

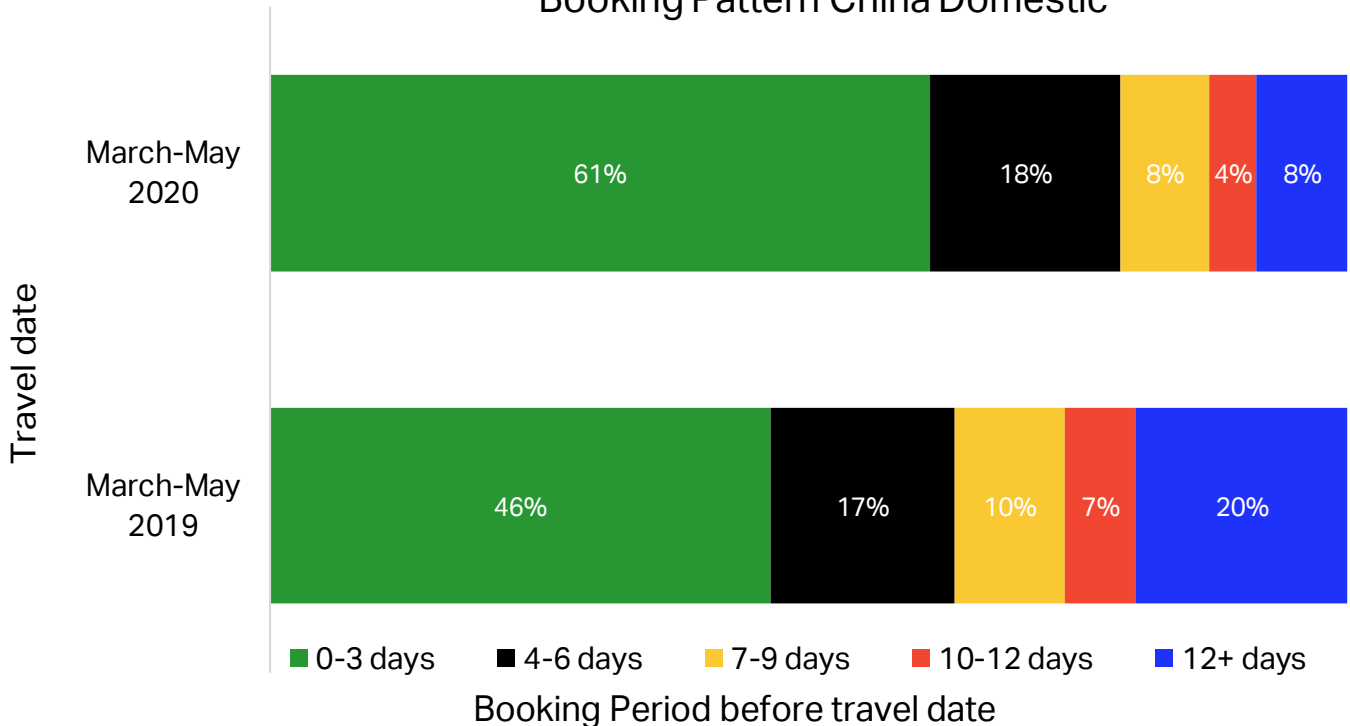


IATA Economics' Chart of the Week

22 May 2020

Change in passenger booking behavior creates additional uncertainty

Booking Pattern China Domestic



Source: IATA Economics using data from DDS

- Following almost three months of lockdown, the airline industry is preparing for a gradual restart, mostly within domestic markets and to low-risk neighboring countries initially. However, there are many uncertainties regarding the extent of travel demand and consumer behavior in the restart period. This week's chart explores the change in the booking pattern of passengers observed in the China domestic market in recent months.
- The chart shows the booking pattern following the COVID-19 outbreak (the period March-May 2020) and compares it with the pattern during the same period of the previous year. The most significant changes are at both ends of the chart. Firstly, more passengers are booking their travel within three days of the travel date; 61% of bookings now, compared with 46% a year ago. At the other end of the spectrum, only 8% of passengers are currently booking 12 days or more in advance, down from 20% over the same period in 2019.
- There are a number of possible explanations for this shift in booking pattern. Firstly, passengers could be worried about their flight being cancelled. Cancellations are currently affecting 17% of scheduled flights in the China domestic market, a significantly higher proportion than usual. Another reason could reflect the sharp decline in airfares, which gives travelers more flexibility to make a last minute decision and book late. Thirdly, passengers are less concerned than usual about the availability of seats as the load factors were around 60% in March and waiting for last days to book. If consumer booking patterns also change elsewhere – and it won't necessarily match the experience in the China domestic market - airlines will face an additional challenge in managing the industry restart process.

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