



Global

# Quarterly Trend Report

Q2-2022

Authors:

FCM Consulting Global Team





# About the Report

*This FCM Consulting quarterly report draws on global data sourced from FCM bookings, for travel during April to June 2022 (Q2-2022) and uses Cirium aviation data as at July 19<sup>th</sup>, 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 seasonality, supply and demand, corporate booking lead times, and subtle variations in exchange rates. Unless otherwise stated all fares and rates are reported in USD(\$).*

# CORPORATE Need to Know

Travelers have emerged in earnest. This resurgence comes amid a significant downgrade in the global economic outlook due to rising inflation. This will be the downside for H2-2022.

This edition of FCM Consulting's Quarterly Trend Report looks at the extreme supply and demand levers impacting the industry combined with considerable price increases across the board.





# CORPORATE TRAVEL

## Key Takeaways Q2-2022

1



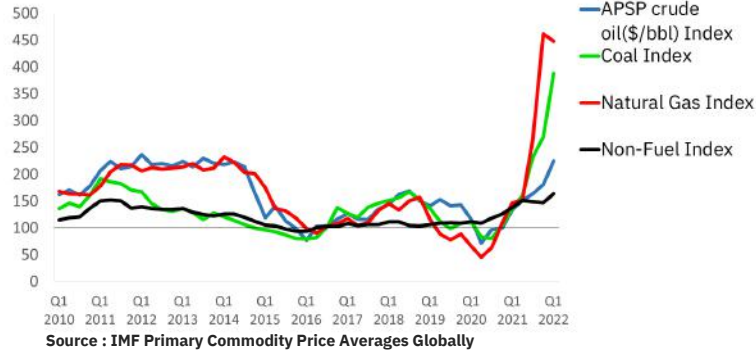
### RISING COSTS

We are seeing the highest inflation since the 1970s, with **global inflation** forecasted to reach **7.9%** in 2022, compared to 2001-2019 annual average global inflation of 3.8%\*.

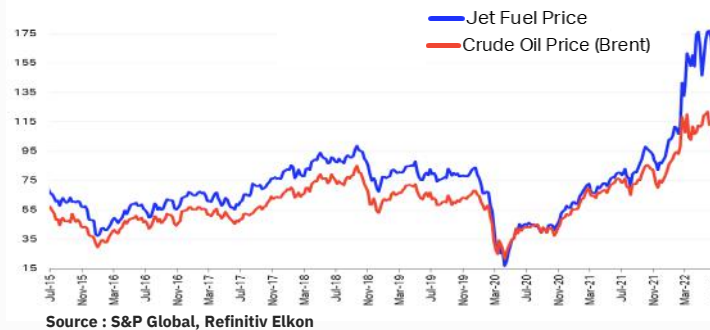
**IMF global energy costs** show coal and gas at record highs compared to non-fuel\*\*. **Jet fuel** peaked in Q2-2022 at **\$175 per barrel**^.

All these rising costs are being passed on to operators and consumers.

IMF - Primary Commodity Price System (PCPS)



Jet Fuel & Crude Oil Price (\$/barrel)



2



### GEOPOLITICAL UNREST

The crisis in Ukraine continued during Q2-2022, causing continued disruption on **Europe to Asia flight routes** and causing **high fuel prices** to impact airlines and travelers.

Recent FCM Consulting global analytics indicate the **top 30 corporate routes** have increased **+40% in Economy class** and **+23% in Business class** for the period of April-May 2022 compared to same period in 2019.

\* Euromonitor International

\*\*Supplies starting to transfer the additional cost to consumer

^ IATA Fuel Monitor

# CORPORATE TRAVEL

## Key Takeaways Q2-2022

3



### TRAVEL TRENDS

For fully-vaccinated travelers:

**141 countries are fully open**

53 require COVID testing

6 require quarantine

8 entry is restricted\*

Advance booking days globally averaged **26 days** in Q2-2022 vs **18 days** in Q1-2022.

Book early to confirm a seat.

4



### TECHNOLOGY

Increasing **+20%** during Q2-2022, OBT use globally across FCM corporates is now averaging **65% in June 2022**.

Moreover, travelers rely on **smartphone apps** to access digital boarding passes, receive push alerts on changes, and use sites for location updates and options.

5



### SUSTAINABLE HOTELS

In a recent FCM Consulting survey, **80% of procurement teams** reported hotel sustainability is the hardest to assess when compared to other travel suppliers.

On average **20%** of hotels are being **declined** from 2023 hotel programs due to lack of **sustainability strategies**.

6



### SUSTAINABLE AIRLINES

**United Airlines** was the first to use **100% SAF\*\***, flying a 737 MAX 8 jet in December 2021. Which airline will be next? Now is time to assess the sustainability of your airlines.

The SAF industry worth \$220M in 2021 is set to be worth \$15B by 2032. The industry continues to focus on sustainable aircraft and fuel.

\* Restricted countries with full vaccination cycle: American Samoa, Cameroon, China, Macau, Samoa, Suriname, Taiwan, and Ukraine

\*\* Sustainable Aviation Fuel

# AVIATION

## Key Takeaways Q2-2022

1



### LABOR SHORTAGES

Pre-COVID travel and tourism employed some 330M people. In 2020, 60M jobs were lost with only 18M replaced by 2021.

With travel returning rapidly, many **airports** are struggling to **recruit and screen** new staff fast enough, forcing airports such as Heathrow and Frankfurt in the recent quarter to **cap the number of travelers per day**.

2



### CANCELED

Persistent staffing shortages, fewer flights, and booming demand are causing **severe disruptions** for travelers' experience.

**USA-based airlines** canceled over **21,000 flights** since Memorial Day weekend in May-2022.  
**Lufthansa** canceled **3,000+ flights** in July and August due to airport and staffing problems.

3



### NEW TRAVEL PLANS

Until **airport staffing** levels can meet demand, we encourage travelers to:

- **Arrive early:** 2-3 hrs for Domestic and 3+hrs for International
- **Pack spare items** in your carry-on
- Allow more time at **Passport Control** upon arrival and have flexible ground transport connections when you land
- **Plan** for the **unplanned**



Security line  
18-07 @06.30 AM  
Heathrow

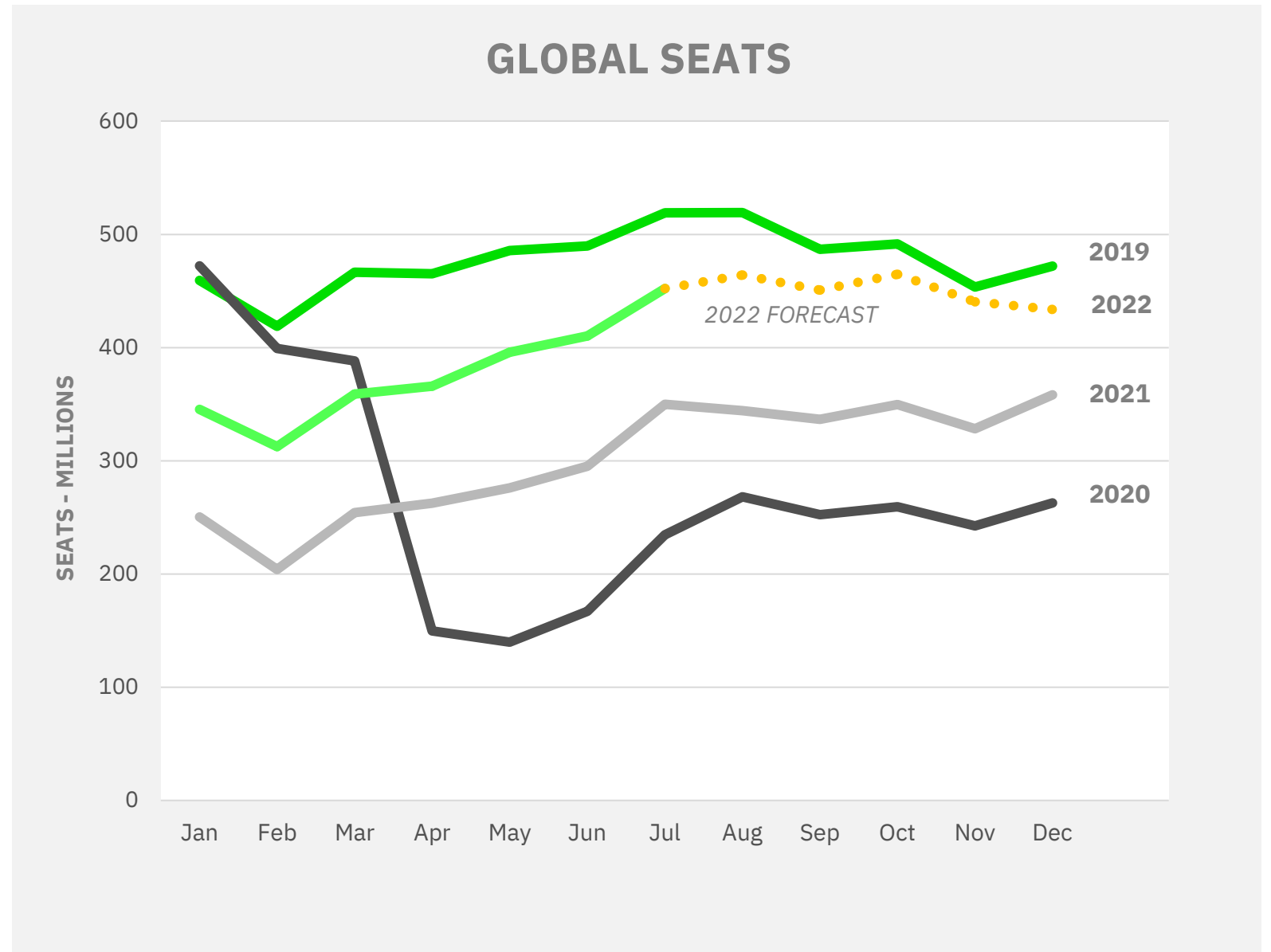


# AVIATION - GLOBAL UPWARD TICK

Q2-2022 showed steady monthly growth in seats offered with -23% less seats compared to Q2-2019.

Since our Q1-2022 report issued in April, a further **120M** seats have been removed from original schedules to the end of the year.

It's forecasted for the calendar year ending 2022 that there will be **-832m (-15%)** less seats than 2019.

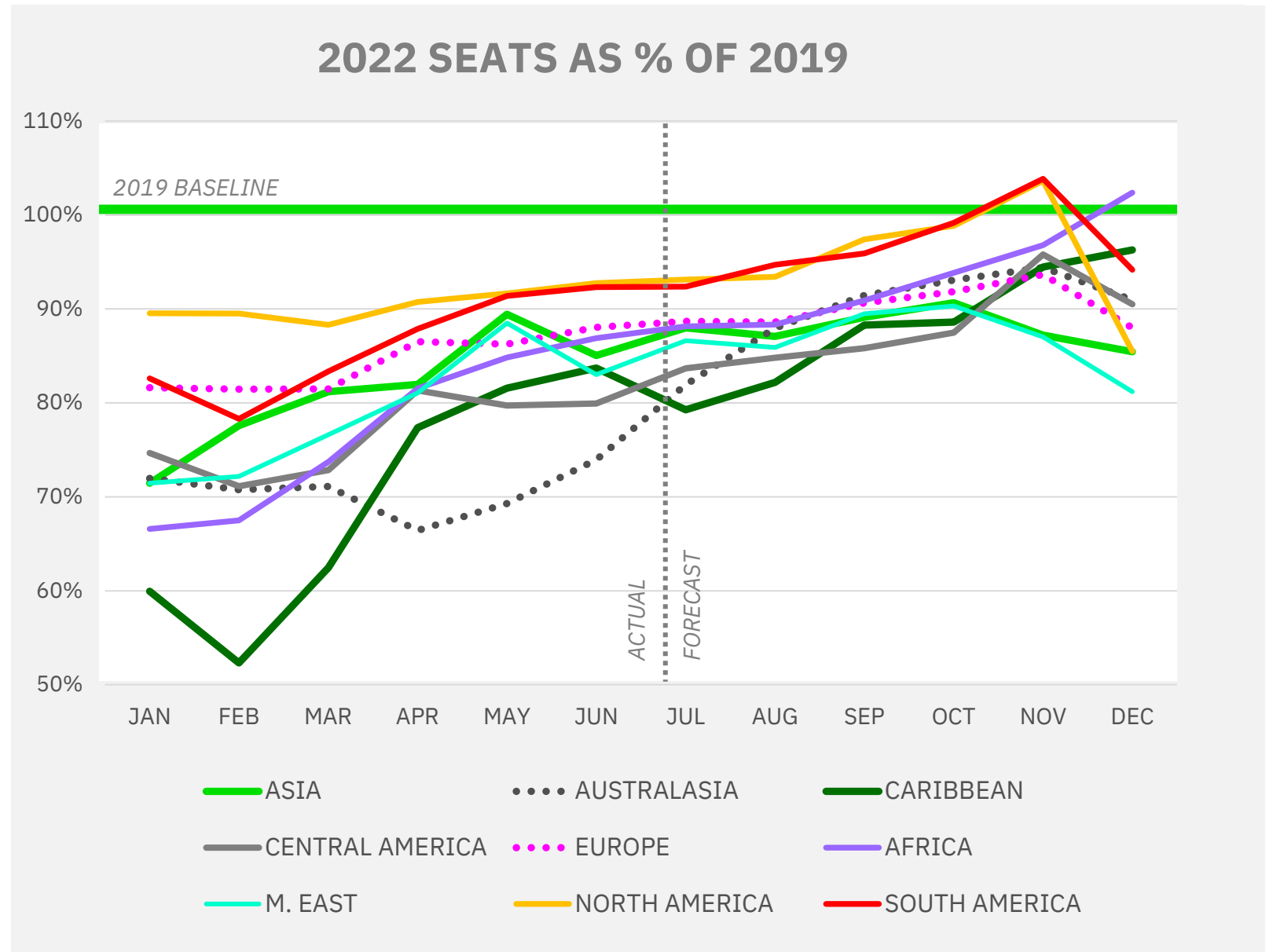


# AVIATION - REGIONAL CONstrained

**Q2-2022** saw Europe, North America, and South America seats level out with nominal growth. Staff shortages across airlines and airports strained growth and caused many cancellations.

**H2-2022 forecasts** have the majority of regions **-10%** below 2019 seat volumes, with North and South America regions **+4%** above 2019 levels by November.

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





# AIRLINE SEAT FORECAST

## 2022 FORECAST & ACTUAL COMPARED TO 2019

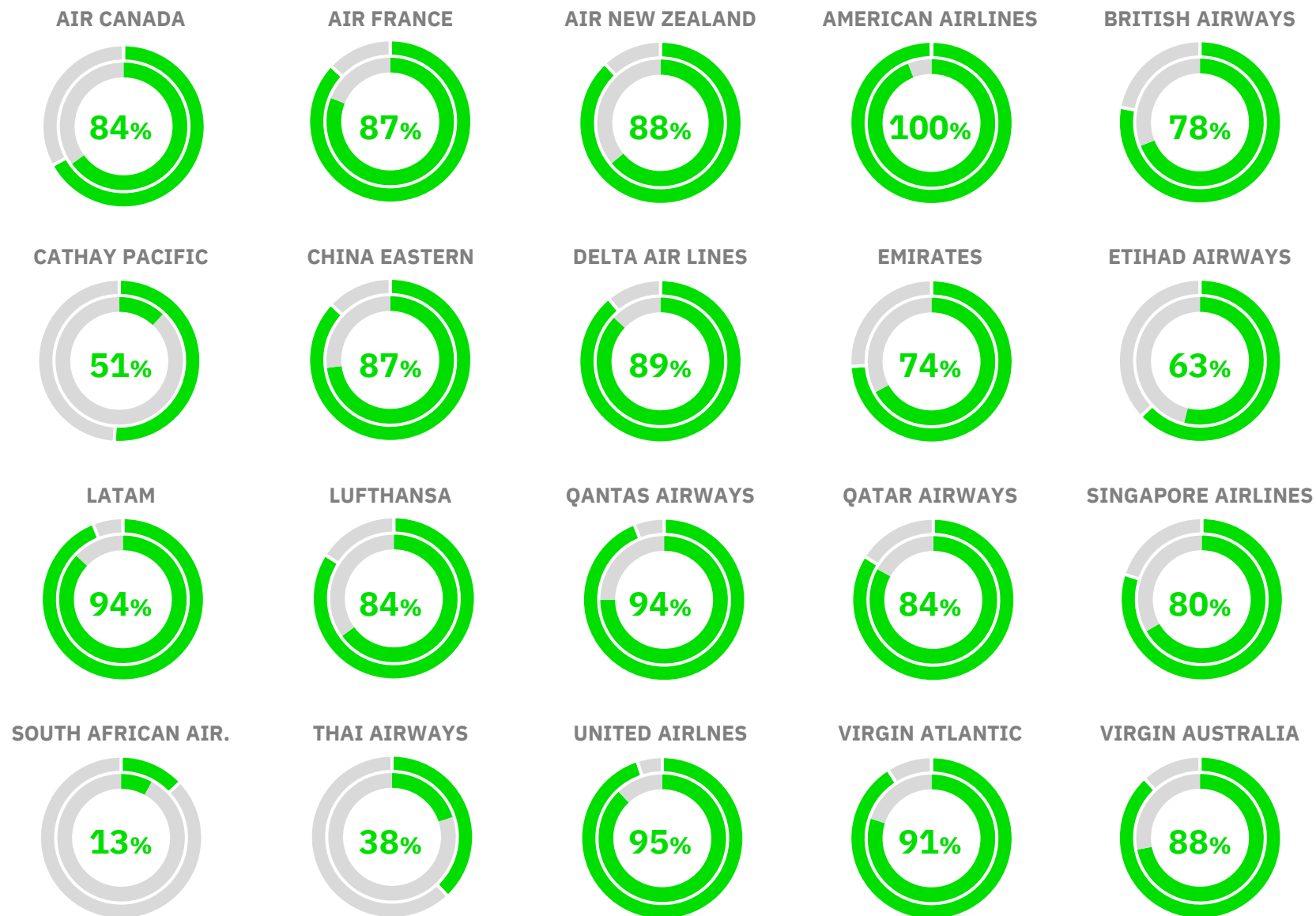
The top 20 global corporate airlines rebounded, with a global average of **87% seats offered in 2022 vs 2019**.

**American Airlines** is set to return to 2019 levels by end of H2-2022.

Fastest seat growth in H2-2022: **Cathay +39%**, **Air New Zealand +24%**, **Lufthansa** and **Qantas +19%** respectively.

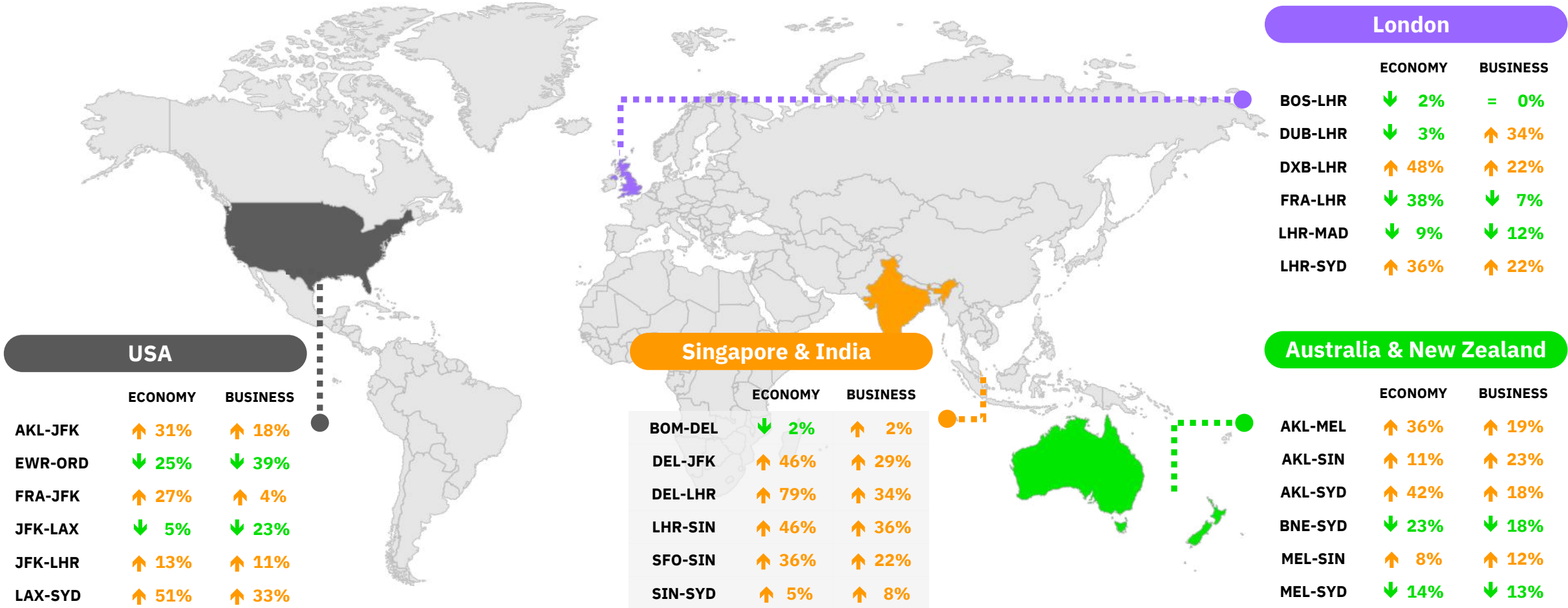
Across the Top 30 airlines globally the average **on time arrival** was **66.4%**, **-5.7%** during Q2-2022.

Airlines Seats offered % H1-2022 (inner) and H2-2022 (outer) compared to 2019 same period



# TOP ORIGIN AND DESTINATION AIRFARES

Airfare % change in April & May 2022 vs 2019 same period





# ACCOMODATION

## Key Takeaways Q2-2022

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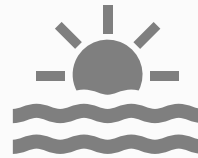
### FULL HOUSE

Globally in June 2022, hotel occupancy reached **64%\***, **+4%** on Q1-2022 and **+1%** on 2019.

Top occupancy^ regions for Q2 were **Central America 97%**, **South America 95%** and **Middle East 95%**.

**Forecasts indicate occupancy will remain high well into 2023.**

2



### NORTHERN SUMMER

As **corporate travel rebounded** in Q2-2022, the global average nightly rates grew **\$25+**. Availability also fell and corporate travelers struggled to book cities such as: **Dublin, London,** and **New York.**

Having the choice of contracted **fixed rates and dynamic discounts** kept costs low for travelers. Now is the time to review hotel policy **rate caps and allowances.**

3



### CLEAN MY ROOM

Under the spotlight during COVID-19, cleaning and hygiene were a very big consideration when booking a hotel.

As hotels struggle to recruit staff, another significant challenge is the **operating cost increases** to clean a room. On average the cost to clean a room has **increased +30%**.

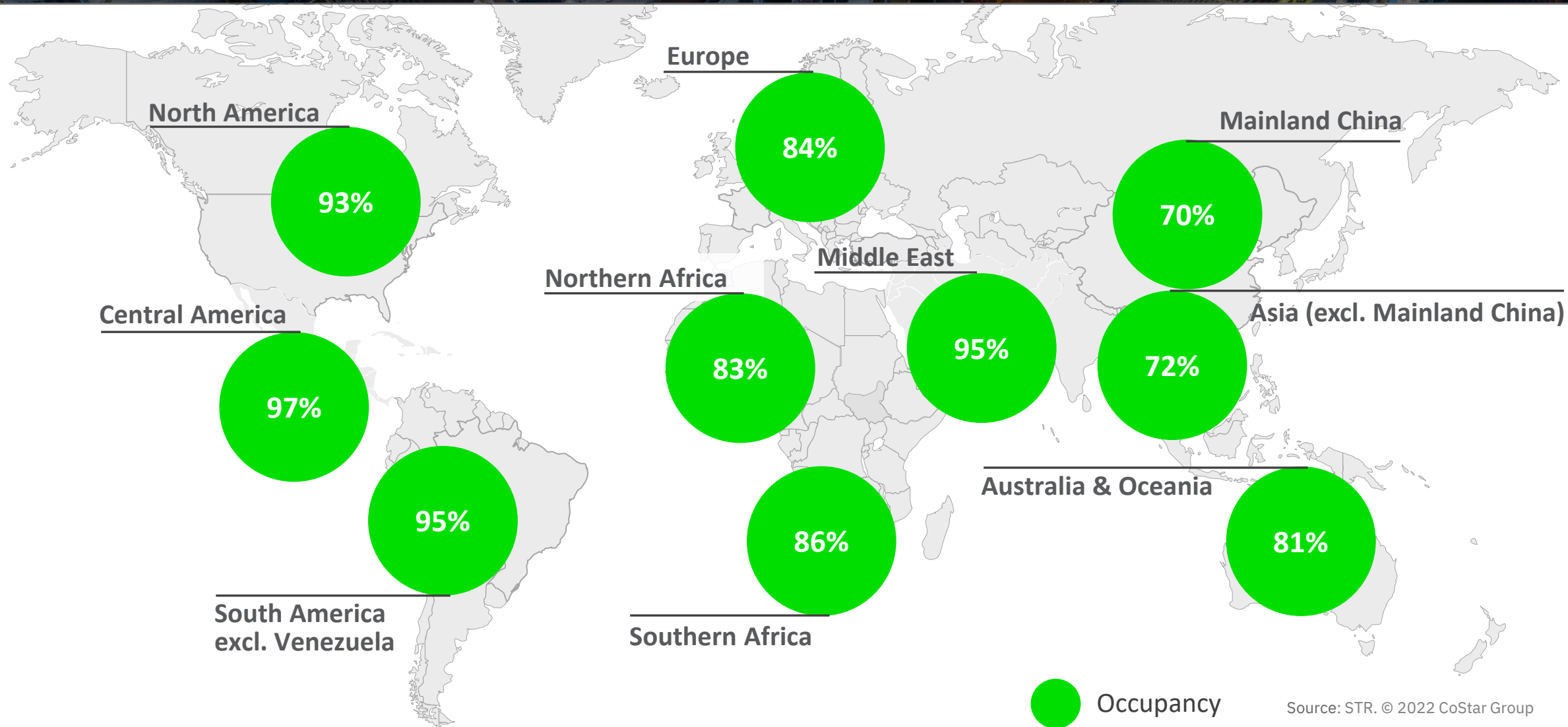
This is another cost which is being passed on to consumers.

\*as reported by Amadeus

^as reported by STR

# Occupancy continues its path back to 2019 levels

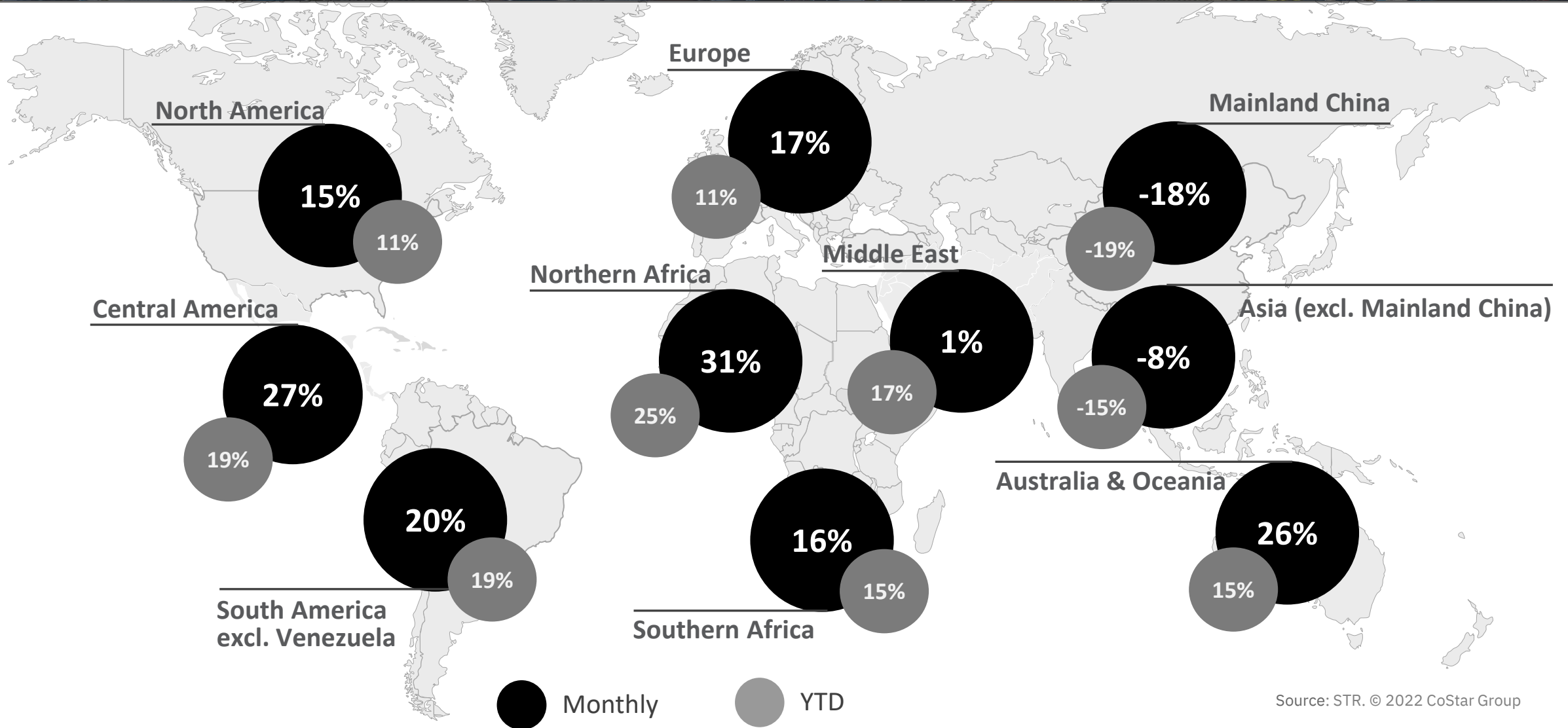
Occupancy % (standard) indexed to 2019, June YTD 2022

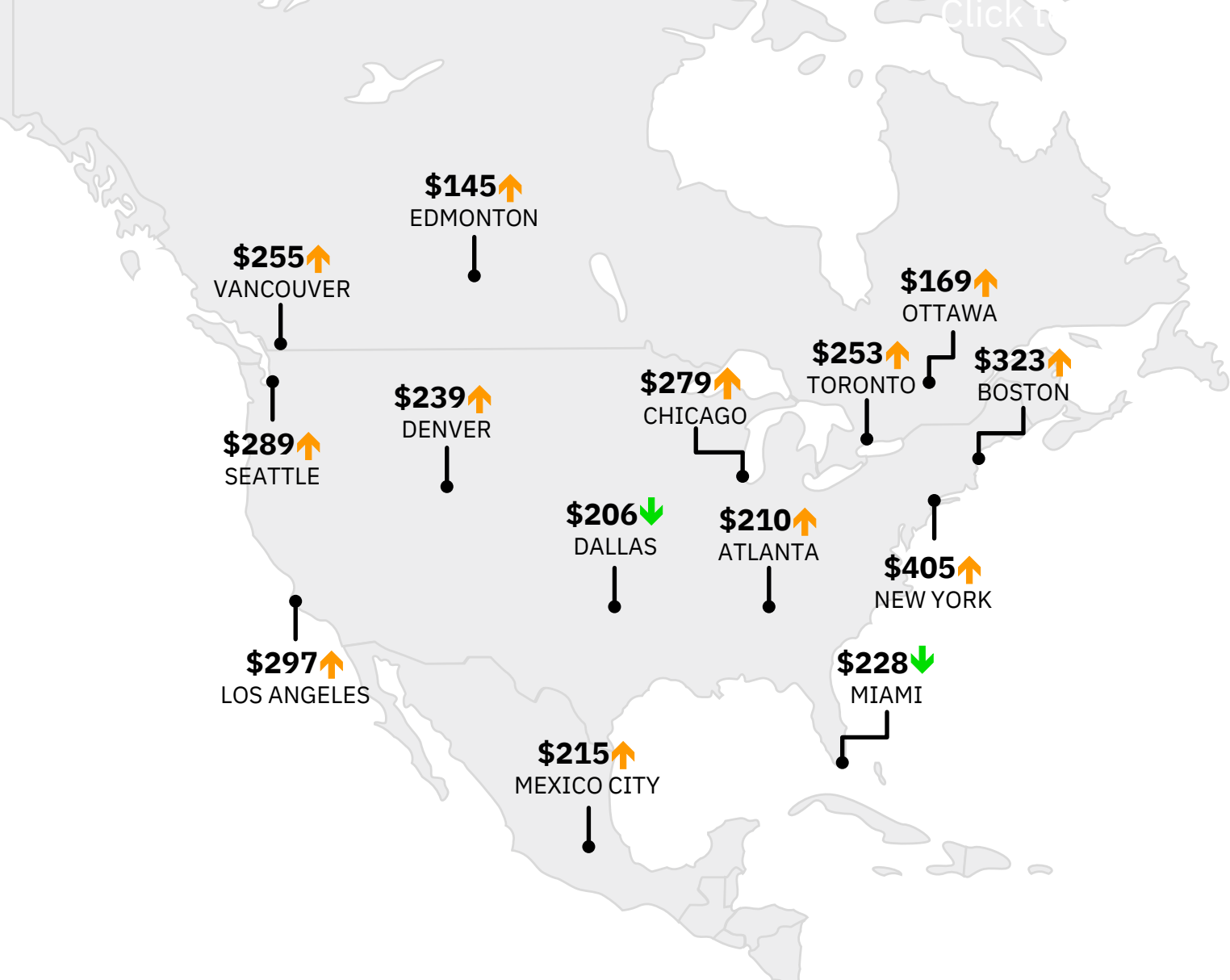




# Tremendous **rate growth** H1-2022

ADR % change to 2019, CC, USD, June 2022





# NORTH AMERICA

## Accommodation Q2-2022

**DEMAND OUTSTRIPS SUPPLY AS THE ARR SOARS ABOVE 2019 LEVELS BY \$28+**

COMPARISON TO Q1-2022

- CHICAGO ↑ 30%
- LOS ANGELES ↑ 15%
- NEW YORK ↑ 23%
- MEXICO CITY ↑ 74%
- VANCOUVER ↑ 24%

Corporate Rates

Average Rate Paid % Var.

**Q2-2022 vs**

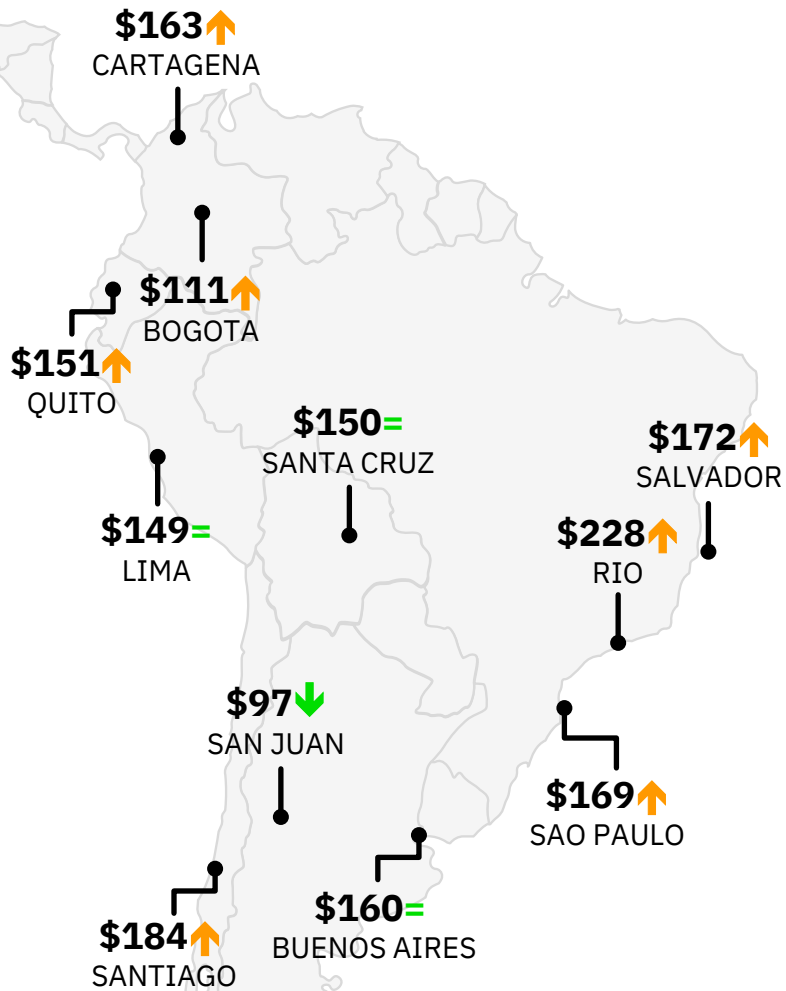
Q1-2022 ↑ 13%

Q2-2019 ↑ 18%



**\$USD**





# LATIN AMERICA

## Accommodation Q2-2022

**RATES RISE IN KEY CITIES SEEING THE REGIONAL ARR GROW +\$24 ON 2019**

COMPARISON TO Q1-2022

- BUENOS AIRES = Hold
- LIMA = Hold
- RIO ↑ 220%
- SANTIAGO ↑ 22%
- SAO PAULO ↑ 125%

Corporate Rates

Average Rate Paid % Var.

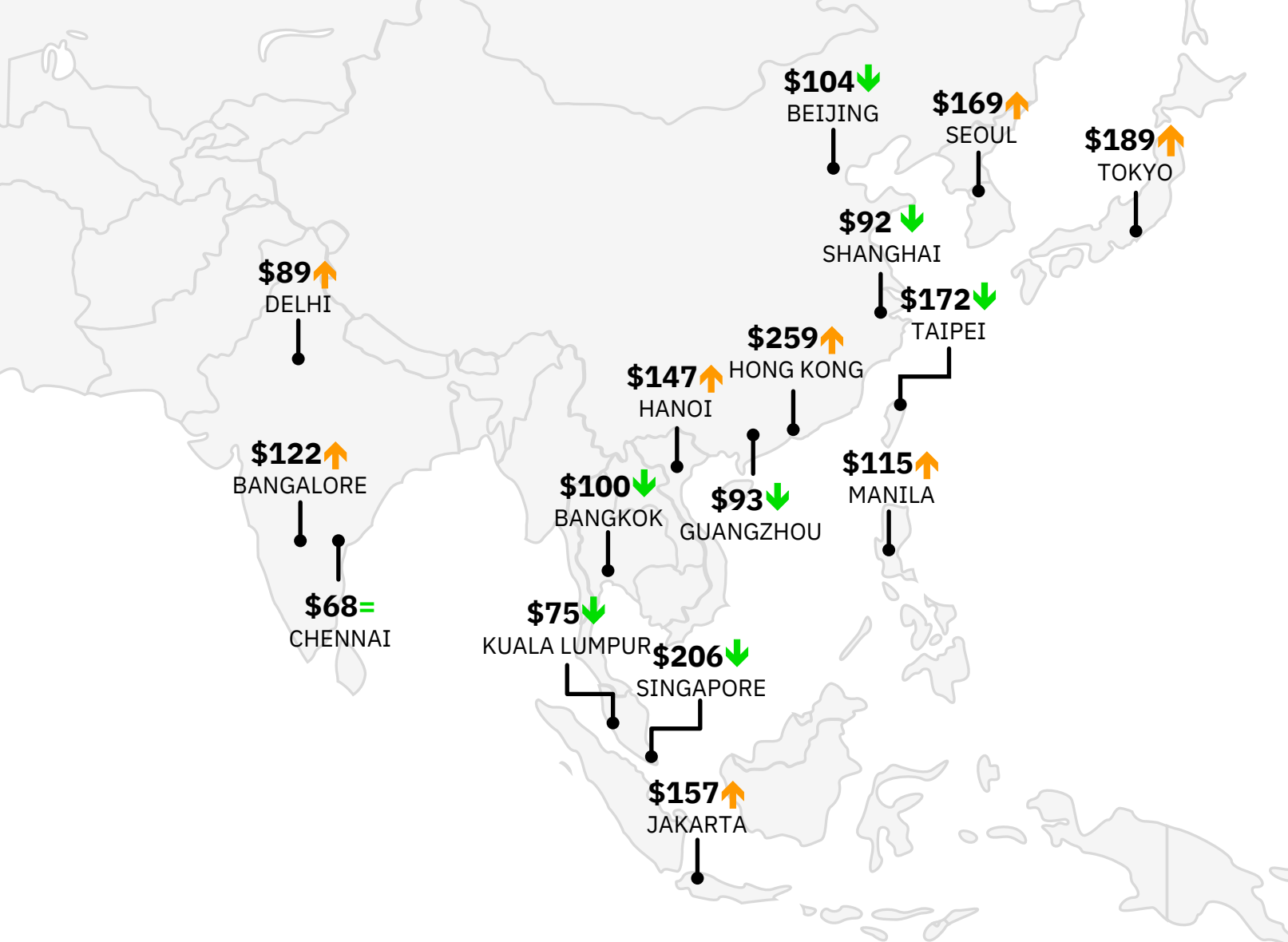
**Q2-2022 vs**

Q1-2022 ↑ 41%

Q2-2019 ↑ 18%



**\$USD**



# ASIA

## Accommodation Q2-2022

**CORPOATE AND LEISURE TRAVEL SWELLS PUSH RATES UP +\$28 ON 2019**

COMPARISON TO Q1-2022

- CHENNAI = Hold
- HANOI ↑ 1%
- MANILA ↑ 32%
- KUALA LUMPUR ↓ 17%
- SHANGHAI ↓ 30%
- SINGAPORE ↓ 8%

Corporate Rates  
Average Rate Paid % Var. Q1-2022 ↑ 34%  
**Q2-2022 vs** Q2-2019 ↑ 23%





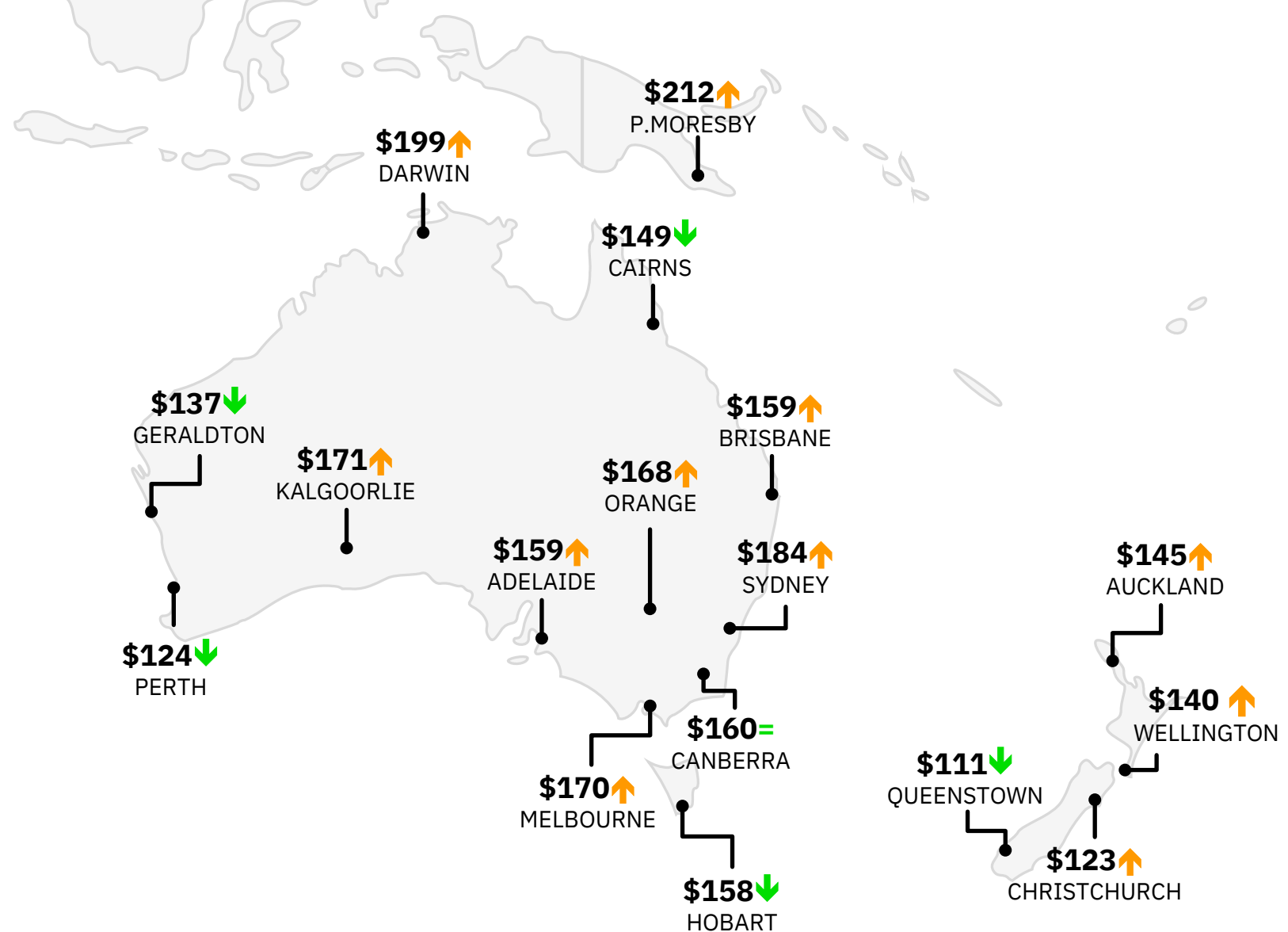
# AUSTRALIA & NEW ZEALAND

## Accommodation Q2-2022

A HEALTHY MOMENTUM FOR TRAVEL WITHIN THE REGION SEES ARR +\$28 ON 2019

COMPARISON TO Q1-2022

- ADELAIDE ↑ 6%
- AUCKLAND ↑ 21%
- KALGOORLIE ↑ 15%
- MELBOURNE ↑ 1%
- SYDNEY ↑ 6%
- WELLINGTON ↑ 23%



Corporate Rates

Average Rate Paid % Var.

**Q2-2022 vs**

Q1-2022 ↑ 9%

Q2-2019 ↑ 15%

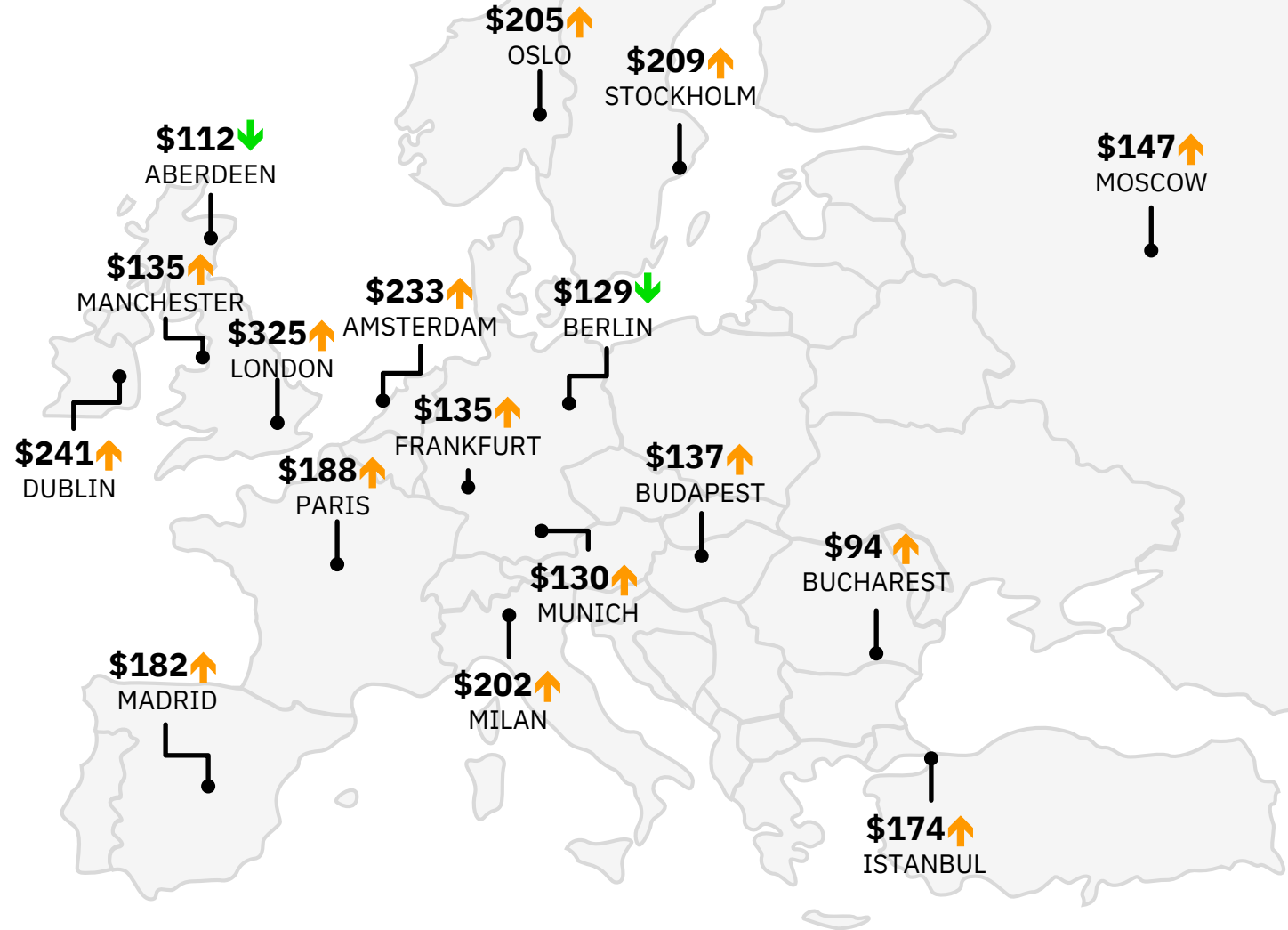
# EUROPE

## Accommodation Q2-2022

**STRONG DEMAND INTO TOP  
CITIES ACROSS EUROPE  
LIFTS THE ARR +\$14 ON 2019**

COMPARISON TO Q1-2022

- AMSTERDAM **↑ 18%**
- BERLIN **= Hold**
- DUBLIN **↑ 25%**
- FRANKFURT **↑ 10%**
- LONDON **↑ 50%**
- MADRID **↑ 50%**



Corporate Rates

Average Rate Paid % Var.

**Q2-2022 vs**

Q1-2022 **↑ 19%**

Q2-2019 **↑ 11%**



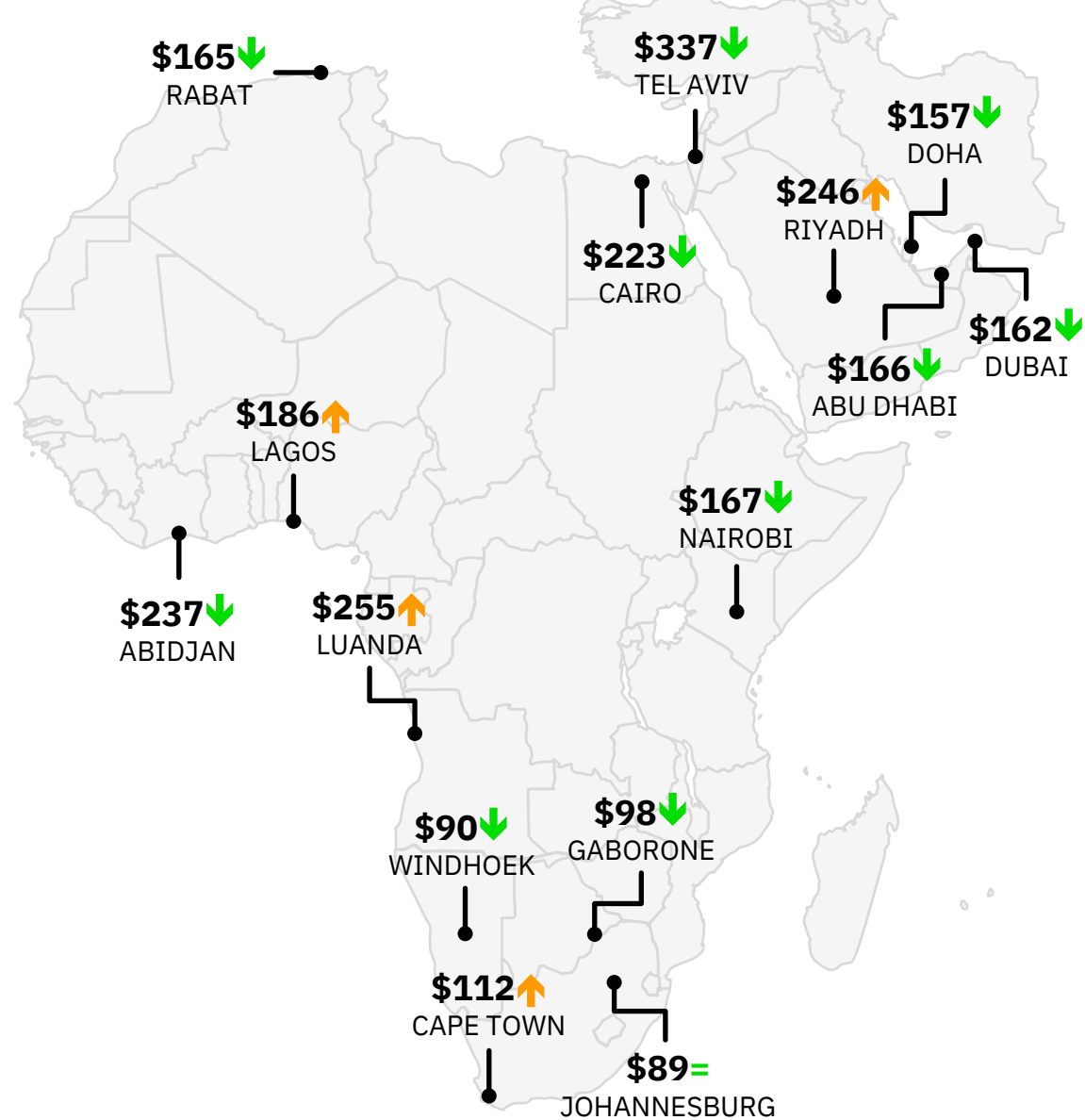
# MIDDLE EAST AND AFRICA

## Accommodation Q2-2022

SEASONAL RATES SOFTEN, HOWEVER ACROSS THE REGION ARR IS +\$25 ON 2019

COMPARISON TO Q1-2022

- ABU DHABI ↓ 2%
- CAIRO ↓ 8%
- CAPE TOWN ↑ 5%
- DUBAI ↓ 50%
- JOHANNESBURG = Hold
- RIYADH ↑ 7%



Corporate Rates  
Average Rate Paid % Var. Q1-2022 ↓ 6%  
Q2-2022 vs Q2-2019 ↑ 17%

# MOBILITY

## Key Takeaways Q2 2022

1



### CONTRACTS & PARTNERSHIP

Car rental **average daily rates** booked for Q2-2022 are **+17.7% higher** than Q2-2019 due to demand and rising operating costs.

In Q2 many travel procurement teams started to reset their travel programs, along with reviewing suppliers.

**We recommend commercial contract reviews for car rental be rolled over for the year ahead.**

2



### FLEET LOOKING GOOD

Early forecasts indicate by the end of 2022 car rental fleets will be on average **+5% above** those of 2019 and the growth will continue well into 2023 with **10-15% growth** on 2019.

As car manufacturing rose in Q2-2022 rental companies added new fleets daily.

The demand for car rental remains high.  
**We recommend booking early to secure a car for H2-2022**

3



### ELECTRIC VEHICLES

Both corporate and vacation travel car rental bookings surpassed 2019 levels at the start of Q2-2022. In a bid to avoid rising fuel costs, travelers pushed for electric rental options.

The current global average cost of fuel/gas is US\$1.43\* per liter, High fuel markets for corporate car rentals are: **UK \$2.27, Spain \$2.06, France \$1.99, Germany \$1.83, and New Zealand \$1.91.**



# More Information

## FCM Consulting

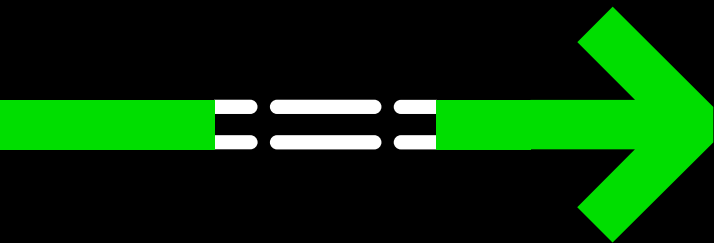
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