



PRESS RELEASE

29 January 2018

American Express Global Business Travel 2018 Forecast Indicates Moderate Price Increase Across Air, Hotel and Ground Transportation

© 5 min read

Hotel and Car Rental Forecast

t-Haul y	Air Long-Haul Business	Hotel	Car Rental
	-.25%	18%	0.5%
<	2.2%	-0.5%	0.5%
	0.8%	5.6%	2.3%
	4.9%	2.3%	0.5%
	2.1%	2.8%	0.5%
	4.9%	2.5%	0.8%

Business Travel Forecast 2018 by American Express Global B

○ ○ ○

NEW YORK – The outlook for international business travel is generally optimistic, according to the Global Business Travel Forecast 2018 published by American Express Global Business Travel (GBT). Demand is being driven by a steadily improving global economy and growing confidence among the business and investor communities.



Demand for business travel started to rebound last year, and is expected to grow over the next 12 months, with some notable gains expected in Europe and Asia. China and India's high-powered economies once again lead the way. However, prices will see only marginal gains, as suppliers rapidly increase capacity to meet demand as they compete for market share.

- [Strength in Global Economy Means Higher Travel Pricing in 2018](#)
- [Increasing Security Concerns Present Challenges And Opportunities For Travel Managers](#)
- [Business Travel Responsible for \\$547 Billion in U.S. GDP in 2016, Creates Over 7.4 Million Jobs](#)
- [PwC U.S. Hospitality Directions: August 2017](#)

Despite the recent economic progress made in many global marketplaces, an element of caution remains in some quarters. Geopolitical instability combined with moves by some governments towards more protectionist economic policies has generated an undercurrent of uncertainty in the business community.

Additional global highlights include:

- **Air:** While strong demand is expected to drive airfare increases across all regions, overcapacity on certain routes, aggressive expansion by low-cost carriers (LCCs), and low oil prices will keep them in check. Full-service carriers are increasingly unbundling fares and adding premium economy seating options to entice consumers to better compete with LCCs.
- **Hotel:** Hotel performance is expected to improve globally, with small to moderate rate increases driven by strengthening regional economies, despite robust investment in new hotel supply. Total costs, however, should increase even further as additional ancillary fees and stricter cancellation policies are applied by many hotels looking to bolster profitability.
- **Ground:** After years of flat or negative growth, rental car rates should finally see increases as companies improve their fleet management while operating costs put pressure on pricing. However, competition will remain fierce. In the absence of significant rate increases, car rental companies are once again turning to ancillary services and fees to drive greater profitability.

David Reimer, General Manager and Senior Vice President, North America, at American Express Global Travel believes these developments will allow travel managers to focus on the traveler experience rather than cost in 2018. "In this time of economic rally, travel managers should aim to provide business travelers with the tools and services that will not only ensure satisfaction, but also encourage compliance and mitigate undue risks," he said. "Business travel is a crucial driver of growth, and now is the opportunity to reaffirm commitment to it with more strategic and traveler-considerate planning."

Americas Highlights: U.S. demand cools slightly as Latin America heats up

In North America, U.S. foreign policy will loom large in 2018, as foreign trade agreements are renegotiated, potentially impacting international demand for travel. Already facing weakening demand and overcapacity on some international routes, U.S. carriers are re-prioritizing domestic operations, with additional connections to secondary, smaller destinations. The direct competition with LCCs will help keep fare increases modest next year. In Latin America, airfares should see slight increases thanks to regulatory changes and increasing demand along international routes.

average over last year. However, this will vary significantly by location and some areas, like Silicon Valley, will continue to see rates climb. Canada will benefit from this uncertainty, with demand – particularly from U.S. visitors – largely outpacing supply in key locations such as Vancouver, Montreal and Toronto, resulting in high single-digit rate increases. Hotel rates in Latin America will remain generally flat in 2018, although Argentina and Peru will see significant increases due to promising economic activity.

Ground transportation in North America will still struggle in 2018, but can expect slight rate increases for the first time in years. Despite fierce competition amongst rental car suppliers, improved fleet controls and mounting cost pressures will help push rates higher, especially amongst smaller clients. Ride-sharing services like Uber and Lyft will continue to have limited impact on car rental demand, providing complementary service better suited to short trips and urban locations. However, their focus on convenience and mobile technology are pushing suppliers to focus on travel experience improvements. Latin America can also expect slight ground rate increases, due to economic growth and despite low-cost supplier competition.

Americas Airfare, Hotel and Car Rental Forecast

	Air Short-Haul Economy	Air Long-Haul Business	Hotel	Car Rental
Argentina	-0.7%	-.25%	18%	0.5%
Brazil	1.5%	2.2%	-0.5%	0.5%
Canada	2.1%	0.8%	5.6%	2.3%
Chile	1.8%	4.9%	2.3%	0.5%
Mexico	2.9%	2.1%	2.8%	0.5%
U.S.	1.4%	4.9%	2.5%	0.8%

Source: Global Business Travel Forecast 2018 by American Express Global Business Travel

EMEA Highlights: Europe builds off a strong 2017, but political uncertainties temper expectations

In Europe, the U.K.'s decision to withdraw from the European Union (EU) – known colloquially as Brexit – could impact travel throughout the region as carrier operations and passenger demand potentially shift. British carriers will see airfares remain flat. Air and rail suppliers servicing the region will look to the state of Brexit negotiations to determine how their operations could be affected as border control and air traffic rights are redefined ahead of the 2019 deadline.

In Europe notable increases in hotel rates are expected, except for the U.K. and Spain, with hotels across the region seeing growth in demand driven by tourism, which has outpaced limited increases in new supply. Ground transportation has benefited from increased demand as well with rental car demand expected to grow slightly. However, aggressive competition between rental car suppliers, as well as millennial shifts towards ridesharing and public transportation, will keep prices relatively flat.

	Air Short-Haul Economy	Air Long-Haul Business	Hotel	Car Rental
France	-1.0	2.0%	2.2%	1.0%
Germany	4.25%	2.75%	2.5%	1.0%
Poland	-0.5%	3.0%	3.0%	0.5%
S. Africa	-0.5%	2.0%	3.0%	0.5%
U.A.E.	1.0%	1.5%	0.0%	N/A
U.K.	.75%	.25%	2.5%	1.0%

Source: Global Business Travel Forecast 2018 by American Express Global Business Travel

APAC Highlights: Region grows on rising demand in China, India and SE Asia

Strong growing economies across much of the Asia-Pacific region and a burgeoning middle-class are causing demand for travel to surge. However, China remains a key driver of this growth and a slowdown of its economy could have a ripple effect throughout the region. Airfares will remain relatively stable compared to 2017, as political stability and strong demand in China and India, is counterbalanced by widespread overcapacity and flatter demand in Japan and Australia. Domestic carriers in China will also have to compete with the world's fast-developing high-speed rail network, which accounts for more than two-thirds of the world's capacity and is expected to grow another 50 percent by 2020.

Hotel rates in the region will generally increase as growing business confidence and a thriving tourism sector drive up demand, although this will vary considerably by country. South Korea is the only nation expected to see rate decreases, largely as a result of China's tourism ban.

APAC Airfare and Hotel Forecast

	Domestic Economy	International Business	Hotel
Australia	2.5%	1.0%	4.5%
China	1.5%	.75%	2.7%
India	.5%	1.5%	3.9%
Japan	.5%	0.0%	2.2%
Singapore	0.0%	.75%	0.0%

Source: Global Business Travel Forecast 2018 by American Express Global Business Travel

The Global Business Travel Forecast 2018 by American Express Global Business Travel is an annual product of EXPERT INSIGHTS by American Express Global Business Travel, which forecasts industry rates for hotel, air and ground across the Americas, EMEA and APAC markets for 2018. EXPERT INSIGHTS is part of the Global Business Consulting Division at GBT, which helps organizations maximize the return on their

Predictions within the Forecast are based on a number of proprietary GBT data sources as well as licensed third-party data and available industry information. Proprietary GBT data includes aggregate transaction data and EXPERT INSIGHTS' monthly Business Travel Monitor.

All data predictions are evaluated by the Global Business Consulting experts, who provide an additional layer of analysis to the Forecast using their local knowledge and experience working with global customers.


About American Express Global Business Travel

American Express Global Business Travel (GBT) equips multinational, large and mid-sized companies with the insights, tools, services and expertise they need to keep their travellers informed, focused and productive while on the road. With approximately 12,000 employees and operations in nearly 120 countries worldwide, American Express GBT empowers customers to take control of their travel programs, optimizing the return on their travel and meetings investments, while, more importantly, providing extraordinary traveller care.

Learn more at amexglobalbusinesstravel.com and amexglobalbusinesstravel.com/content/.

American Express Global Business Travel (GBT) is a joint venture that is not wholly owned by American Express Company or any of its subsidiaries (American Express). "American Express Global Business Travel," "American Express," and the American Express logo are trademarks of American Express and are used under limited license.

Markets & Performance



REVINATE Turn Guest Data Into Revenue

Lifetime Revenue With Revinate: \$1,522,458

➤ One-Time Campaign Revenue Last 5 **VIEW EXCLUSIVE OFFER**

\$182,299

©1995-2018 Hospitality Net™ All rights reserved – Hospitality Net is powered by Hsyndicate – Feedback