



Global

Quarterly Trend Report

Q1-2023

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About the Report

This FCM Consulting quarterly report draws on global data sourced from FCM and Flight Centre Travel Group corporate booking data, for travel during January to March 2023 (Q1-2023). The report uses Cirium aviation schedule data as at 24 April 2023. Airfare pricing variations exclude all taxes.

The hotel average room rate (ARR) quoted is the average booked rate using FCM and Flight Centre Travel Group corporate booking data. Variations in rates booked, are a reflection of seasonality, supply and demand, booking lead times and variations in exchange rates.

Unless otherwise stated all fares and rates are reported in US dollars. STR hotel data and content quoted as at 26 April 2023.

CORPORATE

Need to Know

Q1-2023 continues the positive travel momentum of H2-2022.

This edition of FCM Consulting's Quarterly Trend Report explores the trends and changes that will shape 2023.

Travel supply and demand for 2023 is predicted to moderate after a year of rapid growth. Inflation is predicted to decline from the highs of 2022, however, costs remain high.

The traveller remains at the heart of the journey, so we explore their buying trends and share the benefits of in-person meetings.

We encourage you to use this report to help understand the external changes to your corporate travel programme.



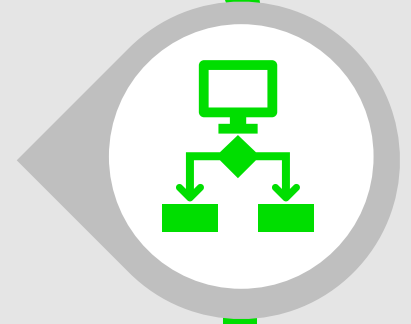
INFLATION RATES
2023 rates predicted to be 6.6% down on 8.8% in 2022



JET FUEL
Chinese flight activity climbs causing spikes in fuel demand and prices



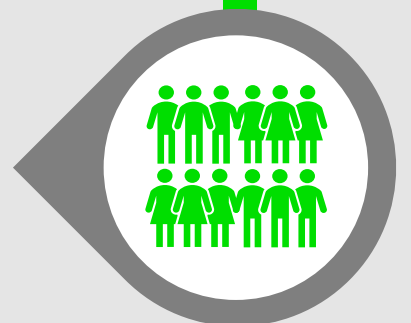
AIR VS RAIL VS CAR
A look at cost, time and carbon emissions when travelling from point A to point B



AIRLINE NDC
The change is happening. Is it ready?



BUYING TRENDS
Traveller buying trends focus on securing best options and price



MEET IN-PERSON
Trust, innovation, and faster decision-making, are just some benefits

CORPORATE TRAVEL

Key Takeaways Q1-2023

1



INFLATION

High global inflation rates of **8.8% in 2022** are predicted to fall to **6.6% in 2023** and **4.3% in 2024**. There remains continued pressure on the price of products, utilities, services and general cost of living.

How does the travel industry respond?

The entire **travel industry eco-system** has reviewed operating costs, changed pricing, upgraded technology to drive efficiency, reduced underlying costs and removed disruption and risks.

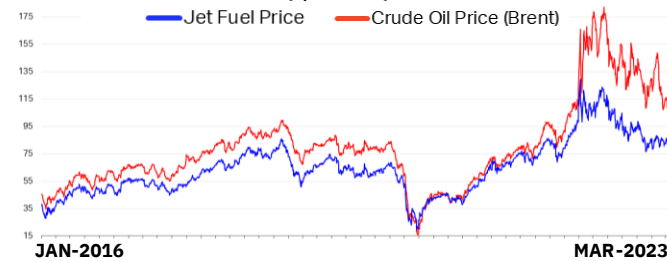
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AVIATION FUEL

During Jan-2023 jet fuel prices surged above **\$130** per barrel as Chinese flight activity tripled within a month. Jet fuel is **\$95** per barrel*.

JET FUEL & CRUDE OIL PRICES (\$/BARREL)



Source: S&P Global, Macrobond

3



AIR vs CAR vs RAIL

Time, cost and carbon emissions are the three factors considered when choosing modes of transport for a work trip. For short trips the cheapest and lowest emitters in transport are **walking** and **riding a bike**. However for long trips, air, rail and car travel are our usual options – so how do you choose?

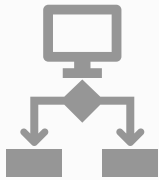
Page 6, reports the measure of **11 city-pairs** comparing **time, cost and carbon** across **air, rail and car rental**.

* IATA Fuel Monitor reported the week ending 21 April 2023, reporting in US\$

CORPORATE TRAVEL

Key Takeaways Q1-2023

4



AIRLINE DISTRIBUTION

As **American Airlines** removed content from the GDS early April-2023, it marked a turning point the airline industry has been waiting 11 years for. And soon, more airlines will make a similar step change.

NDC is exciting, as we are finally upgrading a 1960s system design. Before NDC is optimised for corporate travel there are areas needing review: **re-shopping, re-booking, pre-trip approval workflow, OBT readiness**, to name a few.

5



GLOBAL BOOKING TRENDS

Q1-2023 corporate travel demand remained strong despite mixed economic conditions. **Securing options** and booking **lower prices** are driving corporate travellers to book online, early.

DOMESTIC BOOKING TRENDS	Q1-2023	% var. to Q1-2022
ONLINE ADOPTION	72%	↑ 27%
ADV. BOOKING DAYS	19.0	↑ 2.1
AVG. DAYS AWAY	2.9	SAME

6



MEETING IN-PERSON

Cited as the #1 reason for corporate travel, having a meeting in-person with clients and colleagues is important!

WHY?

An in-person business meeting will:
Build **trust and rapport** faster
Deliver/receive clearer **communication**
Facilitate faster **decision-making**
Improve meeting **engagement**
Ignite effective **teamwork**
Tap into **creativity and innovation** quicker
(Summary from CBI-Economics 2023)

* NDC = New Distribution Capability is an initiative by IATA, for the travel industry, supporting the development of airlines to improve and enhance communication through XML feeds to expand retail air sales and content. Benefits include faster dynamic pricing, personalised content and broader choice of airline ticket packaging.

COMPARING OPTIONS

TIME, PRICE AND CARBON EMISSIONS

FCM Consulting have compared travel three ways on comparable routes. Not all modes of transport are practical from a standpoint of time or cost. As an individual traveller, rail is the lowest carbon emitter, followed by air. Travelling in a group, a car is more efficient.

NOTATIONS

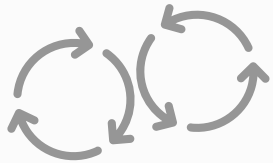
- Table represents return travel for one passenger
- Travel to/from home/office is excluded.
- Travel booked two weeks in advance, travelling to arrive Tuesday morning leaving Wednesday evening.
- Car rental booking for three days due to travel time.
- Travel is economy class and car rental is a 4-door sedan, unlimited miles. Fuel costs included.
- Time reported in minutes
- Cost reported in US\$.
- Carbon emissions reported in KG CO2e units.

	 AIR			 RAIL			 CAR RENTAL		
	TIME	COST	CARBON	TIME	COST	CARBON	TIME	COST	CARBON
COPENHAGEN <-> BERLIN	110	\$317	110	840	\$254	26	780	\$860	146
FRANKFURT <-> MUNICH	110	\$483	148	456	\$209	1	480	\$830	136
LONDON <-> PARIS	160	\$407	106	280	\$435	4	720	\$950	158
LONDON <-> AMSTERDAM	180	\$312	112	498	\$381	6	840	\$1,071	192
MADRID <-> BARCELONA	160	\$166	146	330	\$172	28	780	\$1,011	212
SYDNEY <-> CANBERRA	120	\$522	116	500	\$181	20	360	\$845	98
TOKYO <-> OSAKA	180	\$189	122	300	\$745	4	720	\$1,101	170
BEIJING <-> GUANGZHOU	400	\$950	568	960	\$866	20	2520	\$1,357	734
BOSTON <-> PHILADELPHIA	180	\$458	136	790	\$323	74	660	\$598	168
PITTSBURGH <-> CHICAGO	202	\$271	200	1140	\$284	94	840	\$761	256
TORONTO <-> MONTREAL	160	\$242	154	622	\$173	28	720	\$770	192

AVIATION

Key Takeaways Q1-2023

1



CAPACITY & FAIR FARES

Air travel demand globally in 2023 is forecast to be 85.5%[^] of 2019 levels. Airlines are working to balance pricing against the fluidity of **seats to offer**, **traveller demand** and **airline operating costs** (particularly jet fuel).

After 2022, a year of significant imbalance in supply and demand, 2023 air travel will stabilise, seeing added capacity in H1-2023 and airfares moderating in H2-2023.

[^] IATA DEC-22 report

* Sustainable Aviation Fuel

2



INTERNATIONAL LAGGING

Global **domestic** seats offered in Q1-2023 rose above Q1-2019 levels by **+0.9%** and **international** seats fell short by **-18.6%**. APAC International seats well below 2019.

Q2-2023 vs Q2-2019	DOMESTIC	INTERNATIONAL
APAC	+9.3%	-27.5%
EMEA	-3.8%	-4.3%
LATAM	+5.8%	-3.6%
NAM	+1.6%	-2.8%

3



SAF OPTIONS

FCM Consulting has been researching actionable sustainability initiatives available from airlines. We have listed if an airline offers a **green fare**, whether the airline has published a SAF usage target, and other initiatives that allow travellers to proactively **invest in SAF***.

AIRLINE	GREEN FARE	SAF PURCHASE	SAF COMMITMENT
Air France KLM	x	✓	>10% by 2030
American Airlines	x	x	10% by 2030
British Airways	x	✓	10% by 2030
Delta	x	x	10% by 2030
Emirates	x	x	--
Etiihad	x	x	--
Lufthansa	✓	✓	--
Qantas	x	✓	10% by 2030
Qatar Airways	x	x	10% by 2030
Scandinavian Air.	✓	✓	Fossil free dom. operations
Singapore Airlines	x	x	--
United Airlines	x	✓	--

AVIATION - GLOBAL TRAVEL NORMALISES

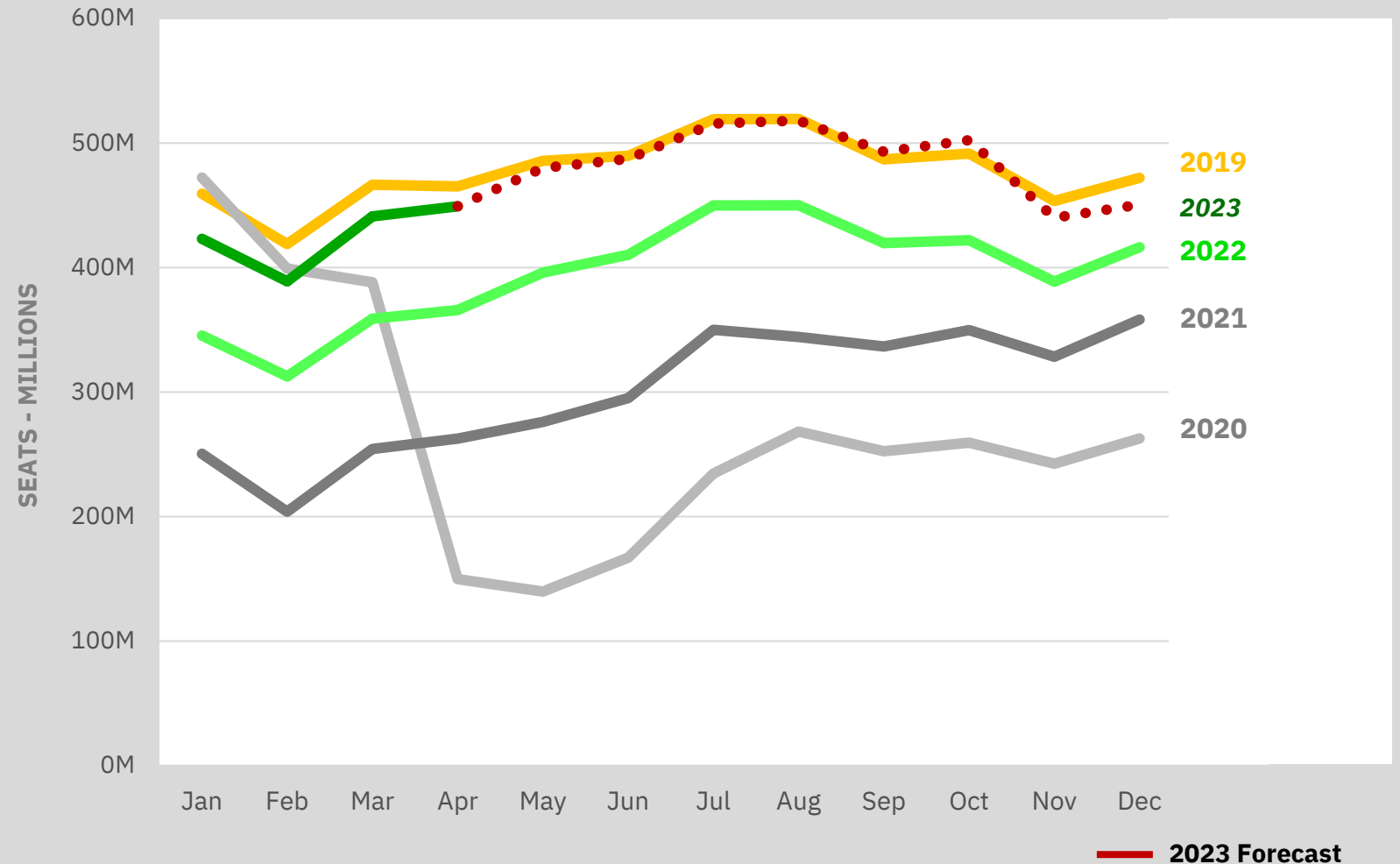
Q1-2023 seat capacity was **+2.1%** on Q4-2022, and **-6.8%** on Q1-2019.

Early forecasts indicate air capacity offered in 2023 will be **-2.5%** on 2019 volumes.

The region with the highest seat growth in Q1-2023 vs Q4-2019 was **Asia +12.2%**, most other regions averaging **+2%** growth, with the exception of **Europe** having a **-8.7%** seat decline as the region balanced changes in demand.

Northern hemisphere summer will drive demand in Q2&Q3-2023.

GLOBAL SEATS



AIRLINE SEAT FORECAST

2023 COMPARED TO 2019

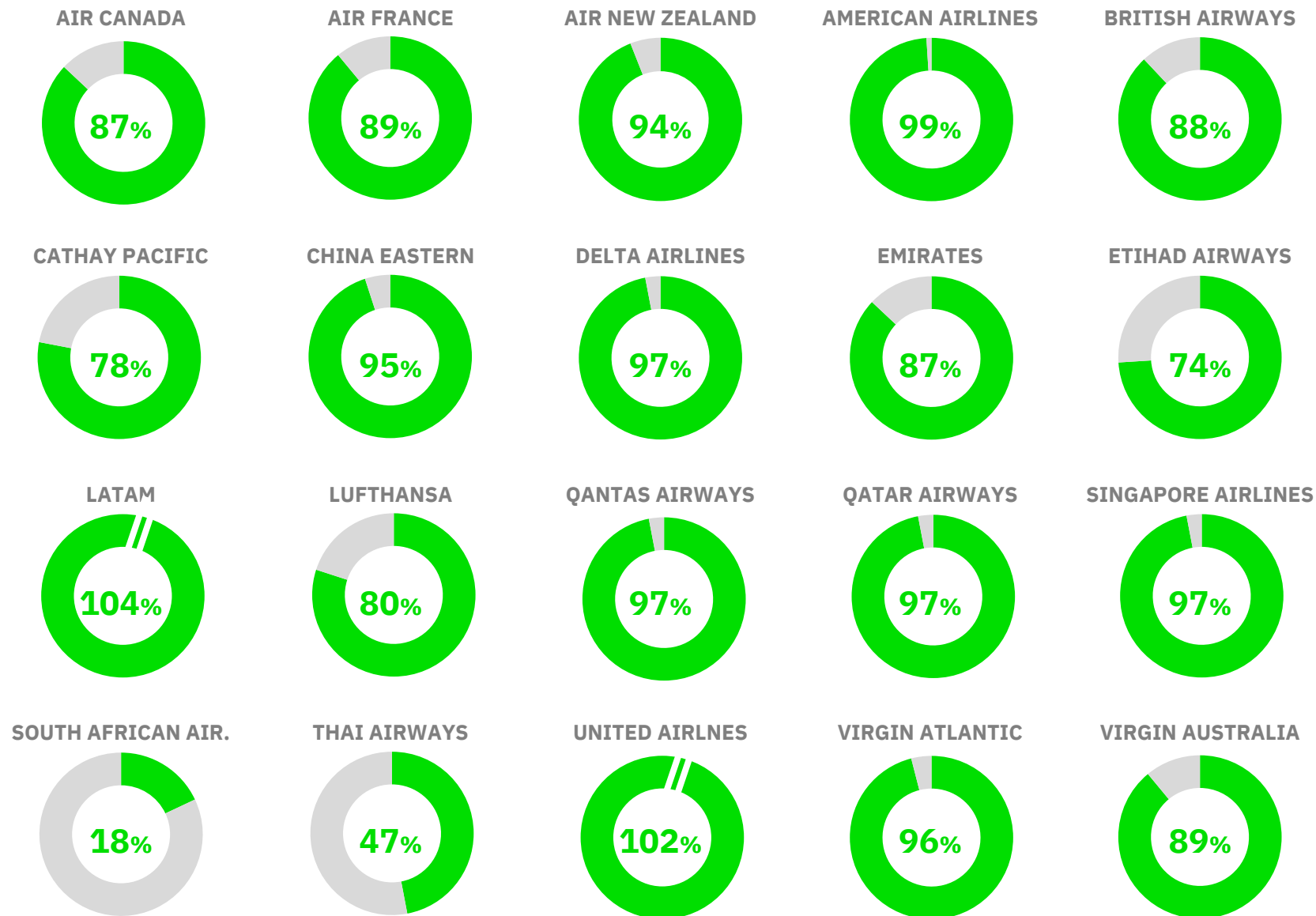
For 2023 **LATAM Airlines Group +4%** and **United Airlines +2%** are predicted to surpass 2019 seats offered.

The forecast across the 20 major airlines report a **94%** return of seats in 2023 vs 2019.

Eight airlines have reduced their 2023 schedules since our Q4-2022 report:

Air France, American Airlines, Cathay Pacific, Delta Airlines, Lufthansa, Qantas Airways, Qatar Airways and Virgin Australia.

Airline seats offered full calendar year 2023 compared to 2019.



INTERNATIONAL AIRFARE INCREASES

Airfares compared 2-months of 2023 vs 2019

GLOBAL AVERAGE

GLOBAL AVERAGE INTERNATIONAL AIRFARES

FIRST 2-MONTHS OF 2023

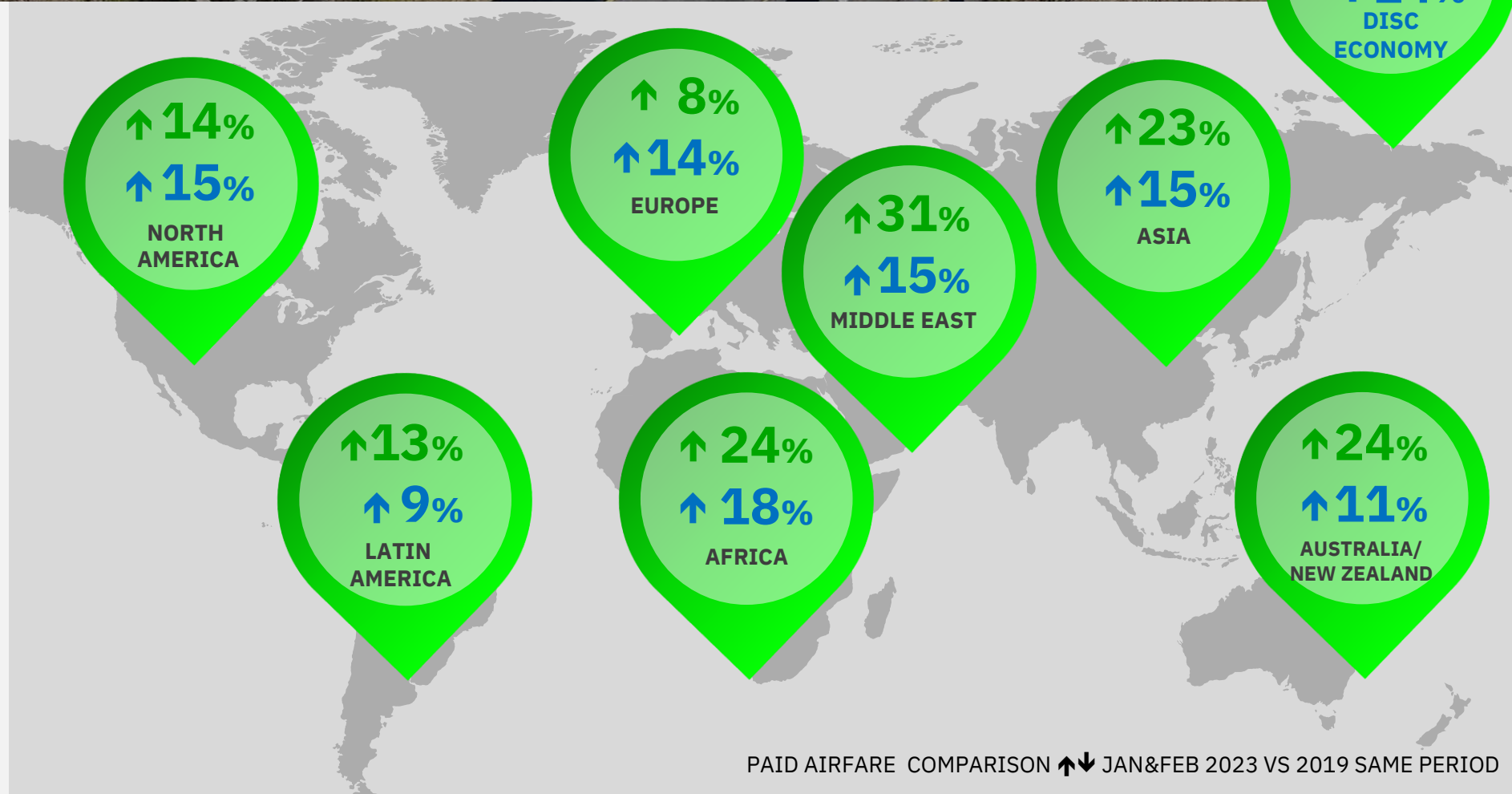
BUSINESS CLASS

\$2280 ↑\$339 VS 2019

DISC ECONOMY CLASS

\$506 ↑\$56 VS 2019

*Business and Discounted Economy class paid airfare variances measured across 370 international city pairs. For the period January to February 2023 compared to 2019 same period.



PAID AIRFARE COMPARISON ↑↓ JAN&FEB 2023 VS 2019 SAME PERIOD

Domestic and International Airfares

Airfare % change in January & February 2023 vs 2019 same period



NORTH AMERICA

	ECONOMY	BUSINESS
BOS-PVG	↑ 13%	↑ 6%
EWR-ORD	↓ 6%	↓ 5%
FRA-JFK	↑ 18%	↓ 6%
JFK-LAX	↑ 49%	↑ 2%
JFK-YYC	↑ 4%	↑ 8%

EUROPE

	ECONOMY	BUSINESS
DUB-LHR	↑ 25%	↑ 43%
FRA-MAD	↑ 13%	↓ 12%
JFK-LHR	↑ 17%	↓ 6%
LHR-MAD	↑ 18%	↑ 13%
LHR-PVG	↑ 10%	↑ 6%

ASIA

	ECONOMY	BUSINESS
DXB-SHA	↑ 9%	↑ 47%
BOM-DEL	↑ 15%	↑ 9%
BOM-LHR	↑ 26%	↑ 20%
PVG-SIN	↑ 10%	↑ 20%
LAX-PEK	↑ 11%	↑ 11%

LATIN AMERICA

	ECONOMY	BUSINESS
CGH-JFK	↑ 16%	NA
CGH-LHR	↓ 1%	FLAT
EWR-SDU	↑ 26%	↑ 6%
FRA-SDU	↑ 7%	NA
SDU-YYZ	↑ 26%	↑ 48%

MIDDLE EAST/AFRICA

	ECONOMY	BUSINESS
CPT-DXB	↓ 2%	↑ 40%
DXB-FRA	↑ 29%	↑ 33%
DXB-SYD	↑ 17%	↑ 24%
FRA-JNB	↑ 17%	↑ 15%
JNB-LHR	↑ 14%	↑ 14%

AUSTRALIA/NEW ZEALAND

	ECONOMY	BUSINESS
AKL-JFK	↑ 5%	↑ 29%
AKL-SYD	↑ 17%	↓ 24%
MEL-SYD	↑ 1%	↑ 12%
SIN-SYD	↑ 15%	↑ 18%
LAX-SYD	↑ 6%	↑ 22%

ACCOMMODATION

Key Takeaways Q1-2023

1



RISING RATES

Q1-2023 has seen all six regions surpass Q4-2022 ARR by 4-26%
Asia (26%), MEA (22%), Europe (19%), Latin America (12%), Australia/New Zealand (12%) and North America (4%).

Globally hotel occupancy for the quarter was 60.46%, only 4% points below the occupancy levels of 2019.

2



HOTELS FOR ALL PEOPLE

One of the most successful traveller offerings in recent years is the **lifestyle hotel**; focused on travellers who want to experience something **unique**.

Ingredients of a lifestyle hotel include lobbies that encourage interaction, offering green initiatives, having slick technology and offering wellbeing choices. Newer hotels such as Lyf Collingwood, Melbourne or The Hoxton, New York are challenging legacy hotels.

3



2023/24 CONTRACTING

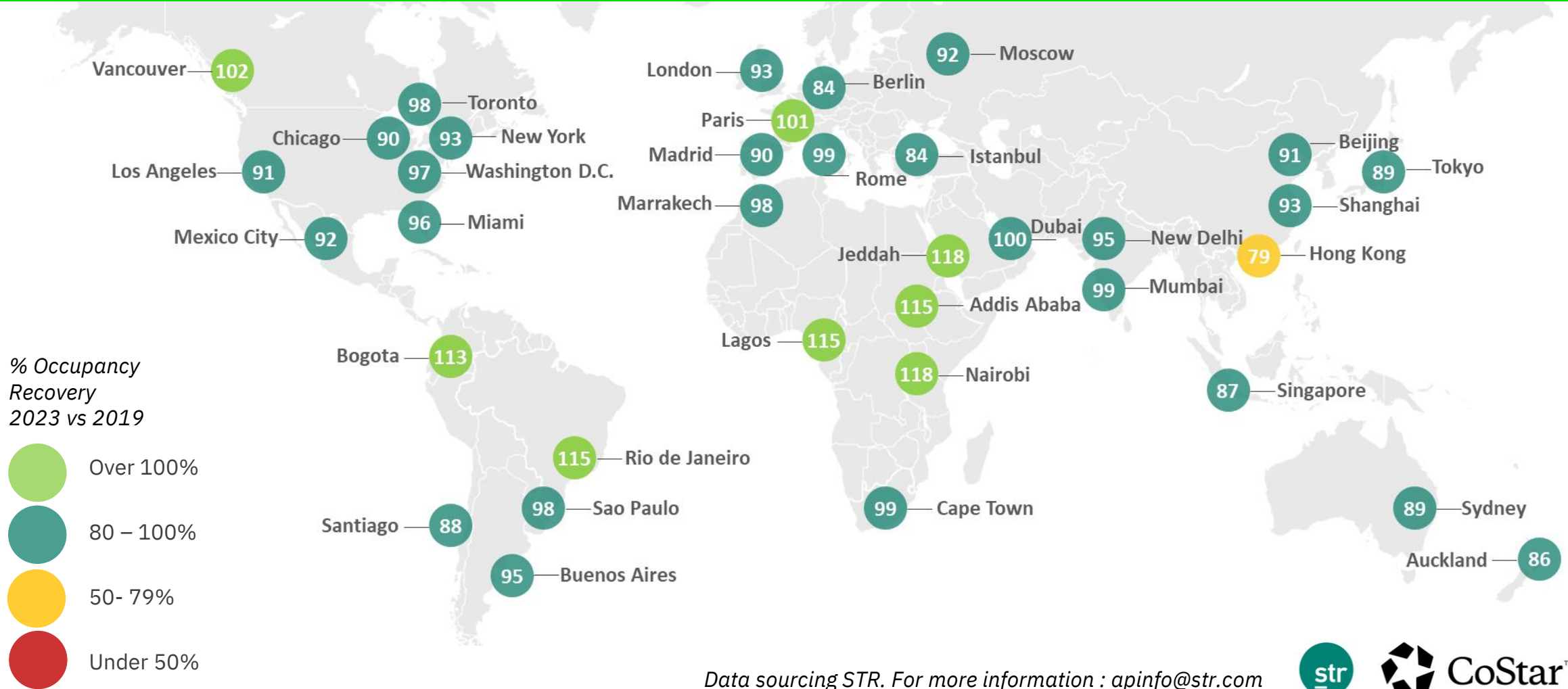
FCM Consulting are seeing an **increase** in the number of corporate clients looking to outsource their hotel contracting for a more formal RFP process.

With corporate travel patterns re-established, travel budgets tightened and higher than usual hotel rates, corporations are needing to take a **fresh look** at their hotel strategy and secure different hotel options to suit their travel programme and budgets for 23/24.

Several international markets are now growing occupancy

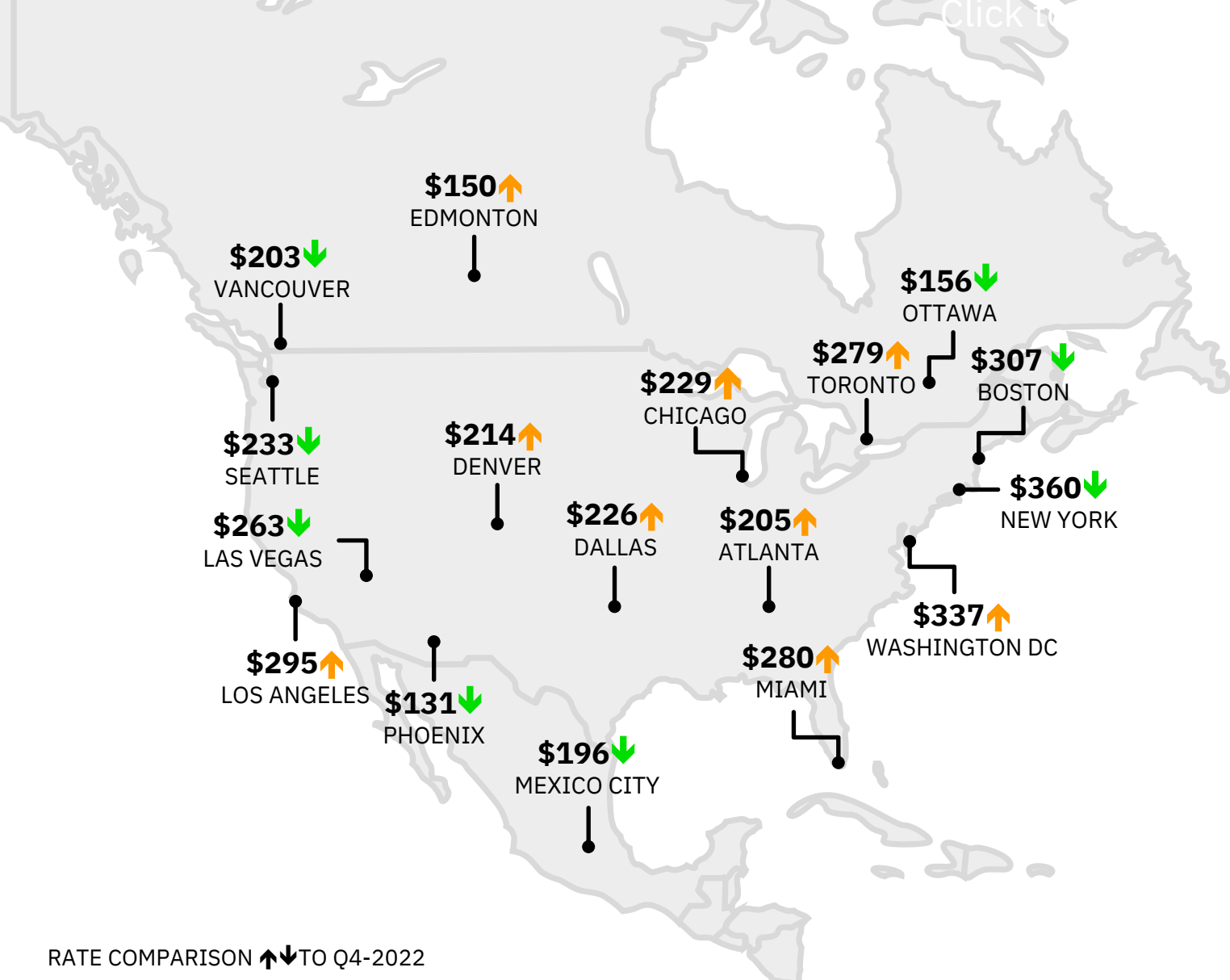
Global occupancy for Q1-2023 was 60.46% which is 96% recovered to 2019 same period

Numbers reported are a comparison of hotel occupancy (STD), indexed to March YTD 2019, vs March YTD 2023



Data sourcing STR. For more information : apinfo@str.com





RATE COMPARISON ↑↓ TO Q4-2022

Corporate Travel

Average Rate Paid % Var.

Q4-2022 ↑ 4%

Q1-2023 vs

Q1-2022 ↑ 5%



\$USD

NORTH AMERICA

Accommodation Q1-2023

**RATES CONTINUE TO VARY
↑↓ ACROSS CITIES.
OVERALL A REGIONAL RATE
DECLINE OF +\$7 VS Q4-2022.**

RATE COMPARISON TO Q4-2022

- CHICAGO ↑ 11%
- LOS ANGELES ↑ 1%
- NEW YORK ↓ 16%
- MEXICO CITY ↑ 8%
- VANCOUVER ↓ 5%

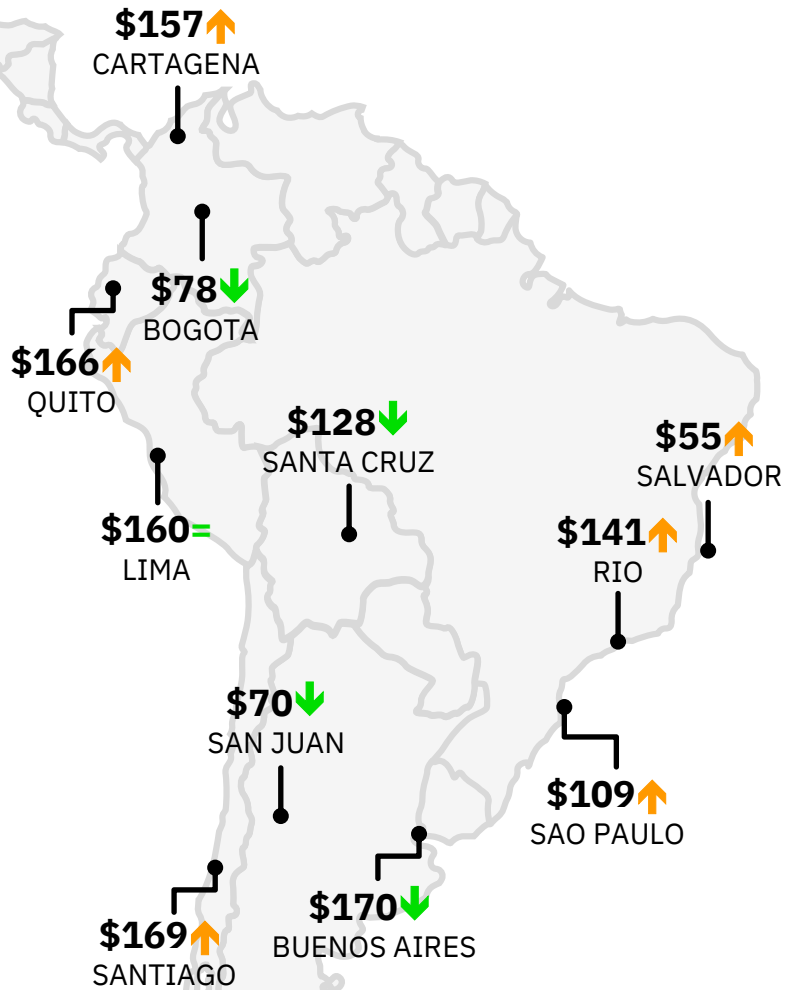
LATIN AMERICA

Accommodation Q1-2023

STRONG DEMAND IN THE REGION SAW AN OVERALL REGIONAL RATE RISE OF +\$7 VS Q4-2022.

RATE COMPARISON TO Q4-2022

- BUENOS AIRES ↓ 7%
- LIMA ↑ 2%
- RIO ↑ 45%
- SANTIAGO ↑ 27%
- SAO PAULO ↑ 25%



RATE COMPARISON ↑↓ TO Q4-2022

Corporate Travel

Average Rate Paid % Var.

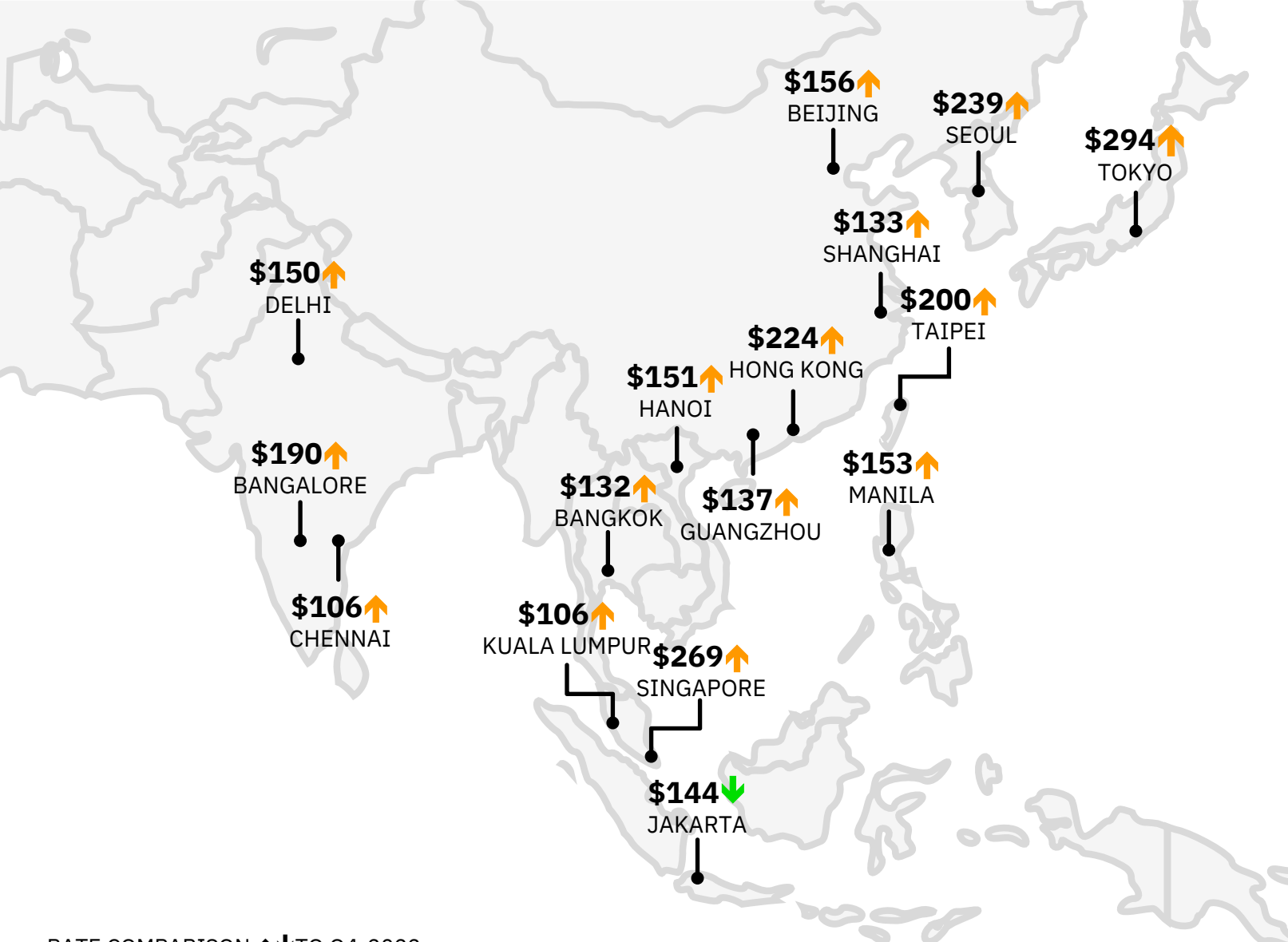
Q1-2023 vs

Q4-2022 ↑ 12%

Q1-2022 ↓ 3%



\$USD



RATE COMPARISON ↑↓TO Q4-2022

Corporate Travel
 Average Rate Paid % Var. Q4-2022 ↑ 26%
Q1-2023 vs Q1-2022 ↑ 20%



\$USD

ASIA

Accommodation Q1-2023

AS CHINA OPENED BORDERS THE REBOUND ACROSS THE REGION WAS SIGNIFICANT AS RATES ROSE +\$34 VS Q4-2022.

RATE COMPARISON TO Q4-2022

- CHENNAI ↑ 22%
- HANOI ↑ 9%
- MANILA ↑ 37%
- KUALA LUMPUR ↑ 37%
- SHANGHAI ↑ 27%
- SINGAPORE ↑ 11%

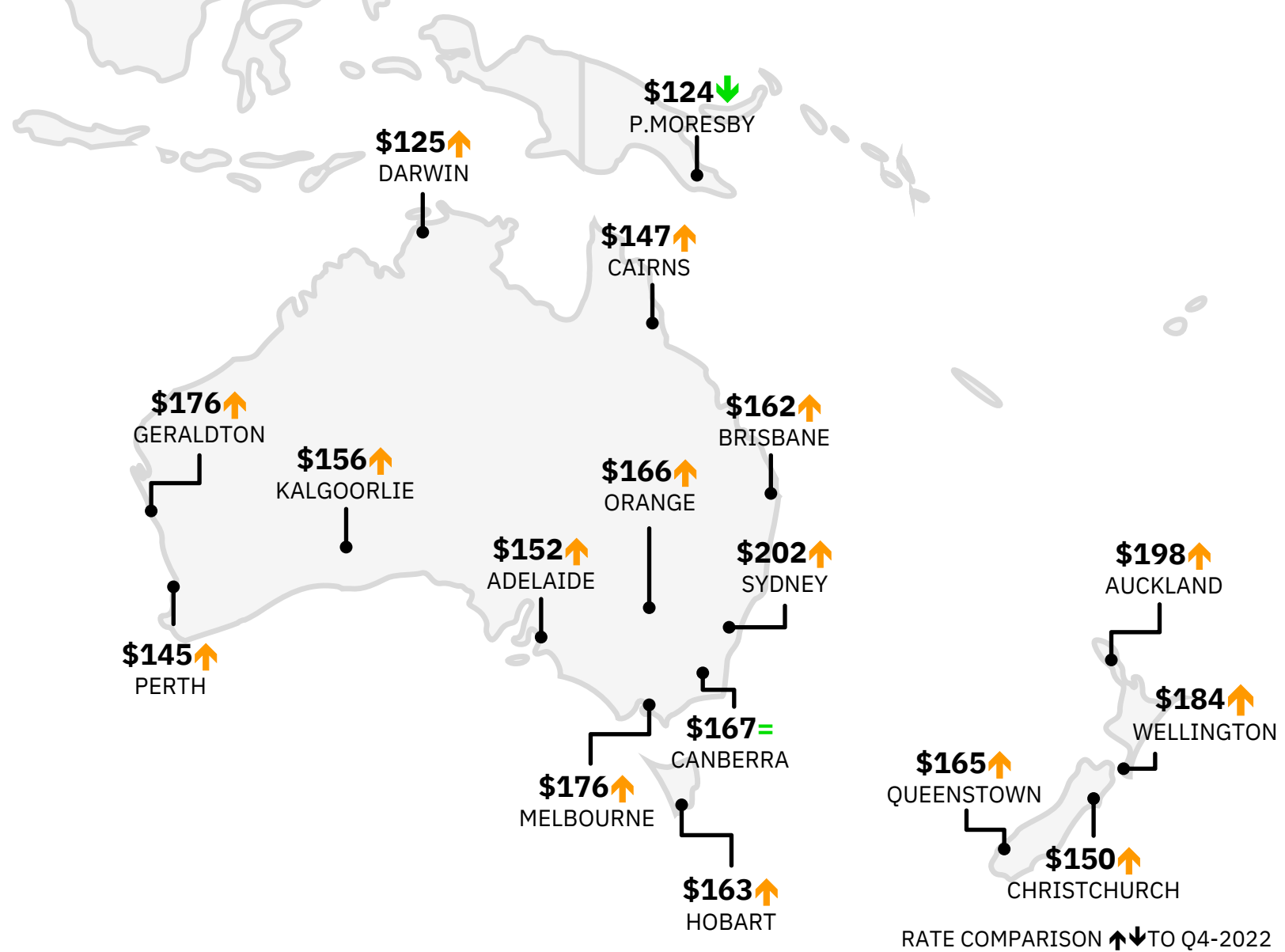
AUSTRALIA & NEW ZEALAND

Accommodation Q1-2023

HIGH SEASON DEMAND
PUSHES RATES UP +\$17
VS Q4-2022.

RATE COMPARISON TO Q4-2022

- ADELAIDE ↑ 5%
- AUCKLAND ↑ 27%
- KALGOORLIE ↑ 15%
- MELBOURNE ↑ 17%
- SYDNEY ↑ 16%
- WELLINGTON ↑ 25%



Corporate Travel
Average Rate Paid % Var. Q4-2022 ↑ 12%
Q1-2023 vs Q1-2022 ↑ 4%

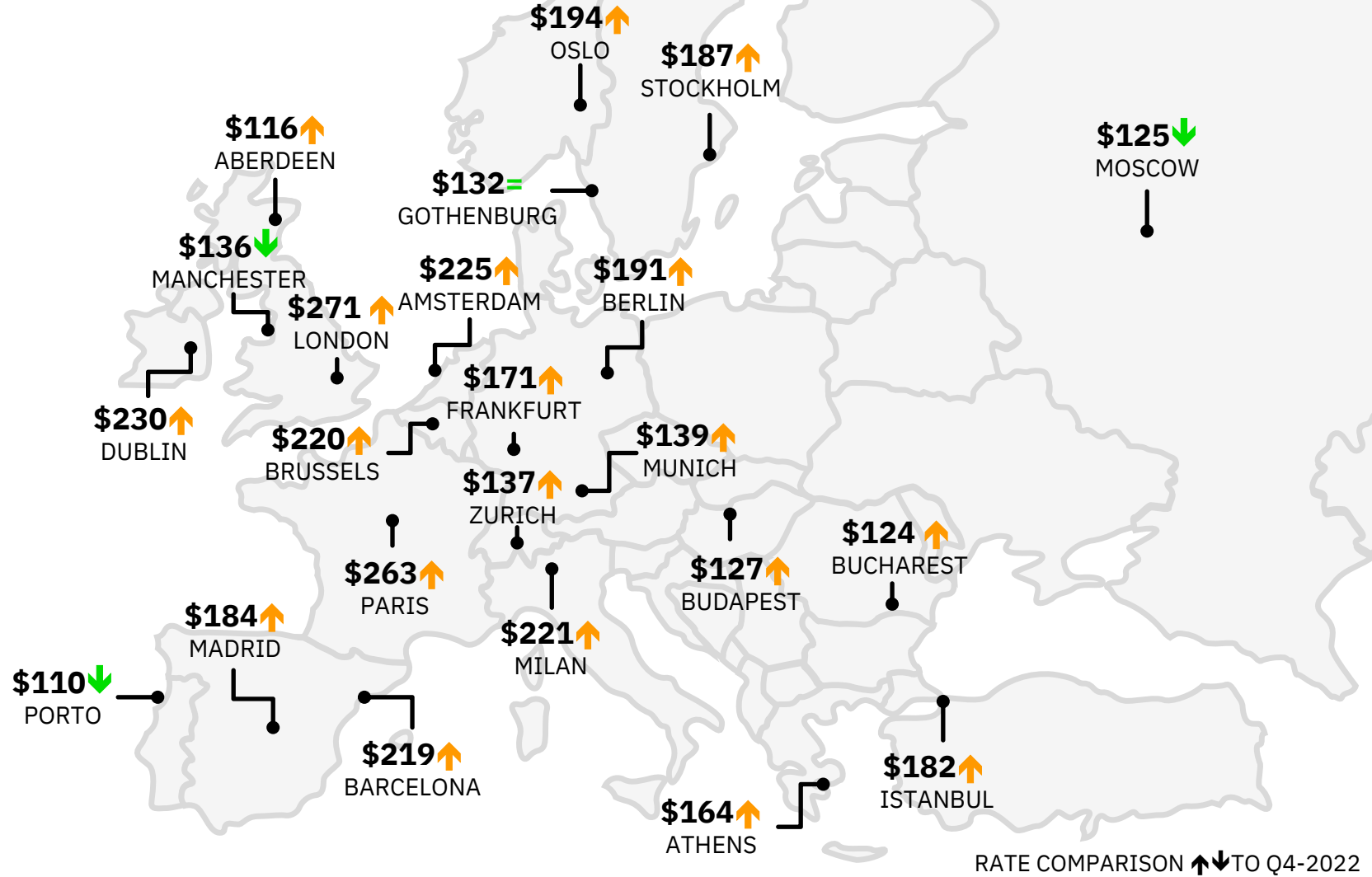
EUROPE

Accommodation Q1-2023

A STRONG RISE IN RATES
ACROSS THE REGION OF
+\$26 VS Q4-2022.

RATE COMPARISON TO Q4-2022

- AMSTERDAM ↑ 16%
- BERLIN ↑ 68%
- DUBLIN ↑ 6%
- FRANKFURT ↑ 50%
- LONDON ↑ 4%
- MADRID ↑ 22%



Corporate Travel
Average Rate Paid % Var.

Q1-2023 vs

Q4-2022 ↑ 19%

Q1-2022 ↑ 7%

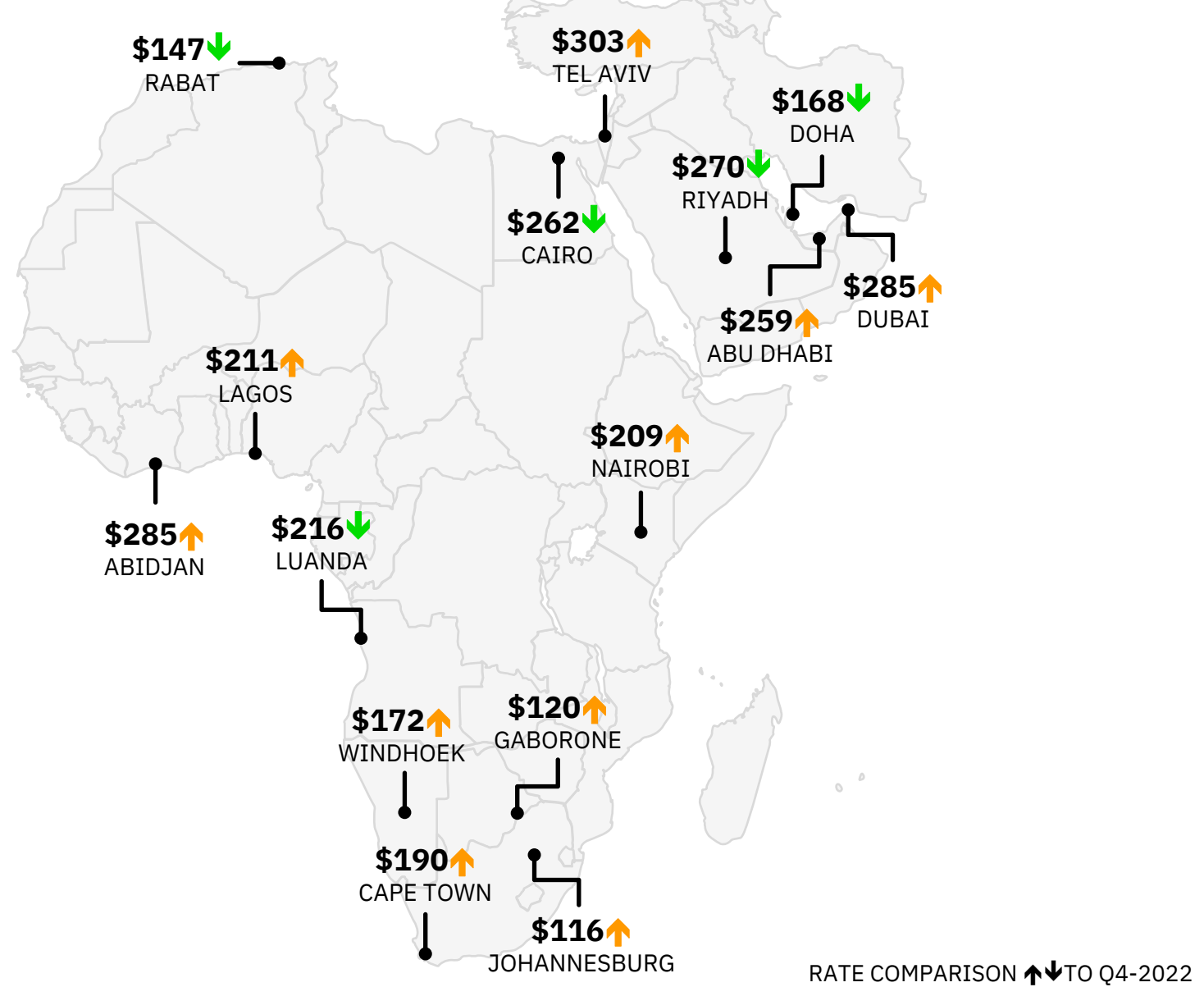
MIDDLE EAST AND AFRICA

Accommodation Q1-2023

RATE RISES CONTINUED ACROSS THE REGION +\$17 VS Q4-2023.

RATE COMPARISON TO Q4-2022

- ABU DHABI ↑ 26%
- CAIRO ↓ 9%
- CAPE TOWN ↑ 86%
- DUBAI ↑ 19%
- JOHANNESBURG ↑ 8%
- RIYADH ↓ 6%



Corporate Travel
Average Rate Paid % Var.

Q4-2022	↑	22%
Q1-2023 vs Q1-2022	↑	19%

Mobility

Key Takeaways Q1-2023

1



DAILY CAR RENTAL RATES

For three consecutive quarters the corporate car rental **global ADR**[^] was **\$51, +23%** on Q1-2022, and set to remain high for all of 2023.

REGION*	Q1-2023 ADR	% var. to Q1-2022
AMERICAS	\$50	↑ 19%
APAC	\$89	↑ 122%
EMEA	\$74	↑ 46%

2



2023 ROAD AHEAD

With continued **high demand** for car rental, there are two factors which continue to impact travellers in 2023:

- 1) **High daily rates** due to increased supply chain costs and strong demand.
- 2) **Constrained car availability** due to reduced fleet replacement stock and delays in parts and repairs.

Book early to secure your car!

3



MIRCO MOBILITY

Micro mobility is the use of **bicycles, e-scooters** and **e-mopeds** for the first and last mile of travel. It is a city-led convenience in countries like Netherlands, Denmark, Germany, France, China, etc.

What makes it so attractive? Outside of walking, micro mobility has **low carbon emissions** and is **cheap**. If your travellers had an option** would they swap a taxi for an e-scooter?

[^] ADR = Average Daily Rate Booked

* Regional ADRs reported represent region where car was hired

** The option based on location with safe infrastructure, good weather, traveller self-confidence, suitable attire and small bags.

More Information

FCM Consulting

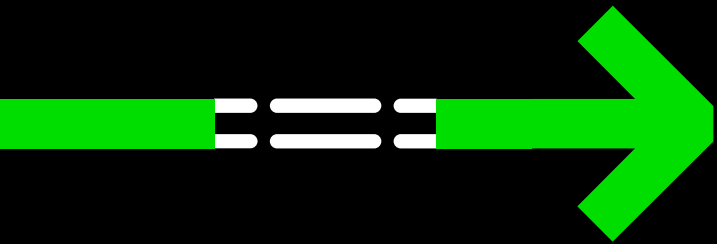
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