

USA: Business Travel Beats 2011 Expectations

Business travel finishes 2011 with stronger growth than expected and the industry will see steady expansion in 2012 that is greater than anticipated GDP growth, according to the latest Business Travel Quarterly Outlook – United States from GBTA, sponsored by Visa. Despite the uncertainties in the global economy, the business travel environment will remain healthy.



2011 closes with what turned out to be a stronger year than expected for business travel. Person-Trip volume is up 3.1% in 2011 Q3 while total business travel spending is up 8.3% for the quarter. Total Person-Trip volume will hit 446.5 million and total spending on business travel will reach \$251.9 billion in 2011, up 2.1% and 7.6% respectively.

Good Outlook for 2012

2012 will continue to see more measured growth as economic headwinds persist. GBTA forecasts that business travel spend will increase by 4.6% in 2012 on a slight (0.8%) decline in person-trips.

“Although the economic recovery is still modest, we see business travel remaining healthy and growing at a steady rate that outpaces GDP growth,” said Michael W. McCormick, GBTA executive director and COO.

“We’d like to see these record corporate profits trickle down through the rest of the economy, but as the European economy teeters on the brink, corporations remain cautious. But because business travel drives corporate growth, we should expect road warriors to remain busy in 2012.”

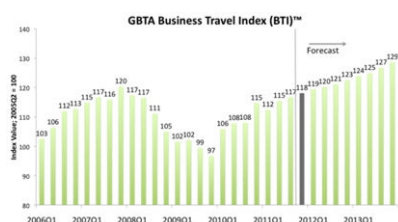


GBTA predicts U.S. business travel price inflation to be 2.2% in 2012, compared to price inflation of 4.3% for 2011. Lower levels of travel demand and lower fuel prices will be the leading causes of this improvement.

The GBTA Business Travel Index (BTI) for Q3 2011 reached 117, just slightly higher than previously projected, and is expected to grow at the same pace for Q1 2012 to reach 119. 2011 is likely to wrap up as a comeback year for business travel as corporations were resolute about increasing their investment in travel.

The BTI provides a way to distill market performance and the outlook for business travel into a single metric that can be tracked over time.

Looking farther out, the BTI has been revised to climb at a slow and steady pace as the global economy continues to struggle, with a forecast of hitting the pre-recession high of 120 by Q2 2012.



International Travel – Delays Expected

International outbound business travel is expected to remain stronger than domestic travel; however, it will face new challenges in 2012. Challenges in the Eurozone will continue to plague the global economy for the foreseeable future.

Additionally, there are some struggles in the developing world as many high-growth economies that have experienced strong growth over the last few years face their own challenges in 2012. The number of total U.S. initiated international business trips is expected to hit 6.8 million in 2011, a 3.2% increase over 2010, followed by 2.4% growth in 2012.

“For the last few quarters, international travel has been a bright spot in business travel, due to the higher cost of travel and the steady growth in the number of trips,” McCormick said.

“However, it looks like the pressure building in growing economies will cause slower but steady growth in 2012. Road warriors should still expect to be traveling, especially as the business climate remains uneven. No company will want to risk giving up the competitive advantage of in-person meetings, as each and every sale will become all the more important.”

Group Travel Spend Dips

Group travel had a very strong 2011. Spending on group business travel is projected to finish up 7.6% year-over-year. However, in 2012, group travel spending will be hard-pressed to repeat that performance. Growth is expected to fall back to only 4.2%, a significant drop from the Q3 prediction. Group travel in particular will feel the brunt of the cloudy economic future.



<http://www.gbta.org>

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