

Industry Trends in EMEA & APAC

Q2 2024 | BUSINESS INSIGHTS FROM AMERICAN EXPRESS



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Scope – American Express Industry Trends

Industries & Segments

Travel

Airlines
Lodging

Retail

Luxury Retail

All Industries – Gen Z & Millennials vs other

Scope

Time Period

Current: Apr'24-Jun'24 (Q2'24)
Previous: Apr'23-Jun'23 (Q2'23)

Customers

Global AXP Cardmembers

Spend Regions & Countries

APAC – Asia Pacific

Countries Included: Australia, Hong Kong, Japan, New Zealand, Singapore, South Korea

EMEA – Europe, Middle East & Africa

Countries Included: UK, France, Germany, Italy, Netherlands, Spain, Switzerland

Definitions – American Express Industry Trends

Cardmembers (CMs)



Local CMs that reside in the same country as the merchant where they are transacting.



Travelers that reside in a different country from the merchant where they are transacting.



Top Spenders are identified from an algorithm that includes variables like overall spend, luxury behavior, card product



Gen Z: CMs born 1997-2012
Millennials: CMs born 1981-1996
older generations : CMs born before 1980

Airline



Ticket Booking represents one record of charge between a customer and the business.

“Total Bookings” represents sum of all Positive bookings (purchase is counted as +1 and refund as 0) hence excluding all the refunds.



Premium Cabin Class : First and Business

Lodging

EMEA Property Tiers : Properties are tagged using STR classification, wherever matched. Otherwise, SE (Service Establishment) Average Transaction Size (ATS) is used

- **Economy:** Economy chain scale segment as per STR or SE ATS < \$200
- **Mid-Range:** Midscale or Upper Midscale chain segment as per STR or $200 \leq \text{SE ATS} < 500$
- **Premium:** Upscale or Upper Upscale chain segment as per STR or $500 \leq \text{SE ATS} < 800$
- **Luxury:** Luxury chain segment as per STR or SE ATS ≥ 800

APAC Property Tiers : SE ATS is used

- **Economy:** AU,JP,SG,HK: SE ATS < \$300;
IN: SE ATS < \$100; TH: SE ATS < \$200
- **Mid-Range:** AU,JP: SE ATS = \$300-\$500;
SG,HK: SE ATS \$300-\$700;
IN: SE ATS \$100-\$250; TH: SE ATS \$200-\$350
- **Premium:** AU,JP: SE ATS \$500-\$800;
SG,HK: SE ATS \$700-\$1000;
IN: SE ATS \$250-\$500; TH: SE ATS \$350-\$550
- **Luxury:** AU,JP: SE ATS > \$800;
SG,HK: SE ATS > \$1000; IN: SE ATS > \$500;
TH: SE ATS > \$550

Summary & Highlights* – American Express Industry Trends

Airline

EMEA

- Spend for EMEA domestic routes is growing 7% vs previous period.
- Bookings are still dominated by consumers especially in the routes US<->EMEA (Jun'24 - 72% share).
- Germany (+20% YoY) and Netherlands (+17% growth YoY) are seeing a strong growth for Top Spenders in terms of bookings.

APAC

- Spend for APAC Domestic routes is growing 3% vs previous period.
- Bookings are still dominated by Consumers especially in the routes US<->APAC (Jun'24 - 69% share).
- India (+27%YoY) and Australia (+22% YoY) are seeing a strong growth for Top Spenders Cardmembers in terms of bookings.

Lodging

EMEA

- The lodging industry experienced a 5% growth YoY Spain (+16% YoY) and UK (+7% YoY) are key drivers.
- Intl (+6% YoY) is growing at faster pace than domestic (+2% YoY).
- Growth is polarized between Economy (+12% YoY) and Luxury (+11% YoY) tiers.
- Gen Z + Millennials represent 30% of spend share this quarter (+2% YoY).

APAC

- The lodging industry experienced a 3% growth YOY India (+11% YoY) and Singapore(+5% YoY) are leading the growth.
- Intl (+13% YoY) is growing while domestic (-4% YoY) is declining.
- Growth is driven by Luxury tiers (+9% YoY); 32% of Q2 spend comes from Luxury.
- Gen Z + Millennials represent 37% of the spend share this quarter (+2% YoY).

Luxury Retail

EMEA

- Online leads growth (+12% YoY). Offline has stalled at (+2% YoY).
- Online is showing a strong growth in France (+41% YoY), Spain is leading offline growth (+26% YoY).
- Gen Z + Millennials represent 38% of the spend share this quarter (Flat YoY).
- Top Spenders represent 52% of the spend share. These Cardmembers spend 2x more vs others

APAC

- Online leads growth (+17% YoY). Offline spend grew (+9% YoY).
- Offline growth is led by India (+36% YoY).
- Gen Z + Millennials represent 44% of the spend share this quarter (-2% YoY).
- Top Spenders represent 48% of the spend share. This group is spending 2.3x more vs others.

* Highlights are based on metrics from the quarterly Industry Trends

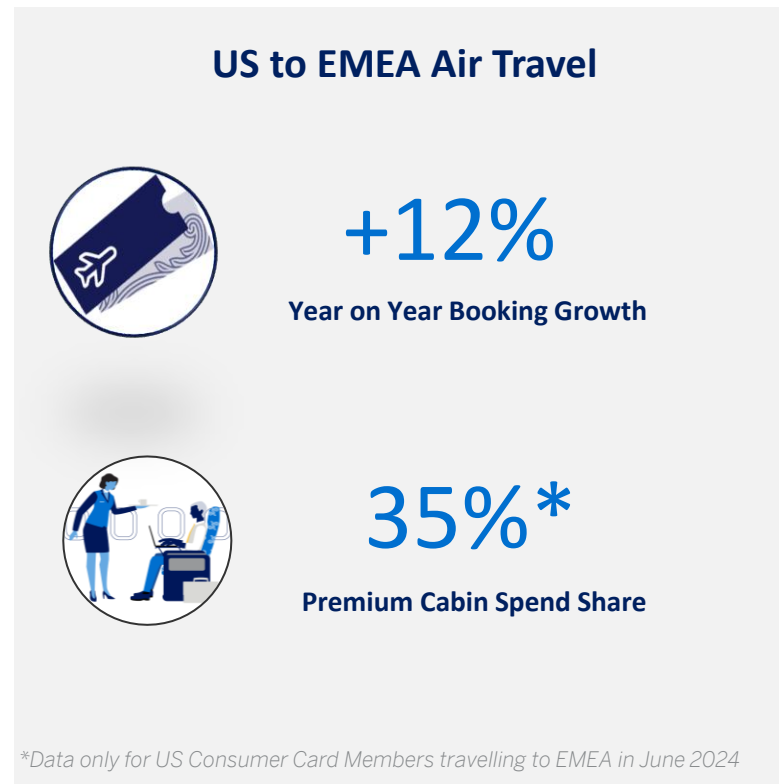
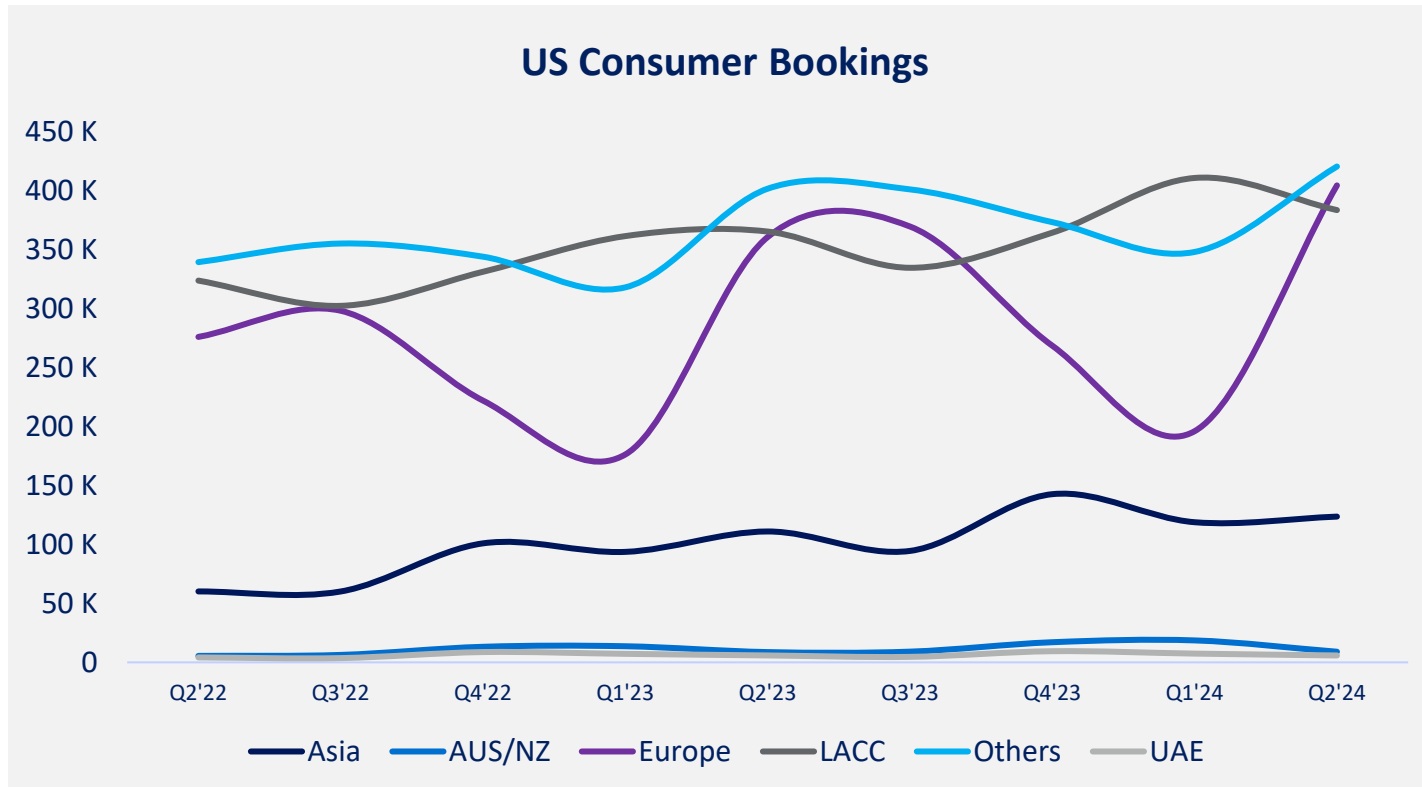
Q2 YoY growth was significant across both key industries and CM segments

1	Airline	+4%
2	Lodging	+4%
3	Luxury Retail	+6%
4	Gen Z and Millennials	+11%

Metrics are based on quarterly Industry Trends for EMEA and APAC regions

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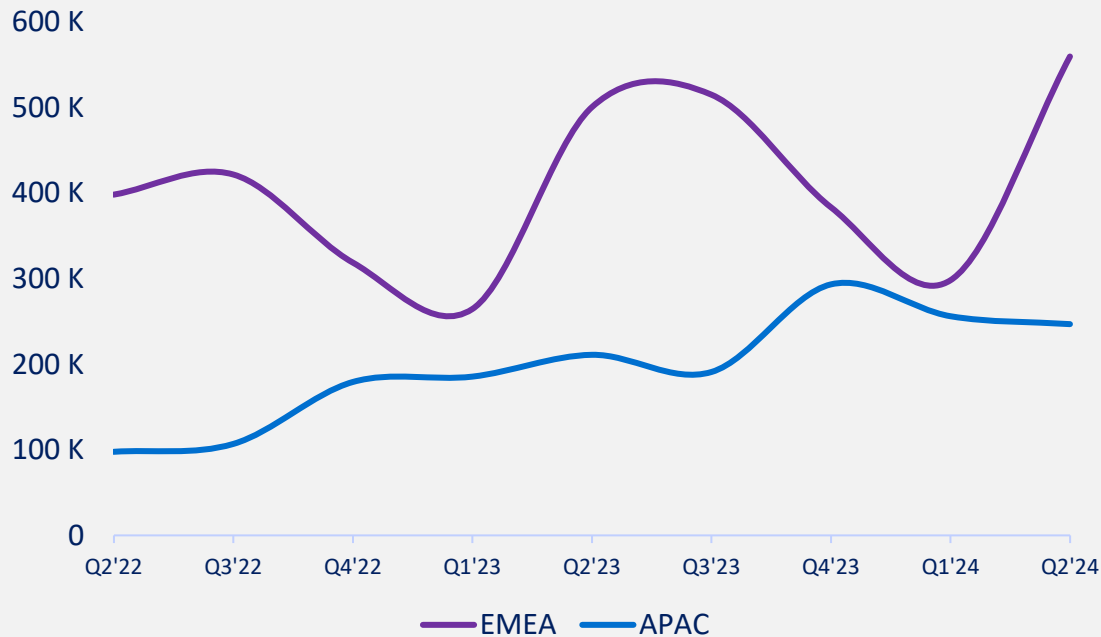
US Consumers have continued to drive growth in air travel



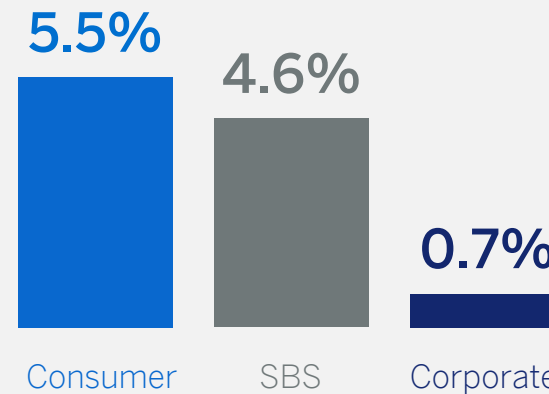
Metrics are based on Amex US Cardmembers travelling abroad

Travel to APAC is recovering fast while EMEA is showing a consistent seasonal trend

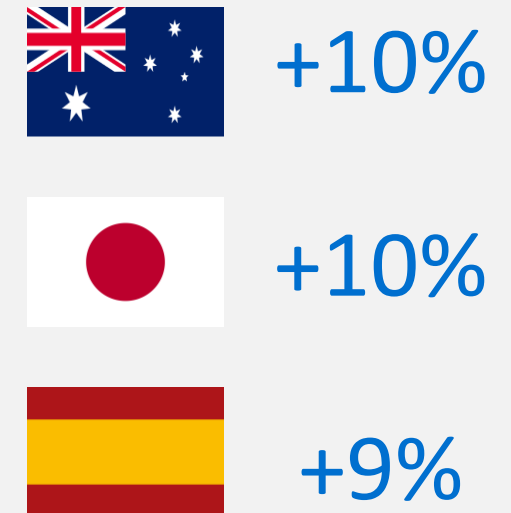
Card Members Travelling to EMEA & APAC



Consumers drive YoY growth

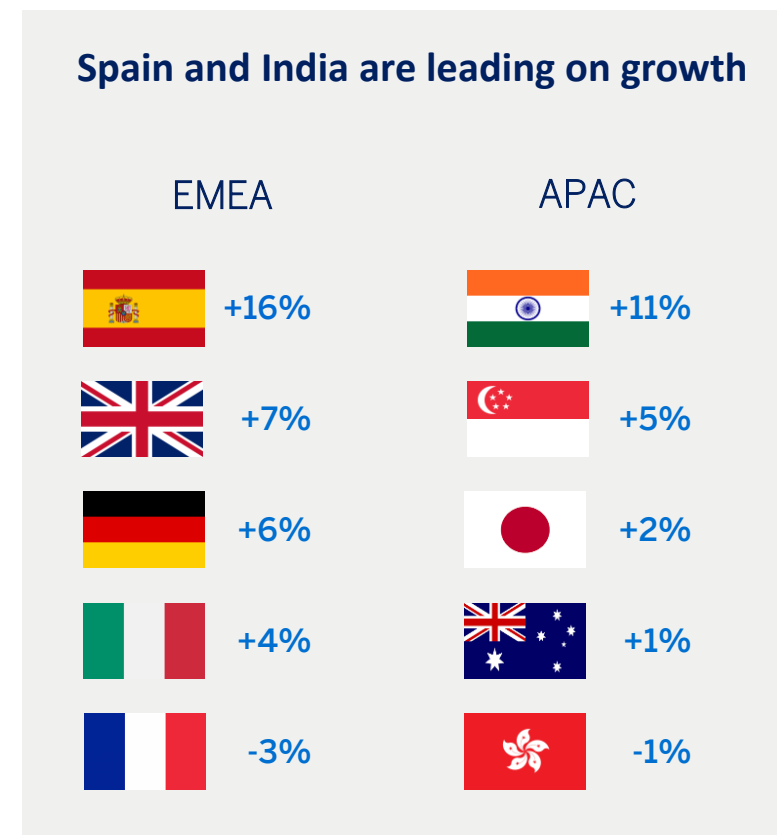
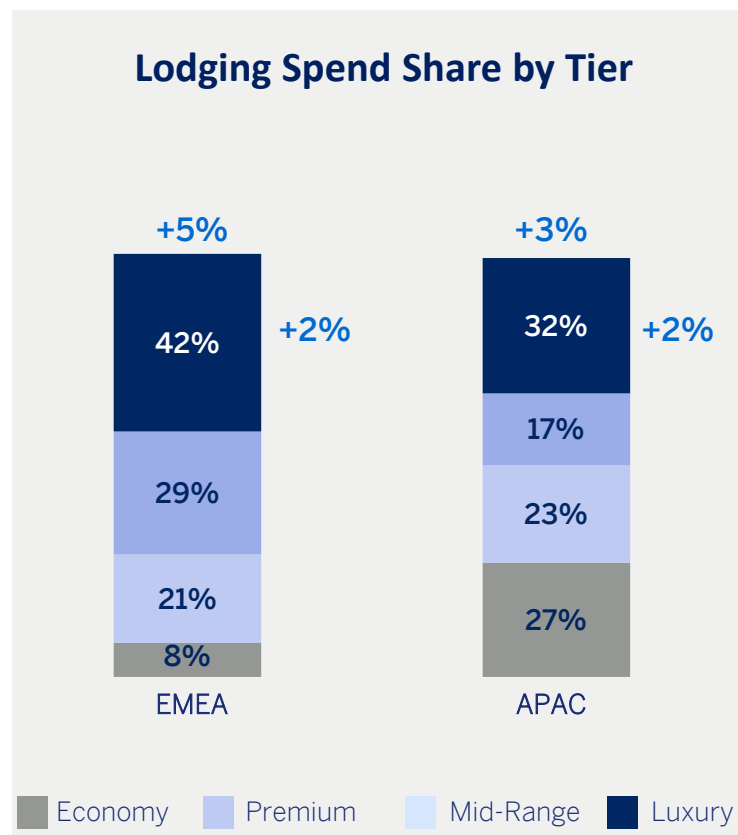
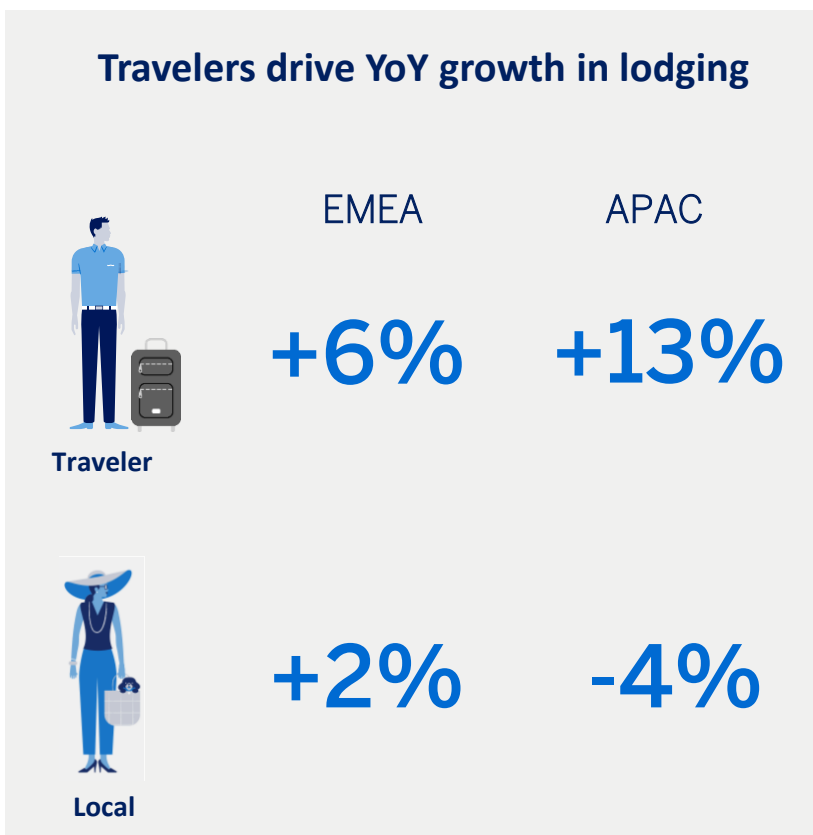


Specifically in AUS and JPN



Metrics are based on Cardmembers travelling to EMEA & APAC regions

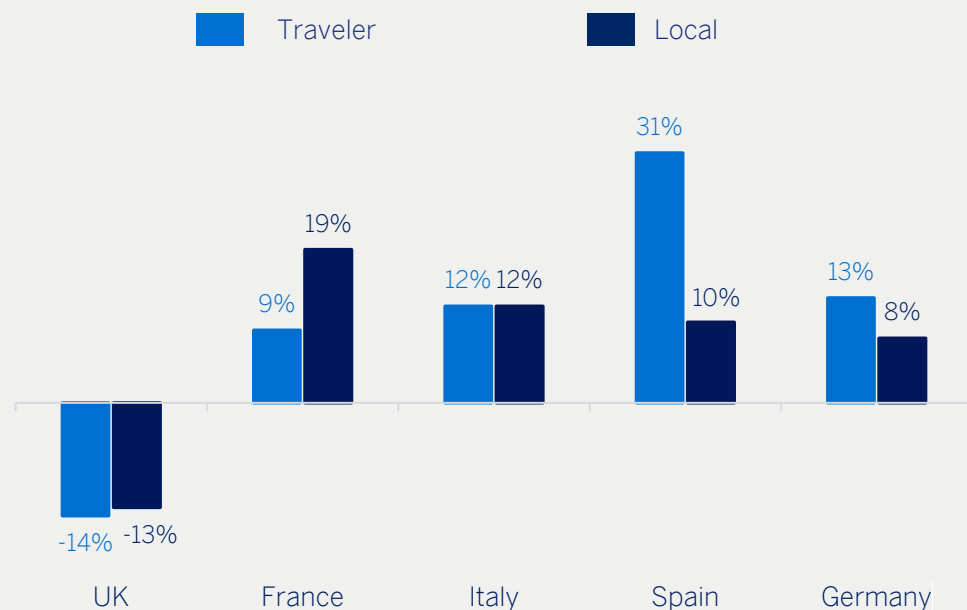
As expected, travelers drive YoY growth in lodging



Metrics are based on quarterly Industry Trends for EMEA and APAC regions

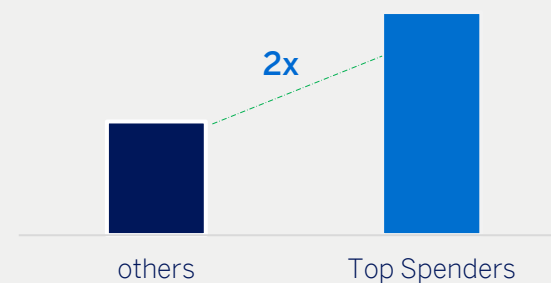
Travelers are also drivers of growth in luxury retail across EMEA

Travelers drive YoY growth in EMEA luxury retail

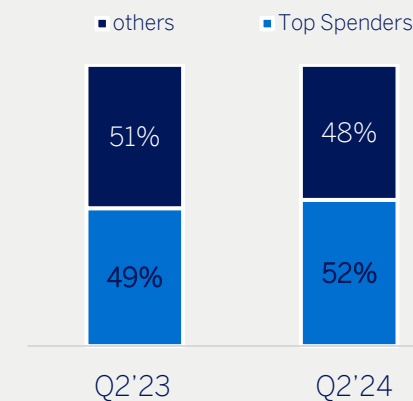


*Top Spenders spend 2x more on avg. compared to others

Average Spend per Card Member



Top Spenders Spend Share

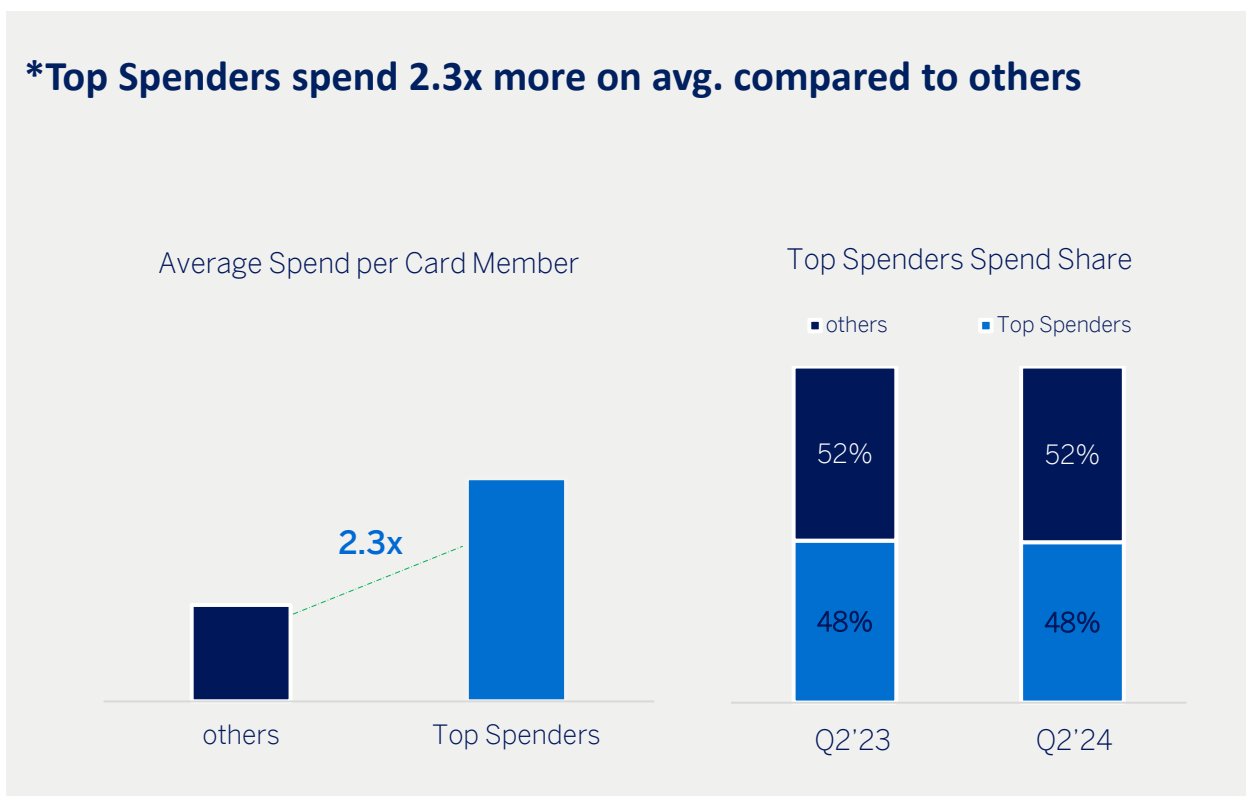
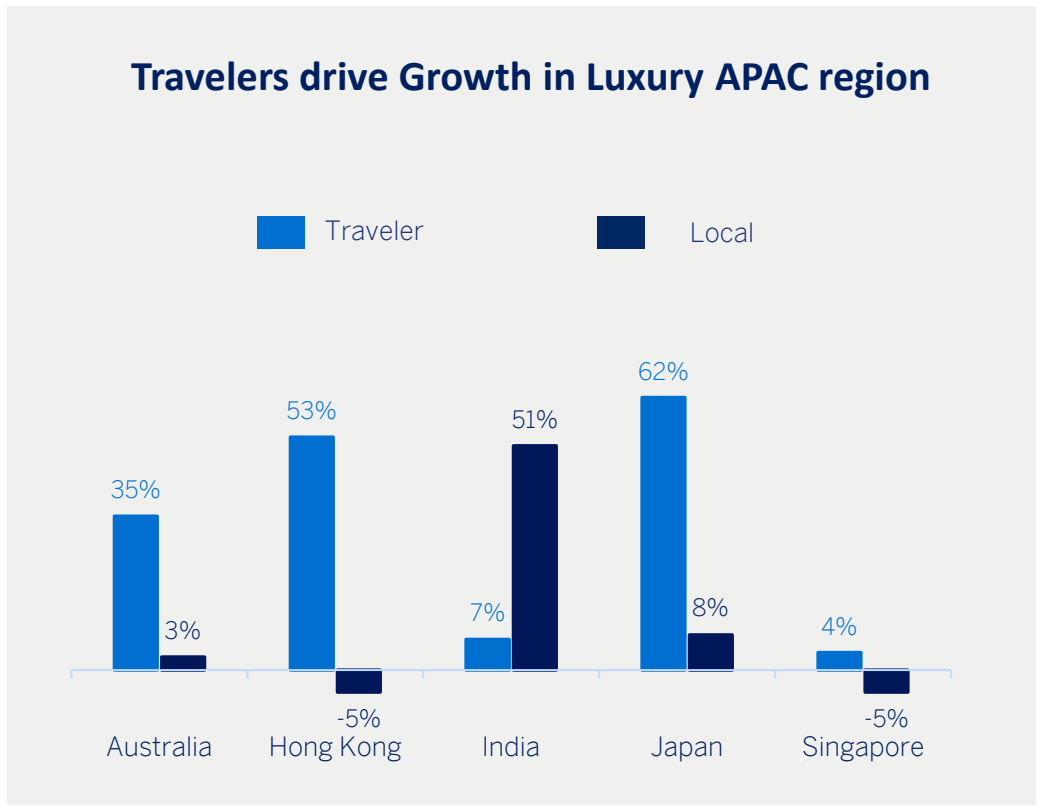


* Top Spenders Identified from algorithm that includes factors like overall spend, luxury behavior, card product owned etc.

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...and even more so across APAC



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Gen Z and Millennials drive growth and spend share across industries

Millennials & Gen Z continue to drive growth vs others

Spend Growth
vs other age groups



+12%
+1%

Spend Share

26%



+12%
+2%

27%



+7%
+5%

36%

Metrics are based on Cardmembers spending in EMEA & APAC regions for Airlines, Lodging and Luxury Retail. Metrics include Consumers and SBS cardmembers only.

Younger generations show a significant interest in travel*



Younger travelers are particularly excited about international travel.



66% of young travelers we surveyed say they're more interested in travel now than they were before the COVID-19 pandemic.



Gen Z say their number-one consideration when selecting a destination is their desire to experience someplace new.

*Source: McKinsey & Company - The way we travel now – May 2024

External Insights

Airline



Europe has a positive outlook on performance with demand expected to remain strong in 2024.

Asia-Pacific is expected to be responsible for half of the world's RPK (Revenue Passenger Kilometer) growth in 2024 driven largely by recovering domestic markets in China, Japan, and Australia.

Source: IATA - Airline Profitability Outlook Improves for 2024

Lodging

Hotels across all global regions have performed well according to data for the first five months of the year. Growth rates across the board are more normalised now. Based on RevPAR all regions grew between 2% and 10% compared to the same period of the year

Source: European Tourism: Trends & Prospects Q2/2024
European Travel Commission

Luxury Retail

Buoyed by tourism inflows in the first quarter of 2024, Europe and Japan have demonstrated notable resilience, with Japan thriving as it attracts a growing number of nationalities beyond the historical predominance of nearby Chinese travellers.

Source: Bain & Company Press Release June 18, 2024

Generational Performance

Younger generations appear to propel much of the rising interest in travel.

In 2023, **millennials and Gen Z** took, **on average, nearly five trips**, versus less than four for Gen Xers and baby boomers.

Millennials and Gen Z also say they devote, on average, **29%** of their income to travel.

Source: Now boarding: Faces, places and trends shaping tourism in 2024. McKinsey & Company



Thank you

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