

U.S. BUSINESS TRAVEL GROWTH DAMPENED BY ECONOMIC UNCERTAINTY



Business travel growth in the U.S. is expected to be low for the end of the year according to a recent report by the GBTA. Due to the economic turmoil currently in Europe, slow growth in China as well as the rate of employment in the U.S., business travel growth numbers in the United States have been slow.

When looking at the numbers, the spending is actually expected to grow 2.6% in 2012, which is a moderate increase since the last quarter; this increase is due to the rising cost of travel rather than an increase in business travel. The volume of passengers is reduced 1.6% from last year from 445 million in 2011 to 438 million estimated in 2012.

One of the main reasons that companies are being cautious about business travel spending is the uncertainty of the economy. The market is seeing modest growth, but companies are waiting for good news in order to become more confident and begin encouraging more business travel.

However, it is not all bad news for the travel industry, which usually relies on business traveling as its main source of revenue. Both travelers in the United States and abroad increased spending on their Visa accounts by 9% between January and June 2012. These first six months show that the average person is more interested in travel and spending, causing this year to be more focused on leisure travelers rather than business trips. Airlines are starting to focus more on families and individuals traveling rather than working on business trips.

The GBTA is currently forecasting that travel spending will increase by 2.9% in 2012 and international business spending will grow by slightly less, about 2.5%. These forecasts should be an accurate predictor for the rest of 2012, unless the economy improves dramatically and increases business travel and confidence.

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