

Prospects for Long Haul Travel: When Family Ties Count and Predicting Which Markets Will Come Back First

Source : OAG

At OAG we've spent a year trying to understand how air travel will evolve post-COVID. One of the early observations was that large **domestic markets** would prove a lifeline for some airlines, and that regional air services would follow. Last to return would-be long-haul air services in part based on passenger concerns about travelling far from home and becoming stranded as countries changed rules and restrictions.

While the pandemic is far from over, there is light at the end of the tunnel for air travel, with some countries making significant progress in vaccinating their populations. Pent-up demand for long haul travel may well be there, but it's hard to tell if it will actually materialise until travel restrictions are eased. When it does return, which markets may be the ones to show initial strength?

We've been looking at data on Visiting Friends and Relatives (VFR) as well as diaspora data to see if insights on these market segments can highlight where the first long haul traffic flows might return.

▪ **Reasons to Travel**

Key to understanding demand for air travel is understanding why people travel in the first place. There are four core reasons: for leisure purpose such as family holidays and short breaks; for work, which might include business meetings, conferences and events; to stay in touch with family and friends living somewhere else in the world; and to migrate either temporarily or permanently. Leisure travel is the largest market segment and business travel may be the most lucrative. As a result, we typically spend far less time looking at VFR and migration data than leisure and corporate travel data. As we look forward, long haul leisure travel feels like it may be more discretionary than ever for some time, while a portion of business travel may simply never return as digital meetings replace face-to-face meetings.

In contrast, the experience of the global pandemic may leave friends and families with more reasons than ever to come together, and the economic uncertainties that drive migration will continue. So, can the patterns of family ties associated with migration, diaspora communities, and overseas study – in other words, the drivers for VFR - tell us anything about which long haul markets might be in a better position to return sooner than others?

▪ **Counting Family Ties**

The UK is a country that researches the extent of VFR travel to the UK through its regular international passenger survey and makes that data available publicly. **VisitBritain** data for VFR travel is available by country of origin, year and quarter, mode of transport, age grouping, type of travel package, length of stay and nationality. In 2019, this data shows there were just under 10 million VFR trips to the UK made by air. The UK is also one of the countries with the highest levels of COVID-19 vaccination which could potentially mean it feels a relatively safe place to travel to as and when air travel is possible.

Comparing the number of VFR trips to the UK with the volume of international air passengers arriving in the UK over the same time period, shows that about 8% of all visitors were travelling to see friends and family, though to some extent their trips may have included a large element of the same activities that would take place on a typical leisure trip.

VFR Trips as a Proportion of all Air Travel to the UK, 2019

Origin Country	VFR trips, arriving by air <i>Source: VisitBritain</i>	Air passengers to UK <i>Source: OAG</i>	VFR estimated share of air passengers
ALL	9,992,172	121,677,595	8.2%
USA	980,007	6,661,842	14.7%
Ireland	908,304	5,012,106	18.1%
Spain	775,175	18,041,495	4.3%
Germany	692,279	6,108,806	11.3%
France	590,300	5,268,433	11.2%
Poland	569,190	4,094,107	13.9%
Italy	531,043	7,503,294	7.1%
Australia	456,869	1,023,379	44.6%
Netherlands	344,268	3,775,168	9.1%
Canada	332,918	1,243,762	26.8%
Switzerland	308,281	3,073,365	10.0%
Sweden	275,742	1,264,958	21.8%
Portugal	256,109	4,058,570	6.3%
India	228,459	1,614,177	14.2%
Romania	213,252	1,557,862	13.7%
UAE	212,745	1,268,423	16.8%
Denmark	186,249	1,649,083	11.3%
Norway	121,171	1,408,593	8.6%
Turkey	118,174	2,290,290	5.2%
Hungary	114,870	1,293,522	8.9%
China	111,710	1,197,065	9.3%
Greece	111,273	2,932,171	3.8%
Czech Republic	109,785	1,093,983	10.0%

Origin Country	VFR trips, arriving by air Source: VisitBritain	Air passengers to UK Source: OAG	VFR estimated share of air passengers
Hong Kong	106,800	598,695	17.8%
New Zealand	99,439	218,207	45.6%
South Africa	96,964	567,696	17.1%
Nigeria	86,847	315,698	27.5%
Bulgaria	81,981	817,962	10.0%
Lithuania	80,807	601,284	13.4%
Malta	78,323	800,009	9.8%
Singapore	78,080	405,932	19.2%
Austria	77,158	967,721	8.0%
Israel	71,550	582,341	12.3%
Qatar	65,422	227,139	28.8%

A number of these origin countries stand out as both requiring long-haul flights and having a relatively high share of VFR traffic. Around 45% of all trips made to the UK from Australia and New Zealand appear to involve visiting friends and relatives and while travel isn't possible just now, it seems likely that there will be pent-up demand for travel when it is permitted.

Although smaller as a proportion of total travel, at 15%, VFR travel from the US to the UK has been twice the size of the Australia market. With both countries making headway in vaccinating their populations, this is another long-haul market that may see travel return sooner rather than later.

Other long-haul markets from the UK with strong VFR components are the UAE, Hong Kong, Nigeria, Singapore and Qatar.

▪ **Diaspora Communities and Air Travel**

Another measure of underlying demand for air travel can be found in patterns of migration between countries, either for long term residence or for temporary work or study. The World Bank has a database with estimates of bilateral migration flows (or stocks) between countries. Where migrant communities, or diaspora, are sizeable and the links to their country of origin are current or recent, both money – in the form of remittances - and people flow back and forth. Where the links are strong it should be expected that VFR traffic will also be strong.

Bilateral Estimates of Migrant Stocks in 2017

Source: [World Bank](#)

Source Country	Destination Country	Value
Mexico	United States	11,573,680
India	United Arab Emirates	3,310,419
Russian Federation	Ukraine	3,309,525
Ukraine	Russian Federation	3,272,304
Syrian Arab Republic	Turkey	3,271,533
Bangladesh	India	3,139,311
Kazakhstan	Russian Federation	2,562,079
India	United States	2,434,524
Russian Federation	Kazakhstan	2,411,227
Other South	United States	2,353,166
China	Hong Kong SAR, China	2,343,868
Afghanistan	Iran, Islamic Rep.	2,324,884
India	Saudi Arabia	2,266,216
China	United States	2,130,352
West Bank and Gaza	Jordan	2,046,650
Philippines	United States	1,941,665
Puerto Rico	United States	1,903,730
Myanmar	Thailand	1,835,106
Indonesia	Saudi Arabia	1,548,032
Afghanistan	Pakistan	1,515,738
Turkey	Germany	1,492,580
Algeria	France	1,455,780
India	Pakistan	1,395,854
El Salvador	United States	1,387,022
Vietnam	United States	1,352,760
Pakistan	Saudi Arabia	1,343,737
Poland	Germany	1,334,000
Burkina Faso	Cote d'Ivoire	1,307,265
Cuba	United States	1,271,618
Syrian Arab Republic	Lebanon	1,209,286
India	Oman	1,201,995
United Kingdom	Australia	1,195,150
Malaysia	Singapore	1,158,890

As the list of the largest migrant stocks by country of origin and destination country shows, many migrant populations reside in neighbouring countries or within the same region. At the top of the list are Mexicans living in the US, and while some of the strength of the travel market between the US and Mexico over the past months can be attributed to a lack of restrictions on air travel as well as Americans holidaying in Mexico, it may well be that the familial ties have contributed to the market strength.

The second largest migrant population is Indians living in the UAE, and there are sizeable population in Saudi Arabia, Oman, Kuwait and Qatar. While these are not long haul markets, travel flows between India and these countries have in the past supported the overall business model for the Middle East hub airports such as Dubai, Abu Dhabi and Doha, and will do so once again.

Currently the Middle East hubs are operating only 50% of the capacity that they were two years ago (DXB -50%, AUH -57%, DOH -43%). Interestingly, capacity from Dubai in April 2021 to South Asia, which includes India, is currently only 14% below where it was in April 2019 while capacity to destinations within the Middle East is 56% below where it was. Is this another indication of how migrant workers and the need to travel home is able to support air travel markets in these difficult times?

India’s second largest migrant community is located in the US where the diaspora numbers almost 2.5 million. As and when these communities are able to fly again they will provide a boost to the Middle East hubs, as will the largest migrant population on the list originating in Europe which is Brits living in Australia.

Although not a long-haul route, ranked 21st on the list of diaspora communities are the Turks living in Germany. While capacity is currently 60% below where it was in April 2019, the current schedule shows that by July this will improve to be just 1% below July 2019 capacity. Much of this anticipated traffic will, no doubt, be Germans taking vacations in Turkey, but given that the capacity proposed will be almost double that of any other European market to Turkey, it is possible that the presence of a VFR market adds weight to network planning decisions.

- **Support for Long Haul Markets**

So, if size of diaspora community were to be a factor in anticipating where long haul routes might generate traffic volumes soonest, then of the Top 15 which should be considered, 10 involve the US or Canada, 3 are transatlantic, 3 involve travel from the Philippines, and a number do or could include a Middle East airport.

Largest Long Haul Migrant Connections: Bilateral Estimates of Migrant Stocks in 2017 With the US and UK

Source: [World Bank](#)

Source Country	Destination Country	Value
India	United States	2,434,524
China	United States	2,130,352
Philippines	United States	1,941,665
Indonesia	Saudi Arabia	1,548,032
Vietnam	United States	1,352,760
United Kingdom	Australia	1,195,150
South Korea	United States	1,041,727
India	United Kingdom	809,000

Source Country	Destination Country	Value
China	Canada	711,555
United Kingdom	United States	696,896
United Kingdom	Canada	624,411
India	Canada	602,146
Philippines	Saudi Arabia	583,985
Germany	United States	563,985
Philippines	United Arab Emirates	538,590

With the US and UK performing well in terms of vaccinations and the likes of China, Australia and Vietnam having the coronavirus largely under control, the prospects look good for at least some of the routes to re-open for mass travel before too long.