



Global

Quarterly Trend Report

Q4-2023

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About the Report

This FCM Consulting Quarterly Report draws on global data sourced from FCM Travel and Flight Centre Travel Group corporate booking data for travel during October to December 2023 (Q4-2023). The report uses Cirium aviation schedule data as of January 18th, 2024. Airfare pricing variations exclude all taxes.

The hotel average room rate (ARR) quoted is the average booked rate using FCM Travel and Flight Centre Travel Group corporate booking data. Variations in rates booked are a reflection of seasonality, supply and demand, booking lead times, and variations in exchange rates. Unless otherwise stated all fares and rates are reported in US dollars. STR hotel data and content quoted as of January 2024 for period ending December 2023.

CORPORATE

Need to Know

Q4-2023 closed a milestone year, seeing corporate travel the busiest and least interrupted in over four years.

- Corporations reset their budgets and policies in response to rising travel costs.
- Corporate travelers became more confident than in previous years and are planning trips in 2024 to grow their business and connect with clients and colleagues.

This edition of FCM Consulting's Quarterly Trend Report reports on 2023 and the forward focus of 2024.

Corporate travel managers are making things easier for their travelers, using communication channels, clear policy guidelines, and sharing NDC choices when market ready.

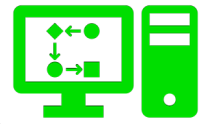


ECONOMIC REVIEW

On average, global travel costs to rise +3%, with Europe to remain flat or decline.

NDC

Content and capability is set to grow more 2024.



JET FUEL

Q4-2023 barrel prices fell below \$102, the lowest for the full 2023 year.

COMMUNICATION

Recognize the different channels and what needs to be communicated.



BUSINESS CLASS

Six airlines provide new price options for travelers.

2024 SEATS AND FLIGHTS

Airline seats are ↑3.5% on 2019 and flights are ↓5.6%.



CORPORATE TRAVEL

Key Takeaways Q4-2023

1



ECONOMIC REVIEW

Reviewing **economic metrics, world events, suppliers**, and other influences guide FCM Consulting to understand where travel prices may land in 2024.

On the following page we explore the key markets and regions of G20 and look at **PMI** (Purchasing Managers Index), **GDP** (Gross Domestic Product) and **Inflation** rates for Q4-2023.

An interesting array of metrics indicate a **+3% growth in travel costs.**

2



AVIATION FUEL

At time of reporting, January 12th, 2024, jet fuel* prices were **\$107** per barrel, seeing minor fluctuations $\uparrow\downarrow$ for the first few weeks of the year.

The second week of December 2023 saw the lowest pricing for the entire year at **\$102** per barrel.

This was short lived with an upward tick for the weeks following.

3



BUSINESS CHOICES

Once you try it, it's hard to go back! This is the sentiment of travelers who have flown business class long-haul and looked back at economy class, as reported by Amadeus. Six airlines[^], over the past four years have developed fares priced with **more or less** business class price options such as:

BUSINESS LUXE

- Privacy Doors
- Spare middle seat
- Double bed from two seats

BUSINESS LITE

- No lounge access
- Restricted seat selection
- Fewer Points

[^]Six airlines = Emirates, Qatar Airways, Air France, Virgin Atlantic, Air New Zealand, and Lufthansa.

*IATA Fuel Monitor reported the week ending January 19th, 2024, reporting in USD.

G20 GLOBAL ECONOMY

When viewing 2024, the general sentiment observed across the G20 group is travel prices for airlines, hotels, and car rental will continue to rise at approximately +3%.

The only exception being Europe, where the weakened economy may force consumer prices to remain flat or decline where demand reduces.

OBSERVATIONS

- The metrics in the table (in order of PMI movement) show the European economy is slowing, with declines in manufacturing and service indicators, reduction in GDP, and inflation rising.
- The majority of the remaining countries are showing positive trends and lowering of inflationary pressure.

FCM Consulting wanted to share a sampling of the key metrics we monitor to understand future economics on corporate travel budgets: **PMI**, **GDP**, and **Inflation**. Other influences that impact the cost of travel are geopolitical instability, weather and natural disasters, annual seasons, government elections, holiday periods, large-scale events i.e., Olympics, and others not mentioned here.

^PMI – Purchasing Managers Index
^^GDP – Gross Domestic Product

More details on PMI, GDP, and Inflation can be found at the end of the report.

COUNTRY/REGION (G20)	PMI [^] COMPOSITE		GDP ^{^^} (US BILLIONS)		INFLATION	
	Last (Nov/Dec-23)	Variation from previous month	Last (Dec-22)	Variation from previous month	Last (Nov/Dec-22)	Variation from previous month
SAUDI ARABIA*	57.5	-0.02	1,109	0.27	1.70	0.10
INDIA	58.5	0.02	3,417	0.08	5.55	0.68
RUSSIA	55.7	0.06	2,240	0.22	7.50	0.80
INDONESIA*	52.2	0.01	1,319	0.11	2.61	-0.25
MEXICO*	52.0	-0.01	1,466	0.12	4.32	0.06
CHINA	52.6	0.02	17,963	0.01	-0.50	-0.30
SINGAPORE	55.7	-0.00	467	0.10	3.60	-1.10
SOUTH KOREA*	49.9	-0.00	1,674	-0.08	3.20	-0.10
BRAZIL		-0.01	1,920	0.16	4.68	-0.14
SOUTH AFRICA	49.0	-0.02	405	-0.04	5.50	-0.40
UNITED STATES	50.9	0.00	25,440	0.09	3.10	-0.10
JAPAN	50.0	0.01	4,232	-0.15	2.80	-0.50
AUSTRALIA	46.9	0.02	1,693	0.09	5.40	-0.60
TURKEY*	47.4	0.00	907	0.11	64.77	2.79
SPAIN	50.4	0.01	1,418	-0.02	3.10	-0.10
UNITED KINGDOM	52.1	0.03	3,089	-0.02	3.90	-0.70
CANADA	44.7	-0.00	2,138	0.07	3.10	0.00
NETHERLANDS*	44.8	-0.00	2,050	-0.05	0.59	-0.08
ITALY	48.6	0.01	1,009	-0.02	1.20	-0.40
EURO AREA	47.6	0.00	14,136	-0.04	2.90	0.50
GERMANY	47.4	-0.01	4,082	-0.05	3.70	0.50
FRANCE	44.8	0.00	2,779	-0.06	3.70	0.20
SWITZERLAND*	42.1	0.04	818	0.01	1.70	0.30

* Manufacturing PMI only

COMMUNICATING TO MANAGE A BUSY YEAR IN TRAVEL

FAST FACTS FOR 2024

- Travel offered to both corporate and leisure combined is set to surpass annual travel spend in 2018 and 2019.
- Corporate travel budgets are tight as total trip expenses remain high.
- Tensions rise when the travel policy guidelines differ to traveler expectations.

We recognize that industry changes over recent years require travelers to have flexibility in travel planning and have sound travel know-how once on their way for a business trip.

Here are this year's communication guidelines for corporate travel managers wanting to keep ahead of their travelers: use two channels to communicate as you educate, inform, and support travel community in 2024.

1



TRAVEL MANAGERS

We recommend corporate travel managers have embedded **proactive** and **reactive** communication channels to travelers. Keep them strictly for those separate functions and allow mass company-wide communication or filter just to one division.

COMMUNICATION CHANNELS

PROACTIVE	REACTIVE
Regular channel for planned, long term travel updates on policy, booking, suppliers, location guides, etc.	Open channel solely for time sensitive information that is critical or advisory in nature.
E.g., Developing an understanding on the company's travel policy	E.g., Communicating about sudden changes to company significant routes

2



TRAVELERS

Our top tips to remind your travelers:

- **Plan travel** as far in advance as possible. This will allow for better pricing, and more itinerary options. It will also open opportunities to factor in **bleisure**.
- Take time to understand the **travel policy**. Having a base understanding will ensure travelers book the correct options and keep within budget. It will also remind travelers of the company's sustainability commitments and align behavior to the travel program.
- Make sure travelers are **keyed** into **communication channels** so they don't miss updates from the travel team and TMC – it will help to navigate travel smoothly.

AVIATION – NEW DISTRIBUTION CAPABILITY (NDC)

We predict 2024 to be the year when NDC adoption takes off globally in the corporate travel space. In major markets, during H1-2024, take time to prepare and consult with your TMC, airlines, and OBTs.

1

ADOPTION RISES

NDC booking adoption through USA based ARC* Direct Connect increased to over 18% in December 2023, compared to 7% same period 2022. This growth was driven by more content differentiation by airlines.

2

ADOPTION TO RISE

By H2-2024 most major airlines will be offering NDC content. Most major GDSs and OBTs will also offer usable (while not perfect) NDC solutions. This in turn will enable the major TMCs to offer end-to-end traveler servicing.

3

DEVELOPMENT

Challenges remain, where some airlines' NDC solutions are currently **unable to consume** TSA Known Traveler Number[^]. With other airlines, booking **synchronization issues** occur once changes are being made to the trip.

4

FINETUNING

Processes will continue to be created, and others improved, for NDC booking cancellations/refund to credit, trip re-shopping, reporting, itinerary feeds for duty of care, mixing of NDC and EDIFACT content, etc.

5

OMNICHANNEL

Only a few airlines will allow for true **omnichannel shopping** and servicing. What this means is the ability to buy via the airline's website, servicing via travel agent/TMC, followed by additional servicing via the airline app.

6

CERTIFIED

More airlines have announced NDC programs or plans to add further content. In total **73 airlines are certified by IATA** to use NDC. We should also note, some airlines have implemented or increased distribution fees for non-NDC channels.

* ARC (Airline Reporting Corporation) reported NDC-type sales reported through ARC Direct Connect was 7% December 2022, then averaged 10% Jan to July 2023, and by July 2023 hit 12%.

[^] TSA: Transportation Security Administration (US DHS) and Known Traveler Number is issued to all individuals approved to receive TSA PreCheck[®] expedited screening.

For more insights into NDC contact Florian Mueller at FCM Consulting: florian.mueller@us.fcm.travel

AVIATION

MORE SEATS WITH LESS FLIGHTS CONTINUE INTO 2024

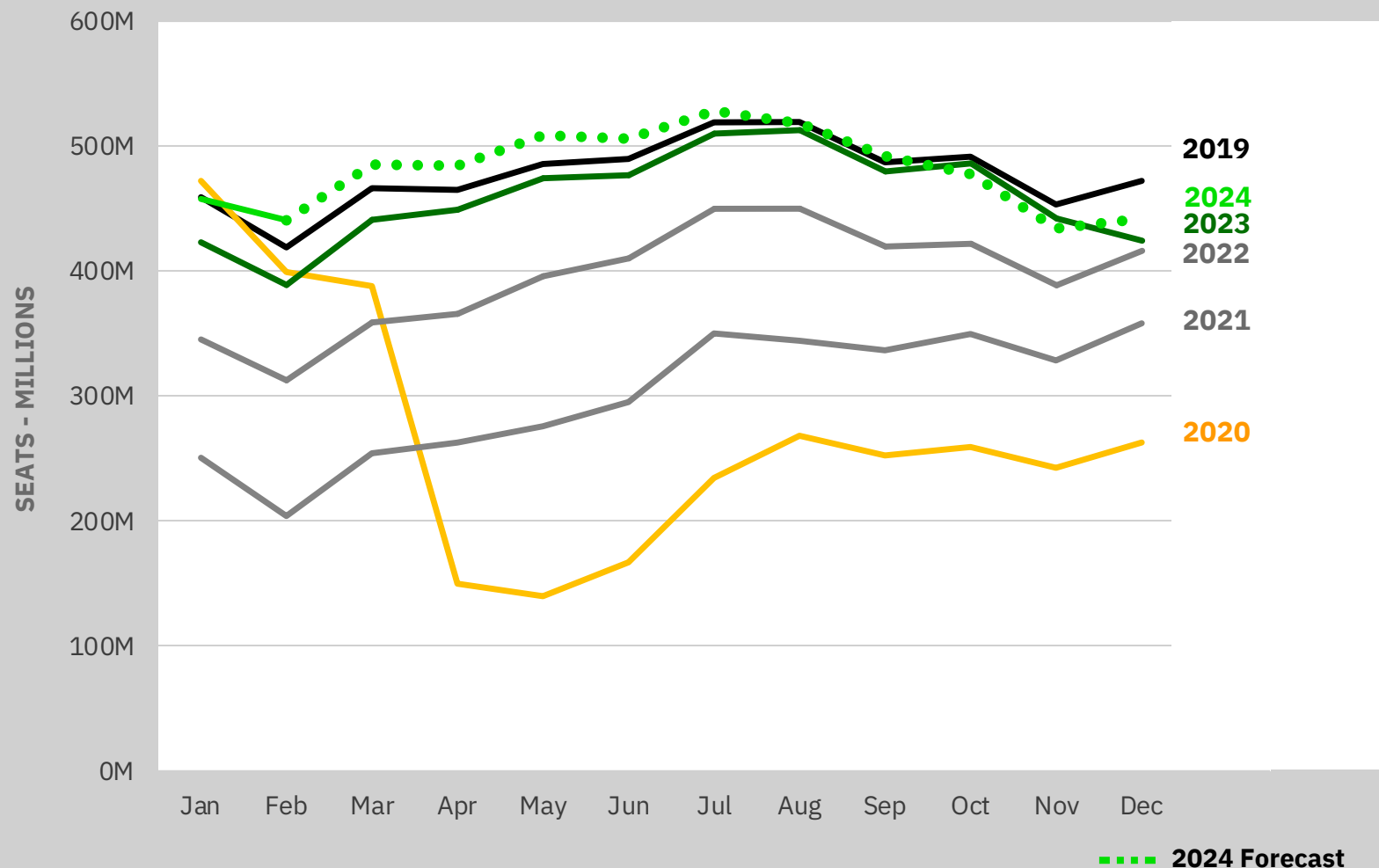
H1-2024 is forecast to offer **+97.9M (+3.5%)** more seats and **-2.1M (-5.6%)** less flights than H1-2019.

This is a result of fleet configuration changes and shifts in schedules to meet demand. When carefully planned, this will be favorable to airline operating costs, staffing, airport slots, and airport costs.

H1-2024 vs H1-2019

	SEATS	FLIGHTS
AFRICA	↑ 11%	↑ 6%
MIDDLE EAST	↑ 7%	↑ 4%
NORTH AMERICA	↑ 7%	↓ 7%
LATAM	↑ 6%	↓ 1%
ASIA	↑ 3%	↑ 1%
AUSTRALASIA	= 0%	↓ 2%
EUROPE	↓ 1%	↓ 8%

GLOBAL SEATS



TOP AIRLINES

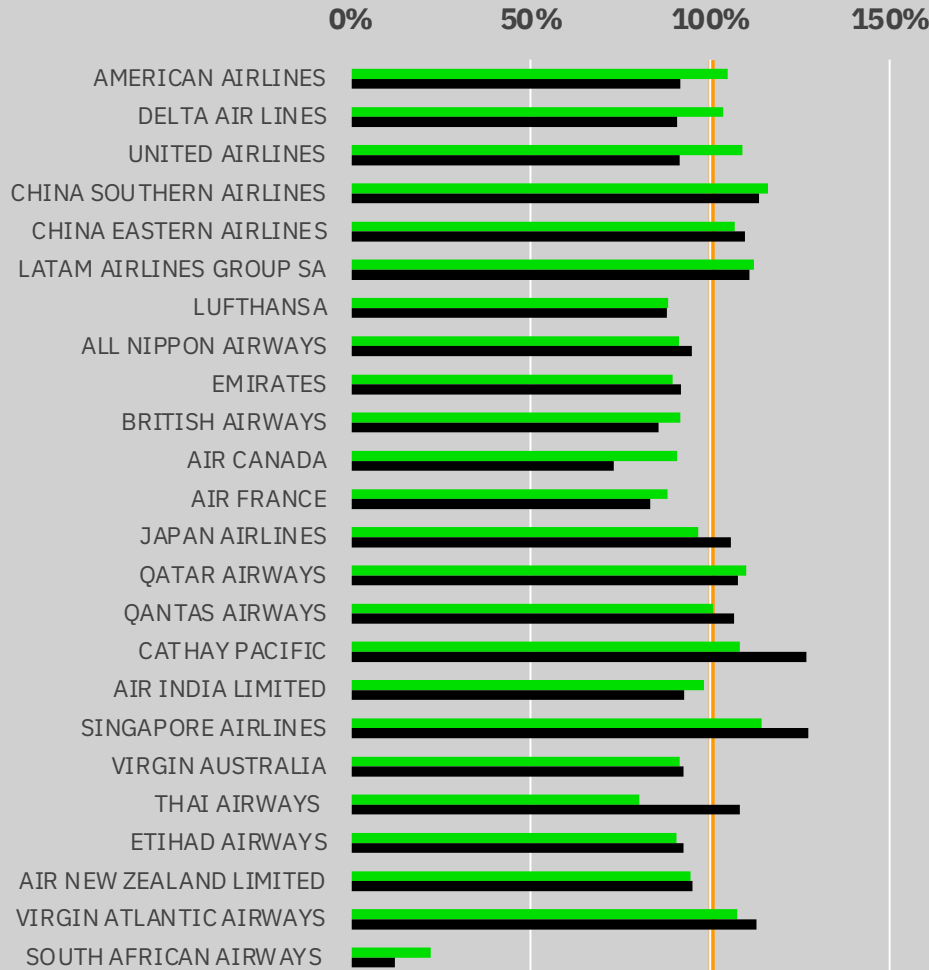
SEATS AND FLIGHTS OFFERED IN 2024 COMPARED TO 2019.

Across top global corporate airlines, we forecast seats offered in 2024 will be **+2%** above 2019 and flights offered **-6%**.

13 of these airlines are forecast not to return to 2019 levels during 2024.

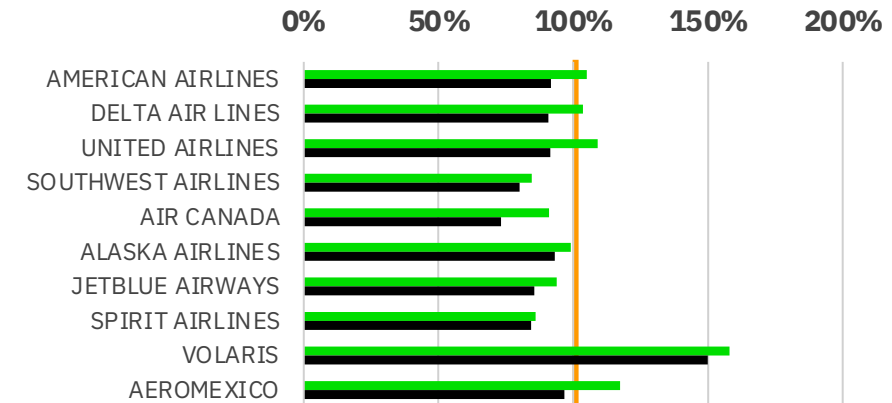
TOP GLOBAL CORPORATE AIRLINES

Top global corporate airlines (by seats). Chart shows % of seats and % flights offered in 2024 compared to 2019.

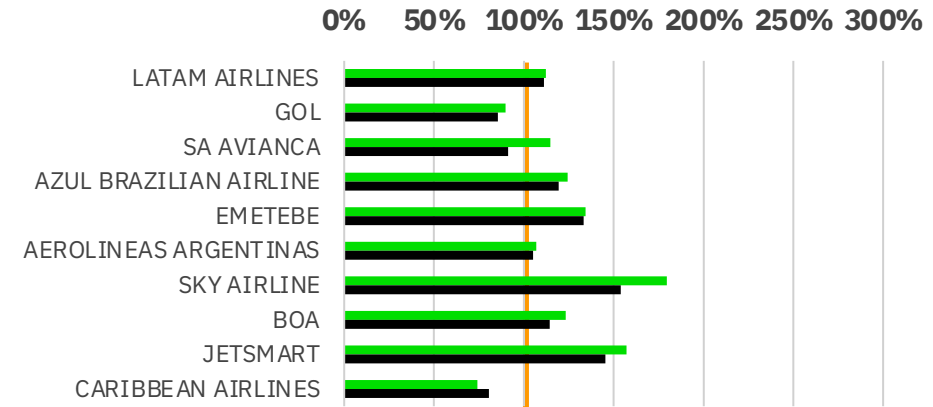


TOP 10 AIRLINES PER HOME REGION

NORTH AMERICA



LATAM



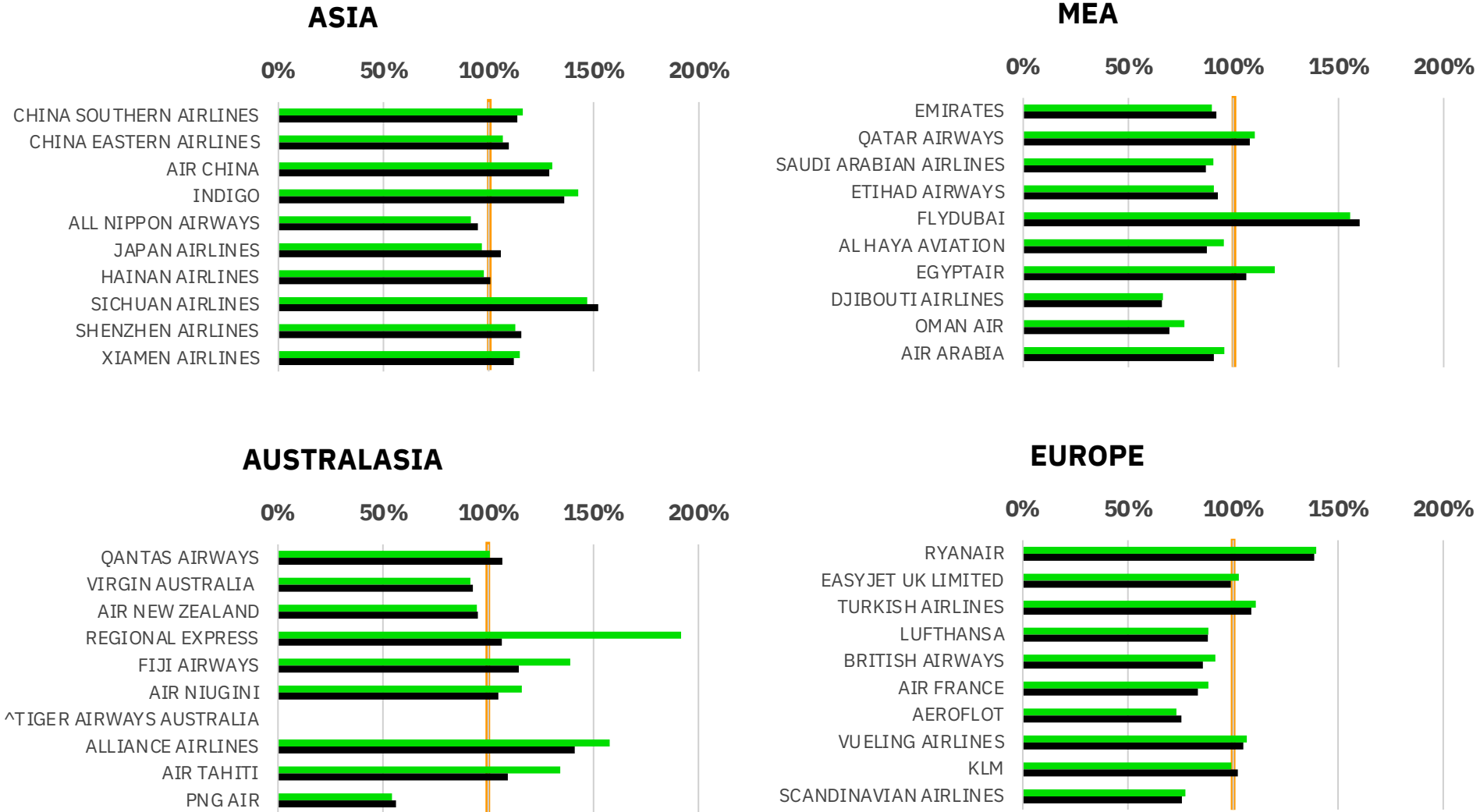
ASIA SEAT GROWTH

AIRLINES IN THE HOME MARKETS OF CHINA AND INDIA LEAD ASIA'S GROWTH.

The top Chinese airlines, in percentage terms, will offer +21% more seats in 2024 vs 2019.

Across other regions, standout airlines are: Regional Express (+92%), FlyDubai (+56%), and Ryanair (+39%) by percentage growth 2024 vs 2019.

TOP 10 AIRLINES PER HOME REGION



^Tiger Airways has ceased trading.

2023 CITY PAIR PRICES RISE UP

Across 380 city pairs, economy airfares are up **↑\$76 (+17%)** and business **↑\$246 (+15%)**

Purchased airfare % change YTD October 2023 vs 2019 same period

NORTH AMERICA

	ECONOMY	BUSINESS
BOS-PVG	↑ 16%	↓ 2%
EWB-ORD	↓ 24%	↓ 3%
FRA-JFK	↑ 15%	↓ 3%
JFK-LAX	↑ 33%	↓ 4%
JFK-YYC	↓ 1%	↑ 11%

EUROPE

	ECONOMY	BUSINESS
DUB-LHR	↑ 27%	↑ 58%
FRA-MAD	↑ 15%	↓ 1%
JFK-LHR	↑ 13%	↓ 5%
LHR-MAD	↑ 22%	↑ 4%
LHR-PVG	↑ 13%	↑ 11%

ASIA

	ECONOMY	BUSINESS
SHA-SIN	↑ 9%	↑ 22%
BOM-DEL	↑ 24%	FLAT
BOM-LHR	↑ 25%	↑ 13%
PVG-SIN	↑ 9%	↑ 21%
LAX-PEK	↑ 11%	↑ 10%

LATIN AMERICA

	ECONOMY	BUSINESS
CGH-JFK	↑ 17%	NA
CGH-LHR	↑ 17%	FLAT
EWB-SDU	↑ 10%	↑ 1%
FRA-SDU	↑ 13%	NA
SDU-YYZ	↑ 24%	↑ 8%

MIDDLE EAST/AFRICA

	ECONOMY	BUSINESS
CPT-DXB	↑ 6%	↑ 28%
DXB-FRA	↑ 18%	↑ 28%
DXB-SYD	↑ 11%	↑ 19%
FRA-JNB	↑ 12%	↑ 10%
JNB-LHR	↑ 15%	↑ 9%

AUSTRALIA/NEW ZEALAND

	ECONOMY	BUSINESS
AKL-JFK	↑ 17%	↑ 27%
AKL-SYD	↑ 11%	↓ 14%
MEL-SYD	↑ 4%	↑ 24%
SIN-SYD	↑ 14%	↑ 18%
LAX-SYD	↑ 20%	↑ 14%

IHG[®]
HOTELS & RESORTS



A brand to suit all your business travel needs.
19 Differentiated Brands. 6,000+ Hotels.

Image: Kimpton Hotel Wilshire | Los Angeles

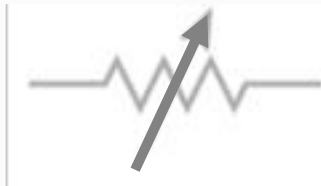
IHG[®]
HOTELS & RESORTS

 SIX SENSES	REGENT
 INTERCONTINENTAL HOTELS & RESORTS	VIGNETTE COLLECTION
KIMPTON HOTELS & RESTAURANTS	HOTEL INDIGO
VOCO	 HUALUXE HOTELS AND RESORTS 華邑酒店及度假村
 CROWNE PLAZA	 IBEROSTAR BEACHFRONT RESORTS
EVEN	
 Holiday Inn	Garner
avid	ATWELL SUITES
 STAYBRIDGE SUITES	
 CANDLEWOOD SUITES	
IHG  ONE REWARDS	

ACCOMMODATION

Key Takeaways Q4-2023

1



2024 FIXED VS DYNAMIC

A growing trend in 2024 in **North America** and **Europe** is hotels offering corporates **dynamic discounts off BAR**[^]. Replacing the traditional **fixed rate**, dynamic discounts result in corporates riding the price highs and lows of hotel rates with a 10-20% saving. This makes it hard to budget.

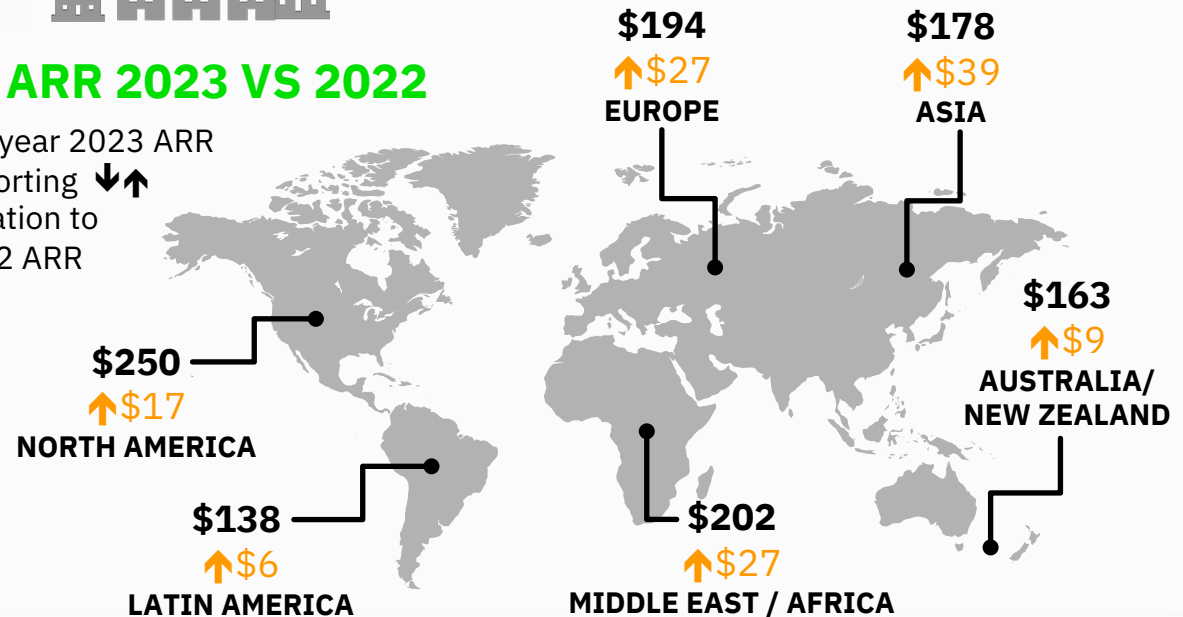
Hotel Revenue Managers change room rates on a daily or more frequent basis due to demand, events, seasonality, day of week, trend, etc. BAR pricing is fluid and can be changed **↑↓** within minutes.

2



ARR 2023 VS 2022

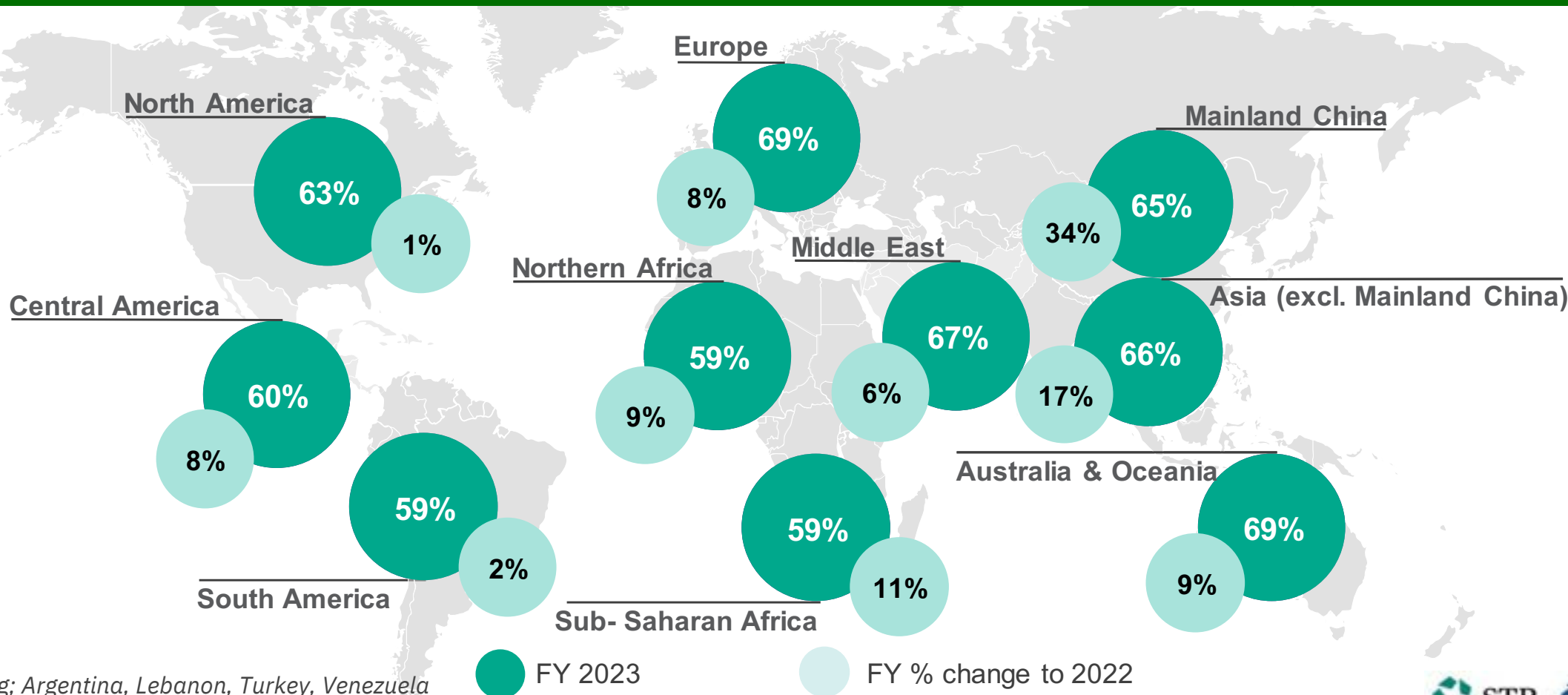
Full year 2023 ARR
Reporting **↓↑**
variation to
2022 ARR



[^] BAR = Best Available Rate offered the public, nightly rate will vary, usually includes Wi-Fi, offer some flexibility changes or cancelations.

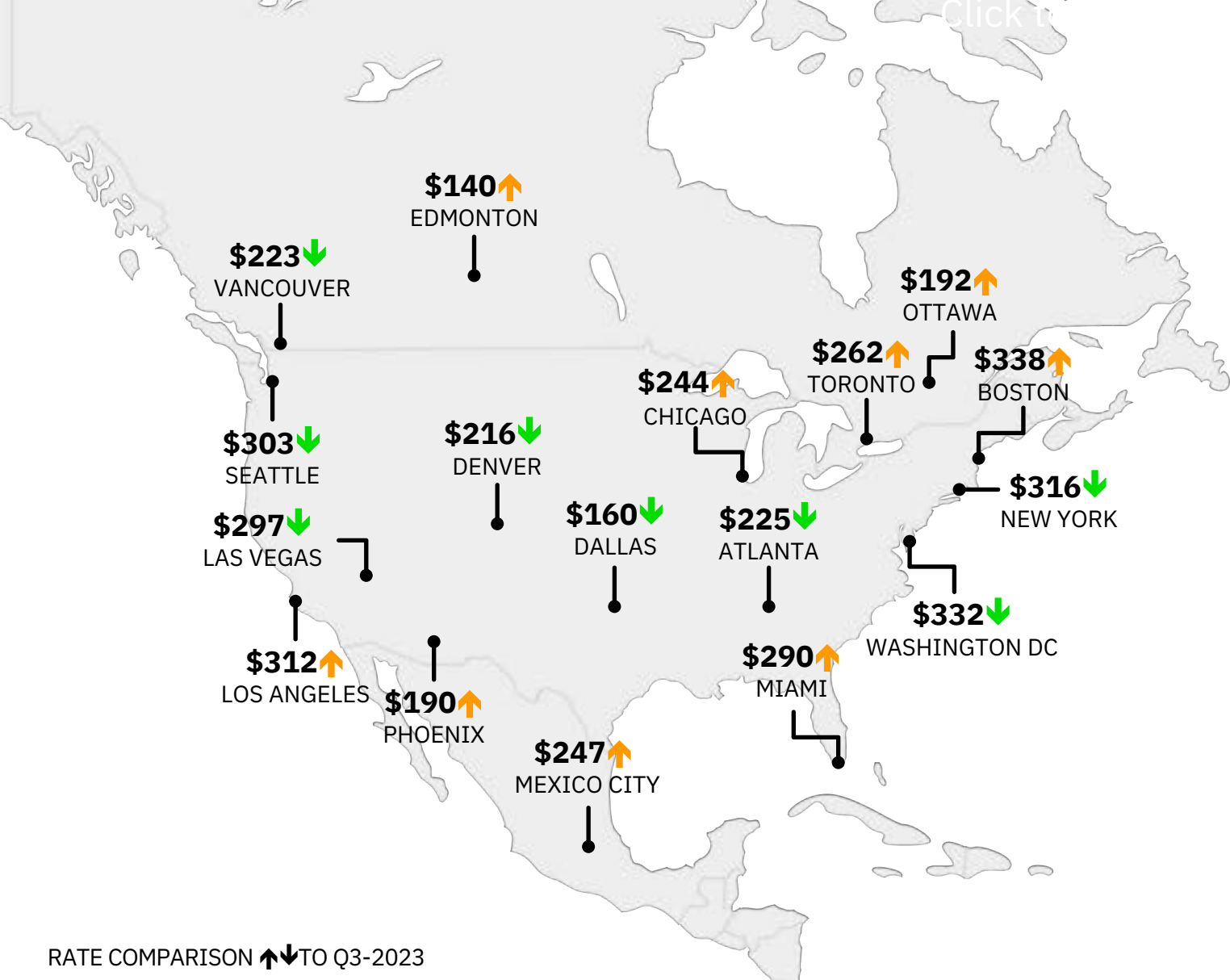
2023 THE LAST YEAR OF SUPERCHARGED OCCUPANCY GROWTH

Occupancy, FY (Full Year) 2023 and % change to 2022



Excluding: Argentina, Lebanon, Turkey, Venezuela

Data source: STR © CoStar Group. For more information: apinfo@str.com



RATE COMPARISON ↑↓ TO Q3-2023

Corporate Travel
 Average Rate Paid % Var. Q3-2023 ↑ 1%
Q4-2023 vs Q4-2022 ↑ 9%



NORTH AMERICA

Accommodation Q4-2023

Q4-2023 SAW A +1% INCREASE FROM Q3-2023 SIGNALING RATE STABILITY POST-NORTHERN SUMMER.

RATE COMPARISON TO Q3-2023

- CHICAGO ↑ 12%
- LOS ANGELES ↑ 36%
- NEW YORK ↓ 22%
- MEXICO CITY ↑ 37%
- VANCOUVER ↓ 32%

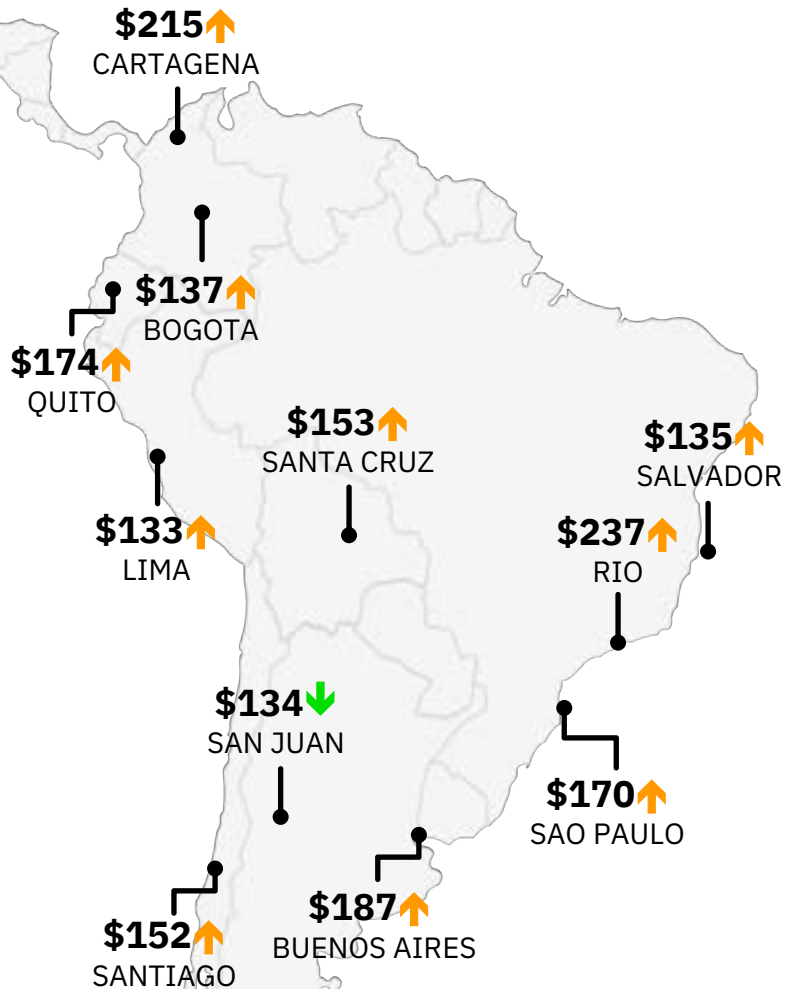
LATIN AMERICA

Accommodation Q4-2023

ALL MAJOR LOCATIONS SAW ARR RISES. ACROSS THE REGION ARR ROSE +34% COMPARED TO Q3-2023

RATE COMPARISON TO Q3-2023

- BUENOS AIRES ↑ 9%
- LIMA ↑ 40%
- RIO ↑ 83%
- SANTIAGO ↑ 5%
- SAO PAULO ↑ 18%



RATE COMPARISON ↑↓ TO Q3-2023

Corporate Travel

Average Rate Paid % Var.

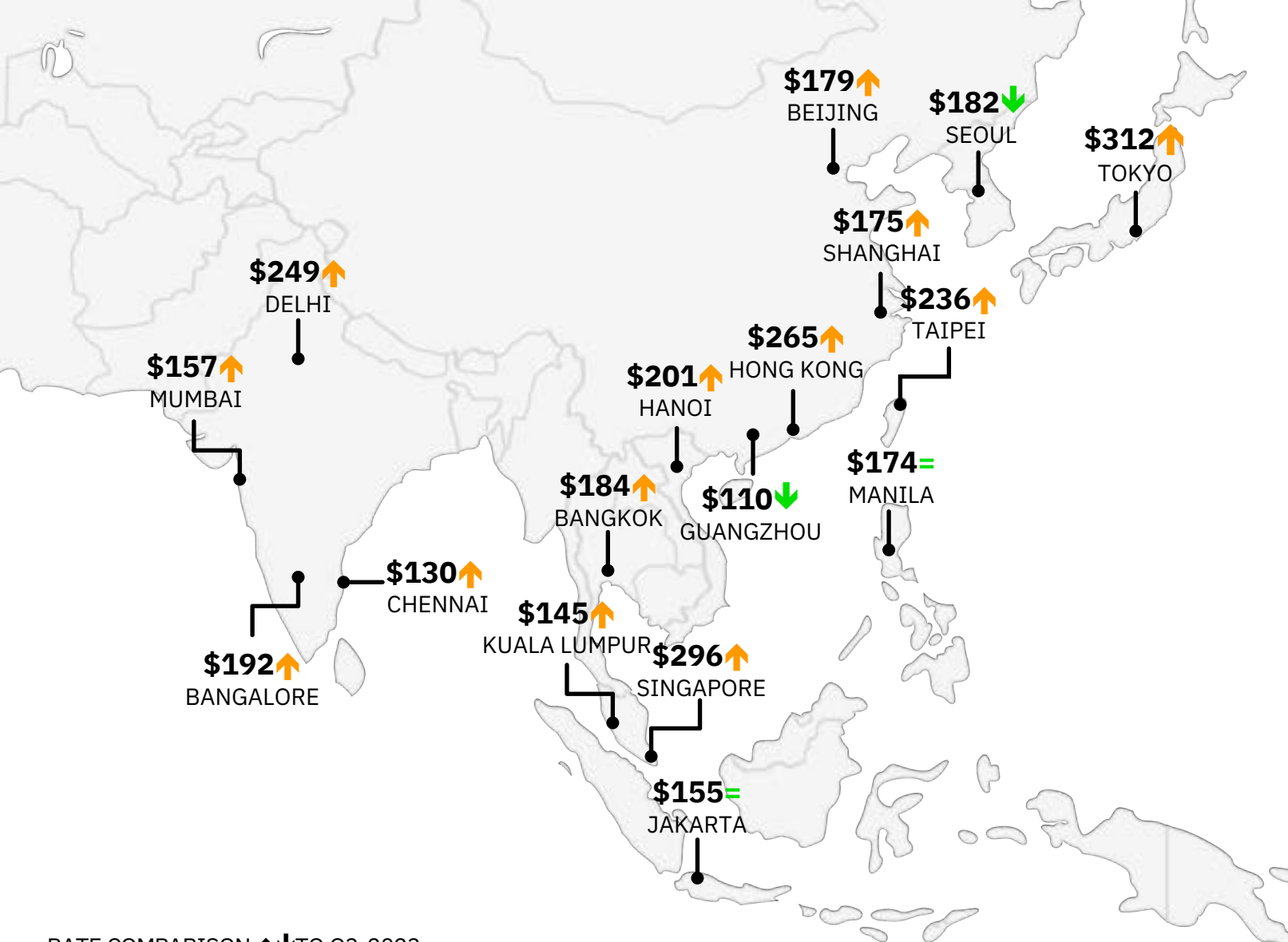
Q4-2023 vs

Q3-2023 ↑ 34%

Q4-2022 ↑ 42%



\$USD



RATE COMPARISON ↑↓TO Q3-2023

Corporate Travel

Average Rate Paid % Var.

Q3-2023 ↑ 14%

Q4-2023 vs

Q4-2022 ↑ 43%



\$USD

ASIA

Accommodation Q4-2023

THE FINAL QUARTER OF 2023 SAW THE REGIONAL ARR RISE +14% IN CONTRAST TO RATE HOLDS IN Q2 & Q3 2023

RATE COMPARISON TO Q3-2023

- CHENNAI ↑ 35%
- JAKARTA ↑ 1%
- MANILA = FLAT
- KUALA LUMPUR ↑ 38%
- SHANGHAI ↑ 24%
- SINGAPORE ↑ 11%

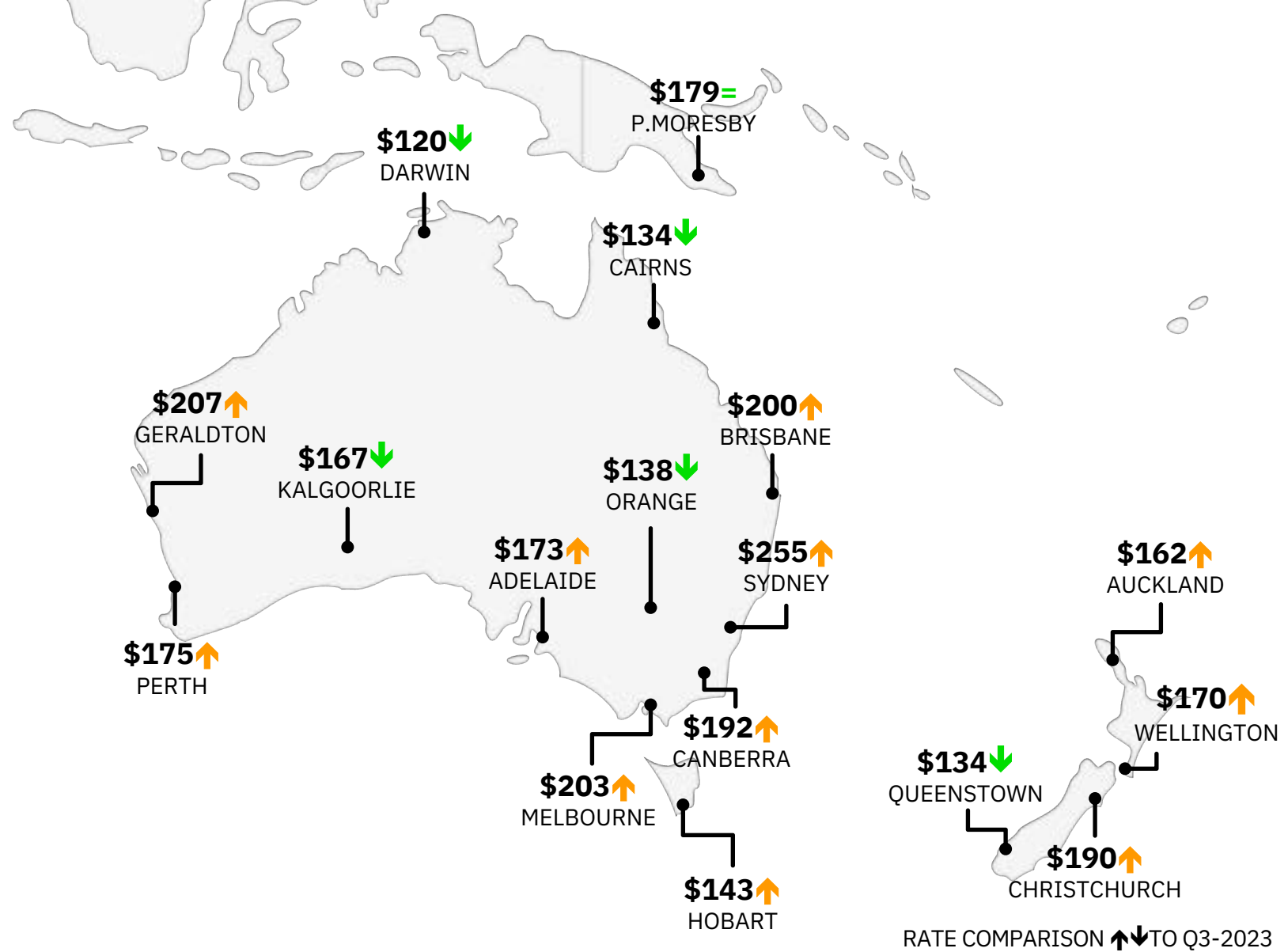
AUSTRALIA & NEW ZEALAND

Accommodation Q4-2023

REGIONAL ARR SHIFTS GEAR
WITH AN INCREASE OF +12%
DURING Q4-2023 FROM Q3.

RATE COMPARISON TO Q3-2023

- ADELAIDE ↑ 18%
- AUCKLAND ↑ 9%
- MELBOURNE ↑ 25%
- SYDNEY ↑ 41%
- WELLINGTON ↑ 13%



Corporate Travel

Average Rate Paid % Var.

Q4-2023 vs

Q3-2023 ↑ 12%

Q4-2022 ↑ 19%

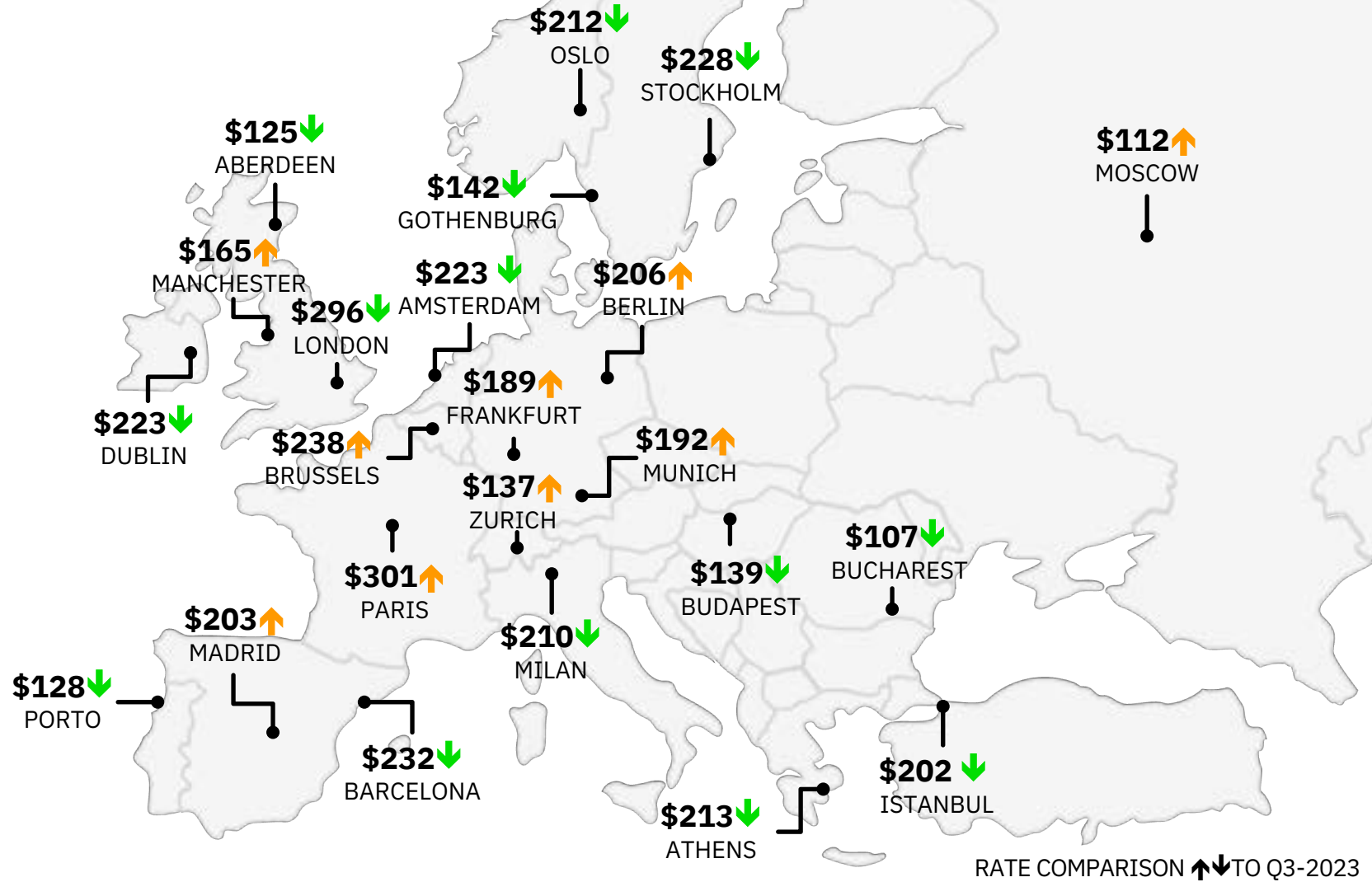
EUROPE

Accommodation Q4-2023

**REGIONAL ARR OF \$199
REMAINED FLAT Q3 TO Q4,
AND HELD +28% ON
Q4-2022**

RATE COMPARISON TO Q3-2023

- BERLIN ↑ 23%
- DUBLIN ↓ 16%
- FRANKFURT ↑ 6%
- LONDON ↓ 3%
- MADRID ↑ 9%



Corporate Travel
Average Rate Paid % Var.

Q4-2023 vs

Q3-2023 ↓ 2%

Q4-2022 ↑ 28%

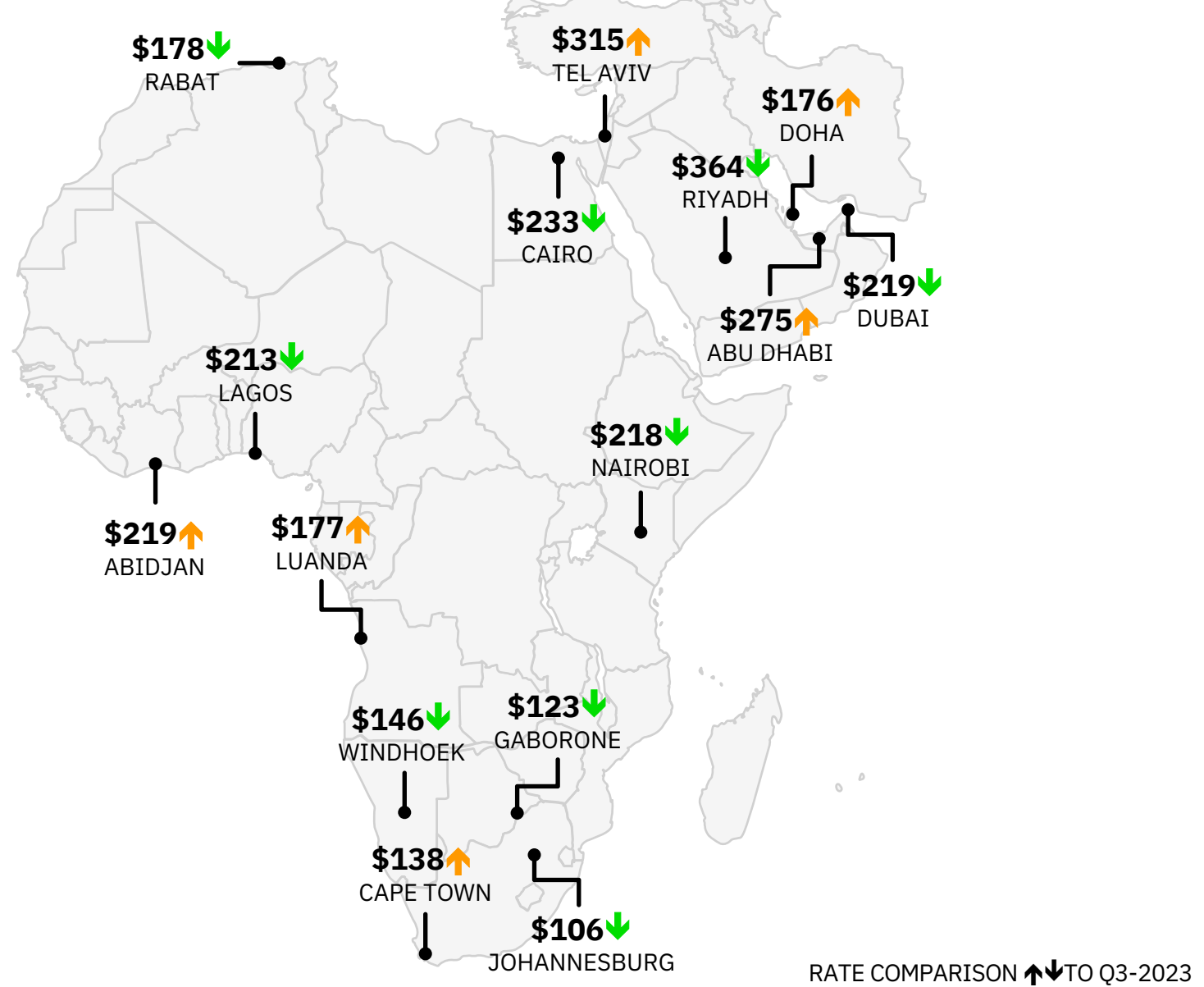
MIDDLE EAST AND AFRICA

Accommodation Q4-2023

OVERALL, THE REGION SAW AN UPWARD TICK IN ARR OF +\$13 IN Q3.

RATE COMPARISON TO Q3-2023

- ABU DHABI ↑ 22%
- CAIRO ↓ 18%
- CAPE TOWN ↑ 12%
- DUBAI ↓ 3%
- JOHANNESBURG ↓ 8%
- RIYADH ↓ 15%



Corporate Travel
Average Rate Paid % Var.

Q3-2023	↓	2%
Q4-2023 vs	↑	1%

Mobility

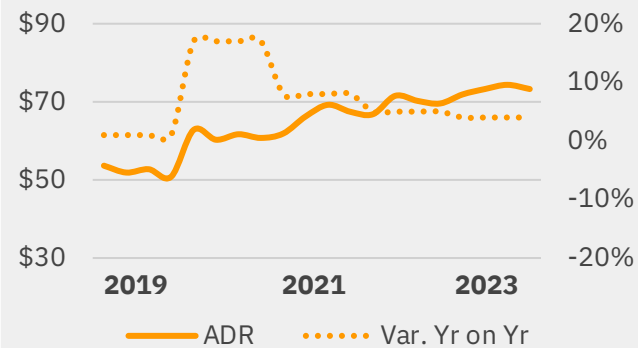
Key Takeaways Q4-2023

1



2023 ADR^ STABILIZES

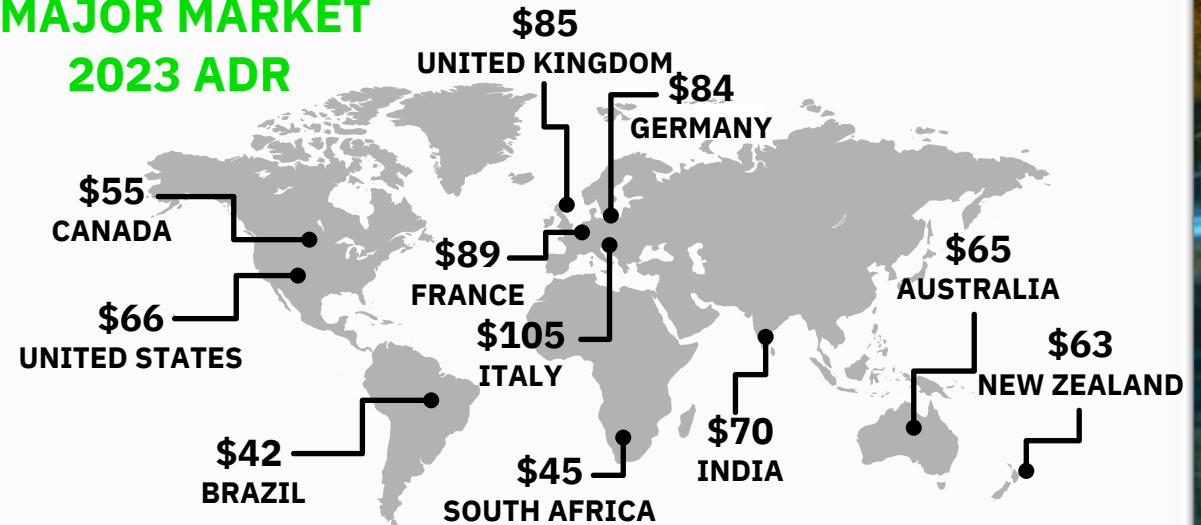
For the year end 2023, the global ADR was **\$73 (+\$20)** on 2019. Over the year the global ADR remained relatively flat.



2



MAJOR MARKET 2023 ADR



Full year 2023 ADR

^ ADR = Average Daily Rate Booked

Our Team

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GLOBAL ECONOMY



Purchasing Managers Index (PMI) - a measure of the prevailing direction of economic trends in manufacturing and services. PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity. A composite PMI™ is the weighted average of manufacturing and service sector PMIs for a given geography or economy, produced by S&P Global. The headline PMI is a number from 0 to 100, meaning a PMI >50 represents an expansion compared to the prior month. A PMI <50 is a contraction and 50 indicates no change.

Gross Domestic Product (GDP) is the standard measure of the value added created through the production of goods and services in a country during a certain period. As such, it also measures the income earned from that production, or the total amount spent on final goods and services (less imports).

Inflation is a percentage measure in which prices will rise. Typically, the rate in which goods and services cost will increase, interpreted to mean that a unit of currency effectively buys less than it did in prior periods. It is often reported as a percentage in increase. Inflation can be contrasted with deflation, which occurs when prices decline and purchasing power increases.

More Information

FCM Consulting

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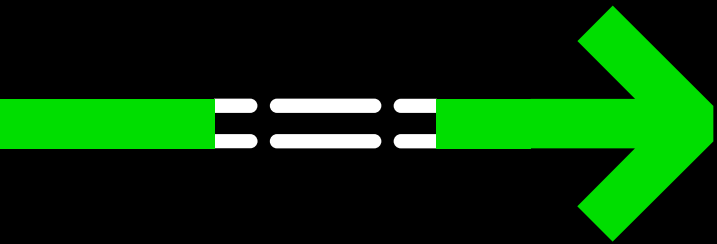
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