

BUSINESS TRAVEL: PRE-RECESSION LEVELS BY MID 2012



A recently released report by Global Business Travel Association (GBTA) on the United States Business Travel Quarterly Outlook has shown encouraging business trends.

The Visa sponsored research has shown stabilization in the business travel market but with an exception of international outbound travel, which seems to suffer from rising oil prices and European debt crisis.

Nevertheless, GBTA has expressed positive prospects with business travel expected to hit its pre-recession levels by mid 2012. The growth is further expected to improve for the remaining period of the year driven by the persistent economic headwinds. **The report estimates 2012 business travel to grow by 4.6% on a trivial decline of 0.8% in person trips.**

Over the last twelve months, the report shows a steady growth in business travel, which relates to an increment in the job growth on US economic indicator. While releasing the report, executive director and COO of GBTA Michael W. McCormick expressed gratitude and joy about the turn of events. He stated that the market could now begin to express a sign of respite on business travels.

The report further shows a 14 percent increase in business related purchases in 2011 from 2010 among Visa account holders. According to the report, the amount of money spent by Visa account holders in either pleasure or business purchases in 2011 hit over \$235 billion.

The statistics from the report shows 2011 as a landmark year in business travels. The total US initiated travel spending for 2011 hit \$251 billion, an increment from \$234 billion in 2010.

The report further shows a change in the business travel trends from 2000. The statics shows a decline in the number of business trips but an increment in business related travel spending, which is not purely driven by inflation.

The comparison shows 576.06 million trips and spending worth \$242.9 billion in 2000 against 445.0 million trips and spending worth \$251.0 billion in 2011. **This is a 22.7 percent decline in trips and an increment of 3.3 percent in spending levels.** This trend is expected to continue in 2012 with a 1 percent decline in trips and 3.6% increase in spending.

The GBTA report shows the average spending per trip in 2000 as \$422 while in 2011 the spending per trip was \$564, which is a 33.6 percent increase. In the last quarter of GBTA Business Travel Index outlook 2011, the index was two points lower at 116 of the projected value. Nevertheless, GBTA expects the growth to reach its pre-recession levels of 120 in Q3 of 2012.

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