

STUDY: U.S. BUSINESS TRAVEL TO REMAIN STABLE



Perhaps in burying fears that the U.S. business travel marketplace has been on the dwindle, it has now been projected, on the contrary, that it will in fact continue to grow at stable and steady rates over a couple of years. This comes at a time when there have been notable challenges from the Middle East, Latin America and Asia Pacific.

These findings come from a report by the research arm of the Global Business Travel Association (GBTA). **The report states that the U.S. business travel will remain stable and will continue to grow over the next two years at above 3%**, despite all the headwinds from global volatility. The report categorically shows that this is mainly driven by price growths even though there are still major uncertainties in regard to reserved transaction growths, low inflation and of course, other major global uncertainties.

GBTA also stipulates that this projected increase in business travel in the U.S. is highly aided by the country's return to its former self before the great recession of 2008. It is projected that this will be at 3.2% and 3.5% in 2016 and 2017 respectively reaching \$299.9 billion and \$310.4 billion. However, the report forecasts that the following two factors will limit further growth during this two-year period:

- U.S. Business travel will continue to stagnate as it has done historically due to the continued dollar strength and highly reducing oil prices.

- On a similar note, business travel in the U.S. will still be affected by continued poor macroeconomic fundamentals that are mostly witnessed in Latin America, Middle East and Asia Pacific.

Even though these challenges are expected to be rife, the growth in the U.S. business travel is generally good to the travel industry buyers and suppliers. **The price growth is expected across major travel goods and services such as food and beverages, lodging, rental cars barring for the airfares, which are expected to either stagnate or reduce.** Either way, the cost of business travels to the U.S. will still increase.

On group versus individual business travels, group travels are expected to outperform individual travels. This is based on how individual travels performed in 2015, which was a decline compared to group travels that slightly increased. Nonetheless, GBTA reports that there will be continued growth for both sectors in 2016 and 2017, which is obviously good news to the general business travel industry.

Date: 2016-01-18

Article link:

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