

Beat: Travel

MODERATE AIR, HOTEL AND GROUND TRANSPORTATION PRICE INCREASES FOR 2016

AMERICAN EXPRESS GLOBAL BUSINESS TRAVEL

PARIS - TORONTO, 25.11.2015, 14:29 Time

USPA NEWS - The American Express Global Business Travel Forecast 2016 (the 'Forecast'), predicts air, hotel and ground transportation prices will see modest gains in 2016, as a slowly-improving global economy and stronger demand outpace increases in supply...

The American Express Global Business Travel Forecast 2016 (the 'Forecast'), predicts air, hotel and ground transportation prices will see modest gains in 2016, as a slowly-improving global economy and stronger demand outpace increases in supply. Led by favourable market conditions in North America and tempered growth in Asia, the airline industry will see slight pricing gains as increased demand is offset by similar growth in capacity partially spurred by lower fuel costs.

Global hotel performance is also expected to improve moderately in 2016, as limited increases in inventory fail to keep pace with the growing global appetite for travel. Overall, North America is expected to continue its momentum from 2015 and experience healthy rate increases, while Asia-Pacific and Europe will show moderate gains.

Ground transportation rates are expected to remain relatively flat as overcapacity, strong competition and a continued focus on ancillary fees persist globally.

- North America

In North America, business travellers can expect minimal increases in air travel categories in 2016. In the United States, the airfare outlook is mixed as the economy continues to show steady growth and corporate demand increases. However, weaker capacity discipline among carriers and changing traveller behaviours have resulted in lower yields.

Increased demand and higher group travel are expected to drive strong rate increases for North American hotels in 2016. Overall, momentum from 2015's strong rate performance is expected to carry on through 2016 as corporate travel managers continue to be challenged in negotiating aggressive discounts.

The ground transportation market across North America is expected to experience limited growth in 2016, with ride sharing and ancillary charges continuing to be key themes. Despite aggressive attempts by suppliers to increase pricing, negotiated rates should remain largely flat although increased ancillary fees will drive up average costs.

- Latin America

Overall, economic headwinds in Latin America are expected to drive down air travel costs in 2016. This downward pressure on pricing will be slightly more pronounced on Economy fares, but will result in moderate price decreases across the board. While the region's economies continue to struggle, consolidation among Latin American carriers will help mitigate the impact. Brazil will remain a key destination for foreign air carriers, although many have trimmed their schedules or postponed new routes.

While Latin America continues to face bouts of economic weakness and political uncertainty, hotel rates are likely to rise as a result of inflationary pressures heading into 2016.

- EMEA Predictions & Dynamics

In 2016, European air prices are expected to remain relatively stable, with the exception of premium cabin travel costs, which are expected to tick higher. Variability persists across the region, however, the United Kingdom is poised for another strong year with steady demand and new routes being added among airlines. Air prices are expected to remain stable in the Nordic countries, despite

the expansion of Low Cost Carriers (LCCs) across the region.

In the Middle East, the combination of rapid capacity growth by Gulf Carriers and lingering weakness in the region's oil-based economies are generally pushing prices lower, with the exception of premium long-haul fares. In Africa, airfares are expected to increase slightly in 2016 as a result of protectionist policies impacting intra-regional flights and higher infrastructure costs. Given Africa's limited ground infrastructure, air travel to and from the continent continues to be the most convenient method of travel.

In 2016, hotel rates across Europe are expected to experience moderate price increases, as Europe's economy stabilizes and demand increases without much corresponding growth in inventory.

In the Middle East and Africa, an increasing inventory of mid-range offerings will provide travellers with more affordable choices, but rates will still rise on stronger economics in 2016.

- APAC Predictions & Dynamics

Mid- and upper- range hotels in Asia-Pacific are likely to experience moderate growth in 2016, although this varies significantly by market. While the anti-corruption campaign for government officials still impacts luxury hotels across China, the country continues to enjoy strong demand reflected in higher average daily rates and occupancy numbers.

Favourable exchange rates and limited inventory is fueling substantial rate hikes in Sydney and Tokyo, while the end of the mining boom is having the opposite effect in the western half of Australia. In India, stronger demand is being offset by lingering overcapacity that should result in relatively shallow rate increases.

The Forecast is based on a number of primary data sources, including proprietary data from the Global Business Travel Monitor, the American Express Global Business Travel contracted rates database, aggregate transaction data, and secondary data sources including Smith Travel Research (STR) Global Hotel Reviews, Center for Asia Pacific Aviation (CAPA) and Airline Weekly.

Source : American Express Global Business Travel

Ruby BIRD

<http://www.portfolio.uspa24.com/>

Yasmina BEDDOU

<http://www.yasmina-beddou.uspa24.com/>

Article online:

<https://www.uspa24.com/bericht-6540/moderate-air-hotel-and-ground-transportation-price-increases-for-2016.html>

Editorial office and responsibility:

V.i.S.d.P. & Sect. 6 MDSiV (German Interstate Media Services Agreement): Ruby BIRD & Yasmina BEDDOU (Journalists/Directors)

Exemption from liability:

The publisher shall assume no liability for the accuracy or completeness of the published report and is merely providing space for the submission of and access to third-party content. Liability for the content of a report lies solely with the author of such report. Ruby BIRD & Yasmina BEDDOU (Journalists/Directors)

Editorial program service of General News Agency:

United Press Association, Inc.
3651 Lindell Road, Suite D168
Las Vegas, NV 89103, USA
(702) 943.0321 Local
(702) 943.0233 Facsimile
info@unitedpressassociation.org
info@gna24.com
www.gna24.com