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Global

Quarterly Trend Report

Q1 2022

Authors:
FCM Consulting Global Team

About the Report

This FCM Consulting quarterly report draws on global data sourced from FCM bookings, for travel during January to March 2022 (Q1 2022) and uses Cirium aviation data as at 27 April 2022. Airfare variations exclude all taxes.

The average room rate (ARR) quoted for accommodation is the average booked rate. Variations in rates booked, are a reflection of border restrictions, supply and demand, corporate booking lead times and subtle variations in exchange rates. Unless otherwise stated, US dollar is used.

CORPORATE
Need to Know

Confidence is growing and borders are opening. Companies globally are poised and ready to return to their pre-COVID travel schedules.

This edition of FCM Consulting's Quarterly Trend Report looks at the dramatic shifts still impacting the travel industry. Despite the challenging background of circumstances, the excitement of being able to travel again for business is building. Signs of the corporate travel recovery are evident across the aviation, accommodation and ground transport sectors.

CORPORATE TRAVEL

Key Takeaways Q1 2022

1 TRAVELLER TRENDS

Rebooking **air credits** due to COVID cancellations equate to **10-23%**^ of travel activity over the past 12 months. The spin-off has caused **low OBT adoption** as travel consultants guide travellers on **'how to travel'** again and process manual airline credits.
In Q1 2022, global OBT adoption rose only +8% points.

2 ADVANCE BOOKING

Advance booking days globally averaged **18 days** in Q1 2022, +7 days on Q1 2021.

For the remainder of 2022, last minute bookings won't fly, as airlines grow flight capacity carefully to manage passenger load factors. Book early for more choice and a better price.

3 GEOPOLITICAL UNREST

The conflict in Ukraine has had a global impact. Jet fuel has risen, and flights ceased into Ukraine and Russia. Many flights operating in the Europe-Asia flightpath have been rerouted to avoid airspace, adding up to three hours of flight time. Airline operating costs are up, due to staffing, fuel and aircraft turnaround times.

4 FUEL SURGES

Jet fuel is **US$160 per barrel**; +126% on April 2021 and at a 14-year high.

Airlines that have hedged* fuel at cheap prices are yet to introduce surcharges.
Fuel surcharge on some transatlantic routes run by several US-based carriers now make up **30%** of economy fares^^.

^Range depending on market point of sale and airline ticketing procedures
*An airline buying a portion of fuel at a fixed price for an agreed period
^^Source : OAG

CORPORATE TRAVEL

Key Takeaways Q1 2022

5 BORDER OPENINGS

Many borders opened in Q1 2022, with COVID protocols relaxing after two years.

There are too many to list, but here's some headlines:

Australia opens after two years
UK testing removed* in Feb
China borders remain closed^,
USA masks off on domestic flights APR**

6 SUPPLY CHAIN

COVID, rising inflation and geopolitical unrest have significant impact on the travel supply chain costs and disruption:

Airlines – ↑fuel, ↑food costs, ↑airport taxes, pilot shortages
Hotels – ↑energy costs, staff shortages, ↑food costs, ↑ cleaning, furnish shortages
Car rental – ↑fuel, fleet shortage, staff shortages.

7 SUSTAINABILITY

In this quarter, we found eight in 10 corporations starting to integrate sustainability into their travel programs.

Top focus items:

- Travel policy and education
- Demand management
- Supply chain assessment
- Metrics and reporting
- C02 offsetting

8 INNOVATION

COVID has placed more emphasis on omnichannel technology to facilitate better processes including:

- Trip approvals
- Push alerts and communication to support travellers through journeys.
- Traveller sustainability choices.

Mobile phone global roaming now stays on 100%.

*for travellers from select markets
^for foreigners
**for specific airlines domestically only

AVIATION

Key Takeaways Q1 2022

1

SEATS

Globally, Q1 2022 saw **330M less seats** for the same period in 2019.

For calendar year 2022, the global forecast is -12% air seats vs 2019.

North America as a region is in rapid recovery with airlines set to outperform 2019 levels by September 2022. All other regions are likely to return to 2019 levels in 2023 or later.

2

AIRFARES

Our **Top 20 origin and destination** analysis indicates **extreme price variations** across all routes and class for Q1 2022 vs 2019.

Australia stimulated travel with cheap fares in Q1. Into Q2 and Q3, we are observing rising operating costs and high demand on **transatlantic** routes, accompanied by an upward tick in airfares.

3

TO BE SUSTAINABLE

Fuel is only a part of airline strategies to be more sustainable. Several factors are taken into consideration.

What is your airline doing to be sustainable?

- Bio-fuels
- Removing single-use plastic
- Lower food miles for meals
- Conservation offset strategy
- Passenger education and engagement

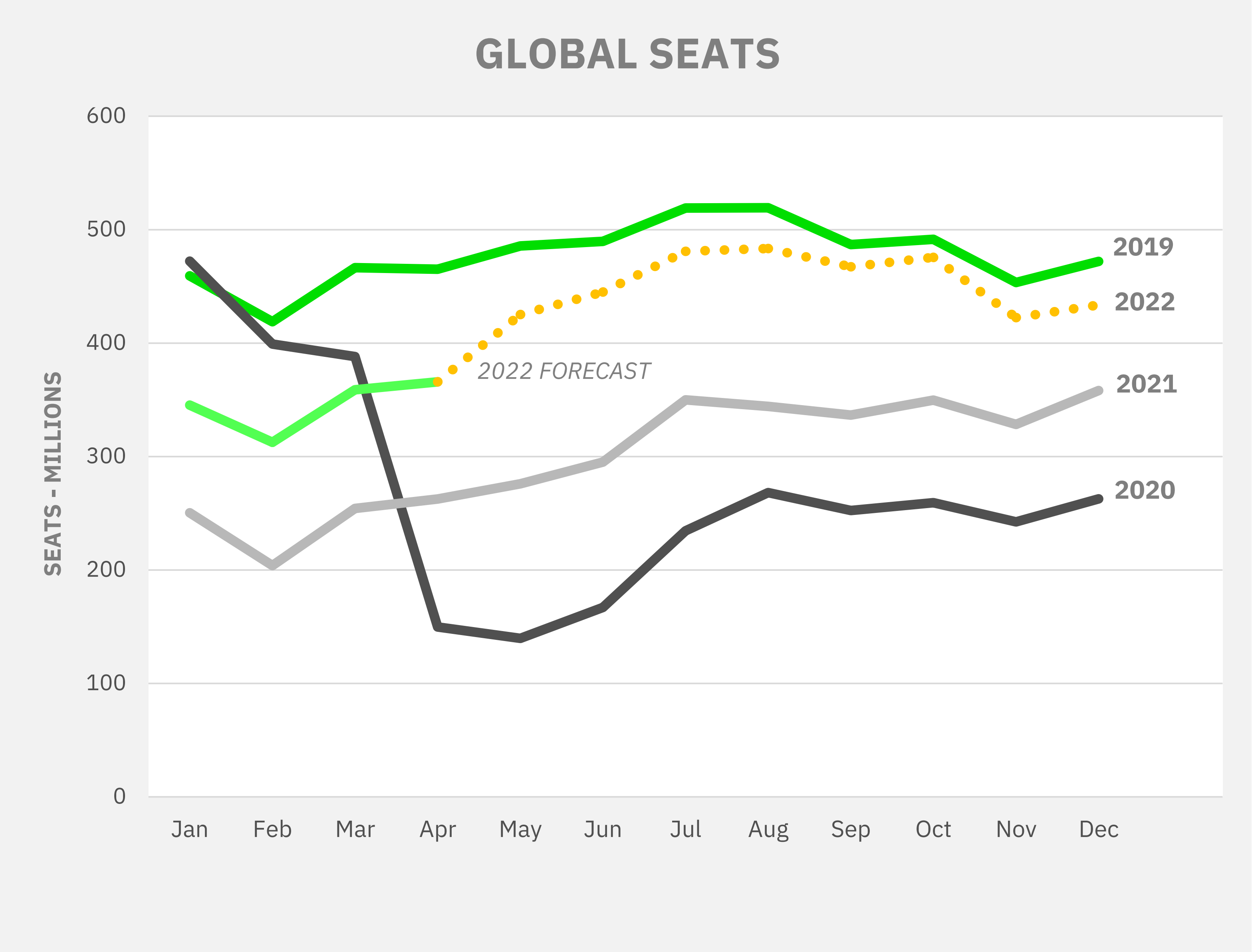
AVIATION - GLOBAL

Ready for Recovery

Positive seat growth in Q1 2022 resulted in 24% fewer global seats vs Q1 2019. We forecast growth for the remainder of 2022.

Long-range forecasts indicate by the end of 2022, **5.2bn seats will have been removed** from schedules since March 2020.

It's estimated for the calendar year ending 2022, there will be **-711m (-12%)** less seats than 2019.



Long range aviation forecasts are subject to change.
Therefore, we recommend only observing schedules 4-6 weeks ahead.

FCM Consulting Analytics as at 27 April 2022.
Source Data: Cirium Air Seats

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AVIATION - REGIONAL
Pace Differs

Q1 2022 saw constrained growth in North America, Europe and Australasia.
Q2 and Q3 2022 is recovery time across all regions.

North America is set to have a busy Q2-Q3 period, peaking September 2022 with +5% seats compared to 2019.

Europe and **Asia** will peak at -8% and -12% in September 2022 vs 2019. Long-range forecasts suggest these markets will reach 2019 volumes in 2023.

International flights into **China** are not expected to return until 2023.

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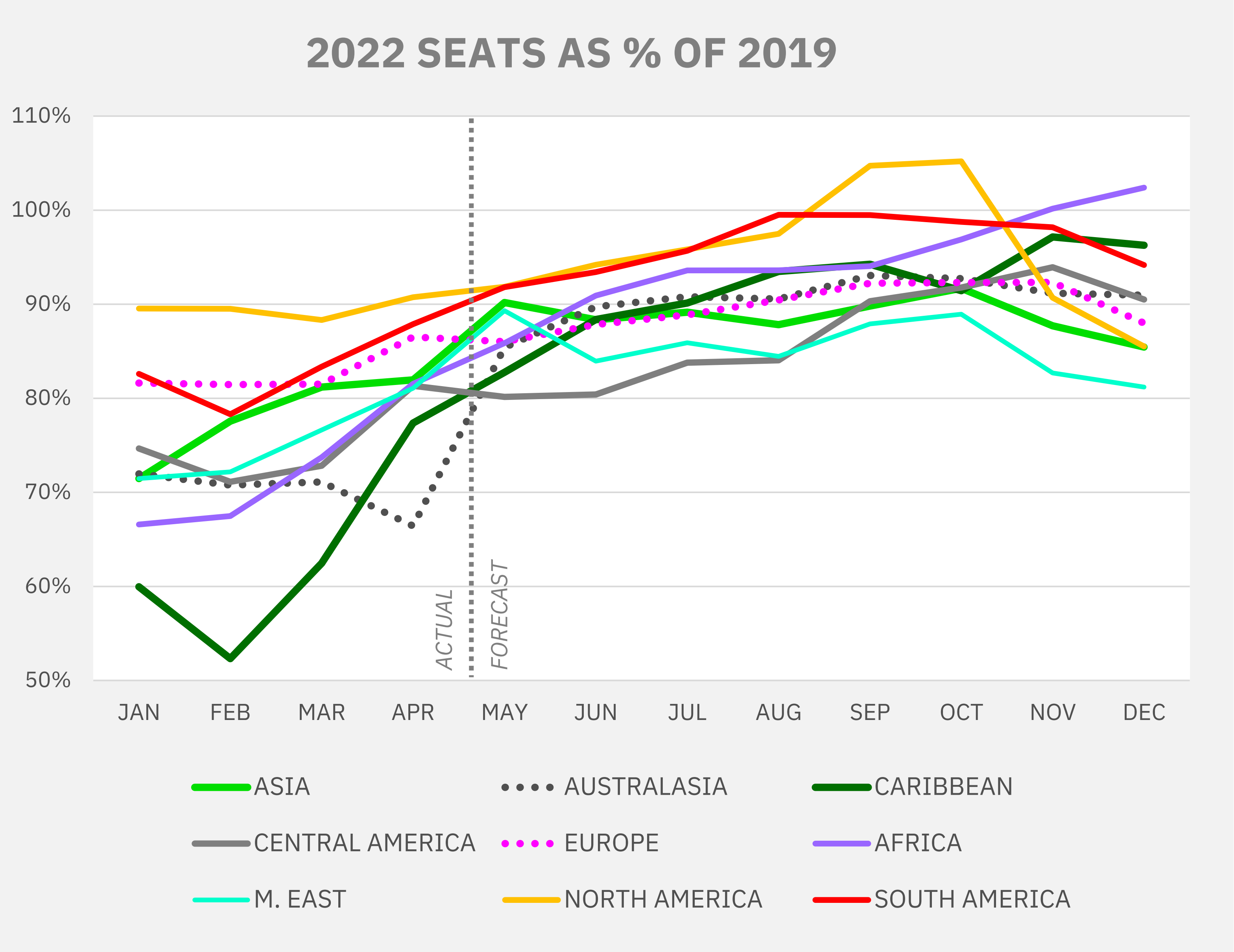
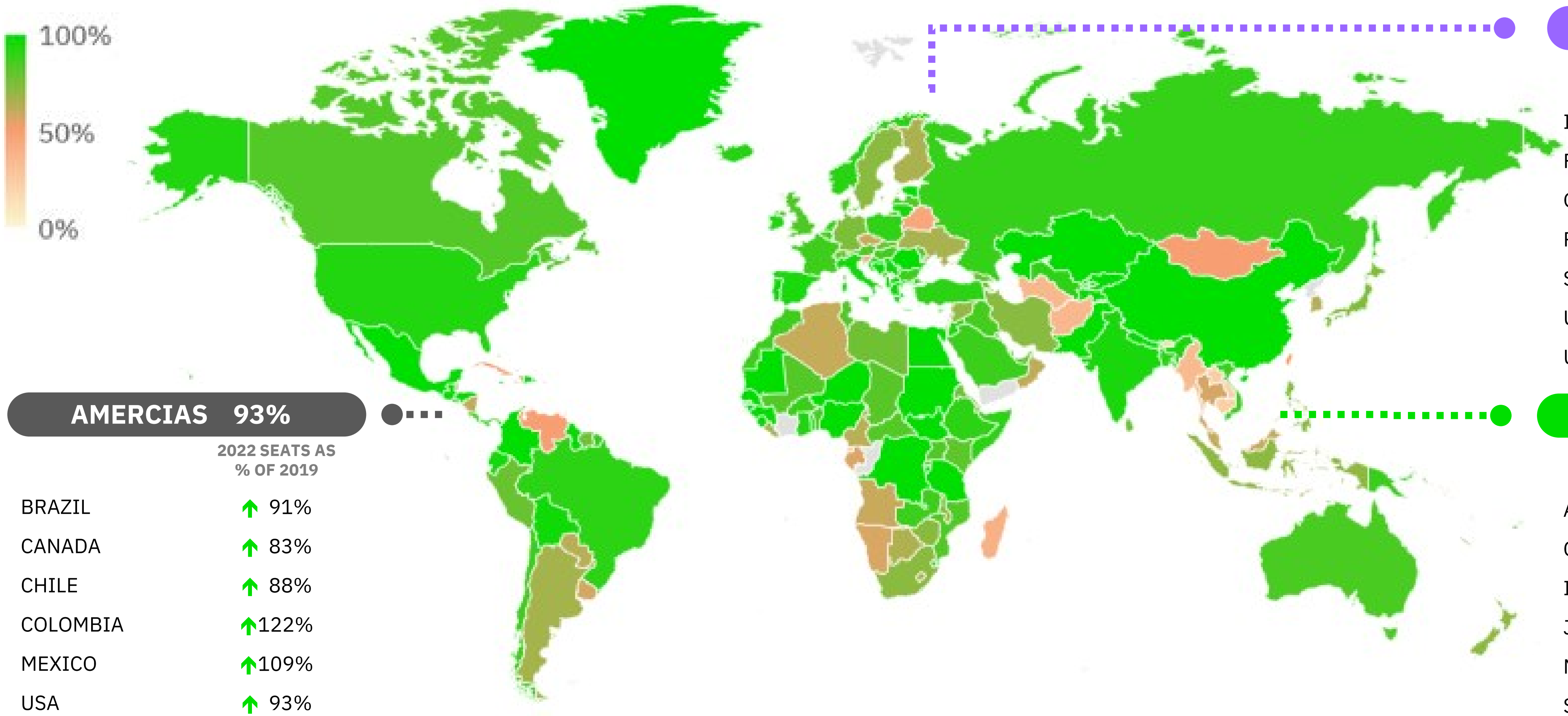


FCM Consulting Analytics as at 27 April 2022
Source Data: Cirium Air Seats

FLIGHT RECOVERY FORECAST

Full Year 2022 seats as % compared to 2019



EMEA 87%

	2022 SEATS AS % OF 2019
ITALY	↑ 97%
FRANCE	↑ 88%
GERMANY	↑ 75%
RUSSIA	↑ 89%
SOUTH AFRICA	↑ 72%
UAE	↑ 82%
UK	↑ 85%

AMERCIAS 93%

	2022 SEATS AS % OF 2019
BRAZIL	↑ 91%
CANADA	↑ 83%
CHILE	↑ 88%
COLOMBIA	↑ 122%
MEXICO	↑ 109%
USA	↑ 93%

APAC 84%

	2022 SEATS AS % OF 2019
AUSTRALIA	↑ 85%
CHINA	↑ 101%
INDIA	↑ 95%
JAPAN	↑ 74%
NEW ZEALAND	↑ 73%
SINGAPORE	↑ 53%

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FCM Consulting Analytics as at 27 April 2022
Source Data: Cirium Air Seats

AIRLINE SEAT CAPACITY

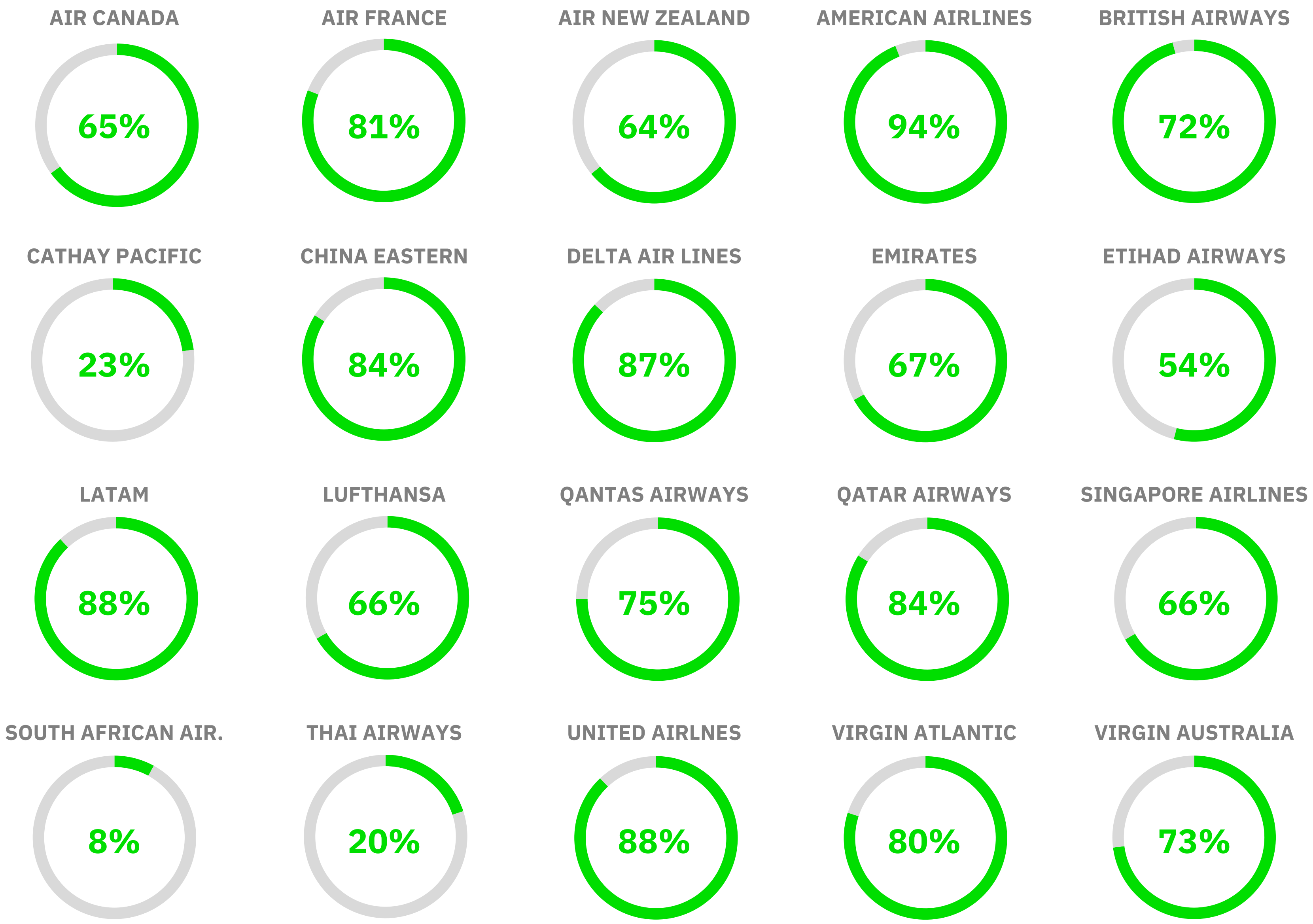
H1 2022 vs H1 2019

Top 20 global corporate airlines rebound, with an average 79% recovery rate.

American Airlines leads the way with 94% recovery in H1 2022 vs H1 2019.

Three airlines are in a holding pattern, waiting for recovery.

Cathay Pacific and Thai Airways are suffering significant seat reduction. South African Airways is renewing its business and operating model.



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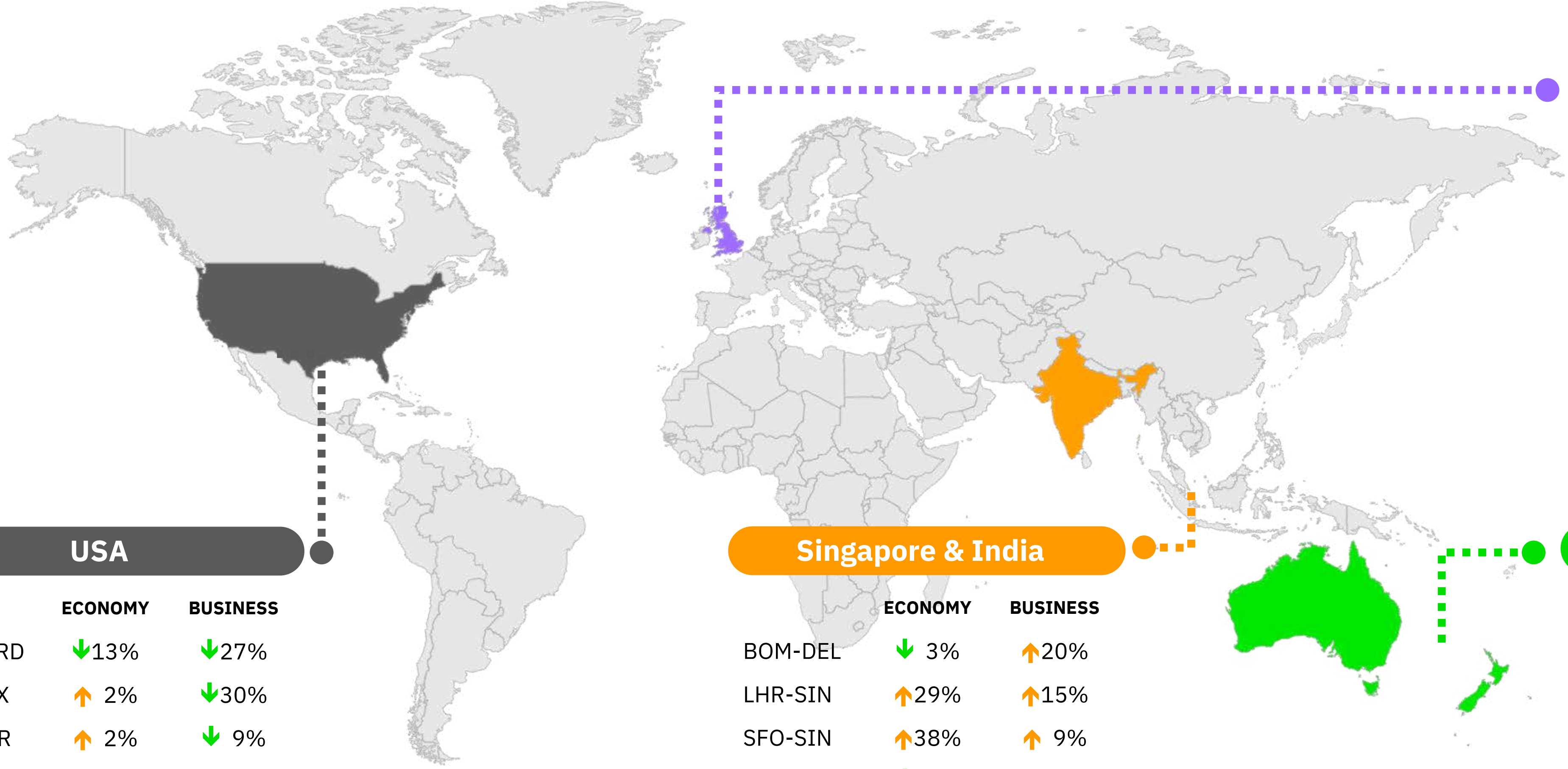
TOP ORIGIN AND DESTINATION AIRFARES

Airfare & change in January and February 2019 vs January and February 2022



London

	ECONOMY	BUSINESS
DUB-LHR	↑ 2%	↑14%
DXB-LHR	↑11%	↓ 8%
FRA-LHR	↑10%	↓13%
LHR-MAD	= 0%	↑ 8%

USA

	ECONOMY	BUSINESS
EWR-ORD	↓13%	↓27%
JFK-LAX	↑ 2%	↓30%
JFK-LHR	↑ 2%	↓ 9%
LAX-SYD	↑78%	↑48%

Singapore & India

	ECONOMY	BUSINESS
BOM-DEL	↓ 3%	↑20%
LHR-SIN	↑29%	↑15%
SFO-SIN	↑38%	↑ 9%
SIN-SYD	↓ 1%	↑24%

Australia & New Zealand

	ECONOMY	BUSINESS
AKL-SYD	↑ 9%	↓ 3%
MEL-SYD	↓14%	↓56%
BNE-SYD	↓ 8%	↓55%
BNE-MEL	↓13%	↓58%

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FCM Consulting Analytics as at 27 April 2022. Airfare variations exclude all taxes. Economy class excludes full Y class.
Source Data: Cirium

ACCOMODATION

Key Takeaways - Q1 2022

1 FULL HOUSE

Globally in Q1 2022 hotel occupancy reached **61%***, which is only 4% down on 2019.

Top occupancy^ markets were **Middle East at 67.9%** and **North America at 55.3%**. Whilst both **South East Asia 43.3%** and **Greater China 43.7%** had the lowest occupancy levels.

2 STAFF SHORTAGES

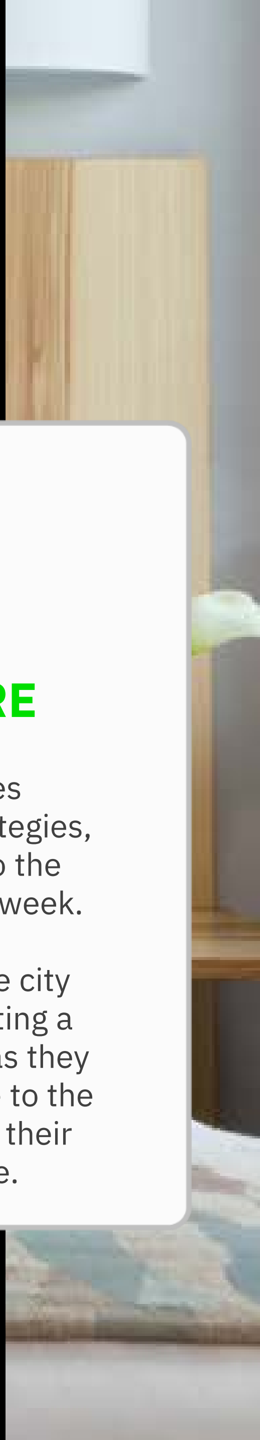
The entire travel industry is rebuilding its workforce.

Hotel operators are pressed to open **more rooms/floors** and bring back valued services. Brands such as Accor, Hilton and IHG are taking action by ramping up their own in-house training, attracting new talent and motivating an **invigorated workforce**.

3 WORK ANYWHERE

During Q1 2022, companies expanded their **workplace** strategies, drawing more employees into the office for three or more days a week.

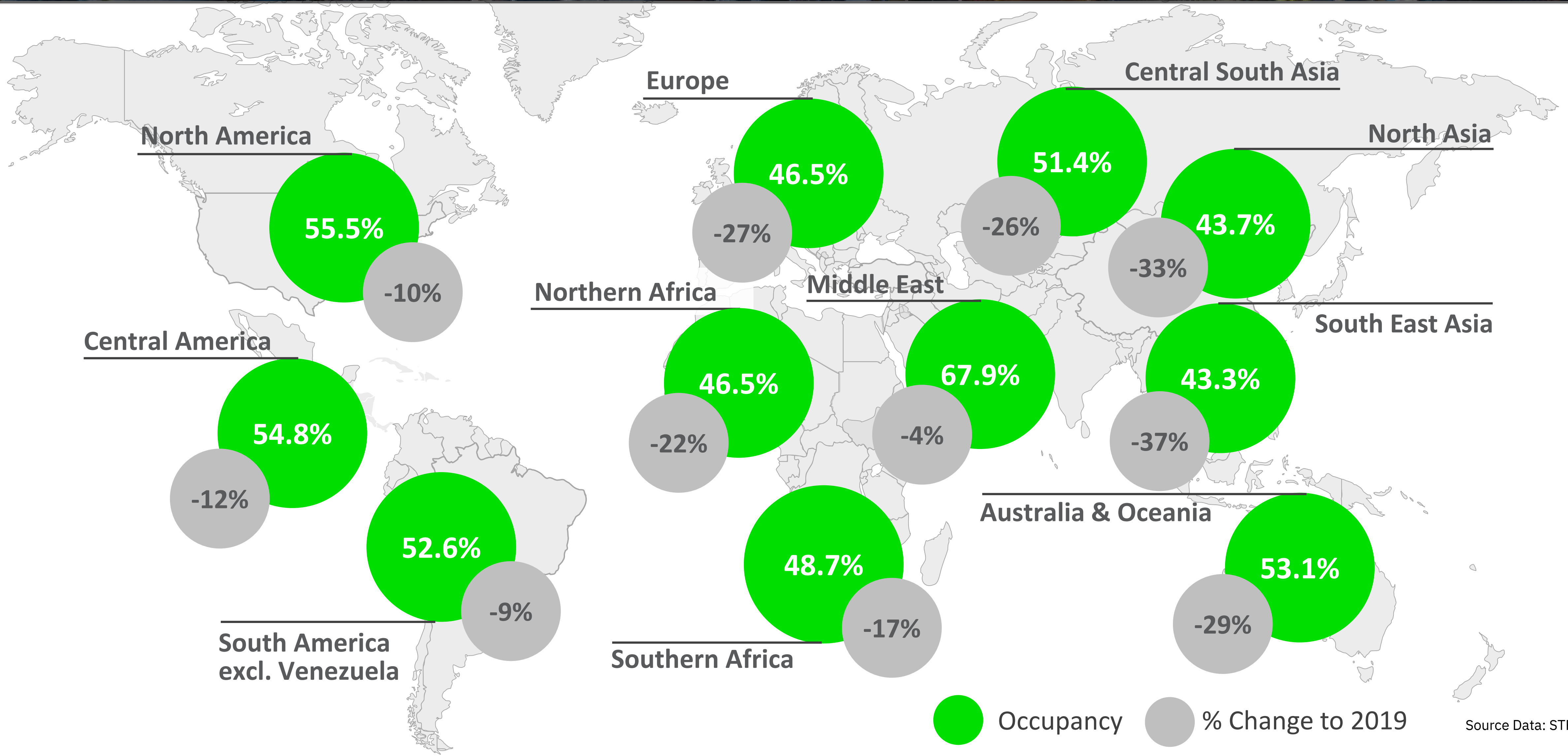
Workers who moved out of the city during COVID are now generating a new accommodation demand as they commute mid-week from home to the city and ‘stay local’ – avoiding their daily long commutes home.



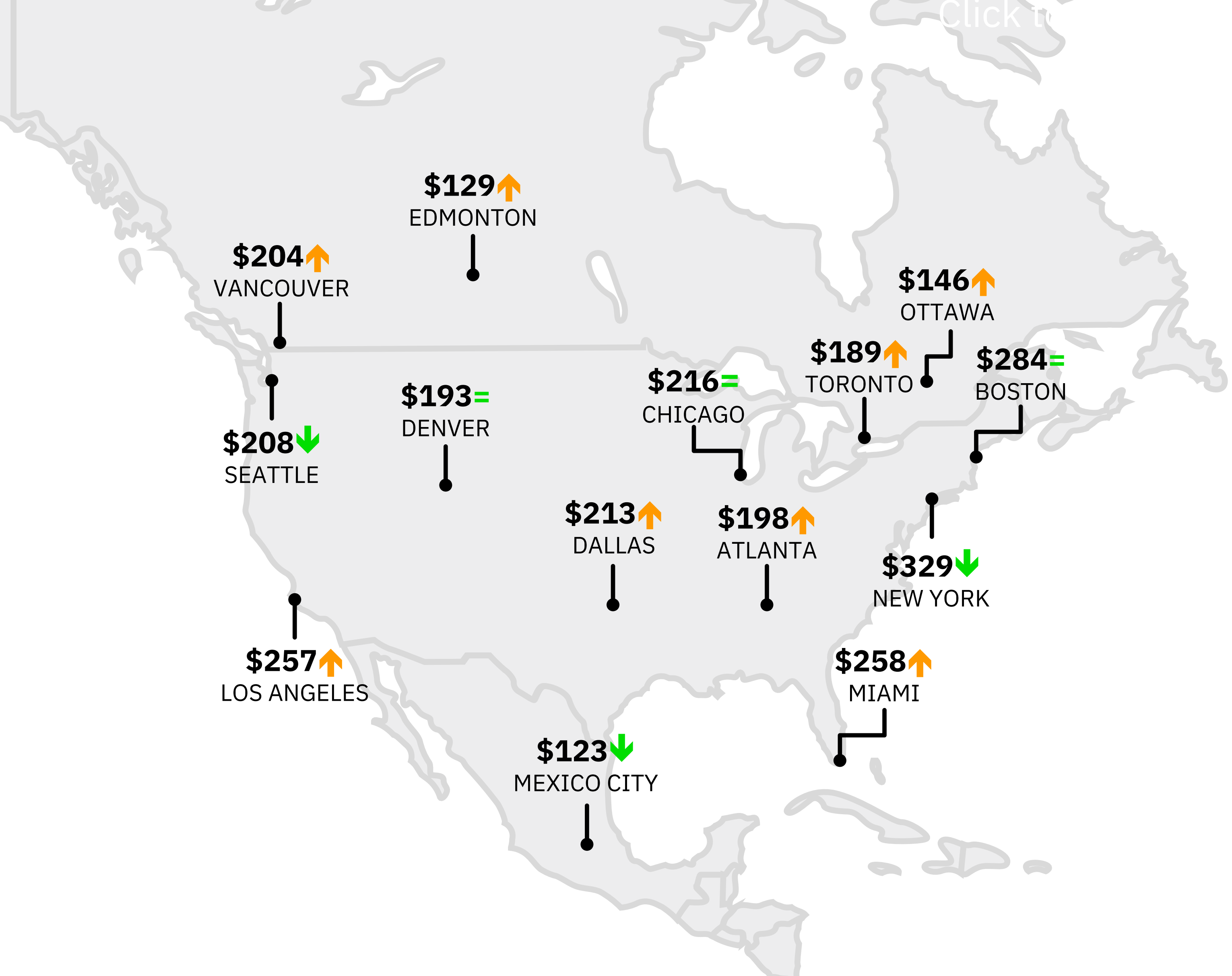
*as reported by Amadeus
^as reported by STR

Omicron concerns recede and occupancy climbs

Occupancy % change in 2019 vs Q1 2022



Source Data: STR



Corporate Rates
Average Rate Paid % Var.

Q1 2022 vs

Q4 2021	↑	5%
Q1 2019	↓	4%

$USD

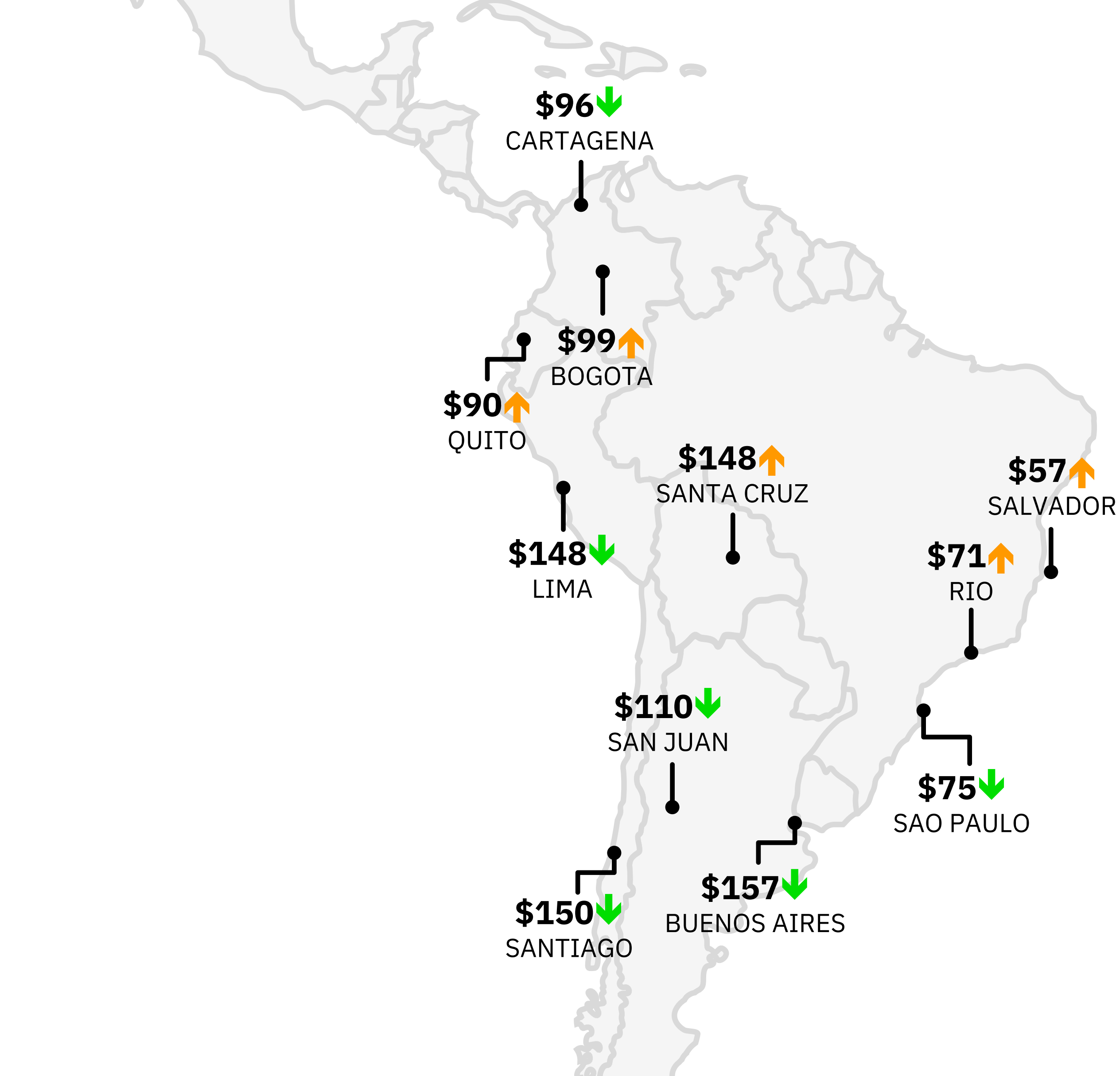
NORTH AMERICA

Accommodation
Q1 2022

DOMESTIC TRAVEL SWELLS AND INFLATION RISES, IMPACTING HOTEL RATES

COMPARISON TO Q4 2021

- DALLAS ↑ 36%
- LOS ANGELES ↑ 3%
- NEW YORK ↓ 3%
- MIAMI ↑ 32%
- VANCOUVER ↑ 17%



Corporate Rates
Average Rate Paid % Var.

Q1 2022 vs

Q4 2021	↓	12%
Q1 2019	↓	4%

$USD

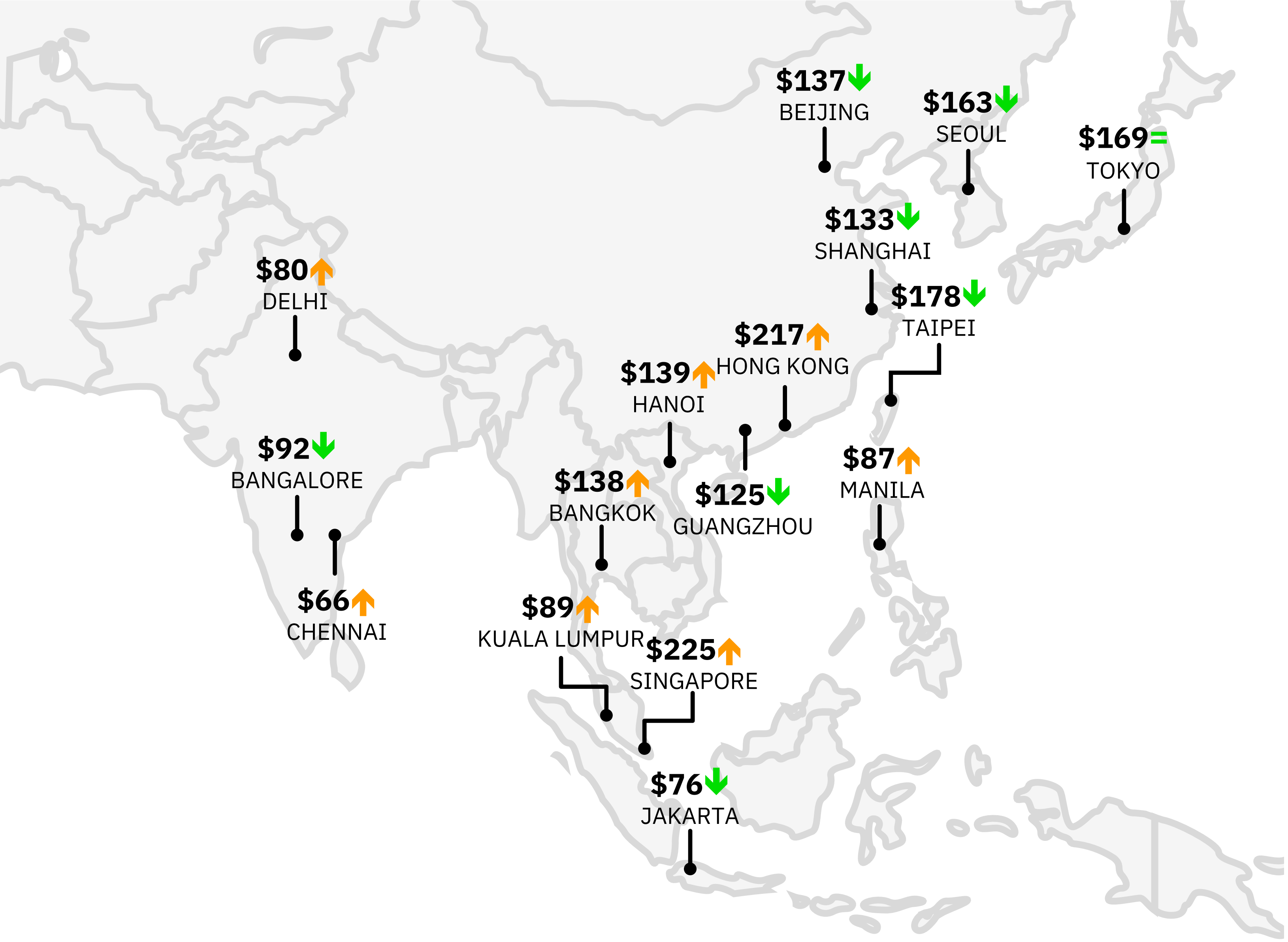
LATIN AMERICA

Accommodation
Q1 2022

THE REGION STABILISES AND HOTEL OCCUPANCY NEARS PRE-COVID LEVELS

COMPARED TO Q4 2021

- BUENOS AIRES ↓ 25%
- LIMA ↑ 2%
- RIO ↑ 9%
- SANTIAGO ↓ 16%
- SAO PAULO ↓ 15%



Corporate Rates
Average Rate Paid % Var.

Q1 2022 vs

Q4 2021	↑	11%
Q1 2019	↓	9%

$USD

ASIA

Accommodation
Q1 2022

KEY BORDERS REMAIN OPEN, GENERATING TRAVELLER CONFIDENCE ONCE AGAIN

COMPARED TO Q4 2021

CHENNAI	↑	5%
HANOI	↑	26%
MANILA	↑	39%
KUALA LUMPUR	↑	8%
SHANGHAI	↓	4%
SINGAPORE	↑	2%

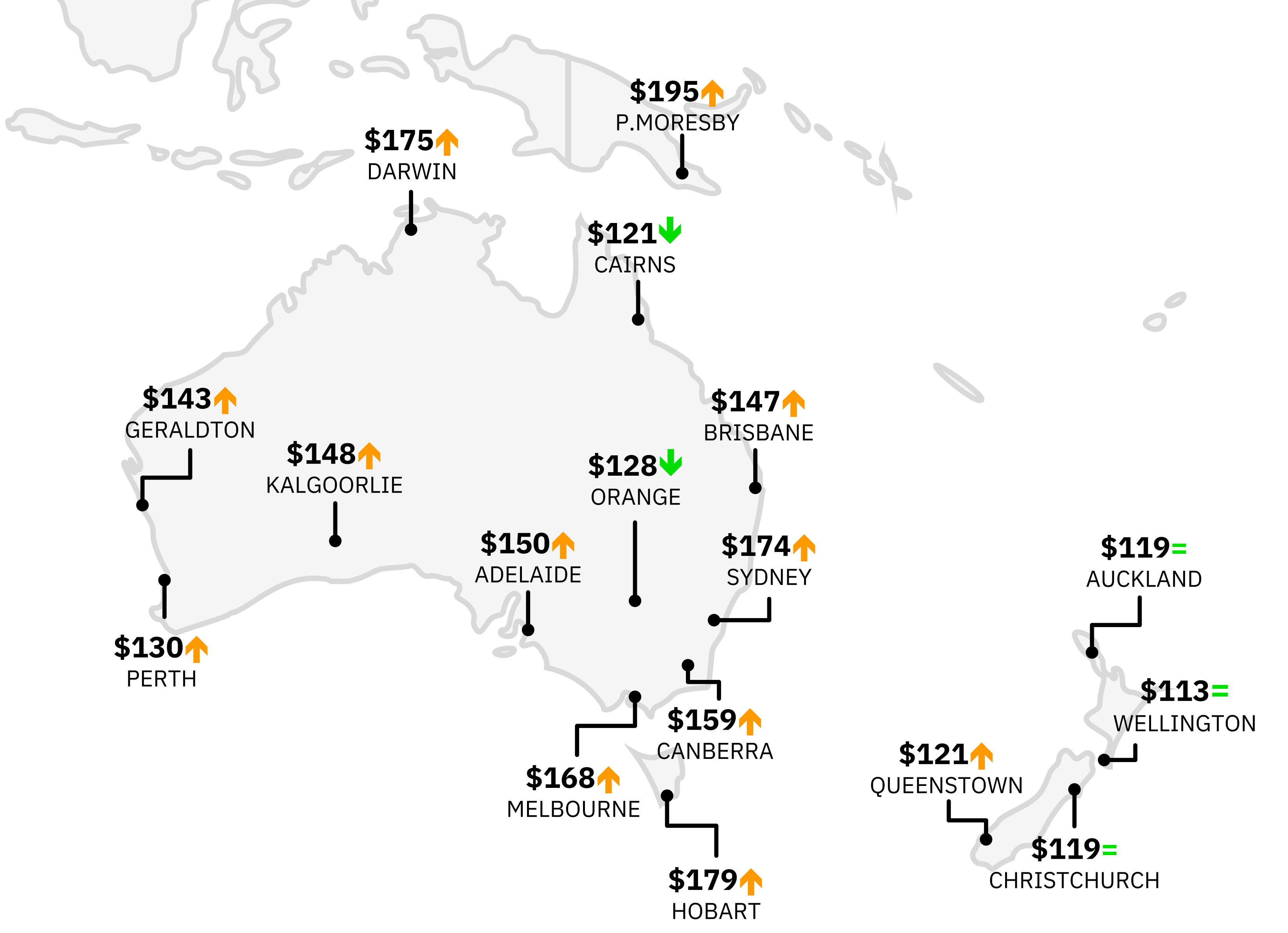
AUSTRALIA & NEW ZEALAND

Accommodation
Q1 2022

RATES REBOUND POST LOCKDOWN AND AMIDST WEATHER EXTREMES

COMPARED TO Q4 2021

- ADELAIDE ↑ 10%
- KALGOORLIE ↑ 9%
- MELBOURNE ↑ 16%
- PERTH ↑ 12%
- SYDNEY ↑ 13%



$USD

Corporate Rates
Average Rate Paid % Var.
Q1 2022 vs

Q4 2021	↑	12%
Q1 2019	↓	9%

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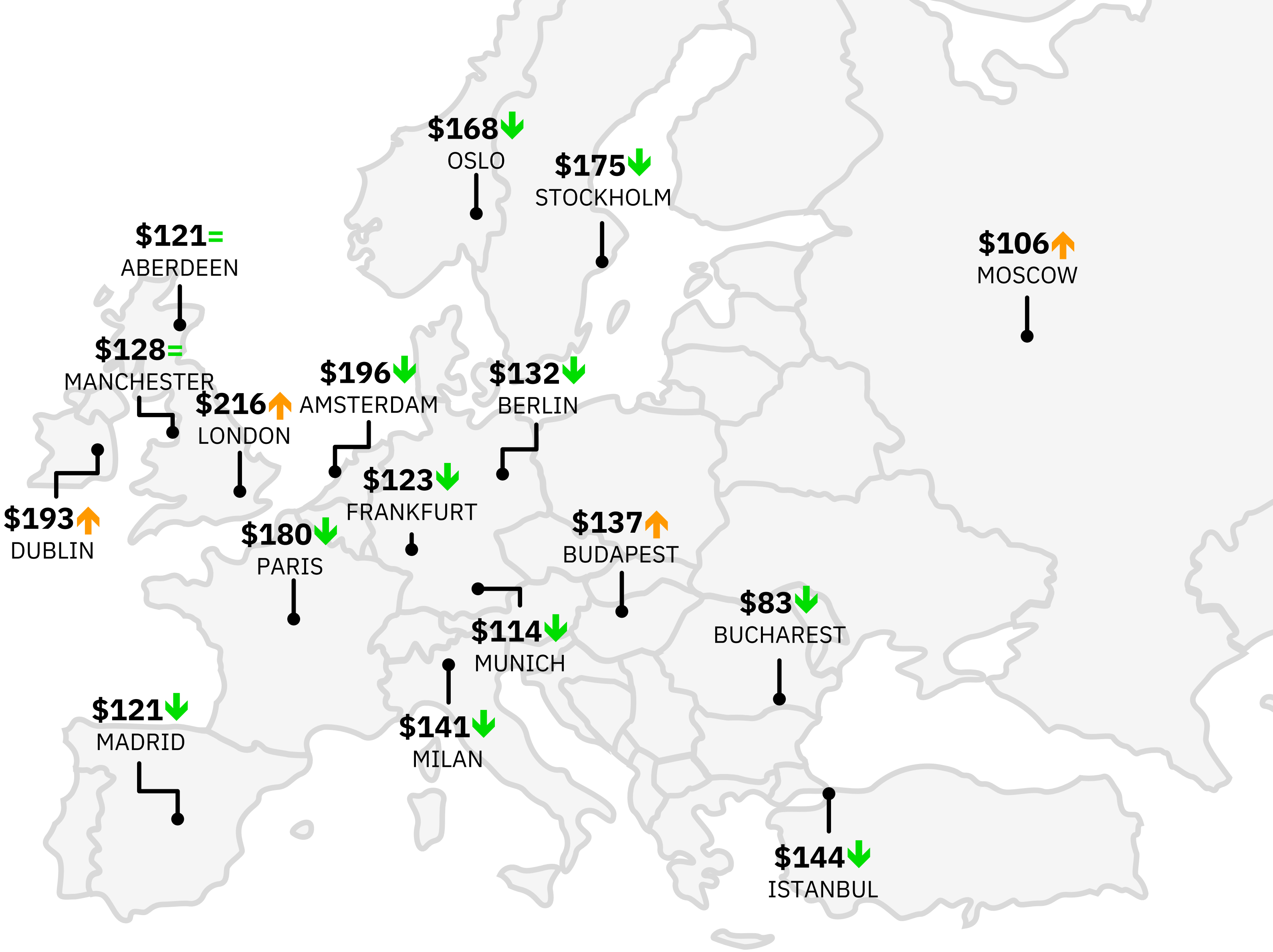
EUROPE

Accommodation
Q1 2022

CORPORATE TRAVEL RETURNS IN THE SHADOW OF GEOPOLITICAL UNREST

COMPARED TO Q4 2021

- AMSTERDAM ↓ 7%
- BERLIN ↓ 8%
- DUBLIN ↑ 25%
- FRANKFURT ↓ 10%
- LONDON ↑ 9%



$USD

Corporate Rates
Average Rate Paid % Var.
Q1 2022 vs

Q4 2021	↓	3%
Q1 2019	↓	8%

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MIDDLE EAST AND AFRICA

Accommodation
Q1 2022

OCCUPANCY RISES FUELLING ROBUST RATE GROWTH ACROSS MAJOR CITIES

COMPARED TO Q4 2021

- ABU DHABI ↑ 80%
- CAIRO ↑ 46%
- CAPE TOWN ↑ 13%
- DUBAI ↑ 26%
- JOHANNESBURG ↑ 5%

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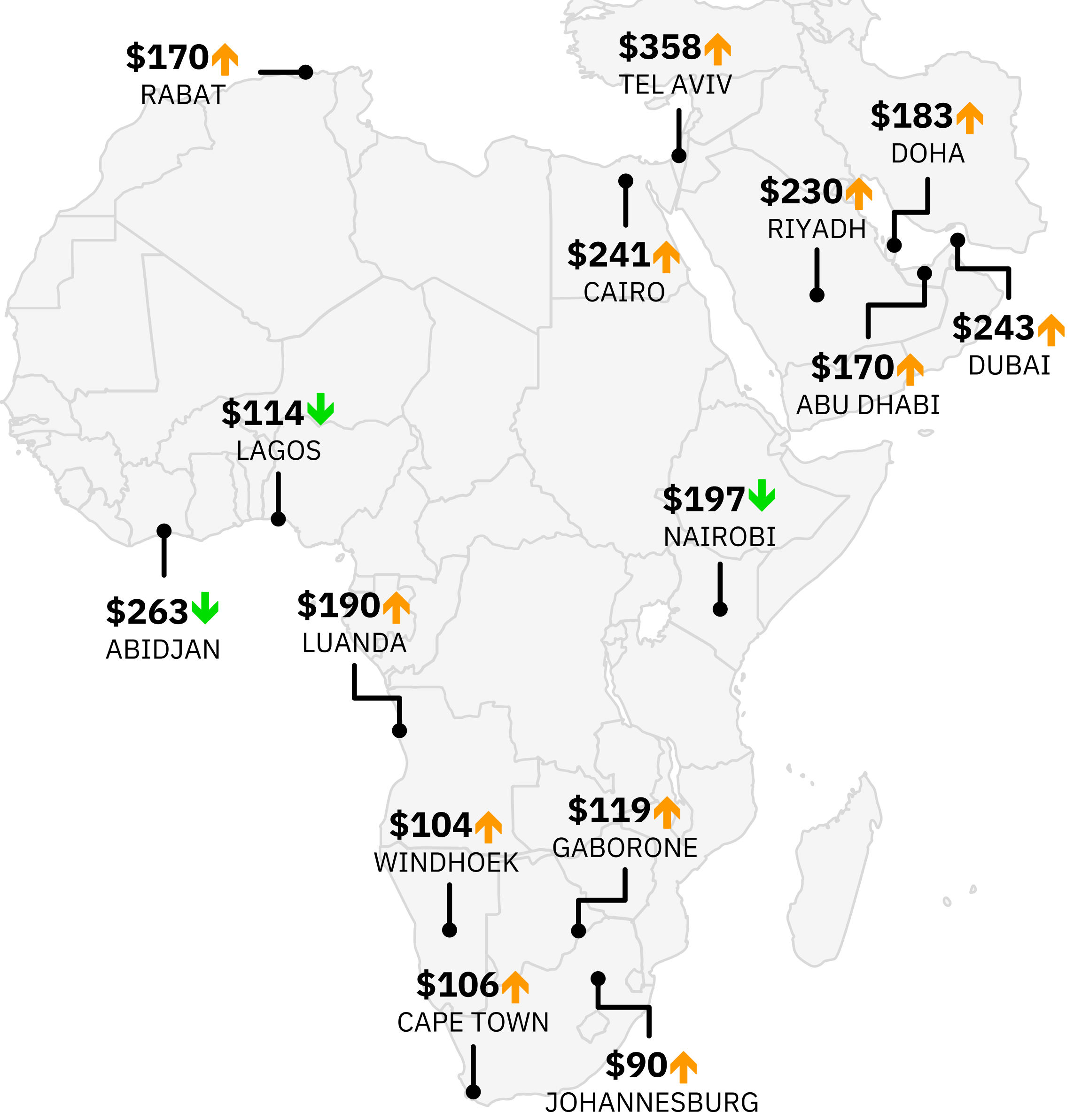

$USD

Corporate Rates
Average Rate Paid % Var.

Q1 2022 vs

Q4 2021	↑	13%
Q1 2019	↓	5%

MOBILITY

Key Takeaways Q1 2022

1

CAR RENTAL & TRANSFERS

Car rental volume for corporate travel is significantly up over 2021, and only **down 15%** on 2019.

Car rental **average daily rates** are **+15.3%** vs Q1 2019.

As corporate travel swells, globally door-to-door **car transfers** have grown **+57%** during **Q1 2022** vs same period 2021.

2

THE ROAD AHEAD

Major rental companies continue to **re-fleet** existing cars and grow fleet with new vehicles.

Used car market is buoyant driving up the cost of cars, servicing and parts.

Acquisition of new fleets are challenged due to **supply chain shortages** and demand for alternatives in car fuel options.

3

ELECTRIC VEHICLES

Our biggest focus now is the future supply of **electric vehicles** for both car rental and transfer services.

All major car rental providers have announced significant purchase plans over the **next five years**.

Hybrid vehicles continue to make up a large part of existing fleets and will remain as an option.

More Information

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