



Global

Quarterly Trend Report

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Q2-2023

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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 April to June 2023 (Q2-2023). The report uses Cirium aviation schedule data as of 8 August 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 of 9 August 2023 for period ending June 2023.

CORPORATE

Need to Know

Q2-2023 saw two themes emerge. The northern hemisphere summer is pushing demand levels, whilst we saw other regions plateau.

This edition of FCM Consulting's Quarterly Trend Report places the remainder of 2023 in the spotlight.

Travel demand looks to moderate for H2-2023 as airline schedules and hotel rooms find their levelling with new normalised yields.

Our Q2 report highlights the pockets of opportunities in supplier pricing and shifts in partnership opportunities to gain a different experience.



COST OF TRAVEL

How to make travel budgets stretch another mile or night



JET FUEL

Pricing in H1-2023 continued to fall however H2-2023 shows early signs of rises



SUSTAINABILITY

How do your preferred airlines rates in their shift to sustainability



DISRUPTIONS

As travel volumes return and plateau, air travel disruption remains



HYBRID WORK

Talent retention, reduced office space, cost and carbon reductions weigh in on corporate work



POLICY TRENDS

Stablised travel patterns mean policy re-sets for the medium term

CORPORATE TRAVEL

Key Takeaways Q2-2023

1



STRETCHING BUDGETS

Here are 4 ways to stretch a travel budget:

- **Advance planning** for value (an old strategy, ever valid in today's market).
- **Use your TMC experts** from simplifying complex itineraries to supplier contracts.
- **Leverage booking technology** to control budgets through price caps and filters.
- **Explore new suppliers contract offers** as commercial models are always changing.

2



AVIATION FUEL

During Q2-2023, jet fuel prices shifted from **\$94** to **\$103** per barrel as the northern summer demand grew, and Asia travel strengthened, as reported by IATA^.

By early August 2023, pricing averaged **\$119** per barrel. Further rises are anticipated as Asia travel demand grows into the remainder of H2-2023.

3



THE LATEST METRICS

Glenn Thorsen, FCM Consulting Sustainability Lead, has recently joined forces with **CAPA** (Centre for Aviation) and partner **Envest Global**.

Using the latest market data and insights, we are helping corporations address their air travel environmental plans.

*Do you know the sustainability rankings of your airline partners?
Glenn* has the answer.*

^IATA Fuel Monitor reported the week ending 21 July 2023, reporting in US\$

* Glenn Thorsen, e: glenn.thorsen@eu.fcm.travel

CORPORATE TRAVEL

Key Takeaways Q2-2023

4



DISRUPTION REMAINS

As we head into H2-2023, air travel disruption continues to impact travel plans. Extreme weather is the most frequent cause of air travel disruption, closely followed by airport staffing shortages, specifically, **air traffic controllers**.

Across Europe, Australia and other parts of the world, **air traffic controller** staffing shortages are impacting **20-30% of flights** daily. Forcing airlines to **reduce schedules** and airports to create **capacity caps**.

5



HYBRID WORKING

McKinsey Global Institute reports “**Hybrid work is here to stay**” with a current average of **three days a week in the office**. This could change if labour market dynamics shift, or research shows relationships and productivity levels decline.

Post-COVID, these are the hybrid facts:

- **30% less office attendance.**
- **7% of people moved from city to suburb.**
- Corporate travellers need **mixed use** areas in hotels, airports and train terminals so they can **work in transit**.

6



POLICY TRENDS

Having a travel programme that’s relevant to today’s internal and external influences means reviewing your policies and process regularly. Here’s a summary of key updates in 2023:

- **Defining traveller wellness.**
- **Engaging travellers in sustainability.**
 - **Framing travel with purpose.**
- **Personal safety and business security.**
- **Smart budget and carbon management.**
 - **Total booking consolidation.**
 - **Engaging in technology uptake.**

AVIATION

Key Takeaways Q2-2023

1



INTERNATIONAL LAGGING

Global **domestic** seats offered surpass 2019 volumes. Q3-2023 domestic seats offered are forecast to be **+4.1%** above 2019 volumes and international seats below by **-7.5%**.

Q3-2023 vs Q3-2019	DOMESTIC	INTERNATIONAL
APAC	+6.9%	-22.5%
EMEA	-0.3%	-2.7%
LATAM	+0.4%	-0.6%
NAM	+3.1%	-0.5%

2



DOMESTIC FARES

Domestic air travel demand is strong in most major markets.

Airline competition, airline/airport staffing capability, economic climate, leisure travel discretionary spending and corporate travel budgets are some of the influences of airline supply, demand and pricing. We analysed average paid[^] fares during Q2-2023

KEY DOMESTIC MARKETS

Q2-2023 v Q2-2019

AUSTRALIA	+27% / +\$28
BRAZIL	+2% / +\$2
CANADA	+3% / +\$5
CHINA	-1% / -\$2
FRANCE	-6% / -\$6
GERMANY	+21% / +\$19
INDIA	+13% / +\$9
INDONESIA	+19% / +\$14
JAPAN	+20% / +\$20
NEW ZEALAND	+15% / +\$14
UNITED KINGDOM	+1% / +\$1
UNITED STATES	+9% / +\$16

[^] Report using all paid fares, all cabin classes and all airlines for domestic travel within the countries listed.
Data source Cirium 9 August 2023

AVIATION - GLOBAL

TRAVEL IS BACK

2023 seat capacity is forecast to be **-124M (-2.8%)** down on 2019 seats.

Q3-2023 is forecast to be **-12.1M (-0.8%)** less seats than Q3-2019.

Regional seat capacity in 2023 vs 2019 is healthy, however varied.

North America **+2.7%**

Africa **+1.3%**

MEA **+2.4%**

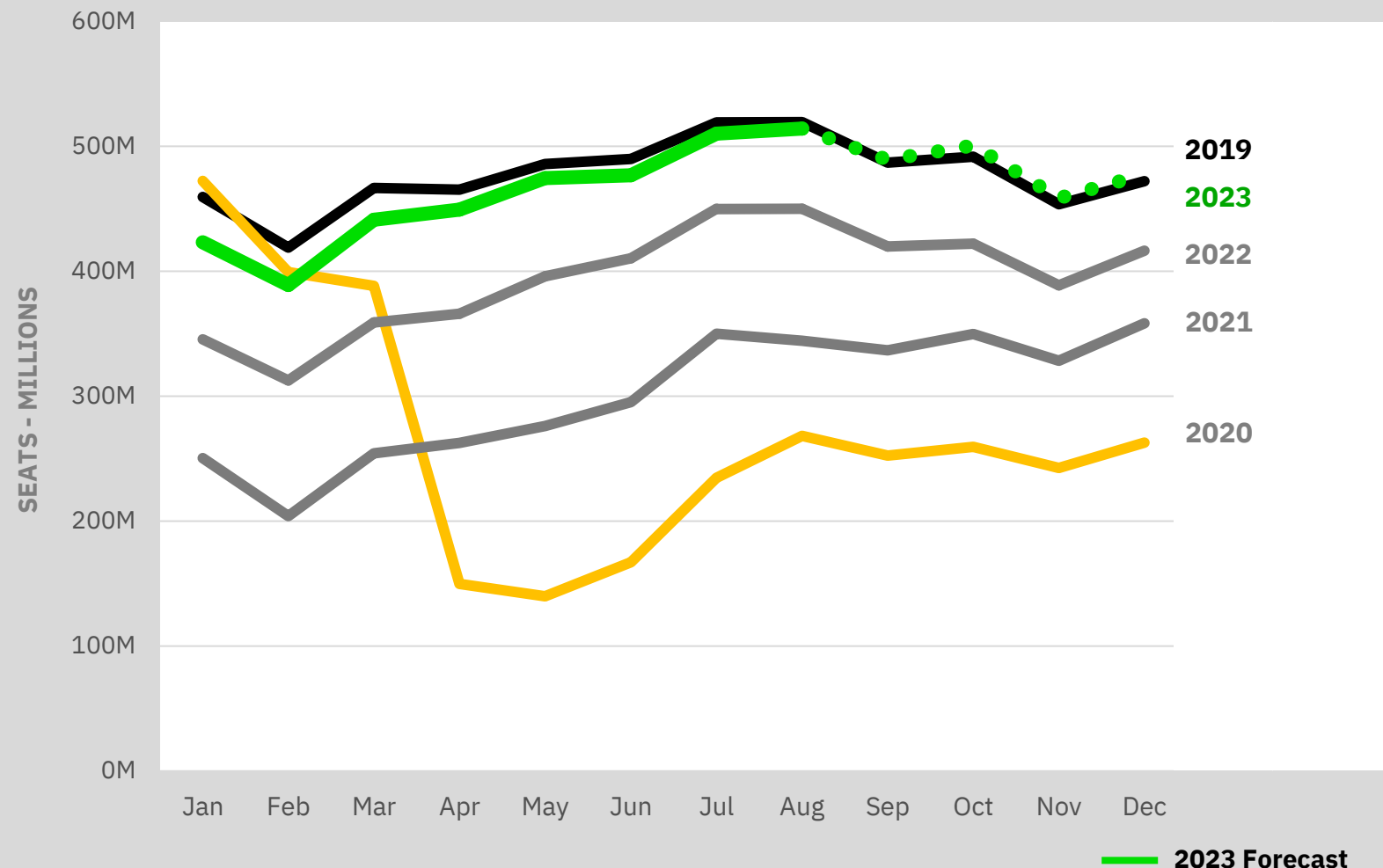
LATAM **+0.1%**

Asia **-4.0%**

Europe **-5.6%**

Australasia **-6.1%**

GLOBAL SEATS



AIRLINE SEAT FORECAST

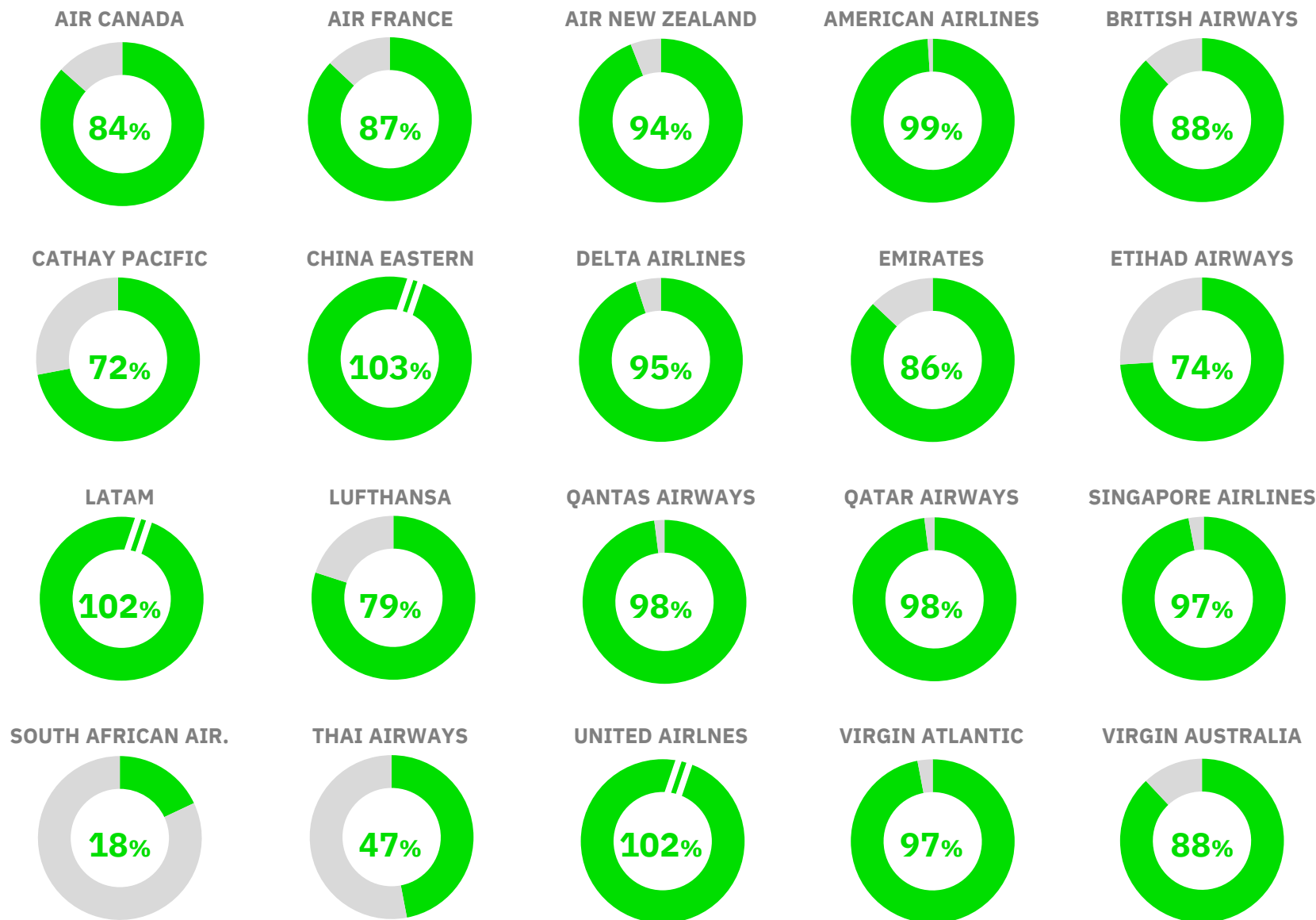
2023 COMPARED TO 2019

China Eastern +3% is now forecast to surpass its 2019 seats along with LATAM Airlines Group +2% and United Airlines +2%.

The forecast across the 20 major airlines report a **93%** return of seats in 2023 vs 2019, down -1% from our report in April-2023.

We have seen only four of the major airlines increasing their 2023 schedules since our Q1-2023 report: China Eastern, Qantas, Qatar and Virgin Atlantic

Airline seats offered full calendar year 2023 compared to 2019.



INTERNATIONAL AIRFARE INCREASES

Airfare % change reported YTD May 2023 vs 2019 same period

GLOBAL AVERAGE
INCREASE

↑18%
BUSINESS
↑18%
DISC
ECONOMY

AVERAGE GLOBAL INTERNATIONAL TICKET PRICE

YTD MAY 2023 VS 2019

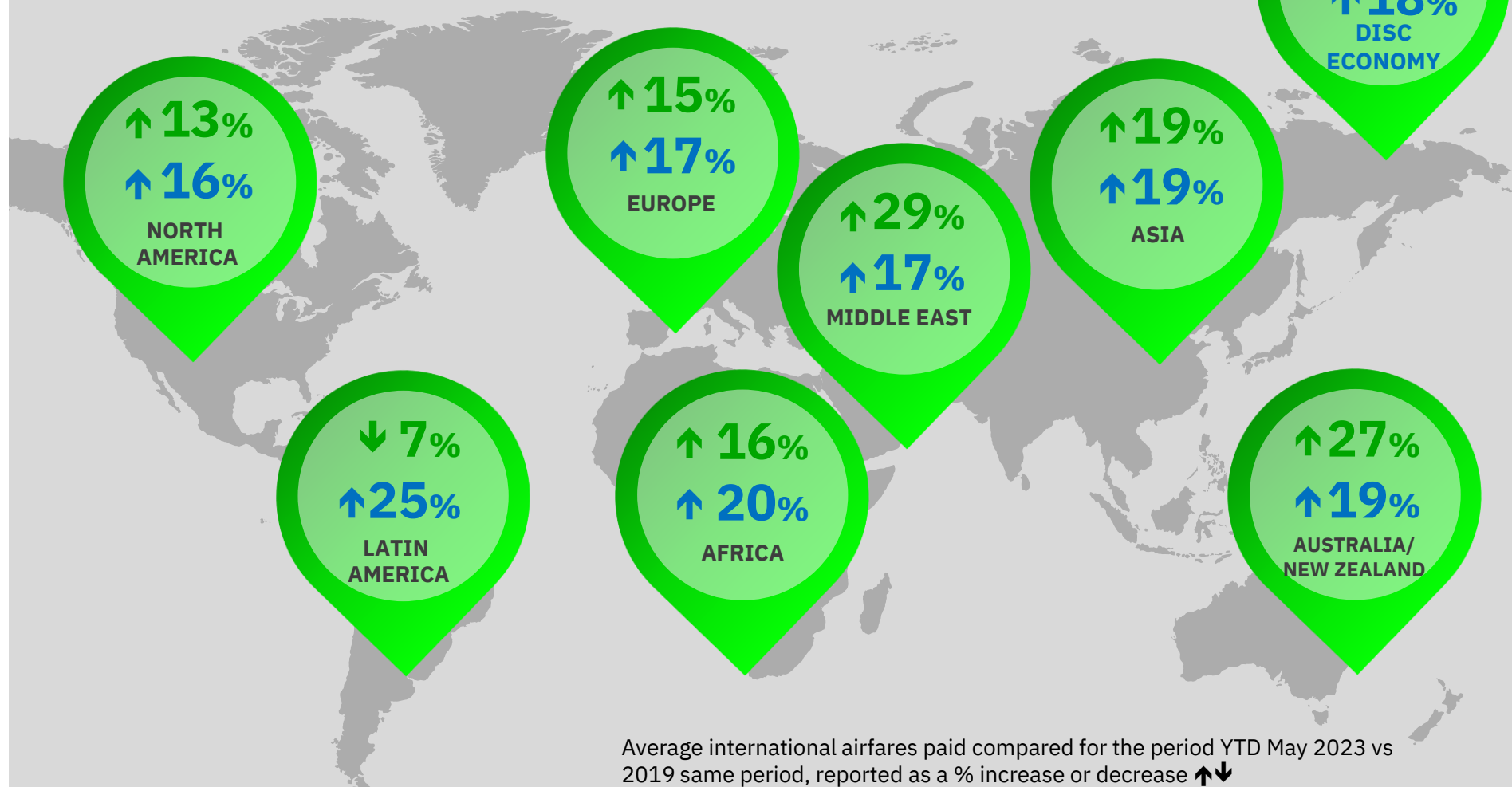
BUSINESS CLASS

\$2280 ↑\$341 VS 2019

DISC ECONOMY CLASS

\$528 ↑\$79 VS 2019

The percentage variations are reporting international business and discounted economy class paid airfares, measured across 370 international city pairs. Each region reported summarises the key countries within the region for international travel in and outside that region.



DOMESTIC AND INTERNATIONAL AIRFARES

Airfare % change in YTD May 2023 vs 2019 same period

NORTH AMERICA

	ECONOMY	BUSINESS
BOS-PVG	↑ 7%	↑ 3%
EWB-ORD	↓ 31%	↓ 7%
FRA-JFK	↑ 14%	↓ 8%
JFK-LAX	↑ 33%	↑ 1%
JFK-YYC	FLAT	↑ 10%

EUROPE

	ECONOMY	BUSINESS
DUB-LHR	↑ 12%	↑ 26%
FRA-MAD	↑ 9%	↓ 6%
JFK-LHR	↑ 12%	↓ 7%
LHR-MAD	↑ 12%	↑ 7%
LHR-PVG	↑ 5%	↑ 6%

ASIA

	ECONOMY	BUSINESS
SHA-SIN	↑ 11%	↑ 37%
BOM-DEL	↑ 15%	↑ 3%
BOM-LHR	↑ 21%	↑ 20%
PVG-SIN	↑ 10%	↑ 20%
LAX-PEK	↓ 2%	↑ 8%

LATIN AMERICA

	ECONOMY	BUSINESS
CGH-JFK	↑ 15%	NA
CGH-LHR	↑ 1%	FLAT
EWB-SDU	↑ 23%	↑ 7%
FRA-SDU	↑ 3%	NA
SDU-YYZ	↑ 21%	↑ 39%

MIDDLE EAST/AFRICA

	ECONOMY	BUSINESS
CPT-DXB	↑ 3%	↑ 42%
DXB-FRA	↑ 23%	↑ 31%
DXB-SYD	↑ 14%	↑ 18%
FRA-JNB	↑ 14%	↑ 13%
JNB-LHR	↑ 11%	↑ 12%

AUSTRALIA/NEW ZEALAND

	ECONOMY	BUSINESS
AKL-JFK	↑ 7%	↑ 27%
AKL-SYD	↑ 15%	↓ 15%
MEL-SYD	↓ 1%	↑ 21%
SIN-SYD	↑ 7%	↑ 16%
LAX-SYD	↑ 7%	↑ 13%

ACCOMMODATION

Key Takeaways Q2-2023

1



NORTHERN SUMMER

From Q1-2023 to Q2-2023 the regional hotel ARR increased across:

Europe, +\$24 (+12%),
North America, +\$21 (+5%), and
Latin America +\$4 (+3%).

Reductions were observed in **Asia -\$2 (-2%),** and **MEA -\$24 (-19%),** with **Australasia** rates remaining flat.

Early forecast into H2-2023 indicate ARR's remain stable, with select cities seeing rate declines as hotels look to attract corporate and leisure travellers.

2



CONSOLIDATED & COUNTING

As corporations set **net zero targets** across Scope 1, 2 and 3 emissions the growing conversation is making sure you have consolidated, accurate and accessible carbon reporting. Corporate travel CO₂ reporting is a must to accurately report to Scope 3 emissions.

Don't forget to update your travel policy to mandate all hotel bookings through your TMC for consolidated and accurate CO₂ reporting. ^

3



2024 CONTRACTING

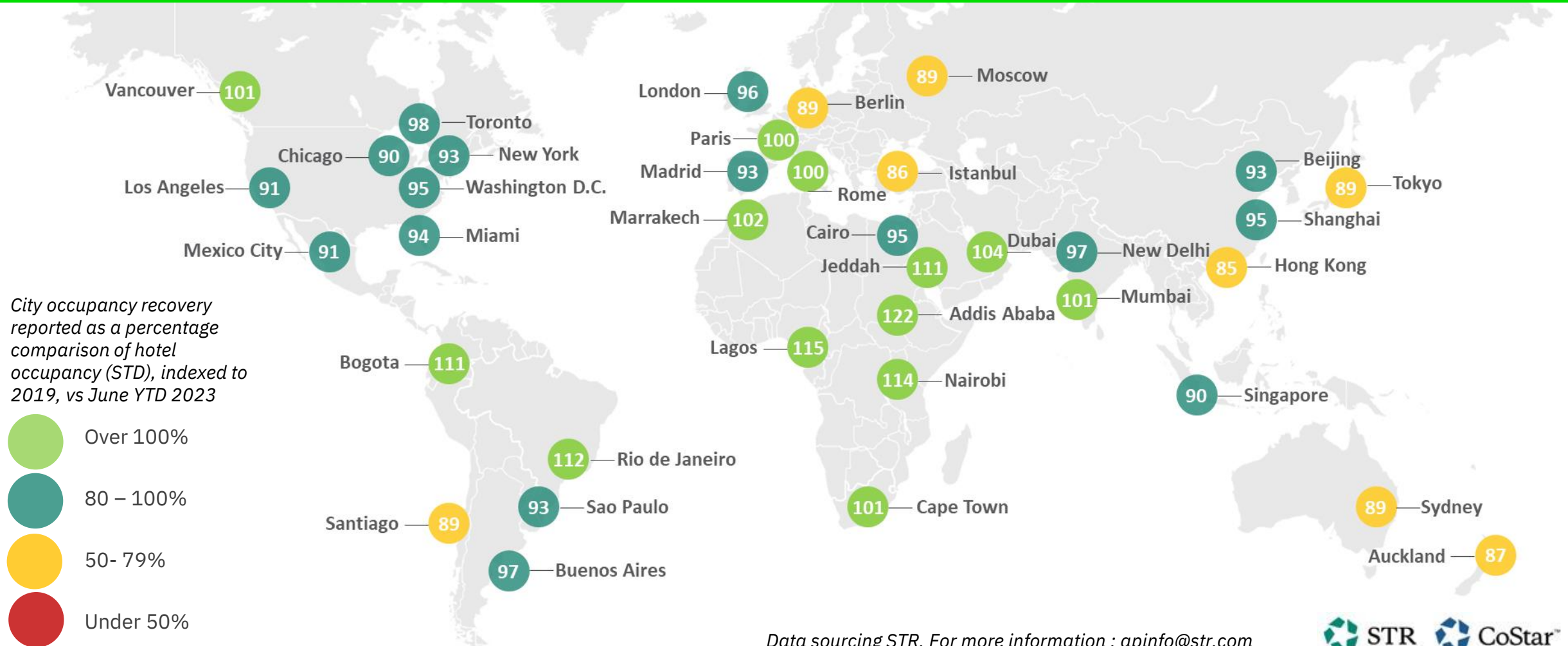
We have taken a deep dive into the new hotel contracts that corporate procurement teams are exploring for their 2024 hotel RFP process :

- **Fixed rates that meet budgets**
- **Properties making changes and guiding guests to be part of their ESG journey**
 - **Guest technology during stay**
 - **Data privacy and security**
- **Mixed use zones in hotel public areas**
 - **EV re-charging options**
- **Contracts bookable via GDS and TMC**

^This alone is not the only benefit of consolidating your hotel bookings through your TMC. We know, you know, you love consolidating your hotel bookings to leverage travel spend. Consolidating bookings also enables you to track travellers in an emergency, provide your travellers a one-stop shop experience, gain insights into your travellers changing preferences, track your supplier compliance and keep your trips within budget.

OCCUPANCY REBOUNDS ACROSS KEY GLOBAL MARKETS

Global occupancy for YTD June 2023 was 63.6% which is 96% recovered to 2019 same period.



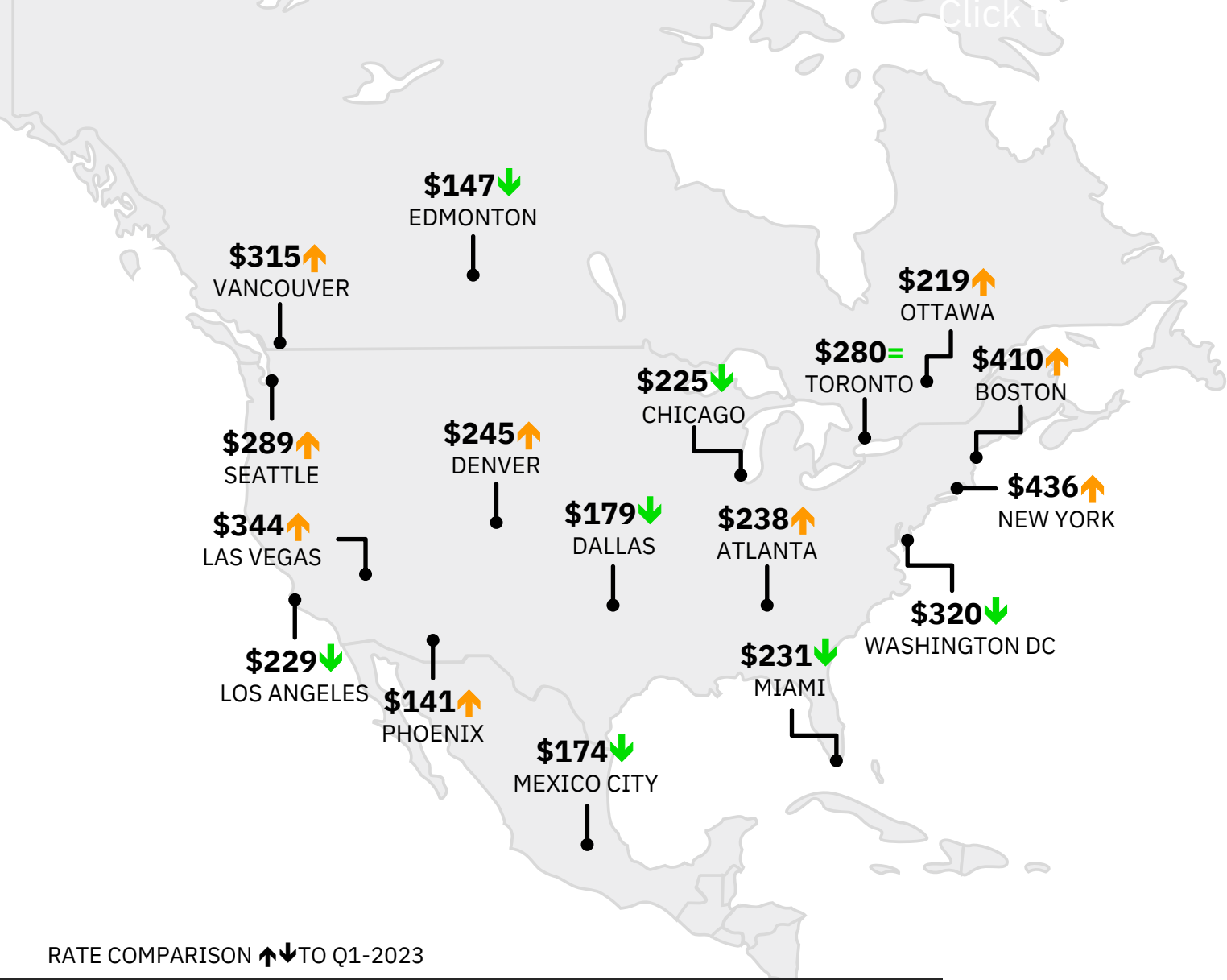
Data sourcing STR. For more information : apinfo@str.com

AVERAGE DAILY RATES LEISURE & CORPORATE

Average Daily Rate, indexed to YTD 2019, June YTD 2023



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



RATE COMPARISON ↑↓ TO Q1-2023

Corporate Travel
Average Rate Paid % Var.
Q2-2023 vs

Q1-2023 ↑ 5%
Q2-2022 ↑ 3%



\$USD

NORTH AMERICA

Accommodation Q2-2023

STRONG DEMAND PUSHING REGIONAL ARR UP BY +\$21 DURING Q2 VS Q1-2023.

RATE COMPARISON TO Q1-2023

- CHICAGO ↓ 4%
- LOS ANGELES ↓ 29%
- NEW YORK ↑ 17%
- MEXICO CITY ↓ 13%
- VANCOUVER ↑ 35%

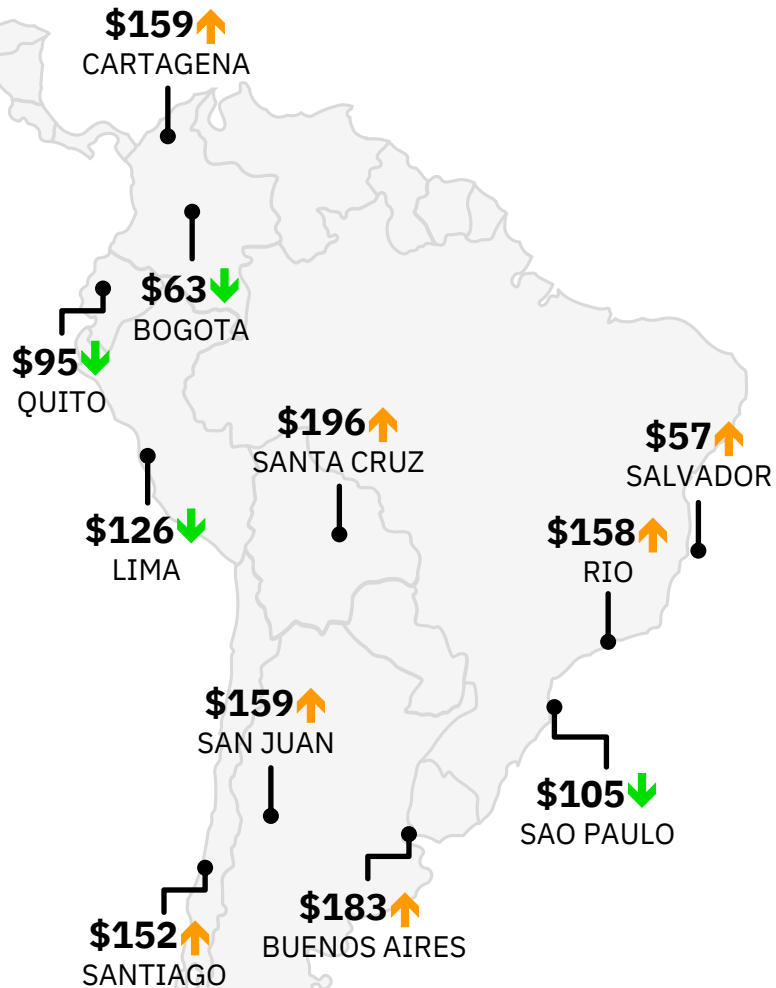
LATIN AMERICA

Accommodation Q2-2023

**RATE VOLATILITY CALMS
SEEING A MINOR REGIONAL
RATE INCREASE OF +\$4
COMPARED TO Q1-2023.**

RATE COMPARISON TO Q1-2023

- BUENOS AIRES ↑ 7%
- LIMA ↓ 28%
- RIO ↑ 11%
- SANTIAGO ↓ 11%
- SAO PAULO ↓ 4%

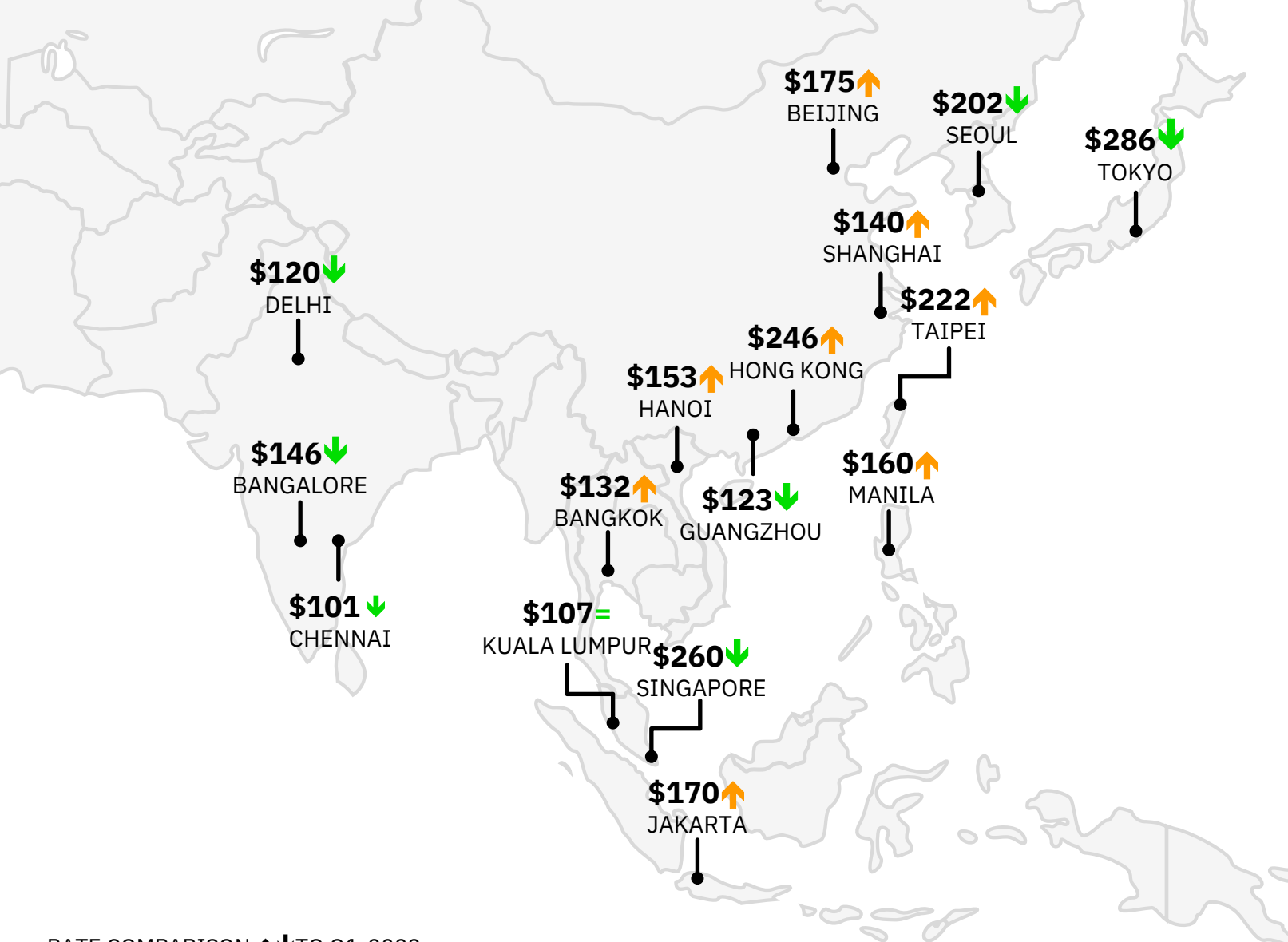


RATE COMPARISON ↑↓ TO Q1-2023

Corporate Travel
Average Rate Paid % Var.

Q2-2023 vs Q1-2023 ↑ 3%
Q2-2022 ↓ 37%





RATE COMPARISON ↑↓TO Q1-2023

Corporate Travel
Average Rate Paid % Var.

Q2-2023 vs

Q1-2023 ↓ 2%

Q2-2022 ↑ 22%



\$USD

ASIA

Accommodation Q2-2023

**MINOR RATE CHANGES
ACROSS THE REGION IN Q2
SEEING -\$2 ARR REDUCTION
FROM Q1-2023.**

RATE COMPARISON TO Q1-2023

- CHENNAI ↓ 5%
- HANOI ↑ 1%
- MANILA ↑ 4%
- KUALA LUMPUR ↑ 1%
- SHANGHAI ↑ 4%
- SINGAPORE ↓ 4%

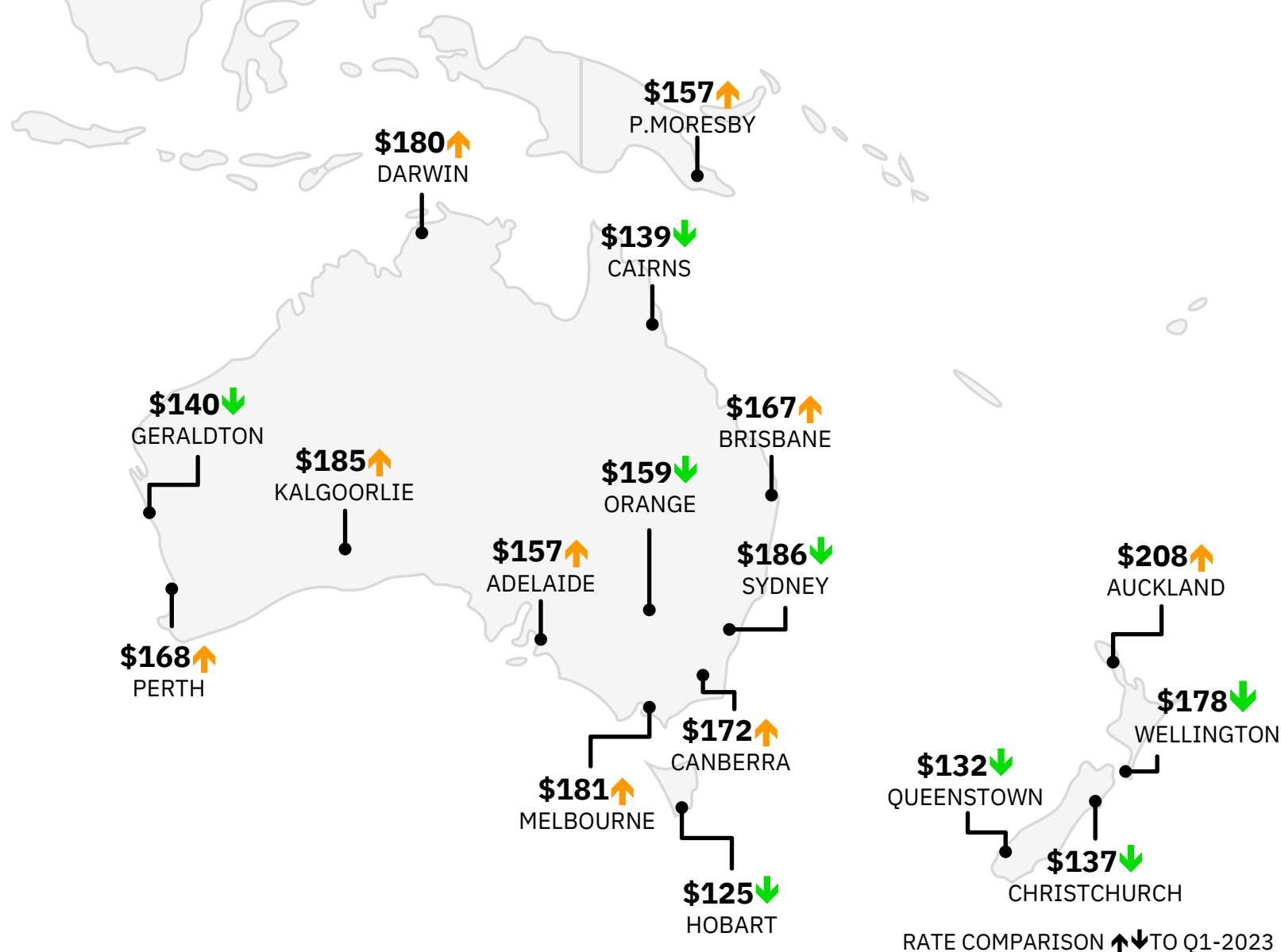
AUSTRALIA & NEW ZEALAND

Accommodation Q2-2023

IN Q2 THE REGIONAL ARR
PLATEAUED WITH A +\$1
INCREASE FROM Q1-2023.

RATE COMPARISON TO Q1-2023

- ADELAIDE ↑ 3%
- AUCKLAND ↑ 5%
- KALGOORLIE ↑ 16%
- MELBOURNE ↑ 3%
- SYDNEY ↓ 9%
- WELLINGTON ↓ 3%



Corporate Travel
Average Rate Paid % Var.

Q2-2023 vs

Q1-2023 ↓ 1%

Q2-2022 ↑ 3%

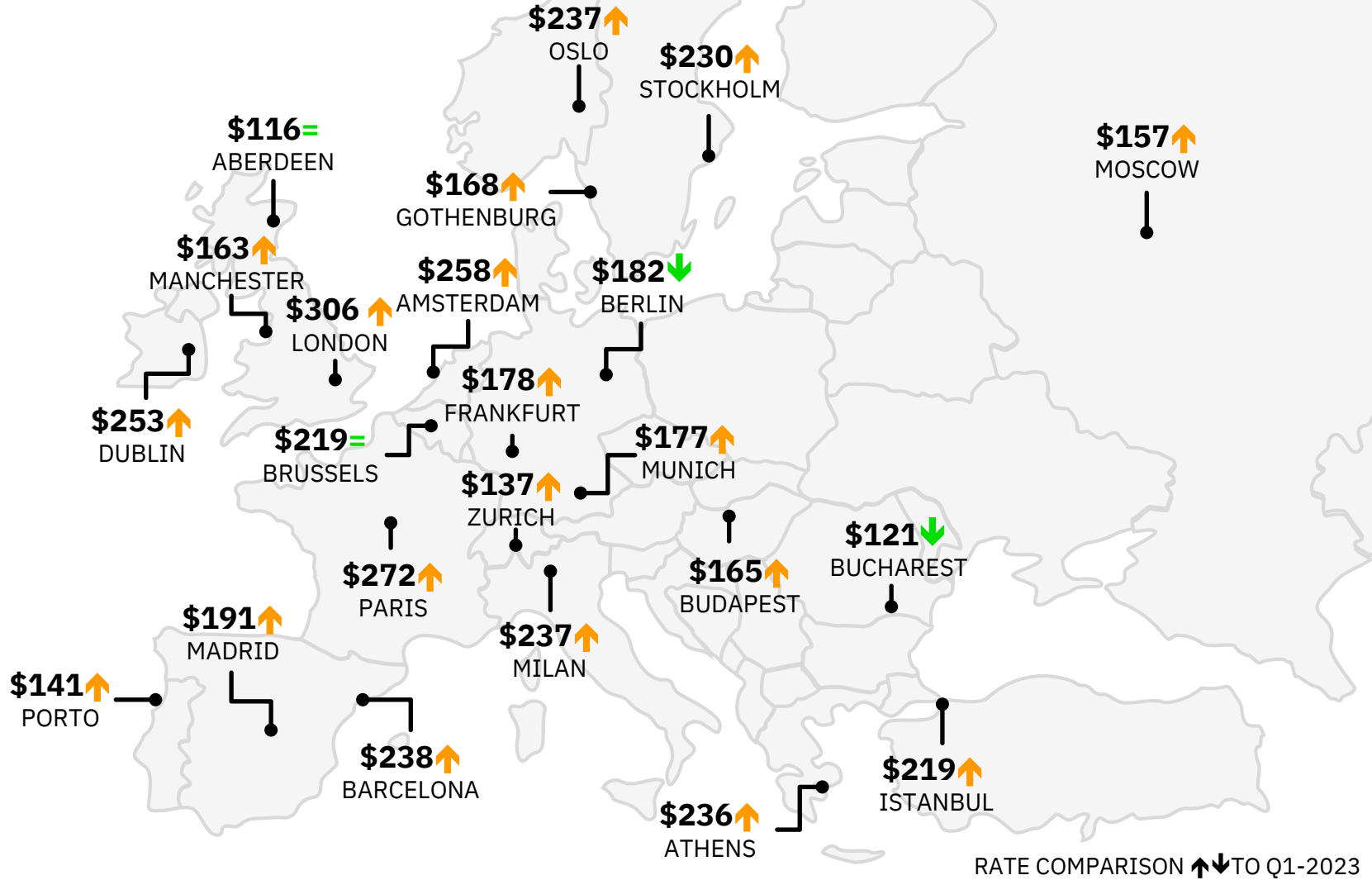
EUROPE

Accommodation Q2-2023

HEADING INTO A
NORTHERN SUMMER THE
ARR ROSE +\$24 IN Q2-2023.

RATE COMPARISON TO Q1-2023

- AMSTERDAM ↑ 13%
- BERLIN ↓ 5%
- DUBLIN ↑ 9%
- FRANKFURT ↑ 5%
- LONDON ↑ 12%
- MADRID ↑ 3%



Corporate Travel
Average Rate Paid % Var.

Q2-2023 vs

Q1-2023 ↑ 12%

Q2-2022 ↑ 7%

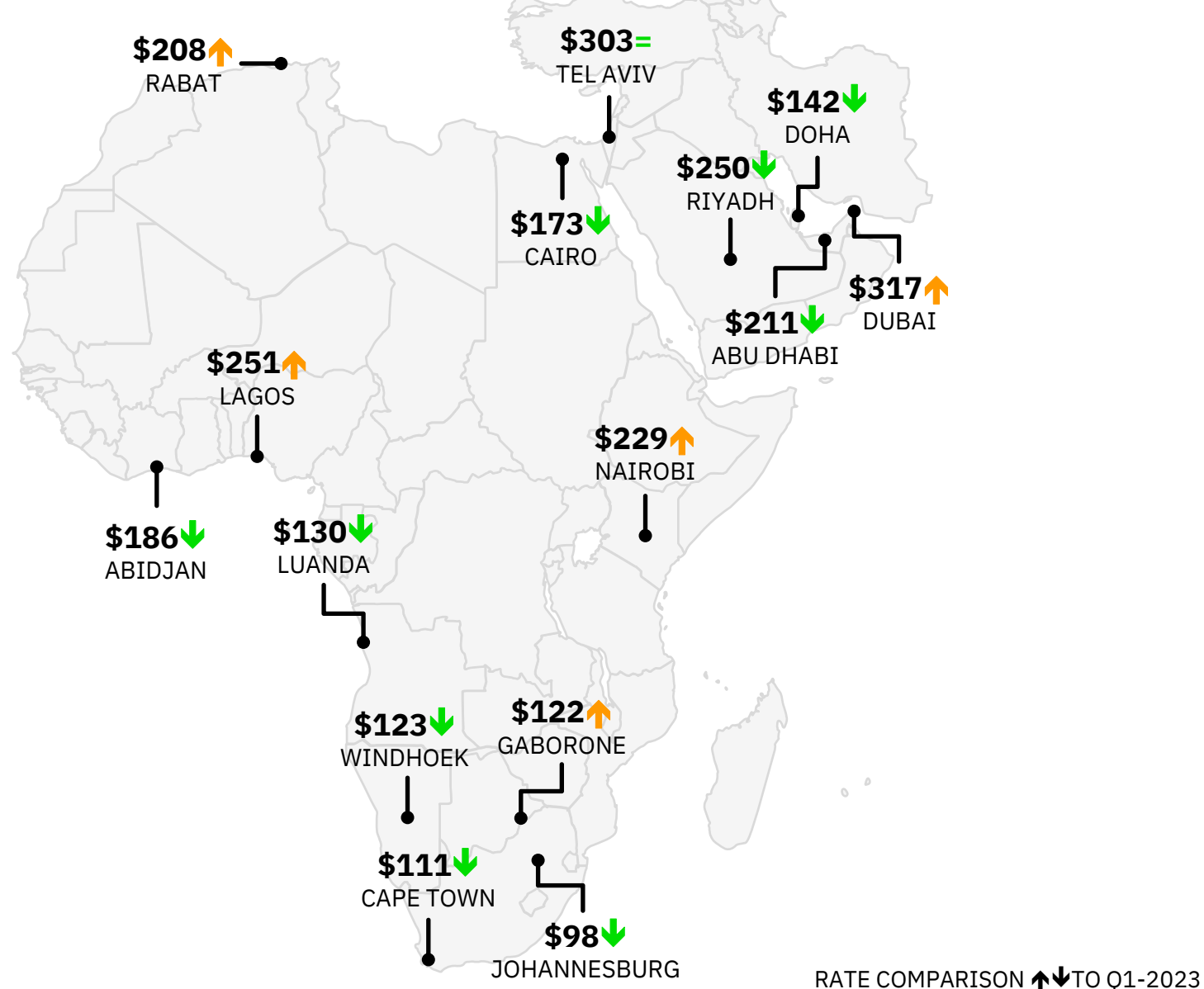
MIDDLE EAST AND AFRICA

Accommodation Q2-2023

**OVERALL REGIONAL Q2 ARR
REDUCES -\$24 AFTER PEAK
RATES IN Q1-2023.**

RATE COMPARISON TO Q1-2023

- ABU DHABI ↓ 23%
- CAIRO ↓ 52%
- CAPE TOWN ↓ 71%
- DUBAI ↑ 10%
- JOHANNESBURG ↓ 18%
- RIYADH ↓ 8%



Corporate Travel
Average Rate Paid % Var.

Q2-2023 vs Q2-2022

Q1-2023 ↓ 19%

Q2-2022 ↑ 2%

More Information

FCM Consulting

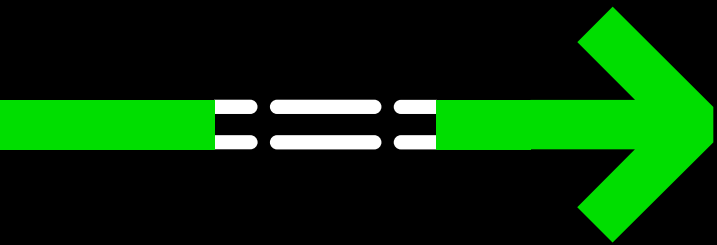
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