

BUSINESS TRAVEL WILL BE MORE EXPENSIVE



If you are a business traveler, you have to brace yourself, for the coming year. Business travelers should be ready to fork out 5 to 6 percent more of what they are paying now for hotel rooms. These projections were revealed in a recent study by New York University.

The cause for this is quite simple. Every fall, the companies and hotels in the U.S. come together and decide on the rates and the amenities that the corporates will charge in the coming year. This year, the hotels and companies are not as much in agreement as usual, despite the fact that negotiations are underway to solve the issue, according to Bjorn Hanson, divisional dean of the Tisch Center for Hospitality at NYU.

The travelers who come into the U.S. for business are a very lucrative catch for the hotels. An estimated 20 percent of the occupancy is attributed to businesspeople who are usually paying in corporate or contract rates. According to Hanson, the lodging industry derives around a third of its revenue from this niche.

The levels of occupancy, and even the daily sales on average, are on the increase, throughout the USA. Since the economy was resuscitated, the number of travelling people has risen. Hotels are reluctant to reduce the rates that they charge for corporate contracts, or even adjust the usual additional perks, for instance, the free breakfast and wireless internet; mainly due to the boom in the business.

The rates have been steadily on the rise, with the corporate rate climbing up 5 percent in the past year. The daily rates for the hotels, on average, rose by 4.5 percent, as revealed by the industry players such as the executives, and the accompanying financial data. Information from the STR also confirmed these findings, concluding that the current rates for the hotels in the past months have been higher than \$110, on average.

Some businessmen on the road have already started feeling the bite. A dentist for Dental Departures in Seattle, Graeme Gibson, has claimed that it is now more difficult to come into a reasonable bargain with hotels, this year. Barely a couple of years ago, the scenario was different and the costs were reasonable relative to the current rates.

A senior Vice President of the Marriott International hotel, David Townsend, says that the supply is being addressed innovatively, with the goal being that of maximizing the profit, so as to continue the investment in the company. Hanson, on the other hand, speculates that **companies will try other alternatives, including the cutting of luxury, and replacing them with limited -service hotels.**

Some firms have even made a choice to trade down, in response to the price hike. The guest-rooms in some lesser familiar hotels are at par with those in the high-end hotels, if not better. The rooms could be more spacious, meaning that it is the better value of money compared to the traditional hotels. In any case, it is often common for smaller hotels to grant access to wifi and free breakfast, as opposed to their already established counterparts.

Date: 2013-09-23

Article link: <https://www.tourism-review.com/business-travel-in-the-us-will-be-costlier-news3852>