTI econometric model includes three categories of information that have shown to be strongly capable of predicting short-term travel trends. High frequency macroeconomic data capture underlying movements in the labor market, exchange rates and company performance. Consumer sentiment data from the Conference Board provide a long-term trend of consumer attitudes that can be tracked with future travel patterns. Online search and bookings data provide a window into traveler planning based on data from ADARA and nSight, while data from the Airlines Reporting Corporation (ARC) measures bookings.

Travel Trends Index Data Category	Measurement	Travel Segments	Details
<b>Macroeconomic Trends</b>	Unemployment Rate	Total, International, Domestic (Leisure)	Share of labor force
	Exchange Rates	Total, International	\$U.S. market rates, weighted average of inbound markets
	GDP by Visitor Origin	Total, International, Domestic (Business and Leisure)	Gross output, U.S. and weighted average of inbound markets
	Corporate Profits	Total, International, Domestic (Business)	Corporate earnings, U.S. and weighted average of inbound markets
	Personal disposable income	Total, International	Personal income, weighted average of inbound markets
<b>Consumer and Business Sentiment</b>	Consumer Travel Intentions	Total, Domestic (Leisure)	Visitor intentions and air visitor intentions
	S&P stock market index	Total, Domestic (Business)	Stock market index, period average
<b>Travel Search and Booking</b>	ADARA online searches and bookings for future travel	Total, International, Domestic (Business and Leisure)	Domestic / International and Business / Leisure
	ARC bookings for future travel	Total, Domestic	Air travel with 6-month booking windows
	nSight online searches and bookings for future hotel stays	Total, Domestic, International	Domestic / International forward bookings

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## About the U.S. Travel Association

The U.S. Travel Association is the national non-profit organization representing all components of the travel industry, which generates \$2.1 trillion in U.S. economic output and supports 15.0 million jobs. U.S. Travel's mission is to increase travel to and within the United States.

## About Oxford Economics

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Its best-of-class global economic and industry models and analytical tools give it an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

## Data Contributors

The U.S. Travel Index project is dependent upon unique datasets to track and predict travel trends. The U.S. Travel Association and Oxford Economics wish to thank the following organizations for their significant contributions:

**ADARA** is the leader in leveraging global transactional, non-personally identifiable, travel data from direct relationships with over 90+ travel brands and identifying trends that can help companies impact future business decisions. ADARA contributes historical and future, search and booking data to provide travel demand used in the compilation of the Leading Travel Index.

**Airlines for America (A4A)** advocates on behalf of its members to shape crucial policies and measures that promote safety, security and a healthy U.S. airline industry. We work collaboratively with airlines, labor, Congress and the Administration and other groups to improve air travel for everyone.

**Airlines Reporting Corporation (ARC)** is a leading technology solutions company providing the U.S.-based travel industry with world-class business products, travel agency accreditation services, process and financial management tools, and powerful data analytics.

**nSight** combines the world's largest view of consumer shopping data with predictive marketing and revenue management solutions to deliver more guests to your hotel and visitors to your destination.

**STR** is the leading global provider of competitive benchmarking, information services and research to the hotel industry.

Travel Trends Index	55	54	53	52	51	50	49	48	47	46	45
12-month % change in trips	+10.0%	+8.0%	+6.0%	+4.0%	+2.0%	+0.0%	-2.0%	-4.0%	-6.0%	-8.0%	-10.0%

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