



Phocuswright's

Eastern Europe Travel Market Report 2022-2026

Methodology

Phocuswright's *Eastern Europe Travel Market Report 2022-2026* presents findings from proprietary research conducted in 2022 on the Eastern European leisure and unmanaged business travel markets. This effort was undertaken to assess the Eastern European travel market as a whole and includes analysis of several key Eastern European markets: Russia, Poland, Ukraine, Bulgaria, Czechia (a.k.a. Czech Republic), Greece, Hungary, Romania and the Baltic Region. To evaluate the markets, Phocuswright interviewed executives from Eastern Europe-based airlines, hotels, tour operators, rail companies, car rental companies, online travel agencies (OTAs), traditional travel agencies and travel technology companies.

At this time, Phocuswright is unable to provide sizing (or projections) for the Ukraine market. Sadly, the leisure travel market in Ukraine has been wiped out entirely by the Russian invasion of that country, and as a result the Ukrainian market is estimated at zero for 2022 and the immediate future. Phocuswright eagerly looks forward to the end of the Russia-initiated conflict and will revisit sizing the Ukrainian market when it is practical to do so. Historical sizing (2021 and earlier) for Ukraine is available in [Phocal Point](#). In addition, while Phocuswright does provide Russia travel market sizing, this does not equate to an endorsement or support of the Russian Federation or any of its policies.

Total gross bookings represent the transaction value of the products sold via Eastern European suppliers (both online and offline) for leisure and business travel. Online gross bookings are generated via consumer-facing websites that sell to individuals, including leisure and unmanaged business travelers purchasing outside of corporate travel policies. Online gross bookings include sales that are transacted via supplier websites, OTAs and tour operators (including their respective mobile channels). Corporate online booking systems are excluded from the online figures.

All financial information is based on data obtained from publicly available financial reports or company interviews. Estimates and projections are made based on executive interviews, third-party information,



economic indicators, market trends and Phocuswright analysis. Data is actual for 2019-2022 and projected for 2023-2026. In charts and figures, totals do not always add to 100% due to rounding. All currencies are in U.S. dollars (\$) unless otherwise indicated – and converted at the average rate for the period they represent. For example, for the full years 2019-2022, figures are based on the annual average of weekly conversion rates for those specific 12-month periods. Projected figures for 2023 and beyond are based on the average conversion rate for the period from January-March 2023. An exception is made for Russia, where inflation and recent currency instability have prompted Phocuswright to make more granular estimates of future exchange rates.

References to the "travel market" cover the total travel market including both online and offline travel, while "traditional travel agency" refers principally to offline travel agencies. The total market is based on travel suppliers' gross bookings, irrespective of the channel used for the transaction, including corporate booking tools. Since OTAs are resellers of suppliers' products and services, OTA gross bookings are not added to total market sizing, to avoid double counting. However, for channel share comparison purposes, some charts and figures include both online supplier-direct and OTA bookings. In assessing the market, Phocuswright applies the following methodology to each respective travel segment:

OTA: OTA market sizing and forecasts are based on the local market demand processed via global and local OTAs, and are referred to as OTA bookings. OTA bookings express the total transaction value of travel sold via OTAs and assigned to suppliers active in each country market, and exclude OTAs' sales of non-domestic supply. Note that revenue from Airbnb and other short-term rental sites is excluded. In addition, since metasearch sites operate on a referral model, metasearch revenue is also excluded from the OTA category.

Airline: Most airline supplier gross bookings are assigned to the specific country markets in which the supplier is headquartered, unless where otherwise indicated. For example, all business generated by Aeroflot worldwide is allocated to Russia, while all LOT Polish Airlines revenue is allocated to Poland. One key exception to this is Wizz Air; while headquartered in Hungary, a portion of the revenue for this carrier has been allocated across the other regional markets (Poland, Romania, Bulgaria and others), in proportion to the revenue associated with those destination markets.

Hotel & Lodging: All hospitality supplier gross bookings are based on room revenue generated by properties located in each market. Room revenue for hotels, hostels and guesthouse/bed & breakfast establishments is included in supplier gross bookings, while homestays, short-term rentals, camping and



other accommodations (including private accommodations) are excluded. Room revenue also excludes food and beverage as well as sales related to MICE (i.e., meetings, incentives, conferences & exhibitions).

Rail: All rail gross bookings are assigned to the market in which the rail operator is headquartered. For example, all rail business generated by MAV is allocated to Hungary. Total gross bookings generally reflect long-distance and regional rail travel, while commuter rail revenue is excluded from market sizing calculations.

Car Rental: All car rental supplier gross bookings are based on revenue generated by rental fleets operating within each country market.

Tour Operator: Gross bookings for Eastern Europe-based tour operators are assigned to their respective source markets and are included in the total tour operator sales for that individual market as well as the Eastern European tour operator market. However, only a portion of these gross bookings (approximately 25%) are added to the total country and overall Eastern European market size, since they are already counted in the individual supplier segments (e.g., air, hotel and car rental).

Additional Considerations: As explained above, tour operator bookings include travel products provided by other suppliers. Therefore, adding the individual supplier segment sizing and forecasts will not yield the same results as total market sizing and forecasts, since this would incorrectly make the market size larger due to double counting.

Total market data is based on publicly available financial results. Segment sizing includes several adjustments to avoid double counting and is estimated based on executive interviews, third-party information, economic indicators, market trends and Phocuswright analysis.

When distinguishing supplier-direct from intermediary bookings, Phocuswright allocates the transaction to the final merchant of sale, irrespective of where the traffic originated. For example, bookings initiated on a metasearch site can be redirected to and completed on either a supplier or OTA site, or else processed by a supplier or OTA directly within the metasearch site (e.g., Tripadvisor's Instant Booking feature). In either case, the transaction is allocated to either the supplier-direct or OTA channel, based on the company that handled the final booking and payment processing. Car rental companies' partnerships with airlines and hotels function in a similar way, in that customers searching for car rental products on an airline or hotel website will often be directed to the car rental website to process the payment.

