



Global

Quarterly Trend Report

Q1-2022

Authors:

FCM Global Consulting Team



→ About the Report

This FCM Consulting quarterly report draws on global data sourced from FCM travel bookings during January to March 2022 (Q1-2022) and uses Cirium aviation data as of April 27th, 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, U.S. dollars (\$) are 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



TRAVELER 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 travelers 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 **\$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 had significant impact on the travel supply chain:

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 8 in 10 corporations have started to integrate sustainability into their travel programs.

Top focus items:

- Travel policy and education
- Demand management
- Supply chain assessment
- Metrics and reporting
- CO2 offsetting

8



INNOVATION

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

- Trip approvals
- Push alerts & communication to support travelers through journeys
- Traveler sustainability choices

Mobile phone global roaming now stays on 100%.

*for travelers from select markets

^to visitors

**for specific airlines domestically

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 classes 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

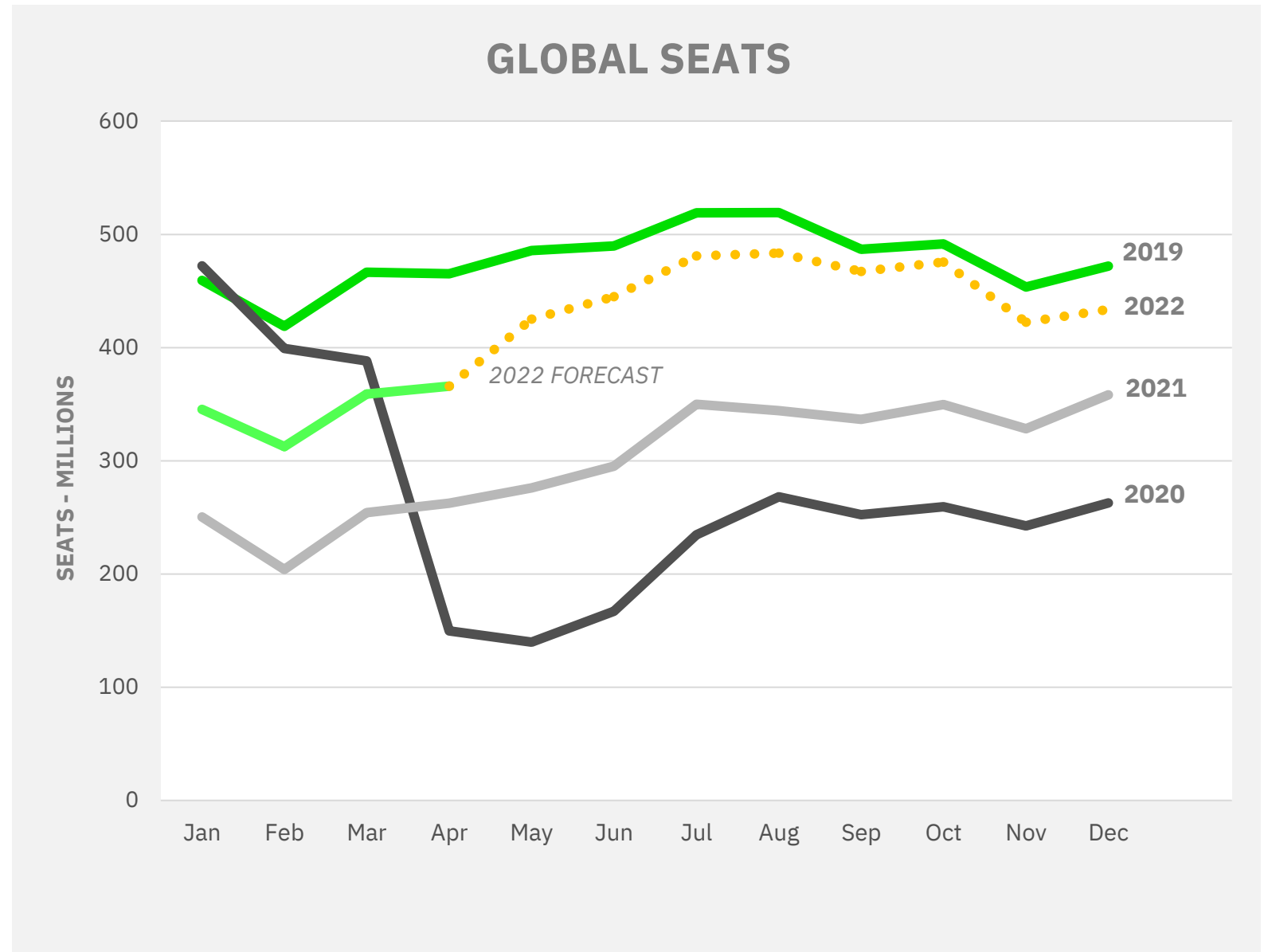
AVIATION - GLOBAL

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, **5.2B 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.



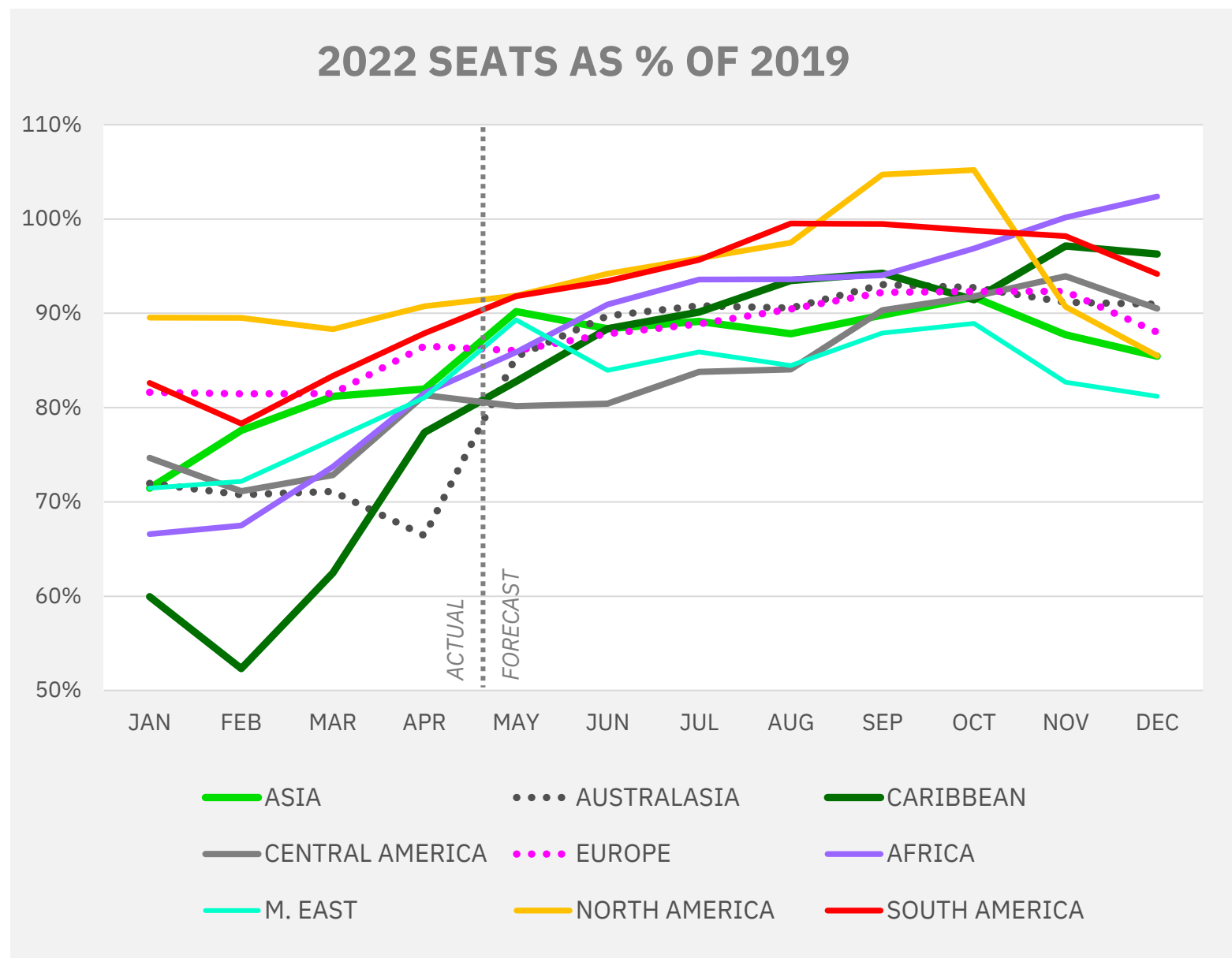
AVIATION - REGIONAL Pace Differs

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 to Q3 period, peaking September 2022 with +5% seats compared to 2019.

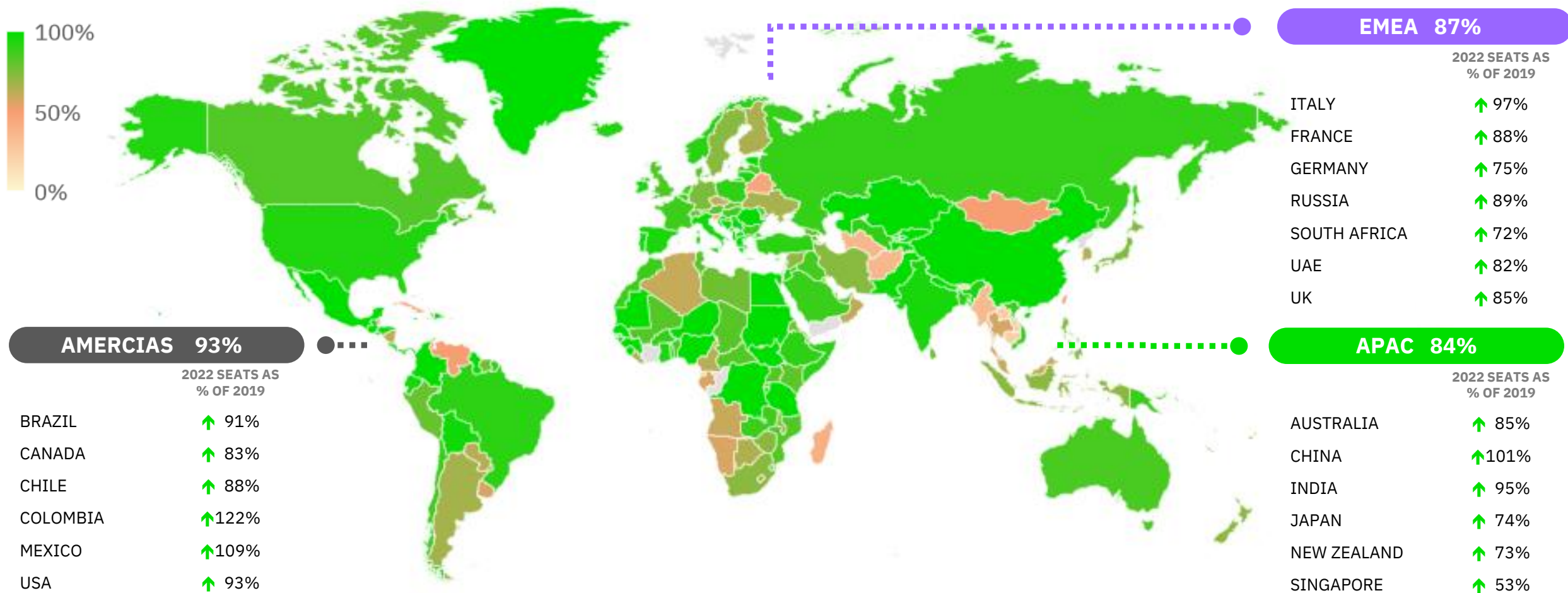
Europe and **Asia** will peak at -8% and -12% in September 2022 vs 2019. Long-range forecasts suggest these markets will reach 2019 volumes in 2023.

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



FLIGHT RECOVERY

2022 seats as % compared to 2019



AIRLINE SEAT CAPACITY

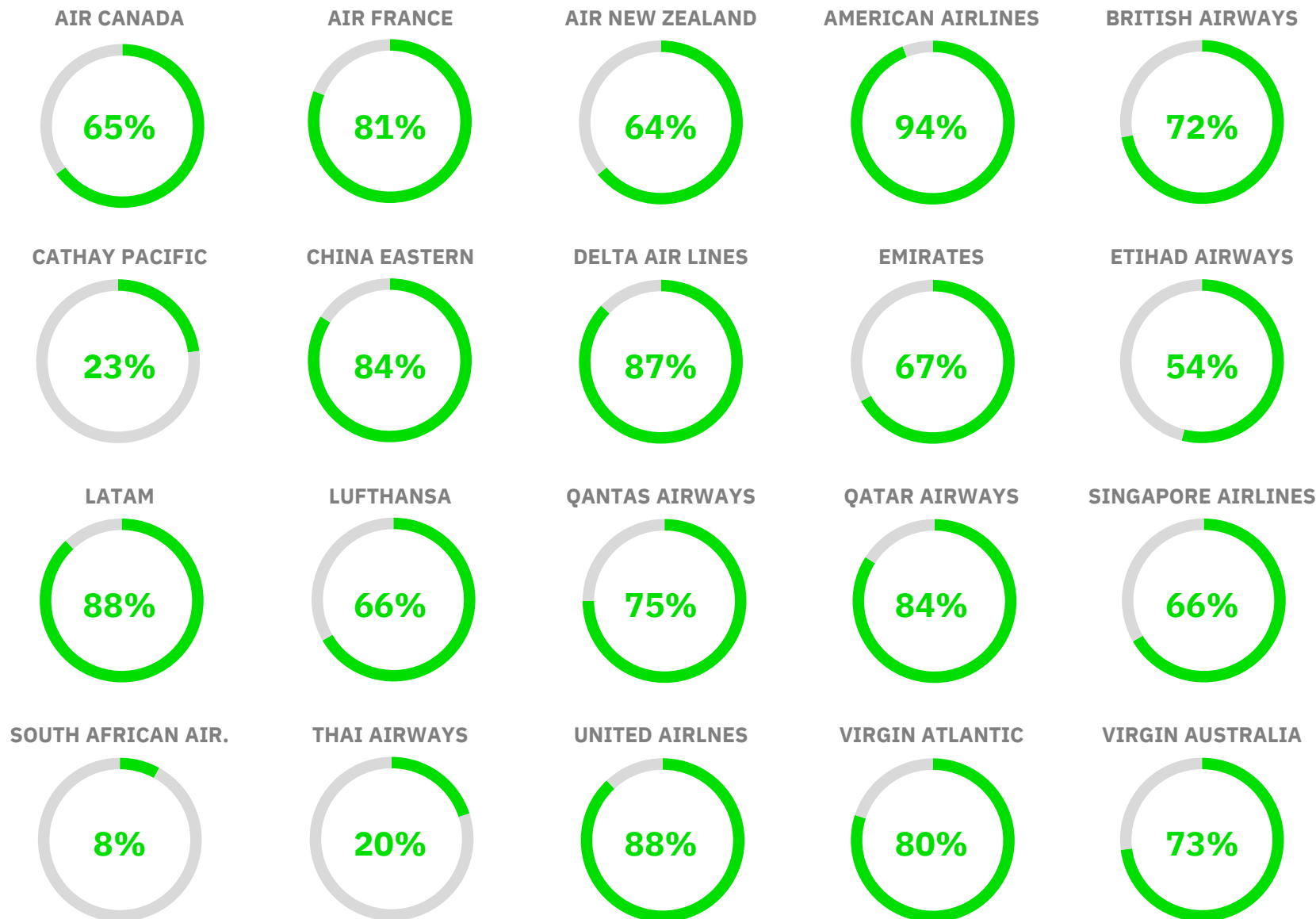
H1-2022 vs H1-2019

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.

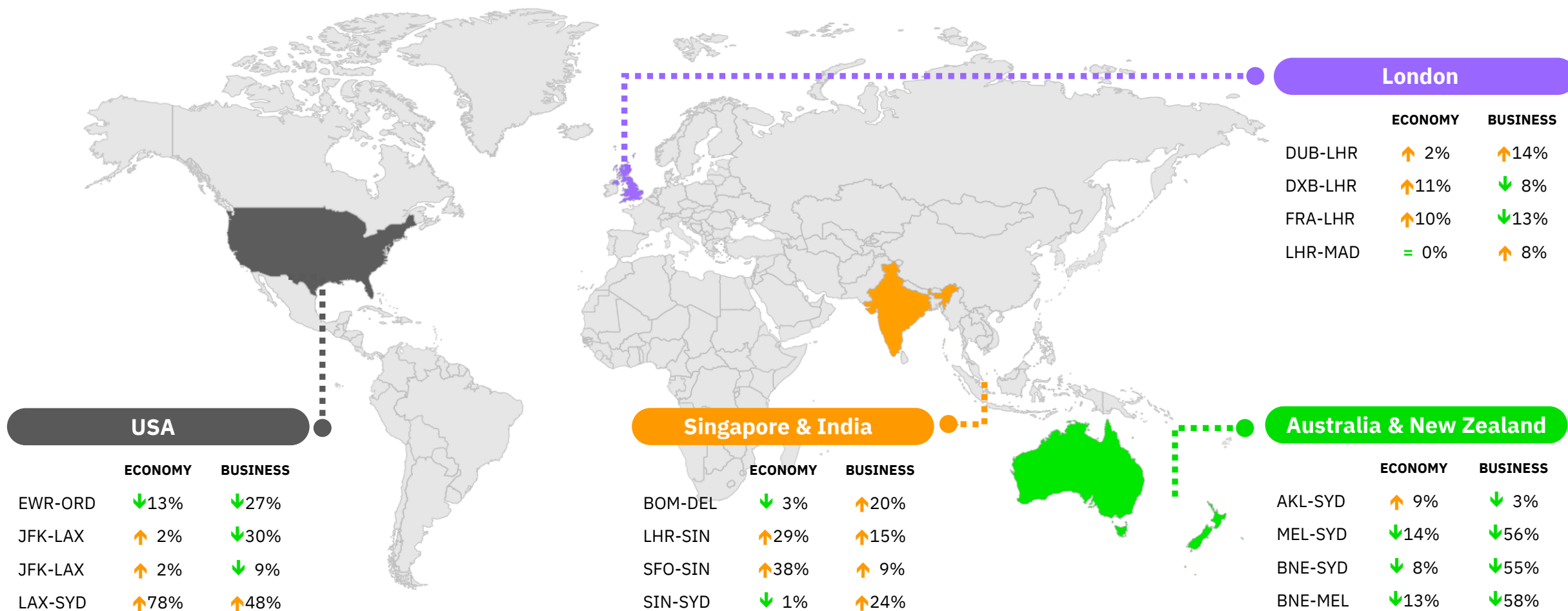
Three airlines are in a holding pattern, waiting for recovery.

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



TOP ORIGIN AND DESTINATION AIRFARES

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



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.

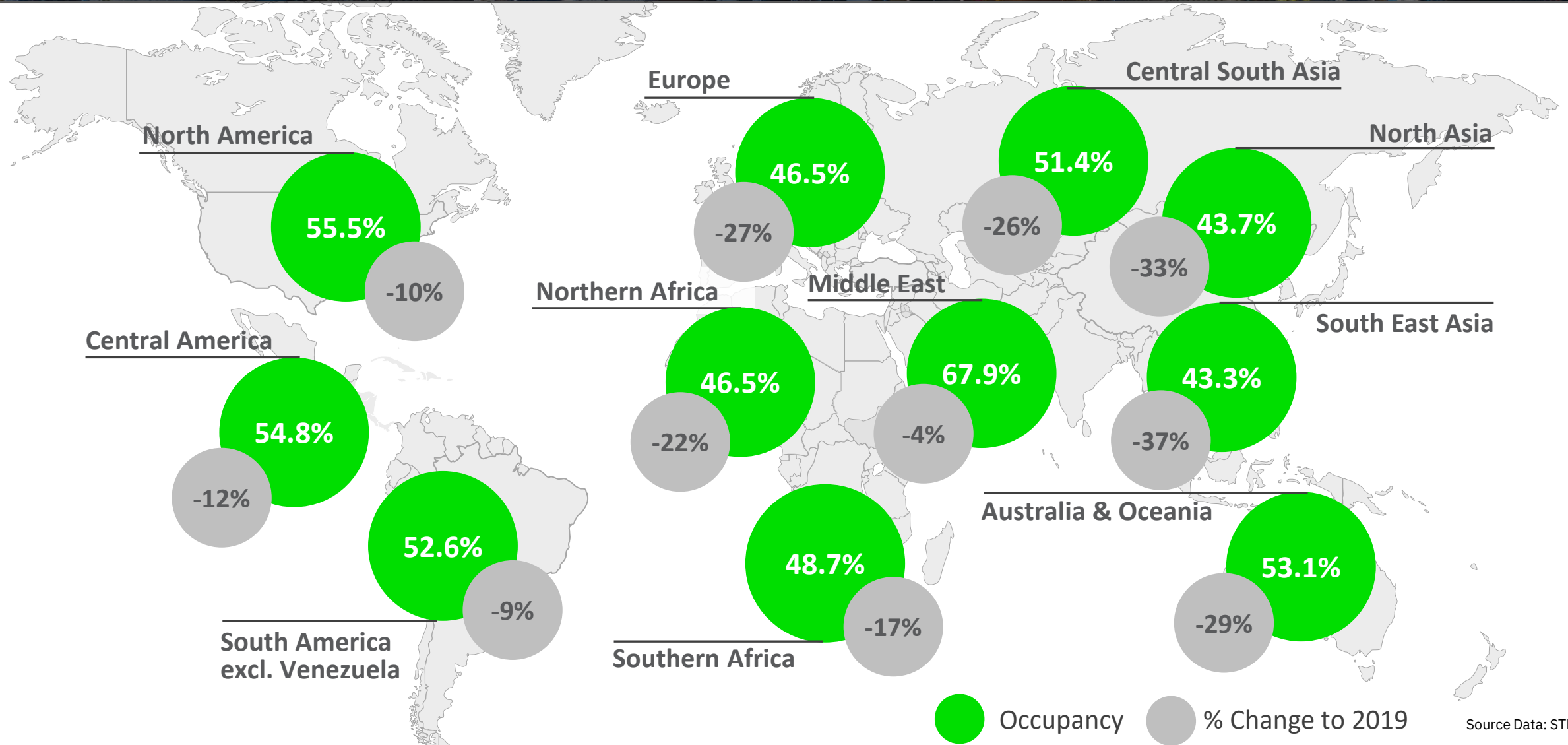
Workers who moved out of the city during COVID are now generating a new accommodation demand as they commute mid-week from home to the city and 'stay local' – avoiding their daily long commutes home.

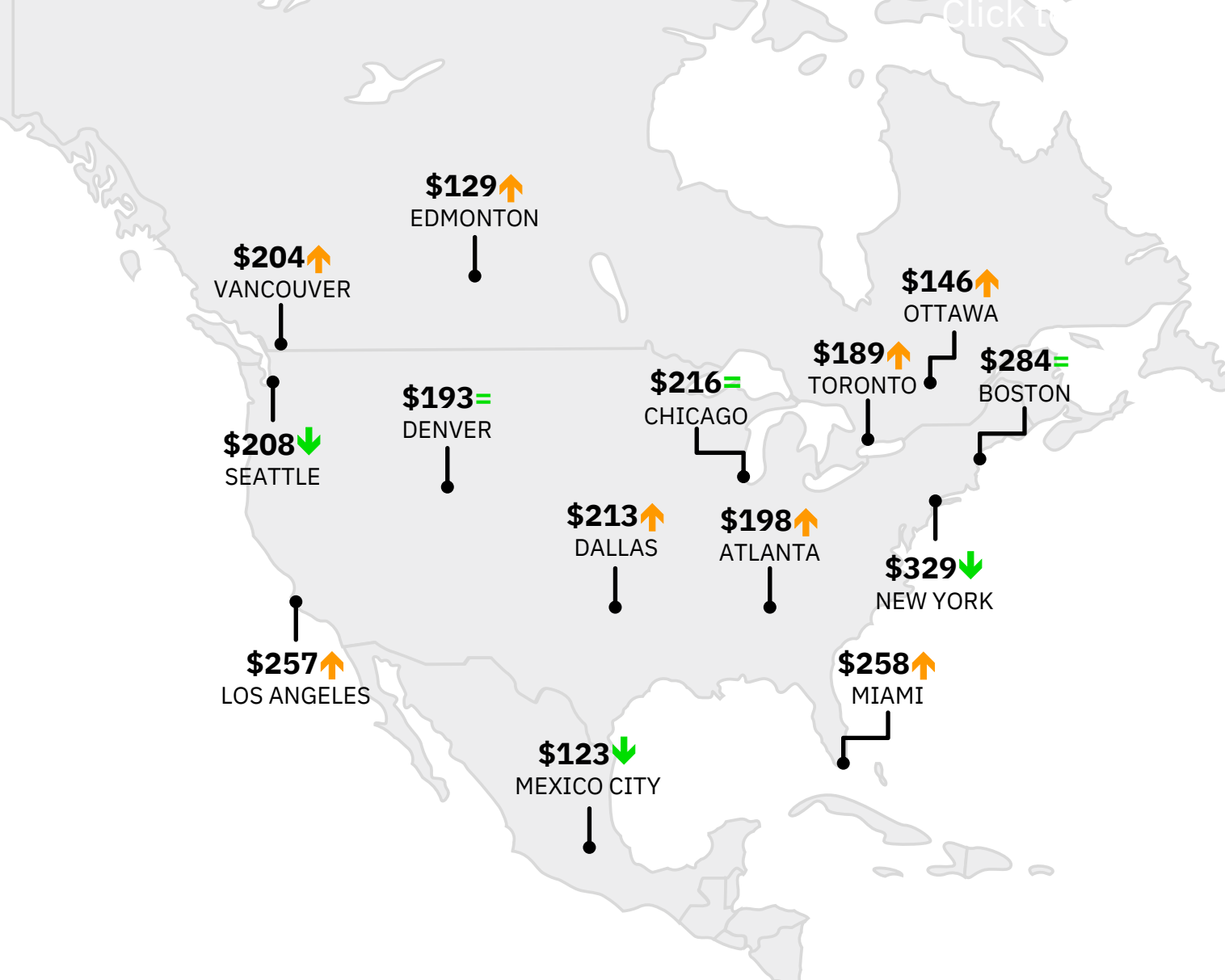
*as reported by Amadeus

^as reported by STR

Omicron concerns recede and **occupancy climbs**

Occupancy % change in 2019 vs Q1-2022





Corporate Rates
Average Rate Paid % Var.

Q1-2022 vs

Q4-2021 ↑ 5%
Q1-2019 ↓ 4%



\$USD

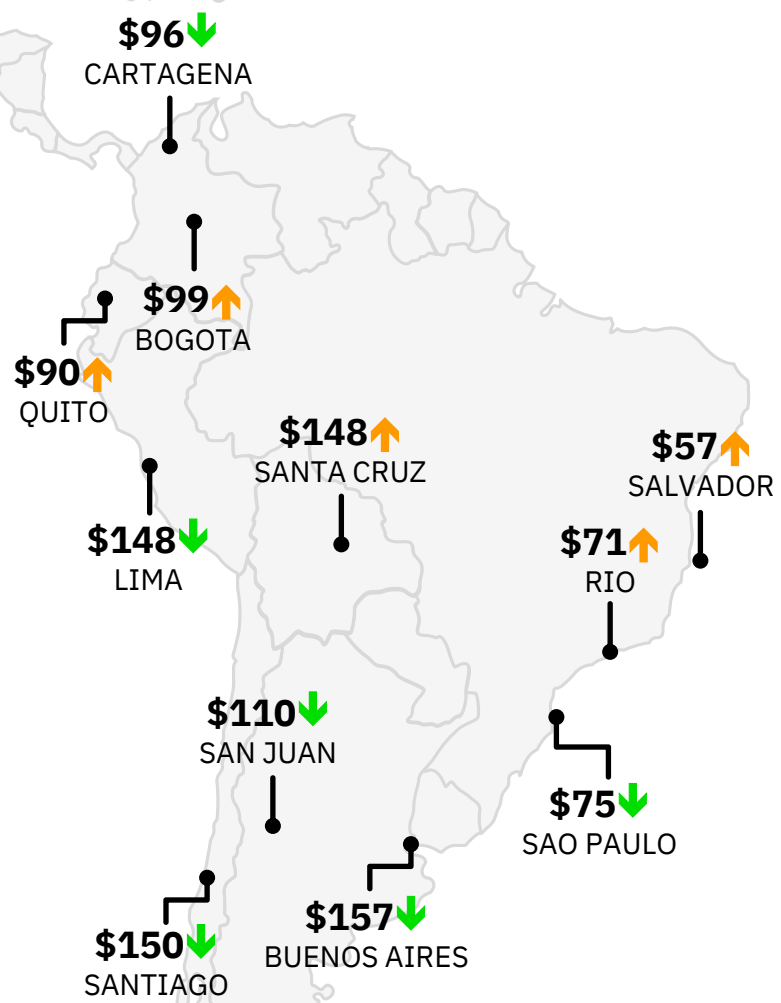
NORTH AMERICA

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%



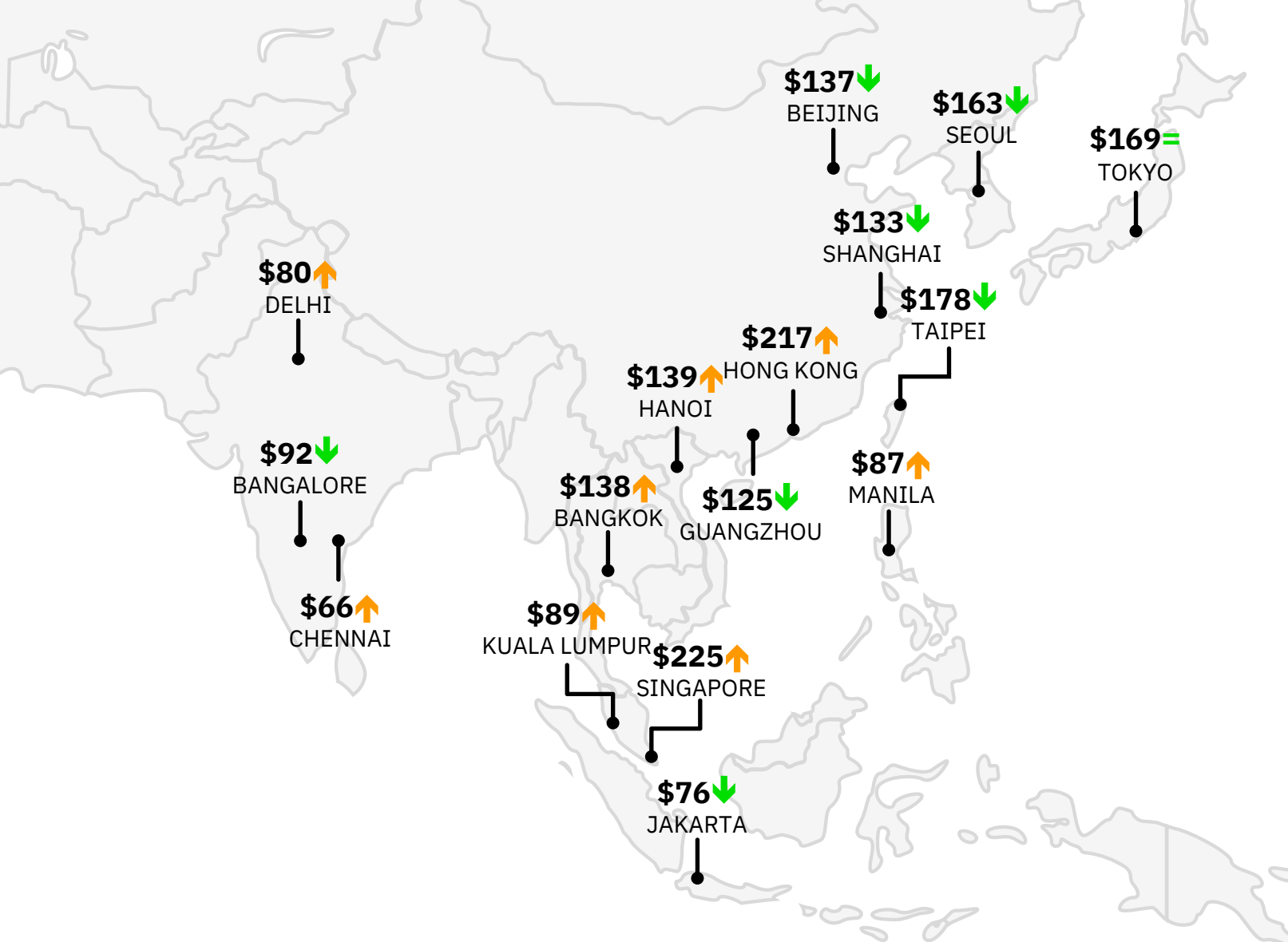
LATIN AMERICA

Accommodation Q1-2022

THE REGION STABILIZES 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.

Q4-2021	↑	11%
Q1-2019	↓	9%

Q1-2022 vs



ASIA

Accommodation Q1-2022

**KEY BORDERS REMAIN OPEN,
GENERATING TRAVELER
CONFIDENCE ONCE AGAIN**

COMPARED TO Q4-2021






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

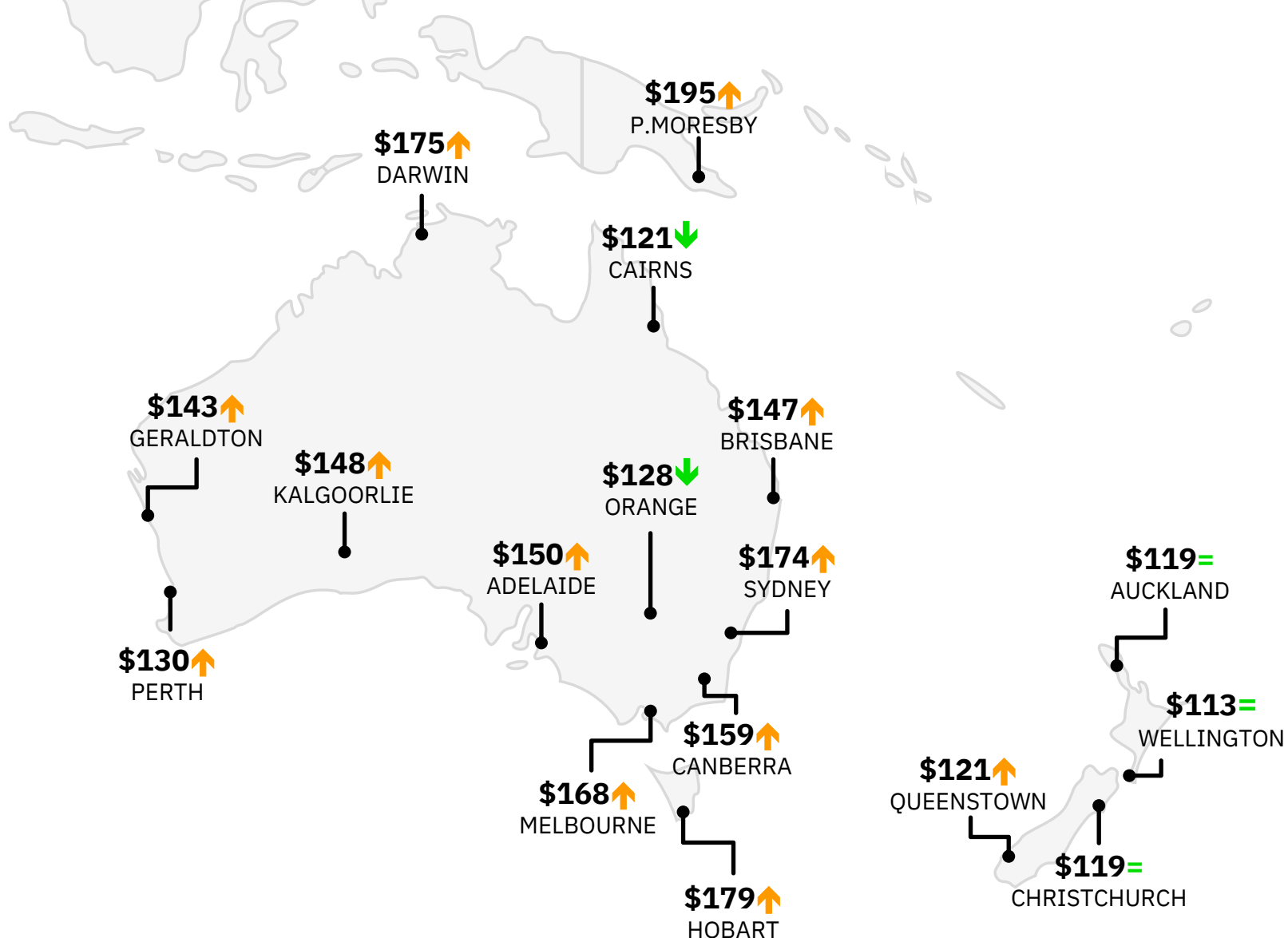
AUSTRALIA & NEW ZEALAND

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%



Corporate Rates
Average Rate Paid % Var.

Q1-2022 vs

Q4-2021  12%
Q1-2019  9%

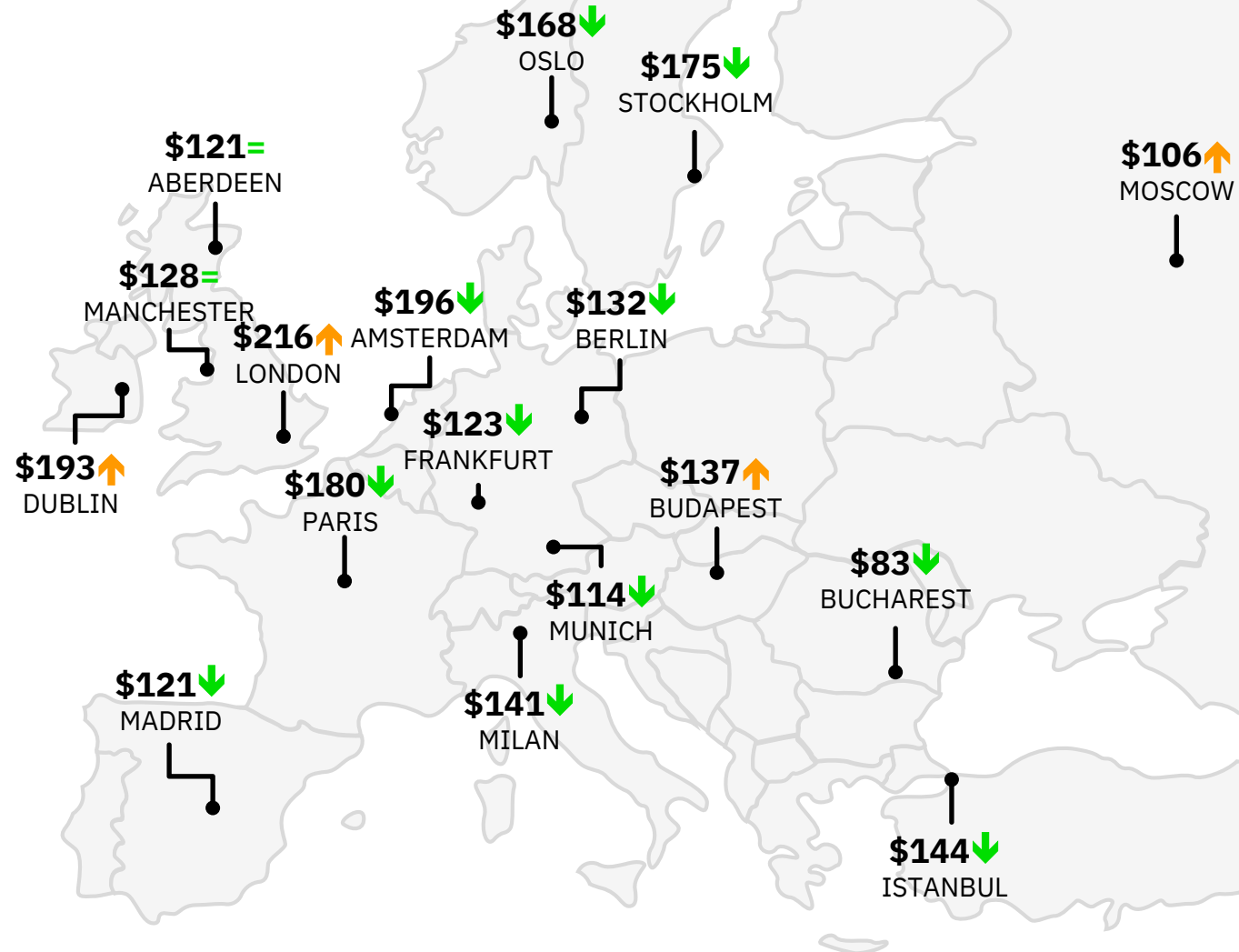
EUROPE

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%



Corporate Rates
Average Rate Paid % Var.

Q1-2022 vs






Q4-2021 ↓ 3%
Q1-2019 ↓ 8%

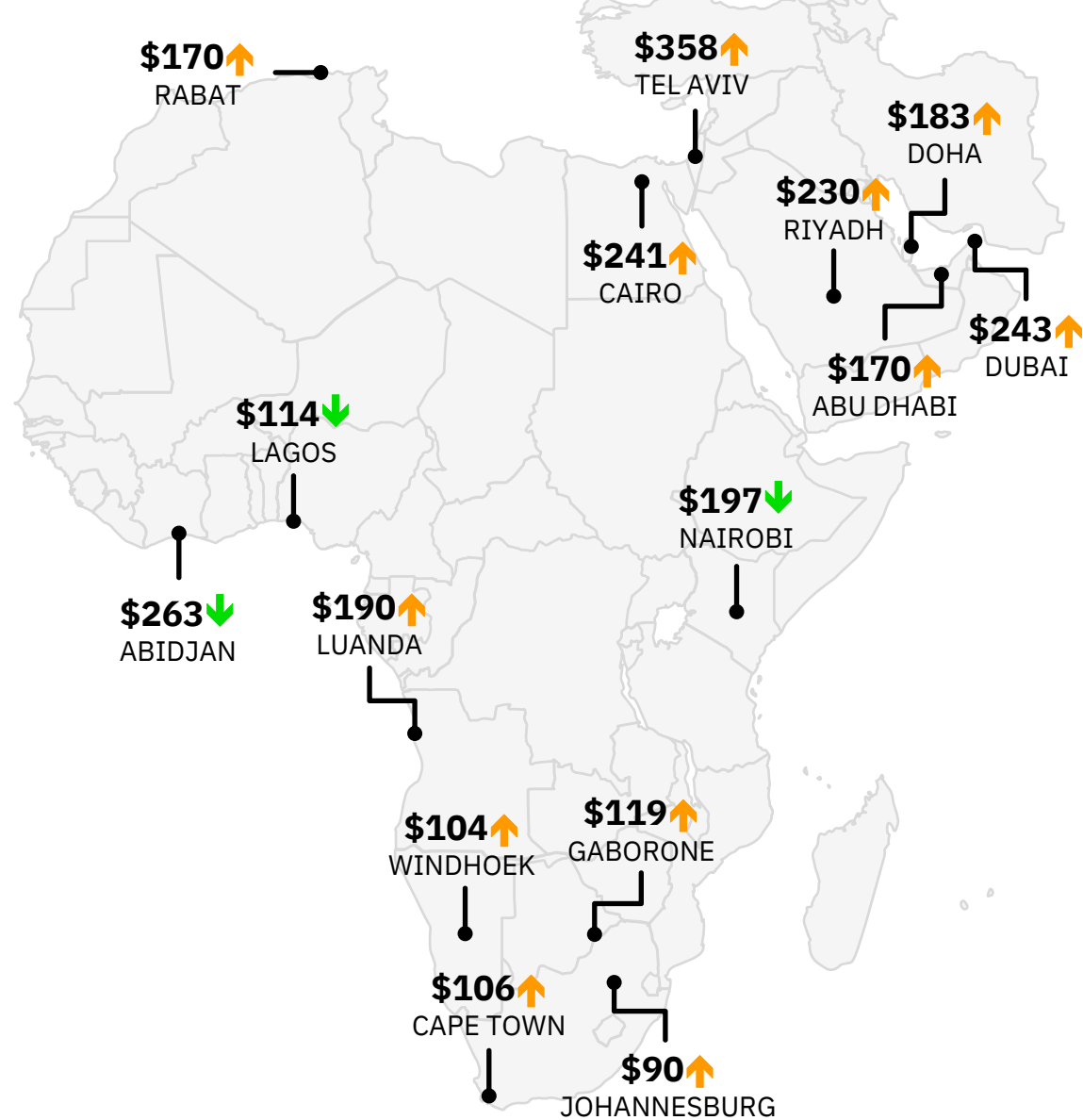
MIDDLE EAST AND AFRICA

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%



Corporate Rates
Average Rate Paid % Var.

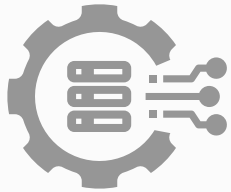
Q1-2022 vs

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

FCM Consulting

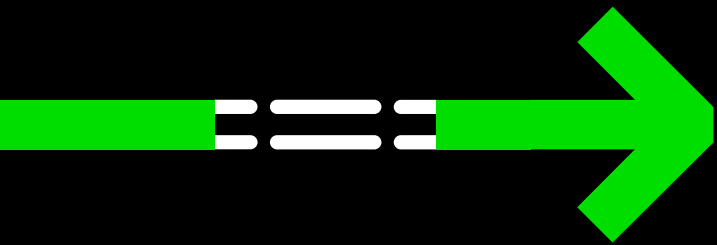
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