



# 2019 global travel forecast

Global air, hotel and ground pricing, and trends shaping the future



CWT Solutions Group



CARLSON FAMILY FOUNDATION



## Welcome note





Welcome to our fifth annual Global Travel Forecast, a comprehensive look at travel pricing and the macroeconomic influences that are driving it.

Our report is designed to enable travel buyers around the globe to create and support their travel programs for next year whether local, national, regional or in-between. A collaborative effort between the Global Business Travel Association (GBTA) and Carlson Wagonlit Travel (CWT), the report is again strengthened by the expertise of Rockport Analytics, with additional analysis and context provided by CWT Solutions Group, and the support of the Carlson Family Foundation.

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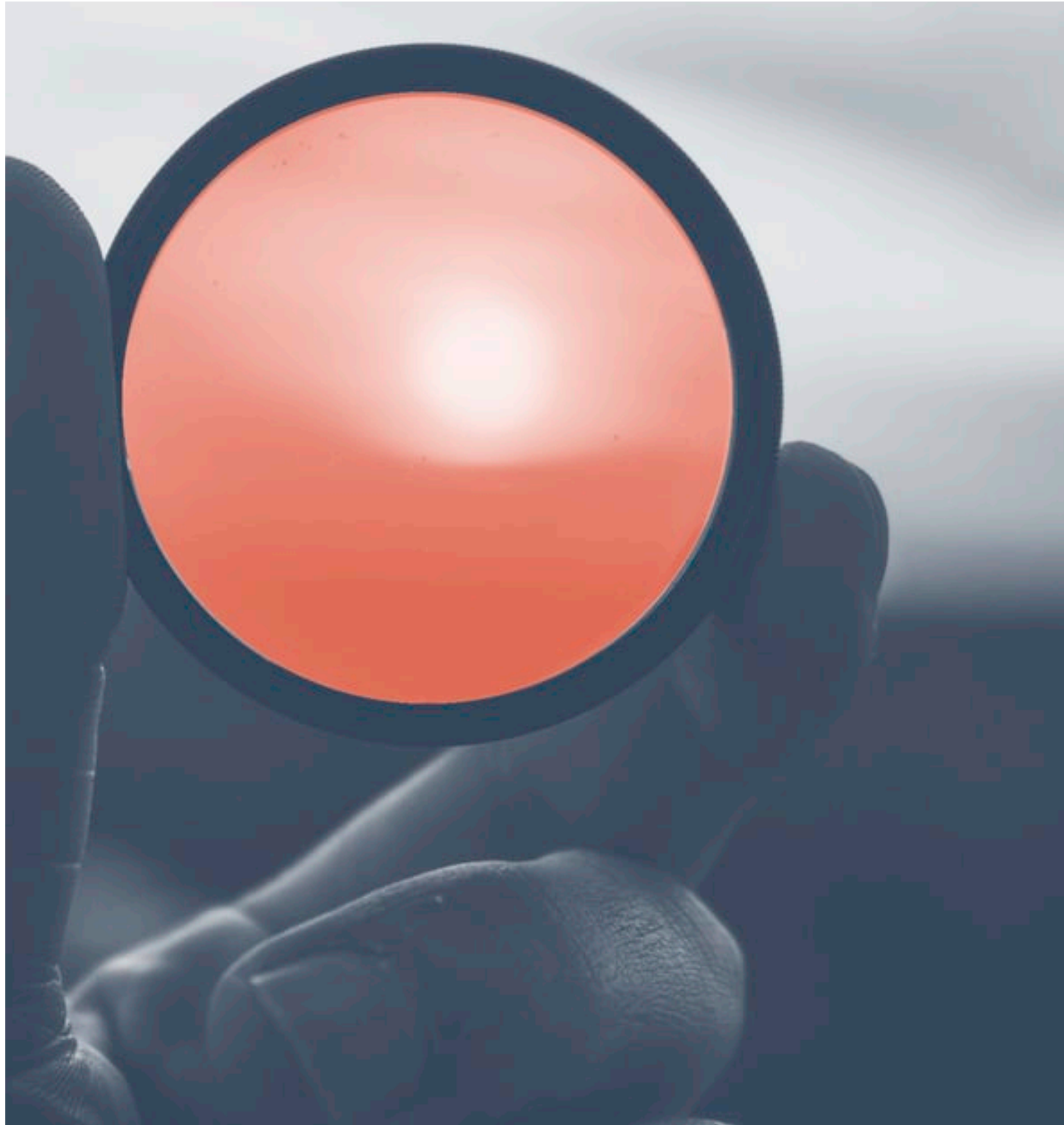
Foreign exchange forecast

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# The view from 30,000 feet

A global macroeconomic overview



# Headwinds and tailwinds:

## The global macroeconomic view in 2019

Global growth hit a cyclical bottom in 2016, but economic prospects have been steadily improving since.

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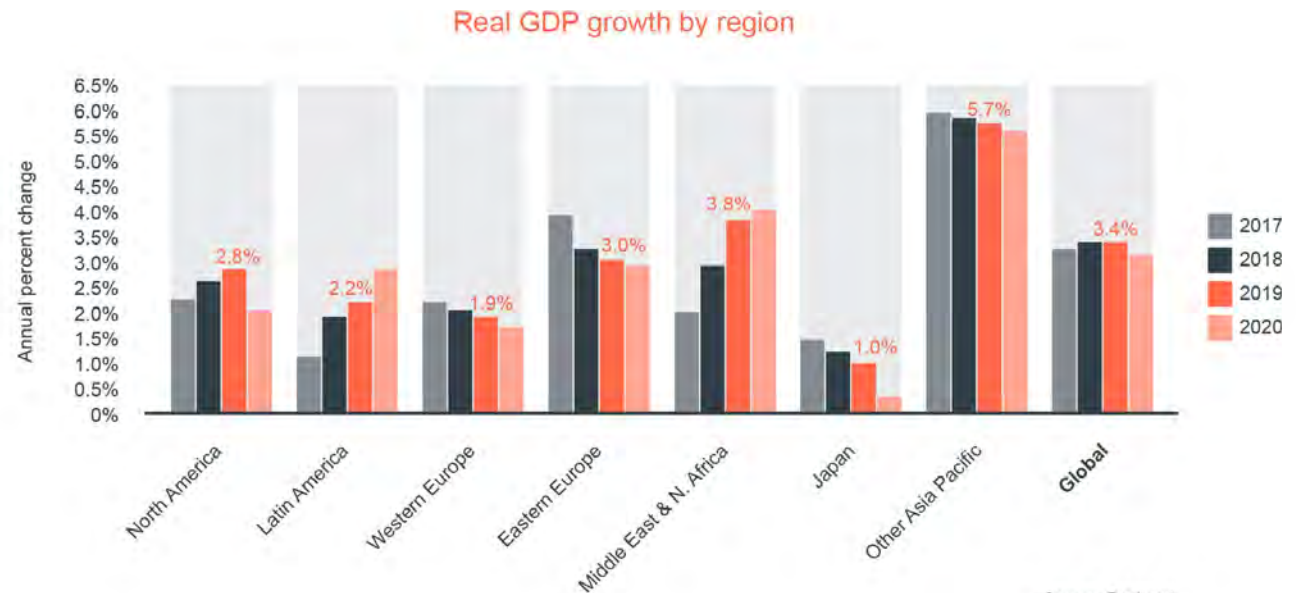
The global economy grew 3.3% in 2017, is expected to hit 3.4% in 2018, and we are forecasting further growth of 3.4% in 2019.

”

Harmonization of economic performance, between developed and emerging markets, will be a key component of this growth. However, while downside risks remain, most major global markets are trending in the right direction. We expect US corporate tax cuts to give a tailwind to corporations and encourage investment — a key driver of corporate travel demand.

So far in 2018, European growth has moderated from 2017's robust levels, although prospects for strong growth still remain, supported by accommodating monetary policy and labor market tightening. The UK continues to weigh down regional performance, with Brexit uncertainty

creating a drag on both consumer spending and business investment. And, in Asia, while export growth has enhanced the Japanese economy over the past twelve months, this trend will be challenged moving into 2019 with the strengthening of the yen.



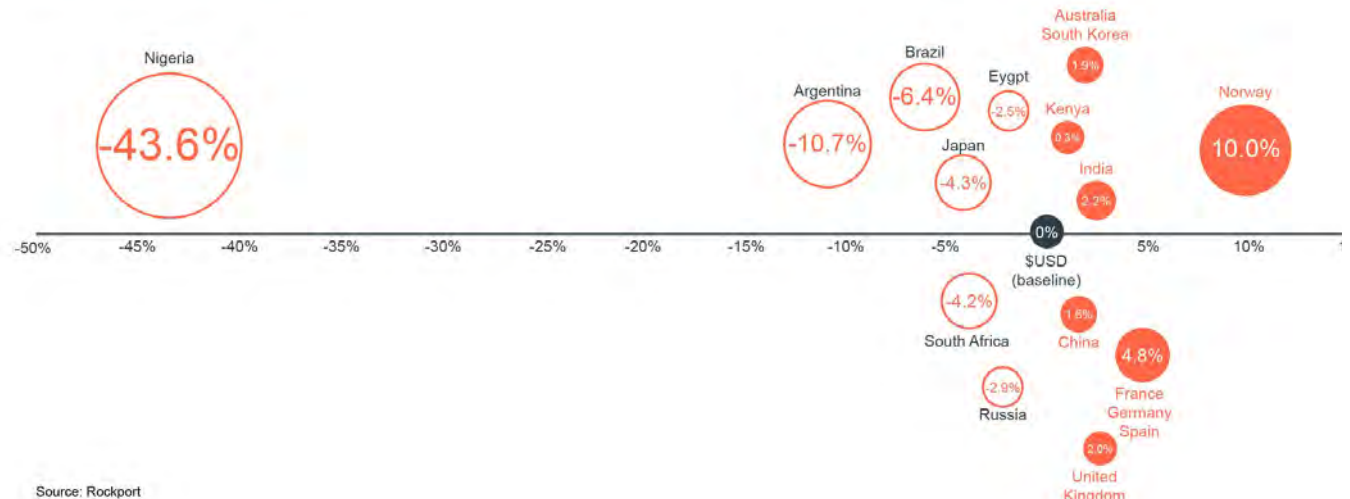
We expect emerging markets to remain on a relatively stable path moving into 2019, bolstered by rising commodity prices.

Brazil and Russia continue to recover from recession, and should both see moderate economic growth in 2019. Meanwhile, China continues to rebalance its economy, and stable growth will continue. We expect robust private consumption to continue to drive strong growth in India, despite the impact of demonetization and the implementation of the Goods and Services Tax beginning to fade.

One of the key risks to global economic recovery is the rise of protectionist policies and the prospect of stoking trade wars. Global trade has finally recovered to near pre-2008 levels, and is a key driver of corporate travel, so any policy aimed at protectionism, or reducing the level of global trade and cooperation, will have a detrimental impact on the demand for global business travel.

The heightened rhetoric and policy action by the Trump administration threatens to derail the global stance on trade policy, and we are watching closely

The exchange rate effect  
Year-on-year growth vs \$USD



### Why exchange rates matter

This Global Travel Forecast is conducted and presented in US dollars (USD), which offers consistency and an easy comparison with previous forecasts, also in USD. However, prices listed in USD can differ significantly from those listed in the local currency. It is therefore critically important to consider exchange rates when analyzing expectations for price increases, as forecasts are influenced by each local market's currency and whether it appreciates or depreciates against the USD in 2019.



the newly enacted trade tariffs and negotiations with China, as they could result in dislocating consequences for the global economy.

Price stability is another key metric we keep a close eye on. Global inflation has remained below trend for a number of years, but expansionary fiscal and monetary policy and improving economic growth could begin to drive prices upwards in key business travel markets. Travel commodities remain sensitive to changes in oil & gas pricing and wages.

Following three years of decline, oil prices finally recovered in 2017 and continue to rise in 2018.

While the most likely scenario is a measured increase in oil prices in 2019, as producers are able to keep up with slowly rising demand, some risks could push them significantly higher. These could include a breakdown in Venezuelan production, renewed US sanctions on Iran, and possible price collusion between OPEC and Russia.

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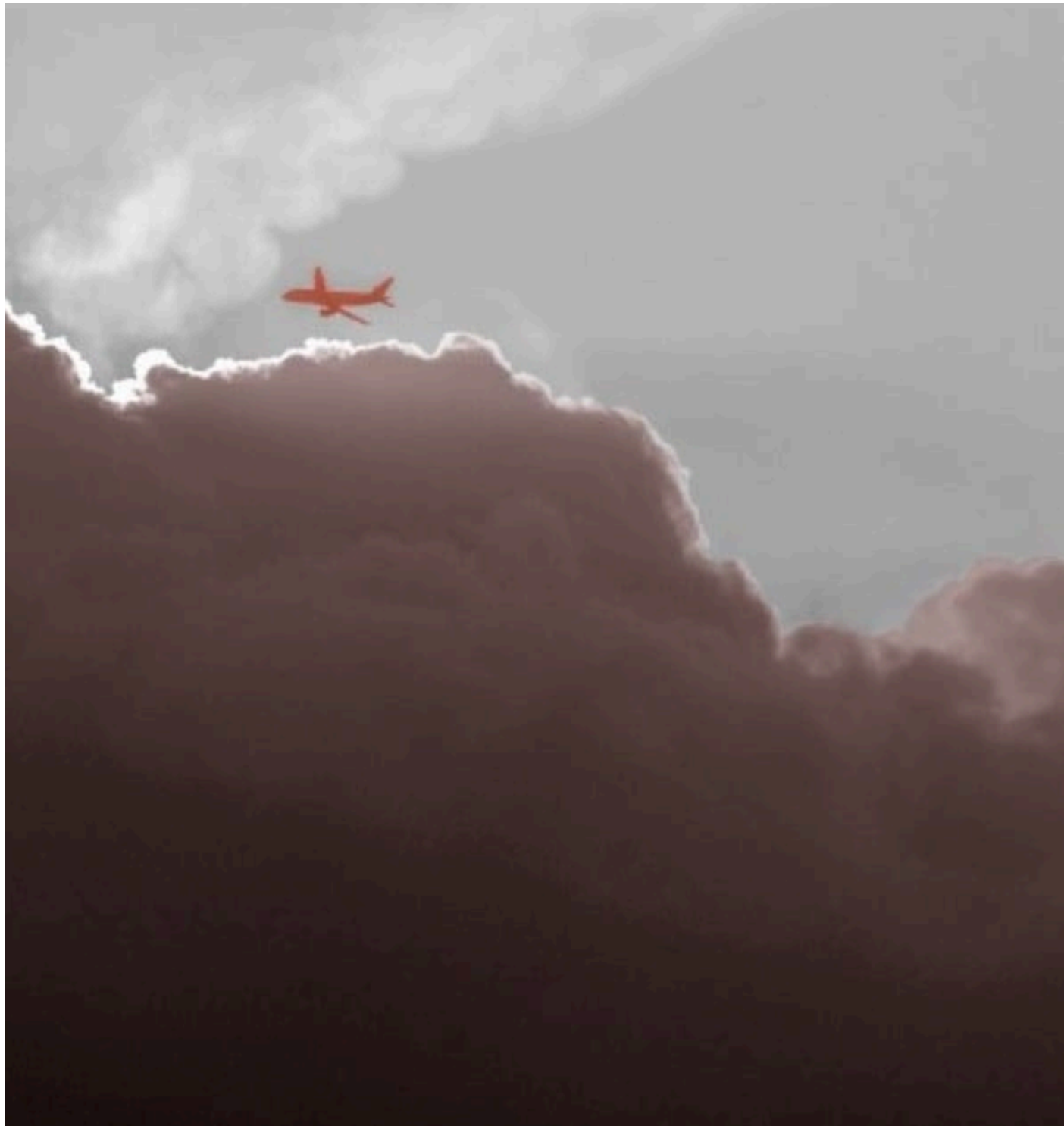
Our baseline expectation is that inflation remains relatively subdued in 2019, but that the risk of spiking prices in many global markets is rising.

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Additionally, we expect the US dollar to weaken against other major currencies on a trade-weighted basis in 2019. This weakening represents a trend-reversal from recent years, and such a reversal has obvious implications for the relative prices of travel commodities, both for US travel managers managing travel abroad, and also for travel managers for non-US corporations sourcing travel in the North American market. We expect the euro to gain 4.8% against the US dollar in 2019, which translates into a 4.8% increase in the purchasing power for Europeans in the U.S. American firms buying in Europe would see a comparable drop.<sup>1</sup>

# Touching down on four regions

A regional outlook for air, hotel and ground





# Region on the rise

## An upsurge in demand keeps prices buoyant

The Asia Pacific region (APAC) continues to be the most dynamic in the global economy.

According to the International Monetary Fund (IMF), Asia growth is forecast at 5.6% in 2019.<sup>2</sup> Inflation has been subdued, but looking ahead, it may rise in Asia with the increase in commodity prices. The sheer growth in tourism and business travel, particularly coming from China (now the world's largest corporate travel market), will have an overwhelming effect on supply and demand dynamics across APAC.

As pressure increases on accommodation providers, corporate travel buyers will face challenges in their ability to secure rooms at their

preferred properties, much less at their preferred rates.

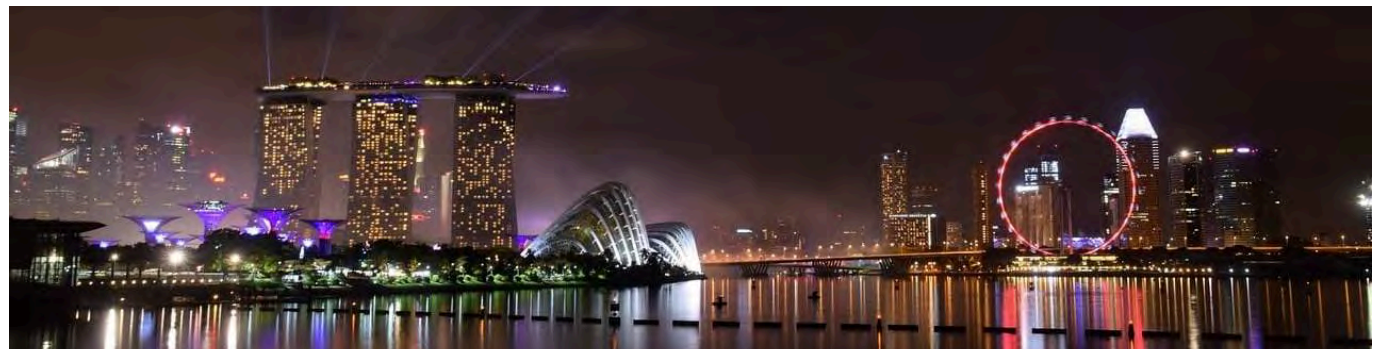
As a result, we expect an increasing clamor across APAC for dynamic pricing, or the ability to adjust prices based on current market demands, as corporate travel buyers see less benefit from traditional advance purchasing and last room availability (LRA).

In aviation, one of the challenges will be around capacity - both in terms of seat availability and the

infrastructure in many of the region's airports. While this is helping to keep prices buoyant, we expect prices will rise as the pace of demand growth is currently outstripping supply growth.

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We predict 2019 prices to rise at the rate of 3.2% for air, 5.1% for hotel, and 0.5% for ground transportation.  
”

Asia Pacific



# Slow and steady

## Growth in the Eurozone, combined with oil price increase, lift region overall

The Eurozone is enjoying one of its strongest economic booms in recent years, with European Union growth likely to continue at 2% GDP in 2019, according to the European Commission<sup>3</sup>. Geopolitical tensions provide some downside risks, with the ongoing political situation in Catalonia, the deadlock on Brexit negotiations, and calls for new elections in Italy, all likely to increase market volatility.

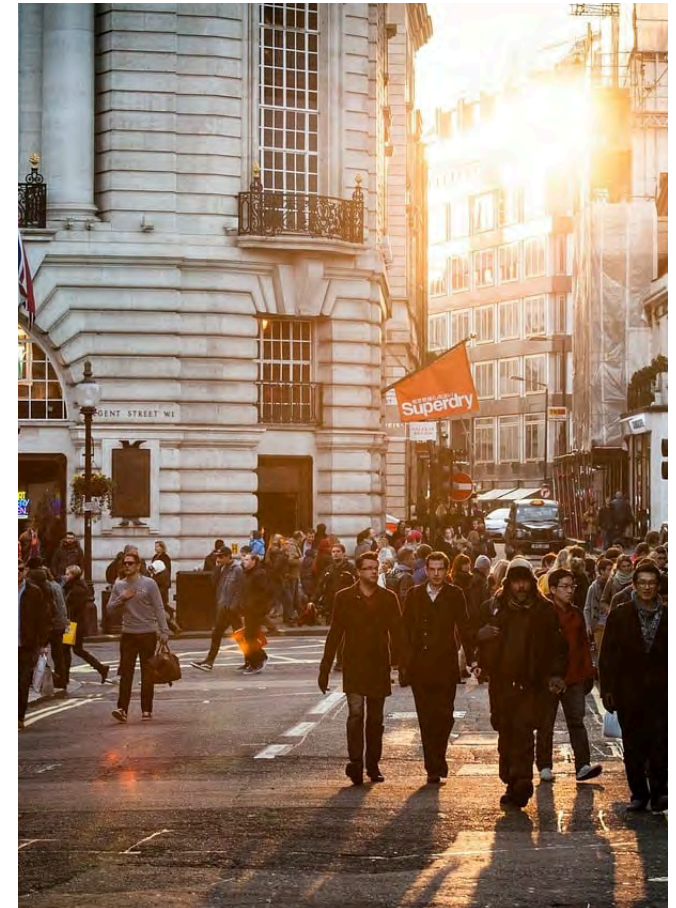
Oil price improvement will benefit both the Middle East and Africa, while stronger prospects for the euro area should also bode well for its neighboring regions.

Europe,  
Middle East  
& Africa

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We predict air rates in Eastern Europe to decrease 2.3%, Western Europe to increase 4.8%, and Middle East and Africa to decrease 2%. For hotel, Eastern Europe will decrease 1.9%, Western Europe will increase 5.6%, and the Middle East and Africa will also decrease by 1.5%. Ground remains flat for Western Europe, while up 1.5% and 1% for Eastern Europe and Middle East and Africa, respectively.”

Aviation increases are expected to be moderated by the presence of aggressive, low-cost carriers in Europe. In the hotel industry, the economic boon will keep occupancy levels at an all-time high for most of the key cities, while the global growth of ride-hailing apps and rapid-fire technological innovation will continue to disrupt ground transportation.



# Playing catch up

## Latin America is growing, but not by much

Growth in Latin America and the Caribbean is projected to accelerate moderately, from 1.7% in 2018 to 2.3% in 2019, according to the World Bank, aided by the region's large commodity exporters, including Brazil, Chile, Colombia and Peru.

While Brazil and Argentina have emerged from recession, many challenges remain. Brazil's 2015-16 recession resulted in the slashing of corporate travel budgets in 2017, however, with recovery comes an expectation of moderate volume-based increases in air in 2019. Any optimism is tempered by the uncertainty of the general election later this year.

Mexico's election of a left-wing, populist president,

Andrés Manuel López Obrador, in July has injected a new round of uncertainty to negotiations over the North American Free Trade Agreement (NAFTA). Markets brace for more volatility with elections scheduled in 2018, including those in Brazil, Colombia, Paraguay and Venezuela, that may impact policy and business sentiment in the region.

Higher commodity prices may be giving the region a much-needed boost, but its outlook for business will likely hinge on its relations with the world's two largest economies — the U.S. and China.

“We project prices in the region to decrease by 2% for air, 1.3% for hotel, and increase 1% for ground transportation.”



Latin America



# Frenemies

## Trade squabbles are testing an enduring economic relationship

Key economic indicators, such as stock prices and GDP, indicate that the US economy is firing on all cylinders. GDP growth is expected to remain within 2–3% in 2019, according to the IMF, and we can expect a near-term boom in business travel in the wake of a tax overhaul, which sharply reduced corporate income taxes and is expected to raise private investment and consumption. Canada is also expected to benefit from this along with rising commodity prices.

However, tightening interest rates, uncertainty over NAFTA, and growing protectionist squabbles between the two long-time northern allies, are casting a shadow over prospects in 2019.

North America

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We forecast 2019 prices to rise by 1.8% for air, 2.8% for hotel, and 1% for ground transportation.

”

US airlines will continue to focus on margin improvements. Meanwhile, average daily rates for hotels across North America continue to go up, in a trend that has been going on for the past five years. We expect this to continue through 2019.





# Up in the air

New Distribution Capability (NDC),  
ultra long-haul routes and why  
there's never been a better time to be  
a pilot



# Flying high

The global economic outlook for 2019 indicates that the positive trends in 2018 are expected to roll into next year. Early signs indicate strong demand for business travel, as economic growth and corporate travel are tightly correlated. Here, we'll examine the different factors that may impact cost and prices, supply and demand in aviation.

## Oil prices fuel air hikes

### A rising cost for airlines

As oil prices continue to climb from the lows of 2016, this could fuel both demand from a revitalized energy sector, traditionally a key driver of air travel, as well as increase the cost of travel for airlines and their customers at the receiving end.

According to the U.S. Energy Information Administration, jet fuel demand growth will outpace all other petroleum products in the coming decades, which will lead aviation fuel prices to increase at a steeper incline, putting even more pressure on airlines.

Depending on the effectiveness of their hedging strategies, some airlines may catch a break if they were able to lock in lower rates at least through 2020, when the full impact of the oil price hike is expected to be felt.

## Top gun: Why there's never been a better time to be a pilot

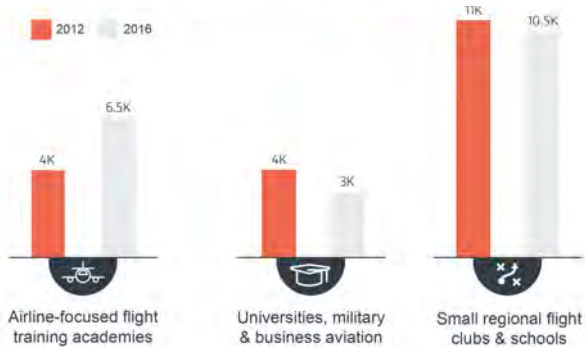
### Pilot shortage leads to more competitive pressures

They may be flying commercial planes instead of fighter jets, but the competition for aviation talent is just as fierce. Labor first exceeded fuel as an operating cost for airlines in 2016, which was understandable, as oil prices dipped below \$30. Yet, despite the recovery in oil prices, labor versus fuel costs are estimated at 30.9% and 20.5% in 2018, respectively, according to a Reuters report, citing the International Air Transport Association (IATA).<sup>4</sup>



### Pilots needed by 2027

That trend is unlikely to come down. According to CAE, an aviation training organization, in its Airline Pilot 10-Year Demand Outlook, the aviation sector is experiencing a labor crunch. Global requirements for airline pilots are expected to hit 255,000 over the next decade.<sup>5</sup> The report cited rapid fleet expansion and high pilot retirement rates.



#### Who's training the pilots?

Recruitment and training costs will combine with demand for better wages and working conditions from the existing employee base. Cost pressures for airlines will translate into higher prices, and strong demand will give them the room to pass on these costs to travelers.

## Travel in the crosshairs of potential trade war

### Escalating trade disputes cloud prospects for corporate travel

Global economic growth in 2019 partly depends on whether the current US trade sanctions and tariff tit-for-tat between the U.S. and its allies and foes, will simmer down to posturing-as-a-negotiation-tactic, or boil over into a fully-fledged trade war. The economic consequences will impact global supply chains, raise costs, and undermine global business confidence, which, in turn, could lead to a slowdown in demand for business travel—a risk the industry is watching carefully.

## Not one size fits all

### Airlines turn to fare segmentation to improve yield

Fare segmentation may feel like small, incremental costs that add up for weary travelers. For airlines, the practice of offering different fare levels, perks and restrictions, provides customers with a variety of preferences that match their priorities and budget, and will continue to be in sharp focus in 2019.

The need to turn around margin compression and increase profit means that airlines will continue with ancillary fees, and increase fares wherever they can. While competition will constrain how much they can increase, the ability to escalate fares through ancillary fees is likely going to be more prevalent than in the past.

### How concerned are you about the impact of trade wars on business travel?

- ☐ Extremely concerned
- ☐ Moderately concerned
- ☐ Slightly concerned
- ☐ Not concerned in the least

See results

## New dynamic to consider (or NDC)

### Bid to transform airline retail experience may lead to air distribution fragmentation

Airline distribution is experiencing a shake-up as carriers begin implementing IATA's New Distribution Capability or NDC. It's a technology platform that allows airlines to distribute richer content across different channels, enable product differentiation, personalized services, dynamic pricing, and an overall transparent shopping experience.

What's new is the airlines' ability to directly connect with their customers, in a system that lets them push out (content, products and services) and pull in (agent/customer history and preferences) data at the same time. It's part of the industry's effort to transform airline retailing and fight commoditization.

Whether NDC will contribute more complexity and fragmentation to air distribution, compete with online travel agencies (OTAs), and shift costs are questions that remain unsettled (among many).

## Singapore to New York in 19 hours

### Ultra-long haul flights are making a comeback

Technically, it's to Newark, New Jersey. It just doesn't have the same ring to it.

Newark, one of three international airports serving the New York area, will see the revival of a marathon flight that ended in 2013. Singapore Airlines is relaunching the popular route in October 2018.

A number of ultra-long haul (ULH) flights (non-stop flights over 17 hours), have been introduced in the market this year, including Houston to Sydney (United), Perth to London (Qantas), and Singapore to Los Angeles as well as to New York (Singapore Airlines). There are currently 19 ULH flights in service, triple the number from a decade ago.

### Going the distance: Ultra long haul flights launched in 2018







Increasingly sophisticated aviation technology is enabling aircraft to fly lighter, farther, faster — and with more fuel-efficiency. Business travelers, along with premium leisure travelers, are the target of these flights, with a charge placed on pricing and configuration. The planes — Boeing Dreamliner 787, Boeing 777X and Airbus A350 — are designed to be roomier. We predict that the success, or failure, of this market will become apparent in 2019.

### Ultra-long haul flights are:

- ☐ A good fit for my travel program. They cut back on travel time and increase productivity.
- ☐ Not a good fit. The higher fares outweigh the benefit.

[See results](#)

## Bosto... to New Delhi for \$398 RT? WOW!

### The long haul, low-cost market is getting more crowded

At the other end of the spectrum, full-service carriers are facing more competition for long haul routes offered at a low cost. Norwegian Air, Wizz Air, AirAsiaX, and Eurowings, which launched low-cost, long haul flights in 2017, will be joined by Air France's Joon this year. Meanwhile, Iceland's WOW Air is breaking into the Asian market, offering routes, via New Delhi, to select American cities, including Boston, Chicago, Pittsburgh and Los Angeles.<sup>6</sup>

While Europe and Asia are fighting it out in the long haul low-cost carrier (LCC) market, visibly missing in action is the US. That may change in 2019, as World Airways plans to relaunch itself, via the long haul LCC route, in the first quarter of 2019.<sup>7</sup>

And there may be more in the wings. According to the Center for Asia Pacific Aviation (CAPA), the long haul LCC sector has grown rapidly since 2012, now numbering 21 carriers in 17 countries, with 10 in Asia. Whether legacy carriers will respond by

dropping prices or focusing on service levels will determine how big a disruption this new challenge will bring.

Top 10 long haul low-cost carriers by fleet size



Source: CAPA - Centre for Aviation and Fleet Database.

<sup>6</sup>Eurowings A330 fleet is operated by SunExpress Germany, which is also part of the Lufthansa Group.



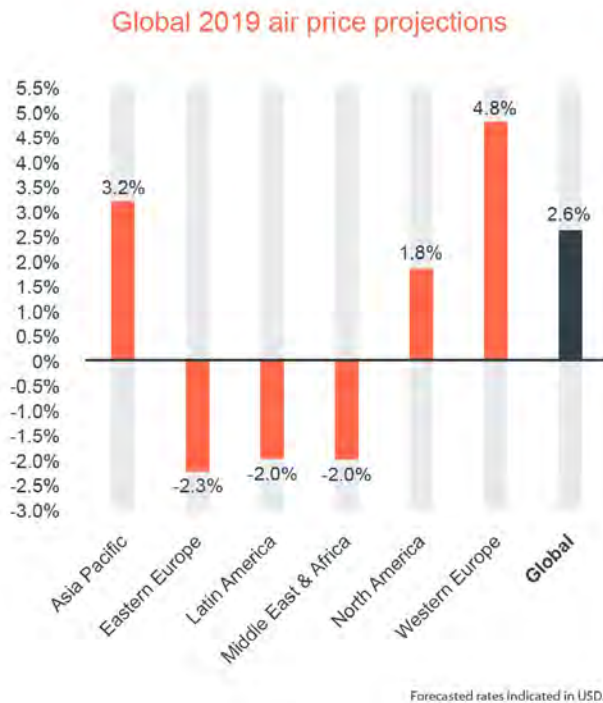
## Circling the globe

Key developments in air,  
around the world

# Circling the globe

A round-up of the latest developments in aviation around the world that could impact prices

Click images to go to regions:



**Asia Pacific**

**Latin America**

**Europe,  
Middle East  
& Africa**

**North America**



# Asia Pacific

Click images to go to countries

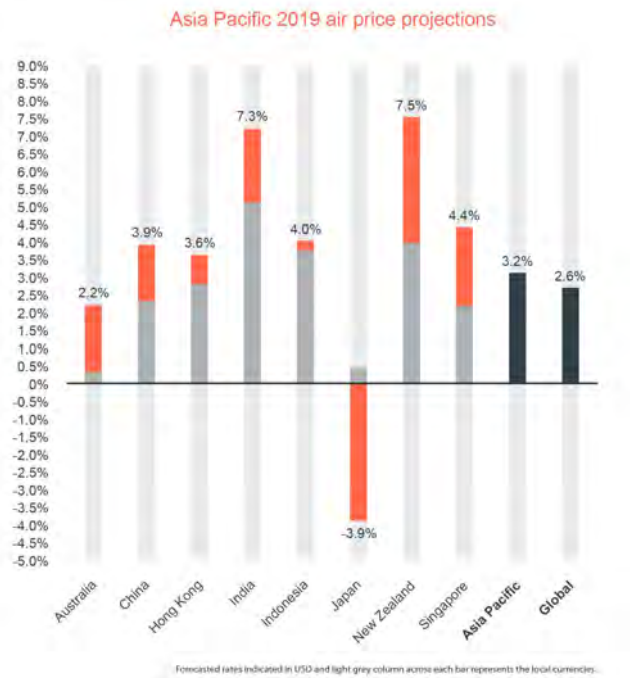
[Return home](#)

[China](#)

[Japan](#)

[India](#)

[South Korea](#)



# China

- Whether domestic, inbound or outbound, the demand in China remains high and increasing. In 2016, China overtook the US as the biggest corporate travel market, and it's set to become the world's largest aviation market in 2024.<sup>8</sup>
- Chinese carriers are also entering into more joint ventures, such as Air China's partnership with Lufthansa. This is driving price increases on

China to Europe flights, as they try to bring in price parity on top of code-sharing.

- Expect more competition on long haul flights as China eases its "one route, one airline" rule, first introduced in 2009 to prevent its state-backed airlines from competing on routes to the point of unprofitability.<sup>9</sup>

- It remains unclear whether 2019 will see the US and China sign an Open Skies Agreement to ease restrictions on flights between the two countries, but we believe that the current trade dispute makes this a less likely outcome.

[Return to Asia Pacific](#)



# India

- India, expected to be the world's third largest aviation market by 2025,<sup>10</sup> is among a number of Asian countries with airports operating beyond capacity.
- Privatizing its national carrier, Air India, is one of the government's 2018 priorities, but this summer's auction closed without a single bidder, possibly put off by the US\$7 billion debt and a slew of other restrictions.<sup>11</sup> We predict that the airline's hoped-for brand overhaul and international expansion may have to wait.
- Jet Airways is scaling back its partnership with Etihad as it favors new partnerships with Air France-KLM and Delta. We expect Abu Dhabi flights to shift to Amsterdam and Paris.

Return to Asia Pacific



# Japan

- Japan is hosting the Rugby World Cup this year and will see an increase in demand for inbound traffic.
- Japan will also benefit from hosting the Olympic Games in 2020.
- Tokyo Haneda's recent and future expansion, in preparation for the Olympic Games, could catapult it back to being Asia's largest airport, after losing the title to Beijing Capital in 2009. It is poised to receive 53 daily international roundtrips leading up to 2020.<sup>12</sup>
- In the short term, thanks to this added capacity, Japan will have more supply, more airline choices, and reduced air fare.

Return to Asia Pacific





# South Korea

- South Korea is home to six LCCs operating 121 aircraft, with more on the way. The government has imposed tough new regulations, including enhanced entry conditions and management requirements for active carriers, in a bid to encourage fair competition in a saturated market.<sup>13</sup>
- The growing competition and demand in Asia will keep prices from rising too quickly.

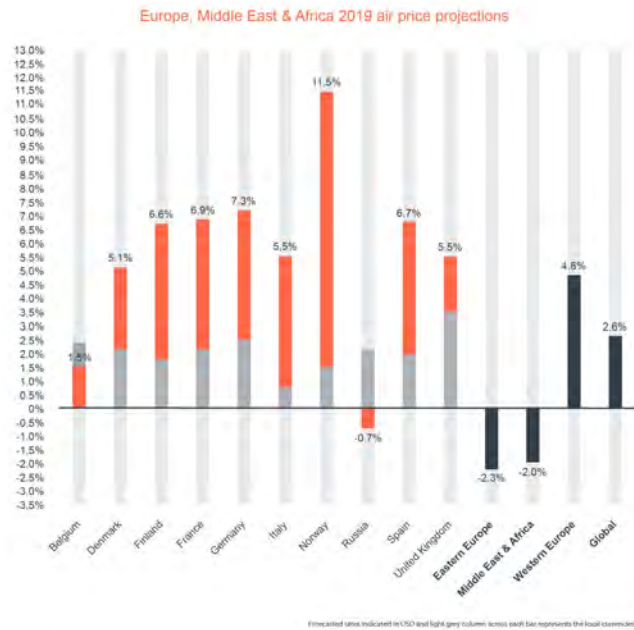
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# Europe, Middle East & Africa

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[France](#)

[Turkey](#)

[Russia](#)

[Kenya](#)

# France

- France may have the most to lose from the United States' decision to rescind its support of the Iran deal, as its business community was among the first to establish ties. Firms have to close down investments in Iran by November 2018, and are forbidden to enter into new contracts, or face US sanctions.<sup>14</sup>
- Airbus' agreement to sell 100 planes to Iran may also be up in the air, along with a number of other billion-dollar deals from companies such as Peugeot, Renault and Total.<sup>15</sup>
- Air France has scaled back its direct flights from Paris to Tehran, via its low-cost subsidiary, Joon, citing weak demand.<sup>16</sup>

Return to Europe, Middle East & Africa





# Russia

- Air traffic in Russia is growing fast, as demand increases in tandem with its GDP growth, driven mostly by the recovery in oil prices.
- Russia also hosted the 21st FIFA World Cup in June and July, which has traditionally boosted traffic.
- Match locations across western Russia, including Moscow, have seen significant infrastructure and airport upgrades in the run up to the competition.<sup>17</sup>

[Return to Europe, Middle East & Africa](#)





# Turkey

- Turkey is set to open the first phase of its new airport in October, which will have the distinction of being the world's largest terminal, at nearly 11 million square feet.<sup>18</sup>
- Once all the phases are complete, Istanbul's third airport will host a yearly capacity of 200 million passengers, going to 350 destinations — making it one of the busiest in the world.<sup>19</sup>
- Turkish Airlines, already the airline serving the most number of countries worldwide, will compete more aggressively to be an alternative to Middle Eastern carriers flying between Europe and Asia.

Return to Europe, Middle East & Africa



# Kenya

- Kenya Airways and Ethiopian Airlines, members of SkyTeam and Star Alliance, respectively, have introduced new non-stop routes across Africa and the US. These include New York-Nairobi and Newark-Abidjan.
- These, and other routes that have opened in 2018, are helping to push demand throughout Africa, which has seen activity increase in tandem with oil and gas prices.

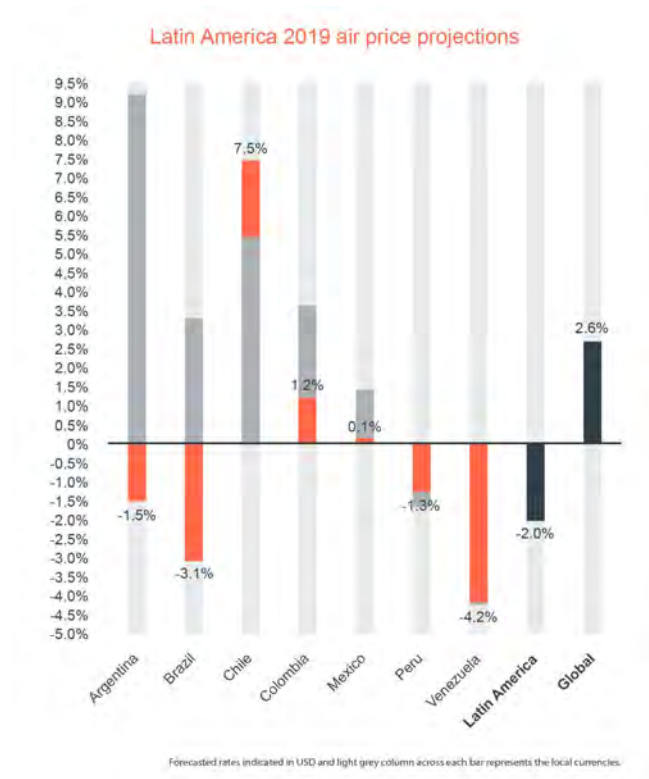
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# Latin America

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# Brazil

- Brazil's October presidential elections have dampened some business activity as companies wait and see what kind of policies to expect from a new administration.
- Brazil's truck drivers' strike in May also impacted aviation activity, with hundreds of flights canceled and some airports left without fuel.
- Air fares are increasing, due in part to a hike in baggage fees from the country's top three domestic airlines.
- With the Open Skies agreement between the US and Brazil, expect new competition in air fares among airlines that will benefit travelers.

[Return to Latin America](#)





# Mexico

- The election of Mexican President Andrés Manuel López Obrador, and uncertainty over policies he will espouse, have sent a chill to the economy. Air fares and hotel rates are expected to remain stagnant as a result.
- Additionally, we predict limited fare increases in Mexico based on continued LCC competition and marginal economic growth.
- The future of NAFTA and US tariffs on Mexican steel and aluminum threaten cross-border activity, with any uncertainty around global trade expected to curb demand for business travel.

[Return to Latin America](#)

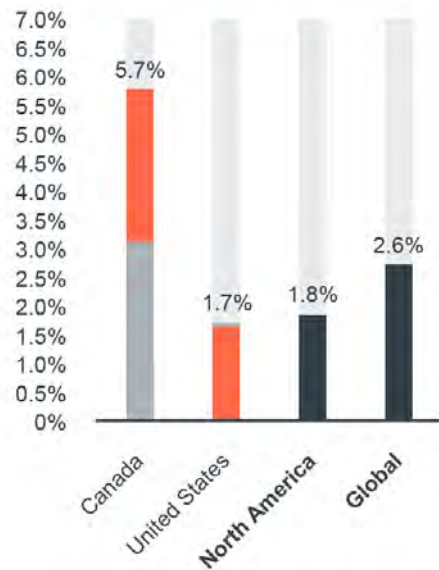


# North America

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North America 2019  
air price projections



Forecasted rates indicated in USD and light grey column across each bar represents the local currencies.

[Canada](#)

[United States](#)

# United States

- Grumblings over trade disputes in 2017, which failed to surface into credible business threats, have materialized in 2018, including the US tariff on foreign steel and aluminum, prompting retaliatory duties from the EU and China. The fallout is expected to continue into 2019.
- Airlines are recalibrating to reflect better areas of demand, depending on how trade relationships change with key US allies and adversaries.
- The US aviation market is expected to see capacity compression due to expanded fare fragmentation, with premium economy and basic economy reducing available seats, as carriers target margin improvement.

Return to North America





# Canada

- Trade disputes aside, Canada is expected to experience 2019 inflationary pressures.
- Contributing factors include price acceleration and overvaluation in several of its housing markets, minimum wage increases in its provinces (including Alberta, British Columbia and Ontario), and an unexpected drop in energy exports.

Return to North America





# Rooms with a view

Brexit and the hotel industry, mobile-first, and how a spike in air travel will fuel demand for rooms





## Passenger power

### More people flying will increase demand for rooms

An upswing in air travel throughout Asia is intrinsically linked with pressure on hotels. According to the World Economic Forum, budget airlines within the Association of Southeast Asian Nations (ASEAN) now account for more than half of total hotel room capacity, allowing many people to fly for the first time.

This trend is likely to continue, and we expect domestic tourism in key markets to continue to rise.

## Routes to rooms

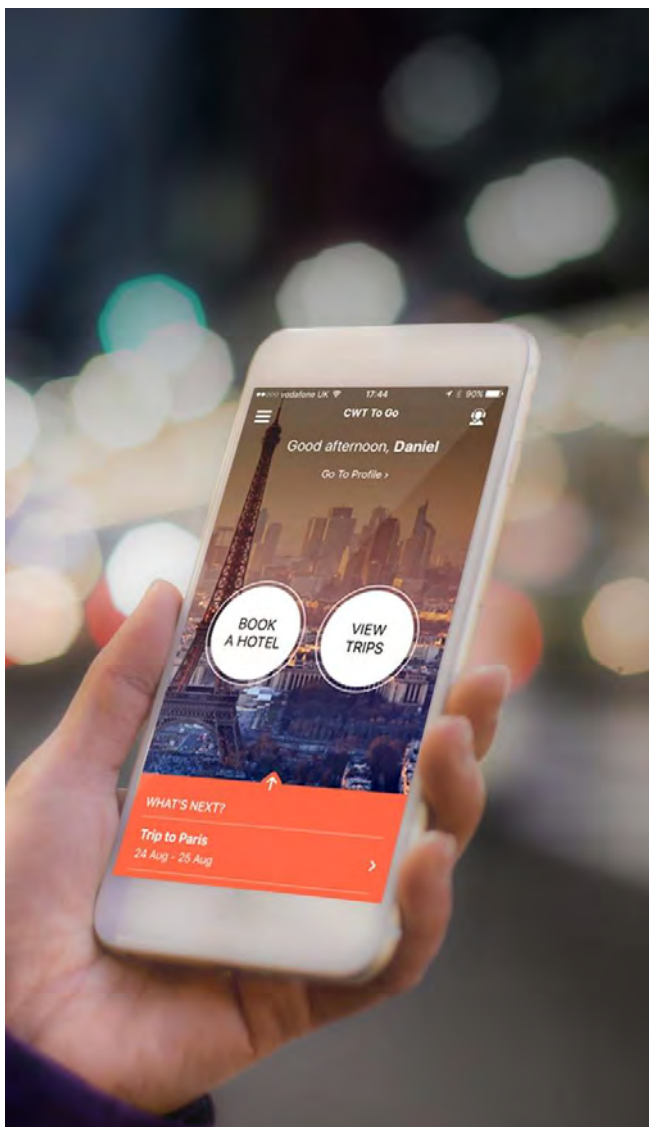
### New airline routes will impact the accommodation sector

The introduction of ultra-long haul flights will boost both leisure and business travel, and put more people into markets where there has traditionally been less demand.

For example, since Qantas' first non-stop flight from Perth to London launched in 2018, the route brought a spike in domestic traffic to Western Australia, and with it, increased accommodation demand.

Pricing will also be impacted by new routes, combined with international travel into major cities, such as Melbourne and Sydney.





## Hand-held hotels

### Asia leads the way in mobile uptake

Smartphone adoption in emerging markets such as Vietnam and Myanmar will see a sharp rise. By 2020, almost three out of four households in China, and two out of three in Vietnam, will be equipped with a mobile device, according to marketing firm Criteo.<sup>20</sup>

“

Use of mobile technology is growing faster than ever before in APAC.

”

As mobile penetration increases, travel managers must meet the growing trend towards mobile travel booking and select a travel management company (TMC) with a suitable mobile booking app. It is immensely unproductive for travelers to trawl aggregator and booking sites, looking at thousands of different accommodation options. The three hours that staff spend doing that, multiplied by their hourly rate, might completely negate whatever savings they're looking to find.

## TMC phone home

### The corporate travel industry will embrace mobile-first strategies

Gartner predicts that 85% of all customer interactions will be digitized by 2020, when hotel booking, dining reservations and adding extra facilities will all be done via smartphone.

All sectors of the travel industry are now investing heavily in mobile-friendly websites or apps to cater to their guests' needs and requirements.

Several international hotel groups have already started using third-party social media messaging platforms, while others have built apps to facilitate instant messaging, pre-check-in and check-out, preferences set-up, mobile payment, and electronic keys.

According to Sabre, 80% of travel managers say a mobile-first strategy is their top priority. Some 66% also quoted looking at alternative forms of payment technology as a high priority area for them.

## Going rogue

### More business travelers will deviate from company policy

More than 43% of corporate travelers are deviating from company travel policies ahead of their trip, and 42% are making changes while traveling, says a study by Sabre.<sup>21</sup> These figures are expected to increase.

As companies strive to find the balance between driving compliance and increasing their travelers'

satisfaction, corporations will need to actively re-craft their travel policy to accommodate greater in-policy booking autonomy.

## Boutique Britain

### A flurry of independent hotels

According to CWT Solutions Group, 71 independent boutique hotels will open throughout the UK by the end of 2019, which will increase capacity by over 6,100 bedrooms.

Though these hotels are not always suitable for business travel, in certain, smaller locations, they will provide more options for businesses. Travel buyers should take into account an increase in UK property taxes, which may cause rates to rise, in a bid by independent hotels to offset increasing expenses.



## What feature would make you most want to check-in?

- ☐ I'm all for innovation. Bring on the robot concierge.
- ☐ Service with a smile. I like old-fashioned familiarity.
- ☐ F&B me. The perfect hollandaise and I'm sold.

[See results](#)



## Will the UK be ok ... or is it anarchy in the UK?

### Brexit's impact on hospitality

Uncertainty remains high regarding Brexit negotiations between the UK and Europe. What does the future hold? This is the million pound question. Business confidence, particularly among British companies, has steadily declined.

The International Monetary Fund downgraded its outlook for UK growth for 2019,<sup>22</sup> the year of Brexit. Meanwhile, much of the rest of the G7 have been upgraded on the back of a growing global economy.

Forecasting the effect of Brexit is challenging. While no impact can yet be seen on new UK hotel openings, questions remain about its influence on the business community and the ease of travel.

### How to Brexit-proof your travel program

Stay up to speed on political and regulatory insight,



Mitigate tax risks,



Prepare for the worst and hope for the best. Act quickly now in areas where you could have difficulties once Brexit is in motion.



### How Brexit could impact the hospitality industry

The hospitality industry employs around 38% of EU nationals. A lack of workers could lead to poorer services.



Britain may be perceived as unwelcoming, negatively impacting demand.



A drop in sterling would make the UK an attractive shopping destination for global tourists.



A hike in the prices for food and drink due to appreciation will have knock on effects on hospitality.





### Where's the money moving?

#### Notable mergers and investments

Accor Hotels has acquired Switzerland-based Movenpick Hotels and Resorts.

Courtyard by Marriott is repositioning more than 1,000 properties globally.

### Race to embrace

#### Hotel chains move towards consolidation

Marriott International's 2016 merger with Starwood Hotels and Resorts has triggered mergers across the board, as brands race for rapid and significant growth by consolidation.

It remains to be seen whether merged companies use their market scale and presence to increase prices above market rates in 2019.

### Matter of scale

#### Upscale hotels compete with midscale

Historically, most business travelers have fallen firmly in the upscale market. Going forward, there will be a rise in midscale hotels on the supply side, due in part to a growing appetite for boutique accommodation among younger travelers.

New York City is a prime example. Most of the recent growth in supply has been midscale and it is forcing upscale properties to compete more aggressively on price.

“

We expect a continuation of flat-to-negative average daily rates in the upper tier, as travelers move away from standardized brick-and-mortar hotels, towards a more Instagram-worthy experience.

”

## Price is right

### Dynamic pricing will grow in popularity

Due to high demand for rooms across APAC, the popularity of dynamic pricing will increase. Unlike static pricing, rooms are priced differently at different times, and are managed using an automated revenue management system, and offering clients a percentage of the best available rate.

As customers look to drive more efficiency in the hotel sourcing process, multi-year agreements will gain traction, thus reducing the number of negotiations required each year.

There is a place for dynamic rates in cities and properties that have a high enough level of room nights to potentially warrant a negotiated rate, but not so high that the fixed-rate discount would be well above what is offered through a dynamic rate. This has generally been around 75-200 room nights at a given property.

## Face time

### Technological advances will accelerate

The user experience of corporate travel is changing. Some hotels are testing robots, while others are using beacon technology to personalize the guest experience. Several are automating the check-in process, while more are introducing an interactive key that allows guests to open their door using their mobile phone.

The user experience is changing and soon, the removal of direct human contact could be the next evolution, making it easier for people to get to their rooms without having to wait at reception.

“  
Using data to personalize,  
communicate and make detailed  
recommendations to travelers will be  
critical for competitive advantage.

”







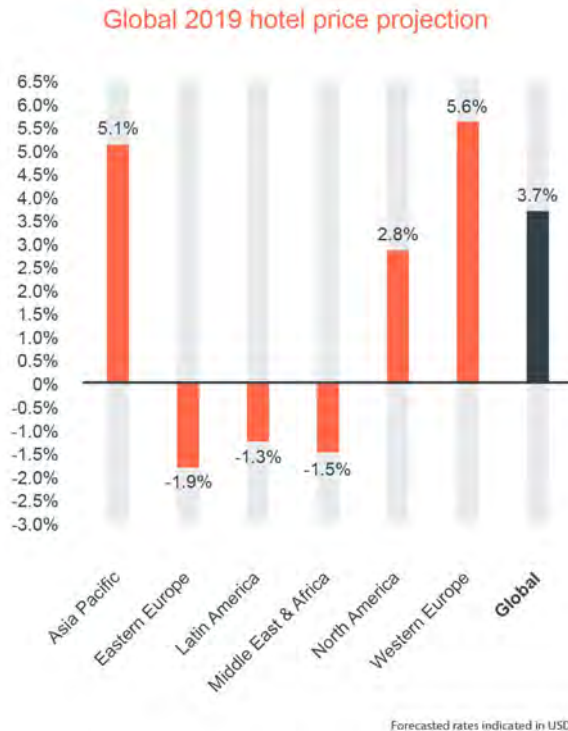
## Circling the globe

Key developments in hotels, around  
the world

# Circling the globe

A round up of the latest developments in the hospitality industry

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[Latin America](#)

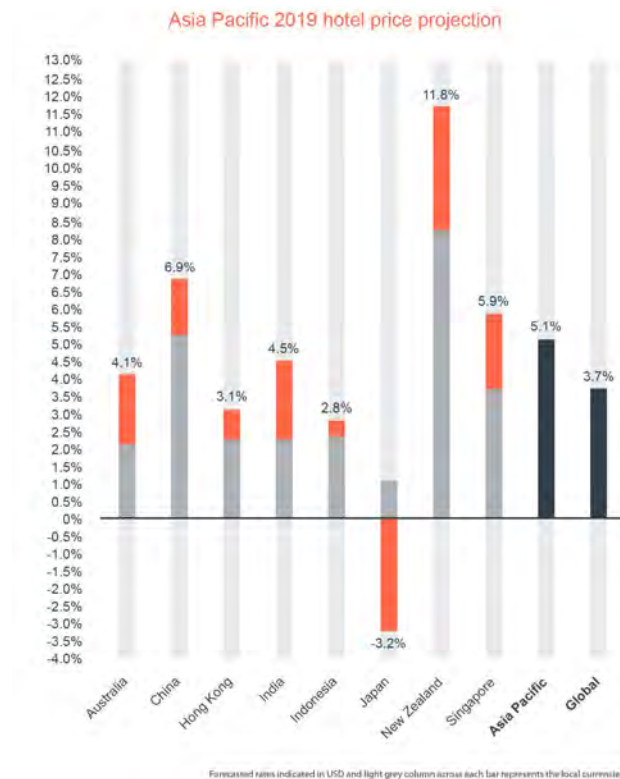
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[North America](#)

# Asia Pacific

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# Australia

- International tourist arrivals has outpaced global economic growth over the past three years.
- According to the Deloitte Tourism and Hotel Market Outlook, Australia will see a significant number of new properties completed in the coming years which will have a strong impact on the market. The majority of this supply is concentrated in capital cities, with Melbourne having over 50 active projects alone.
- 2019 and 2020 are expected to bring the largest number of new rooms becoming available, with an increase of 3.4% of total supply each year.

[Return to Asia Pacific](#)



# Indonesia

- Swiss-Belhotel International is embarking on an expansion of its budget brand, Zest Hotels, with plans to triple its portfolio of properties in Indonesia within three years. At present, seven Zest Hotels are operating in the country, located in Jakarta, Surabaya, Yogyakarta, Bandung, Batam, Bogor and Bali.

Return to Asia Pacific





# Singapore

- Smart hotels are on the rise following the recent initiatives by the Singapore Tourism Board, with hotels in the city increasingly adopting new solutions ranging from service delivery automation, to integrated mobile applications, and virtual concierges.
- With the revamping of Bayview Hotel into 30 Bencoolen, the hotel's 131 guest rooms are now fitted with smart room control units that allow the operations team to monitor room status, and be alerted by faults in real time.

[Return to Asia Pacific](#)





# Thailand

- US hotel giant Hilton sees robust growth in Southeast Asia as it seeks to scale up its presence in the region, buoyed by booming global tourism demand, and high visitor and business inflows.
- Optimism is running especially high for Thailand, according to Paul Hutton, VP Operations, Southeast Asia, Hilton, as the country is now enjoying a stable resurgence, following a period of political tumult several years prior.

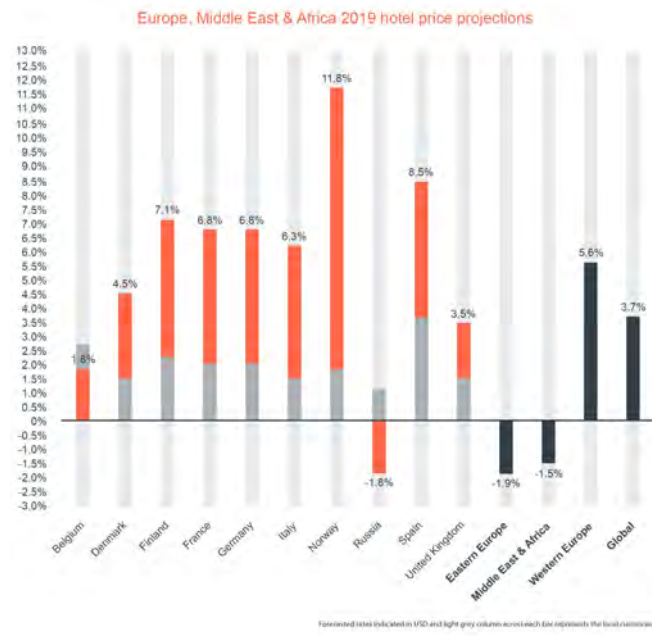
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# Europe, Middle East & Africa

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[UAE](#)

[France](#)

[Tunisia](#)

# Spain

- The UN World Tourism Organization predicts that Spain will replace the US as the world's second most popular destination, following recovery from the Catalonia unrest in early 2018.

Return to Europe, Middle East & Africa





# France and Belgium

- France and Belgium are both recovering from terror attacks, with a jump in arrivals.
- New luxury openings in Paris will impact average paid rate.

Return to Europe, Middle East & Africa



# UAE

- The supply growth impact is more substantial in Dubai ahead of Expo 2020.
- Abu Dhabi is looking to diversify away from its oil dependence and focus on developing its tourism sector.

Return to Europe, Middle East & Africa





# Tunisia

- North Africa experienced the strongest international tourist arrivals in 2017, compared to previous years.
- North African growth was mostly attributed to Tunisia, which recovered after the 2015 terror attacks.

Return to Europe, Middle East & Africa





# Latin America

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**Brazil**



**Colombia**

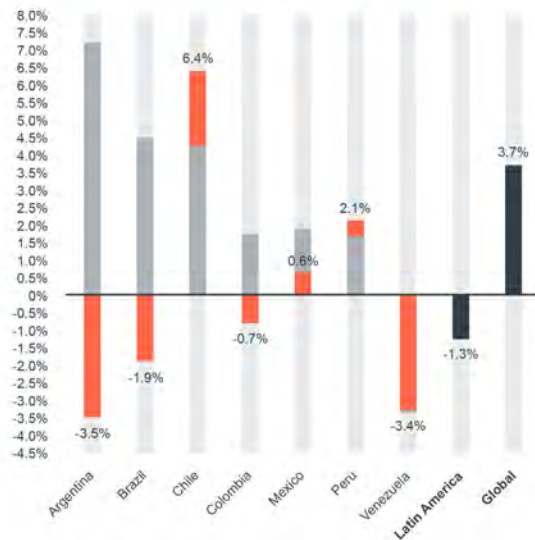


**Chile**



**Peru**

Latin America 2019 hotel price projections



Forecasted rates indicated in USD and light grey column across each bar represents the local currencies.

# Brazil

- Brazil posted a 10.2% year-over-year increase in occupancy to 54.2%.
- Occupancy, couple with a 1.4% increase in average daily rate (ADR) to BRL298.44, resulted in 11.7% growth in revenue per available room (RevPAR) to BRL161.64

[Return to Latin America](#)





# Chile

- Conditions are improving in Chile, with industrial production growth considerably higher in the first quarter of 2018 than the year before. Retail sales growth have likewise increased. Despite this, Chile reported its lowest RevPAR (Revenue per Available Room) since 2010, in the first quarter of 2018.
- The Group Atton Hoteles acquisition by Accor Hotels is expected to influence hotel rates in the country.

[Return to Latin America](#)





# Colombia

- Colombia's economy is benefiting from rising oil prices. Its hotel industry has registered high occupancy at the beginning of the year.
- We expect to see some increase in hotel rates, along with air fares, in 2019.

[Return to Latin America](#)



# Peru

- A recovery is also underway in Peru, supported by rising copper prices, fewer disruptions in the mining industry, and large infrastructure projects.
- Hotel room rates have seen an uptick as a result.

[Return to Latin America](#)



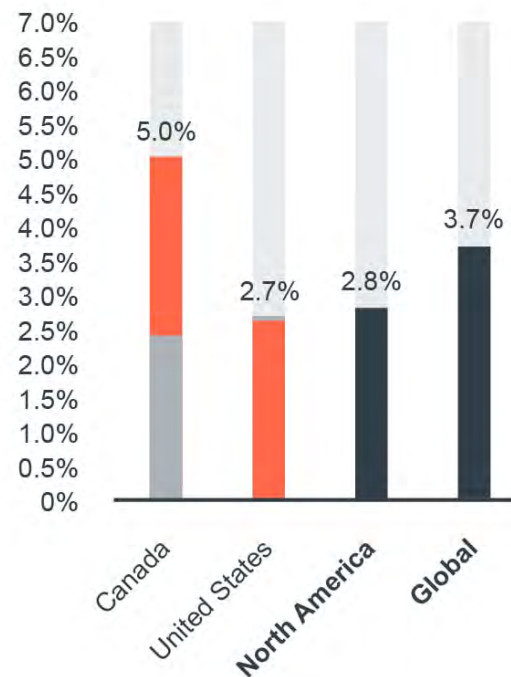


# North America - United States

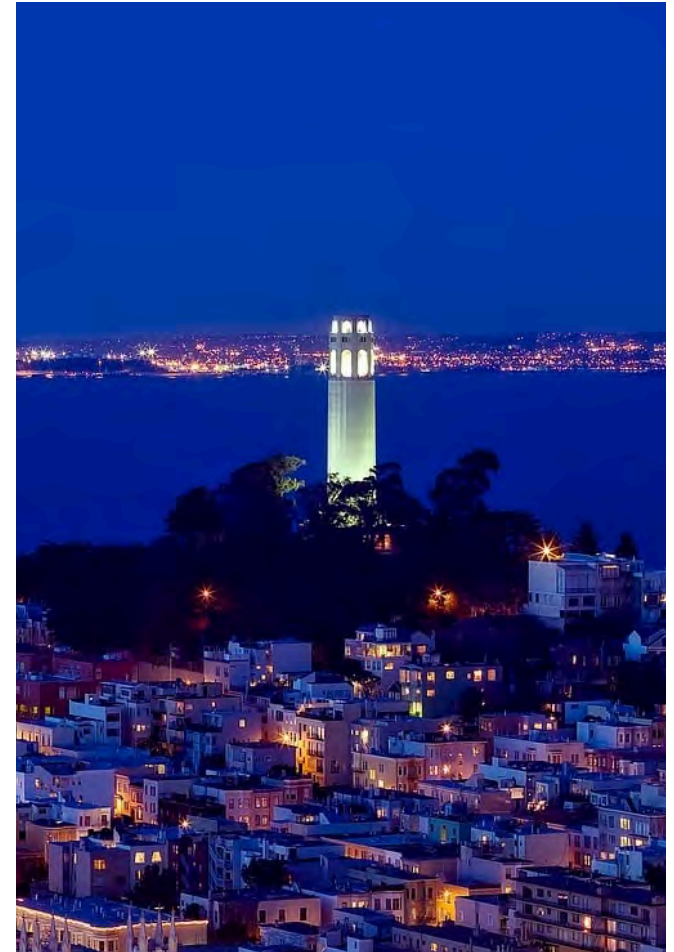
- Wyndham Hotels bought LaQuinta. The chain will have more than 9,000 hotels under 20 brands.
- Hyatt sold the 301-room Andaz Maui at Wailea Resort, the 668-room Grand Hyatt San Francisco, and the 454-room Hyatt Regency Coconut Point Resort and Spa to Host Hotels & Resorts.

[Return home](#)

North America 2019  
hotel price projections



Forecasted rates indicated in USD and light grey column across each bar represents the local currencies.





# The road ahead

Ride-hailing regulation, connected cars and why car rental firms will up their prices





## Rent rise

Why rental companies will up prices

“

In the American car rental market — in which three players share 90% — suppliers are set to buck the trend for low pricing, upping rates for corporates in 2019.

”

The rental car industry has hit a brick wall, fleet costs are inching up and residuals on used cars are going down. And maintenance costs are on the rise. Companies can no longer hold prices down without hurting service.

By the fourth quarter of 2019, we'll see a concerted effort by rental companies to raise prices. In North America, the projected increase for corporates is 1%.

## No fleet of foot

### Apps join forces with car rental companies

Selfies, emojis and ironic beards – like it or loathe it, some things are here to stay. Among them: a growing preference among travelers for ride-hailing apps.

Rather than go head-to-head for a share of the market, car rental firms will continue to team up with ride-hailing companies, to make use of their excess fleet.

The companies rent older model cars to ride-hailing drivers on a daily, weekly and sometimes monthly basis — at 30- 40% below normal rates.

Since Lyft and Hertz launched the Express Drive program in the US in 2016, Lyft's drivers have earned more than \$450 million.

As it's the utilization of fleet that drives profitability, this trend will probably continue. And in an additional move towards partnerships, tech companies will look to rental car companies to manage their fleet.

## Out of the ordinance

### Ride hailing apps will work with regulators

From physical attacks on smartphone-enabled drivers by local motorbike taxi drivers in Bali, to London's black cab protests against Transport for London and Uber, disruptors in 2018 did exactly that.

The result in some cities, such as London, has seen firms like Uber play by the rules more enthusiastically.

At some airports, regulation has reached a comical crescendo. At San Francisco International Airport, it's illegal for Uber and Lyft drivers to pick up passengers at arrivals. Congestion has become so bad that a sign was erected to direct drop-offs to arrivals, "So now departures go to arrivals & arrivals go to departures because tech fixes everything," writer Brian Janosch tweeted.

The inevitable backlash of recent months is likely to lead to acquiescence by tech firms, globally.

## What technology could have the greatest impact?

- AI Interfaces: AI as virtual personal assistant, responding to voice commands and guiding drivers together with SatNav.
- Automotive telematics driver behavior determines insurance premiums by analyzing how — and how much — people drive.
- V2V technology: Vehicle to vehicle technology allows cars to "talk to each other" by sharing data on speed and road conditions, helping to avoid accidents and reduce traffic.

[See results](#)





### All aboard?

#### High-speed networks meet high costs and low-tech distribution system

The promise of high-speed rail for business travel appears to remain just that — with runaway costs putting a break on its wider and speedier adoption in Europe and Asia.

A scathing report released in June by the European Court of Auditors showed that the EU's high-speed rail network is not in fact operating at high speed, with the average speed amounting to only 45% of maximum capacity. The report described the US\$27.6 billion investment as an "ineffective patchwork of national networks",<sup>23</sup> and casts doubts on whether the 19 thousand-mile high-speed rail track will be completed by its target date of 2030.

In Asia, steep costs have led Malaysia to scrap the planned Kuala Lumpur-Singapore high-speed rail project.<sup>24</sup> Neighboring Indonesia, however, remains undaunted, and is going full-speed ahead with building Southeast Asia's first high-speed railway, in partnership with China Railway Corp.<sup>25</sup>



China has taken on high-speed rail construction with the same velocity, building nearly 14,000 miles of track in the country over the past decade, more than the rest of the world combined, at a cost of US\$360 billion.<sup>26</sup> China hopes to increase opportunities for business travelers not just to China's core cities, but to several second tier ones as well. A highly-anticipated high-speed rail link connecting Hong Kong with the mainland is set to open this year.

High-speed rail projects also continue to face challenges when it comes to the industry's limited online offering and fragmented content. A few companies, including Trainline International, are pushing for closer collaboration between travel technology and rail companies. Such an alliance

would target improved customer experience by easing the process of accessing and booking tickets, and implementing standardized international rail data.

“As long as rail lags behind air in booking capabilities, it will largely remain an afterthought for travel managers considering incorporating rail into their booking system, especially as competition from low-cost carriers is eroding rail's price advantage.”

### How often do you use or book rail for business travel?

- ☐ Never
- ☐ Very seldom
- ☐ Regularly
- ☐ Quite often
- ☐ Rail is the only way to go

See results





## Mobile mobility

### Connected cars will be the norm

Talk about a future in which driverless cars roam city streets may punctuate dinner party conversations. However, while companies like Google and Uber are racing to make safe autonomous vehicles the norm, the immediate future will bring more on-demand, shared, electric, and connected cars.

Digital evolutions happen exponentially. Avis has the largest connected car fleet in the world. The

company is aiming for a fully connected fleet by 2020, and some experts predict that 90% of all new cars will be connected to the internet by the same year.

### What is a connected car?

Put simply, mobile technology controls key functions remotely via a smartphone, tablet or computer. Connected car technology has the potential to change the entire automotive industry.

## Remote rides

What are the possibilities of connected car technology?

1. Keyless entry.
2. Start your car in advance, turn on the air conditioning, or defrost the windscreen.
3. Convert your car into a mobile 4G hotspot, for fast and reliable internet access.
4. Program your in-car navigation system, remotely.
5. Get information on fuel consumption, average speed, traffic conditions and distance.
6. Automatically alert emergency services after an accident, using GPS to locate your vehicle and send help, without the need to make a call.
7. Locate parking spaces.





## Circling the globe

Key developments in ground  
transportation, around the world

# Circling the globe

*A round-up of the latest developments in ground transportation*

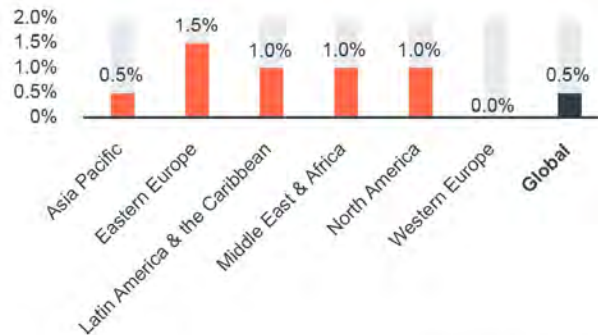
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**Asia-Pacific**

**North &  
South America**

**Europe,  
Middle East  
& Africa**

Global 2019 ground transportation price projections



Forecasted rates indicated in USD

# Asia Pacific

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Asia Pacific 2019 ground transportation price projections



Forecasted rates indicated in USD and light grey column across each bar represents the local currencies.

[China](#)

[Indonesia](#)

[Singapore](#)



# China

- Dominant ride-hailing giant Didi Chuxing is making big bets on autonomous driving. It announced in 2018 that it was helping to design cars with Beijing automaker BAIC.

Return to Asia Pacific



# Singapore

- Uber announced the sale of its Southeast Asian business to Grab in 2018, buying up Uber's ride-sharing business in eight countries.
- TechCrunch reports that Uber will get a 27.5% stake in Singapore-based Grab.

Return to Asia Pacific



# Indonesia

- In May 2018, ride-hailing and local services company, Go-Jek, announced a \$500 million investment to expand from Indonesia to Vietnam, Thailand, Philippines and Singapore. CNBC reported that the company received fresh funds of \$1.5 billion in 2018.

Return to Asia Pacific

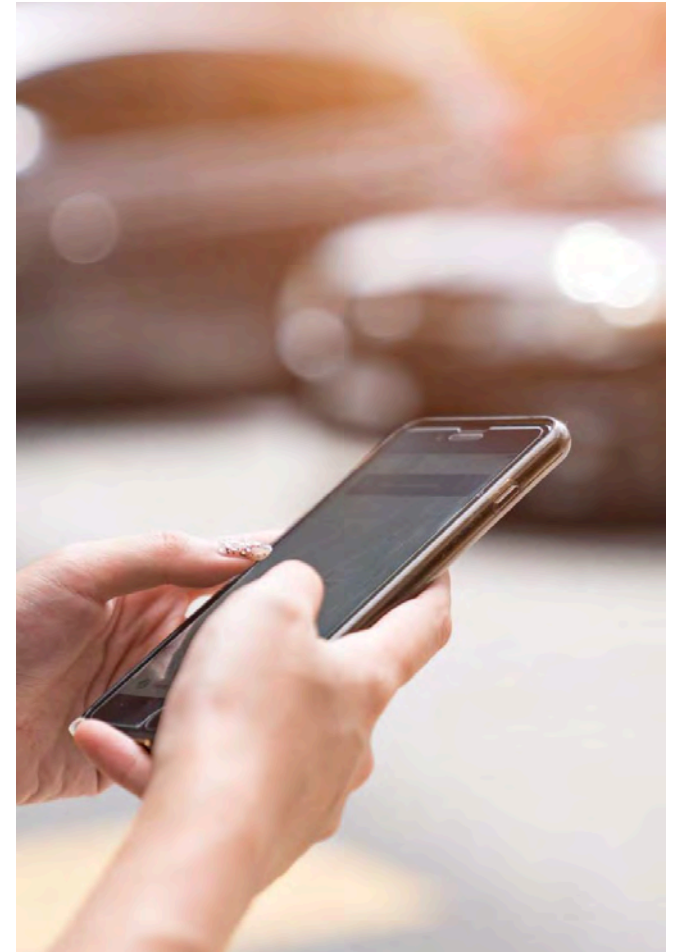
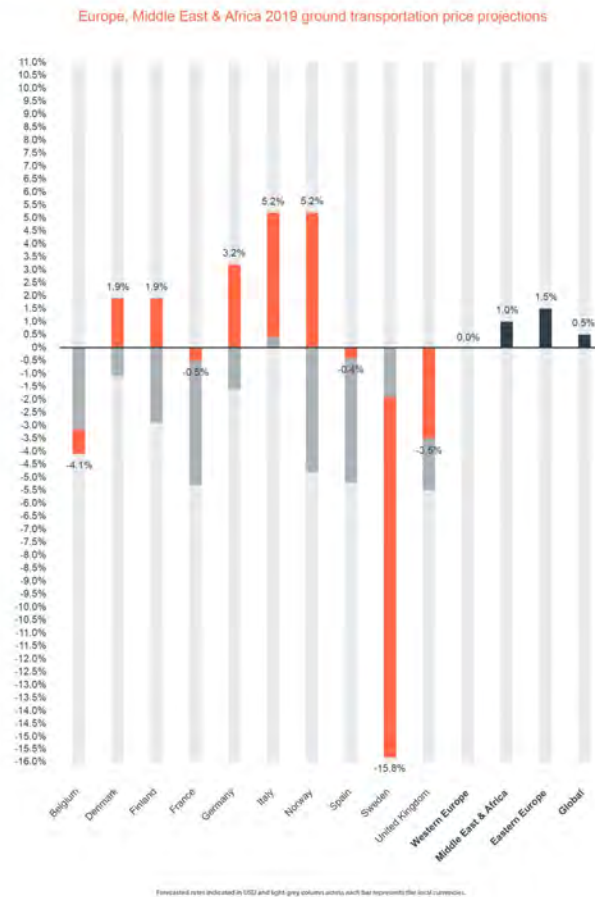




# Europe, Middle East & Africa - UK

- Uber's license wasn't renewed by Transport for London (TfL) in 2017, making international headlines. In June 2018, Uber was finally awarded a short-term license to operate in London, though it has been put on probation for 15 months, with TfL closely monitoring its every move, according to the BBC.
- Other European cities may soon follow London's example of making Uber adhere closer to local regulations.

[Return home](#)





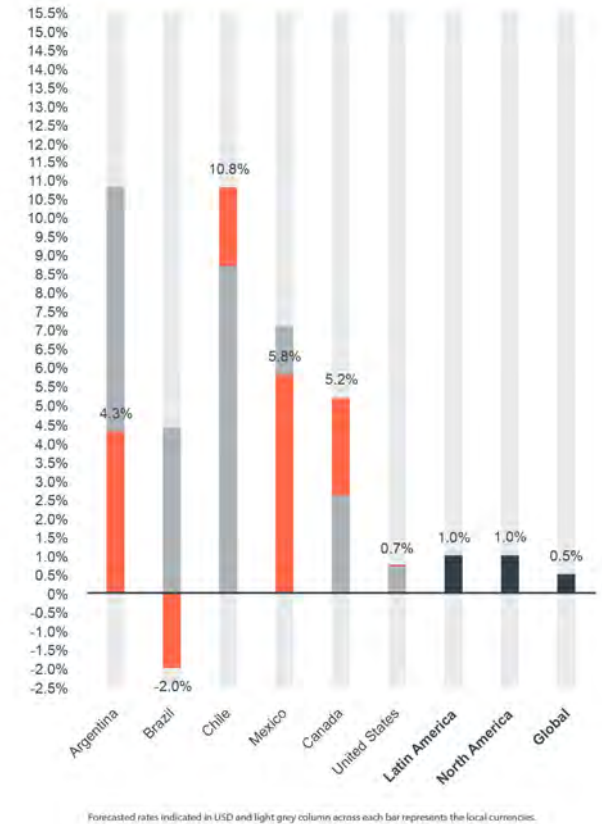
## Latin America - Brazil

- Hertz entered into a long-term strategic partnership agreement with Localiza, South America's largest rental car company and the market leader in Brazil, in 2017.

## North America - United States

- The Audi-owned, app-based car rental service, Silvercar, continues its aggressive expansion. The company offers mobile-first car rental without the lines and paperwork.

Americas 2019 ground transportation price projections



[Return home](#)



## Technology

The future of corporate travel gets personal with AI, machine learning and predictive analytics



# The data currency

The future success of the corporate travel industry is tied to technology, and data will play an increasing role. The race is on to figure out how to use data in two critical, business-transforming ways — to drive performance and for monetization.

## Have data, must travel: Building the business case for corporate travel

### From business cost to revenue generation

The volume, breadth and depth of data in the corporate travel industry is immense, with information on almost any industry around the world. We know about the frequency, category, and class of travel, the type of traveler, and their destination. There is enough data to merit its own business sentiment or economic performance indicator.

“

Data is increasingly changing the equation for how business travel is calculated—and with it, the perception from one of cost to one of investment.

”

By pulling in travel data, including credit card, travel and expense, and combining it with HR data and other information in the context of operations and revenue streams, organizations are able to accurately correlate travel with revenue

generation. This enables companies to have visibility on the return on investments and show how much value a specific traveler is generating for the company.

## Time is money

### Technology is making travelers more productive on the road

Today's digital tools and technology allow employees to be more productive while on the road.

Whether through effective trip disruption management, navigation tools, or apps that ease the process of a check-in, anything that reduces the time employees are not working is money well-spent.

The time cost and the total cost of travel are typically thought to be at par with each other. Giving employees the digital tools and providing them with data to become more effective while working on the road dramatically shifts the travel conversation from one of cost to one of performance.

## Amazon is coming for business travel

Not Amazon the company, but Amazon the business proposition.

Amazon's founder, Jeff Bezos, once described artificial intelligence as a big trend that's "strangely hard for large organizations to embrace". Companies that comprise the corporate travel industry may be slightly late to the party, but they have arrived, and the party is in full swing.

The industry is using its wealth of data, powered by artificial intelligence and machine learning, for personalization and automation. Fare tracking, fare forecasting, and the use of chat bots to book flights and hotels are increasingly the norm. Personalizing travel is no longer just about upgrades and ancillary services. Algorithms are being built to fully understand traveler preferences and behavior, and to extract more revenue by offering relevant products and services in real time.

The next step in monetizing data? Packaging and selling it to an audience willing to buy.

## Glossary of buzzwords

## AI & machine learning:

### What it is:

Data, analytics, pattern-recognition, and the ability to learn (or progressively improve performance) without being programmed.

### What it means for corporate travel:

Brings personalization to the next level. By recognizing travel preferences and behavior, we can know what travelers want before they even make a booking.

## Biometrics

### What it is:

A form of authentication using physical and behavioral characteristics.

### What it means for corporate travel:

Travelers can wave their hands on a surface or look through a camera and be waved through security.

## Blockchain

### What it is:

A transparent, permanent and decentralized digital ledger secured through cryptography.

### What it means for corporate travel:

Traveler data can be tracked securely, at every stage of the journey. Can also be utilized for baggage tracking, cross-border payments, and passenger identification.



## Giving power back to the people

### Privacy in the age of data

It's short of a revolution, but does go some way in enhancing people's right to protect their information.

Before the party gets totally out of control, the European Union (EU) this year introduced the General Data Protection Regulation (GDPR) for companies in, or doing business with, the EU. GDPR protects the use of personal data and requires consent from individuals for the use of their information.

For many in the travel industry who are already compliant with existing data protection regimes, this merely serves as a reinforcement for what should already be common policy, and which many believe, will eventually become a global standard. For individuals, it may lead to a new level of appreciation of the value in their data, and how they want them used — and for how much.





## Upstart startups

### Tech innovations shaking up the corporate travel industry

As the corporate travel industry scales up digital investments, including mobile, data and automation, the number of VC-funded startups have mushroomed in parallel, increasingly training their collective brain power on disrupting a traditionally conservative industry.

Trip disruption management, navigation tools, flight efficiency platforms, price forecasting, price comparisons, and sophisticated chat bots are just a few of the digital tools that are making the market more efficient, dynamic and competitive.

Whether it's cost-cutting or revenue-enhancing, the onslaught of innovation will continue. The business case is simple. The technology is there and getting better, and the economics will drive its adoption. It's changing the corporate travel ecosystem, and companies can choose to adopt, acquire or develop. But choose they must.

### Corporate travel apps: Tech innovation at your fingertips



Bypass the line at reception with mobile check-in and check-out, automated invoice retrieval, and expense integration. Also lets you use your smartphone to open the door to your hotel room.



Powered by AI, FLYR can predict the price of airfare (and seat availability) based on current industry data combined with past prices and fluctuations. Travel managers optimize the time to book —and save money.



Combines crowdsourcing, big data and statistical modelling to deliver a customized assessment of risks right down to the neighborhood and street-level anywhere in the world in real time.



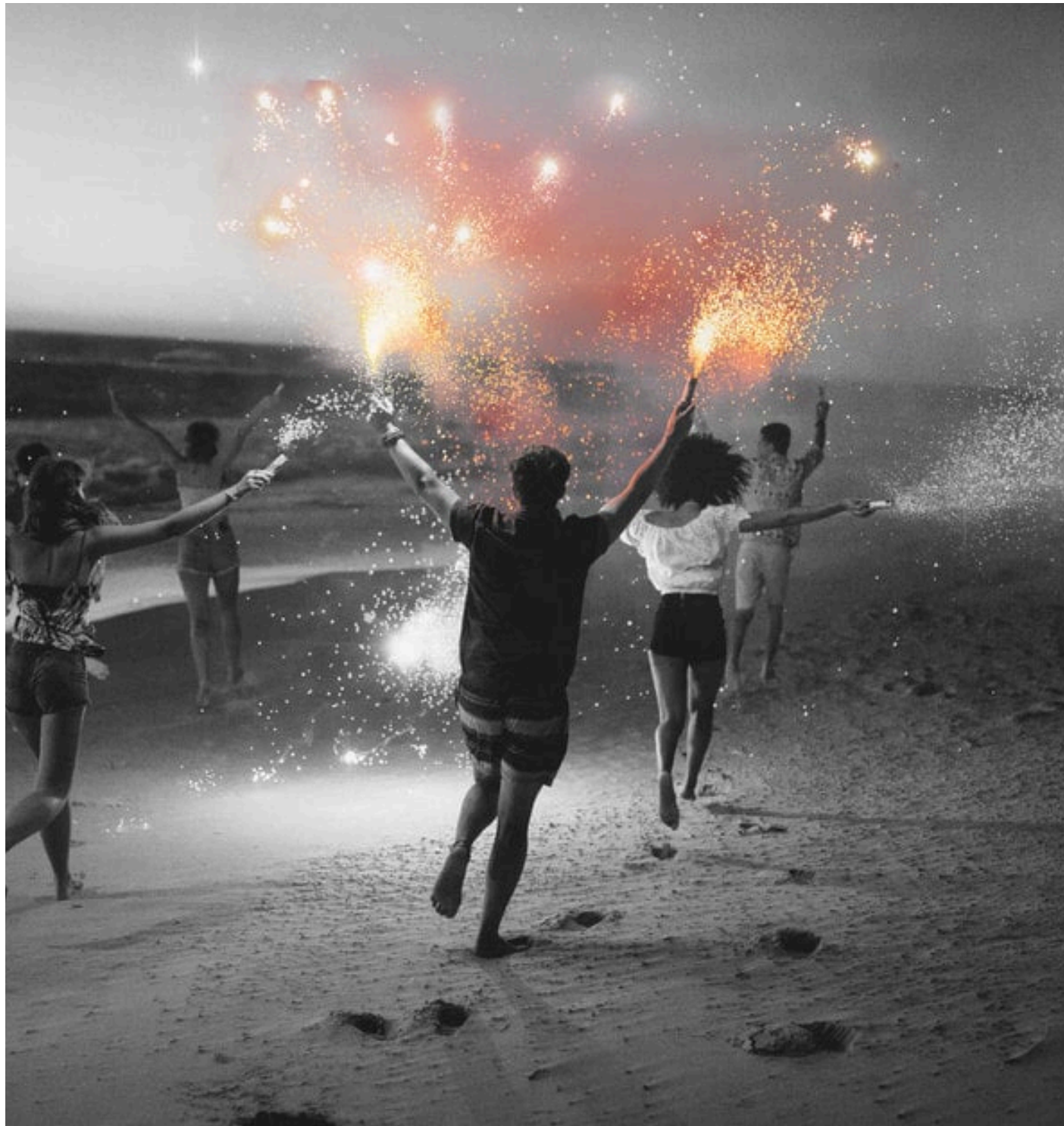
Price tracking for rails. Gives rail passengers a chance to rebook a seat if the price they originally paid drops. Uses multiple payment options, including bitcoins.



Automatically files compensation claims with airlines for delayed or canceled flights. Compensation typically comes in the form of travel credits or loyalty points

# Top tips for travel buyers

Key recommendations



# Air

Top tips for travel buyers from Christophe Renard, Vice President, Solutions Group, Carlson Wagonlit Travel

## 1. Consolidate

Consolidate your expense data to get visibility on ancillary spend as unbundled fares and low-cost models are the new industry trends.

## 2. Control

Control fare distribution as distribution channels are more and more fragmented and new pricing concepts (branded fares) are not always well displayed.

## 3. Anticipate

Anticipate marginal increases in 2019 based on a high level of volatility due to fuel prices, labor contract negotiations, continued move towards fare fragmentation, and rising ancillary fee revenues, among others.

## 4. Monitor

Travel managers will want to manage programs closely and monitor changes frequently based on potential swings in pricing.

## 5. Negotiate

Negotiate new fares by anticipating price increase based on market price forecast and any changes in the competitive landscape from mergers and acquisition, new long haul low-cost competition, and other airline strategies to increase yield.



**Christophe Renard**  
Vice President, Solutions Group, CWT



# Hotels

Top tips for travel buyers from Scott Brennan, Chief Growth Officer and Founder, RoomIt by CWT

## 1. Integrate aggregator content

Travelers should use technology offered by their travel management companies (TMC) that integrates content on their behalf. Save time and effort compared to manually searching on an aggregator site such as Booking.com. If it's not offered by your TMC, ask why.

## 2. Mix rates

Optimize your hotel program by focusing your time and effort on key properties while ensuring an adequate mix of rates. Combine fixed rates such as Last Room Availability (LRA) and Non Last Room Availability (NLRA) with chain-wide discounts and dynamic pricing.

## 3. Automatically save

Cut 1-2% off your hotel program costs each year without lifting a finger through TMC-integrated rate tracking tools.

## 4. Safety first

Security standards should be a top priority for travel managers. Put in place proper contingency plans with key partners to localize, alert and communicate with travelers.

## 5. Reward good behavior

Business travelers love their hotel loyalty points and you should too. Allowing travelers to earn points and bonus incentives keeps travelers booking in-program, improving safety and savings.



**Scott Brennan**  
Chief Growth Officer  
and Founder, RoomIt by CWT

# Ground

Top tips for travel buyers from Jessica Collison, Director, Research, GBTA

## 1. Become a master negotiator

There will be an increased effort to raise rates within the car rental industry. Knowing your current patterns, how your costs are distributed, and insight into the global marketplace, will help you leverage your position.

## 2. Demand full data

Ask your car rental suppliers to provide data from your travelers' bookings to understand how much your organization is paying in ancillary fees. This enables you to conduct informed negotiations on items that represent the greatest expense.

## 3. More than just rates

Total cost of rental: having a full understanding of how your total costs are distributed will help you focus on more than just rate.

## 4. Optimal options

Look for alternative options to reduce costs and enhance customer experience. For any given transaction, an on-demand, chauffeured service or taxi may be the most economical choice.

## 5. Keep your eye on overcharges

Look out for charges that are already included in your contract, such as damage to vehicles your employees did not incur, incorrect refueling, and GPS charges. All of these items can increase your costs.



**Jessica Collison**  
Director, Research, GBTA



# Appendix 1

## Methodology



# Methodology

The projections in the 2019 Global Travel Forecast are based on:

- A statistical model, developed by GBTA with market and economic research firm, Rockport Analytics, that evaluates historical price behavior and forecasts future price references.
- The market-specific expertise and travel industry knowledge of CWT and CWT Solutions Group personnel worldwide.
- Information sourced from Moody's Analytics, the International Monetary Fund Research Department, the United Nations and other leading organizations.

Projections are based on transaction data from CWT's global client portfolio, including clients' travel footprints and patterns, over the past nine years. Key macroeconomic and per-country indicators, such as current and expected GDP growth, the consumer price index, unemployment rates and crude oil prices, were used in the statistical model, as well as key supply-side drivers sourced from OAG and STR Global. All air statistics represent point of origin and include all trip types (long and short haul/domestic, continental and intercontinental).



## About Carlson Wagonlit Travel

Companies and governments rely on us to keep their people connected. We provide their travelers with a consumer-grade travel experience, combining innovative technology with our vast experience. Every day, we look after enough travelers to fill more than 260 Boeing 787s and 100,000 hotel rooms - and handle 105 events. We operate in around 150 countries, and in 2017 posted a total transaction volume of more than US\$ 23 billion.

Please follow us on [Twitter](#), [Facebook](#) and [LinkedIn](#).



### About GBTA

The Global Business Travel Association (GBTA) is the world's premier business travel and meetings trade organization headquartered in the Washington, DC area. GBTA's 9,000-plus members manage over \$345 billion of global business travel and meetings expenditures annually. GBTA delivers world-class education, events, research, advocacy and media to a growing global network of more than 28,000 travel professionals and 125,000 active contacts. To learn how business travel drives lasting business growth, visit [gbta.org](http://gbta.org).



### About the Carlson Family Foundation

This forecast is made possible by the Carlson Family Foundation. Established in 1950, by its founder, Curtis L. Carlson, the Carlson Family Foundation represents the commitment of the Carlson family to give charitably to humanitarian and community affairs. Through investments in education, mentoring, children and youth at risk, youth mentoring, anti-trafficking initiatives, and workforce development programs, the Carlson Family Foundation actively participates in creating strong and healthy communities, and a competitive workforce.

# Appendix 2

Foreign exchange forecast





## 2019 foreign exchange forecast by country year-over-year growth vs United States Dollar

-8.1% and lower		-6.1% to -8%		-4.1 % to -6%		-2.1% to -4%		-0.1% to -2%		0% USD		0.1% to 2%		2.1% to 4%		4.1% to 6%		6.1% and higher	
-9.2%	Qatar	-6.4%	Brazil	-4.2%	South Africa	-2.5%	Egypt	-0.8%	Lebanon	0%	Kuwait	0.3%	Kenya	2.1%	Chile	4.1%	Thailand	10.0%	Norway
-10.7%	Argentina	-7.8%	Turkey	-4.3%	Japan	-2.5%	Colombia	-0.9%	Belgium	0%	Puerto Rico	0.4%	Indonesia	2.1%	Taiwan	4.3%	Malaysia		
-13.9%	Sweden			-4.8%	Azerbaijan	-2.7%	Algeria	-1.3%	Mexico	0%	United States	0.4%	Peru	2.2%	India	4.6%	Serbia		
-43.6%	Nigeria			-5.2%	Costa Rica	-2.9%	Russia	0%	Venezuela	0.8%	Hong Kong	2.2%	Singapore	4.8%	Estonia				
				-5.2%	Poland	1.1%	Saudi Arabia			2.3%	Morocco	4.8%	Ireland						
				-5.3%	Ukraine	1.1%	United Arab Emirates			2.4%	Romania	4.8%	Portugal						
				-6.0%	Hungary	1.2%	Bahrain			2.4%	Israel	4.8%	Finland						
				1.3%	Vietnam	2.6%	Canada			4.8%	France								
		1.6%	China	3.0%	Denmark	4.8%	Germany												
1.9%	Australia	3.3%	Croatia	4.8%	Greece														
1.9%	South Korea	3.5%	New Zealand	4.8%	Italy														
2.0%	United Kingdom	3.8%	Switzerland	4.8%	Lithuania														
		3.9%	Philippines	4.8%	Luxembourg														
		4.8%	Netherlands																
		4.8%	Spain																
		5.3%	Bulgaria																
6.0%	Latvia																		

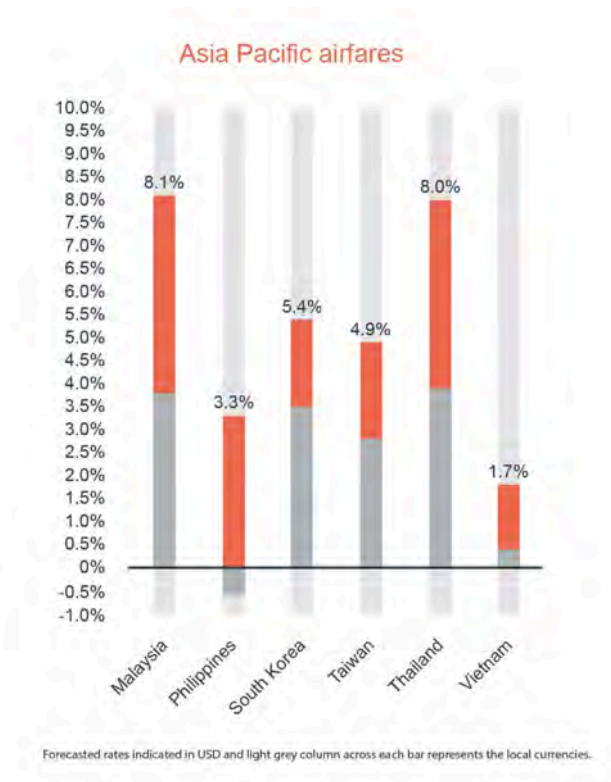


## Appendix 3

Additional travel price data  
and footnotes

# Additional travel price data

## Asia Pacific airfares



## Key market by class of service

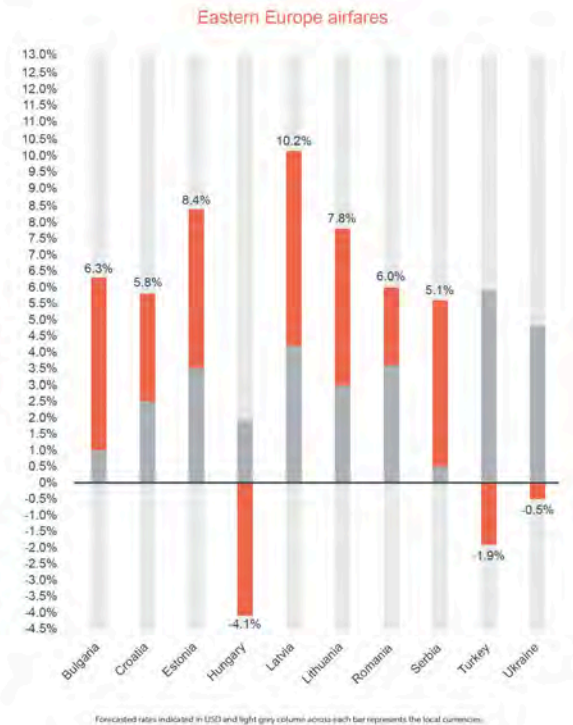
Market	Business			Economy			Total air
	Continental	Domestic	Intercontinental	Continental	Domestic	Intercontinental	
Australia	2.6%	3.3%	2.0%	2.5%	1.7%	2.4%	2.2%
China	3.4%	5.3%	4.1%	3.0%	5.4%	4.8%	3.9%
Hong Kong	2.5%	N/A	4.3%	4.5%	N/A	2.4%	3.6%
India	6.2%	6.4%	7.3%	6.7%	8.0%	9.1%	7.3%
Japan	-3.5%	N/A	-4.0%	-4.2%	-3.1%	-4.2%	-3.9%
Singapore	4.5%	N/A	4.0%	4.9%	N/A	5.5%	4.4%
Asia Pacific	2.6%	4.5%	3.1%	2.3%	4.2%	3.7%	3.2%

Forecasted rates indicated in USD.



# Additional travel price data

## Europe, Middle East & Africa airfares



## Key market by class of service

Market	Business			Economy			Total air
	Continental	Domestic	Intercontinental	Continental	Domestic	Intercontinental	
Belgium	0.9%	N/A	1.6%	1.4%	N/A	2.2%	1.5%
Denmark	5.1%	6.3%	5.7%	4.5%	5.3%	5.2%	5.1%
France	6.2%	N/A	6.7%	6.5%	6.4%	7.3%	6.9%
Germany	6.7%	6.8%	7.2%	7.5%	6.9%	9.0%	7.3%
Italy	4.9%	N/A	5.9%	5.1%	5.6%	5.3%	5.5%
Netherlands	6.5%	N/A	6.7%	5.9%	N/A	5.3%	6.4%
Spain	5.4%	6.9%	5.9%	5.6%	6.6%	7.9%	6.7%
Sweden	-13.8%	-12.8%	-14.2%	-14.7%	-14.5%	-12.3%	-13.9%
Switzerland	5.6%	5.1%	4.2%	3.8%	6.2%	4.5%	4.9%
United Kingdom	1.6%	1.4%	2.1%	3.1%	3.2%	3.3%	5.5%
<b>Western Europe</b>	<b>4.2%</b>	<b>4.4%</b>	<b>4.7%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>5.5%</b>	<b>4.8%</b>
Russia	-0.8%	-0.5%	-0.1%	-0.9%	-0.7%	-0.3%	-0.7%
<b>Eastern Europe</b>	<b>-2.5%</b>	<b>-1.7%</b>	<b>-2.0%</b>	<b>-2.2%</b>	<b>-2.8%</b>	<b>-2.6%</b>	<b>-2.3%</b>
Saudi Arabia	N/A	-1.1%	-0.9%	-1.2%	1.9%	2.5%	0.5%
<b>Middle East &amp; Africa</b>	<b>-3.1%</b>	<b>-2.6%</b>	<b>-2.8%</b>	<b>-2.5%</b>	<b>-1.3%</b>	<b>-0.9%</b>	<b>-2.0%</b>

Forecasted rates indicated in USD.

# Additional travel price data

## Latin America airfares

Latin America airfares



Forecasted rates indicated in USD and light grey column across each bar represents the local currencies.

Key market by class of service

Market	Business			Economy			Total air
	Continental	Domestic	Intercontinental	Continental	Domestic	Intercontinental	
Argentina	-0.9%	N/A	-1.9%	-2.9%	-1.1%	-2.5%	-1.5%
Brazil	-2.9%	-4.9%	-2.0%	-3.7%	-3.3%	-4.8%	-3.1%
Chile	6.9%	N/A	7.3%	8.2%	7.0%	7.9%	7.5%
Mexico	N/A	1.5%	1.3%	-1.1%	1.5%	-3.3%	0.1%
Latin America	-1.0%	-3.4%	-0.3%	-1.8%	-1.4%	-2.8%	-2.0%

Forecasted rates indicated in USD.



# Additional travel price data

## North America airfares

Key market by class of service

Market	Business			Economy			Total air
	Continental	Domestic	Intercontinental	Continental	Domestic	Intercontinental	
Canada	5.1%	5.4%	5.8%	6.1%	6.3%	5.6%	5.7%
United States	0.3%	1.9%	3.3%	2.5%	1.4%	1.1%	1.7%
North America	0.4%	1.9%	3.3%	2.5%	1.5%	1.2%	1.8%

Forecasted rates indicated in USD.

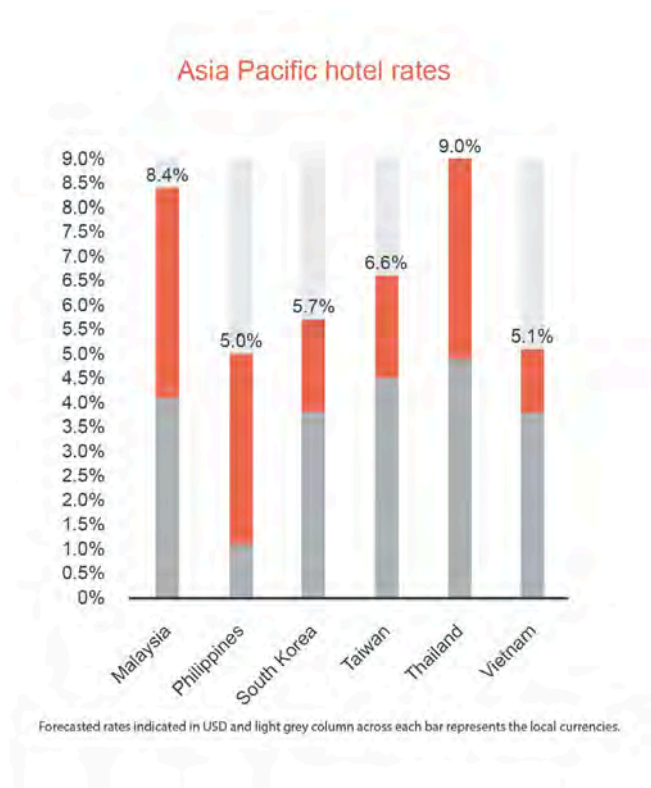
United States metro market forecast



Forecasted rates indicated in USD.

# Additional travel price data

## Asia Pacific hotel rates



## Key market by class of service

Market	Midscale	Upscale	Total hotel
Australia	4.0%	4.3%	4.1%
China	7.1%	6.6%	6.9%
Hong Kong	3.3%	2.7%	3.1%
India	4.7%	4.4%	4.5%
Japan	-3.5%	-2.7%	-3.2%
Singapore	6.3%	5.8%	5.9%
Asia Pacific	5.1%	5.3%	5.1%

Forecasted rates indicated in USD.

# Additional travel price data

## Europe, Middle East & Africa hotel rates





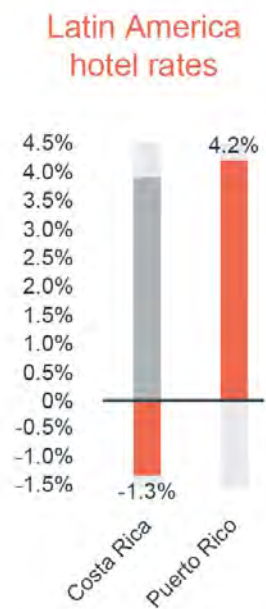
## Key market by class of service

Market	Midscale	Upscale	Total hotel
Belgium	1.8%	1.6%	1.8%
Finland	7.0%	7.2%	7.1%
France	6.4%	6.3%	6.8%
Germany	6.7%	7.1%	6.8%
Italy	6.4%	6.1%	6.3%
Netherlands	4.8%	4.8%	6.6%
Norway	11.8%	11.8%	11.8%
Spain	8.6%	8.4%	8.5%
Sweden	-11.7%	-12.0%	-11.8%
Switzerland	N/A	N/A	4.2%
United Kingdom	3.0%	4.0%	3.5%
<b>Western Europe</b>	<b>5.8%</b>	<b>5.4%</b>	<b>5.6%</b>
Russia	-1.7%	-1.8%	-1.8%
<b>Eastern Europe</b>	<b>-1.9%</b>	<b>-1.9%</b>	<b>-1.9%</b>
Saudi Arabia	-0.1%	-0.1%	-0.1%
United Arab Emirates	2.6%	2.2%	2.4%
<b>Middle East &amp; Africa</b>	<b>-1.5%</b>	<b>-1.7%</b>	<b>-1.5%</b>

Forecasted rates indicated in USD.

# Additional travel price data

## Americas hotel rates



Forecasted rates indicated in USD and light grey column across each bar represents the local currencies.

## Key market by class of service

Market	Midscale	Upscale	Total hotel
Argentina	-3.7%	-3.2%	-3.5%
Brazil	-1.4%	-2.4%	-1.9%
Chile	6.6%	5.5%	6.4%
Mexico	0.2%	-0.4%	0.6%
Latin America	-0.8%	-1.7%	-1.3%

Forecasted rates indicated in USD.

## Key market by class of service

Market	Midscale	Upscale	Total hotel
Canada	4.8%	5.1%	5.0%
United States	2.6%	2.8%	2.7%
North America	2.0%	2.1%	2.1%

Forecasted rates indicated in USD.

## United States metro market forecast



Forecasted rates indicated in USD.



# Additional travel price data

## Asia Pacific ground rates

### Key market by class of service

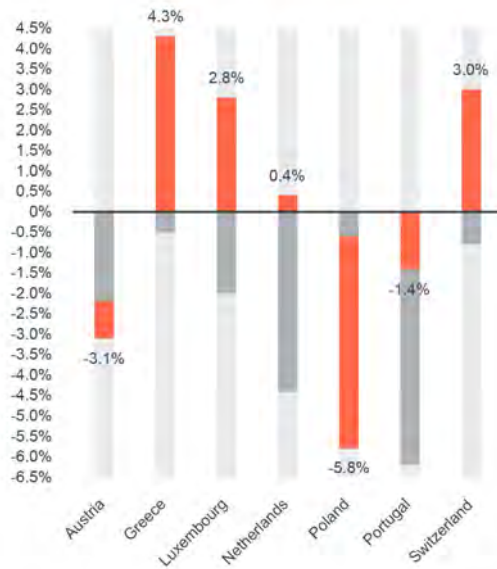
Market	Midsize	Full size	Total car
Australia	1.8%	0.7%	1.1%
India	3.3%	N/A	3.3%
New Zealand	7.4%	7.9%	7.5%
Asia Pacific	-0.3%	1.2%	0.5%

Forecasted rates indicated in USD.

# Additional travel price data

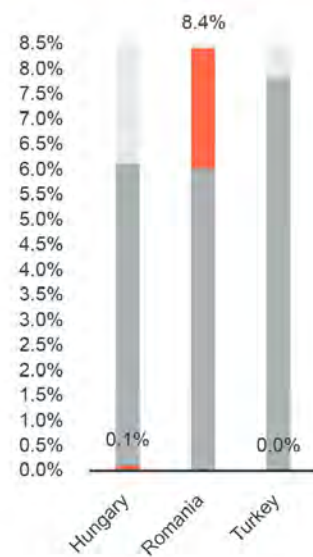
## Europe, Middle East & Africa ground rates

Western Europe ground fares



Forecasted rates indicated in USD and light grey column across each bar represents the local currencies.

Eastern Europe ground fares



Forecasted rates indicated in USD and light grey column across each bar represents the local currencies.

Middle East & Africa ground fares



Forecasted rates indicated in USD and light grey column across each bar represents the local currencies.

## Key market by class of service

Market	Midsize	Full size	Total car
Belgium	-4.3%	-4.0%	-4.1%
France	-1.5%	1.1%	-0.5%
Germany	3.4%	2.2%	3.2%
Italy	5.4%	5.1%	5.2%
Spain	-5.4%	1.8%	-0.4%
Sweden	-15.0%	-16.1%	-15.8%
Switzerland	3.4%	2.5%	3.0%
United Kingdom	-3.0%	-3.9%	-3.5%
<b>Western Europe</b>	<b>-0.2%</b>	<b>0.2%</b>	<b>0.0%</b>
South Africa	0.9%	3.0%	2.1%
<b>Middle East &amp; Africa</b>	<b>0.5%</b>	<b>1.6%</b>	<b>1.0%</b>

Forecasted rates indicated in USD.



# Additional travel price data

## Americas ground rates

### Key market by class of service

Market	Midsize	Full size	Total car
Brazil	-1.3%	-2.5%	-2.0%
Latin America	1.5%	0.4%	1.0%

Forecasted rates indicated in USD.

### Key market by class of service

Market	Midsize	Full size	Total car
Canada	5.2%	5.1%	5.2%
United States	1.2%	0.3%	0.7%
North America	1.4%	0.5%	1.0%

Forecasted rates indicated in USD.

## United States metro market forecast



Forecasted rates indicated in USD.

# Footnotes

1. Source: Rockport
2. <https://www.imf.org/en/Publications/REO/...>
3. <https://ec.europa.eu/commission/news/com...>
4. <https://www.reuters.com/article/us-airli...>
5. <https://www.cae.com/media/documents/Civi...>
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12. <https://centreforaviation.com/analysis/r...>
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14. <https://www.bbc.com/news/world-europe-44...>
15. <https://www.reuters.com/article/us-iran-...>
16. <https://www.reuters.com/article/us-airfr...>
17. <https://centreforaviation.com/analysis/r...>
18. [https://en.wikipedia.org/wiki/Istanbul\\_N...](https://en.wikipedia.org/wiki/Istanbul_N...)
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22. <http://www.imf.org/en/Publications/WEO/I...>
23. <https://www.eca.europa.eu/en/Pages/DocIt...>
24. <https://www.channelnewsasia.com/news/com..>
25. <https://www.straitstimes.com/asia/se-asi...>
26. <http://www.atimes.com/article/how-chines...>



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