



Global Tourism & Aviation

17 Oct 2024

Agenda

1. Global Tourism & Aviation Overview
2. Top Travel Trends
3. Positive Outlook for Global Aviation
4. Growth in Turkish Tourism
5. Turkish Aviation
6. Moving Towards Net Zero 2050
7. Impact of AI and Technology on Travel & Aviation



1. Global Tourism & Aviation Overview*



✈️ Travel Recovery and Projections

- **Travel Recovery by 2024**
 - Expected **full recovery** by end of 2024
 - **75% loss** in 2020
- **Domestic Travel Growth**
 - Projected to **grow by 3%** annually
 - **19 billion lodging nights** per year by 2030
- **International Travel Return**
 - Return to historical average
 - **9 billion nights** per year by 2030
- **Global Travel Spending**
 - Set to **reach \$8.6 trillion** in 2024
 - Nearly **9%** of global GDP

✈️ Passenger and Connectivity Growth

- **Expected Passenger Growth**
 - World passengers to **increase by 3.8%** per year on average
 - Over **4 billion additional** passenger journeys in 2043 compared to 2023
- **Connectivity Growth in 2023**
 - International routes grew by **28%**
 - Domestic routes grew by **10%**



1. Global Tourism & Aviation Overview*



✈ Domestic and Intra-regional Travel

- **Domestic Tourism Dominance**
 - Accounted for **73% of total global travel expenditure** in 2023
- **Strong Intra-regional Travel Markets**
 - Europe: **70% of trips** are intra-regional
 - Asia: **60% of trips** are intra-regional
- **Investment Potential**
 - **Both Europe and Asia** offer strong growth and investment opportunities

✈ Markets that are Emerging

- **Top Source Markets**
 - **US, Germany, UK, China, and France**
 - Predicted to remain top markets until 2030
- **Emerging Source Markets**
 - India, Southeast Asia, and Eastern Europe
 - Annual spending growth projections between **7 and 9%**
- **Top Destination Countries**
 - World's top ten destinations, including Türkiye
 - Receive **45% of all travel spending**
- **New Travel Destinations**
 - Philippines, Vietnam, Peru, and Rwanda
 - Gaining traction as popular travel destinations



*Sources: [McKinsey](#), World Tourism Organization (UNWTO), World Travel & Tourism Council (WTTTC), [Allied Market Research](#), [Sky Quest Technology](#), IATA

1. Global Tourism & Aviation Overview*



✈ Managing Overcrowding

- **Challenges in Cities**
 - **Barcelona and Venice** experiencing overcrowding
 - Significant strains on infrastructure and resources
- **Sustainable Tourism Strategies**
 - **80% of destinations** investing in sustainable tourism
 - Improved **transportation networks**
 - **Eco-friendly** practices
 - **Workforce training**



*Sources: [McKinsey](#), World Tourism Organization (UNWTO), World Travel & Tourism Council (WTTC), [Allied Market Research](#), [Sky Quest Technology](#), IATA

2. Top Travel Trends*



✈️ Travel is Getting Younger

- **Higher Travel Frequency**
 - Millennials and Gen Zers take nearly five trips on average in 2023
 - Gen Xers and baby boomers take less than four trips
- **Significant Income Allocation**
 - Millennials and Gen Zers devote **29% of their incomes** to travel
 - Gen X and baby boomers allocate roughly **26%**

✈️ Experiential Travel in Luxury Segment

- **Shift in Luxury Travel Spending**
 - Significant portion from travellers with **net worth of \$100,000 to \$1 million**
 - Known as 'aspirational luxury travellers'
- **Preference for Unique Experiences**
 - Investing in experiences over tangible luxuries
 - **Prioritising novelty, culture, history, and authenticity**



*Sources: [McKinsey](#), World Tourism Organization (UNWTO), World Travel & Tourism Council (WTTC), [Allied Market Research](#), [Sky Quest Technology](#), IATA

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2. Top Travel Trends*



✈️ Personalised Travel Experiences

- **Increasing Expectation for Personalised Experiences**
 - Modern travellers seek tailored experiences
 - Personalisation enhances customer satisfaction and loyalty
- **Data-Driven Segmentation**
 - Companies using data to segment customers effectively
 - Improves communication and service offerings
- **Competitive Advantage**
 - 71% of travellers prefer brands with personalised communication
 - Personalisation is a key differentiator in the travel industry

✈️ Influence of AI in Travel

- **Enhancing Personalisation:** AI tailors travel experiences to individual preferences
- **Automating Customer Service:** AI-driven chatbots and virtual assistants provide instant support
- **Improving Operational Efficiency:** AI optimises airport and airline operations
- **Driving Sustainable Practices:** AI helps in adopting eco-friendly measures
- **Predictive Analytics for Optimisation:** AI aids in pricing and travel logistics management



3. Positive Outlook for Global Aviation Despite Challenges *



✈️ Record Demand for Travel Post-Pandemic

- **Forecasted Passenger Volumes in 2024**
 - Nearly **5 billion** passengers expected
 - **10.4%** increase from 2023
 - **5% higher** than previous predictions

✈️ Strong Financial Recovery

- **Net Profits Expected to Reach \$30.5 Billion in 2024**
 - Represents a **3.1% net profit** margin
 - Highest number since 2017
- **Strong Recovery in Demand**
 - Passenger revenue expected to **grow by 15.2%** in 2024
- **Historic High in Industry Revenues**
 - Forecast to reach **\$996 billion** in 2024
 - Represents a **9.7% increase**

✈️ More Affordable Air Travel

- **Decrease in Average Return Airfare**
 - Expected average return airfare in 2024: **\$252**
 - Average return airfare in 2019: **\$306**
 - Measured in constant 2018 dollars



* Sources: [IATA](#), [Centre for Aviation](#)

3. Positive Outlook for Global Aviation Despite Challenges *



✈️ Collective Industry Action

- **Industry Recovery**
 - Post-pandemic recovery is ongoing
- **Challenges Faced**
 - Sustainability issues
 - Geopolitical uncertainty
 - Cost pressures
 - Supply chain disruptions
- **Need for Collaboration**
 - Collective industry action is vital
 - Ensures positive recovery continues

✈️ Challenges in Meeting Cost of Capital

- **Industry's ROIC remains below cost of capital**
 - Forecasted ROIC for 2024 is **5.7%**
 - Average cost of capital is higher by **3.4 percentage points**
 - 2019's ROIC was slightly higher at **5.8%**



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* Sources: [IATA](#), [Centre for Aviation](#)

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4. Growth in Turkish Tourism *



✈ Strategic Location

- **Geographical Advantage**
 - Located at the crossroads of Europe, Asia, and Africa
 - Serves as a significant transit hub
- **Prime Destination**
 - Ideal for tourism
 - Attractive for business opportunities

✈ Growing Foreign Visitor Numbers

- **Growing Foreign Visitor Numbers**
 - Türkiye remains a **popular destination**
 - **35.8 million** foreign visitors in Jan-August 2024
 - Year-on-year **growth of 7.1%**
- **Record-breaking numbers expected in 2024****
 - Türkiye aims to host **60 million foreign visitors**
 - Targeting **\$60 million** in tourism revenue

✈ Investment in New Facilities

- **Major Tourism Investments (2008-2022)**
 - Total investment reached **\$26.5 billion**
 - **\$22.5 billion** allocated for new facilities
- **Future Plans (2024-2025)**
 - **200 new hotel projects**
 - Focus on **4- and 5-star categories**
- **Leading Regions in Tourism Investments**
 - Antalya/ Istanbul/ Muğla



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* **Source:** Turkish Tourism Investors Association InSense Report 2023

****Source:** Presidency of the Republic of Türkiye Directorate of Communications

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4. Growth in Turkish Tourism *

✈️ Popular Destinations: Istanbul and Antalya

• Istanbul's Popularity

- **12.2 million** foreign visitors
- **34.7%** of total visitors
- **97.8%** travelled by air

• Antalya's Popularity

- **11 million** foreign visitors
- **30.8%** of total visitors

City	Foreign Visitors (millions)	Percentage of Total Visitors	Travel by Air (%)
Istanbul	12.2	34.7	97.8
Antalya	11	30.8	NA

✈️ Growth in Accommodation

• Significant Growth in Accommodation Sector

- Türkiye's accommodation sector **doubled in size from 2008 to 2022**
- **Increase in Number of Hotels:** Hotels increased from **10,000** to over **20,000**
- **Expansion in Bed Capacity:** Bed capacity rose from **965,000** to nearly **1.9 million**

Growth in Türkiye's Accommodation Sector (2008-2022)

Year	Number of Hotels	Bed Capacity
2008	10,000	965,000
2022	20,000+	1.9 million

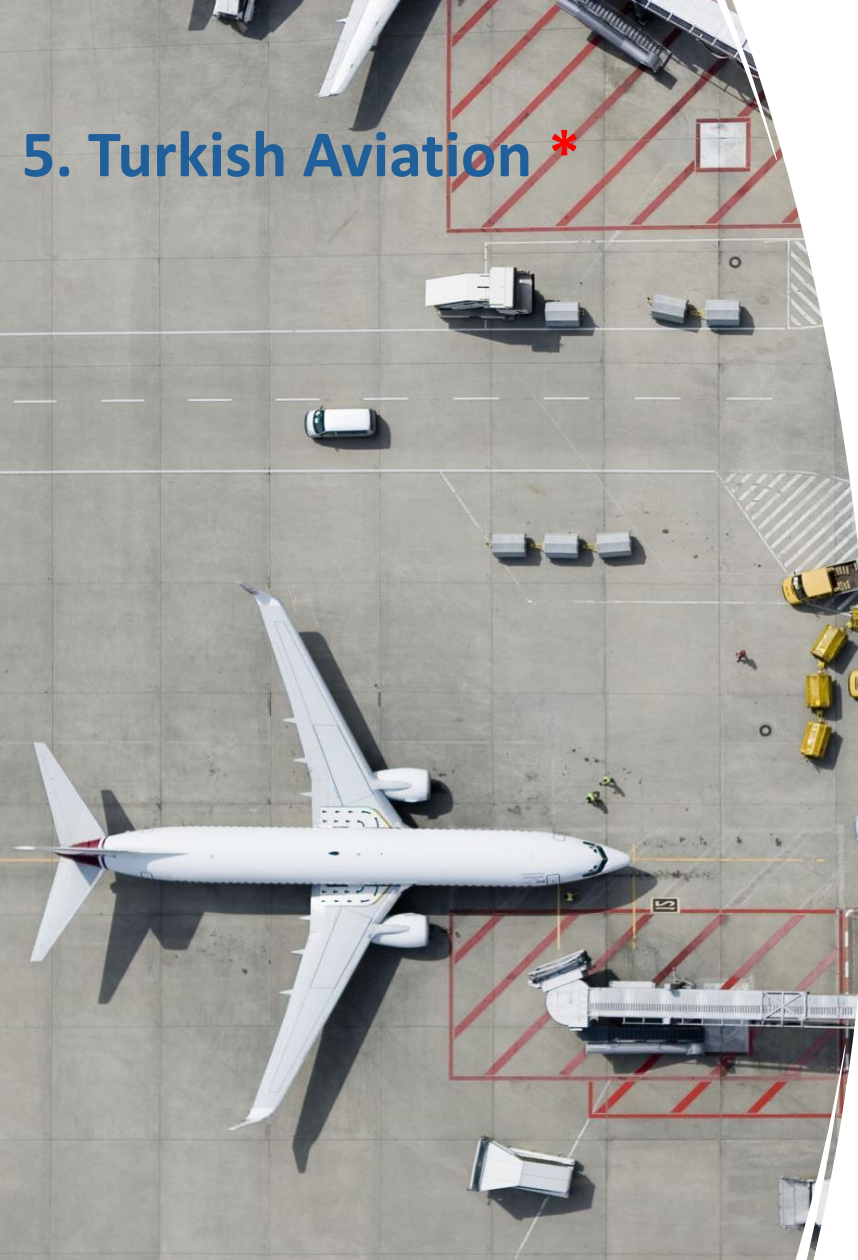


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* Source: [Ministry of Culture and Tourism](#)

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5. Turkish Aviation *



✈️ Strong Passenger Growth

- **Significant Surge in Passenger Traffic**
 - **Over 177 million** passengers travelled through Türkiye's airports
 - Time period: **January-September 2024**
- **Annual Increase:** Passenger traffic increased by **7.5%** compared to the previous year
- **Increase in Passenger Capacity:** Goal to boost passenger capacity to over **202 million** annually by **2053**
- **Expansion of Airport Network:** Türkiye plans to increase operational airports from **57 in 2023 to 61 by 2053**

✈️ Istanbul's Leading Position as a Flight Hub

- **Istanbul's Global Hub Status**
 - Two major airports: **Istanbul Airport and Sabiha Gökçen**
 - Handles over **91 million passengers** in January-September 2024
- **Istanbul Airport:** Served more than **60 million passengers**
- **Sabiha Gökçen Airport :** Served more than **30 million passengers**

Passenger Traffic at Istanbul Airports (Jan-Sep 2024)

Airport	Passengers (millions)
Istanbul Airport	60
Sabiha Gökçen Airport	30
Total	91



* Source: DHMI-Turkish Airports Authority

5. Turkish Aviation



✈️ Pegasus Flight Network



Pegasus: 112 aircraft average of 4.5 years



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6. Moving Towards Net Zero 2050 *



✈️ Goals and Technologies for Emission Reduction

- **Net-Zero Carbon Emissions by 2050**
 - Resolution passed **by IATA in 2021**
 - Member airlines committed to achieving net-zero carbon emissions
- **CORSIA's Emission Offset Plan**
 - **Offset about 20%** of international aviation emissions by 2035
 - Using 2019 as the baseline for reductions
- **CAA/3's Fuel Carbon Intensity Reduction**
 - Reduce carbon intensity of aviation fuel by **80% by 2050**
 - Developing and using SAF and lower-carbon aviation fuels (LCAF)

✈️ Need for a Collaborated Response

- **Estimated Cost for Net Zero:** IATA estimates **USD 5 trillion** needed
- **Role of Financing:** Significant financial investment required
- **Government Support:** Essential for policy and regulatory changes
- **Energy Industry Involvement:** Support for sustainable energy solutions



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* Sources: [IATA](#), [CORSIA](#), [CAA/3](#)

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6. Moving Towards Net Zero 2050 *

✈️ Changing the Sustainable Aviation Fuel (SAF) Landscape

- **Government Policies to Accelerate SAF Production**
 - Policies can incentivize SAF production
 - Reduction of cost barriers
- **Industry Collaboration for SAF Commercialisation**
 - IATA working with stakeholders
 - Collaboration at national, regional, and international levels
 - Establishing necessary frameworks

✈️ Innovating for Change at Pegasus Airlines

- **Young and Efficient Fleet**
 - **Pegasus Airlines** has one of the youngest fleets globally
 - Focus on efficiency and sustainability
- **Increased SAF Usage**
 - Commitment to using **Sustainable Aviation Fuel (SAF)**
 - Reducing carbon footprint
- **Sustainability at the Core**
 - **Sustainability** is central to all operations
 - Dedicated to a sustainable future for the business and industry



* Sources: [IATA](#), [CORSA](#), [CAA/3](#)

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7. Impact of AI and Technology on Travel & Aviation *



✈️ Making Travel More Personal

- **Personalised Services**
 - AI offers tailored recommendations for passengers
 - **24/7 support available** through AI chatbots
- **Improved Response Times**
 - AI chatbots reduce response times significantly
 - GenAI decreases support times **by 70%**
- **Seamless Assistance**
 - **Multilingual support** provided by AI
 - Ensures a smooth journey from booking to landing

✈️ Boosting Efficiency and Decision-Making

- **AI Boosts Efficiency in Aviation**
 - Enhances decision-making in dynamic pricing
- **Predictive Maintenance**
 - Optimises processes
 - Expected to save up to **\$6.8 billion** annually by 2026



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* Sources: Accenture, SITA, IATA

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7. Impact of AI and Technology on Travel & Aviation *



✈️ Pegasus Airlines' AI-Driven Success

- **Technology at the Core**
 - Mobile-first approach
 - Launch of FlyGPT project
 - Pegasus Innovation Lab
- **Self-Service Express Baggage Kiosks**
 - Almost **50%** of passengers using kiosks
 - Available at **nine airports** in Türkiye
 - Improves **efficiency and passenger** satisfaction

✈️ Digital Transformation

- **Passenger Preferences for Automation**
 - **74% of passengers** prefer automated solutions
 - Mobile check-ins are a popular choice
- **AI's Role in Sustainability**
 - AI is crucial for **achieving 2050 carbon-neutral target**
 - **Optimising flight paths** and advancing sustainable fuels



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* Sources: Accenture, SITA, IATA

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Thank You