

NEWS RELEASE

Advito's 2018 Industry Forecast predicts rise in hotel rates and stable airfares; showcases emerging travel trends

CHICAGO, September 12, 2017 – Advito's 2018 [Industry Forecast](#) predicts a modest rise in global hotel rates and increased air travel that will have minimal impact on airfare prices, except in markets where demand is greatest. The annual review also highlights a growing problem related to lack of hotel availability at preferred rates, ongoing issues with traveler security and risk, as well as emerging challenges related to new NDC standards. In addition, it examines novel third-party services with the potential to offer travelers advantages via machine learning.

"In many ways, global corporate travel in 2018 will be remarkably similar to 2017; demand continues to grow slowly, but steadily, for the air and hotel sectors," says Bob Brindley, vice president and principal of [Advito](#), the global travel consultancy that produces the annual study. "Because hotel demand is outpacing capacity, prices will rise about 2 to 4 percent, depending on the market. The relatively low price of oil means that airlines can add capacity in step with demand, while keeping prices in check. Generally, the market favors buyers as price increases in dominant markets will be offset by lower fares in competitive markets, producing balance in the overall picture." Brindley and Jason Kramer, managing consultant of Advito, will discuss these trends and more during an [ACTE webinar](#) at 10:30 a.m. EDT on Thursday, Sept. 21.

One change from recent years is that corporate car rental prices in North America are expected to rise by as much as 5 percent in 2018 due to operator issues, including higher fleet prices and a downturn in the resale market. While this does not impact travel budgets as much as air and hotel expenses, it is a significant shift compared to recent years when prices dropped.

Hotel Rate Availability Challenges Continue

One of the most vexing dilemmas for corporate procurement and travel departments is hotel rate availability – a problem that will continue into 2018. As hotels become more sophisticated in yield management techniques, business travelers are increasingly unable to find and book rooms at preferred rates. Advito research reveals that such rates were unavailable 24 percent of the time on a global basis, with the figure as high as 33 percent among European hotels.

"This trend can reduce the value of negotiated rates," says Brindley. "To address this challenge, we recommend that clients track rate availability and renegotiate where appropriate. In certain cases, clients may consider dropping a property from its program or shifting to a dynamic discount to improve savings. Companies that tackle this issue most effectively manage their activity with standard hotel rate audits, rate availability audits and hotel price assurance services."

Promotion of NDC Standards Accelerates

Beginning in 2015, airlines began encouraging Travel Management Companies (TMCs) and their mutual corporate clients to move to new direct booking channels using IATA's New Distribution Capability (NDC) standards, which enable airlines to present bundled packages, rather than choices

based only on price. Imposing surcharges for bookings made through non-direct channels is becoming standard practice, a trend that is expected to accelerate.

“While it’s essential for outdated technology to evolve, companies should be aware of underlying challenges with this system, including access to transparent, consolidated information for efficient comparison shopping, duty of care responsibilities and traveler support,” Brindley cautions. “By locking into NDC agreements, one of the greatest dangers is that companies may reduce their long-term negotiating power. Currently, one of the great strengths of a GDS is its aggregation of content, enabling comparison shopping between suppliers.”

Travel Risk and Security Concerns Persist

Geopolitics and terrorism have added new dimensions to travel, exposing more travelers to risk. Areas to monitor in the coming year include deteriorating diplomatic relations between the U.S. and Russia and escalating tensions in the Korean Peninsula. Travel also may become more difficult if visa and immigration regulations change and as security authorities safeguard travelers from perceived threats with measures like in-flight bans on electronic devices. Because it’s impossible to predict when and where terror threats or natural disasters will occur, corporate travel departments should continue to monitor global news, explore technology solutions that enhance communications with travelers, ensure duty of care responsibilities and train road warriors how to respond if an incident happens.

Machine Learning Produces Savings Advantages

Third-party suppliers are now using machine learning to deliver benefits to travelers, adding value beyond their initial self-serving purpose to learn more about customers. This technology is now being applied to help corporations save money and reduce traveler stress through applications such as predictive pricing, forecasting the potential for flight delays and rebooking flights after tickets have been purchased. Such advancements give control back to travelers, helping them make smarter travel decisions.

Download a copy of Advito’s 2018 Industry Forecast at <https://www.bcdtravel.com/2018-industry-forecast-for-corporate-travel/>.

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About Advito

Advito is a corporate travel advisory that helps companies modernize travel category management—pushing beyond traditional sourcing and measurement tactics—for better spend outcomes in a data-rich world. We offer a full spectrum of services to help you better manage your program, reduce travel spend and influence traveler behavior. Contact us today at advice@advito.com or for more information, visit www.advito.com.

About BCD Travel

BCD Travel helps companies make the most of what they spend on travel. For travelers, this means keeping them safe and productive, and equipping them to make good choices on the road. For

travel and procurement managers, it means advising them on how to grow the value of their travel program. In short, we help our clients travel smart and achieve more. We make this happen in 108 countries with almost 13,000 creative, committed and experienced people. And it's how we maintain the industry's most consistent client retention rate (95% over the past 10 years), with 2016 sales of US\$24.6 billion. For more information, visit www.bcdtravel.com.

About BCD Group

BCD Group is a market leader in the travel industry. The privately-owned company was founded in 1975 by John Fentener van Vlissingen and consists of BCD Travel (global corporate travel management), Travix (online travel: CheapTickets, Vliegwinkel, BudgetAir, Flugladen and Vayama), Park 'N Fly (off-airport parking), Airtrade Holland (consolidation and fulfillment) and joint venture Parkmobile International (mobile parking applications). BCD Group employs over 14,000 people and operates in 108 countries with total sales of US\$26.4 billion, including US\$10.4 billion partner sales. For more information, visit www.bcdgroup.com.