# FCM Consulting Insights Report

Trends & Strategies for H1-2026

## An invitation

Contribute to future editions of this report, and maybe even participate in expert discussions.

Share topics and trends you wish to see explored to **jo.lloyd@uk.fcm.travel**

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# Welcome

**to the all-new insights and strategies report brought to you from the team at FCM Consulting.**

Our purpose with this new bi-annual report is to provide strategic forecasts for travel programme managers. We've curated actionable strategies and considerations when analysing the impact of market dynamics on availability, costs, and demand.

This edition focuses on two trending topics. The first is the implications of geopolitical instability on corporate travel and how organisations should be preparing. The second is the transformative potential of artificial intelligence (AI), featuring insights from distinguished industry experts on integrating AI effectively into travel programmes. I hope you agree that Ian Spearing, Colleen Kearney and Daniel Senyard shared some interesting viewpoints, I encourage you to watch our discussion!

You'll also find industry updates from region and by sector, namely aviation and hotel. Jason Kramer, our Airline Practice Lead talks about the increase in importance of ancillary revenue to airlines and what this means for corporate agreements as we know them. In hotels, Rachel Newns, our Hotel Practice Lead talks about managing the delicate balance of last room available rates vs. dynamic pricing, in a market where we see hotel costs rising.

The regional deep dives offer great insight for any global buyer and travel manager who wants to unpack the narrative behind the numerical data. For example, tackling tariffs from the U.S. and their domestic impact, through to the consequences on Africa's markets and trading.

We hope you enjoy the report and find it a valuable resource for staying ahead in the fast-evolving landscape of corporate travel.

**Jo Lloyd**
Global Head of Account Management and FCM Consulting

## Behind the insights:

# The experts driving change

### Jo Lloyd

**Global Head of Account Management and Consulting**

Jo is an innovator in supplier strategy with 15+ years in corporate travel, including roles at TMCs, airlines and corporate procurement. She founded Nina & Pinta Consulting, now part of FCM, and leads Global Account Management & Consulting.

### Felicity Burke

**Head of Consulting Asia Pacific**

With 30 years in business travel, Felicity is a results-driven consultant who challenges the status quo to deliver savings and growth. She's highly experienced in analysing business models, travel programmes and company cultures.

### Ashley Gutermuth

**Head of Consulting Americas**

With 15+ years' experience across travellers, suppliers, TMCs, and airlines, Ashley leads Americas operations, overseeing strategic supplier sourcing, consulting strategies, and global service coordination.

### Juan Antonio Iglesias

**Head of Consulting EMEA**

Juan focuses on turning client partnerships into consultative relationships, leveraging his expertise in supplier negotiations and project management to build efficient travel programmes aligned with company goals.

### Jason Kramer

**Global Airline Practice Lead**

With 30 years of experience across airlines, consulting, sales, and product development, Jason manages global air programmes and brings deep expertise in managed air solutions to clients worldwide.

### Rachel Newns

**Global Hotel Practice Lead**

With 15+ years at Flight Centre Travel Group, Rachel leads innovation and standardisation in FCM's accommodation programmes. She led the revitalisation of FCM UK's hotel programme and now drives the global development of FCM's accommodation strategy.

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Trends & Strategies for H1-2026

# The AI opportunity in managed travel

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# From 3am Chaos to strategic calm

**It's 3am in Frankfurt. A corporate traveller's connecting flight has just been cancelled, the next available seat isn't until the following afternoon, and a critical client meeting hangs in the balance.**

Situations like this happen every day in managed travel. But imagine if, within minutes, an AI-driven system could rebook the traveller on an earlier connection, secure a hotel within walking distance, update their itinerary, and send the revised plan to both the traveller and their manager.

This is the kind of operational transformation the business travel industry is beginning to explore. At an FCM Consulting roundtable discussion, global travel leaders discussed where AI is already delivering value, how to approach it strategically, and why its future depends on the partnership between technology and human judgement.

## Where AI is delivering real value

For UK-based Ian Spearing, Global Travel Manager at Arcadis, AI's potential is less about flashy future visions and more about solving the pain points that drain efficiency today. "It's the quiet, unglamorous wins that matter," he said. "If AI can take away repetitive manual tasks – rebooking, data entry, policy checks – we free up human teams to focus on things that really require judgement."

Colleen Kearney, a global managed travel consultant based in the United States, noted that many organisations are still focused on the obvious applications of AI, such as chatbots or itinerary updates.

**"The real opportunity," she argued, "is when we think about the bigger picture – how AI can connect the dots across our ecosystem. It's not just reacting to problems but predicting and preventing them."**

That predictive capability is already visible in certain corporate travel programmes, said Daniel Senyard, SVP of Commercial Platforms and Innovation at FCM. "We're seeing AI flag potential disruptions before they happen. For example, recognising a storm pattern that might affect flights and proactively suggesting alternate plans," he said. "It's not just about efficiency, it's about resilience."

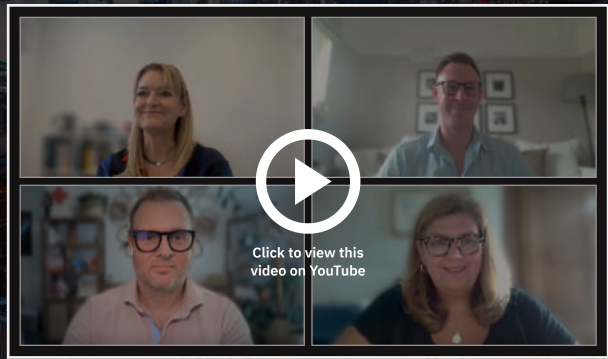
# Making the business case

**For many organisations, the real hurdle isn't identifying what AI could do, it's deciding where to start without falling into what Jo Lloyd, Head of Account Management & Consulting at FCM Consulting, calls the "bright shiny object" trap. "It's tempting to chase the latest technology trend," she warned. "But the danger is you end up with tools that look great in a demo but don't actually solve your biggest problems."**

Kearney agreed, noting that the business case must connect directly to measurable outcomes. "It's not enough to say, 'AI will make things better.' You need to define what 'better' looks like in your context, such as reduced traveller downtime, faster reporting, fewer policy violations, and then show how AI will get you there," she said.

Spearing added that AI discussions often get bogged down in abstract ROI calculations. "Sometimes the real return is in things you can't measure easily," he said. "For example, the trust you build with travellers when they see the company going the extra mile to make their journey smoother."

**For Senyard, the ROI conversation needs to expand beyond cost savings. "We've seen travel programmes get better results when they position AI as a driver of overall business performance," he explained. "If your sales team spends less time stuck in airports and more time with clients, that's a productivity gain and AI can play a direct role in making that happen."**




## Watch now

### From chaos to calm: Unlock the power of AI in travel management

In this exclusive chat between industry experts Ian Spearing, Arcadis, Colleen Kearney, CKCONSULTING, Daniel Senyard, FCM, and Jo Lloyd, FCM Consulting, they discuss merging AI with human ingenuity to create travel programmes of the future.

# Where to begin

**When the group discussed practical starting points, there was broad agreement: begin small, solve a real problem, and build from there.**

Kearney stressed the importance of getting stakeholder buy-in early. “You need your IT team, your finance team, your travel partners all in the same room,” she said. “AI projects fail when they’re run in isolation. This is a change management exercise as much as it’s a technology one.”

Lloyd advised focusing on data quality before anything else. “If your data is poor, your AI outcomes will be poor,” she said. “Clean, standardised, and accessible data is the foundation for every AI use case in travel.”

Meanwhile, Senyard recommended balancing short-term wins with a long-term vision. “If you only focus on quick fixes, you’ll end up with a patchwork of disconnected tools,” he warned. “Think about where you want your travel programme to be in three to five years, and make sure your early AI projects are laying the groundwork for that future.”

**“You don’t have to overhaul your entire travel programme overnight,” said Spearing. “Pick one process, like trip approvals or disruption management, and run a pilot. You’ll learn a lot about your data, your workflows, and your tolerance for automation.”**

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# The *human* factor

While much of the conversation focused on technology, the roundtable participants were unanimous: AI will never replace the human side of travel management. “Travel is a people business,” said Kearney. “AI can crunch data, but it can’t build relationships, negotiate with suppliers, or understand the cultural nuances that affect travel behaviour.”

Spearing agreed, pointing to moments of crisis where empathy and judgement are irreplaceable. “If something goes wrong halfway around the world, the traveller wants to know there’s a human being who cares about getting them home,” he said.

**For Lloyd, the future is about partnership between humans and AI. “The best outcomes happen when technology is doing what it’s best at, like processing huge amounts of information quickly, and people are doing what they’re best at: making decisions, solving complex problems, and delivering care,” she said.**

Senyard summed it up: “AI isn’t the destination. It’s a tool that can help us build more resilient, more responsive, and more human-centred travel programmes. But it’s still the people who set the course.”

## Start your AI journey today

The journey to AI-enabled travel management doesn’t have to start with a massive investment or a risky transformation. Identify one pain point in your current programme. Ask how automation could solve it.

Test, measure, refine, and then let those wins create momentum. Because whether it’s 3am in Frankfurt or 10am in Singapore, the goal is the same: keep travellers moving, keep the business running, and make the experience better for everyone involved.

Trends & Strategies for H1-2026

# Geopolitical instability and its impact on managed travel

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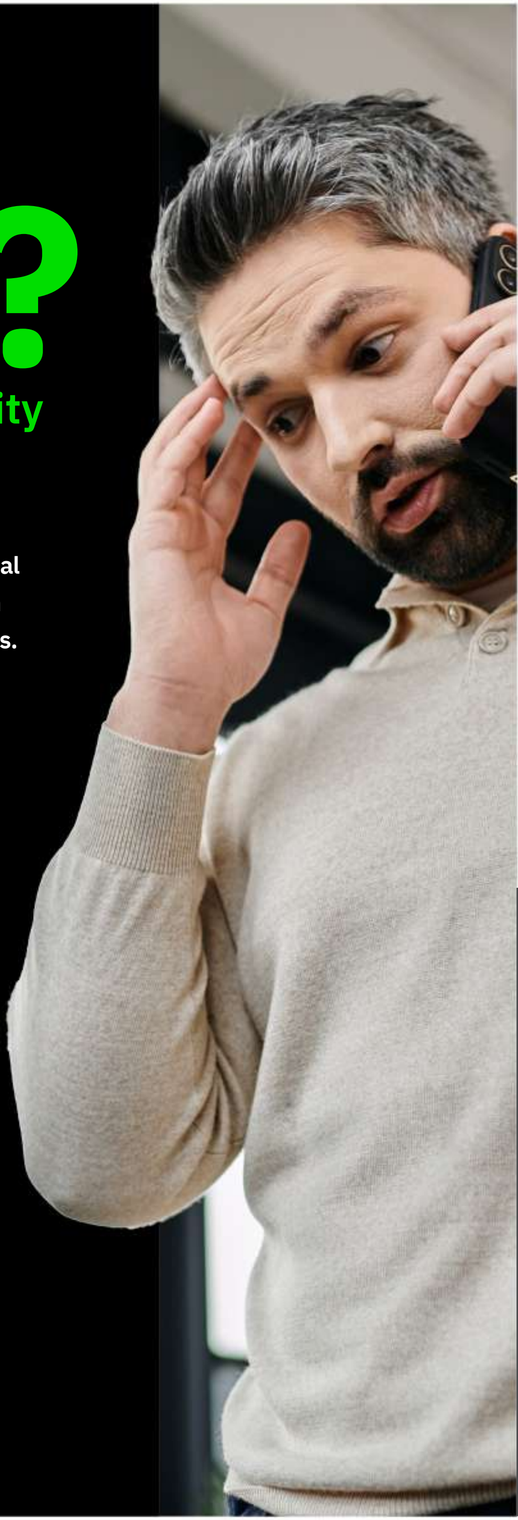
# When is a crisis a CRISIS?

## Managing travel in an era of instability

**What do you do when a flight path suddenly closes over a conflict zone, while your travellers are already in the air? For many travel managers, scenarios like this are no longer hypothetical. Geopolitical instability has become the norm. From war in Ukraine and unrest in the Middle East to tensions over Taiwan and sudden border closures.**

For travel managers and their partners, the question is no longer if disruption will occur – it's when, where, and how prepared they'll be.

> "While we have seen some companies rise to these challenges by running simulations to updating protocols, others remain dangerously reliant on vague policies", says Jo Lloyd, Head of Account Management & Consulting at FCM Consulting, "which often means, in a crisis, minutes are lost, clarity evaporates, and employees are left to figure it out alone."



# Crisis? *What crisis?*

**A major blocker to readiness is definition. What qualifies as a "crisis" in the first place?**

For some, only large-scale conflict or a government advisory warrants escalation. For others, it could be:

- Airspace closures or cancelled codeshare routes
- Mass protests near a hotel or meeting site
- Cybersecurity incidents that compromise travel systems
- Visa policy changes affecting in-transit passengers
- Natural disasters that disrupt airport operations or border crossings

CASE STUDY

### A large multi-national manufacturing corporation faced a fast-moving security threat.

Operational decisions were quick, but communication lagged. Flights were cancelled before many travellers knew, some received mixed messages, and internal channels stayed quiet. Over 48 intense hours, FCM worked with the client to establish a clear chain of communication, reach all affected travellers, provide reassurance, and confirm next steps. The lesson was glaring. Having a crisis policy is not the same as being crisis-ready.

# The gap between travel & ______ risk

**In many companies, travel managers aren't integrated with security or business continuity teams. That means when a crisis occurs, they're not always part of the early-warning system or response strategy. Risk teams may not know who's travelling. Travel managers lack access to real-time intelligence. And travellers themselves can be left without guidance.**

Leading organisations are closing this gap with:

- Shared dashboards and standardised reporting protocols
- Regular scenario planning and cross-functional drills
- Aligned escalation paths and clear communication trees
- Integrated workflows with third-party providers

> Lloyd adds: "Go beyond simply reacting to events. Integrate travel into the company's wider duty of care framework so that when an alert is triggered, everyone already knows their role."

## What happens when you do...nothing?

**Failing to prepare is as much of a policy gap as it is a reputational and legal risk. Employees expect protection, leaders expect continuity, and regulators may require proof of duty-of-care compliance. Consequences include:**

- Delays in reaching and assisting travellers
- Misinformation or contradictory messages
- Escalation of minor incidents into major ones
- Loss of employee trust and employer reputation
- Potential legal exposure in high-risk markets

## Consider this hurricane scenario.

**Weather models predict severe disruption, but the storm is still 48 hours away.**
But, one company delayed evacuation, waiting for official "do not travel" guidance. By the time they acted, flights filled, forcing complex routings and leaving many stuck for days.

## Real support, not just real-time alerts

**"Technology plays a vital role in crisis readiness", says Lloyd. "Automated alerts, real-time location tracking, and dynamic itinerary updates are foundational. But when the stakes are high, human action is what makes the difference."**

At the start of the war in Ukraine, one multinational evacuated dozens of employees and their families (pets included). Technology located them, but coordinated action from consultants, risk partners, and local contacts got them to safety. In one case, a travel manager personally drove to a border so a family could cross with their dog.

# Five questions FCM Consulting recommends every travel manager ask:

01

### What triggers a crisis response in our programme and who decides?

If that's unclear, you risk losing precious time while different teams debate the definition of "crisis." One global client lost hours during a cyberattack because no one knew whether IT or the travel team was responsible for communicating with travellers stranded by grounded systems.

02

### Do we know where our travellers are at any given moment and how to reach them instantly?

"Close enough" isn't really good enough. In one incident, a lack of real-time location data meant a company's outreach list was incomplete, missing several employees in an affected city.

03

### Are we integrated with our internal security or risk team with clear escalation protocols?

If your first meeting with the security team is during a crisis, it's already too late.

04

### Do our suppliers, including our travel management company (TMC), understand our standards and responsibilities in a crisis?

Your partners should know your red lines and escalation paths without having to ask mid-event.

05

### Have we tested our crisis plan in the last 12 months, with real people, not just a document?

Desktop reviews don't reveal whether the right people can be reached, the messaging is clear, or decision-making is fast enough.

## What good looks like

From decades of advising multinational organisations, FCM Consulting has seen a consistent pattern. The companies that navigate crises well have full wrap around strategies built on visibility, coordination, and testing. The travel risk programmes often include:

- Single-source booking for full tracking and visibility
- Country-level or city level business continuity plans
- Clear communication plans and traveller outreach protocols
- Regular joint simulations between internal teams
- Reviews on crisis classifications as geopolitical threats evolve
- Implement an 'amber alert' or crisis level approach

CASE STUDY

**One financial services client, for instance, runs quarterly tabletop exercises with travel, risk, HR, IT, and their TMC.**

These exercises generate a live list of process improvements. In the past, this has included optimised SMS templates and accelerated approval chains.

# Are you crisis ready?

## Here is a five-step travel risk audit.

01 **Define what a crisis is and what levels of response are required.**

For example: Category 1: threat to life; Category 2: severe disruption; Category 3: anticipated disruption.

02 **Map your internal players and test how they work together.**

Identify leads across security, legal, HR, travel, IT, and communications and run a simulation to check that roles are clear.

03 **Audit your traveller communication flow.**

Test every communication channel. Are messages fast, consistent, multilingual, and accessible?

04 **Run a mini simulation.**

Even a two-hour desktop walkthrough can reveal hidden gaps, such as missing contact details, unclear decision rights, or slow escalation paths.

05 **Review supplier alignment.**

Ensure your TMC and other key suppliers fully understand your thresholds, preferred rerouting options, and escalation model.

Trends & Strategies for H1-2026

# Aviation industry insights

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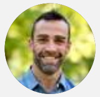
# Prepare your ancillary strategy for 2026



***There's one word to describe the aviation sector in the first half of 2025: resilient***

says Jason Kramer, Global Air Practice Lead at FCM Consulting.

While year-over-year global demand is up (5.8%) and being paced on the strength of Europe, Latin America, Asia-Pacific, Middle East and Africa, demand in North America is flat amidst trade policy and broader macroeconomic conditions.

Despite moderate demand improvement year-over-year, global airfare year-to-date is down in both business class (4%) and economy (3%) from to the same period in 2024. The year-over-year decline is primarily attributable to demand not matching original forecasts and airlines having to adjust pricing strategies to stimulate demand.

Airlines, however, are not short on means to generate revenue. While the base fare remains the core, ancillary spend continues to be an enormous revenue-generating stream. In 2024, airlines generated ~$150bn – yes, billions! – in ancillary revenue. That's an increase of ~$32bn from 2023.

While co-branded credit card revenue represents the largest percentage of the approximately $150 billion, airlines are increasingly adopting sophisticated strategies to maximise ancillary revenue (such as baggage fees, upgraded seats, and priority boarding) and personalised offers – including fares and ancillaries – based on passenger data.

**"While the base fare remains the fundamental element of airline revenue, ancillary income streams have become increasingly critical for profitability, stability, and shaping the modern airline industry business model," says Kramer.**

This "second wallet" that airlines are after is critical to mitigate and help offset rogue and increasing spend within your air and travel programme.

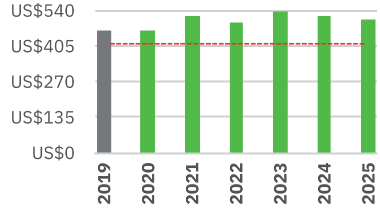
## Seven-year analysis of global business and economy class fares

The graphs show the average ticket prices for January and May each year based on 360 business class and 380 economy class city pairs.

**GLOBAL BUSINESS CLASS**


**2025 VS** 2024 ↓4% ↓$101 | 2019 ↑2% ↑$51

**GLOBAL ECONOMY CLASS**




**2025 VS** 2024 ↓3% ↓$13 | 2019 ↑8% ↑$42

Average purchased airfare reported in USD for YTD May 2025
Powered by Cirium Data 27 July 2025

**As this year continues, corporate travel professionals will need to be hyper-vigilant when it comes to their air programme data, from bookings to spend and beyond. Airlines will be taking the measures necessary to adapt, and travel programmes will need to keep up.**

# A travel policy can define ancillary airline fees in a structured and enforceable way to help manage costs, improve traveller experience, and ensure compliance. Here's how it can be done:

## 01 Define what counts as ancillary fees and clearly list the services out, such as:

- Checked baggage
- Seat selection (standard vs. premium)
- Priority boarding
- In-flight Wi-Fi or meals
- Lounge access
- Change/cancellation fees

## 02 Set allowable vs. non-allowable fees

Create rules based on traveller type, trip purpose, or fare class:

| Fee Type | Allowed? | Conditions |
|---|---|---|
| 1st checked bag | Yes | For trips > 3 days |
| Seat selection | Yes | Only standard seats |
| Wi-Fi | No | Unless for business class |
| Lounge access | Yes | For execs or long layovers |
| Extra legroom seat | No | Unless medically required |

## 03 Define payment and reimbursement rules

- Require use of a corporate card for tracking
- Set spending limits per category
- Require itemised receipts for reimbursement

## 04 Use booking tools to enforce policy

- Implement pre-trip approval workflows for exceptions

## 05 Educate travellers

- Include a quick-reference guide in onboarding materials
- Use automated reminders in booking tools when out-of-policy choices are made

# A managed travel programme can work with airline suppliers to eliminate or reduce ancillary fees through strategic negotiation, data-driven planning, and leveraging distribution technologies. Here's how:

## 01

### Use traveller data to strengthen negotiations

- Analyse historical spend on ancillaries by route, traveller type, and airline.

## 02

### Include ancillary fee waivers in contracts

- Ask for fee waivers for specific traveller groups (e.g., executives, frequent travellers).
- Include flexibility clauses for changes/cancellations without penalty.

## 03

### Align travel policy with supplier agreements

- Ensure the travel policy reflects negotiated benefits (e.g., "Seat selection included for all preferred airline bookings").
- Communicate these benefits clearly to travellers and travel arrangers.

## 04

### Collaborate with TMCs and GDS providers

- Work with your travel management company (TMC) to enforce ancillary fee rules.
- Ensure your Global Distribution System (GDS) or booking platform supports fare families and ancillary visibility.

# Additional aviation trends and data sets

## NDC

NDC is here to stay, but the transition is gradual.

Airlines continue their emphasis on retailing capabilities, personalisation and dynamic offers.

Wider adoption of NDC is challenged by fragmented airline strategies, limited standardisation across platforms and complex tech stacks in corporate travel systems.

NDC as a percentage of all bookings is expected to remain in the low-teens.

## FARE SHIFT

Year-to-date (YTD) ending May 2025 saw a decline in average paid tickets in economy class ↓$18 (↓3%) and business class ↓$119 (↓4%) compared to the same period 2024.

| YTD-2025 vs 2024 | ECONOMY | BUSINESS |
|---|---|---|
| APAC | ↓ 6% | ↓ 5% |
| Seat selection | ↓ 2% | ↓ 2% |
| Wi-Fi | ↓ 1% | ↓ 7% |
| Lounge access | ↓ 2% | ↓ 3% |
| Extra legroom seat | ↓ 3% | ↓ 5% |

## ANCILLARY SPEND

Airlines continue to generate record ancillary revenue reaching $148bn in 2024; up $30bn from 2023.

Top 3 global airlines by ancillary revenue

- **United $9.5bn**
- **Delta $9.4bn**
- **American $8.4bn**

Co-branded credit cards are the leading source of ancillary revenue ($32bn)

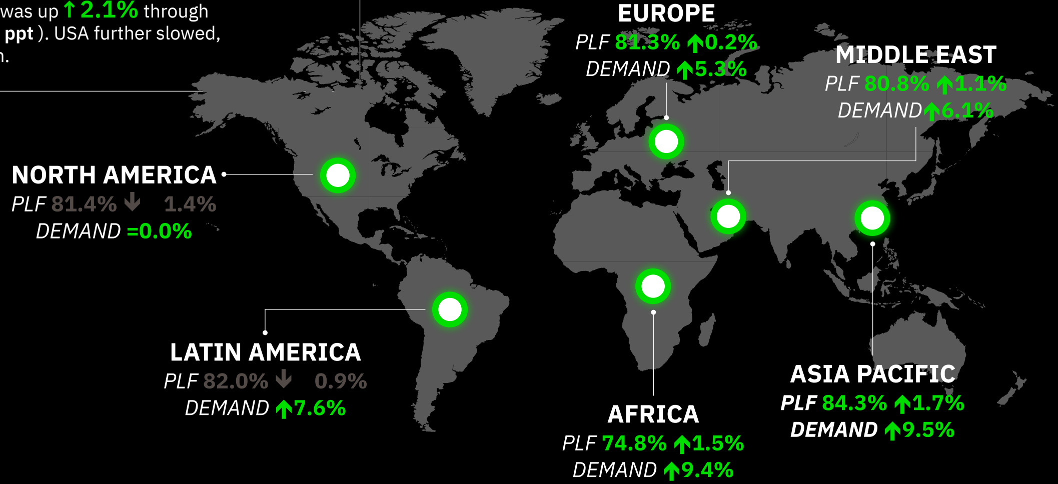
## DEMAND & LOADS

Global **international air travel** demand grew ↑8.1% through May 2025 vs. 2024, with all regions growing. PLF remained modest at **80.2%** (↑**0.7 ppt**).

**Domestic air travel** demand was up ↑2.1% through May 2025, PLF **82.5%** (↓**0.1 ppt**). USA further slowed, China led growth since March.

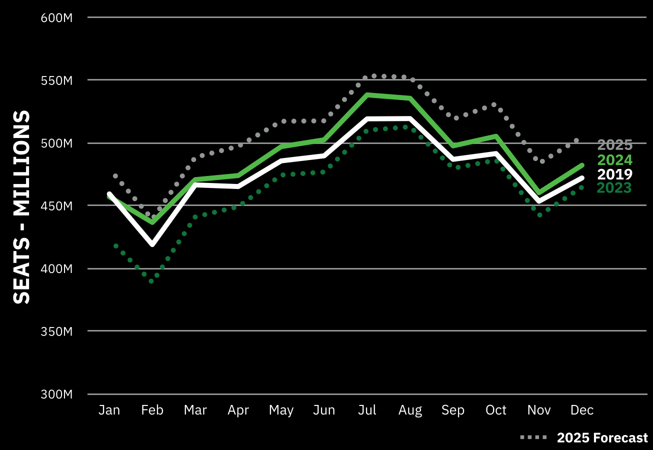
## YTD MAY-25

PLF reported as airline home region comparing YTD May 2025 vs YTD May 2024. Demand is measured against RPKs




## GLOBAL SEATS

2020, 2021, 2022 REMOVED




**Long-range aviation forecasts are subject to change. Therefore, we recommend only observing schedules 4-6 weeks ahead. FCM Consulting Analytics as at 21 June 2025 | Source Data: Cirium Air Seats**

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# Outmanoeuvre air contract negotiations

## Deliver better value & better experiences with ACiQ


**Don’t get outsmarted by the back-and-forth or outmatched by competing data when entering air contract talks. Get the tool that puts you in the pilot seat and take control of your air contracts: ACiQ.**

ACiQ is a platform brought to you by the experts at FCM Consulting to help you uncover savings opportunities, identify performance gaps, and easily spot trends in your air programme, all while delivering mutual value.

## ACiQ’s dynamic, on-demand data empowers you to:

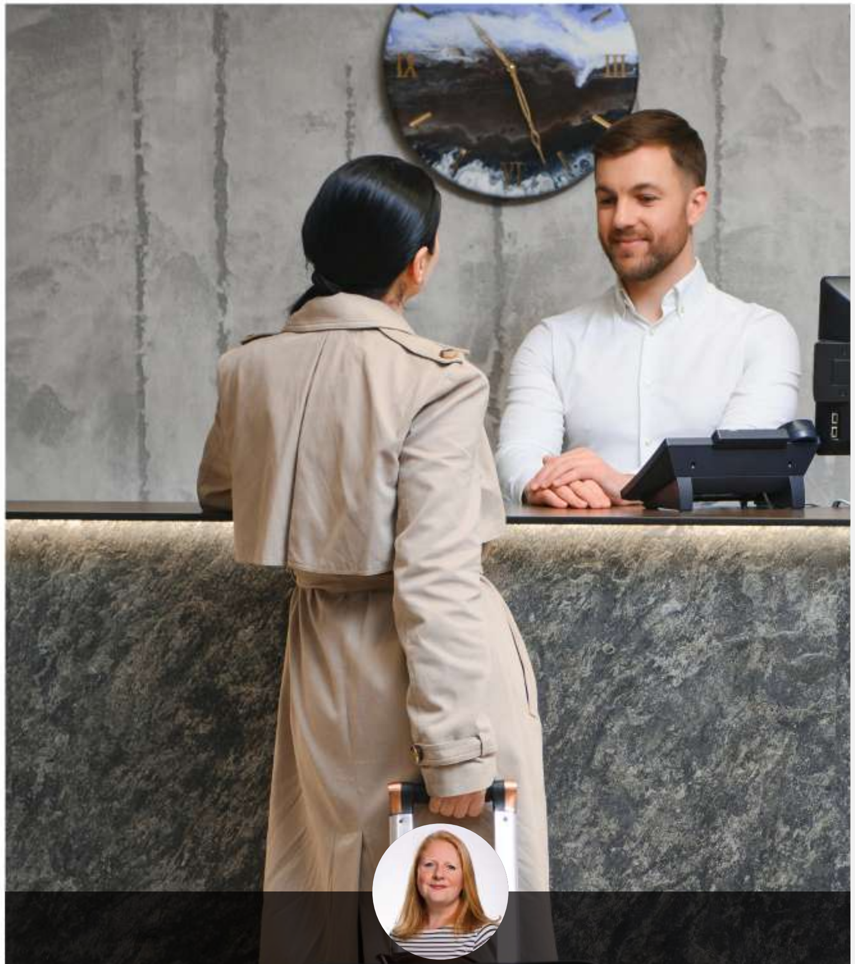
- **Deliver incremental savings year-round**
- **Track your contracts’ performance**
- **Access unbiased Fair Market Share data**

ACiQ is a standalone tool, and users are not required to be FCM or FCM Consulting clients to subscribe. Reach out today for a demo and find out how ACiQ can fill the gaps in your air programme.

**Contact us today**

Trends & Strategies for H1-2026

# Hotel industry insights



“Don’t be afraid to push back and request fixed rates in key properties,” advises Rachel Newns, Global Hotel Practice Lead. “But also don’t reject dynamic rates, they can be a valuable tool and add value throughout the year – offering lower rates on low season or low demand nights that are often significantly below a fixed corporate rate.”

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# For hotels, it’s revenue tension but stress-free experiences

**Revenue management tension will continue to be a significant factor in the 2026 hotel RFP season.**

Hotels have enhanced data and technology to manage their pricing strategy on a daily basis, and maximise their opportunity for every room sold. This is causing hotels to encourage corporate customers to dynamic pricing and away from the relative security of fixed, last room availability (LRA) pricing. The threshold to be considered for a fixed rate is rising, and travel managers should think carefully about how to maximise value through their hotel programme and booking behaviours.

Tuesday and Wednesday nights remain key corporate travel days, and hotels will consider booking patterns in their rate offers. Can you shift your internal travel patterns to avoid peak nights? Capitalise on more availability and lower pricing, for the same great hotels your travellers love?

## The view ahead

The global hotel corporate market exhibits resilience and adaptability, thriving on changing business dynamics and evolving traveller expectations. Strategic innovations and conscious practices will be pivotal, sculpting a sector poised for continuous growth and transformation.

## 2026 hotel RFP checklist

- ✓ Request fixed rates in key properties
- ✓ Don’t reject dynamic rates
- ✓ Shift travel patterns to avoid peak nights
- ✓ Explore reshopping tools
- ✓ Ask FCM Consulting to do it for you

# Hotels enhance sustainability initiatives

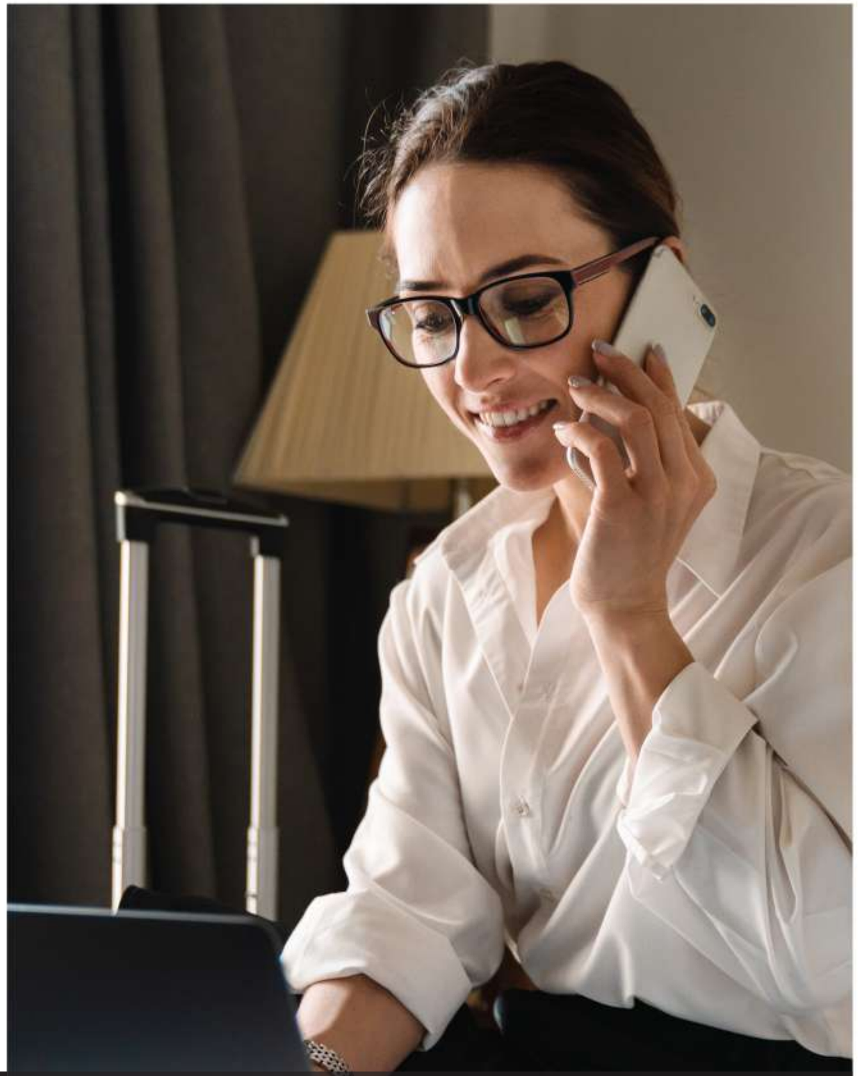
Corporate hotels are increasingly focused on sustainable practices. Many organisations are now considering or actively supporting accommodation providers that align with broader corporate sustainability goals. This trend is particularly prominent in Europe, where environmental awareness is higher and policies reinforce sustainability.

Most global hotel chains now have a well-established CSR practices. Major chains are taking their commitment further by opening net zero hotels. IHG opened its first voco Zeal eco-hotel in Exeter, UK in March 2025, and Radisson has opened net zero hotels in Manchester, UK and Oslo, Norway.

The challenge now is making travellers aware. ***"Consider how you can bring this to life in your travel programme and highlight some of the initiatives that corporate travel directly supports,"*** **says Newns.** ***"This include hotels participating and giving back in their local communities, and the steps hotels have taken to reduce their environmental footprint."***

Many corporations now enforce travel policies that underscore sustainability. Selecting hotels based on green certifications and practices, first internal and then externally audited, is becoming common, especially in Europe and the U.S.

Newns also advises travel buyers to align different pillars of travel, for example, hotels and electric vehicles (EVs). "To enhance the growth in EVs in fleets and travel policies, ensure your preferred hotels have EV charging points on site to support this growth," she says.



## Regional hotel trend snapshots

For H1-2025, global corporate average room rate was **$201** up ↑19 (+10%) vs. H1-2024.

Asia and Australia/New Zealand **declined** due to buying shifts and more rooms.

All other regions saw **double-digit rate growth.** Rate inclusions are increasingly used to add traveller value.

## The view ahead

Sustainability demands will solidify, with companies requiring measurable solutions. Hotels globally will innovate to meet these expectations, shaping their offerings around green practices.

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# Traveller experience remains supreme

**The merge of business and leisure, 'bleisure', is influencing traveller preferences. Travellers increasingly seek experiences beyond corporate obligations, which is affecting hotel offerings.**

Properties that facilitate leisure activities alongside business facilities mean more travel in traditionally leisure locales, like Southeast Asia and the Mediterranean. Business travellers are showing interest in local culture, cuisine, and experiences. Hotels integrating local aspects into their services resonate well, especially in culturally vibrant regions.

***"Consider traveller preferences when selecting hotels. In many cases, you can source hotels meeting these preferences, without impacting on the total cost of travel,"* says Newns. *"It can lead to happier travellers with a greater sense of work life balance, even when on the road."***

Technology continues to be a cornerstone in emerging hotel trends, aimed at enhancing guest experiences and operational efficiency. Automation in check-in/check-out processes mean travellers have more flexibility to check into the hotel in way that suits them, personalised services via AI can ensure a guest feels that preferences have been met, and seamless connectivity are gaining traction, especially in tech-savvy regions like Asia-Pacific.

## The view ahead

Traveller preferences will drive hotels to offer more personalised experiences. Every company is different, so travel managers should understand their traveller needs and identify hotels that reflect those experiences.

## Policies tighten

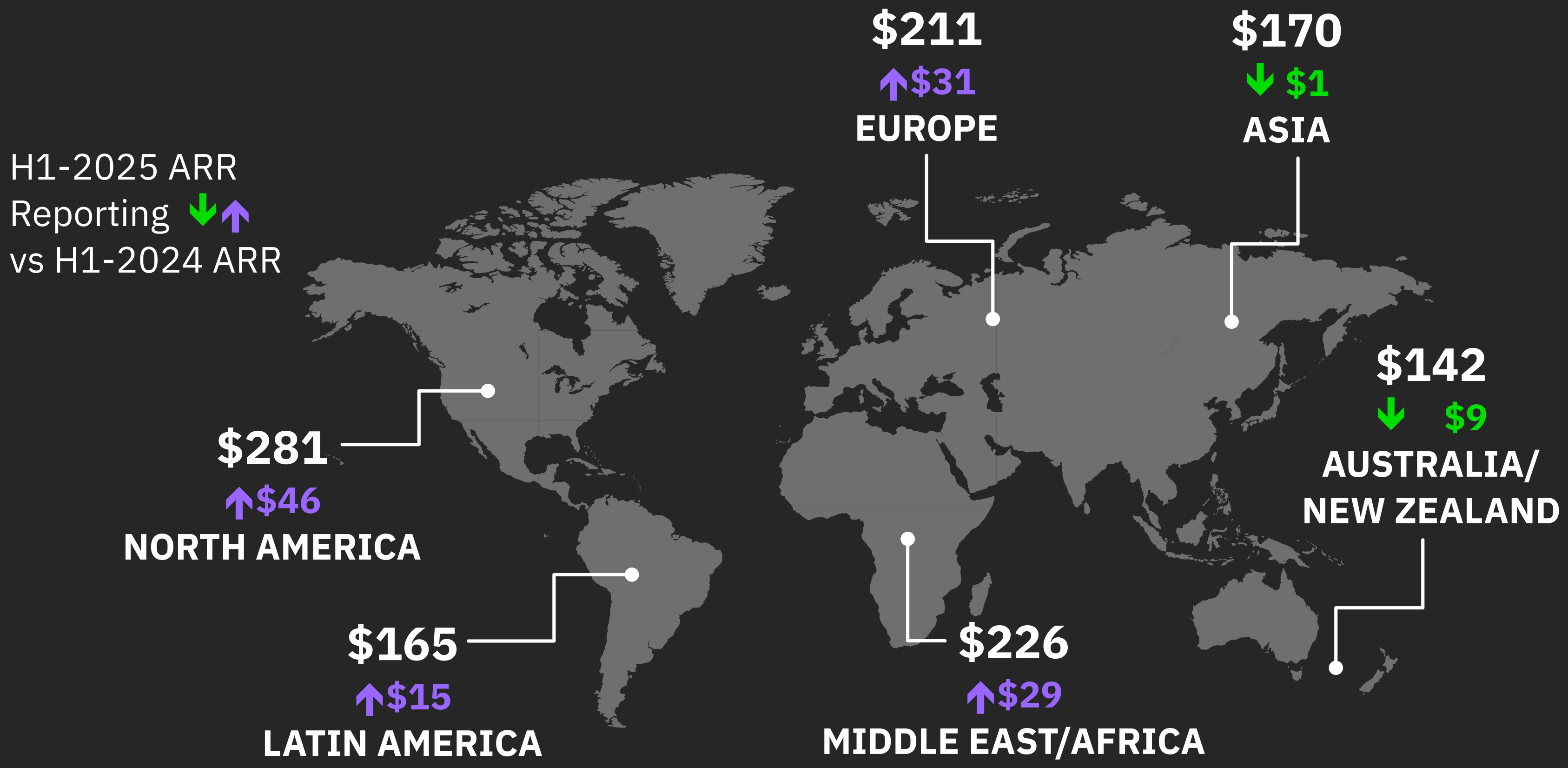
Corporate travel policies have undergone significant revisions. Organisations are scrutinising travel budgets more than ever, emphasising cost control. This shift is prevalent in all regions, amplified by economic uncertainty. Companies are exploring other hotel types, or opting for competitive rates and value-added deals to manage expenditures efficiently.

Policies increasingly focus on traveller wellbeing, advocating for accommodations that offer wellness facilities and health-conscious menus. This trend is apparent globally, with rising demand for properties providing fitness centres and nutritious dining options.

## The view ahead

Corporate policies will diversify, balancing cost control with quality experiences. Flexibility will remain essential, with organisations adopting more adaptive frameworks to accommodate shifting traveller needs.

# Regional hotel industry insights



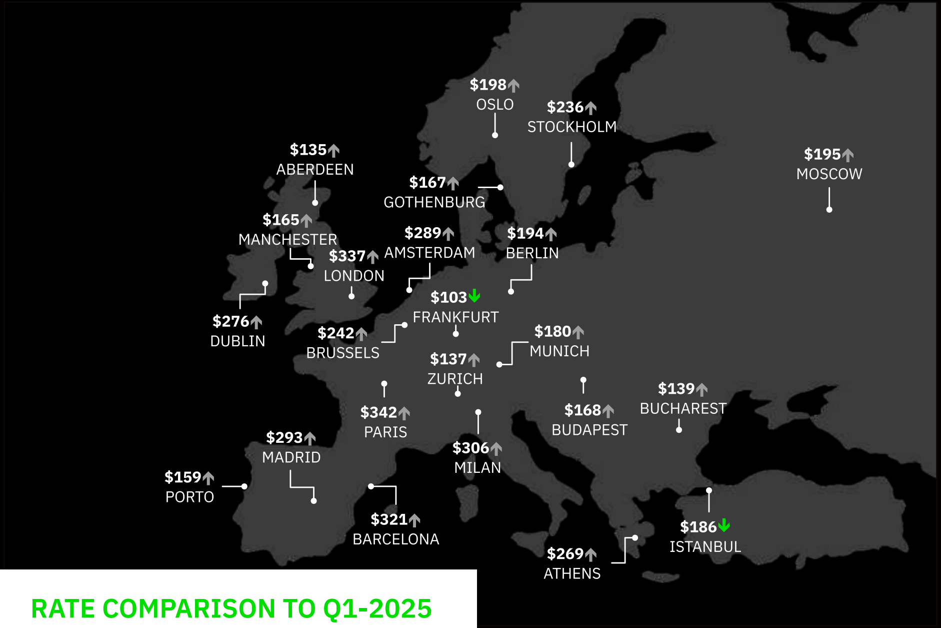

## Northern Hemisphere Seasonal Trends

Hotel rates increased from Q1 2025 to Q2 2025 due to rising demand, including conferences, trade shows and customer meetings. Hotels are facing rising operational costs, causing them to charge more to cover costs and remain profitable.

# Regional hotel industry insights

## EUROPE

Regarded as a mature market, Europe's corporate hotel sector is buoyant, driven by resurgent business functions and increased international interactions. Demand continues to expand, but rate increases are driving a focus for corporate travel buyers on 'value for money'. It is difficult to see how the very high levels of occupancy seen in the last two years will be maintained, so it is unclear if rates will continue to rise at the same rate into 2026. Events in cities continue to drive localised rate and occupancy.

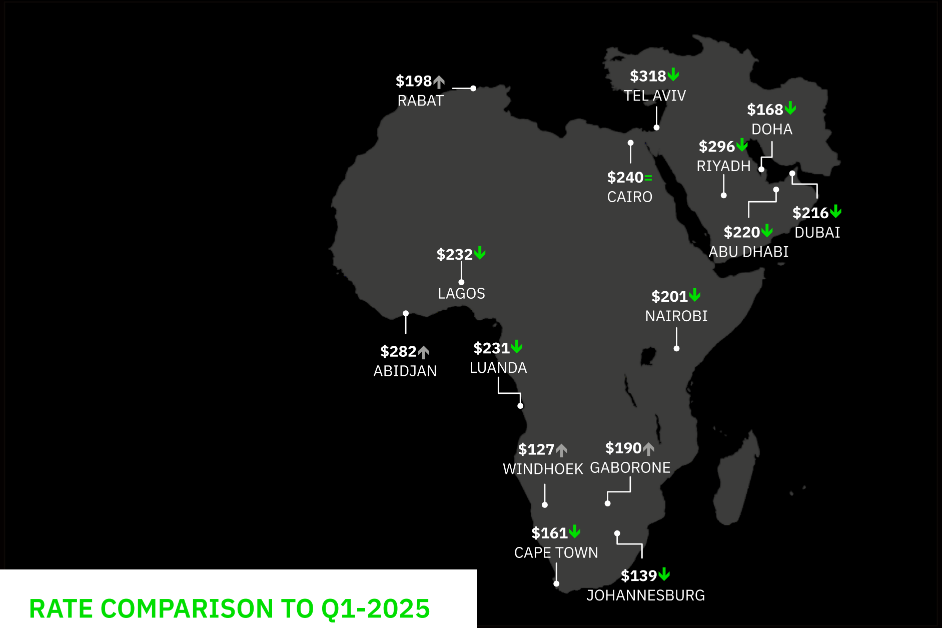



**RATE COMPARISON TO Q1-2025**

| | |
|---|---|
| BERLIN | 7% ↑ |
| DUBLIN | 55% ↑ |
| FRANKFURT | 37% ↓ |
| LONDON | 19% ↑ |
| MADRID | 23% ↑ |

## MIDDLE EAST

The corporate hotel market is vibrant, with infrastructural investments and business expansion fuelling demand. Major cities like Dubai remain hotspots, offering luxurious accommodations and state-of-the-art facilities.




**RATE COMPARISON TO Q1-2025**

| | |
|---|---|
| CAIRO | = FLAT |
| CAPE TOWN | 19% ↓ |
| DOHA | 13% ↓ |
| DUBAI | 18% ↓ |
| JOHANNESBURG | 13% ↓ |

FCM CONSULTING

# Regional hotel industry insights

## NORTH AMERICA

Rate rises in Q2 2025 vs Q1 due to seasonal factors hide the instability in the hospitality market in North America. Occupancy levels in hotels are down, and this will begin to impact on overall hotel rate. However, hotel operating costs continue to rise, which will limit appeal for hotels to lower rates to attract additional business if needed.


### RATE COMPARISON TO Q1-2025

| | |
|---|---|
| CHICAGO | 39% ↑ |
| LOS ANGELES | 12% ↓ |
| NEW YORK | 29% ↑ |
| MEXICO CITY | 2% ↑ |
| VANCOUVER | 25% ↑ |

## LATIN AMERICA

Market growth was strong in 2023- 2024 with double digit rate growth in many markets. This has now slowed and is more in line with the rest of the world.


### RATE COMPARISON TO Q1-2025

| | |
|---|---|
| BUENOS AIRES | 13% ↓ |
| LIMA | 11% ↓ |
| RIO | 11% ↓ |
| SANTIAGO | 12% ↓ |
| SAO PAULO | 1% ↓ |

# Regional hotel industry insights

## ASIA-PACIFIC

Key cities in Australia are still very much a cost up market, with hotel rates rising by 4-6% year-on-year. Average spend is down, as travellers are buying down to look for better value for money. Hotels are adding seasonal rates in markets that have typically been flat annual rates to maximise on opportunities to attract business in low season and maximise rate in high season.


### RATE COMPARISON TO Q1-2025

| | |
|---|---|
| ADELAIDE | 9% ↓ |
| AUCKLAND | 9% ↓ |
| BRISBANE | 5% ↑ |
| MELBOURNE | 2% ↓ |
| SYDNEY | 5% ↓ |
| WELLINGTON | 18% ↓ |


### RATE COMPARISON TO Q1-2025

| | |
|---|---|
| CHENNAI | 12% ↓ |
| JAKARTA | 2% ↑ |
| KUALA LUMPUR | 6% ↓ |
| MANILA | 24% ↓ |
| SHANGHAI | 3% ↑ |
| SINGAPORE | 3% ↓ |

Trends & Strategies for H1-2026

# Global Trends & Insights

AMERICAS , EUROPE, MIDDLE EAST, AFRICA, AUSTRALASIA, ASIA

FCM CONSULTING

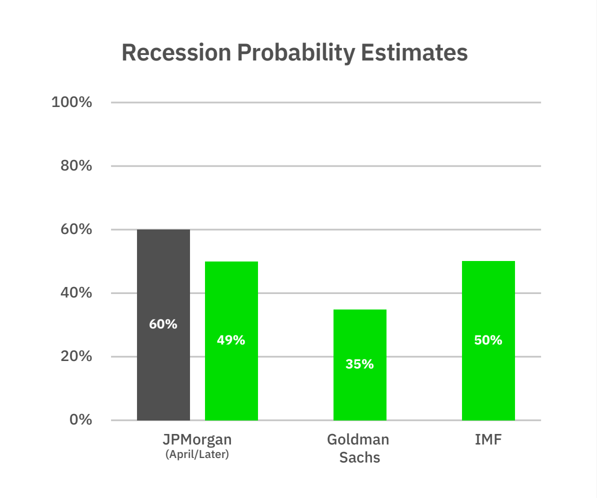
AMERICAS INSIGHTS

# A focus on forecasting & risk management

**Ashley Gutermuth**
Head of FCM Consulting Americas

**Forecasting has always been tricky, but in the current business environment, it is riddled with more challenges. Market dynamics are influenced by increasingly unpredictable variables such as geopolitical instability, natural disasters, and economic fluctuations.**

The Trump administration's tariff actions in early April shook global markets. High tariffs are in place and continue to loom, with retaliations escalating the tensions. The repercussions of these actions are evident in both the U.S. and global economies, with major financial institutions raising recession forecast risks; JPMorgan pegged it at 60% probability in April, later reducing it to less than 50%. Goldman Sachs adjusted its risk down to 35%, while IMF maintains a 50% chance. Consequently, businesses are grappling with uncertainty, hindering travel decisions.




Global industry reports highlight retrenchment as companies navigate this "new normal", the second gravity-shifting event for corporate travel in only five years.

As inflation escalates and economic growth hits the brakes, there may be a noticeable decline in travel demand from both businesses and consumers to the United States. Airlines, particularly those with extensive international routes, could also face increased operational costs due to retaliatory tariffs and a looming trade conflict. This volatility, unfortunately, hinders forecasting efforts as market conditions can change rapidly and unexpectedly.

Suppliers are also changing the way they contract. Traditional discount models are becoming complex to negotiate as airlines pursue longer-term contracts with reduced point-of-sale discounts. Additionally, loyalty structures and evolving supplier models introduce variables that impact pricing predictions. Airlines, hotels, and car rentals are increasingly tailoring services with dynamic, customisable packages that don't fit in the historic models of discount for volume, challenging efforts to predict future rates.

> **"To navigate this environment, businesses must incorporate flexible, real-time analytics into their forecasting methods, enabling strategies that respond swiftly to emerging trends and unanticipated changes. This approach can help ensure that organisations remain resilient and competitive, despite the uncertain landscape."**

AMERICAS INSIGHTS

# A focus on forecasting & risk management

**Ashley Gutermuth**
Head of FCM Consulting Americas

Consequently, we've also observed a renewed focus on the requirement of a robust travel risk management programme that fulfils duty of care requirements, but at the same time, enhances traveller experience. The existing geopolitical instabilities and rising natural disasters continue to disrupt travel plans, putting previously low-risk areas and countries at risk.

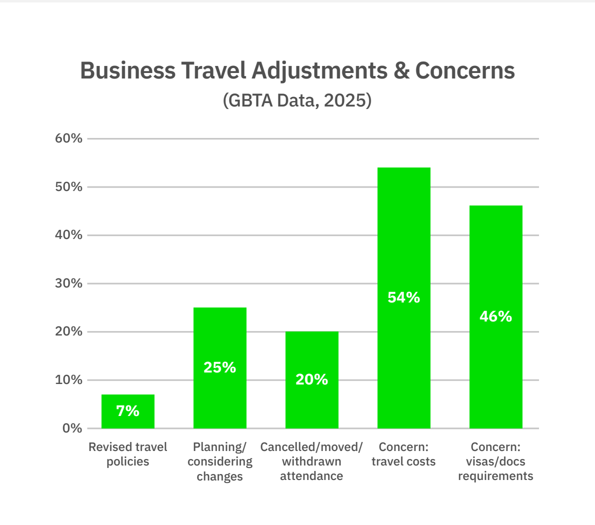
These challenges have profoundly impacted the travel industry, causing frequent flight cancellations, delays, and uncertainty regarding safety. As a result, traveller confidence has waned in general, but especially when asked to travel for work to certain areas of the world.

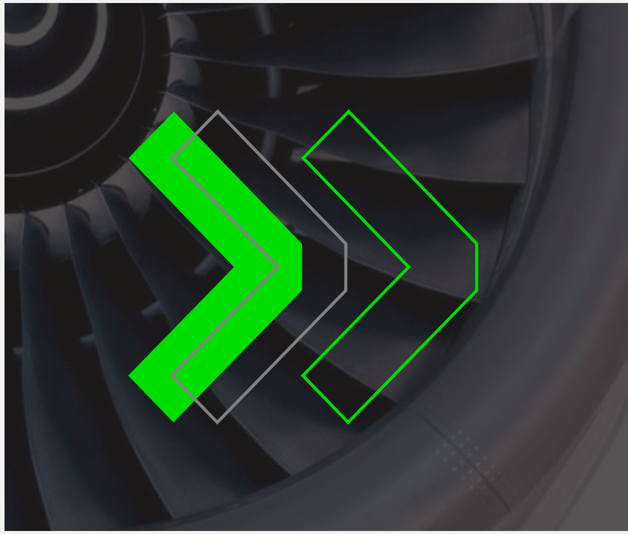
Recent GBTA data shows that 7% of buyer organisations have already revised their travel policies for trips to or from the U.S. in 2025, with a further 25% planning or considering changes. Up to 20% have cancelled, moved, or withdrawn attendance from U.S.-based meetings and events, while the top long-term concerns focus on increased business travel costs (54%) and additional visa or documentation requirements (46%). These shifts reflect a more cautious and cost-conscious approach to U.S.-bound travel, with policy changes often linked directly to evolving government actions.

Against this backdrop, companies are finding that proactive risk management is no longer optional…it's essential.

An ISO 31030-compliant travel risk management programme provides a structured approach to developing, implementing, and reviewing policies that safeguard travellers and fulfil duty of care obligations. Leveraging technology and real-time data for dynamic risk assessment can improve preparedness, enabling the business travel community to navigate today's unpredictable landscape while maintaining operational resilience.

**TMCs are essential partners for you in this regard, as well as travel risk management companies.**

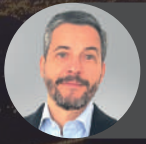


**Even in times of uncertainty, business travel remains a crucial driver of growth for many companies. The difference now is that spending is approached with more strategy. Whilst some organisations are reducing non-essential trips, others are finding that optimised travel delivers measurable returns in sales, revenue, and profitability. For those who invest wisely, business travel continues to be not just a cost, but a catalyst for long-term success.**

EUROPE INSIGHTS

# Finding stability in a moving landscape



Juan Antonio Iglesias

Head of FCM Consulting, EMEA

**Europe's landscape of travel is continually evolving, shaped by economic, technological, and social forces. There's been some optimism in travel over the last 18 months. In 2024, Western Europe fully regained pre-pandemic travel volumes, according to the GBTA BTI Index, joining North America, Latin America, and the Middle East & Africa (MEA). Furthermore, a 5.3% growth in travel is anticipated for 2025.**

With this promising backdrop against geopolitical tension, there are tactics and strategies to navigate this vibrant region effectively.

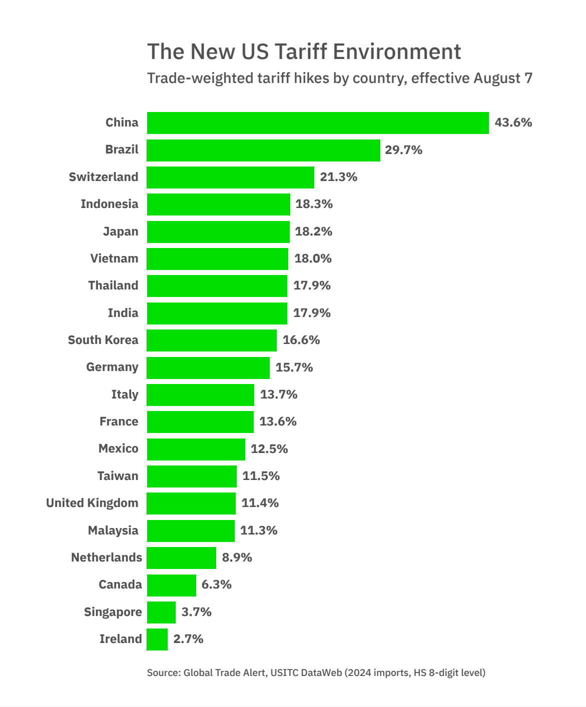
## A complex economic outlook

Europe's economic landscape is a mix of stability and uncertainty. The manufacturing and service industries show moderate health, according to the Purchasing Managers Index (PMI) figures, indicating cautious but stable economic growth. Despite this stability, I predict the travel industry is unlikely to see significant increases in volume, with expectations leaning towards maintaining current levels.

The economic challenges within the European Union add a layer of complexity. Many nations are experiencing financial strain, notably France and Germany, which are struggling amid relative stability in other markets. This has a dampening effect, particularly for private companies, as they navigate a mixed economic environment. Low to moderate inflation rates across various European countries imply that prices will continue to rise, albeit at a slower pace than observed over the past year.

Amidst these economic conditions are tariff agreements with the Trump administration. While the EU deal was finalised in July 2025, and the UK agreement reached in May 2025, the unpredictability of these tariffs make it difficult to prepare ahead. While these and the global geopolitical landscape remains in flux, alliances are altered, and new strategic relationships are formed. Many countries may need to explore alternative markets or reassess their trade strategies.

> In this environment, I advise travel managers to carefully review their supply chains to ensure they have resilient and reliable partnerships. Engaging with travellers to understand their needs and aligning these with the company's objectives will be crucial.



EUROPE INSIGHTS

# ESG: Preparing for a sustainable future

**Juan Antonio Iglesias**
Head of FCM Consulting, EMEA

**In the current climate, Environmental, Social, and Governance (ESG) considerations haven't been front of mind, but are not forgotten. Organisations recognise that integrating sustainability into their operations is essential, not only for compliance, but also for long-term strategic success.**

While there have been delays with European Union legislation and at time of writing we are unsure of U.S. policies, it is best for organisations to prepare now.

Here are some top recommendations to proactively prepare for the EU's Corporate Sustainability Reporting Directive (CSRD) and other potential legislation.

01 **Access** - Ensure you have access to comprehensive reports that track ESG metrics and ensure baselines are established.

02 **Research internally** - Understand overarching company objectives, to ensure sustainability goals are not only about travel-specific outcomes. Communicate clearly with internal stakeholders

03 **Do your homework** - Understand what is coming and thoroughly review anticipated regulatory legislation with key stakeholders. It will mean you understand the potential impacts and strategise accordingly.

04 **Check in with suppliers** - Engage with partners who prioritise ESG values, fostering collaborations that support a sustainable future.

05 **Develop clear, measurable targets** - Ensuring these align with company-wide goals will facilitate smoother transitions and robust compliance when new regulations are enforced.

Ultimately, the evolving ESG landscape presents both challenges and opportunities for travel buyers, offering a pathway to drive meaningful impact and foster resilience in their organisations.

## Pricing variations and strategic considerations

Geopolitical tensions are presenting a challenge in Europe – pricing fluctuations. They are also causing organisations to reflect on their duty of care programmes, as outlined at the start of this report.

| 2025 vs 2024 | SEATS | FLIGHTS |
|---|---|---|
| LATAM | ↑ 3.2% | ↑ 1.9% |
| EUROPE | ↑ 5.0% | ↑ 4.3% |
| AFRICA | ↑ 6.9% | ↑ 5.2% |
| APAC | ↑ 4.0% | ↑ 3.7% |
| NORTH AMERICA | ↑ 2.0% | ↑ 3.2% |
| MIDDLE EAST | ↑ 5.3% | ↑ 6.0% |
| GLOBAL | ↑ 3.9% | ↑ 3.7% |

Air travel costs saw a slight dip in May 2025 due to these tensions, only to spike to the highest levels of the year in June, alongside hotel prices. Despite these increases, prices in 2025 remain marginally below 2024 levels, offering some relief for business travel budgets. In H1-2025, the number of flights available in Europe increased 4.3%. The number of seats available grew 5%, which is above the global average.

**I'd advise travel buyers to ensure their supply chain remains robust and adaptable to potential changes. Geopolitical developments may cause countries and industries to shift their focus to new destinations or alliances, who may have different needs to what you are used to.**

With airlines implementing stricter policies, securing contracts that provide genuine value becomes crucial. Buyers should focus on consolidating relationships with preferred suppliers to negotiate better rates and services, optimising their travel budgets amid fluctuating prices. This approach not only streamlines procurement processes but also fortifies partnerships with airlines, and hotels, that align with both economic and strategic objectives.

Understanding these pricing variances and planning accordingly is essential for travel buyers seeking resilience and cost-effectiveness.

MIDDLE EAST INSIGHTS

# Local development continues to put pressure on travel suppliers

**Juan Antonio Iglesias**
Head of FCM Consulting, EMEA

**With demand and spend driven by local major projects, the Middle East faces both opportunities and challenges. This commentary explores key market dynamics, pricing trends, and strategic recommendations for navigating potential uncertainties.**

## Project development positivity

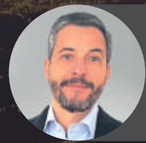
Despite predicted growth dropping from 10% in 2024 to 6% in 2025 (GBTA BTI Index), the Middle East is benefitting from expansive public and private projects, most notably in Kuwait, Qatar and Saudia Arabia. Passenger load factors in the region average 80.8% - up 1.1% year to date.

Yet with demand increasing 6.1% in the first half of the year, are there enough seats for everyone? Airline ticket prices are higher than the global average, especially on routes within the region where projects are underway.

There is more evidence that points to project-based travel. GBTA's latest index shows travellers in the Middle East are more likely to take trips of three days or longer, compared to other regions. This is indicative of deeper engagement and the need for extended periods of time, or perhaps an indication that trips have to be lengthened to obtain a seat. The use of lodge and virtual cards is high in this region, which streamlines and centralises payments; perfect for a project.

MIDDLE EAST INSIGHTS

# Space to negotiate with hotels and car hire

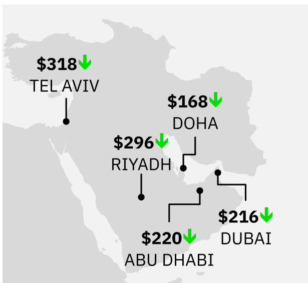


**Juan Antonio Iglesias**
Head of FCM Consulting, EMEA



**Recent geopolitical tensions have likely affected economic stability, visible through trading volumes and macroeconomic indicators such as Purchasing Managers' Index (PMI) and inflation rates. Growth patterns have been disrupted at times, and combined with fluctuating consumer confidence within the region, it's affecting both supply chain logistics and tourism.**

Some organisations are limiting the use of Middle East carriers to avoid stopovers in the region. However, this is not dampening demand, and airlines are expanding. The number of airline seats in the Middle East is expected to increase 5.3% in 2025 vs 2024, and the number of flights set to increase 6%, nearly double the global averages. Riyadh Air is preparing a 2025 launch, increasing connections between Saudia Arabia and 100+ destinations.





Despite high occupancy levels at the start of the year, hotels saw prices decrease between April-June 2025. Prices generally remain high though, as shown in the graphic.

As we are noting globally, there is an opportune moment for renegotiating corporate deals. I recommend checking back on Rachel's recommendations for your 2026 hotel RFP.

Car rental costs are also lower in 2025 than 2024, presenting an opportunity to review car hire contracts. Adoption of electric vehicles is still relatively low compared to regions like Europe, but the UAE and Saudi Arabia governments are promoting adoption through incentives such as free parking and reduced toll charges.

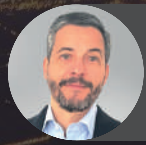
Overall, I'd say it's difficult to predict prices in the Middle East region, due to on-going geopolitical uncertainties.

**My advice to travel buyers is to consolidate existing agreements amid these unstable circumstances to enhance travel efficiency and value.**

The reemergence of the Middle East as a business travel hub is clear, with regional markets poised for robust growth. Travel buyers are encouraged to strategically leverage current low costs in accommodation and transportation. Book in advance and consider the impact of the surge in meetings and events to avoid availability issues or high rates. At the same time, it's worth being agile to navigate ongoing uncertainties. This ensures optimal benefits from the region's flourishing potential.

AFRICA INSIGHTS

# Stay agile in a shock-laden market



Juan Antonio Iglesias
Head of FCM Consulting, EMEA

**In 2024, 11 of the world's 20 fastest-growing economies were located in Africa. But it's the region that I'd argue is facing some of the biggest shocks to its economy and travel behaviour for the rest of 2025 and into 2026.**

## Lock in agreements in light of uncertainty

Businesses should anticipate potential price increases driven by inflation and GDP fluctuations. According to the African Development Bank Group, the continent faces persistent inflationary pressures, inconsistent exchange rates, risk of aid cuts, and escalating global uncertainty, all challenging its economic recovery.

It is too early to tell how U.S. government tariffs will impact Africa. At time of writing, South Africa, Algeria and Libya have the highest tariffs of the region at 30%, while Kenya and Ethiopia have the lower 10%. In 2026, we could see African nations redirecting trade and business to within Africa, Canada, or expanding with countries in Asia, Latin America, the Middle East or Europe. In addition to that, trade with China will continue to increase throughout.

In travel programmes, companies can better position themselves to mitigate these effects by securing and enhancing existing agreements.

## Visas are getting more costly

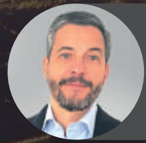
Visas have always been a challenge for African travellers, where passports are not as powerful as other continents. And unfortunately, it's only getting harder.

Analysis from research organisation LAGO Collective suggests African countries lost US$67.5m in rejected European Union (EU) Schengen visa fees in 2024. Both the European Union and UK are enhancing their entry requirements, which will affect business travel. At the time of writing, the United States is also reportedly planning to introduce another visa fee and adjust its non-immigrant visa policy for Cameroon, Ethiopia, Ghana, and Nigeria which will also impact travellers.

Organisations will have to ensure that anyone with international travel plans has plenty of time to arrange the correct paperwork. Any additional costs will need to be factored into budgets.

AFRICA INSIGHTS

# Airline growth, but instability



**Juan Antonio Iglesias**
Head of FCM Consulting, EMEA

**As air travel prices increased drastically through 2024 and 2025, we're now seeing a cooling off period. You would think this means that airline costs in Africa will remain flat, but there is instability in the landscape that could quickly push prices up again.**

For example, pilots at low-cost carrier FlySafair went on strike for two weeks in July 2025, temporarily limiting seat availability and driving prices up. While South African Airways no longer needs state support to operate and reported a 23% increase in revenue, its loss of R352 million (US$19.9m) for its financial year coincides with a need to rebuild customer confidence among travellers.

Overall, demand is growing faster than supply. Up to June 2025, passenger load factors in the region reached 74.8% - a 1.5% rise - while demand jumped by 9.4%.

As previously recommended, it's a good time to enhance existing agreements, and potentially overlap with Middle Eastern carriers that offer services to key African cities in your programme.

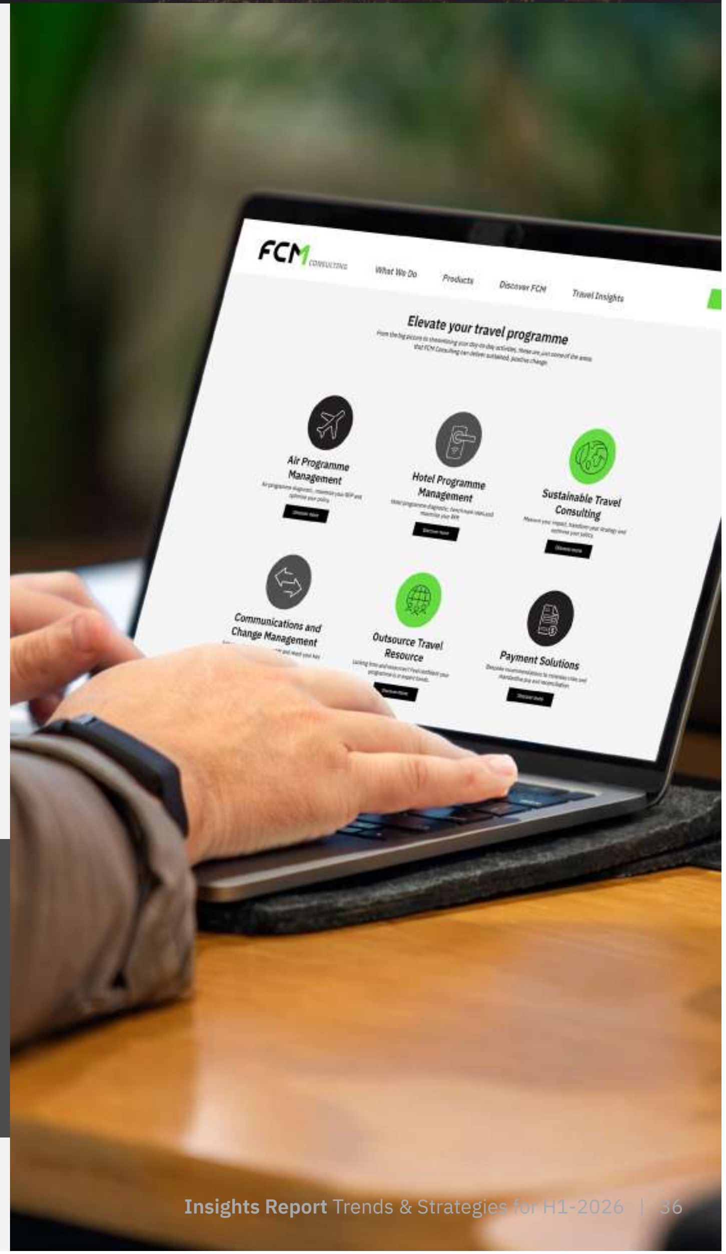
At the same time, one big challenge in the region (especially in North West countries like Nigeria) is content availability in GDS. Therefore, I recommend to include detail about the booking process on the hotel negotiations.

## Book hotels earlier to secure a room

Right now, booking hotels in advance is not just a requirement to ensure the best rate...it is to ensure you actually get a room. Overall, hotel attachment is increasing, as organisations plan further ahead with travel plans.

### Top tip

**Book your flight and hotel at the same time, as early as possible. That's always been the best way to get the best options and prices.**

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ASIA INSIGHTS

# Finding value in a diverse travel market

**Felicity Burke**
Head of FCM Consulting APAC

## Value-driven opportunities in a cost-competitive region

Asia remains one of the most cost-effective regions in the world for business travel. In the first half of 2025 data shows average hotel rates across Asia sat at **$170 per night**, with total trip costs averaging **$972**, well below the global average of **$1,600**. This pricing advantage is a key reason corporate travel, meetings, and group movements are thriving in the region, even as global headwinds from tariffs, geopolitical tensions, and slower economic growth in some markets weigh on demand.

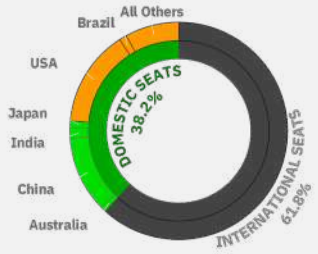

## Tailoring policy to local market realities

Asia's diversity is both its strength and challenge for corporate travel programmes. Traveller budgets and expectations vary widely across the region, influenced by currency strength, local pricing, and economic conditions. Corporate markets like **Japan** and **Singapore** sustain higher per-trip spend, driven by premium pricing in both air and hotel categories, while **Indonesia** and **India** are far more cost-conscious.

A one-size-fits-all policy in this region risks overspending in lower-cost markets and constricting in higher-cost destinations. Instead, building flexibility into travel policy, like market-specific hotel caps or differentiated meal allowances per region, ensures value is delivered consistently without eating away at traveller experience.

> **One behavioural trend I have been watching closely, that appears to be consistent across borders, is the rise of bleisure travel; with more corporate travellers extending business trips for personal time. Done well, this can be a positive win–win. By allowing travellers to benefit from negotiated corporate rates for their leisure component—provided the personal segment is cost-neutral for the organisation—companies can support work-life balance while maintaining control of programme costs.**

## Air market capacity and competition dynamics




Domestic air travel across Asia Pacific (APAC) continues to operate at high capacity, a trend that shows both strong demand and limited spare seats. As of May 2025, APAC domestic accounts for **14.7% of all global airline seats**, according to IATA. Domestic markets in China and India dominate in region due to sheer volume, extensive domestic networks, and effective passenger load factors of **84%** and **86%**, respectively.

Overall, international passenger load factors across APAC sit at **83%**, also topping worldwide rankings.

High load factors signal that airlines have little incentive to engage in aggressive fare discounting, particularly on key corporate and leisure routes. That said, strong intra-regional competition in some markets will still help keep fares relatively competitive. For corporates, I suggest leveraging the breadth of carriers choice to maintain flexibility.

**If I were reviewing a client's travel and event calendar right now, I'd be looking at whether we could shift conferences, leadership meetings, or large team gatherings into cost-competitive Asia destinations. It's a smart way to stretch budgets while creating unique and high-quality experiences. The savings can then be channelled into traveller activations, dining experiences, etc.**

AUSTRALASIA INSIGHTS

# Balancing cost pressures with programme strategies


**Felicity Burke**
Head of FCM Consulting APAC

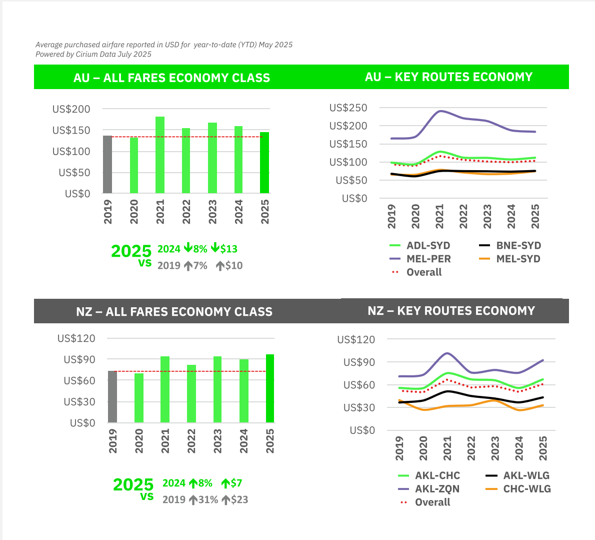

**Domestic air traffic in Australia and New Zealand continues to grow at a slow pace, but I'm seeing airlines take a far more deliberate approach to how they generate that growth. Carriers are focusing on maximising margins through high passenger loads and by prioritising their most lucrative routes. A yield-focused approach that inevitably, for better or worse, shapes corporate travel budgets.**

## Domestic air travel sees margins up and subtle shifts

Year to May 2025, average purchased domestic fares in **New Zealand rose $7**, while in **Australia they fell by $13**. That looks like relief on paper, but when I look into the trends, the reality for corporates is different.

Key Australian business routes still saw average purchased prices climb 4%, indicating that corporate-heavy corridors are where airlines see the greatest opportunity to subtly lift revenue. For many, these "Golden Triangle" routes make up majority of their travel, so any savings elsewhere are quickly offset by higher costs.

The same pattern has emerged in New Zealand, where the key domestic routes saw an average purchased fare increase of **18%**. Much like Australia - a market with limited carrier competition - these rises are hard to avoid, particularly for corporates whose travel programmes are concentrated around a handful of city pairs.




It's the same with regional travel in Australia. These routes are traditionally expensive and often served by a small number of operators. If you're in industries like mining, agriculture, government, or construction, where remote access is a must, you know there's rarely a cheap or competitive option.

In a market dominated by two major domestic carriers, and smaller operators servicing regional routes, I don't believe corporates across Australia will see broad-based domestic advertised fares drop to ease their budgets. Equally in New Zealand we see the same outlook with their advertised domestic fares remaining strong. I believe the greatest potential for savings opportunities will come from controlled traveller and booker behaviour.

## I recommend organisation target savings by:

- Shopping for **"best fare of the day"** rather than defaulting to a preferred airline.
- Booking **14 - 21 days in advance**. A recent analysis the team and I undertook of FCM clients shows average savings of **$40 - $60 per trip**, depending on the route. I am also seeing organisations mandate advance bookings as a condition of travel approval.
- Keeping changes in check. If your total **change costs exceed 3 - 4%** of your air travel budget, it's probably time to reset traveller habits.

This is where early planning moves from being good practice to being necessary. With domestic corporate travellers averaging 4 - 6 trips a year, booking discipline could mean the difference between approving a trip or cancelling it to stay within the overall programme budget.

AUSTRALASIA INSIGHTS

# Strong accommodation demand meets rising costs

**Felicity Burke**
Head of FCM Consulting APAC

While the air market is about yield management, the accommodation market is about occupancy demand and cost pressure. GBTA's recent 2025 report shows that Asia Pacific has some of the **largest lodging and food & beverage spend in the world**, and Australasia sits right at the top of that range.

Across Australia and New Zealand, demand for hotels in both capital cities and regional centres remains strong, driven by corporate travel, business events, leisure tourism recovery, ongoing infrastructure projects as well as rising operational costs due to inflation in the region and holding rates in key capital cities and regional centres. With these factors unlikely to ease, average room rates are projected to **increase 2 - 4% in 2026**. That's on top of the spikes we're already seeing during peak periods.

This means, accommodation costs are unlikely to soften in the short term, and corporate travel budget creep is inevitable without targeted planning.

### To try avoiding these rate rises, I suggest businesses:

- **Avoid peak periods** wherever possible, shifting trips away from high season, major public events, public holidays, and school holidays.
- **Travel off-peak midweek**. In capital cities, moving away from a Tuesday–Thursday to a Sunday–Monday stay can **save $30 - $40 per night** without impacting trip outcomes.
- **Widen property selection** by adding budget-friendly hotels or serviced apartments into the preferred programme when trip purpose and traveller profile allow.

## The case for proactive programme control

With the combination of high airline passenger load factors, advertised fare increases, and pricey accommodation costs, there's little room for complacency in corporate travel programmes. GBTA's latest forecast projects Australia's business travel to grow **6%** in 2025 and New Zealand's by **15%**. That's positive momentum for the industry, but in markets where airlines and hotels are successfully optimising profit, unmanaged programmes will simply pay more for the same travel volume.

**For Australia and New Zealand corporates, 2025 - 2026 will be about chasing supplier discounts and focusing on decisive programme management:**

- ✔ Use booking data to identify exactly where advance purchase rules, alternative suppliers, or off-peak travel will have the most impact.
- ✔ Negotiate with suppliers based on actual demand patterns rather than broad market averages to secure the most relevant value.
- ✔ Educate travellers and arrangers on how small booking behaviour changes can translate into substantial programme-wide savings.

## Asia Pacific outlook

As Australasia faces persistent cost pressures in both air and accommodation, Asia, on the other hand, offers a counterbalance, a region where corporates can stretch budgets further without sacrificing quality. As we move into 2026, my advice is to plan ahead, use market-specific policy levers, be willing to adapt event and travel strategies, and stay agile in response to shifting demand and pricing trends. The companies that actively manage these levers will be the ones containing costs while still delivering great travel experiences for their people.

Trends & Strategies for H1-2026

# Appendix

# About the Report

**This FCM Consulting Insights Report draws on global data sourced from FCM Travel and Flight Centre Travel Group corporate booking data for travel from January-June 2025. The report uses Cirium aviation schedule data as of 27 July 2025. Airfare pricing variations exclude all taxes.**

The hotel average room rate (ARR) quoted is the average booked nightly rate using FCM Travel 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.

# More Information

## FCM Consulting

This report was prepared by the FCM Consulting Analytics team, which forms part of FCM.



Readers are responsible for independently assessing the relevance, accuracy, completeness, and currency of the information in this publication. This report is presented for information purposes only.



To learn more about FCM Consulting visit www.fcmtravel.com/en/what-we-do/consulting

# Acronym Explainer

APAC – Asia-Pacific

LATAM – Latin America

MEA – Middle East & Africa

NAM – North America

AU – Australia

NZ – New Zealand

NDC – New Distribution Capability

PLF – Passenger Load Factor

RPK – Revenue Passenger Kilometre

SAF – Sustainable Aviation Fuel

ARR – Average Room Rate

IATA – International Air Transport Association

PPT – Percentage point

ROI – Return on investment

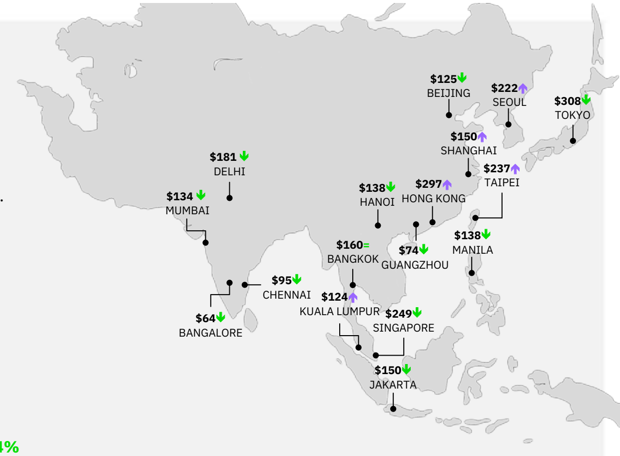
# Additional information on the regional hotel industry insights

## ASIA
### Accommodation Q2-2025

Overall regional ARR decreased by ↓$7 vs Q1 2025. In **India** the decline is driven by domestic corporate travellers choosing affordable local stays over premium hotels.

| RATE COMPARISON TO Q1-2025 | |
|---|---|
| CHENNAI | ↓ 12% |
| JAKARTA | ↑ 2% |
| KUALA LUMPUR | ↓ 6% |
| MANILA | ↓ 24% |
| SHANGHAI | ↑ 3% |
| SINGAPORE | ↓ 3% |

$USD Corporate Travel Average Rate Paid % Var. **Q2-2025 vs** Q1-2025 ↓ 4% Q2-2024 = FLAT



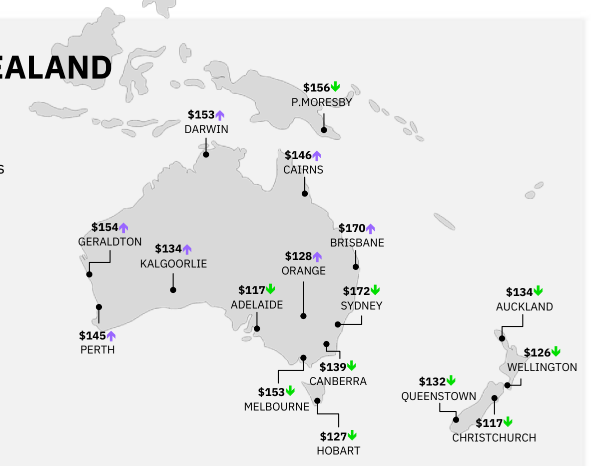

FCM CONSULTING RATE COMPARISON ↑↓TO Q1-2025 21

## AUSTRALIA & NEW ZEALAND
### Accommodation Q2-2025

Hotel ARR stayed mostlty flat. However, Brisbane, Perth, and some other regional cities saw an ↑$8-13 increase as demand grew.

| RATE COMPARISON TO Q1-2025 | |
|---|---|
| ADELAIDE | ↓ 9% |
| AUCKLAND | ↓ 9% |
| BRISBANE | ↑ 5% |
| MELBOURNE | ↓ 2% |
| SYDNEY | ↓ 5% |
| WELLINGTON | ↓ 18% |

$USD Corporate Travel Average Rate Paid % Var. **Q2-2025 vs** Q1-2025 ↓ 1% Q2-2024 ↓ 4%



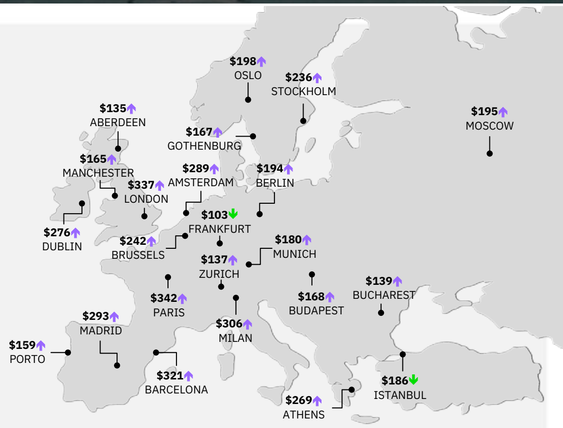

FCM CONSULTING RATE COMPARISON ↑↓TO Q1-2025 22

## EUROPE
### Accommodation Q2-2025

Q2-2025 ARR was up ↑$36 vs the same period in 2024. Heading into Q3 peak season, rates will continue to stay high compared to 2024.

| RATE COMPARISON TO Q1-2025 | |
|---|---|
| BERLIN | ↑ 7% |
| DUBLIN | ↑ 55% |
| FRANKFURT | ↓ 37% |
| LONDON | ↑ 19% |
| MADRID | ↑ 23% |

$USD Corporate Travel Average Rate Paid % Var. **Q2-2025 vs** Q1-2025 ↑ 17% Q2-2024 ↑ 19%




FCM CONSULTING RATE COMPARISON ↑↓TO Q1-2025 23

## LATIN AMERICA
### Accommodation Q2-2025

Regional ARR for Q2-2025 was **$161**, down ↓$7 from Q1 2025. Hotels report corporate travellers are price-conscious, seeking cheaper options in high-demand cities.

| RATE COMPARISON TO Q1-2025 | |
|---|---|
| BUENOS AIRES | ↓ 13% |
| LIMA | ↓ 11% |
| RIO | ↓ 11% |
| SANTIAGO | ↓ 12% |
| SAO PAULO | ↓ 1% |

$USD Corporate Travel Average Rate Paid % Var. **Q2-2025 vs** Q1-2025 ↓ 4% Q2-2024 ↑ 2%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# Additional information on the regional hotel industry insights

## MIDDLE EAST AND AFRICA
### Accommodation Q2-2025

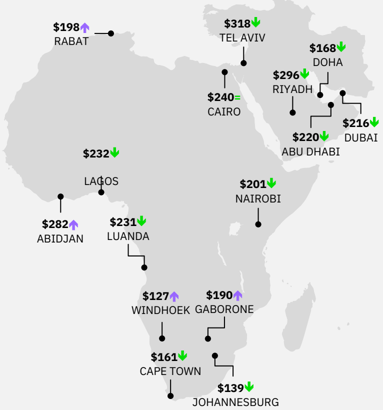
Q2-2025 regional ARR dropped by ↓10% vs Q1. H1-2025 regional ARR is still ↑$29 higher than the same period in 2024.

| RATE COMPARISON TO Q1-2025 | |
|---|---|
| CAIRO | = FLAT |
| CAPE TOWN | ↓ 19% |
| DOHA | ↓ 13% |
| DUBAI | ↓ 18% |
| JOHANNESBURG | ↓ 13% |

$USD

Corporate Travel Average Rate Paid % Var.

**Q2-2025 vs** Q1-2025 = 0%
Q2-2024 ↑ 9%

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RATE COMPARISON ↑↓TO Q1-2025 24

## NORTH AMERICA
### Accommodation Q2-2025

Regional average room rate (ARR) rose ↑$21 from Q1-2025. Peak season rates increased by ↑$100 in **Boston**, **Chicago**, **New York** and **Seattle.**

| RATE COMPARISON TO Q1-2025 | |
|---|---|
| CHICAGO | ↑ 39% |
| LOS ANGELES | ↓ 12% |
| NEW YORK | ↑ 29% |
| MEXICO CITY | ↑ 2% |
| VANCOUVER | ↑ 25% |

$USD

Corporate Travel Average Rate Paid % Var.

**Q2-2025 vs** Q1-2025 ↑ 8%
Q2-2024 ↑27%


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RATE COMPARISON ↑↓TO Q1-2025 19


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