

TRAVEL  LEADERS®

Business Travel Insight  
2016



# Introduction

Welcome to the Travel Leaders 2016 Business Travel Insight. As 2015 draws to a close, it is important to assess trends that will impact 2016 and how travel industry changes may affect clients in the coming year. The Travel Leaders Business Travel Team constructs this yearly Insight document to assist our clients to understand some of the travel developments that may take place in the near future. To do so, our team analyzes an extensive variety of well-known global travel resources and incorporates Travel Leaders specific data patterns to create a customized forecast for our clientele. By reviewing the 2016 Business Travel Insight and working with the guidance of an experienced travel account manager to develop a sound strategy—we hope each client will gain a better understanding of the future of their business travel program and will be proactive in optimizing their travel program.

Travel Leaders Business Travel Team

December 14, 2015

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## Timeline of Upcoming Business Travel Insight Updates:

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**April 2016**  
Quarter 1  
Insight Updates

**July 2016**  
Quarter 2  
Insight Updates

**October 2016**  
Quarter 3  
Insight Updates

**November 2016**  
Full 2017 Business  
Travel Insight



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## Overview

2015 was not a stellar year for most global markets. The U.S. was the rare bright spot faring better on average with a solid increase in business travel of 3.1%. Strong domestic hotel demand racked up double digit rate increases in major metro areas through the end of Q2 and then cooled off in the second half of the year. The business travel outlook for 2016 paints a rosier portrait with a forecasted increase of 3.7% as projected by the Global Business Travel Association (GBTA) Business Travel Index (BTI). These projections were made prior to the November terrorist attacks in the Middle East, Africa and Europe which could dampen business travel spend in the near term as corporate managers exercise duty of care restraints. U.S. domestic holiday season sales for 2015 are projected higher than in 2014 and global oil prices should remain low, averaging below \$67 per barrel throughout 2016. Barring any additional major world events, inflation will be kept in check putting downward pressure on airline ticket pricing allowing corporate travel budgets to be maximized. U.S. gross domestic product (GDP) is also expected to rise 2.8% which is a good indicator for stimulating business travel as companies replace inventories and corporate sales forces travel to continue to grow the business. Hot topics for travel buyers in 2016 continue to center around technology and reporting advances, managing the impact of the sharing economy and cost containment. Total global travel spend for 2016 is projected to exceed \$1.2 trillion as reported by Hoovers, a subsidiary of Dun & Bradstreet.

Business Travel Outlook	2015	2016
U.S. – Originated Trips (millions)	\$499.2	\$514.8
Y/Y%	0.7%	3.1%
U.S. – Originated Spending (billions)	\$292.1	\$303.1
Y/Y%	3.1%	3.7%
Business Travel Inflation	0.5%	3.0%

Source: GBTA BTI Q3

## 2016 and Beyond: Outlooks and Trends to Watch

Global and regional trends can have a major impact on the way businesses operate, manage their resources and, of course, travel. By examining some of the major socioeconomic trends we expect to see in 2016, we can also forecast how this will impact the ways in which people travel and the influence these trends will have on business travel, buyers and suppliers in 2016.

### Travel Buyers



Over the course of 2015 travel buyers were surveyed extensively regarding industry topics, focus areas and perceived future supplier challenges. Responses evolved throughout the year and ran the gamut from virtual payment system (VPS) technology to enhancing the traveler experience. But there were a few consistent overlapping themes throughout centered on cost containment and data analysis.

By mid-year it was revealed through a national survey specifically geared toward travel buyers with expense responsibilities that a majority were keenly aware of or interested in learning more about VPS technology and 20% had already launched a program, up 7% over the previous year. Travel Leaders Group expects this trend will continue due to a multitude of benefits and process control improvements derived from these products and the increasing access to VPS technology solutions with Sabre/Conferma leading the way. Travelport/Conferma follows closely behind with a new product-wide release scheduled for early 2016. Riding this wave of interest, other technology and corporate card companies such as Cornerstone and eNett have also partnered providing a mid-office solution while Grasp Technologies and Wex Bank recently launched GraspPAY. In all of these instances, each product offering will allow travel management companies (TMCs) to utilize single use virtual credit card accounts for pre-pay hotels for transient business travelers. Travel Leaders Group sources have also confirmed that two major car rental companies, National and Avis, are in the test phase to begin accepting payments in early 2016. The advantage to travel buyers is that VPSs reduce risk to the company and provide a level of convenience and service to travelers not available through the standard corporate card systems.



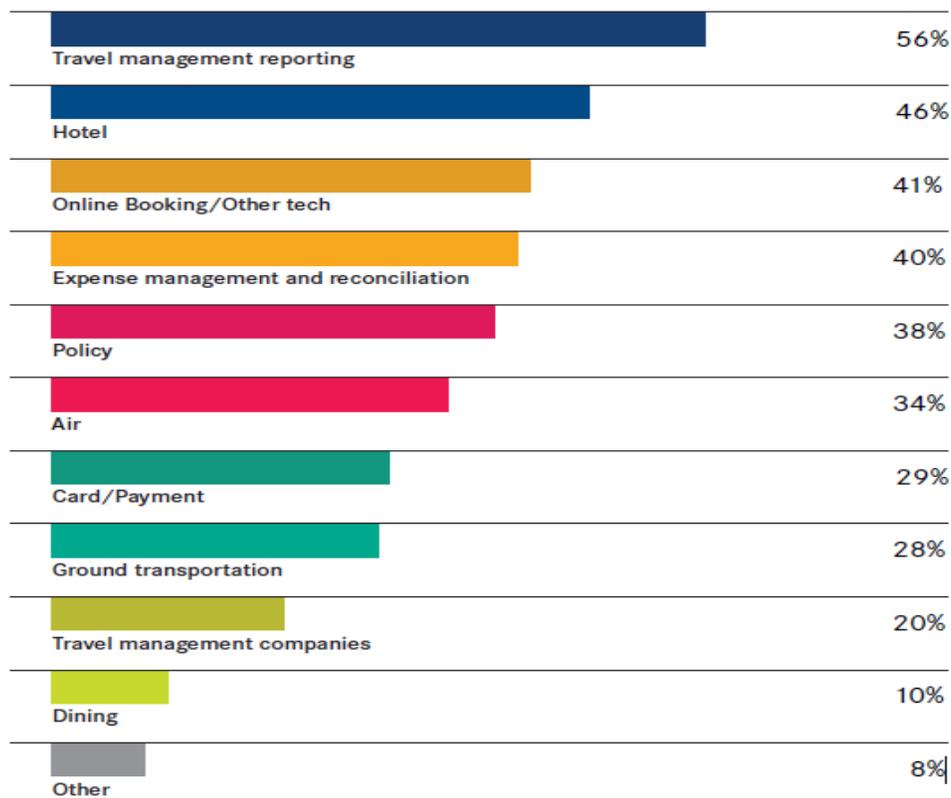
Source: Travel Leaders Business Travel Center of Excellence

As 2015 progressed, surveys conducted by GBTA and AirPlus International revealed additional insights. Topping the list of buyer priorities included balancing TMC supplier costs with services, TMC reporting and performance measurement capabilities, cost containment and improving the traveler experience primarily through more efficient use of existing booking and emerging mobile technologies such as smartphone apps.

Rounding out the list, nearly 25% of buyers also identified additional concerns and challenges citing a lack of resources, bandwidth and processes to effectively support fast paced industry changes (see chart below for a more comprehensive list).

Longer term, Travel Leaders Group believes that travel reporting, data analysis, cost containment and improving traveler experience will remain hot topics and key areas of focus considered most important to travel buyers over the next two to five years.

### Travel Buyer Priority Focus Points for 2016



Source: AirPlus International-TheWire

### TMC Partnership



As travel buyers focus on reporting needs, increased hotel rates and adapting to the technology demands of the corporate travelers; the TMC is your partner to support buyers to navigate these challenges and resolve issues. A proactive strategy which includes customized reporting packages, integration of hotel rate tracking and reduction technology, access to virtual payment systems and a comprehensive review of current and future online booking needs is crucial.

### Digital Technology Trends - 2016 and Beyond



The business travel industry has always been eager to embrace new technologies and it continues to evolve in a world where mobile gives rise to new research and purchasing behaviors of today's connected traveler. Travel Leaders Group considers technology integration a component of travel management success.

There are four emerging digital focus points highlighted in a report published by Locomote that will have an impact across the travel sector from hotels, to airports, to booking and business travel management platforms.

## Meaningful Experiences

Authenticity has become a key focus driver as the industry mindset has shifted from “tourist” to “traveler” and “corporate travel agent” to “trusted adviser or consultant.” Digital has changed the way we connect with people around the globe and TMCs connect with travelers. Technologies like Concur, GateGuru, and SafetoGo streamline the business travel process, by helping travelers secure the lowest rates, navigate airports and stay informed and safe while on the road. Integration of these technologies not only satisfies the business travelers desire to be connected 24/7, but also enables the traveler to be more efficient, productive and secure.

## Mobile Travel Management

Online bookings exceeded 140 million last year and nearly 70% of same day hotel reservations were made via a smartphone app, according to eMarketer. As confidence rises in mobile device technology and access to real time data continues to increase, this area will continue to be a disrupter in corporate travel management.

## DIY Travel

As the world becomes more automated marginalizing the human service element, the DIY business traveler trend could increase exponentially. Business travelers will plan, manage, and book their travel via online booking tools or apps which means rarely speaking with another human being. This shift will create new challenges for an industry historically focused on the human aspect of service as companies like Airbnb will continue to make the absence of human interaction a selling point.

## Self-Serve

Self-serve is here to stay and will continue growing rapidly as the digital world has created a new business travel culture of instant access and gratification. This new breed of travelers is keenly attuned and will fully embrace new technologies which are perceived as more efficient and time saving while on the road.

## Impact to Business Travel

Technology advances will provide efficiency and time savings during the booking process and the trip. Travel managers will need to be keenly aware of how these trends may impact the corporate travel program from compliance to Duty of Care. Through training and education, the travel manager can ensure future technology will continue to enhance the traveler’s experience while still promoting the established travel program.

# Airlines

## Outlook 2016



A healthy commercial airline industry is essential to a stable and growing global economy. The great recession took its toll on many carriers especially in the U.S., but eventually through an unprecedented number of reorganizations and massive U.S. Federal Government sanctioned consolidations, the industry has rebounded now posting record quarterly profits. Below is an overview of current and future trends and its impact on business travel.

## The Price of Oil

There are a host of factors which contributed to the recent explosion of windfall profits in the airline industry. Improved capacity control measures and menu pricing for ancillary fees have contributed substantially to an increase in revenues, but the most obvious and dramatic is the sustained drop in global oil pricing reducing the cost of jet fuel. Favorable fluctuations in oil prices have a huge impact on the carriers' bottom line. For example, American Airlines alone reported a \$5B savings year over year, just in reduced fuel costs and this savings will continue to grow as long as prices remain low. Pricing projections posted through November vary, but the consensus appears to be towards oil rising to over \$60/barrel in 2016, which could produce upward pricing pressure and curtailing any thoughts of price reductions. More recently these projections seem to have been thwarted as major OPEC nations announced on December 4, 2015, that current production levels would remain in effect for the foreseeable future causing pricing to temporarily fall below \$40/barrel. Industry experts feel current production is well in excess of one million barrels per day above real global demand. If supply remains artificially high and pricing remains at these extraordinarily low levels, carriers will have additional incentives to continue to pass on savings to travelers through lower fares. The most recent Travel Leaders Group domestic average ticket price data shows airfares decreasing 4.6% in 3Q15 as compared to the same period in 2014.

## Impact of Carrier Consolidation and Low Cost Carriers

Other factors can and certainly do impact pricing. The long term effects of consolidation and the emergence of the new big three legacy carriers, American, Delta and United, is still to be determined as low oil prices have dampened recent effects of consolidation. It could be years before the real impact is felt, but here are a couple of trends. The big three are downsizing in markets where they do not dominate and reducing the number of commuter flights switching to larger jets. The net effect in the smaller markets is more comfortable equipment, but reduced service. In addition, United and Delta recently swapped landing slots between Newark and JFK strengthening United's hold on Newark and further enhancing Delta's at JFK. If these trends continue throughout the U.S., competition will be reduced especially impacting smaller markets where a single carrier could dominate a majority of all flights limiting options to business travelers including connecting flights.

Conversely, domestic low cost carriers (LCCs) such as Southwest are ramping up expansion plans to keep pace with the increased capacity of the big three. In the trans-Atlantic market new entrants such as WOW flying from Baltimore to eight European markets are increasing new competition while offering deeply discounted fares resulting in most major carries adjusting their pricing strategies.

## U.S. DOJ Investigation

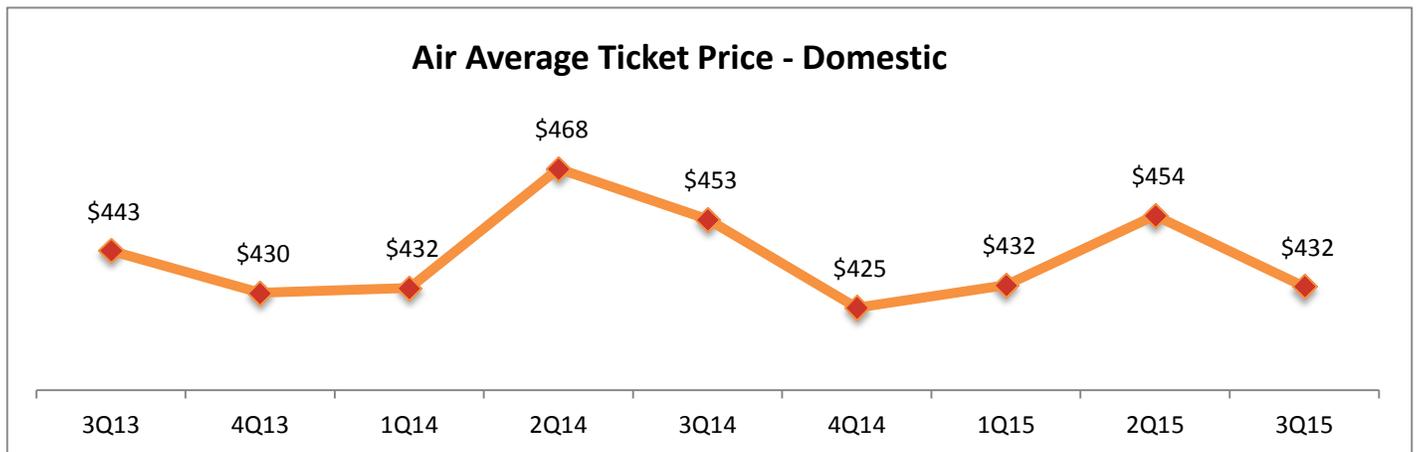
Capacity management is always a significant competitive pricing factor. Recently capacity management hit the radar of the U.S. Department of Justice, prompting an ongoing investigation into accusations that airline executives shared capacity strategies through press releases. The primary concern is the potential of this practice allowing competitors to react accordingly keeping pricing artificially high contrary to U.S. anti-trust laws.

## Impact to Business Travel

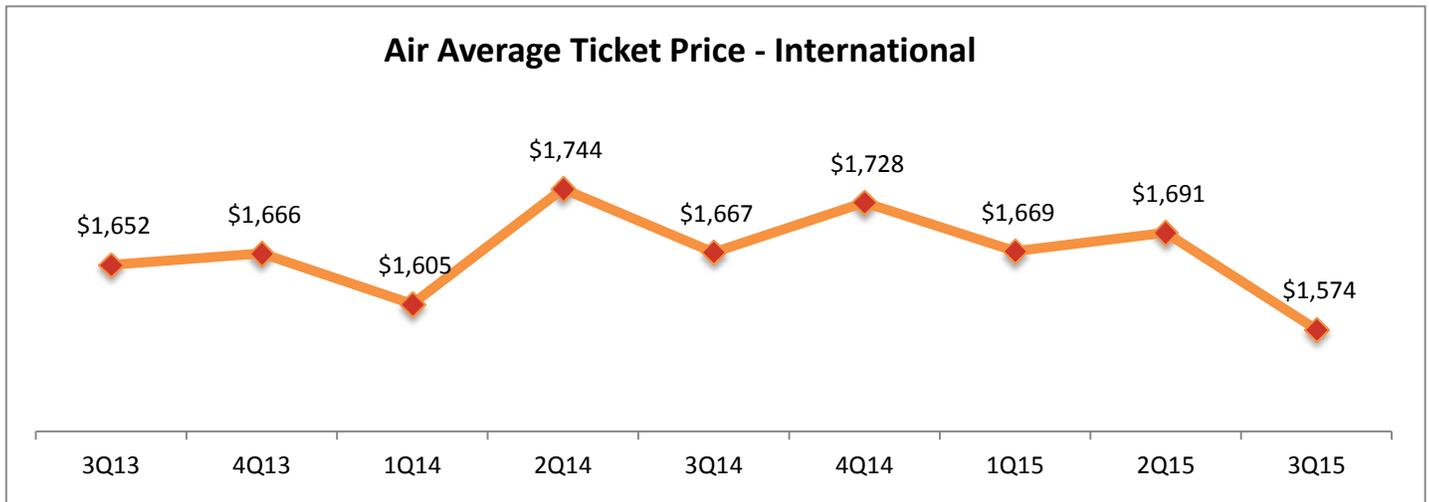
With oil pricing at historic lows and increased capacity from both domestic and international low cost carriers entering U.S. markets, the probability of fare increases are highly unlikely. Based on Travel Leaders Group air data, the domestic forecast is a marginal decline in airfares of 1-2%. On the international side, historical data supports quarterly year over year declines, leading to an expected decline of 1-2% for 2016.

## Travel Leaders Data: Airline

Travel Leaders Group data shows increases in domestic and international average ticket prices (ATP) occurred through most of 2014 with a downward trend beginning and sustained throughout 2015.



Source: Travel Leaders Group



Source: Travel Leaders Group

## IT Investments Geared to Enhance Traveler Experience

### Tailor My Trip

Airline technology enhancements geared toward the business traveler have made a big difference in enhancing the trip experience but up to now there has been a lack of personalization. According to 2015 IT Survey conducted by SITA, as of 2015 less than 20% of airlines offer a personalized traveler technology to enhance the trip experience. This appears to be changing rapidly as 82% of airlines have focused resources to improve personalization over the next three years.

82% of airlines are investing in programs to improve personalization over the next three years.

### Mobile Adoption

The key driver for this new interest and proposed investment is the strong adoption of smartphones which allows almost anytime anywhere airline interaction with travelers. Almost 75% of the airlines plan to deliver passenger services through mobile technology by 2018. That is a 300% increase in personalized smartphone technology access.

### It's an App World

Smartphone apps will provide business travelers personalized options before and during travel. Flight discovery is a well-established mobile-based service, but apps related to baggage and customer service will also become more common as the majority of airlines are expected to offer the service in the next three years.

## At the Airport

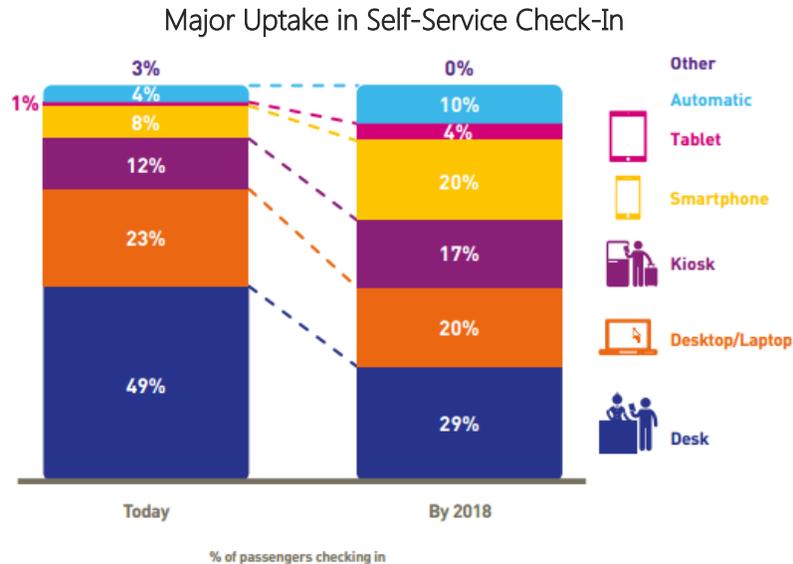
The airlines will be delivering these new services via kiosks and/or beacons. New potential services being discussed range from flight content to books to films and eventually concierge services which could be downloaded or accessed via mobile technology including smartphones or Wi-Fi/Bluetooth enabled tablets.

## Ease My Anxiety

Most business travelers seek a stress-free trip and airlines are deploying more technology-based services to meet that need. Increased numbers of business travelers are utilizing mobile apps and the Web for check-in resulting in less stress and more convenience. This year's SITA survey indicates that 9% of all travelers used mobile check-in (smartphone or tablet), which is double the 2014 figure. The traditional airport desk will remain the most used check-in channel over the next few years, with mobile devices moving into the second spot followed by checking in on a laptop. Low cost carriers (LCC) are driving this changed behavior with 23% of their travelers using mobile check-in, close to the predicted global average for all airlines in 2018.

High growth in mobile usage indicates travelers desire to use their own technology to check-in resulting in less stress and more control. Kiosk use for check-in will also grow steadily to 17% by 2018.

Automatic check-in is also set to more than double over the next three years. Today only one fourth of airlines have deployed a system checking-in passengers; however, by 2018 it is expected that nearly 70% of carriers will utilize automatic check-in on major routes.



## Bag Check-In

Baggage is a stress point for business travelers, particularly when there is a long line. Airlines are addressing this frustration by increasing express bag-drop implementations. Since 2014, carriers offering bag drop has increased from 9% to 17% and is expected to rise to nearly 75% of airlines in the next three years.

## Keep Me Posted

96% of airlines will provide flight status updates by 2018.

Keeping business travelers informed is one way to cut stress levels. While flight status notifications are already established, by the end of the decade nearly all airlines will offer this service. Rapidly evolving as the next wave of information services is a much more interactive approach for the majority of airlines and their passengers.

The focus of these new services will be to use location-based information to solve baggage issues. Airlines plan to keep travelers updated with the location of their baggage in real time in the not so distant future. Information services will be developed using passenger location to ensure on time boarding with notifications based on their location. One tenth of airlines already provide these notifications today and this percentage will rise dramatically as airport based technology is updated. Kiosks are also evolving from their traditional check-in role to offer a growing range of information and reporting services to assist business travelers in areas such as lost baggage, flight transfer and flight disruption information.

## Impact to Business Travelers

The proliferation of apps and emphasis on technology enhancements will provide many opportunities and challenges for corporate travel programs. Early education and integration of available technology will be essential to ensure program compliance, policy development and support of the travel program objectives.

# Hotel

## Outlook 2016



Average daily rates rose dramatically, nearly 5% on average, with inflation in double digits in most major U.S. metro areas. Hotels pressed for even higher increases; however, weaker than anticipated demand in the second half of 2015 combined with new supply and the sharing economy (e.g. Airbnb) helped curtail price increases. Travel Leaders Group managed clients fared much better as 2014-15 YOY data showed increases of only 2.3%, well below the national average.

Given the projected growth for U.S. originated trips for 2016 at 3.7%, continued upward pricing pressures on major markets where demand will again outstrip supply is expected into next year. Travel Leaders Group is projecting a 4.8% increase in hotel rates nationally assuming U.S. business does not slow and performs at or above the projected 2.8% growth for 2016. Continued fears of possible economic problems outside the U.S. in Russia, the Eurozone and China could curtail some rate hike activity but supply versus demand will be the overriding factor.

Under pressures to show stockholders strong growth, a recent flood of large chain acquisitions and mergers which occurred throughout 2015 will have a huge impact on the future global hotel industry and especially in the U.S. IHG announced the acquisition of Kimpton while Accor is absorbing Raffles, Fairmont and Swissotel brands. The recent Marriott announcement to purchase Starwood will catapult them to the top hotel chain position with an estimated inventory of over one million rooms or 7% of total rooms globally. Hilton, the next largest brand will have inventory of approximately 737,000 rooms. In addition to showing strong growth, service differentiation which caters to younger guests is also cited as driving consolidation.

10 LARGEST HOTEL COMPANIES BY ROOM COUNT							
		EXISTING		PIPELINE		IF 100% OPEN	
		HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
1	Marriott International / Starwood Hotels & Resorts Worldwide	5,456	1,071,096	2,101	373,000	7,557	1,444,096
2	Hilton Worldwide Holdings	4,480	737,922	1,555	260,000	6,035	997,922
3	Intercontinental Hotels Group	4,963	726,876	1,319	217,709	6,282	944,585
4	Wyndham Hotel Group	7,760	671,900	910	122,800	8,670	794,700
5	Jin Jiang International/ Plateno Hotels Group	6,000	640,000	N/A	N/A	N/A	N/A
6	Choice Hotels International	6,379	504,357	638	N/A	7,017	N/A
7	Accor Hotels	3,815	500,366	N/A	162,000	N/A	662,366
8	Best Western Hotels & Resorts	3,903	303,768	490	48,540	4,393	352,308
9	Homeinns Hotel Group	2,787	311,608	235	N/A	3,022	N/A
10	Carlson Rezidor Hotel Group*	1,092	172,234	280	50,150	1,372	222,384

Sources: Sources: Companies' reported data as of 30 September 2015.

Notes: \*\* Data as of Q4 2014 (Company only discloses room counts at year end.)

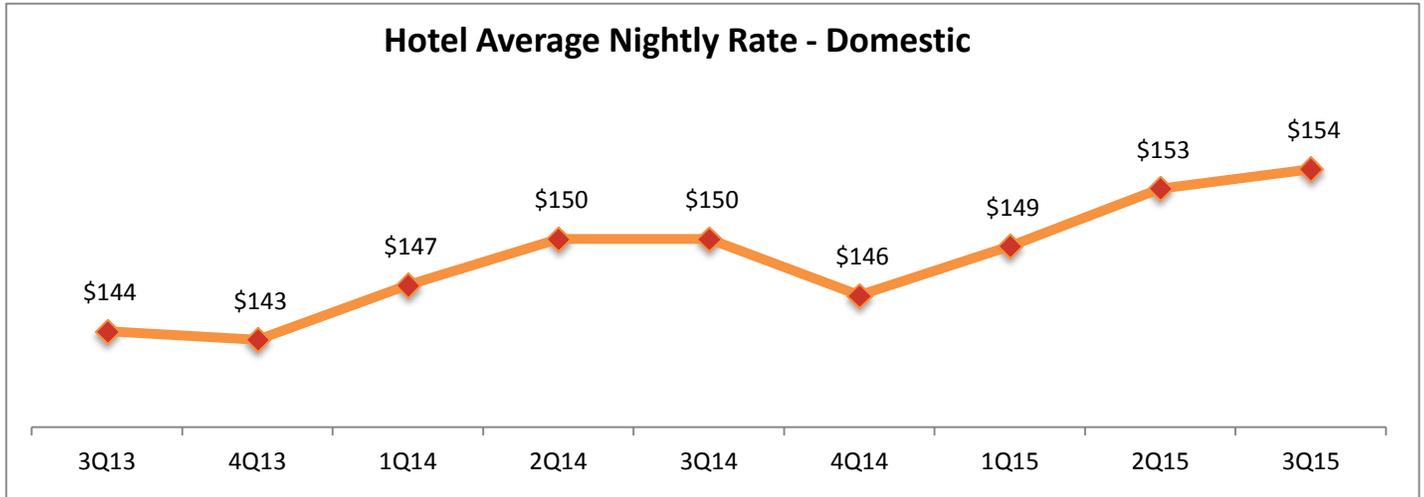
Source: HotelNewsNow

## Impact to Business Travel

Fewer chains could eventually mean higher prices, but new supply may soften pricing pressures in the near-term. It is also undetermined how these new mega-chains will leverage their collective volume. Possibly taking a hands-off approach to pricing as many hotels are not wholly owned and the individual owners have great influence on pricing and expected revenues at the local level. Even so, size does matter and market consolidation could have a significant impact on travel buyers over the next few years

## Travel Leaders Data: Hotel

According to Travel Leaders Group data, average room rates have continued to spike since January of 2015 in most major cities throughout the U.S. while outside the U.S., rate increases vary by region.



Source: Travel Leaders Group

## Ground Transportation

### Outlook 2016



In North America the rental car industry continues to be led by three major companies – Avis Budget Group which operates as Avis and Budget brands, Enterprise Holdings which operates Enterprise, National, and Alamo brands, and Hertz Global Holdings which operates as Dollar, Hertz, and Thrifty. As business travel continues to grow, the competition between these primary rental car suppliers remains quite competitive. All three have improved capacity controls allowing upward pressure on rates especially for mid to small market accounts lacking the ability to leverage a large volume of spend. However, these increased rates could be offset by the exploding impact of the sharing economy.

Certify, a leading cloud-based travel and expense management software provider, recently posted the results of its latest SpendSmart™ business report for the third quarter of 2015. Data revealed that ridesharing services Uber and Lyft have now replaced taxis as the number one preferred choice of business travelers across the U.S. In addition, data for Boston shows ridesharing has, for the first time, surpassed car rental as a percent of total ground transportation.

Ground Transportation	Percentage
Uber	31%
Taxi	22%
Lyft	3%
Car Rental	41%

Source: Certify 15Q3 SpendSmart™ Report

The ride sharing economy still needs to overcome several governmental and regulatory hurdles to remain in operation long-term, but they are making concerted efforts in meeting these bureaucratic needs. This is good news

for travel buyers that can capitalize on the added competition to rental car companies by extending current contracts with low rates locked in or moving to longer term contracts.

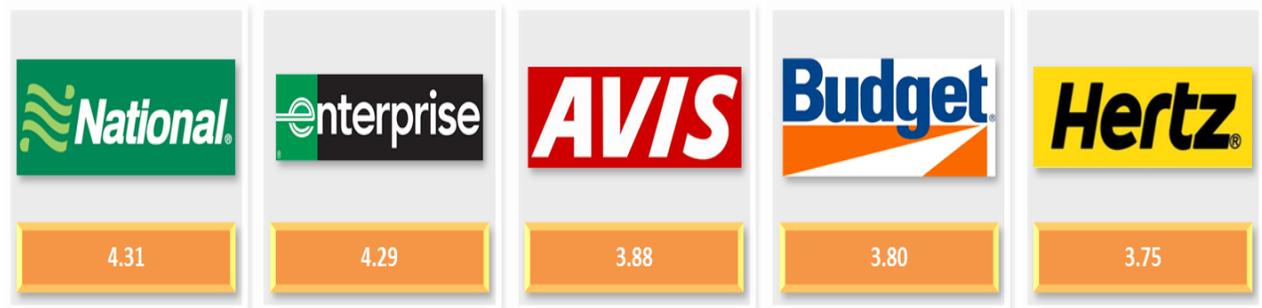
National Car Rental and Enterprise Rent-A-Car are the top two preferred car rental brands for business travel, according to a recent survey conducted by BTN. In fact, the National and Enterprise brands placed first and second overall and in six of the seven categories.

"Our National and Enterprise brands each serve different types of customers in the car rental market, but together they provide a cohesive and seamless business rental solution," said Brad Carr, Vice President of Business Sales for Enterprise Holdings, which owns and operates the National and Enterprise brands. "These survey results support our commitment to add value as a travel supplier by meeting the unique travel needs of each of our partners."

Business Travel News' inaugural Car Rental Brand and Ground Transportation Survey asked corporate travel buyers about their perceptions and satisfaction levels with their travel suppliers. Respondents only evaluated the brands where they placed a significant amount of business in the past year in seven categories: price flexibility, amenity and service flexibility, vehicle condition, complaint resolution, communication, and the relationship between account managers and sales representatives.

Among their responses, corporate travel buyers highlighted National's Emerald Aisle and both brands' commitment to customer service as differentiators. In fact, *Business Travel News* reported that one survey respondent said of National, "They are truly a partner that looks out for our best interest."

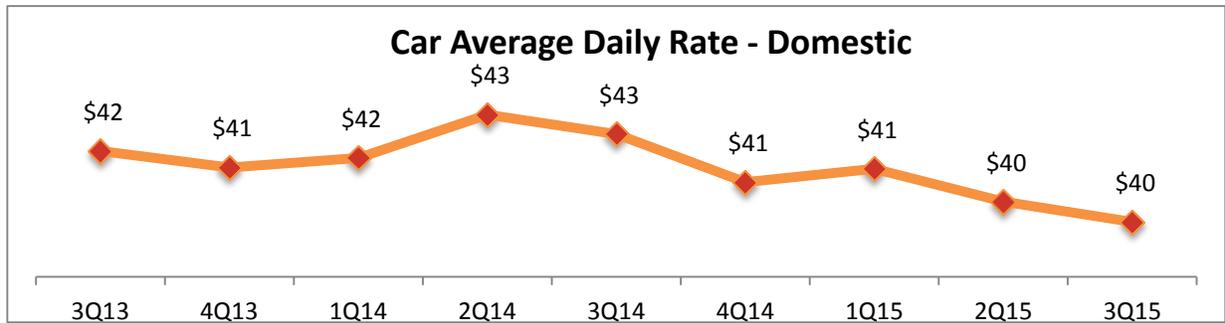
#### Top Rated Car Companies



Source: PNR News BTN Survey

### Travel Leaders Data: Rental Cars

Travel Leaders Group data shows a decrease in 2015 rental car rates of approximately 4% when compared to 2014. This modest decrease should provide some relief for travel managers given the dramatic rate increases in hotel accommodations expected to continue throughout 2016. Travel Leaders Group data shows rental rates relatively flat as compared to hotel and airfares expenditures for the same period.



Source: Travel Leaders Group

## 2016 Global Outlook

### Uncertainty Remains

Unfortunately we still live in a world where political unrest, terrorism, security threats, and health concerns are quite prevalent. With conflicts in the Middle East from the Gulf States to the Syrian conflict and ISIS projecting their influence outside the region, keeping abreast of world affairs will remain crucial in 2016. It is reasonable to assume that if not kept in check geopolitical instability in the Middle East and North Africa spilling into Europe is either very likely or extremely likely to upset the global economy in the next year.

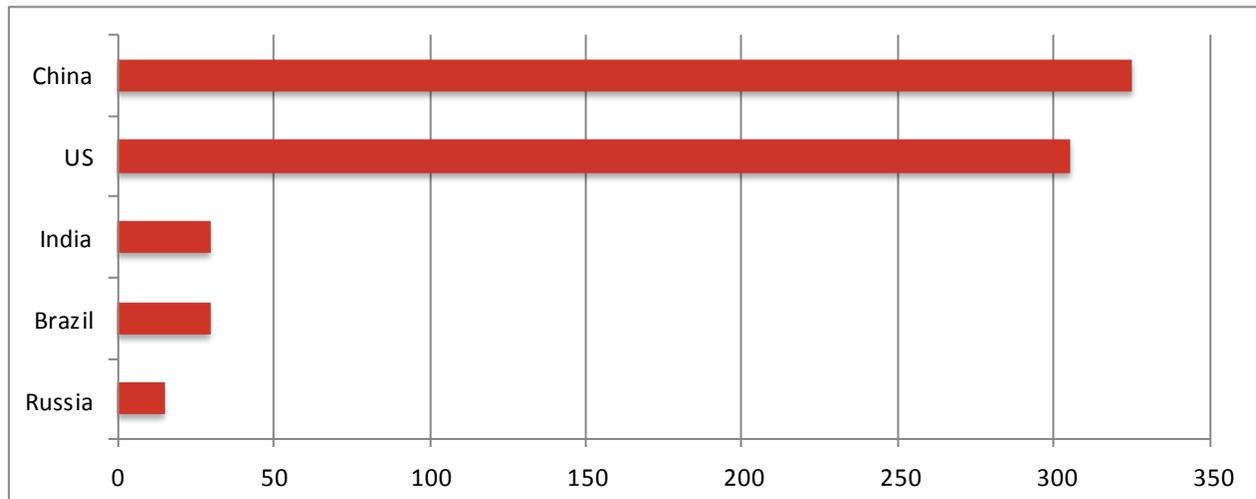


## Major Global Markets

### U.S. - A Shift in World Rankings

GBTA estimates the United States lead in global business travel spend will be eclipsed by China in 2016, with total travel spend estimated at \$322B versus the U.S. combined domestic and international spend of \$303B. However, the U.S. economy is still considered a stable market with business travel growth expected at 3.7% in 2016. The uncertainty of China's ability to sustain growth at its recent unprecedented rate of expansion and unsettled issues in the Eurozone including the solvency of Greece and the short term economic impact of recent terrorist attacks, remain unknowns in regards to potentially impacting short and long term economic growth outside North America.

## 2016 Projected Global Rankings for Business Travel Spend



Source: Bloomberg Business/GBTA

## Europe

Despite the Greek monetary crisis, 2015 was a good year for travel stimulated by a strong U.S. dollar, making most European destinations a bargain for business travelers. European low cost carriers are attempting to enter the U.S. markets creating competition for discounted business class fares (with restrictions). In addition, lower oil prices put more money in all consumers' pockets and may be a further contributing factor that stimulated travel. Just as in the U.S., increased consumer spending drives business investment to replenish depleted inventories stimulating the need to travel.

## China

As China travel expenditures continue to grow you can expect that Chinese based carriers will continue to expand service investing further in infrastructure in an attempt to compete on services. On the flip side, the uncertainty of China's ability to sustain growth at its recent unprecedented rate of expansion weighs on investors and corporations that rely on exports to China.

## Russia, Middle-East and Africa

Low oil prices will continue to impact energy rich countries whose economies are primarily based on exports or use oil revenues to offset deficient spending. Declining oil prices translates to a reduction in energy investment which in 2015 dramatically impacted business travel spending translating to unused capacity having a dampening effect on fare increases. Pricing has been impacted from the Middle East to Africa and carried over to domestic U.S. markets specifically Houston and Dallas, Texas.

Russia, a more recent powerhouse in oil and natural gas exports, has also been negatively impacted by depressed energy prices. In addition, Russia took a double hit with the downing of a Russian operated MetroJet airliner en route from Egypt and claimed as a terrorist attack. The immediate impact was a chilling effect on tourism generated

business as Russia and other countries around the globe suspended flight services to Egyptian airports with questionable security measures in place. Add to that the terrorist attack in Mali primarily impacting business travelers lodged in a Radisson hotel will also further curtail business travel to this often troubled region.

## Impact to Business Travel

As organizations continue to expand their global presence and because unpredictable global events are a harsh reality; employers must make every effort to protect their employees. By monitoring current events in countries where employees travel and having an updated duty of care policy in place, organizations can ensure travel to certain areas of the world is not only good for the business, but also safe for the employee.

## Other Trends

### Meetings



Global hotel prices are expected to increase 2.5% year over year, and the price paid by meeting and event planners likely will differ vastly by region, as reported by BTN.

Trends expected for 2016 include tighter hotel cancellation policies, growing food and beverage costs and an increased focus on compliance. Many companies will try to harness their combined spend as they look for ways to cut costs and improve program efficiency and control. This will continue to drive increased interest in strategic meetings management and consolidation.

Further trends predicted in high demand markets include hotels using harsher revenue management tactics for group rates, limiting rebooking dates or the ability to sell unneeded rooms, opting not to hold space while responding to availability requests and limiting the hold window for such requests.

## Regional Meeting Outlook

Based on Travel Leaders Group data, North American hotel prices are forecast to increase 4.8% year over year, as demand growth in both the transient and group space continues to outpace supply growth. The volume of meetings held domestically is expected to increase next year with group size to grow 2%. Cost per attendee per day will increase 4.5%, with food and beverage continuing to be a significant driver of that metric.

In Europe, meeting buyers will have greater negotiating power as the region sees slow but steady growth. Hotel prices in both Eastern and Western Europe are expected to increase less than 2%. Suppliers in Eastern Europe are pushing for stricter attrition and cancellation clauses. Group size is expected to increase 1.2% from 2015, and cost per attendee per day should decrease 0.4%.

Hotel prices in Asia/Pacific are expected to remain fairly flat rising only 1%. Though economic uncertainty threatens to affect regional growth, China and India likely will drive demand compensating for deficiencies in the region. Group size is expected to increase in the low double digits and cost per attendee per day is predicted to grow in the mid-

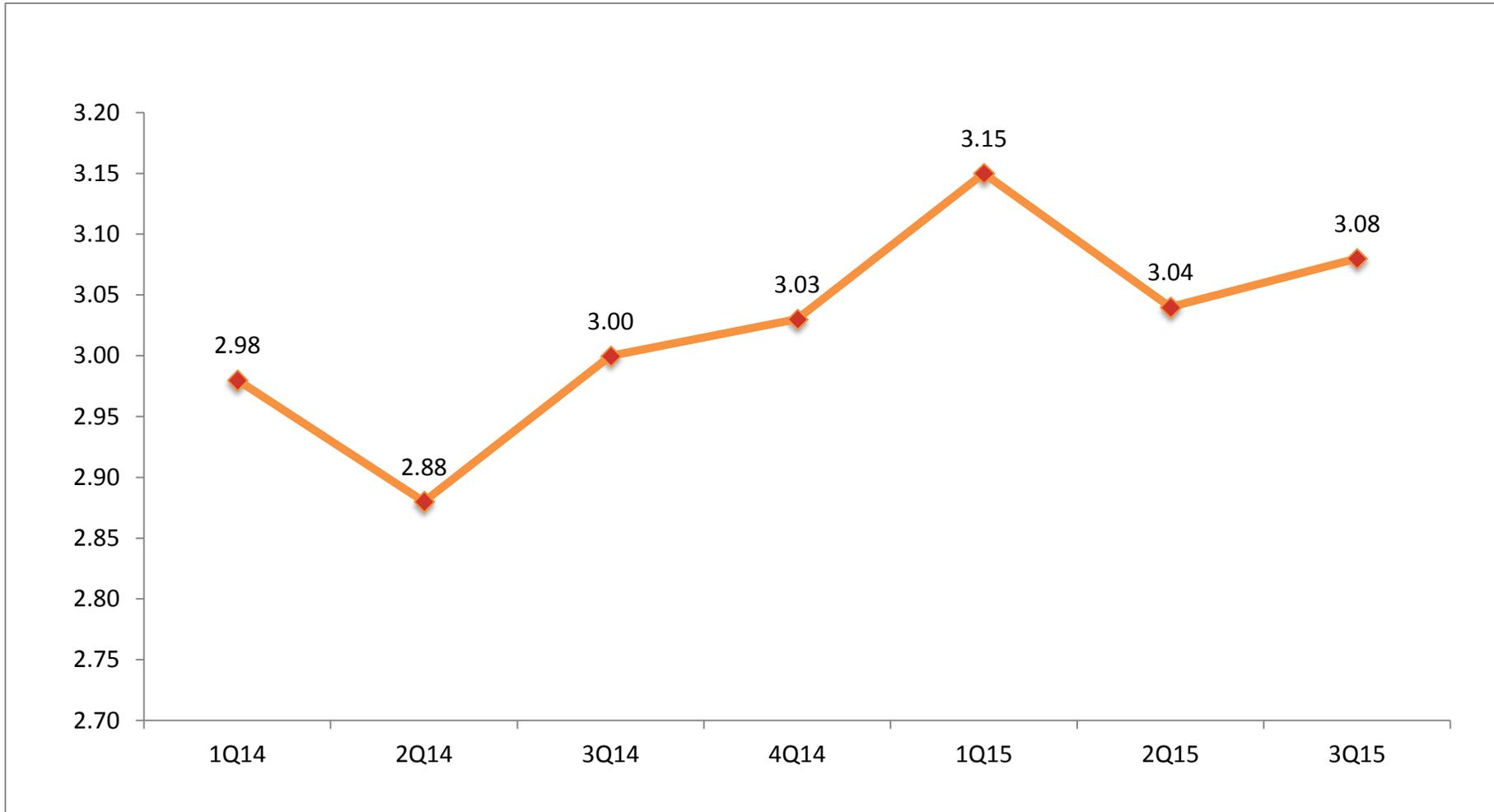
single digits. Global clients that have a presence in Asia Pacific are looking to implement strategic meeting management programs for improved control and cost savings, but not at the expense of local business needs.

In Latin America and the Caribbean, hotel prices are forecast to increase approximately 3%. Corporate group size in the region dropped substantially from 2014 levels as a result of worsening economic conditions in Brazil and Argentina. In 2016, group size is predicted to continue to drop. The pharmaceutical industry should drive meetings growth as North American-based companies expand their meetings and events programs and visibility in the region. Cost per attendee per day is expected to increase in the low single digits.

# Appendix

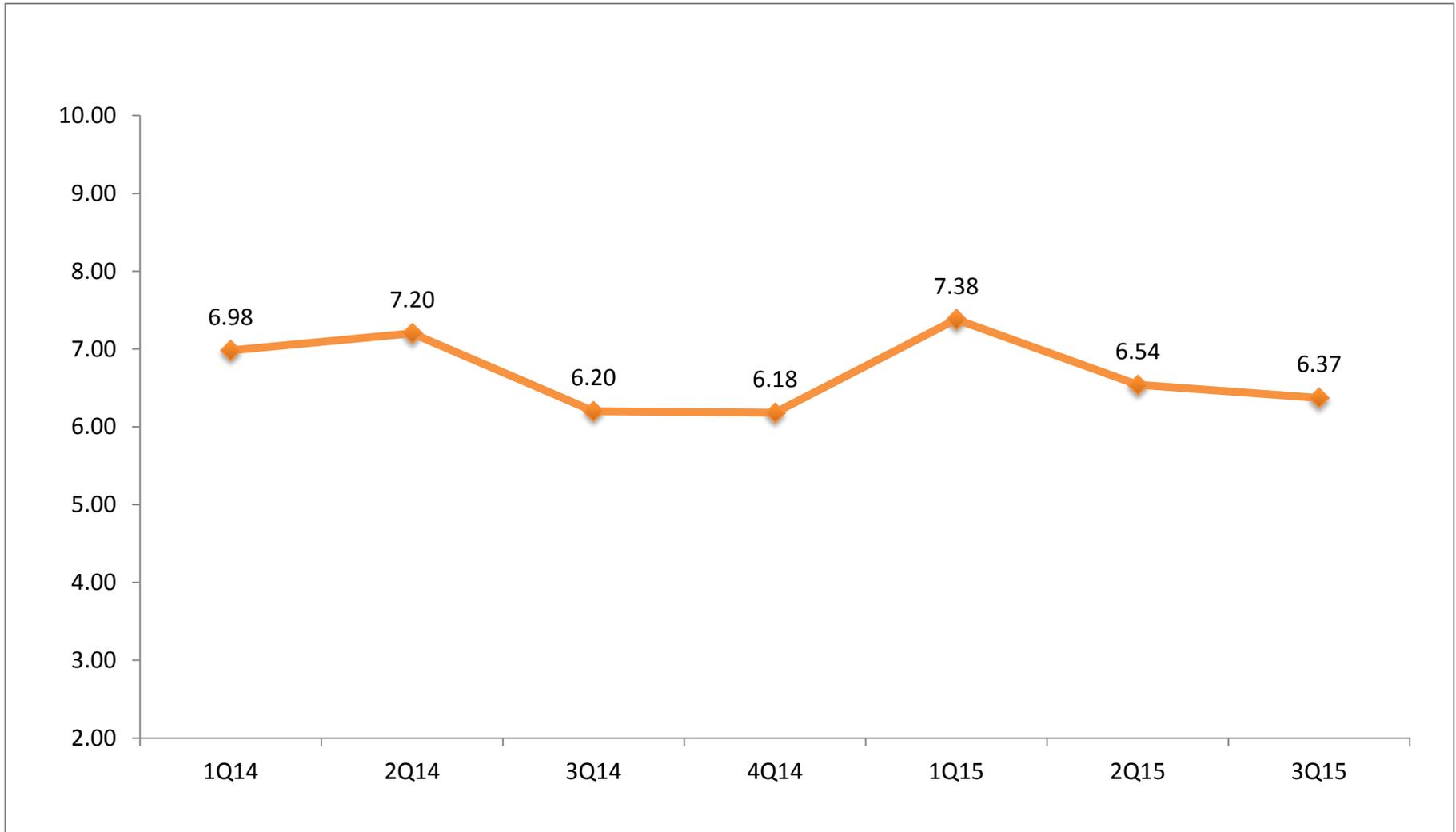
## Domestic Air Trip Days Trending

2014-2015 YTD

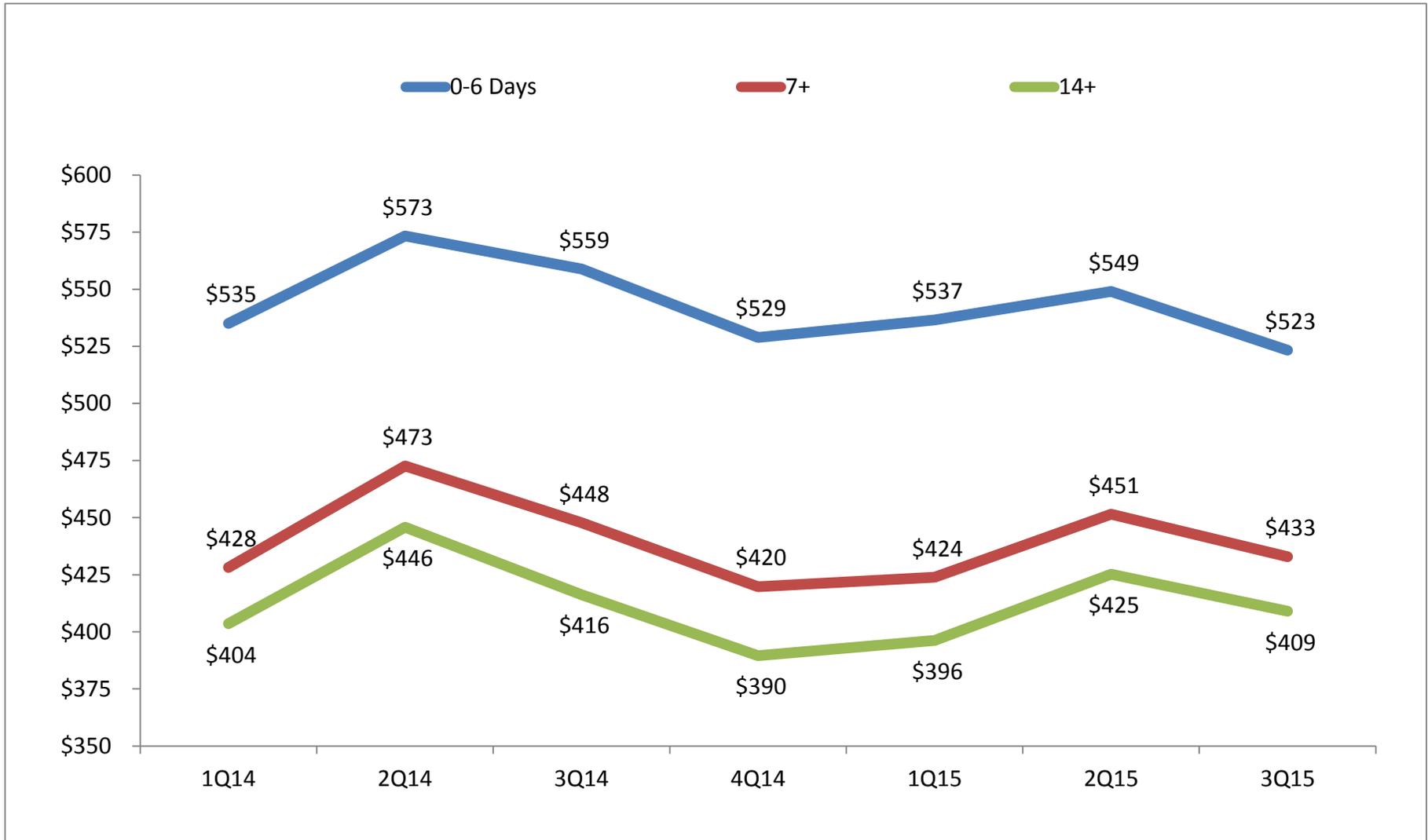


## International Air Trip Days Trending

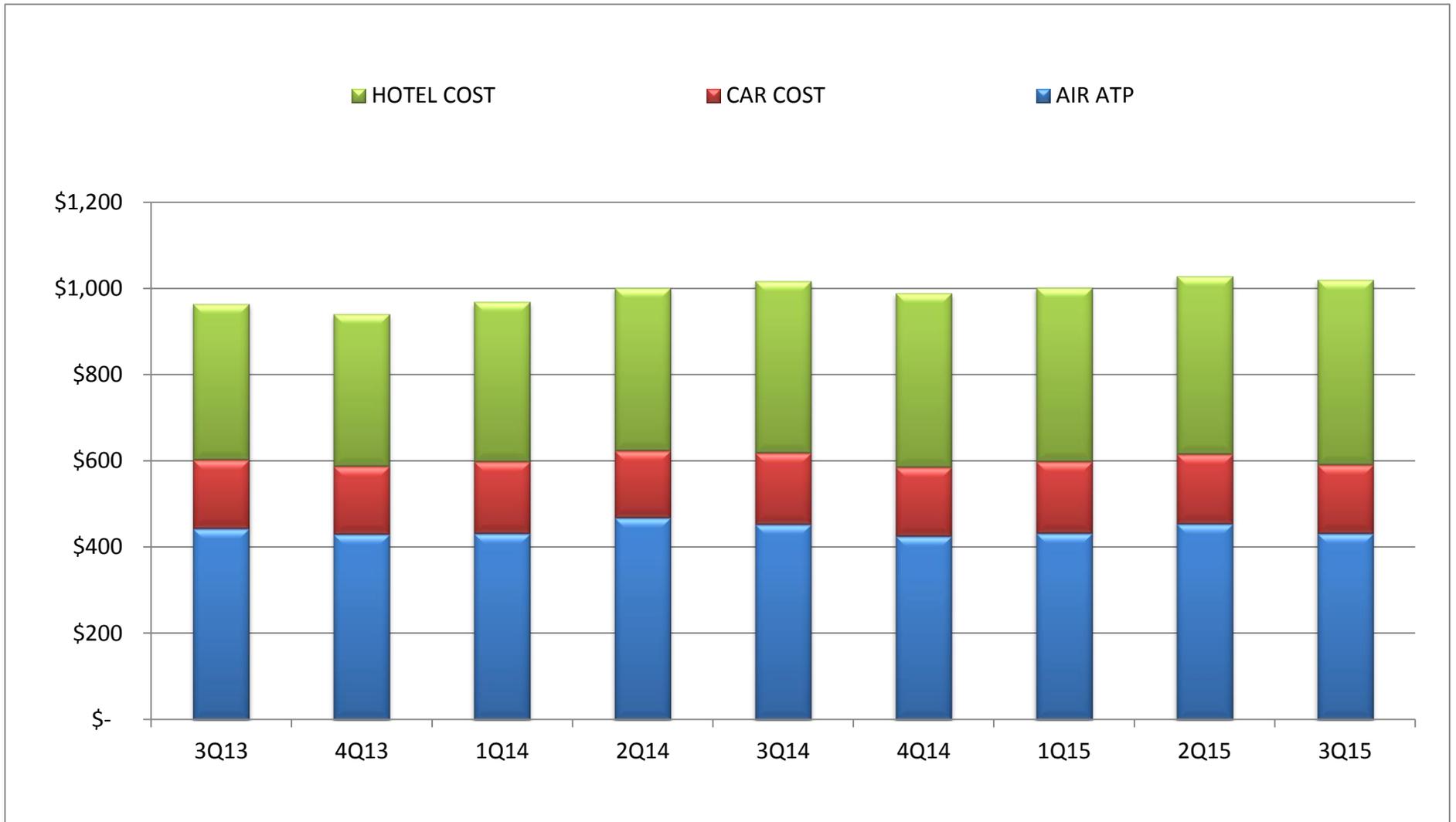
2014-2015 YTD



## Domestic Average Ticket Price (ATP) Based on Advanced Purchase 2014 – 2015 YTD



## Domestic Total Trip Cost 2014 – 2015 YTD



## International Total Trip Cost

2014 – 2015 YTD

