



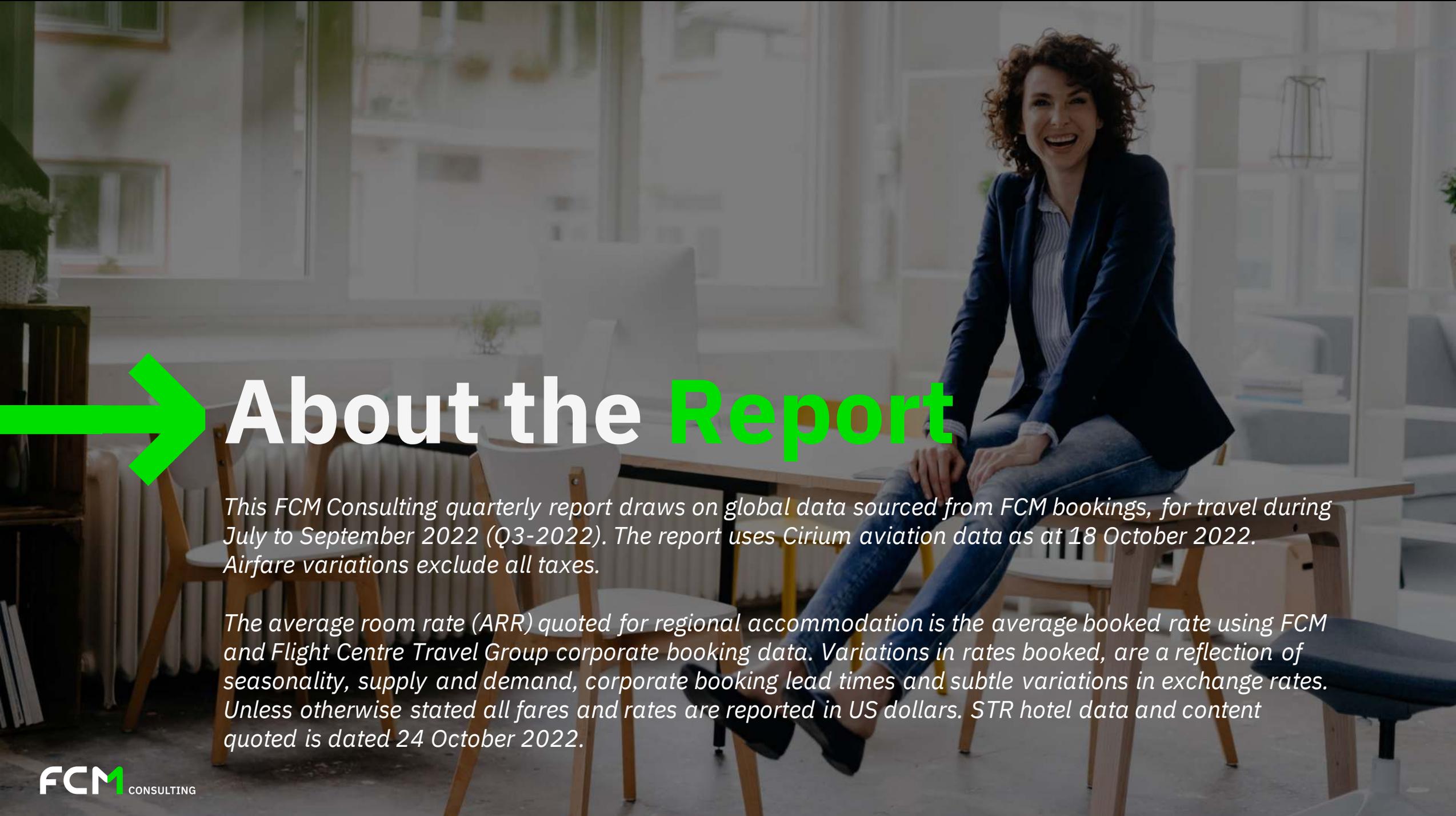
Global

Quarterly Trend Report

Q3-2022

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About the Report

This FCM Consulting quarterly report draws on global data sourced from FCM bookings, for travel during July to September 2022 (Q3-2022). The report uses Cirium aviation data as at 18 October 2022. Airfare variations exclude all taxes.

The average room rate (ARR) quoted for regional accommodation is the average booked rate using FCM and Flight Centre Travel Group corporate booking data. Variations in rates booked, are a reflection of seasonality, supply and demand, corporate booking lead times and subtle variations in exchange rates. Unless otherwise stated all fares and rates are reported in US dollars. STR hotel data and content quoted is dated 24 October 2022.

CORPORATE Need to Know

Q3-2022 was the highest peak in travel for many years. Amidst the 'travel excitement', emerged the need to balance the macro trends of people, profit and planet.

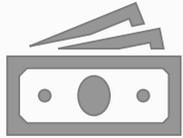
This edition of FCM Consulting's Quarterly Trend Report explores the challenging macroeconomic environment of corporate travel. How will the need to make profit in the face of rising costs and pressure to operate more sustainably impact travel activity?



CORPORATE TRAVEL

Key Takeaways Q3-2022

1



TRAVEL PRICES

The continued mix of high fuel prices, inflation, reduced supply, and reduced resourcing are causing travel costs to rise.

Airlines have been making **3-5%** incremental fare increases during 2022 which will continue until Q3-2022. **Hotels** rates have increased **7-15%** from Q2-2022 and will continue to rise into 2023.

2



MANAGING COSTS

In this up-cycle of travel costs corporate procurement teams need to lean on their TMC partnership.

- **Buy in advance**
- Revisit **travel budgets**
- Review routes and cities where **suppliers are competing**
- **Avoid peak times** and popular cities
- Don't be afraid to **mix things up**

3



CONTRACTS

For corporations engaging in airline and hotel contracts, there are new trends emerging.

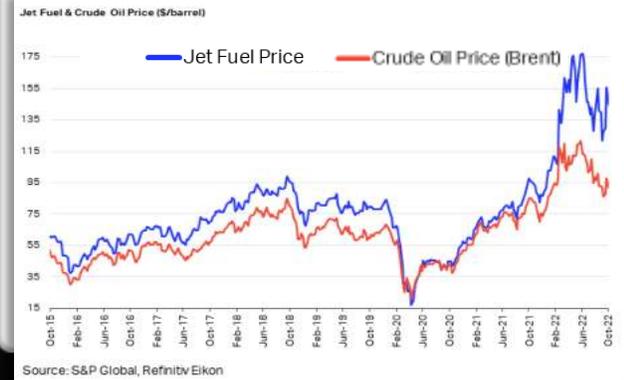
A well managed, high performing travel program will be rewarded by suppliers. **Don't limit savings** and ensure you negotiate discounts on both low and higher fare classes. **Know what's included** in NDC, ancillaries and add-on costs.

4



FUEL REMAINS HIGH

Jet fuel is **US\$144** per barrel[^] down **US\$31** on the Q2-2022 peak of **US\$175**.



[^] IATA Fuel Monitor reported the week ending 14 October 2022

CORPORATE TRAVEL

Key Takeaways Q3-2022

5



TRAVELLER TRENDS

Advance booking days globally averaged **25 days** in Q3-2022. Long-haul international advance booking days have jumped to **40 days**, (+10 days on 2019) - a sign corporate travel is a necessity.

The percentage of international trips vs domestic rose **+4% points** from Q2 to Q3-2022 (+5% on 2019).

6

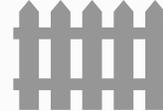


TECHNOLOGY

Increasing **+5%** during the quarter, OBT use globally across FCM clients averaged **67%+ in Q3-2022**.

When searching for the best rates and fares, travellers are relying on OBTs and travel supply distribution channels that offer content choices and clarity – which is now more important as airlines push NDC content.

7



RESTRICTIONS EASE

Across regions, passengers experienced the easing of COVID-19 restrictions, from the removal of masks (May), to ceasing pre-arrival tests.

Notable changes were **Japan** opening its borders after two years and **Hong Kong's** removal of quarantine. **China** is yet to open its international borders.

8



DEMAND↑↑

At best, airline passenger load factors globally averaged **82% in 2019**. During July 2022^ global air passenger load factors were **85.0% international** and **81.5% domestic**.

Combined with recent global hotel occupancy levels of **67%***, travellers will need to **book in advance** to overcome reduced supply in forecast travel peaks end of 2022 and Q2-2023.

^Passenger Load Factors as reported by IATA September 2022. Passenger load factors of an airline is a measure of how much of an airline's passenger carrying capacity is used. Calculated as passenger-kilometres flown as a percentage of seat-kilometres available.

*July and August 2022 hotel occupancy reached a global average of 67%, +3% on Q2-2022 and +3% on the same period in 2019 as reported by Amadeus

FROM THE FRONTLINE

FCM Consulting Research Q3-2022

SUSTAINABLE BUSINESS TRAVEL

1

13 CLIMATE ACTION



PRIORITIES

In a recent global survey, FCM Consulting asked clients: *'Of the 17 United Nations Sustainable Development Goals (SDGs), which are implemented into your travel program?'*

42% of respondents stated

#13 – Climate Action

followed by

35% #3 Good Health & Wellbeing

32% #12 Responsible Consumption & Production

2

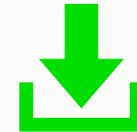


WRITE THE POLICY

When asked about policies relating to sustainability, we uncovered that;

- **78%** of clients have a company level sustainability policy[^]
- **30%** have a sustainability strategy for their travel program
- **23%** have assessed travel suppliers' sustainability strategies, and
- **31%** will add sustainability to their travel policy in the next 6 months.

3



DOWN WITH CARBON

When asked if corporates will **offset, reduce** or **stop travel** to combat global warming, this was the outcome;

- **27%** have a carbon offset program
- **11%** will reduce their travel
- **4%** plan to eliminate travel, and
- **47%** of respondents were unsure

Where to next? Engage with us to obtain some simple next steps to advance your ESG plans.

[^]Scope 1 & 2 remain the top focus for corporations in 2022.

AVIATION

Key Takeaways Q3-2022

1



YOU ARE APPROVED

Some travellers are seeing costs mount due to travel not being approved on time.

During Q3-2022, the two main challenges faced when working with inefficient travel approval procedures were:

- the cheapest fares requiring **instant ticketing** cannot be booked
- **approvals taking too long**, and ticketing time limits expire, leading to the re-booking at a higher fare.

2



CHINA

China has remained closed to the majority of international travellers for over two years, and are not expected to re-open until 2023.

For the year 2022, China domestic air seats offered are booming and are forecast to be +1% over 2019 volumes, compared to international seats offered estimated to be down 94% for the same period.

3



ANCILLARY COSTS

With the steady return of air travel, airline ancillary income has come into focus. Such income is generated beyond the airfare including; **bags, meals, seat selection, FF program**, etc.

CarTrawler^ reported for 2021, there were **four* top performing LCC airlines** who generated over **+50%** of their revenue through ancillary income. Full service carriers such as **United Airlines** and **Delta** averaged** **22%**.

^The 2022 CarTrawler Yearbook of Ancillary Revenue, by IdeaWorksCompany.

*Ranked #1 through to #4 in the report: Wizz Air (56.0%), Frontier (54.9%), Spirit (54.3%), Allegiant (51.3%).

**Average of United Airlines (22.2%) and Delta Airlines (21.9%), ranked #20 and #21 in the report.

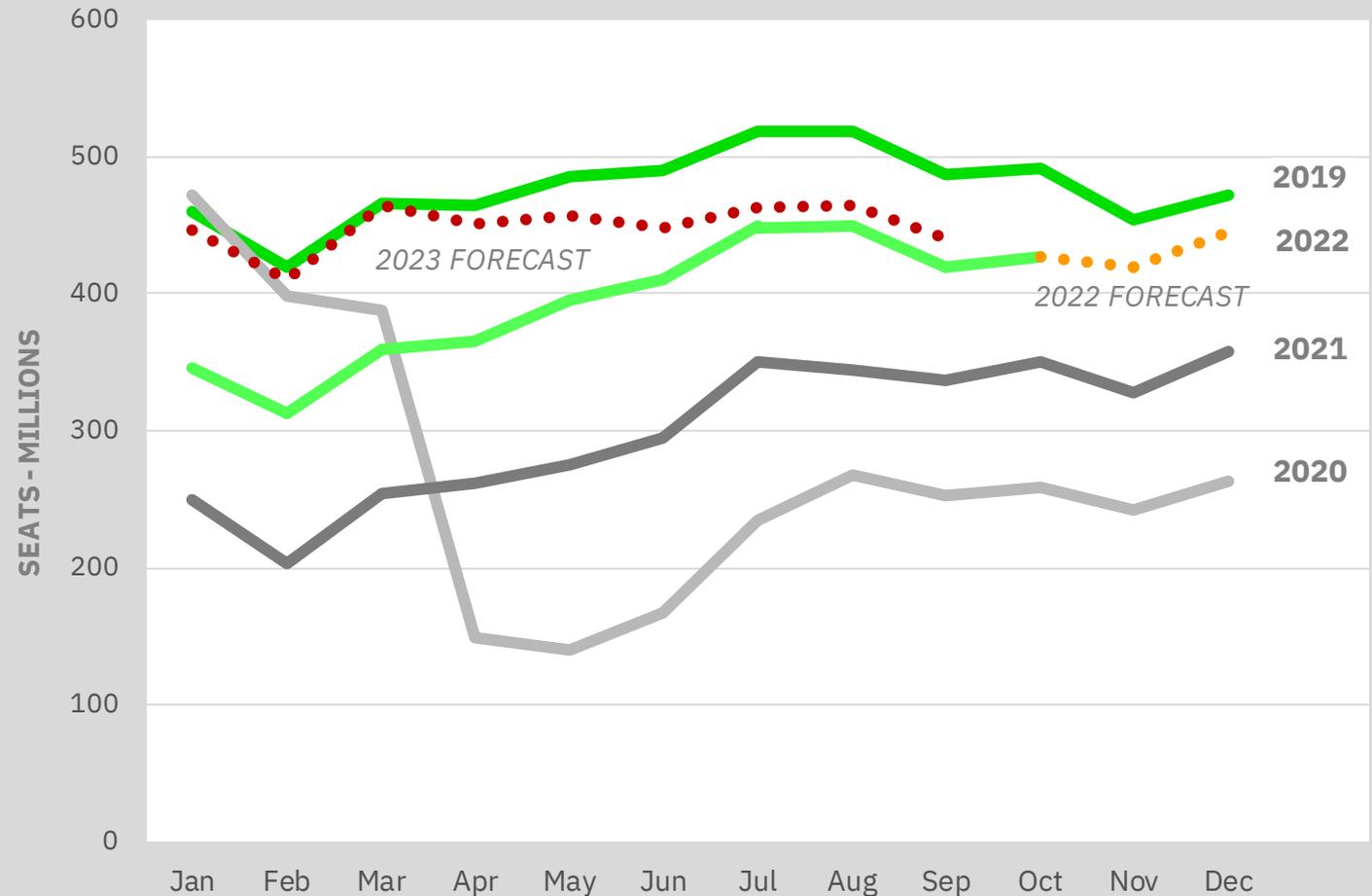
AVIATION - GLOBAL NEW HEIGHTS

Q3-2022 hit a new peak for seat capacity in 2022, with seat volume sitting at just 13% less than it was in 2019.

Since our Q2-2022 report was issued in July, a further **-94.6M** seats have been removed from airline schedules until the end of the year. For the full year 2022, it's forecasted there will be **-927M (-15%)** less seats than 2019.

Despite this, the gap is closing. Seat numbers are almost back to their pre-pandemic levels.

GLOBAL SEATS

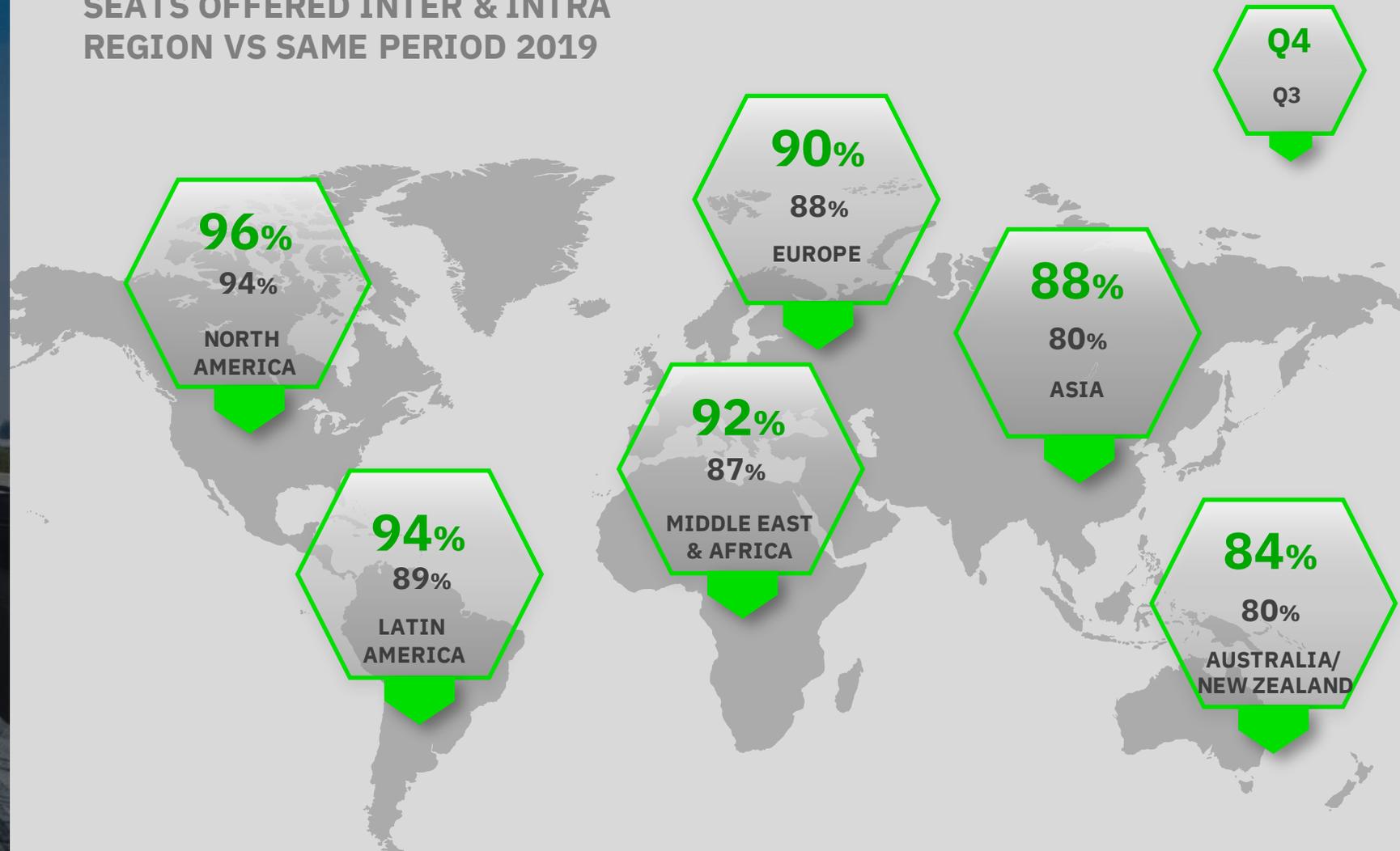


AVIATION - REGIONAL STEADY RISE

North America continues to lead the airline capacity recovery for Q3 and into Q4-2022. In October, many airlines reduced schedules for the coming months due to demand levelling. Airline and airport staff shortages remain a challenge.

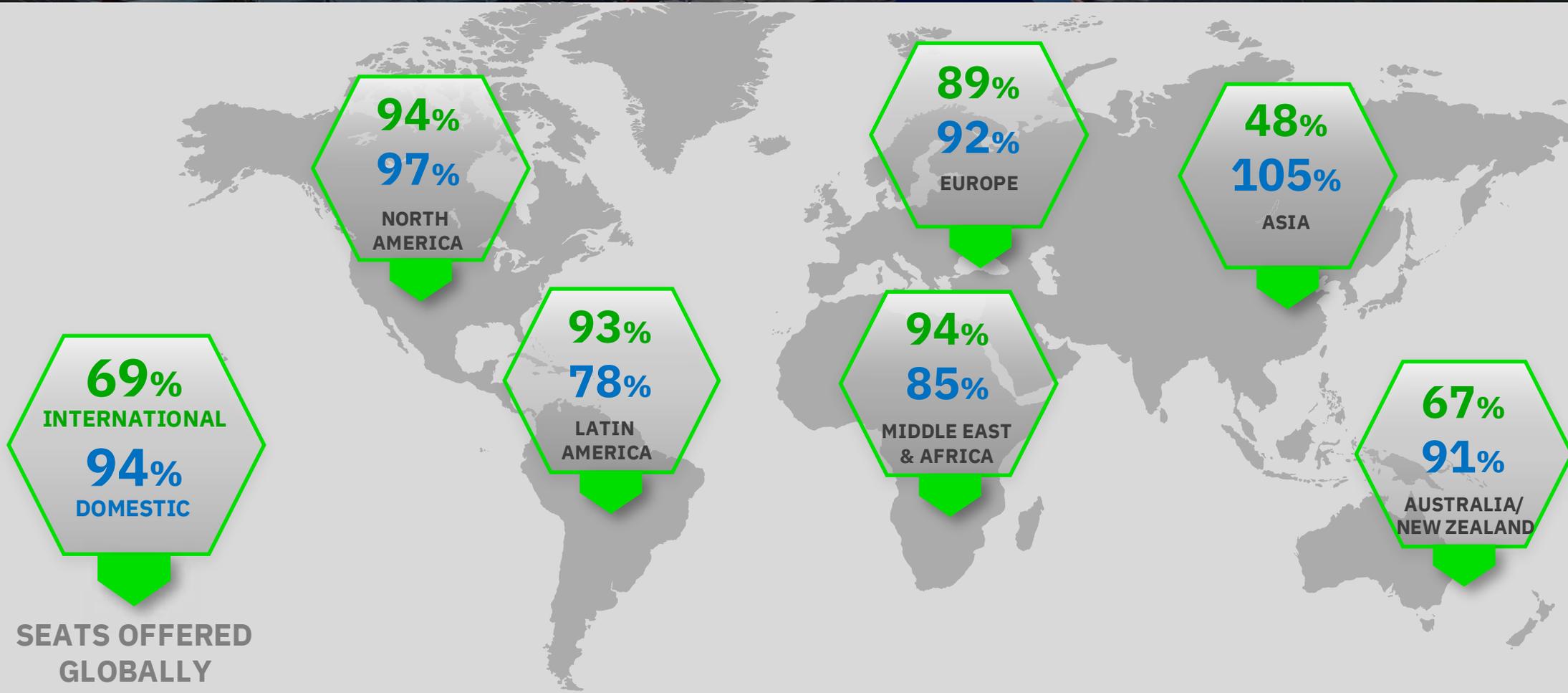
Q4-2022 forecasts indicate Asia will have the strongest growth reaching 94% of 2019 seat volume by December 2022. Growth in Europe and AUST/NZ remains conservative.

SEATS OFFERED INTER & INTRA REGION VS SAME PERIOD 2019



DOMESTIC VS INTERNATIONAL AIR SEATS

% seats Q4-2022 vs 2019 same period



SEATS OFFERED
GLOBALLY

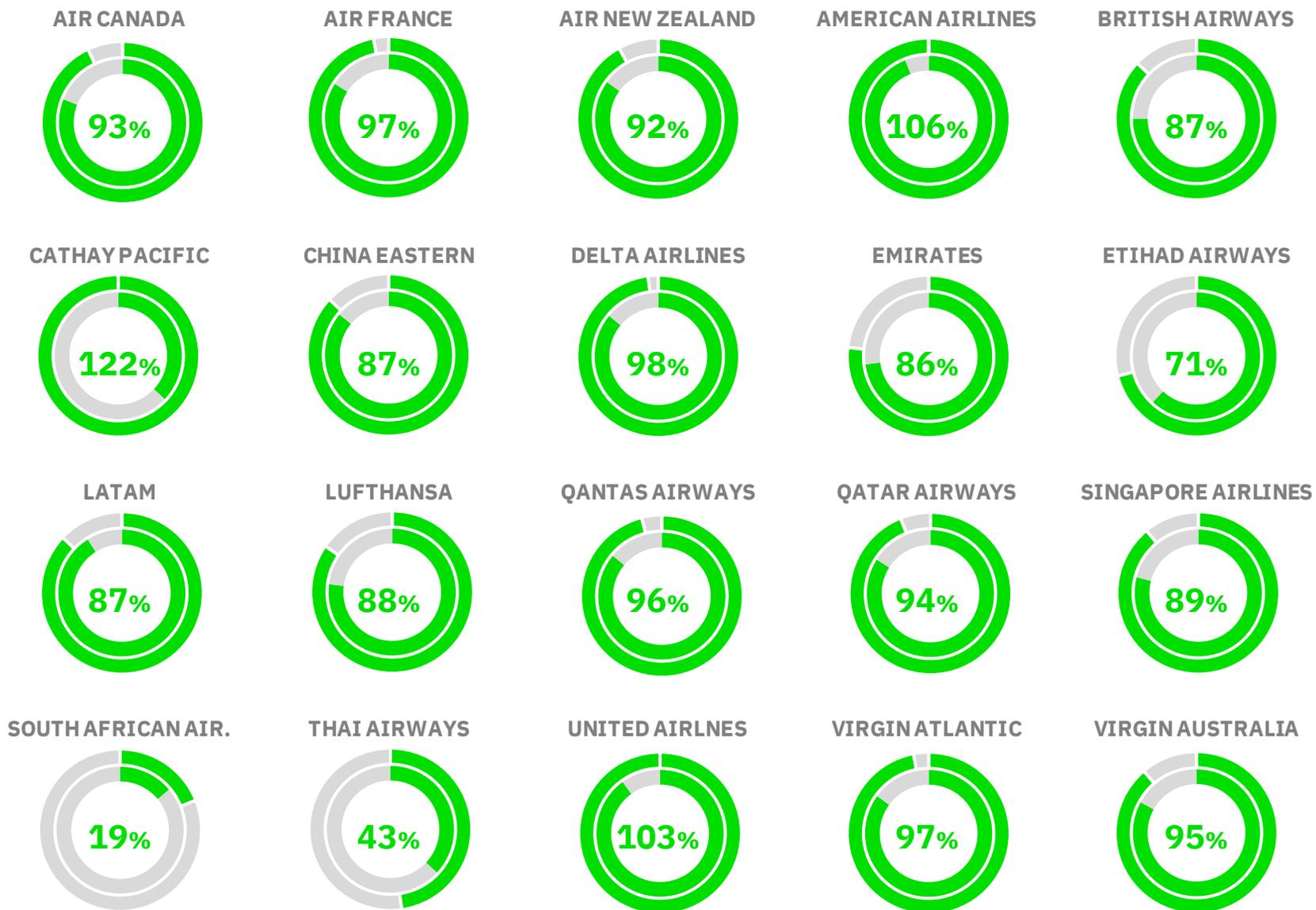
AIRLINE SEAT FORECAST

H2-2022 & H1-2023
COMPARED TO 2019

Top 20 global corporate airlines with high volumes of domestic flights continue to rebound. The global **average of +13% seat growth** is forecast in H1-2023 across these airlines.

Cathay Pacific, American Airlines and **United Airlines** are forecast to surpass 2019 levels by end of H1-2023.

Airline seats offered H2-2022 (inner) and H1-2023 (outer) compared to 2019 same period. % noted is H1-2023 compared to 2019.



Domestic and International Airfares

Airfare % change in July & August 2022 vs 2019 same period

NORTH AMERICA

	ECONOMY	BUSINESS
BOS-DXB	↑ 5%	↑ 15%
EWR-ORD	↓ 14%	↓ 20%
FRA-JFK	↑ 23%	↑ 12%
JFK-LAX	↑ 3%	↓ 16%
JFK-YYZ	↓ 11%	↓ 15%

EUROPE

	ECONOMY	BUSINESS
BOS-LHR	↑ 9%	↑ 7%
DUB-LHR	↓ 16%	↑ 36%
FRA-MAD	↑ 16%	↓ 3%
LHR-MAD	↓ 12%	↑ 8%
LHR-YYZ	= 0%	↑ 27%

ASIA

	ECONOMY	BUSINESS
AKL-SIN	↑ 23%	↑ 32%
BOM-DEL	↑ 33%	↓ 6%
BOM-LHR	↑ 48%	↑ 44%
LHR-SIN	↑ 51%	↑ 50%
SFO-SIN	↑ 50%	↑ 37%

LATIN AMERICA

	ECONOMY	BUSINESS
CGH-JFK	↑ 15%	NA
CGH-LHR	↑ 97%	↑ 40%
EWR-SDU	↑ 16%	↓ 25%
FRA-SDU	↑ 46%	↑ 71%
SCL-SYD	↑ 73%	↑ 73%

MIDDLE EAST/AFRICA

	ECONOMY	BUSINESS
CPT-DXB	↑ 22%	↑ 16%
DXB-FRA	↑ 45%	↑ 23%
DXB-SYD	↑ 49%	↑ 20%
FRA-JNB	↑ 56%	↑ 20%
JNB-LHR	↑ 15%	↑ 23%

AUSTRALIA/NEW ZEALAND

	ECONOMY	BUSINESS
AKL-JFK	↑ 25%	↑ 30%
AKL-SYD	↑ 64%	↑ 42%
MEL-SYD	↓ 7%	↓ 15%
SIN-SYD	↑ 19%	↑ 32%
SYD-LAX	↑ 43%	↑ 41%

ACCOMODATION

Key Takeaways Q3-2022

1



IT'S TIME TO MEET

With the confidence to travel uninterrupted, demand for in-person **meetings and events** surged in Q3. FCM Meeting & Events reported the reasons for in-person meetings:

- **Virtual meeting fatigue**
- **Strengthening company culture**
- **Increase Employee engagement**

With shorter booking lead times for meetings and events, availability of hotels remains tight, driving up occupancy levels.

2



THE YEAR AHEAD

As Q2-2022 saw most travel markets rebound rapidly, peaking near or above 2019 levels, hotel occupancy has increased and so too have rates.

For the year ahead, 2023 rates on average are climbing a further **+7% / +\$15** across markets.

It is time to contract new fixed rates, using the RFP process to consolidate, 'change up' your hotels and see what new offers and value-adds suit.

3



BEST AVAILABLE

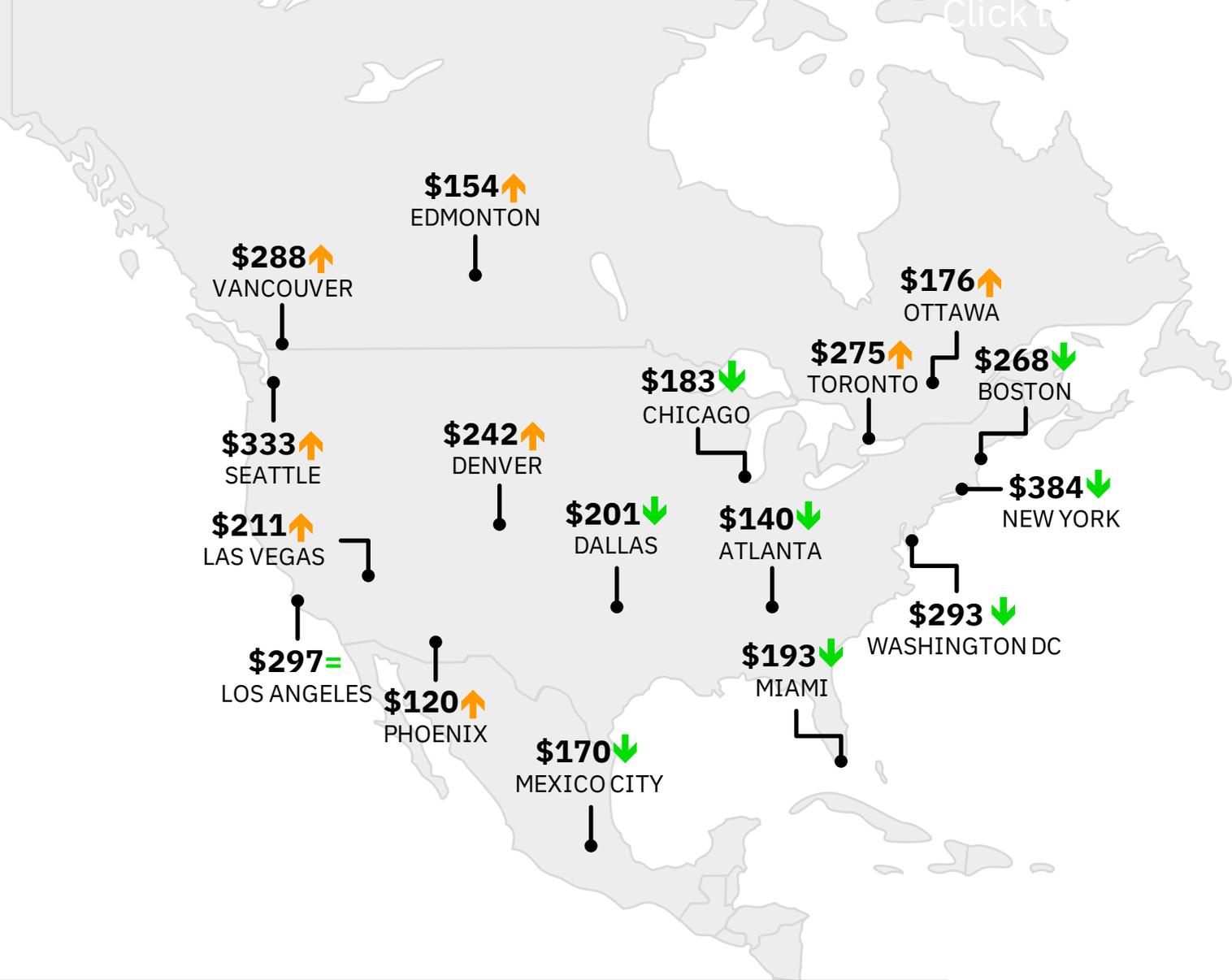
Over the past three years, in suppressed capital cities around the world, the BAR (Best Available Rate) was an effective rate option. Being booked **35-40%** of the time and saving **\$15-35** against fixed rates. It confirmed a dual rate strategy of fixed and dynamic discounts off BAR gave the best rates for travellers. However, with recent rate rises, **<2%** of bookings using BAR rates will be competitive – it's time to fix rates!

Top performing markets capitalising on regional travel

Occupancy (STD) %, September YTD 2022, indexed to 2019.



For more information on STR: apinfo@str.com



NORTH AMERICA

Accommodation Q3-2022

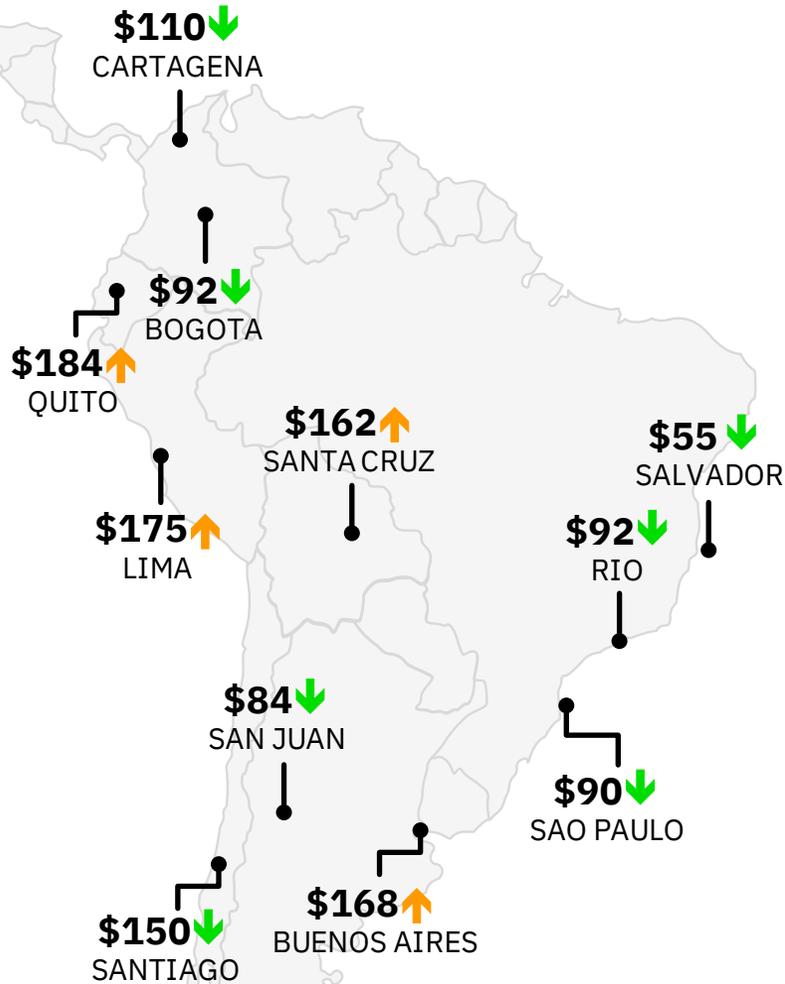
CORPORATE RATES DOWN AN AVERAGE \$15 COMPARED TO THE HIGHS OF Q2-2022

RATE COMPARISON TO Q2-2022

- CHICAGO ↓ 34%
- LOS ANGELES = HOLD
- NEW YORK ↓ 5%
- MEXICO CITY ↓ 21%
- VANCOUVER ↑ 13%

Corporate Rates
Average Rate Paid % Var. Q2-2022 ↓ 6%
Q3-2022 vs Q3-2019 ↑ 8%





LATIN AMERICA

Accommodation Q3-2022

DESPITE STRONG DEMAND, AVERAGE RATES DROP BY \$10 COMPARED TO Q2-2022

RATE COMPARISON TO Q2-2022

- BUENOS AIRES ↑ 5%
- LIMA ↑ 17%
- RIO ↓ 60%
- SANTIAGO ↓ 18%
- SAO PAULO ↓ 46%

Corporate Rates

Average Rate Paid % Var.

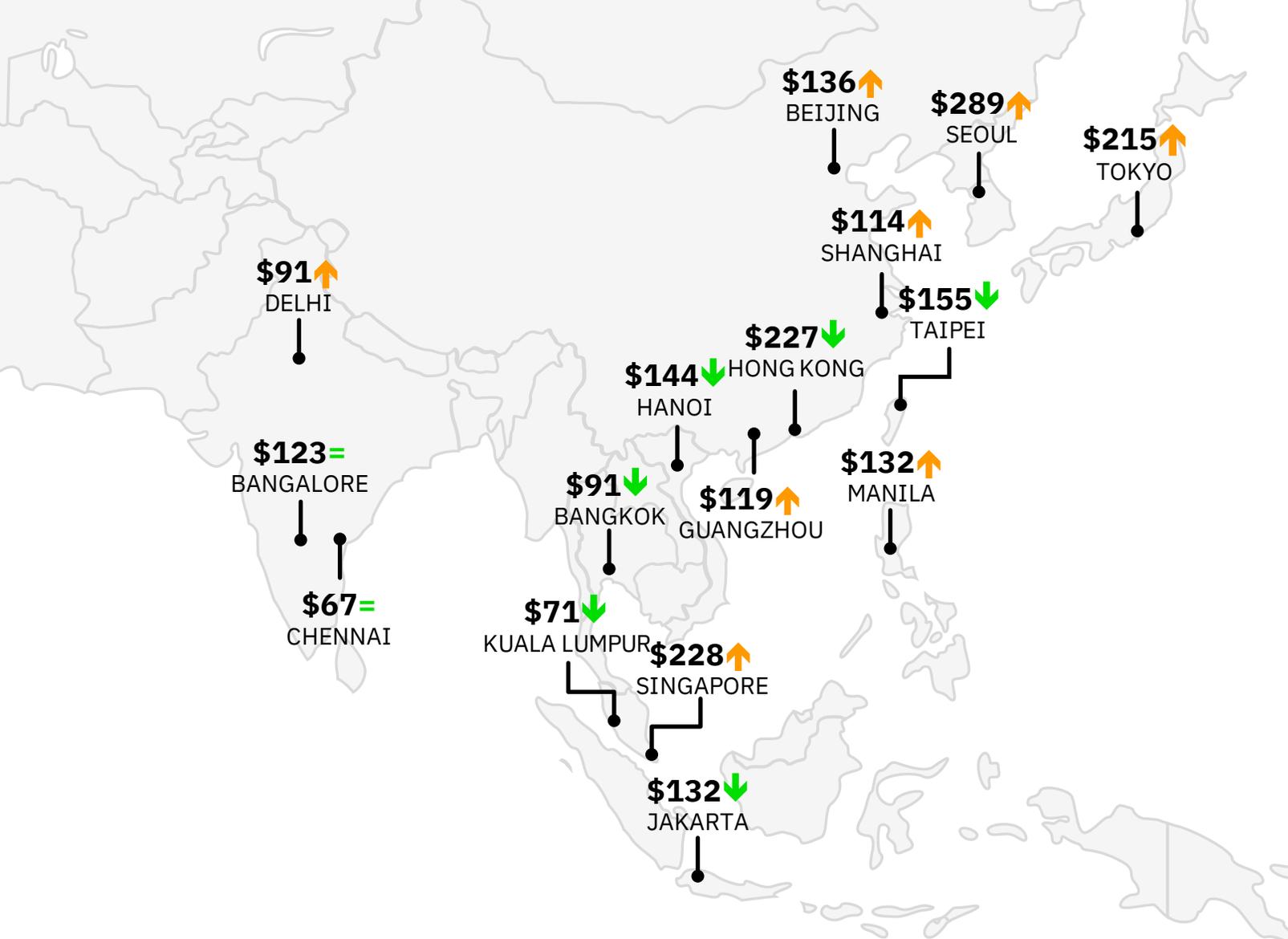
Q3-2022 vs

Q2-2022 ↓ 18%

Q3-2019 ↓ 16%



\$USD



ASIA

Accommodation Q3-2022

MARKET OPENING SEES AVERAGE RATES CLIMB \$11 IN KEY BUSINESS HUBS

RATE COMPARISON TO Q2-2022

- CHENNAI ↓ 2%
- HANOI ↓ 2%
- MANILA ↑ 15%
- KUALA LUMPUR ↑ 3%
- SHANGHAI ↑ 24%
- SINGAPORE ↑ 11%

Corporate Rates
 Average Rate Paid % Var. Q2-2022 ↑ 9%
Q3-2022 vs Q3-2019 ↓ 14%



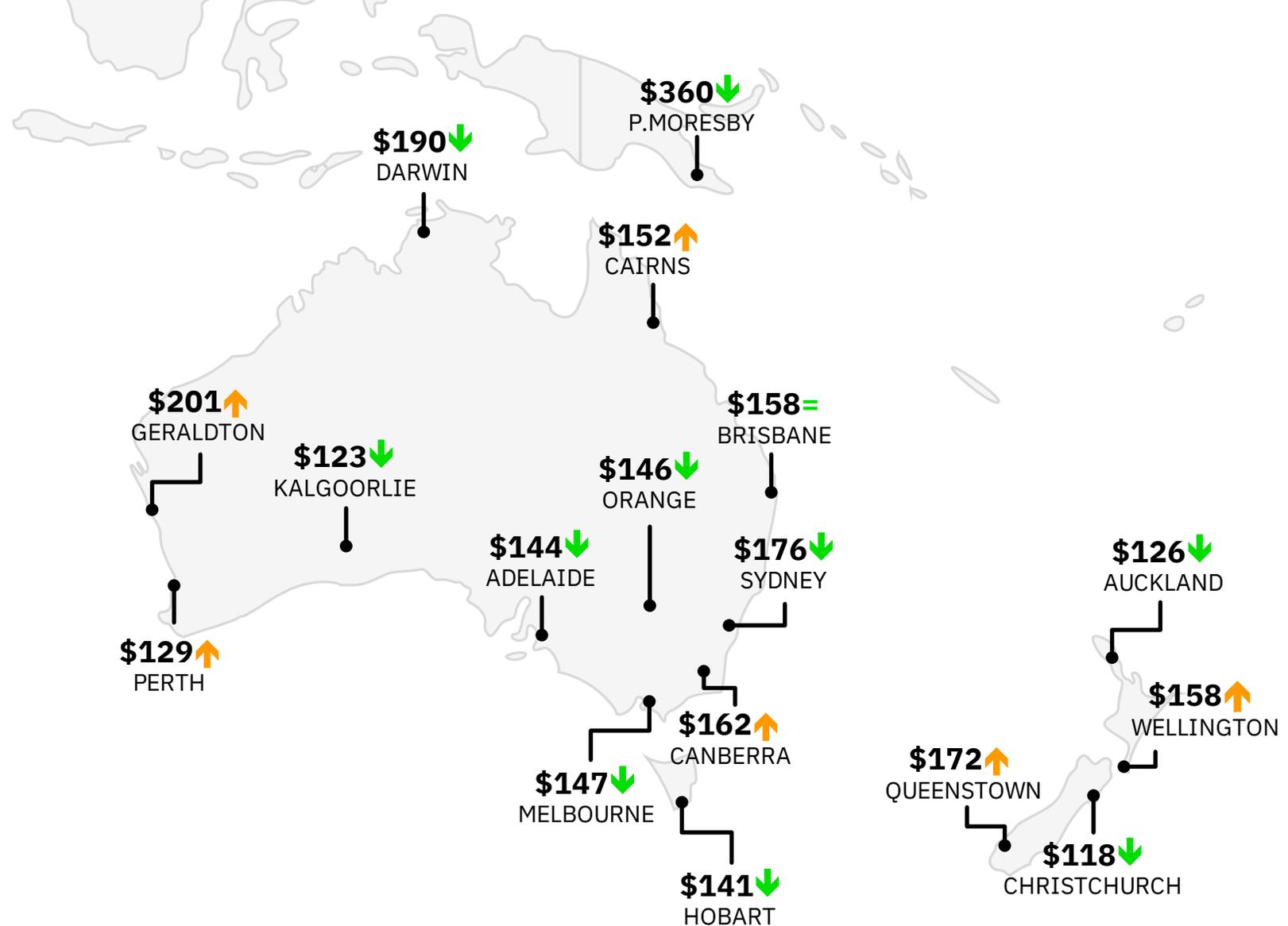
AUSTRALIA & NEW ZEALAND

Accommodation Q3-2022

**RATES HAVE STABILISED
AND FORECAST TO REMAIN
FLAT MOVING INTO Q4-2022**

RATE COMPARISON TO Q2-2022

- ADELAIDE ↓ 10%
- AUCKLAND ↓ 13%
- KALGOORLIE ↓ 28%
- MELBOURNE ↓ 13%
- SYDNEY ↓ 4%
- WELLINGTON ↑ 12%



Corporate Rates

Average Rate Paid % Var.

Q2-2022 ↓ 2%

Q3-2022 vs Q3-2019 ↑ 26%

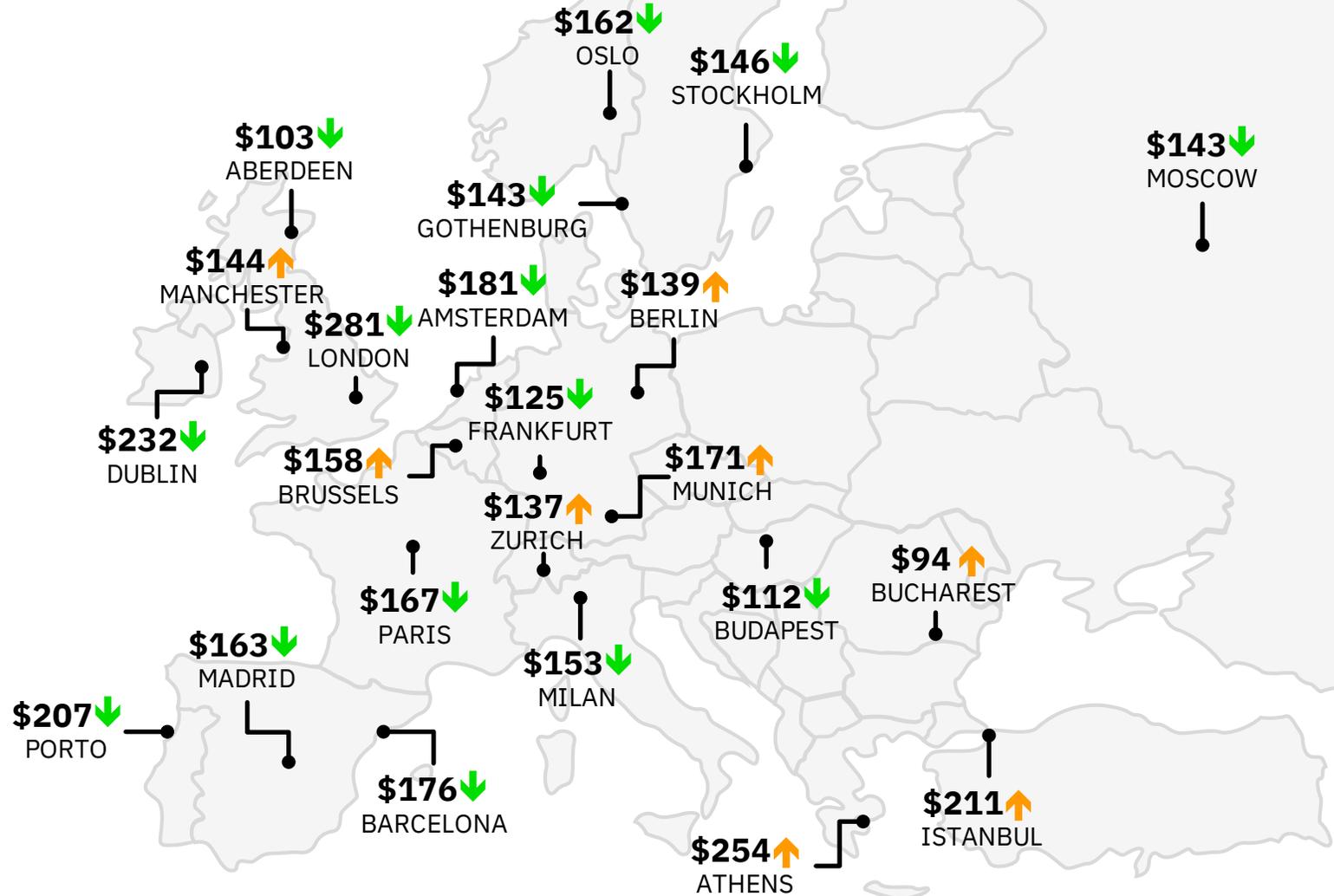
EUROPE

Accommodation Q3-2022

THE TRAVEL REBOUND
ABATES. AVERAGE RATES
DROP BY \$18 VS Q2-2022

RATE COMPARISON TO Q2-2022

- AMSTERDAM ↓ 22%
- BERLIN ↑ 8%
- DUBLIN ↓ 4%
- FRANKFURT ↓ 7%
- LONDON ↓ 13%
- MADRID ↓ 11%



Corporate Rates

Average Rate Paid % Var.

Q3-2022 vs

Q2-2022 ↓ 5%

Q3-2019 ↓ 9%

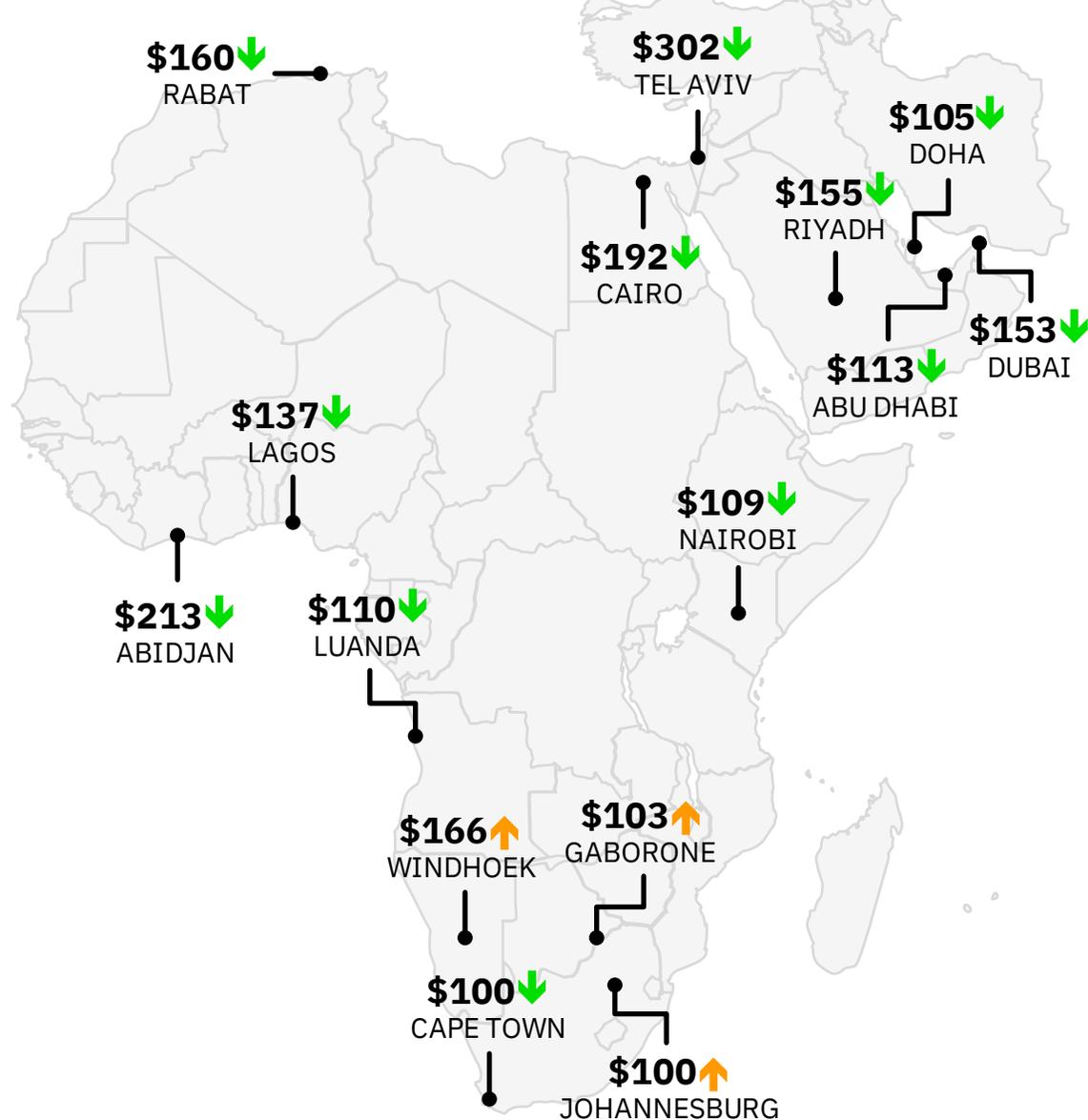
MIDDLE EAST AND AFRICA

Accommodation Q3-2022

REGIONAL AVERAGE RATES DROP \$30 IN Q3-2022 AND DOWN ON 2019 PRICES

RATE COMPARISON TO Q2-2022

- ABU DHABI ↓ 32%
- CAIRO ↓ 14%
- CAPE TOWN ↓ 11%
- DUBAI ↓ 5%
- JOHANNESBURG ↑ 13%
- RIYADH ↓ 37%



Corporate Rates

Average Rate Paid % Var.

Q3-2022 vs

Q2-2022 ↓ 11%

Q3-2019 ↓ 22%

More Information

FCM Consulting

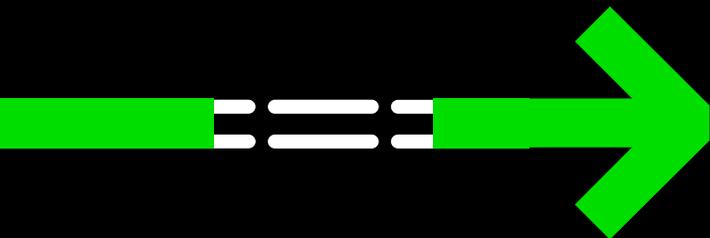
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