

# A FAVORABLE FORECAST OF AIRFARES FOR BUSINESS TRAVEL



According to the annual estimates by the American Express Global Business Travel (Amex GBT) consulting arm, airfares for the most significant business travel routes worldwide are expected to stabilize by 2024. The "Air Monitor 2024" report predicts slight price increases and decreases on regional and international routes.

Airfares for business travel show mixed trends across all regions in 2024, with higher price stability overall. There will be minor changes in North America, with less than a one percent increase, both within the region and on routes to and from Europe. **Flight prices to Asia are expected to fall, while flights within Europe will increase by around one percent.** However, prices between Europe, the Middle East, and South America will decrease.

Specifically, the prices are expected to decrease by 3.5 percent in business class and 2.8 percent in economy class for Europe-Middle East flights and by 3.9 percent in business class and 10.4 percent in economy class for Europe-South America flights. All price comparisons are based on 2023 prices.

Several factors, such as airline capacity, inflation rates in different regions, exchange rates, and fuel surcharges, influence these trends.

## 2024 Overview

In 2023, airlines achieved outstanding results due to strong demand, high fares, and a drop in jet fuel prices. However, the increase in leisure travel, which contributed to the high sales due to make-up effects, is slowing down in some regions as consumers make different choices due to high-interest rates. Additionally, oil and kerosene prices, which have been rising since June 2023, add to the airlines' expenses and increase their financial burden.

Despite the airlines' efforts to improve their financial position in 2023, they still face significant debt challenges. Labor costs are increasing globally, and some regions have a shortage of skilled workers. Furthermore, supply chain issues are expected to delay the production of new aircraft and impede expansion plans.

## Fares and Sales

The report also guides negotiating with airlines and developing travel programs. **Negotiated corporate discounts ("Nego fares") may face challenges as airlines focus on revenue management.** Additionally, the use of the New Distribution Capability (NDC) data format is likely to have an impact on business travel programs in 2024. Airline pricing strategies are becoming increasingly dynamic, and NDC can reflect this.

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