



# 2019 Travel Industry Forecast



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# Overview

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2019 INDUSTRY  
FORECAST

Global  
Overview



## 2019 outlook

Airline and hotel  
prices will increase  
as demand remains  
strong



**Economic growth** will  
lose some of its **momentum**



**Airfares** will **rise** by **1%**  
in all segments



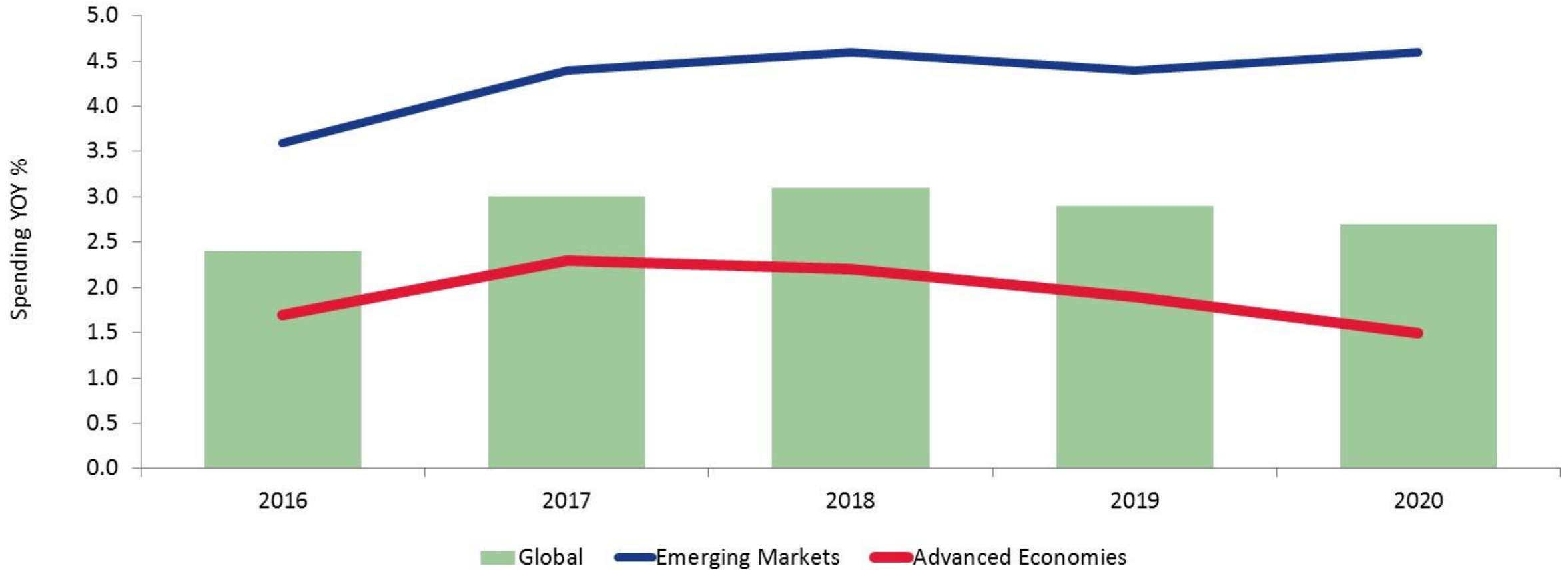
**Hotel** rates will **increase**  
in **all** regions



**Oil price** will average  
**US\$75** per barrel

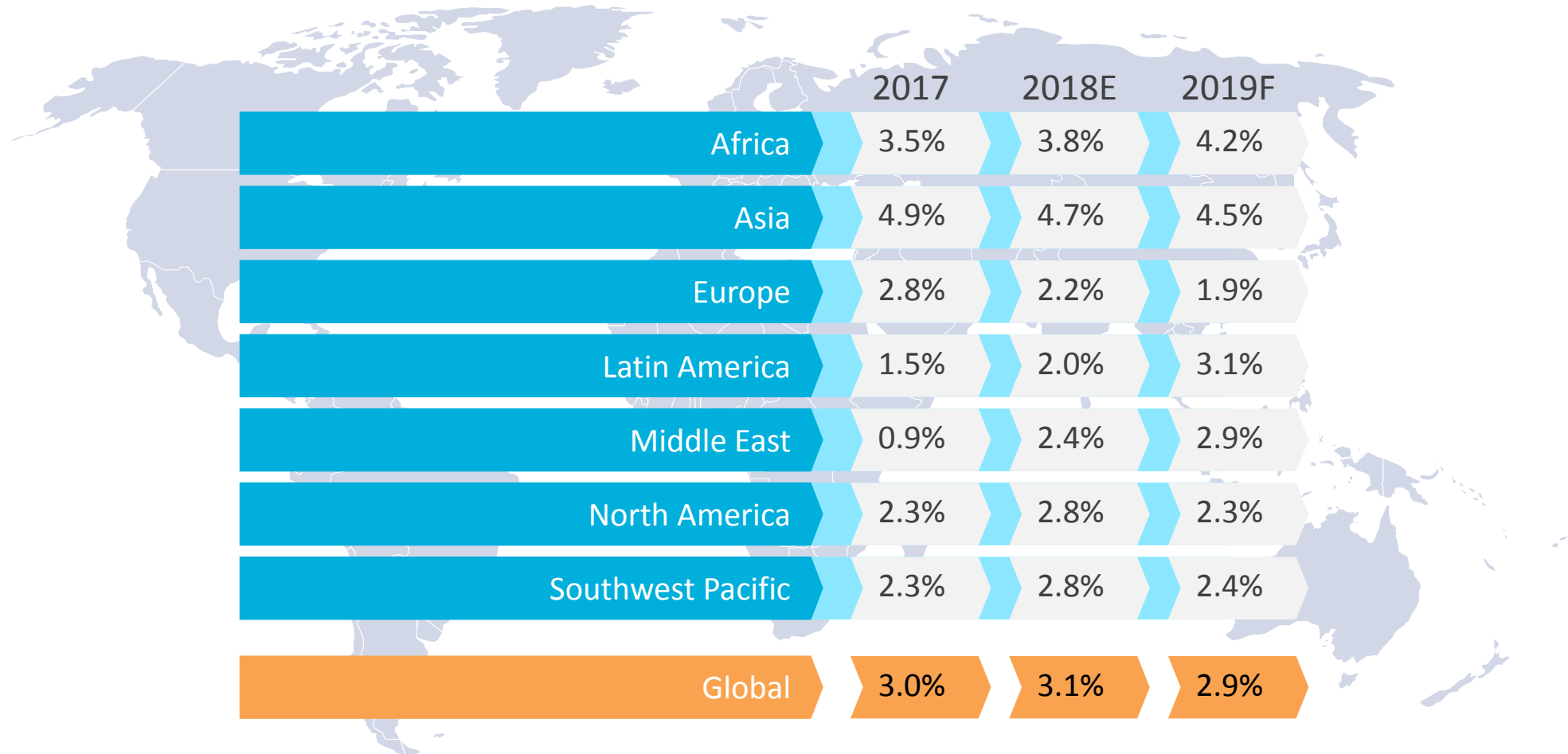
# Economic growth assumptions

Global economic growth will slow in 2019, as advanced economies lose momentum.



# Economic growth assumptions

Mounting trade tensions and higher oil prices will cause global economic growth to slow in 2019. Advanced economies will be most affected; 2019 will be another good year for emerging markets.



# Our oil price assumption

Growth in oil **demand** will  
**slow** slightly in 2019

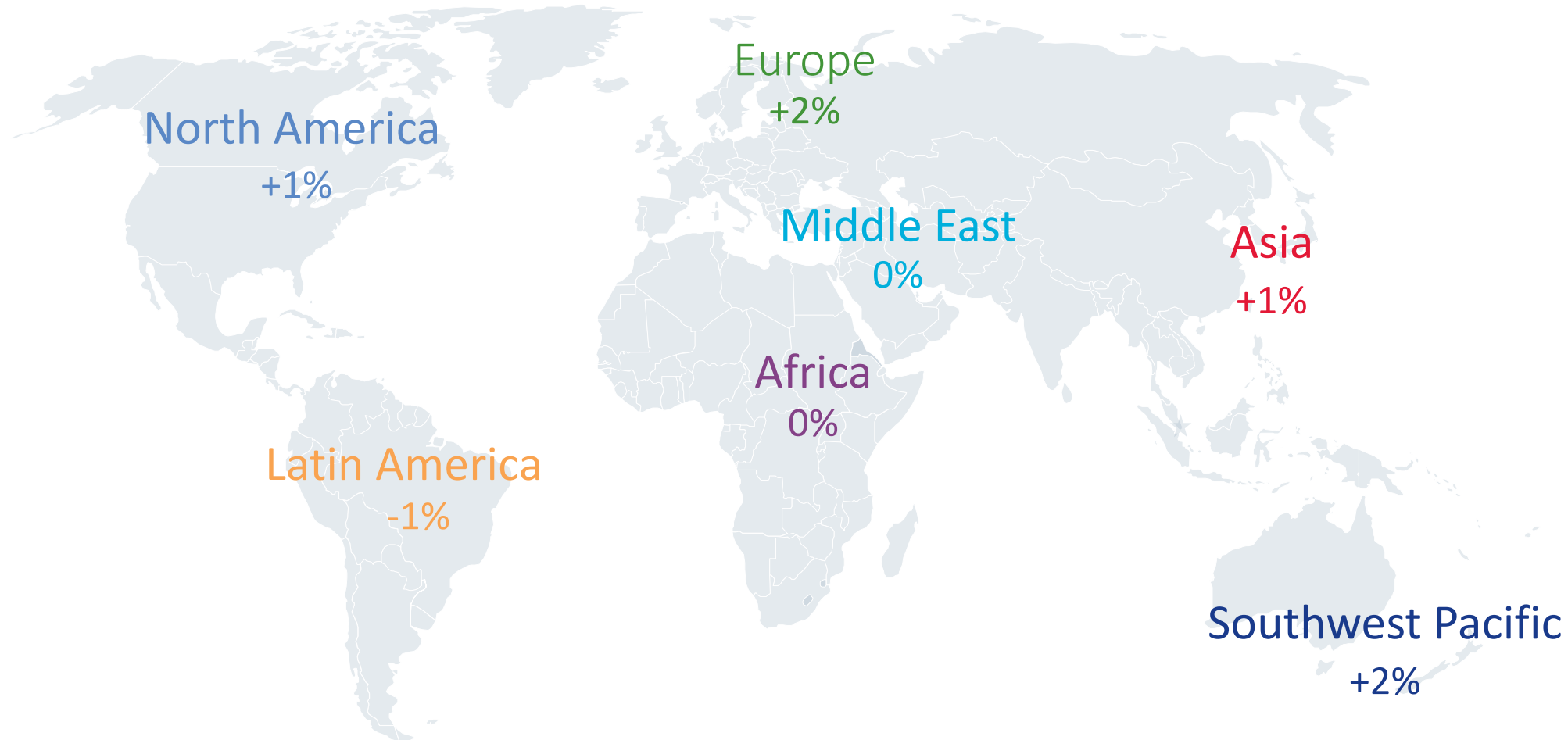
We assume **oil prices** will average  
**US\$75** per barrel in **2019**

Geopolitical **tensions** may cause  
some short-term **price hikes.**

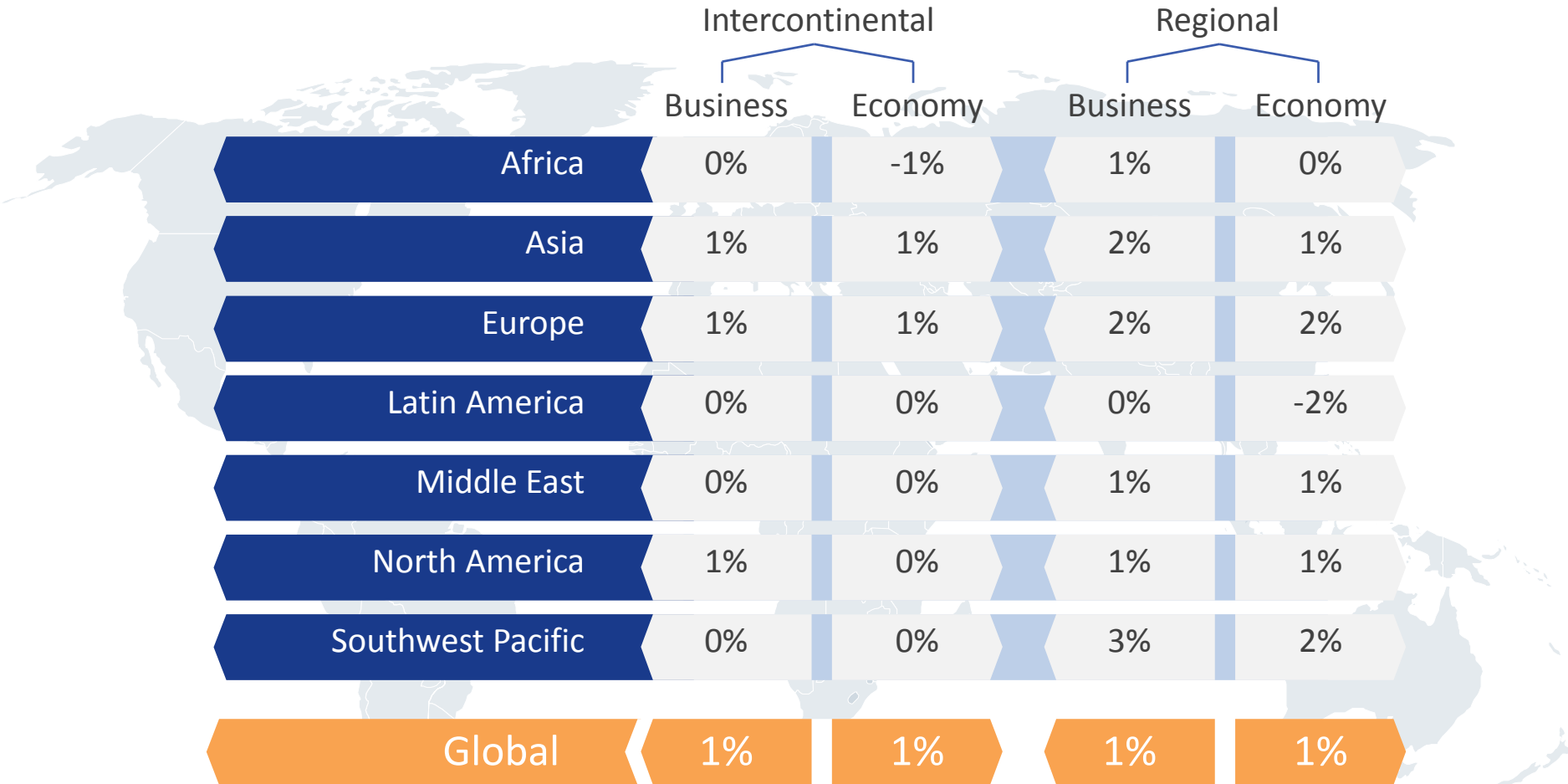
**Saudi Arabia** has enough spare  
capacity to step in to **stabilize**  
the market.

# Airfare outlook for 2019

Global airfares will increase by 1% in business and economy class for regional and intercontinental travel.



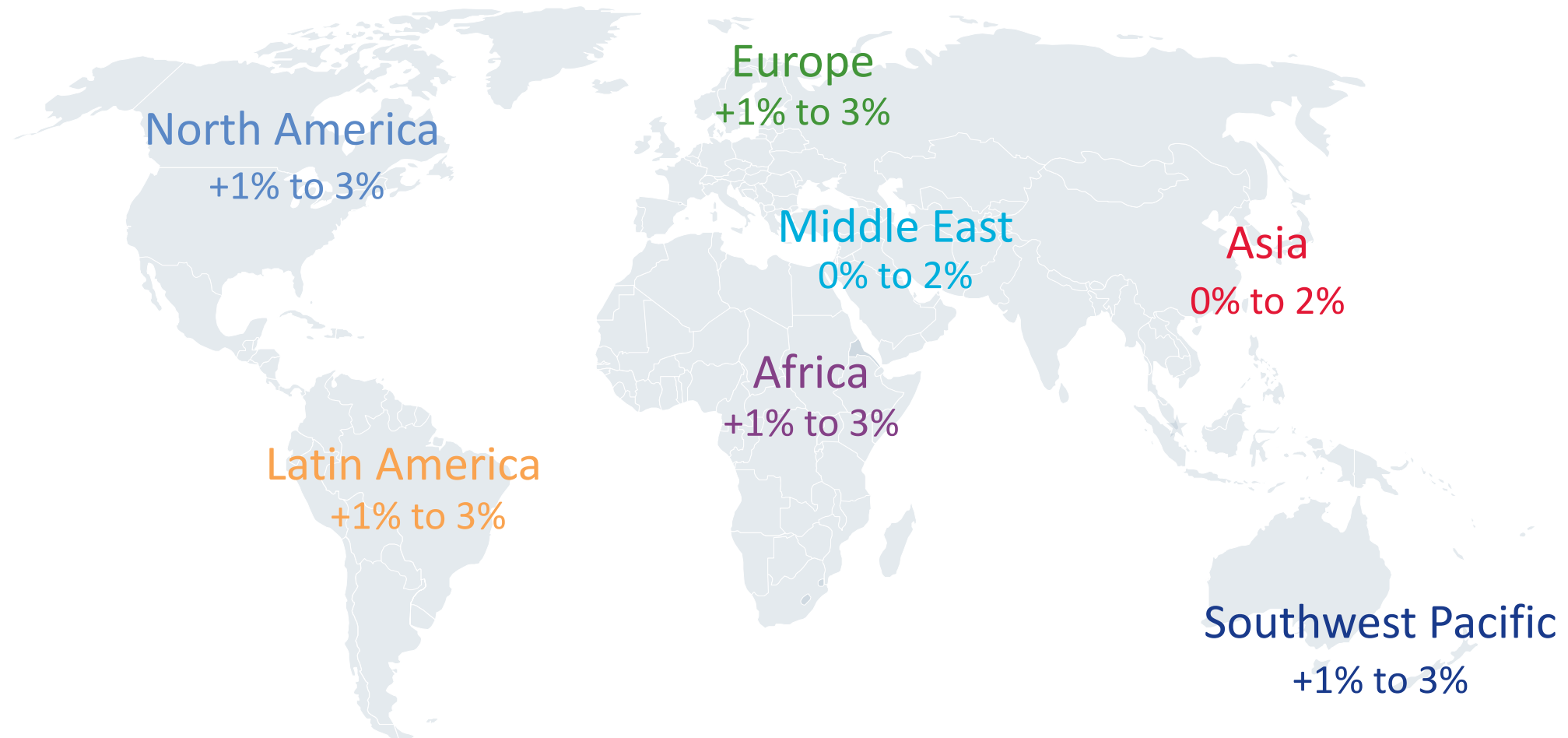
# Airfare outlook for 2019



Source: BCD Travel 2019 Industry Forecast

# Hotel rate outlook for 2019

Rates will increase by 1% to 3% globally.



# Risks in 2019

Terrorism will again be the main threat in 2019. But geopolitical tensions are growing, and may have a much bigger impact.

## Economic risks:

- Trade dispute becomes a full-blown trade war
- Middle East conflict disrupts energy markets
- Stock market reverse destabilizes global economy

## Terrorism risks:

- A persistent and significant threat
- More small, less predictable acts of terrorism

## Geopolitical risks:

- Rise of populist politics puts established relations under strain
- The changing global roles of the U.S., China and Russia

## Natural risks:

- Weather events
- Seismic activity
- Localized virus outbreaks



BCD Travel's Global Crisis Management team helps companies assess whether their duty of care practices and policies are effective and comprehensive enough to deal with today's travel risks. Its Travel Security Program Assessment (TSPA) benchmarks core aspects of duty of care against best-in-industry practices.



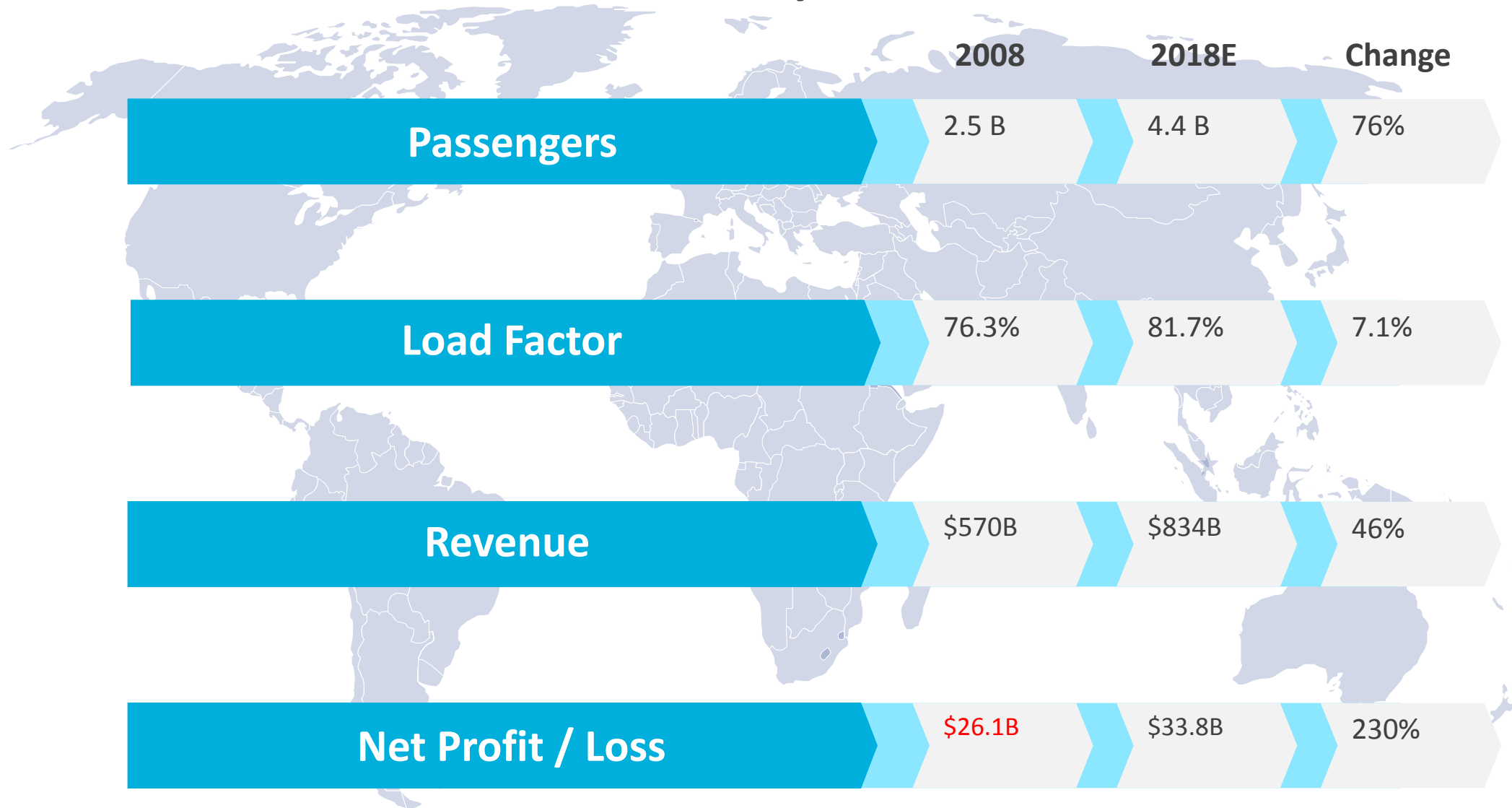
**Air**

**Matthew Patterson**

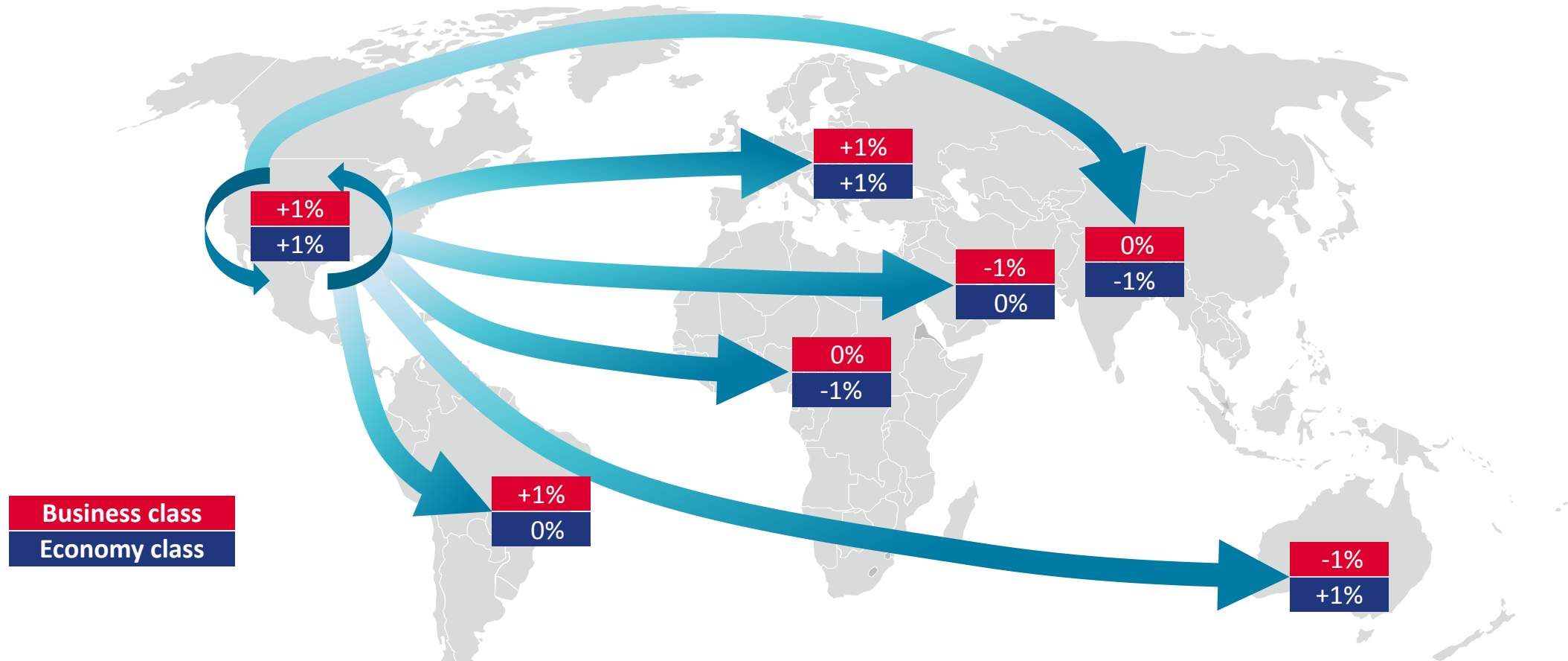
Vice President

**Advito**

# Global Industry Then and Now



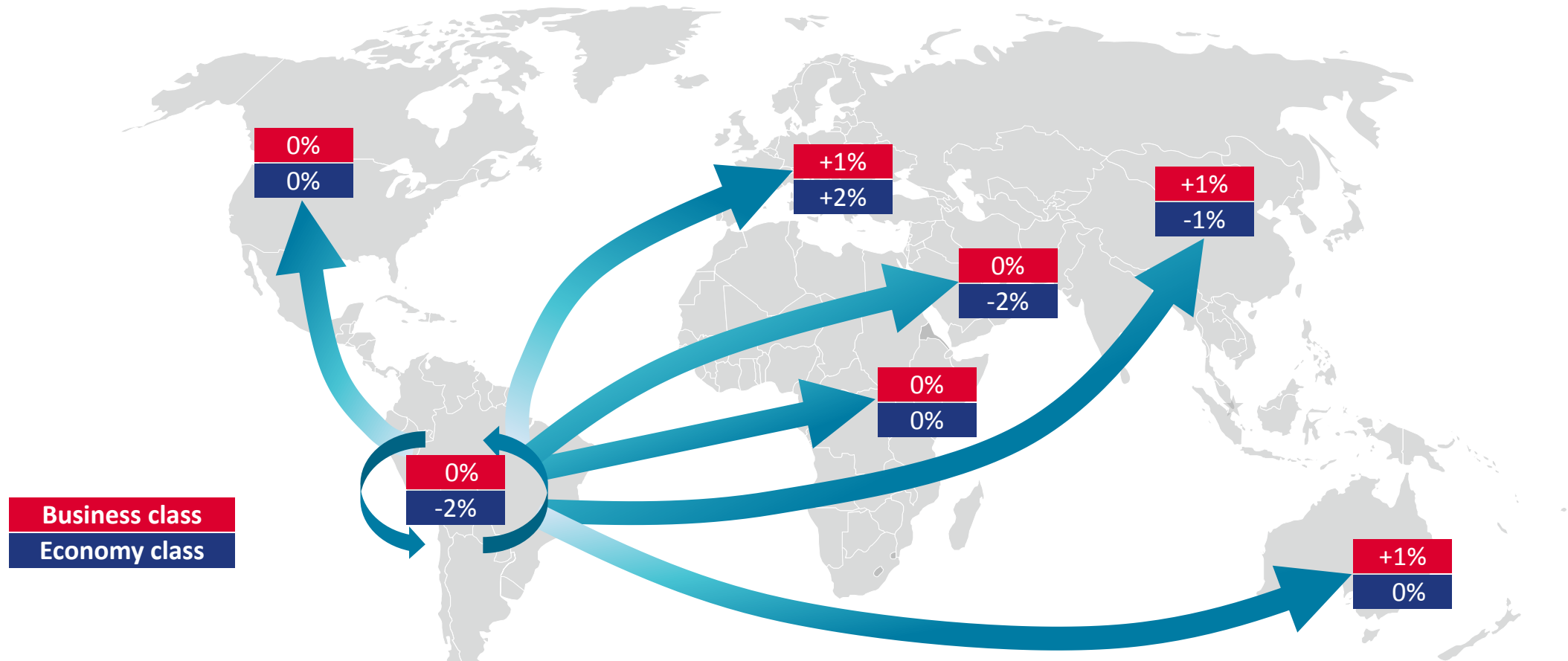
# North America – 2019 airfares by destination



Forecasted year-over-year change in average corporate client airfares (in USD), point of origin North America.

Source: BCD Travel 2019 Industry Forecast

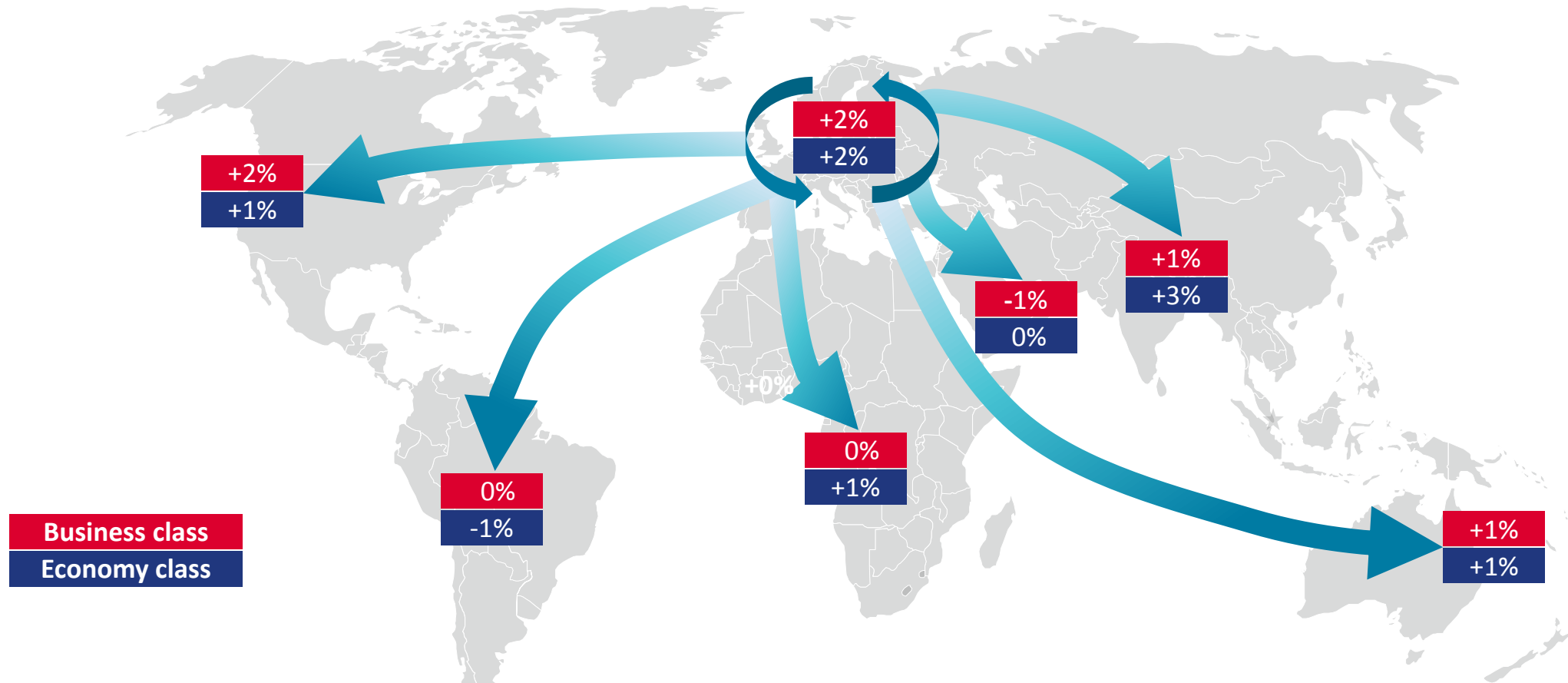
# Latin America – 2019 airfares by destination



Forecasted year-over-year change in average corporate client airfares (in USD), point of origin Latin America.

Source: BCD Travel 2019 Industry Forecast

# Europe – 2019 airfares by destination

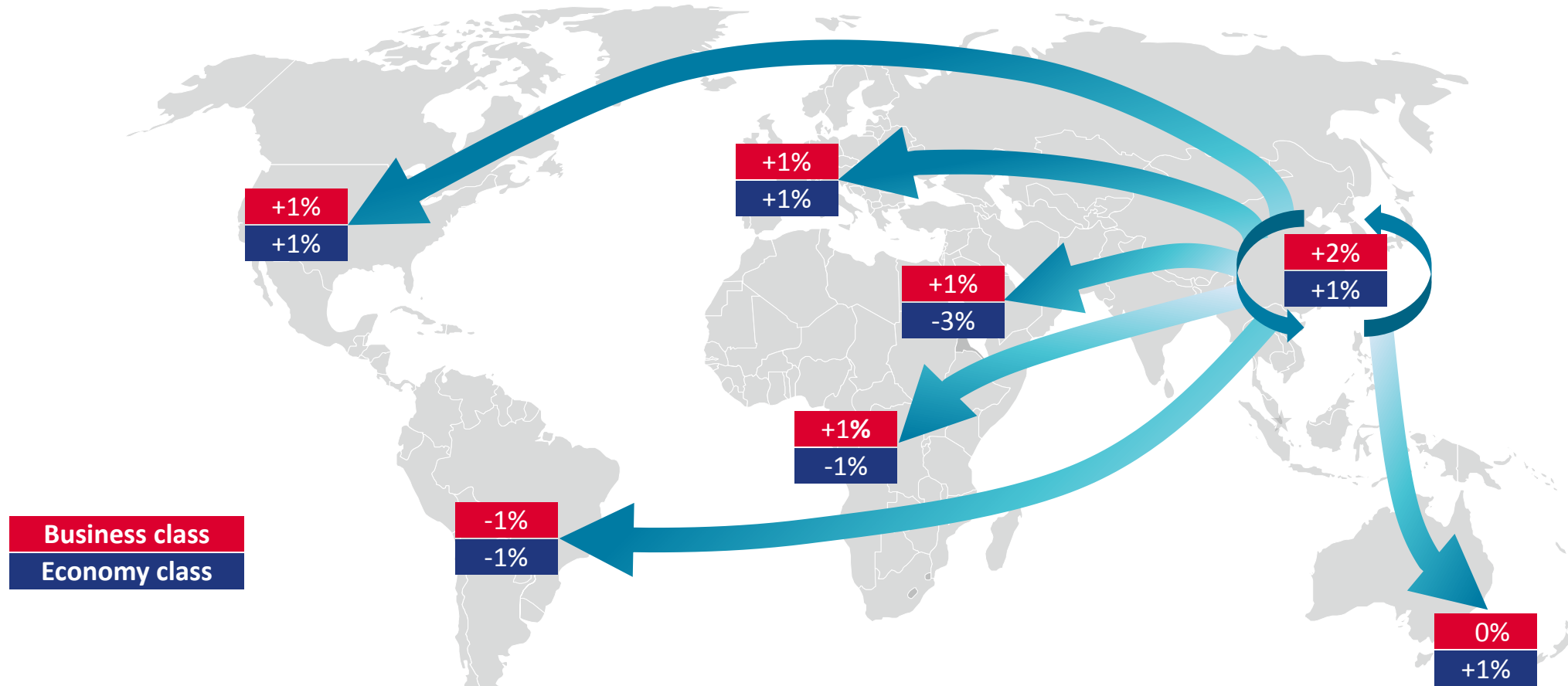


Forecasted year-over-year change in average corporate client airfares (in € EUR), point of origin Europe.

Source: BCD Travel 2019 Industry Forecast

# Asia – 2019 airfares by destination

Business fares will increase to all markets, except Latin America and Southwest Pacific. Most economy fares will also increase, but they will decline to Africa, Latin America and the Middle East.



Forecasted year-over-year change in average corporate client airfares (in USD), point of origin Asia.

Source: BCD Travel 2019 Industry Forecast

# Key Insights for 2019

Demand not expected to be materially affected by U.S. 2018 mid-term elections

Impact of changes to NAFTA and China trade agreements could impact long-haul pricing

Mexico's President-elect has committed to fiscal discipline and commitment to NAFTA, but actual policy deployment remains TBD.

Explore new methods of merchandizing your preferred airline program within your organization.

Measure changes of suppliers' networks; their ability to serve may have changed vs. what you contracted for.

Be aggressive when negotiating with suppliers – it's a buyers market. However, don't overcommit on market share expectations, but aggressively negotiate these terms as well.



# Hotel

**Kim Kearns**

Senior Director

Global Hotel Relations

**BCD Travel**

# 2019 outlook Hotels

Expect modest hotel  
rate increases across  
all regions in 2019

**North America**  
Hotel rates will rise  
1% to 3% as demand  
growth keeps ahead  
of supply.

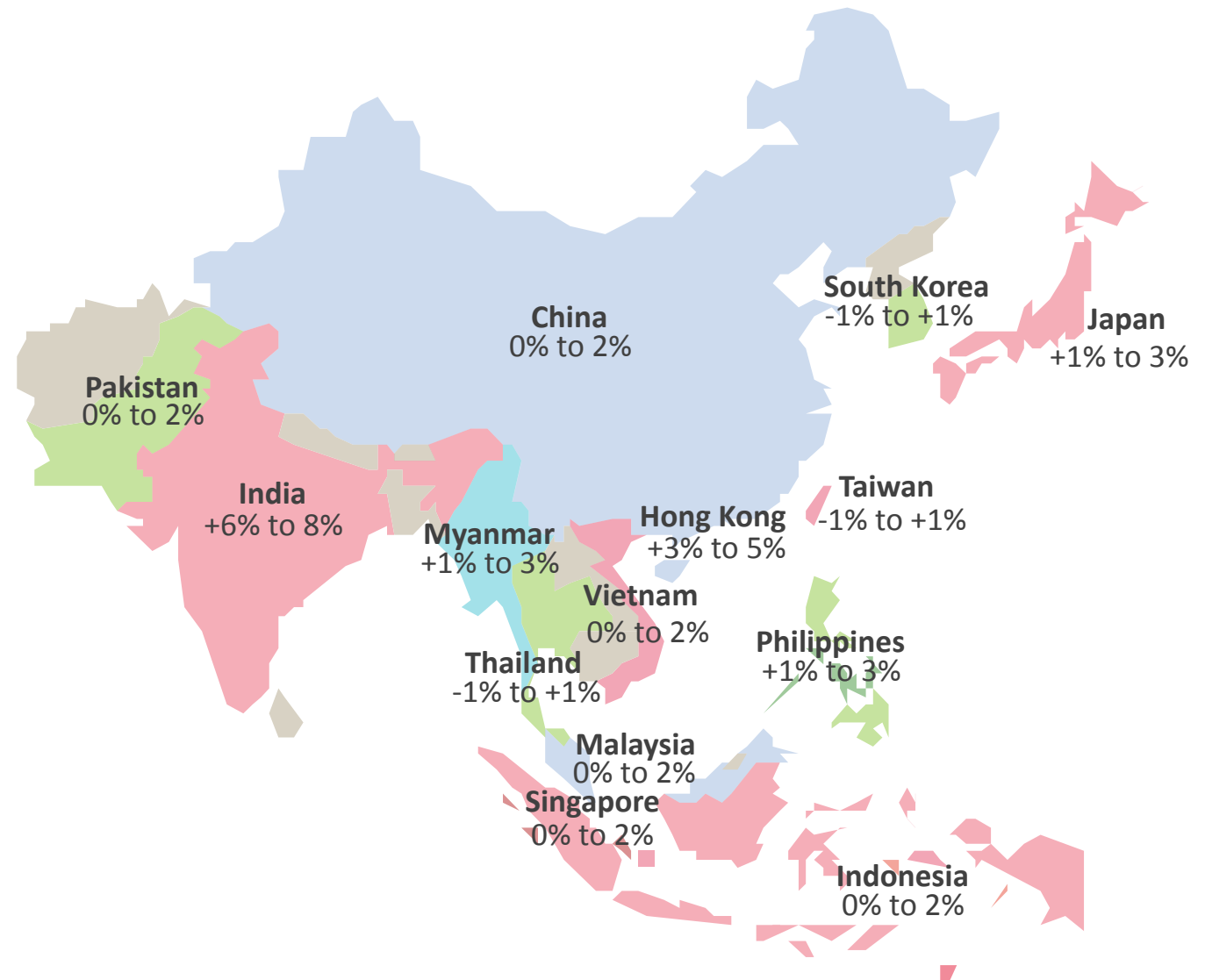
**Europe**  
Rates will rise by up  
to 3% in most  
European markets.

**Latin America**  
On average, rates in  
local currency will  
increase by 1% to  
3%.

**Asia**  
Demand will  
outpace capacity to  
help push up rates  
by 0% to 2%.

# Asia – hotel rates for 2019

On average, rates will change by 0% to 2% across Asia. But strong demand will drive them up by 6% to 8% in India, while supply constraints mean rates will rise by 3% to 5% in Hong Kong.



Based on hotel rates in local currency.

Source: BCD Travel 2019 Industry Forecast

# Asia – meetings in 2019

More event space will keep pricing steady in 2019.

Meetings demand will remain strong.

Increasing supply will keep pricing steady in 2019.

Expanding chains may offer deals to fill rooms across their Asian networks.

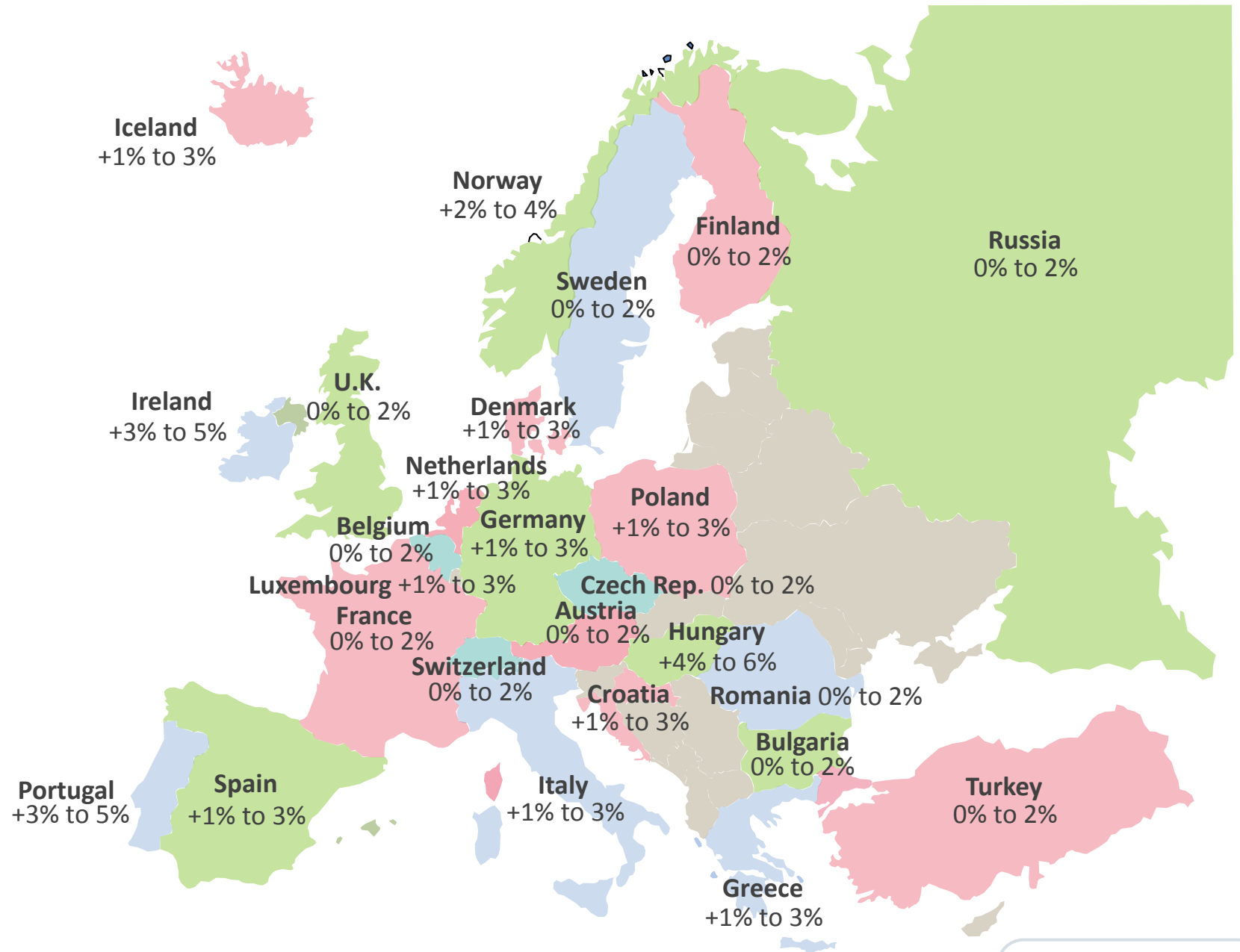
Meetings agencies can enhance events to make them memorable.

Increase production budget with a meeting closer to home.

Multi-year deals with hotels can reduce costs.

# Europe – hotel rates for 2019

The continuing modest economic recovery and little new supply will push rates in Europe up by 1% to 3%.



Based on hotel rates in local currency.

Source: BCD Travel 2019 Industry Forecast

# Europe – meetings in 2019

Meetings rates are certain to rise, unless a shock event disrupts demand.

Strong demand means rates are certain to rise in 2019.

Clients will want more flexibility on cancellation and attrition terms.

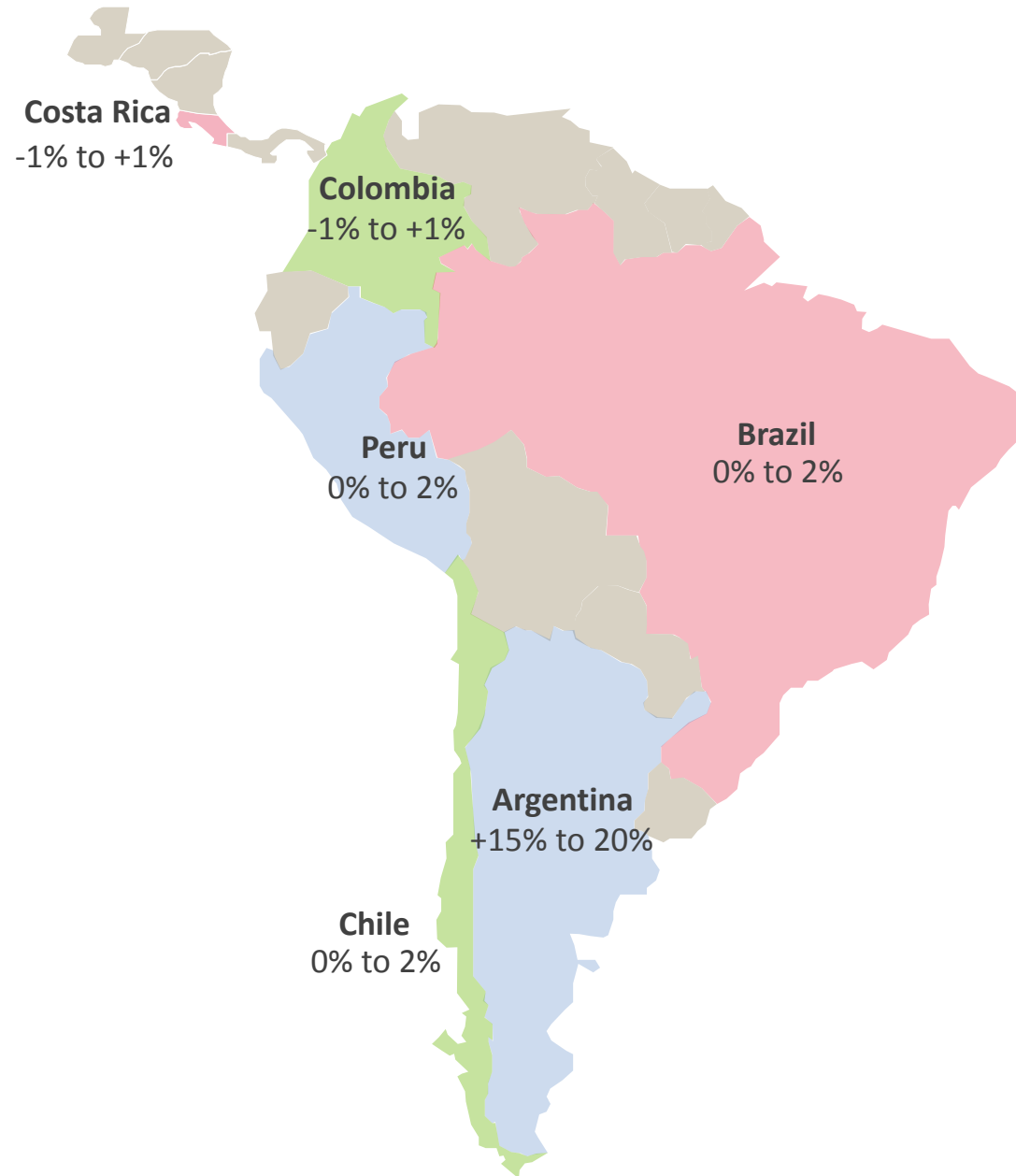
Be more creative about venue choices.

Consider multi-year deals with one chain, but using different hotels each year.

Use multi-location contracts negotiated by meetings intermediaries

# Latin America – hotel rates for 2019

Local currency rates will increase by 1% to 3% across the region, but expect a significantly stronger rate rise in Argentina, due to high inflation and currency fluctuation.



Based on hotel rates in local currency.

Source: BCD Travel 2019 Industry Forecast

# Latin America – meetings in 2019

Demand for meetings is increasing across the region.

Demand for meetings is increasing across Latin America.

Clients are trading down to lower-tier hotels to cope with smaller budgets.

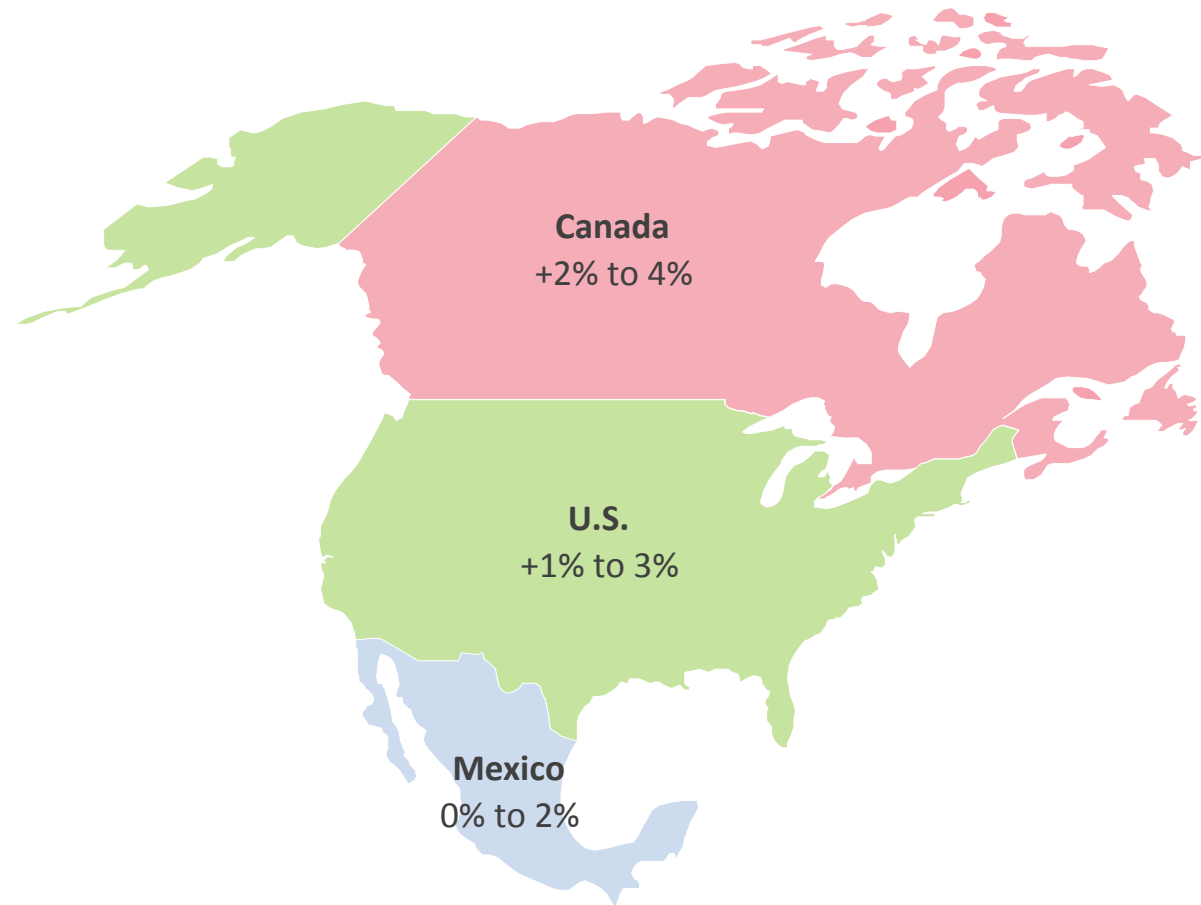
Fewer events are being held outside the region in locations like the U.S.

Its conference facilities ensure São Paulo remains a popular destination.

Consider all-inclusive resorts in the Caribbean.

# North America – hotel rates for 2019

With demand growth running just ahead of supply, expect average daily rates across the region to rise by 1% to 3%.



Based on hotel rates in local currency.

Source: BCD Travel 2019 Industry Forecast

# North America – meetings in 2019

Rates will rise by 3% to 4%, as new supply fails to keep pace with strong growth in demand.

U.S. rates will rise by 2% to 5% in 2019.

Strong domestic demand will ensure rates rise in Canada.

Strong underlying demand means rates in Mexico should rise in 2019.

Don't delay signing a contract, if the proposal is satisfactory.

For short notice bookings, be flexible on location, dates and days of week.

Look out for hotels inserting extra costs and fees into contracts.



# Hotel rate availability

More sophisticated yield management by hotels is profoundly changing their relationships with corporate clients.

## **Business travelers are increasingly unable to find and book rooms at their preferred rates:**

- Hotels are closely monitoring inventory and room availability.
- Availability restrictions may be on preferred rates when demand is high.

## **How travel buyers can respond:**

- Monitor preferred rate availability. Consultancies like Advito can help.
- Challenge hotels that withhold preferred rates.
- Tighten the wording of hotel contracts.
- Introduce a rate assurance program.

To maximize savings and program effectiveness, negotiated rates should sit alongside chain-wide deals, best-price-on-day purchasing and dynamic pricing.

# Q&A – Type your Questions in Chat



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