

Special Advertising Section

GLOBAL BUSINESS TRAVEL

2011
TRAVEL
TRENDS&
HOW
THEY
IMPACT
YOU

By Chris McGinnis

If the late, great recession clipped your wings and you're yearning to get back on the road... then charge up your smartphone, pull the roll-aboard out of your closet and get ready. Business travel is roaring back as the economic outlook improves and companies release pent-up demand for face-to-face meetings.

Growth in business travel spending in the U.S. should increase five percent in 2011, in sharp contrast to the 14 percent drop in 2009, according to the Global Business Travel Association's (GBTA) latest Business Travel Quarterly Outlook.

Citing a higher than expected GDP, stronger exports and corporate profits, GBTA executive director and COO Mike McCormick says, "These trends are translating into greater business travel spending as companies invest in travel to drive revenues and compete aggressively in a recovering economic environment."

Suppliers are noticing the uptick, too. For example, Terry Wellesley, managing director at BMO Financial Group which offers corporate card programs says, "The transaction volume running across our network is clear proof that business travel is now back to pre-recession levels. Organizations know without a doubt that growth requires getting on the road and building relationships with customers, prospects and partners. The recession made them take a hard look at travel policies; now they're keeping that rigor while trying to improve the business traveler's experience."

International Travel Rebounds

Growth in international travel volume jumped 17 percent last year, after a devastating 32 percent decline in 2009. For 2011, international travel will increase, but at a slower rate (3 percent) due to a weakening dollar and significantly higher trans-oceanic fares on the horizon as fuel costs rise. The GBTA also expects group travel to jump 5 percent this year, signaling the end of a period dominated by "the AIG effect" when companies cut out much of their meeting, convention and incentive travel.

Higher Prices

Great news for the travel industry is not always great news for budget-conscious travelers or their companies. More demand means higher prices: Average domestic U.S. airfares in the third quarter of 2011 were 11 percent higher than the same quarter a year earlier while the inflation rate was only 1.1 percent, according to the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS).

In addition to higher fares, the BTS reports that U.S. airlines are now raking in close to \$1 billion in checked baggage fees every quarter. Newark, Houston InterContinental and Cincinnati were among the most expensive airports to fly out of last year while Orlando, Fort Lauderdale and Long Beach, Calif. were among the least expensive.



The Global Business Travel Association (formerly the National Business Travel Association) is the voice of the business travel community, representing over 5,000 business travel managers and travel service providers around the world. GBTA monitors developments in the business travel field and provides research and insight to the industry. The association also takes the industry's story to the media and the public, and represents the industry's interests on Capitol Hill. Committed to the advancement of the business travel profession, GBTA offers numerous education and training opportunities; its 2011 international convention will be held in Denver, August 21-24. For more information on GBTA or to become a member, visit gbta.org.

While U.S. hotel rates have remained mostly flat in 2010, they are expected to increase by five percent this year according to PricewaterhouseCoopers. "Robust lodging demand during 2010 and an improved economic outlook for 2011 are raising expectations for a continued recovery in the U.S. lodging market," says PwC's Scott Berman.

Upside to Fare Increases

There's an upside to higher prices. When the travel industry is profitable, it makes improvements. With airlines in the black, business travelers should see the addition of newer, more comfortable and more efficient aircraft.

Two examples of what's to come: Japan's ANA is continuing to improve its long-haul fleet by installing "staggered" lie-flat seats in business class (so every seat has direct aisle access), a big 17-inch touch screen LCD monitor, an extra large table and universal power ports for laptops or other devices. United-Continental hopes to take delivery of the Boeing 787 Dreamliner in 2012 and will deploy it first on the Houston-Auckland route, connecting to the hub of its Star Alliance partner, Air New Zealand. On board the 787, business travelers will choose from 36 lie-flat business class seats and peer out of the largest windows in the industry. The new aircraft is better able to pressurize, humidify and purify cabin air, which means travelers will feel less tired after long flights. (Those Houston-Auckland nonstops run about 15 hours!)

Advancements in Alliances

As global airline networks continue to expand, they add truly meaningful enhancements for business travelers. For example, more members of frequent flyer programs can now exchange their miles for one-class upgrades on nearly all partner carriers. This means, for instance, a member of United Airlines' Mileage Plus program can use miles earned on United to upgrade from coach to business class on a TAM flight to Brazil. "Our frequent flyers have always told us that upgrading using miles across the entire alliance is one of the most sought-after benefits," says Christopher Korenke, vice president, commercial at Star Alliance.

Globalization of Credit Cards

An emerging issue for U.S.-based corporate travelers is the use of magnetic stripe charge cards when much of the rest of the world has switched to what's known as "chip and PIN" technology. Having both stripes and chips on charge cards is crucial in Europe, where for example, ticket kiosks at most train stations only accept cards with chips. While the U.S. still lags in implementation of chip and PIN cards, Canada is now in the process of adopting them. Only a few North American corporate card issuers currently offer both technologies, according to BMO Financial Group.

China Takes the Lead

The GBTA expects China to be the largest business travel market in the world in just four short years and the country is building out its infrastructure at a dizzying pace to handle the load. China recently announced plans to invest about \$230 billion in its aviation sector over the next five years, which will include the construction of 45 new commercial airports and the acquisition of hundreds of aircraft. A new 819-mile, high-speed rail link between Shanghai and Beijing will open this June, ahead of schedule, cutting travel time between the two cities down to four or five hours. An estimated 220,000 passengers are expected to use the trains every day. It took just three years to complete the \$33 billion project.

On the hotel front, development is at a similar fever pitch. IHG remains the largest player in China with 145 hotels open and more than 30 new hotels expected to open in 2011. It recently opened three large (400+ rooms) InterContinental Hotels in fast-growing Hangzhou, Nanjing and Suzhou.

The challenge, some hoteliers are finding, is to understand and respond to China's culture — and

its business travelers. "In China, hotels are often seen as gathering places where the world meets," says Simon Scoot, vice president, global brand management at InterContinental Hotels & Resorts. "Our research has shown us the importance of creating a sense of occasion in everything we do, and imparting to guests our knowledge of the world through activities like wine and cheese tastings, art showcases and international culinary promotions."

Spending Report Transparency

As a result of recent belt tightening, corporations are demanding more granular data on traveler spending patterns to help control costs and negotiate better deals with suppliers.

Hotels can now provide companies with data beyond room and restaurant charges; they can zero in on details, such as specific items purchased from the mini bar. "One of our clients grew increasingly frustrated when spending reports consistently showed \$50,000 a year in hotel mini-bar charges, and she did not know what those charges were for," says BMO Financial Group's Wellesley. "Many hotels can now provide detailed 'level three' spending data, and examining it through our card program revealed that the charges were actually for bottled water. Now, when she negotiates with a hotel chain, she requires that free bottled water be provided for her travelers."

Goodbye to the Dead Zone

Anyone who has ever taken a transoceanic flight knows that, at least from an "always on" standpoint, much of the trip is pure downtime, due to ground-based connectivity. A Swiss company called OnAir, who has signed up 30 customers worldwide, now offers in-flight, satellite-based connectivity for mobile phones and laptops that can be used on all flights. Most partner airlines allow in-flight voice calls, while all offer e-mail, text (SMS) messaging and Internet access.

App Explosion

Nearly every major airline offers mobile applications, most of which are designed to reduce standing in that long line at the airport. Expect that soon there will be an app for avoiding lines at hotels, too. Holiday Inn is now testing technology that allows guests to bypass the front desk entirely, proceed straight to their rooms and unlock the door using their mobile phones. Here's how it works: The guest makes a hotel reservation by phone or online and provides his or her phone number. Then a text message is sent to the guest with a room number and phone number. Upon arrival, instead of stopping at the hotel front desk, the guest proceeds directly to the room door and calls the special toll-free number included in the text message. When it answers, it validates the guest's phone number and responds with a tone. The tone sounds; the guest places the phone near the door lock; and it opens. Beta tests started last year at two hotels in the U.S. and will be tested at more hotels in the second half of 2011. Based on the results of these tests, the service could roll out among other hotel brands.

Gains in "Wait" Loss

Trusted Traveler Programs continue to gain momentum as business travelers look to reduce long wait times at airport chokepoints such as security and immigration. The relatively new, yet somewhat obscure Global Entry program from the U.S. Department of Homeland Security permits passengers to bypass regular immigration lines. Flyers enter a separate, shorter line that eliminates interviews with immigration agents and takes them straight to kiosks, which are now in use at 20 major international gateway airports in the U.S., including New York JFK, Atlanta, Chicago O'Hare, San Francisco and Los Angeles.

The privately run CLEAR card program, which enables members to bypass security lines at U.S. airports for a \$179 annual fee, is making a comeback after shutting down in June 2009. And for those traveling through Hong Kong, the HKSAR Travel Pass allows holders to use counters usually reserved for residents to simplify immigration clearance. It's available to passport holders who traveled through Hong Kong International Airport at least three times in the 12-month period preceding the application; other special circumstances are considered, too. Rules, restrictions and paperwork apply.

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WELLNESS MATTERS

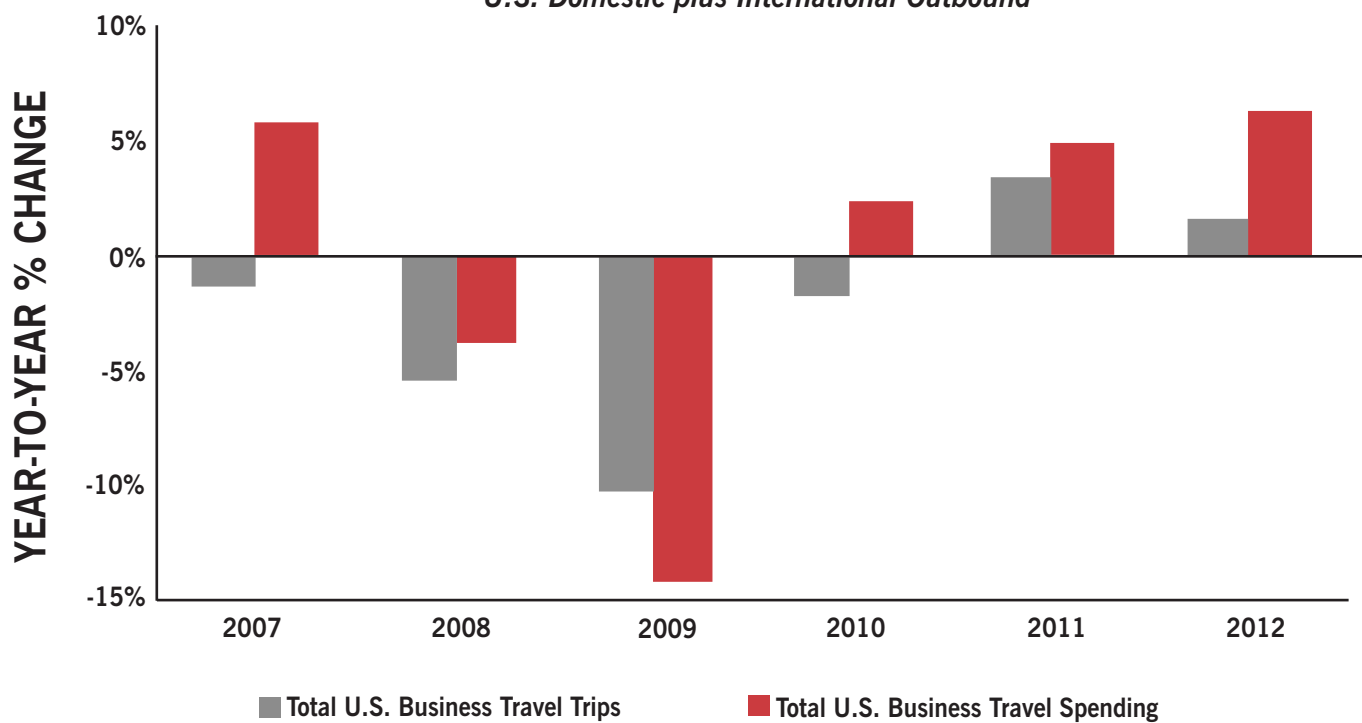
If you're feeling stressed out or unsafe on the road, chances are your company has resources to assist you — or will have them in the near future. Nearly 60 percent of corporate travel managers say they've got some sort of well-being component to their travel programs already in place while 76 percent say that their companies place a strong emphasis on traveler well-being, according to a February 2011 GBTA survey. Elements of such programs include safety and security training, 24/7 emergency assistance, destination specific health information and medical evacuation assistance.

For the full results of the GBTA Business Traveler Well-Being Survey, visit gbta.org/trends.

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GBTA Foundation U.S. Business Travel Outlook

U.S. Domestic plus International Outbound



SOURCE: GBTA



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