

BUSINESS TOURISM GOING DOWN



Economic crisis makes companies reduce their travel budgets. This makes the business tourism firms to provide various discounts and other changes to lure the tourists back. The drop in demand is, however, not likely to change in near future.

The economic crisis does not change only the leisure tourist behavior. The business travelers also have to adapt to the new situation. The business travel market has seen a drop in demand and this trend is more than likely to continue in future.

A strategic advisory firm, Hudson Crossing, recently issued the "**Q2 2009 Travel Industry Insight**" report in which it identifies the current trends and future developments of the tourism industry. According to the report, as the demand for business tourism product drops, the industry players provide discounts to lure the business tourists back. Among the changes is also the **disappearance of online booking fees from online travel agencies**. There are also loyalty programs that should help to keep the customers coming back. Nevertheless, the drop in the number of business travelers is not likely to stop any time soon.

Companies these days cut all the unnecessary expenses, which includes some business trips too. According to the director of the Association of Corporate Travel Executives, Susan Gurley, non-essential travel accounts approximately 40 per cent of a company's annually travel budget. We may not omit to mention the PR factor. It does not look good if a company that needed state money to stay operational pays their managers, who are partially responsible for the bad situation, a private jet trip to a luxury spa. These are the reasons why business travelers travel cheaper these days or do not travel at all. This development could perhaps provide a boost to the "virtual meeting" business. A matter could be discussed via the Internet, nevertheless, face to face meeting are not likely to disappear completely.

Such a development is naturally not quite profitable for airlines, which are loosing vast sums of money because of the drop in demand. According to the International Air Transport Association, Asia-Pacific **airlines are those most affected by the crisis**.

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