



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 19 July 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 US dollar.

CORPORATE Need to Know

Travellers have emerged in earnest. In comes in the midst of a significant downgrade in the global economic outlook, due to inflation rises. 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

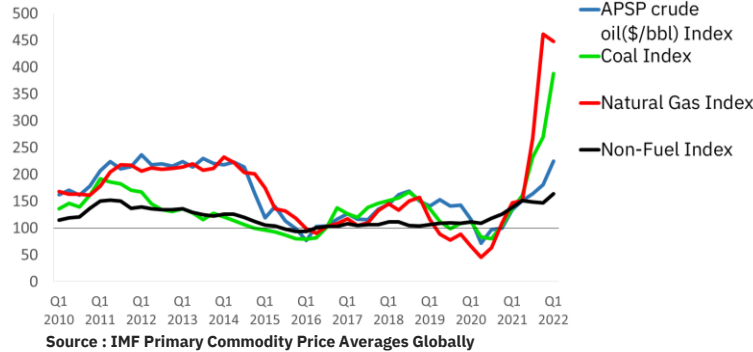


RISING COSTS

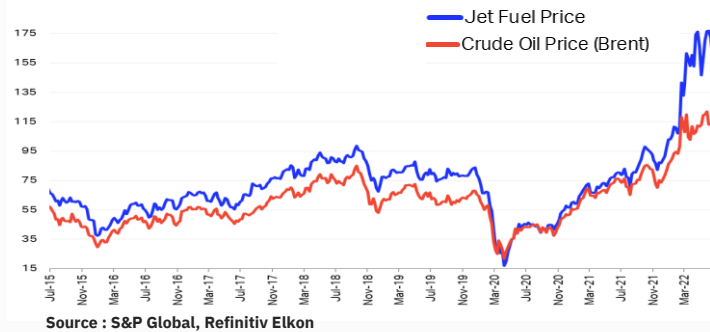
We are seeing the highest inflation since the 1970s, with **global inflation** forecast to reach **7.9%** in 2022, compared to 2001-2019 annual average global inflation of 3.8%*.

IMF global energy costs show coal and gas at record highs compared to non-fuel**. **Jet fuel** peaked in Q2-2022 at **US\$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 conflict in Ukraine continued during Q2-2022, causing continued disruption on **Europe to Asia flight routes** and causing **high fuel prices** to impact airlines and travellers.

Recent FCM Consulting global analytics indicate the **top 30 corporate routes** have increased **+40% Economy class** and **+23% Business class** for the period 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 travellers:

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.**

More over, travellers 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 programmes 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 focuses 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



LABOUR 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** now struggle **to recruit and screen** new staff quick enough forcing airports such as Heathrow and Frankfurt in the recent quarter to **cap the number of travellers per day.**

2



CANCELLED

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

USA based airlines cancelled over **21,000 flights**, since Memorial Day weekend in May-2022.

Lufthansa cancelled **3,000+ flights** in July and August due to airport and staffing problems.

3



NEW TRAVEL PLANS

Until **airport staffing** levels catch up with demand we encourage travellers 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**



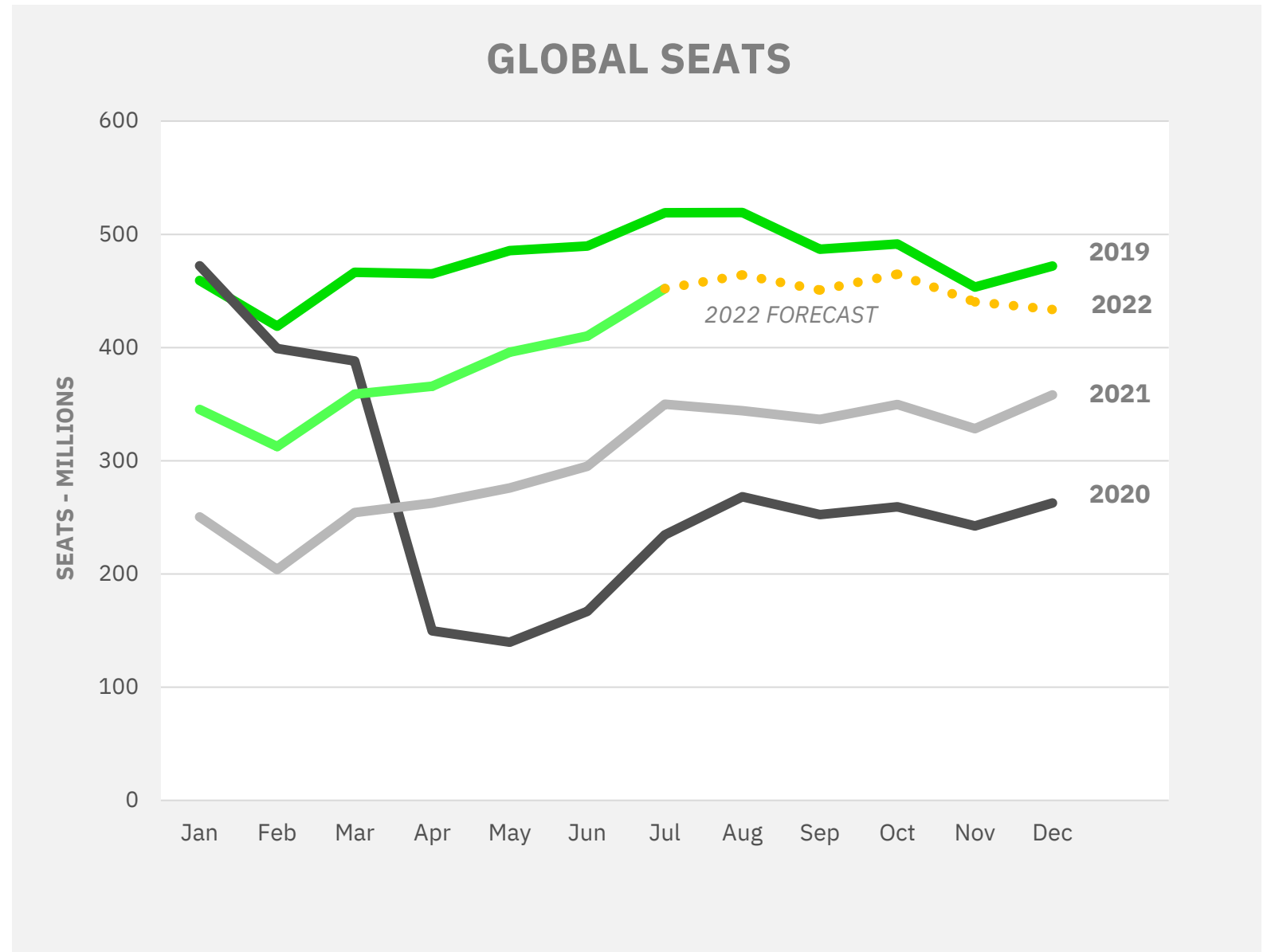
Security line
18-07 @06.30 AM
Heathrow

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 forecast for the calendar year ending 2022, there will be **-832m (-15%)** less seats than 2019.

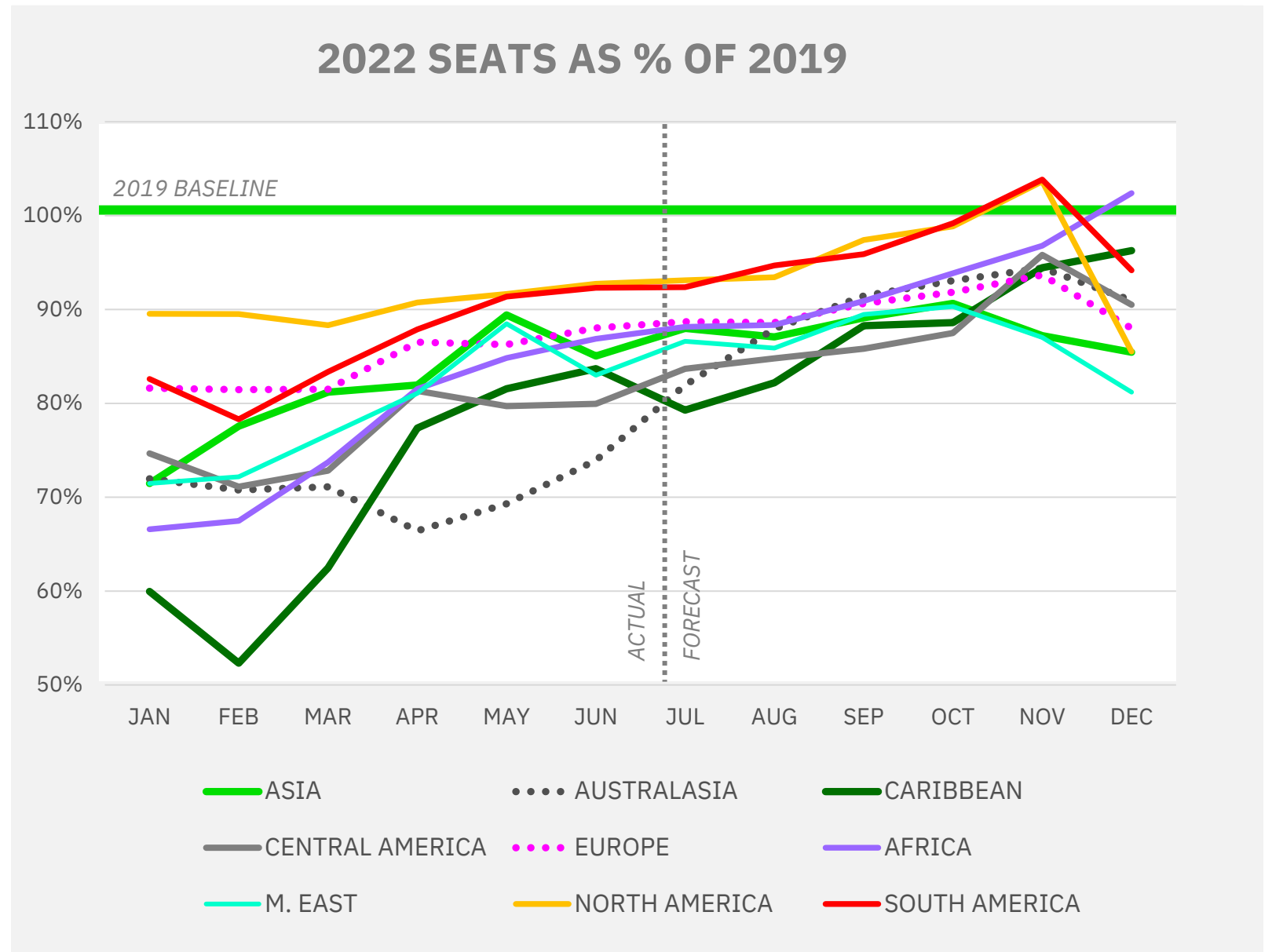


AVIATION - REGIONAL CONstrained

Q2-2022 saw Europe, North 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

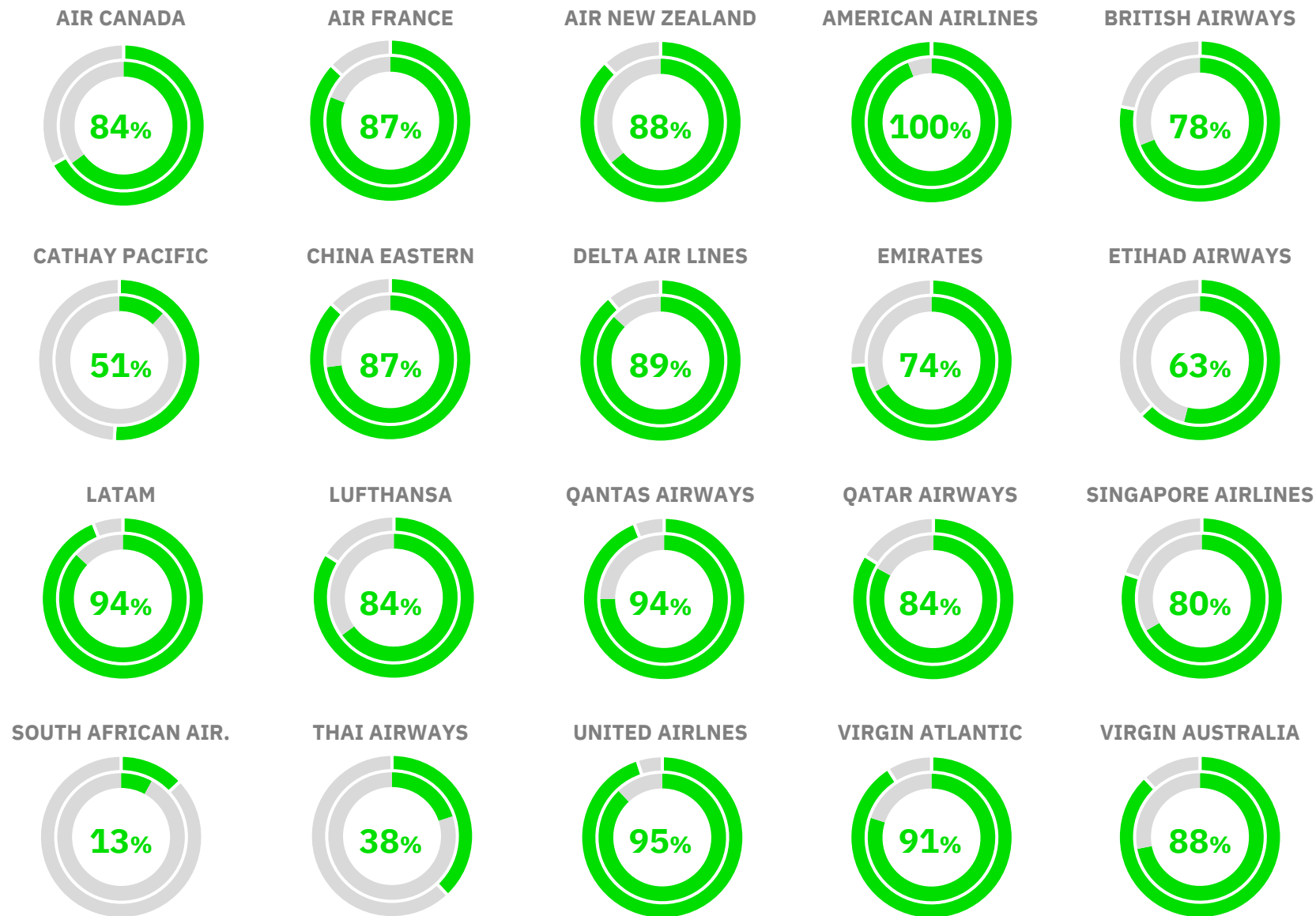
Top 20 global corporate airlines rebound, with a global average of **87% seats offered in 2022 vs 2019**

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.

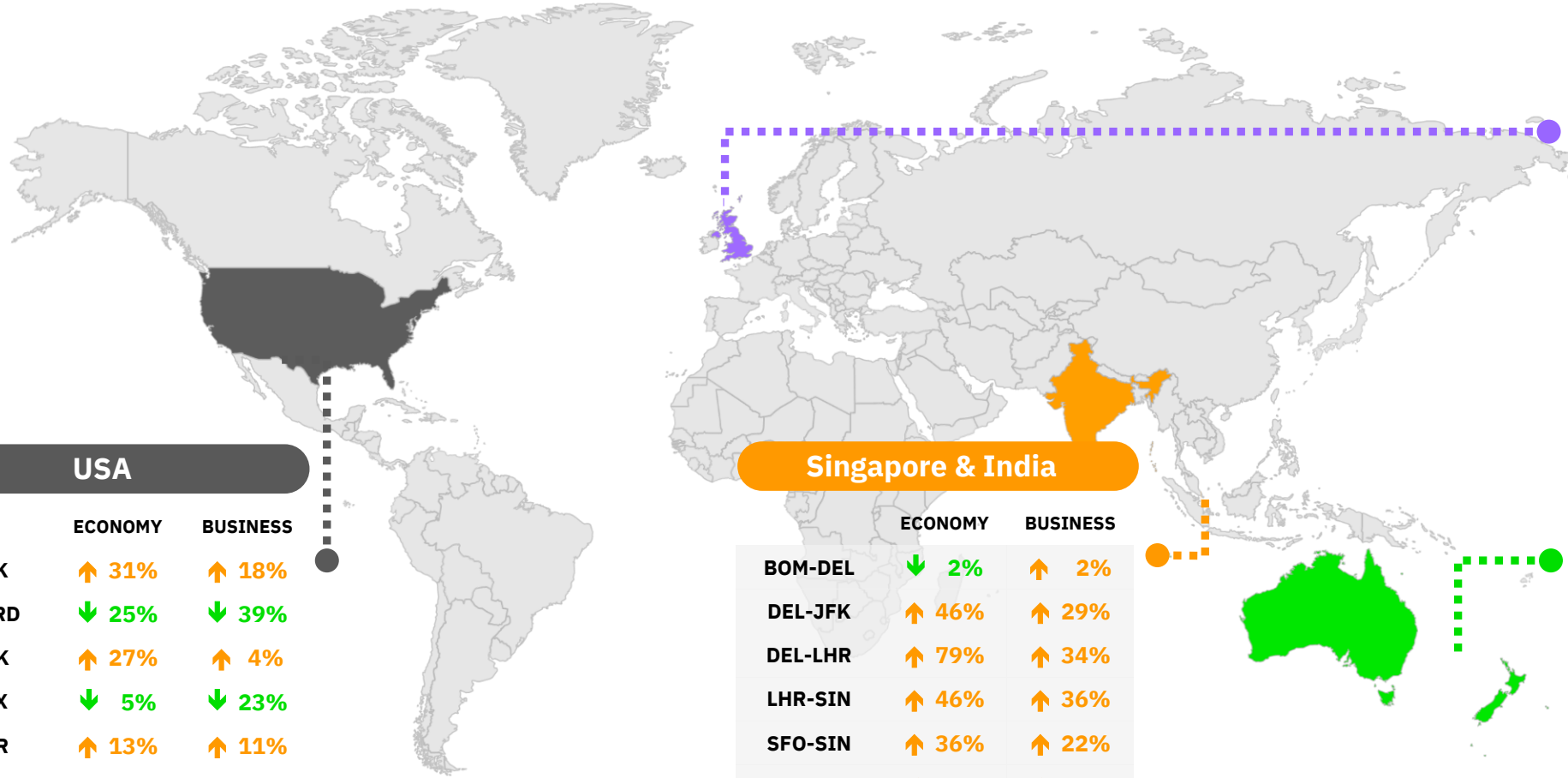
Across the Top 30 airlines globally the average **on time arrival** was **66.4%**, **-5.7%** during Q2-2022.

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



USA

	ECONOMY	BUSINESS
AKL-JFK	↑ 31%	↑ 18%
EWR-ORD	↓ 25%	↓ 39%
FRA-JFK	↑ 27%	↑ 4%
JFK-LAX	↓ 5%	↓ 23%
JFK-LHR	↑ 13%	↑ 11%
LAX-SYD	↑ 51%	↑ 33%

Singapore & India

	ECONOMY	BUSINESS
BOM-DEL	↓ 2%	↑ 2%
DEL-JFK	↑ 46%	↑ 29%
DEL-LHR	↑ 79%	↑ 34%
LHR-SIN	↑ 46%	↑ 36%
SFO-SIN	↑ 36%	↑ 22%
SIN-SYD	↑ 5%	↑ 8%

London

	ECONOMY	BUSINESS
BOS-LHR	↓ 2%	= 0%
DUB-LHR	↓ 3%	↑ 34%
DXB-LHR	↑ 48%	↑ 22%
FRA-LHR	↓ 38%	↓ 7%
LHR-MAD	↓ 9%	↓ 12%
LHR-SYD	↑ 36%	↑ 22%

Australia & New Zealand

	ECONOMY	BUSINESS
AKL-MEL	↑ 36%	↑ 19%
AKL-SIN	↑ 11%	↑ 23%
AKL-SYD	↑ 42%	↑ 18%
BNE-SYD	↓ 23%	↓ 18%
MEL-SIN	↑ 8%	↑ 12%
MEL-SYD	↓ 14%	↓ 13%

ACCOMODATION

Key Takeaways Q2-2022

1



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 **US\$25+**. Availability also fell and corporate travellers 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 travellers. Now is the time to review hotel policy **rate caps and allowances**.

3



CLEAN MY ROOM

Under the spotlight during COVID, cleaning and hygiene was 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%**.

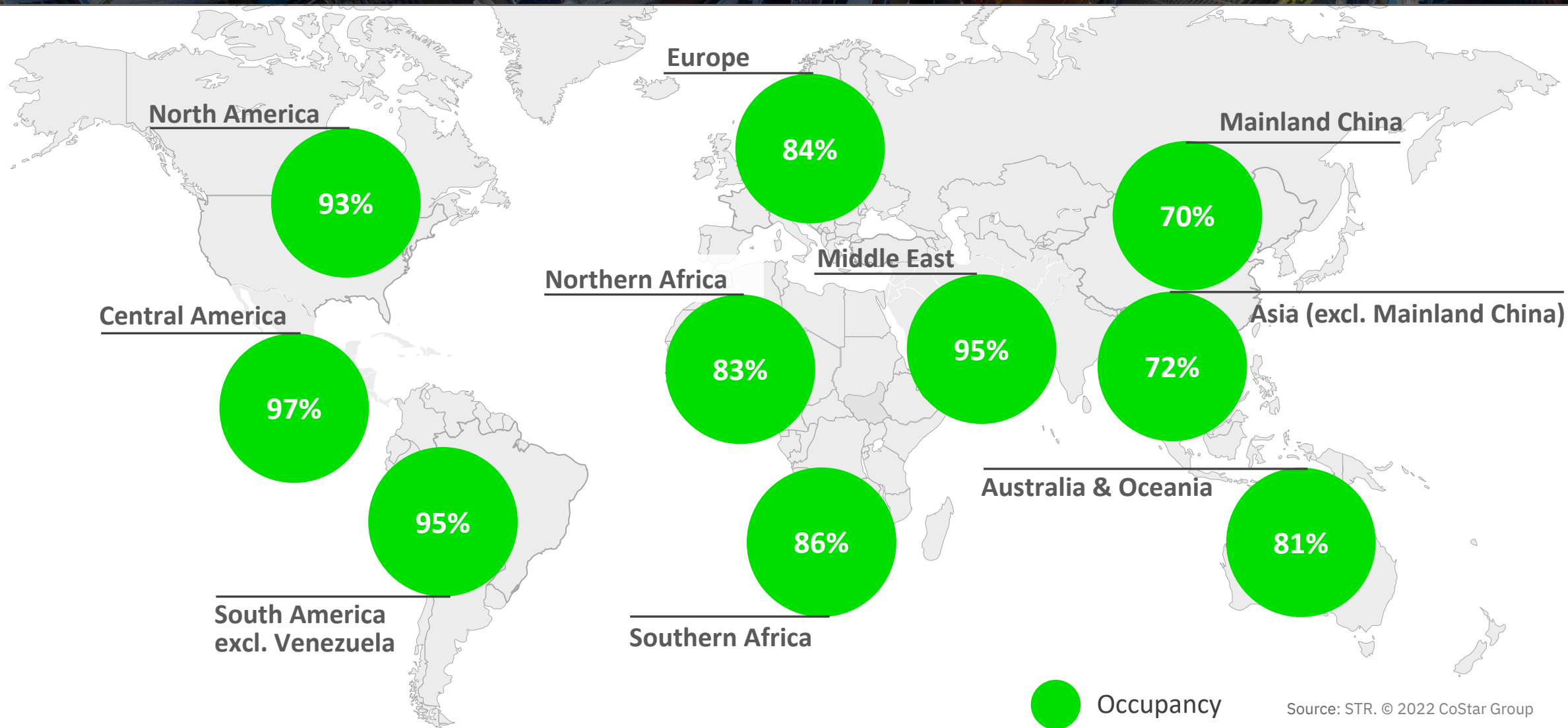
This is another cost which is being passed on to consumers.

*as reported by Amadeus

^as reported by STR

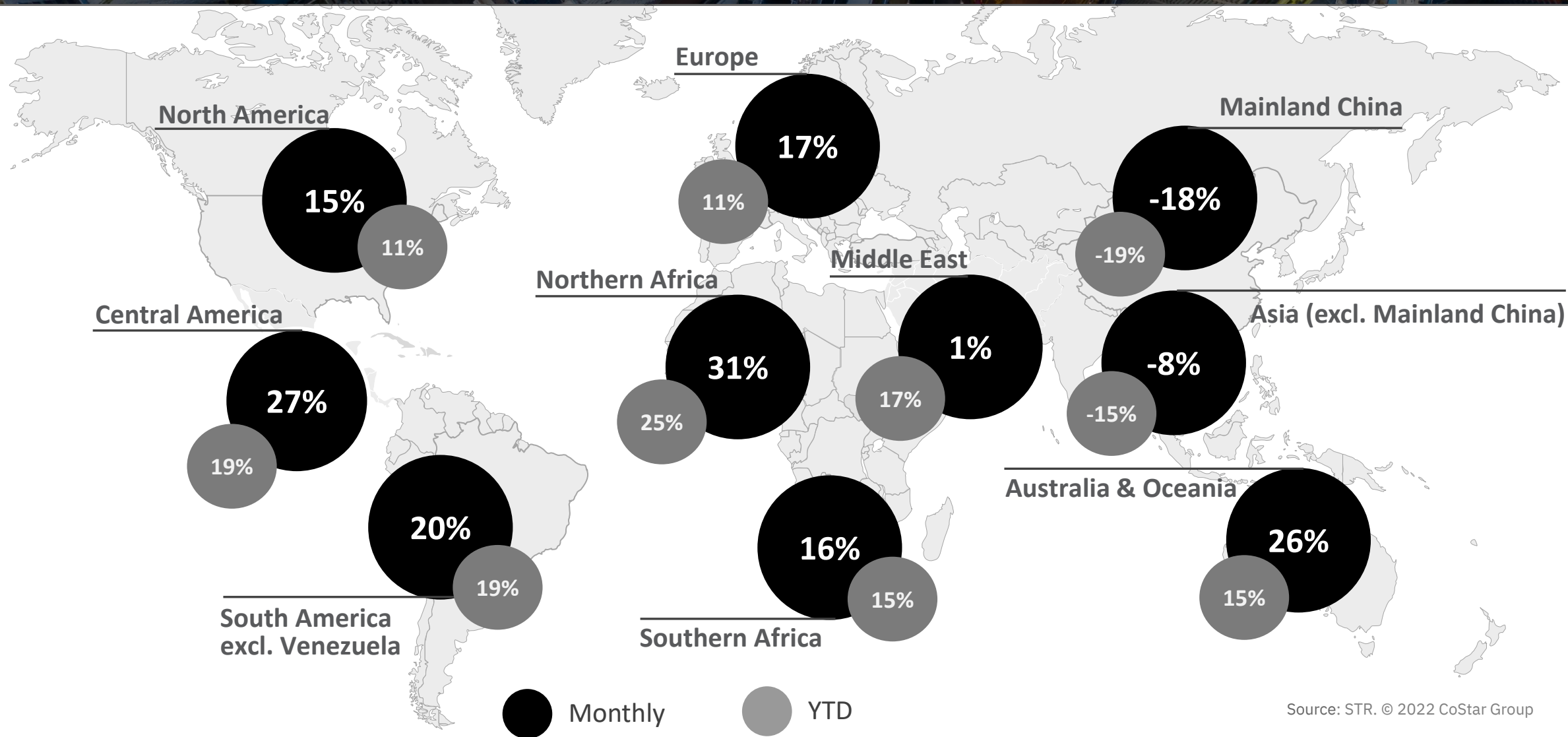
Occupancy continues its path back to 2019 levels

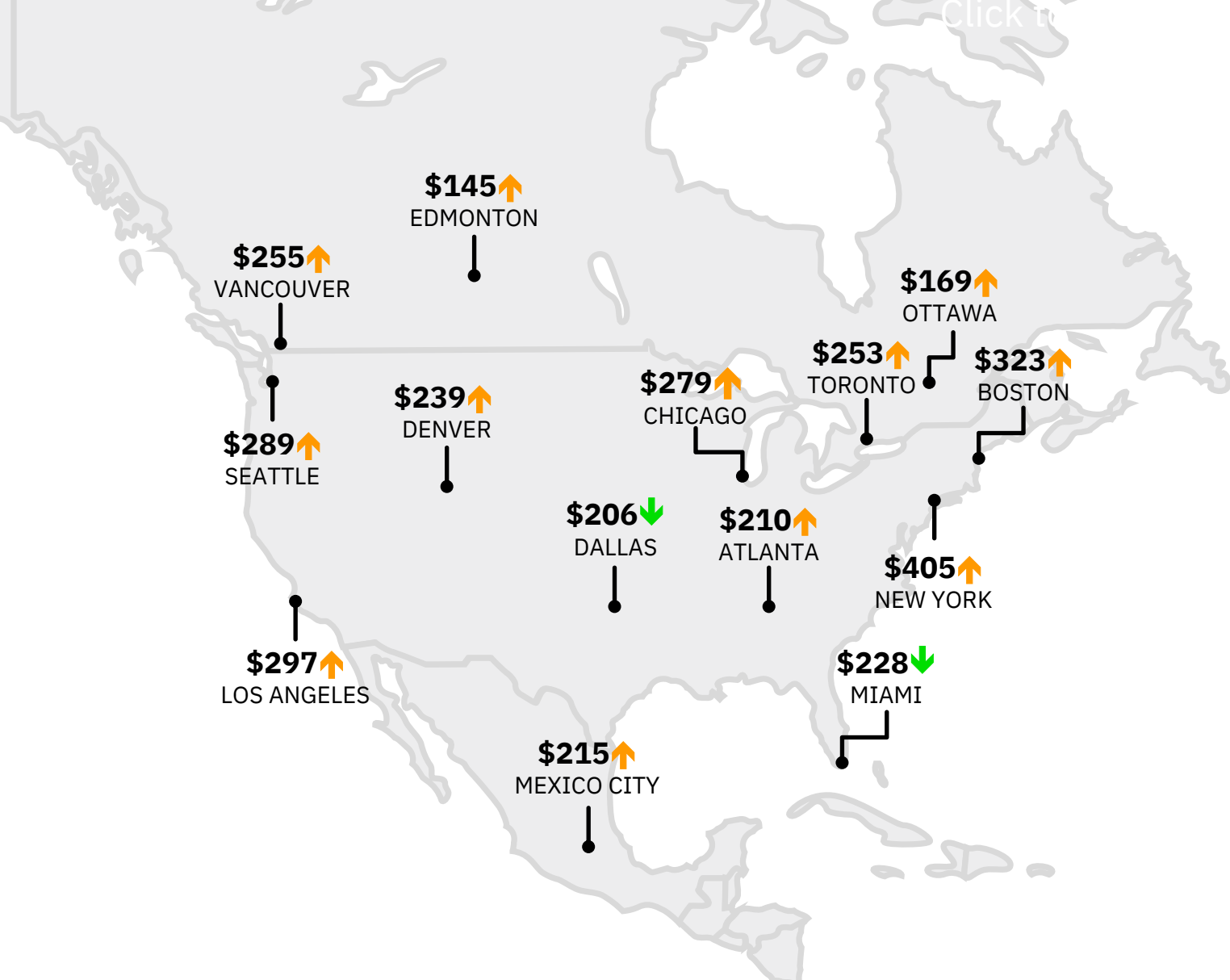
Occupancy % (standard) indexed to 2019, June YTD 2022



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.

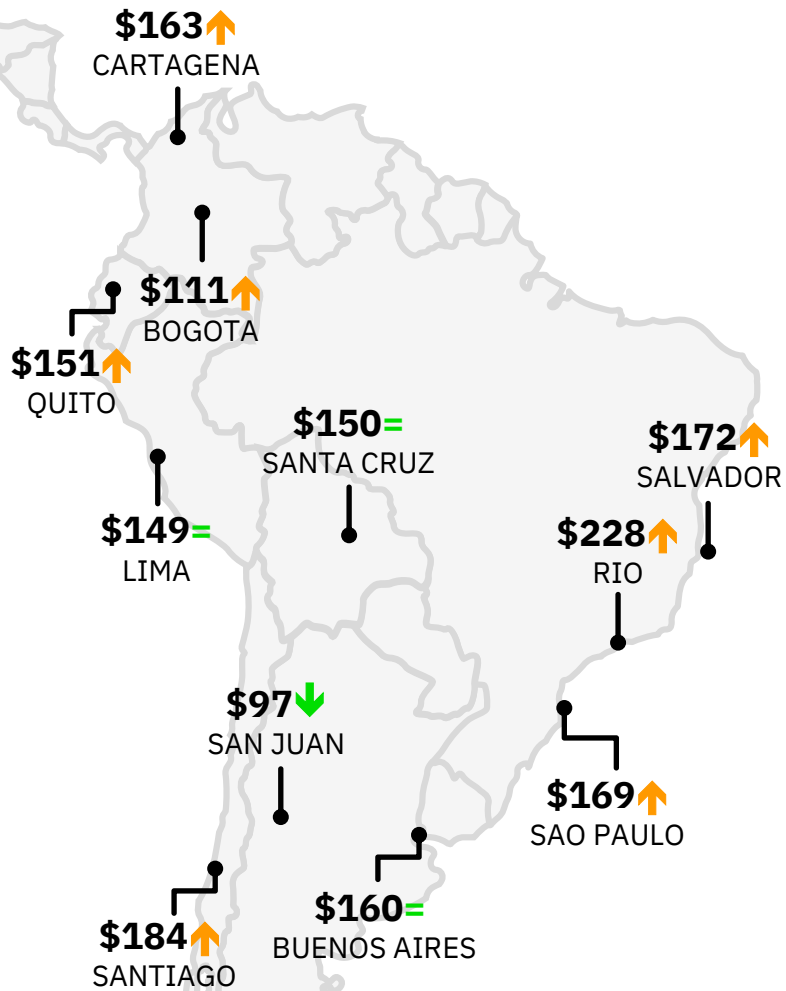
Q2-2022 vs

Q1-2022 ↑ 13%

Q2-2019 ↑ 18%



\$USD



LATIN AMERICA

Accommodation Q2-2022

RATES RISES 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

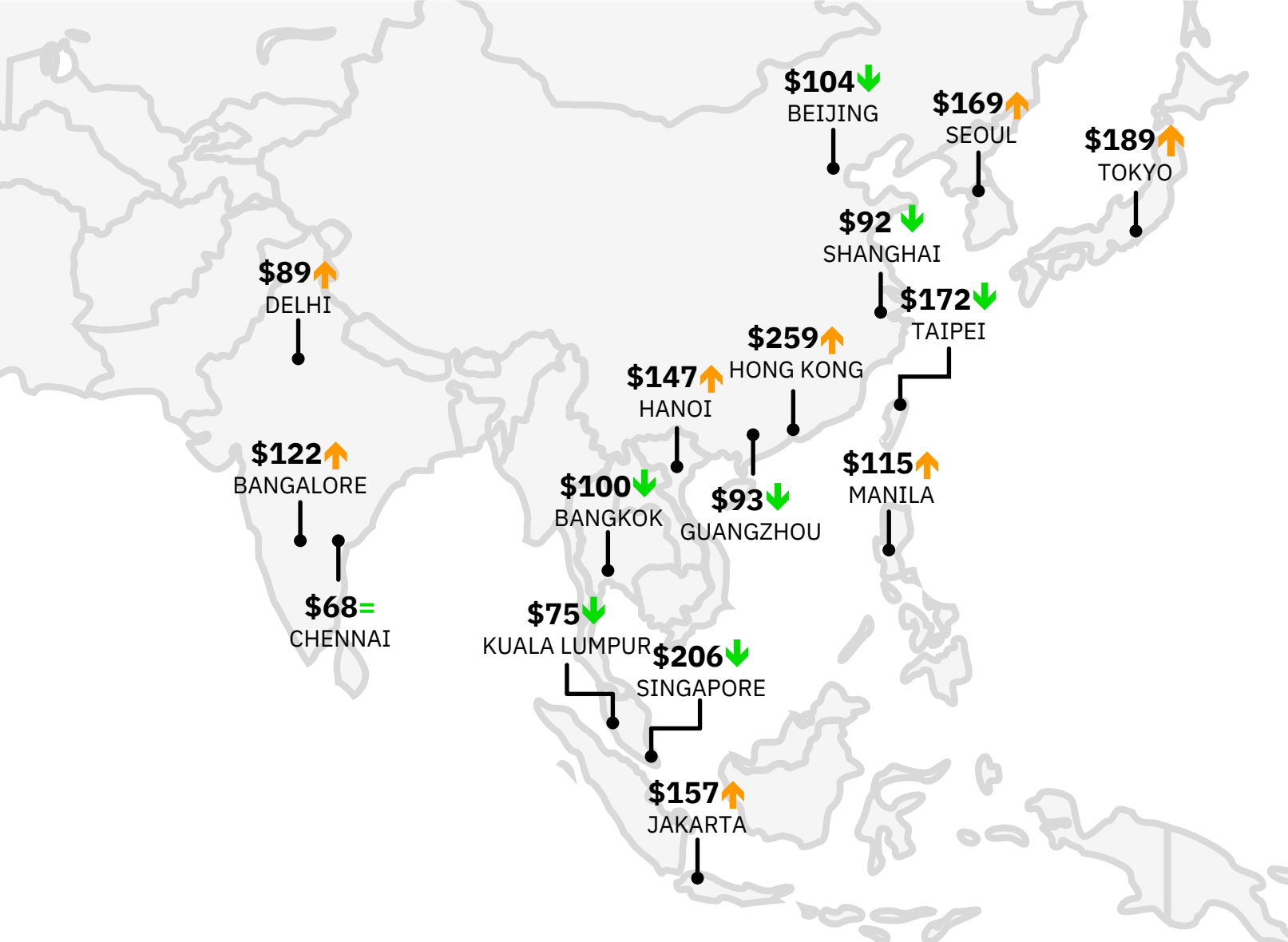
Average Rate Paid % Var.

Q1-2022 ↑ 41%

Q2-2022 vs Q2-2019 ↑ 18%



\$USD



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



ASIA

Accommodation Q2-2022

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

COMPARISON TO Q1-2022

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

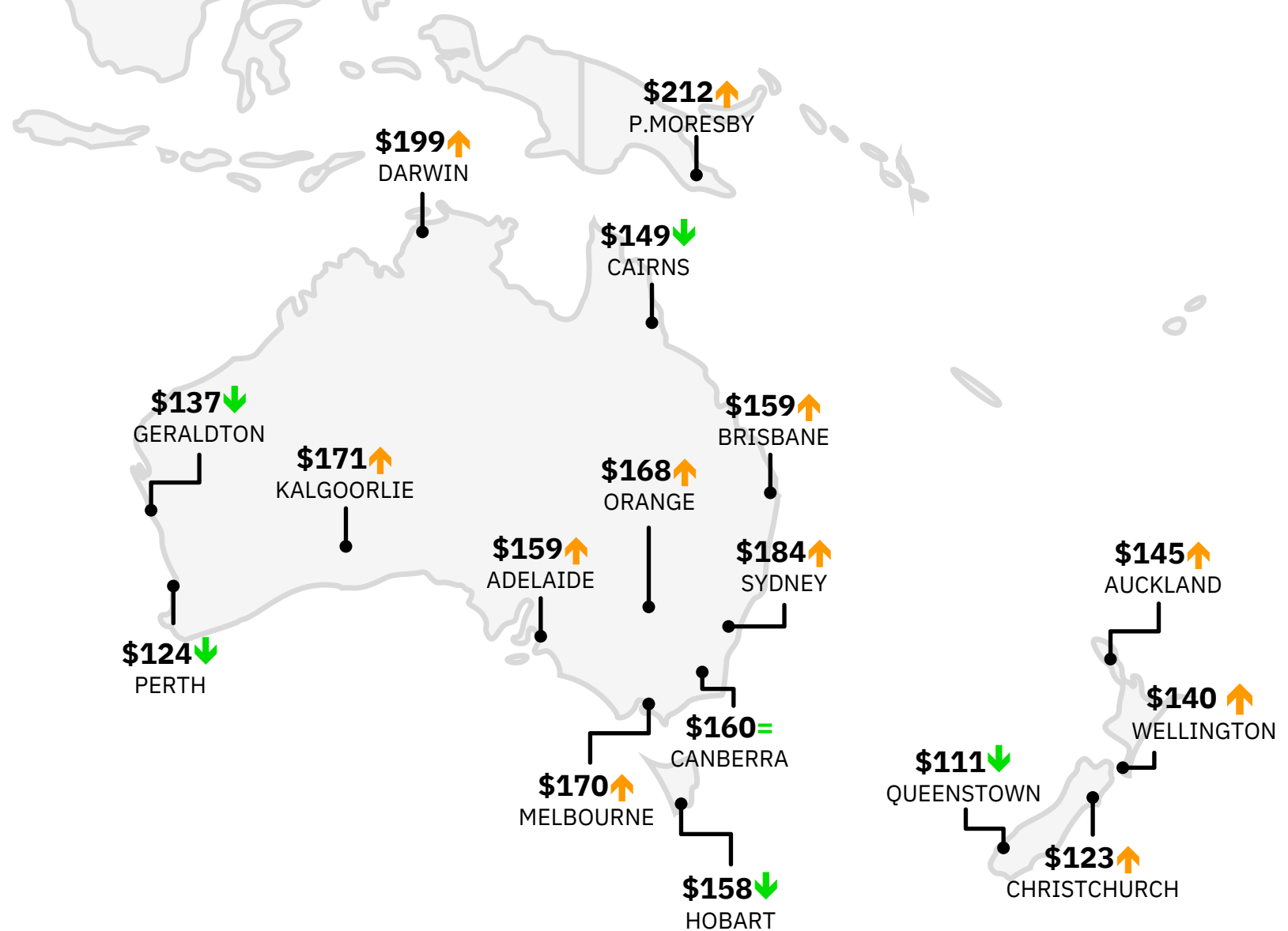
AUSTRALIA & NEW ZEALAND

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.

Q1-2022 ↑ 9%

Q2-2022 vs Q2-2019 ↑ 15%

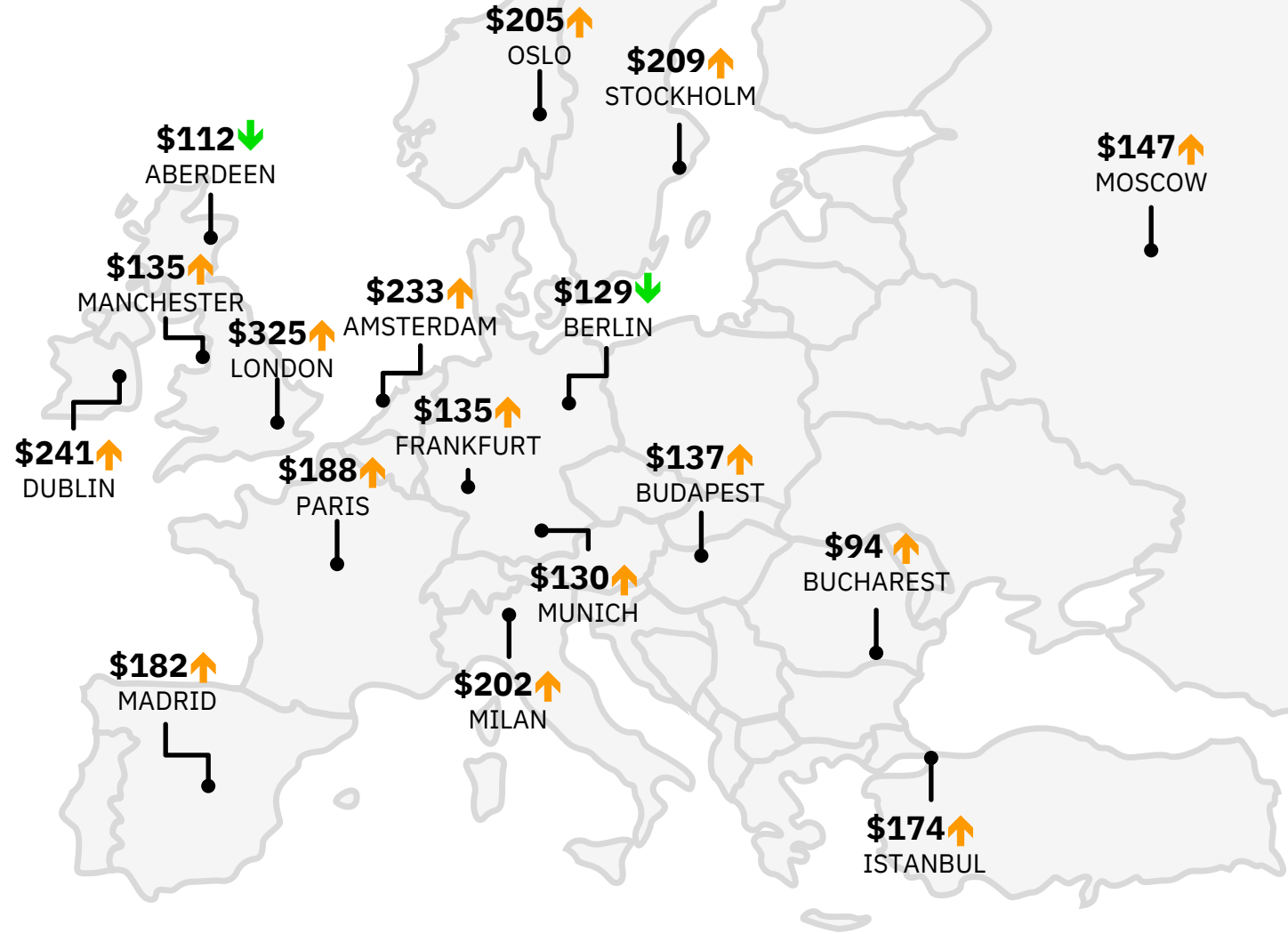
EUROPE

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%**

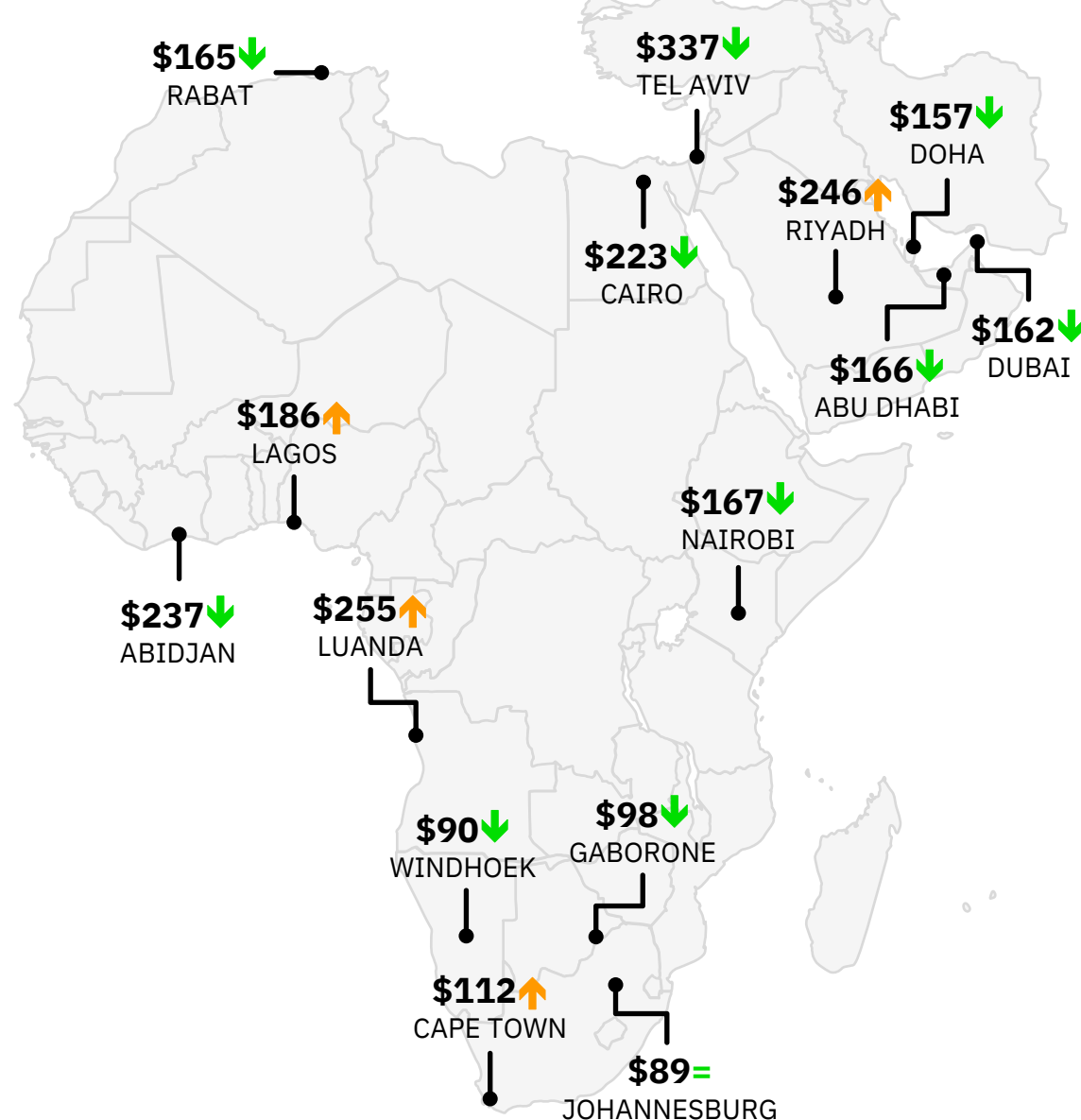
MIDDLE EAST AND AFRICA

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 re-set their travel programmes for the future, 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 fleet daily.

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

3



ELECTRIC VEHICLES

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

The current global average cost of fuel/gas is US\$1.43* per litre, 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

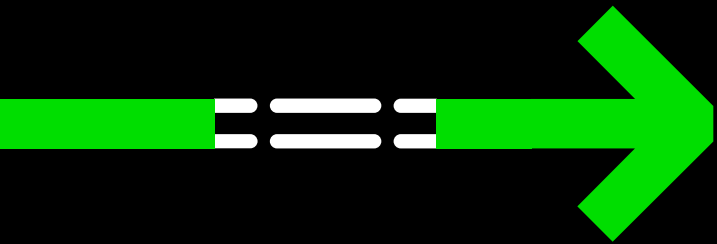
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