Forecast

2025 CWT GBTA GLOBAL BUSINESS TRAVEL FORECAST

If leisure travel is unpredictable and transactional, corporate travel ought to be seen as more predictable and partner-driven. **It's therefore time for a recalibration.**

Suzanne Neufang, CEO, GBTA

Drivers of change in 2025 sit heavy on external factors

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The great moderation in pricing is here

Nicholas Vournakis, Chief Customer Officer, CWT

When it comes to pricing, global business travel has finally reached an **enduring, higher baseline.** Prices will continue to rise in 2025, but only moderately, so expect a period of **normalized growth.**

However, **this pricing environment, one of marginal gains and price regularity, is fragile.** Global leisure travel has now realized a lot of its pent-up demand, while corporate travel has been resurgent, with 2024 edging at pre-Covid levels. There are many factors at play, whether its volatile oil prices, labor costs and constraints, inflationary pressures, and geopolitical factors.

As this elevated baseline edges upwards, albeit marginally, travel budgets will come under increased scrutiny, especially as travel patterns and attitudes change. It's why business travel can't be viewed in a silo, and the true value to an organization must be fully realized. This forecast can help with those calculations.

Potential for travel buying with stable pricing

Suzanne Neufang, CEO, GBTA

Elevated business travel costs are now a reality to be factored into the cost of doing business overall. Thus, buyers are already adjusting their longer term expectations on price as a significant factor in their travel programs. While it is still more of a supplier market with capacity constraints and other headwinds, we anticipate a better balance between buyers and suppliers as prices normalize and moderate in growth, and as leisure demand softens.

Supply and demand are truly at play here – and it is why buyers cannot be complacent and must play to their strengths, emphasizing how business travelers increasingly are dependable customers in terms of the volumes and value they offer suppliers. If leisure travel is unpredictable and transactional, corporate travel ought to be seen as more predictable and partner-driven. **It's therefore time for a recalibration.** This forecast provides actionable insights to help navigate these issues in detail.

Now in its tenth consecutive year, the CWT GBTA Global Business Travel Forecast aims to help businesses gauge the market with average pricing for hotel rooms, airfares and car rental, as well as meetings and events. The forecast also explores where prices are heading in 2025, as well as the drivers of change. All prices quoted are in US dollars.

Forecast

New and evolving trends

Unbundling of services

Whether it's basic business class tickets with restrictions and no lounge use or hotel rooms where you add various services for a fee, new technologies and channels for distribution, such as burgeoning New Distribution Capability (NDC), are increasingly allowing a 'Lego brick building' approach to trips and ancillary services, where costs can be appreciated. This can also degrade total price calculations.

Differential travel

"Business is back, but it's a different business travel mix," said Sebastien Bazin. CEO of Accor. Entrenched hybrid working has been a shot in the arm for this trend. Every organization resumed travel post pandemic but in different ways. Making sweeping generalisations on travel profiles is difficult. It is not sector or company-specific. You might have a large enterprise flying more than in the past, while another is traveling a lot less due to climate concerns, while conducting infrequent 'energizer' meetings for staff and clients. This affects volumes and pricing. No one size fits all.

Zero-based budgeting

With a high price baseline and more hybrid working, budgets are under intense scrutiny. Some are adopting a zero-based budgeting approach, which involves breaking down trips or meetings, starting from scratch, and going through each expense, category by category, to figure out what is essential. Nothing is assumed from past experience and visibility is high.

Cannibalization of leisure

Keeping an eye on price and because of the peak in leisure demand, corporations have been looking at vacation and short-term rentals for business trips. This plays into the bleisure or blended travel trend and extended stays. Some travel policies are being adjusted to offer more flexible options.

View from 30,000 feet

Price growth is normalizing

After several years of significant volatility, price rises have moderated for 2023 through to 2024 with single digit percentage increases. This shows a normalizing of the price environment. The prolonged post-pandemic leisure travel boom and a resurgent business travel market, along with constrained capacity have kept prices elevated. At the same time, travel suppliers have tried to mitigate rising costs due to issues with labor, inflation and fuel.

Adjusting to a new baseline

The industry must now stop thinking of 2019 as the baseline year. Prices are unlikely to return to these levels. Travel buyers therefore have to work with these new elevated figures. This higher baseline represents the true cost of business travel.

What's significant is that marginal price increases going forwards appear as small rises on an elevated baseline, but in 2019 figures they now look like momentous jumps. It is no wonder that travel buyers are more conscious of their travel spend than at any point in history and the return on investment or ROI it now represents.

Restrained pricing environment

Looking forward, price rises are expected to be more restrained, a trend that is likely to hold for the next 24 months. Even though business travel volumes could outpace pre-pandemic levels in 2025 a likely softening of leisure travel demand will keep the pricing environment in check.

This continued rebalancing means that other levers will come into play. Pricing is therefore more likely to be aligned to external factors such as global, regional or national economic growth. Input costs, such as labor and fuel, will also return as dominant factors, as more capacity becomes available for business travelers and inflation rates slow, albeit at a protracted pace. It means that buyers must be more aware of external factors for 2025 – and that they are complex.

Market dynamics are shifting again

With a rebalancing between business and leisure travel there's likely to be an increased focus on corporate travel buyers, their budgets and travel programs. Small to medium enterprises (SMEs) drove the first wave, and now some large enterprises are showing stron demand. This paradigm hasn't been as relevant in the last couple of years. It is now, and will become most apparent in countries where leisure travel demand softens quickly.

Drivers of change in 2025 sit heavy on external factors

With a normalizing pricing environment, there is greater potential for external factors to influence costs. The business travel market is therefore on an 'extreme tight rope' when it comes to prices, where uncertainty, volatility or new risks could affect pricing more dramatically in 2025. This includes the following factors:

Questions over economic outlook

The global economy is 'steady but slow,' 'weak paced,' or exhibiting 'modest growth,' depending on which forecast is analyzed. The baseline forecast is for global growth of just over 3% which is broadly unchanged amid persistent services inflation, although uncertainties weigh on the economic outlook.

Geopolitical tensions abound

Wars in Ukraine and the Middle East still have the potential to escalate, so could tensions with Russia and China. Elections in the U.S. and many other countries could also color the outlook. Following the biggest election year in history in 2024, with new administrations come new policies that will take effect in 2025-26. Geopolitical tensions also play out in oil prices, which directly affect travel providers, as well as sentiment over travel plans.

Labor constraints continue

Human capital is vital to the travel sector. Labor constraints have pushed up the price of wages and therefore the cost of travel. In some quarters, workers are looking to reverse pandemic-era staffing and service cuts. When travel providers post higher revenues, workers might also demand higher salaries.

Inflationary pressures persist

Despite curbs to inflation around the globe, it is still persistent in some markets. This has an impact, squeezing leisure travel demand, as well as pressuring price points for business travel, since travel providers have to deal with higher costs. Inflationary pressures are also persistent specifically in the hospitality sector.

Leisure demand still colors pricing

Global leisure travel demand remains relatively healthy, yet the rebound and subsequent impact of the pandemic has now waned. This is likely to weaken the pricing power of large travel providers across the globe.

Sustainability concerns

Sustainable aviation fuel (SAF), carbon offsets or investments in electrical vehicles, the shift to a greener economy globally either by commitments to net zero, investor pressure, or due to regulatory environmental requirements adds new costs to business travel. These will increasingly be passed on to the buyer.

The business travel market is therefore on an 'extreme tight rope' when it comes to prices, where uncertainty, volatility or new risks could affect pricing more dramatically in 2025.

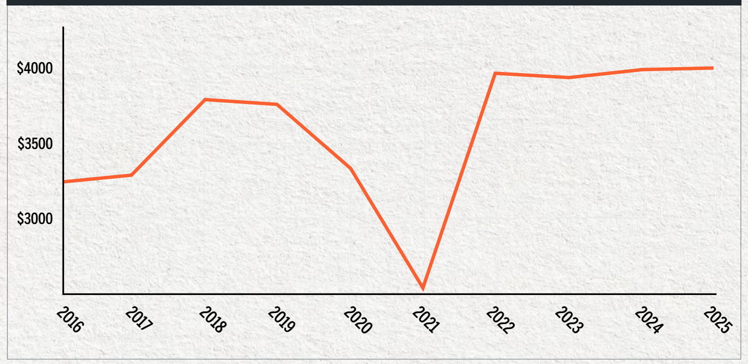
Normalized price growth for tickets

Airfares experienced a price decrease in 2023, with the average ticket price (ATP) dropping by 1.6%. This moderation in pricing is expected to be short lived and forecasted to climb in 2024 by 1.9%, with more normalized growth expected in 2025. Prices are forecasted to rise next year by 0.6% globally. Around the world air ticket demand outpaces fleet capacity as supply and demand dynamics keep prices high and growing, albeit slower than previously forecasted.

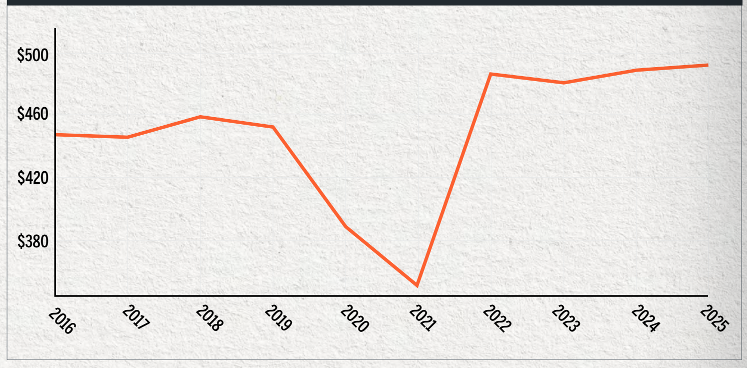
Global outlook

Demand for flights continues to be strong around the globe. A record 5 billion air passengers are expected in 2024, according to IATA, surpassing the 4.5 billion peak in 2019. Supply chain constraints, namely access to new planes, and a focus on profitability continues to color the industry, which means a higher price environment endures.

Global air price projections in premium class



Global air price projections in economy class



REGIONAL OUTLOOK

Asia-Pacific

In a region where low-cost carriers often dominate, it is not surprising that prices slumped by 7% in 2023 on the back of a meteoric rise post-Covid. However, expect muted price growth in 2024, of 2.3% and a more normalized rise in 2025 of 1.6%. The APAC region has been slower to recover from the pandemic, as it was slower to lift restrictions and ramp up flights. However, intra-regional travel is picking up. The rebalancing of supply and demand is now happening at pace, although international flights from and to China remain below pre-pandemic levels.

The APAC region has been slower to recover from the pandemic, as it was slower to lift restrictions and ramp up flights.

Europe, Middle East & Africa

With an average price of $785, EMEA continued to have the highest average ticket price for 2023, compared to other regions. Pricing growth moderated with prices rising 1.8% in 2023. A dampening in price growth is expected for 2024 with a climb of 1.5%, and for 2025, a 1.4% increase. Expect greater sensitivity to pricing in the future. Inflationary pressures in the region are also affecting pricing.

With an average price of $785, EMEA still continued to have the highest average ticket price for 2023, compared to other regions.

Latin America

Price growth for 2023 was muted at 2.2% with an average ticket price (ATP) of $656. Growth is forecasted to be higher at 2.6% for 2024. Carriers have enjoyed healthy demand for air travel in Latin America, even as the region also struggles to add capacity due to an ongoing shortage in aircraft. In 2025 expect a further normalization in price rises. The region will show only 1.6% growth. Prices will be more tempered for economy rather than premium tickets.

Carriers have enjoyed healthy demand for air travel in Latin America, even as the region also struggles to add capacity due to an ongoing shortage in aircraft.

North America

Average ticket prices reached $777 in 2023. This represents a 4.3% rise on the previous year, the highest growth rate of any region. NORAM still had the highest average price for premium tickets at $5,847 for 2023 when compared to other regions. Price growth is expected to moderate to 3.5% in 2024, and 0.5% in 2025. Price growth is still upheld by a lack of plane deliveries from Boeing, a major supplier to key airlines in the region, even though excess industry capacity will dampen some airfares.

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Air travel trends

Pricing affected by global supply chains

Despite some airlines posting healthy profits, margins can often remain thin as new capacity has yet to see significant investment. Carriers will receive 19% fewer aircraft by the end of 2024 than expected. The price of leasing aircraft has therefore risen, with airlines spending approximately 30% more on leases than before the pandemic -- all of which constrains the market and upholds pricing. Some airlines have also been directly impacted by unforeseen maintenance issues.

The sector may have been resilient in the face of inflation, high interest rates and slowing GDP growth, but it continues to face headwinds that impact costs. The two most important factors are fuel and labor. And challenges with recruitment are reported across the aviation value chain from ground handlers to airline staff, pilots and air traffic controllers.

Airlines are also reinvesting in the travel ecosystem, developing platforms, travel experience, airport hubs, and boosting amenities on board to stay competitive.

Tensions with Russia and in the Middle East have also forced additional rerouting over time, with costs. However, higher airfares are not denting global demand. Pricing power remains with carriers around the globe, albeit slightly declining, with variations by market.

Consolidation can have mixed effects

Airline consolidation is a global trend, driven by a desire to boost market share and reduce costs. However, less competition can lead to fewer ticketing options and price points for travelers. Yet when airlines are consolidated with larger networks and greater economies of scale, they can drive greater efficiencies and reduce costs to passengers. So, this trend can have mixed effects.

Record profits, yet no give on pricing

Carriers from IAG to Singapore Airlines have posted stronger profits in 2024 as they try to earn money from the post-Covid travel boom. Airlines are still trying to shore up their position financially with a razor focus on yield management. For some, average revenues per passenger are now in their fourth straight year of growth. During the pandemic, airlines pushed forward operational efficiencies that still hold true today, hence why margins are strong. This has yet to translate into more investment for capacity and lower prices.

Net zero: A cost for travelers

The costs of the transition to net zero emissions is being passed on to business travelers. For instance, Lufthansa now has a new surcharge to cover the costs of complying with new green regulatory rules. SAF, sustainable aviation fuel is also more costly. Looking forward, environmental charges on airline tickets are expected to be the norm.

The continuing evolution of NDC

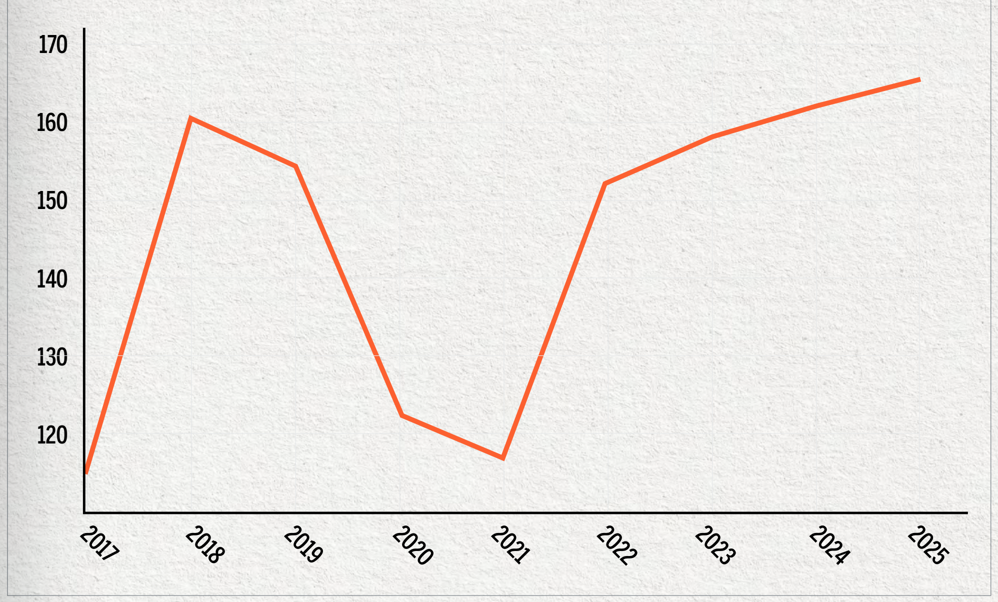
New Distribution Capability (NDC) is reshaping how airlines approach pricing by implementing dynamic and continuous pricing models to enable better revenue management and market demand responses in real time. This allows airlines to offer customized bundles and ancillary services at scale, providing more tailored options to travelers. While some airlines are adjusting their fare availability across different channels, the primary advantage of NDC is its capability to support more sophisticated revenue management practices, rather than simply removing cheaper fares from non-NDC channels.

The sector may have been resilient in the face of inflation, high interest rates and slowing GDP growth, but it continues to face headwinds that impact costs.

A moderating price environment for rooms

The global average daily room rate rose 3.9% in 2023 to $158.The growth in hotel pricing has now normalized, not weakened, after the nearly 30% rise shown in 2022. Expect a further moderation in the pricing environment for 2024 and 2025. Occupancy rates continue to be high, since the business travel outlook for this year and the next appears promising, this upholds the pricing power that hotel brands hold.

Global hotel price projections



Global outlook

The deceleration in price growth for room rates is natural after a number of strong post-pandemic recovery years and a softening in the demand for leisure stays, so expect more balance between hotel brands and travel buyers going forwards. Yet there is still a lack of new supply coming online for hotels, which will uphold prices.

Rate rises are also likely to be higher in large cities that attract both business and leisure visitors. Occupancy levels have now recovered to pre-pandemic levels in some markets, but not all. The hotel sector is also buoyed by group business travel for meetings and events, which is also upholding the pricing environment.

Hotels increasingly have advanced yield management and dynamic room rates. Buyers therefore need a good handle on their hotel data in order to negotiate effectively on price.

REGIONAL OUTLOOK

Asia-Pacific

The APAC region's average daily room rates rose by 7.4% in 2023 rising to $131. This high growth rate is largely due to the fact that the region, and specifically China, continued to rebound post pandemic since it opened up much later. This had a knock-on effect on price growth for the rest of the region in 2023. Rates for APAC are expected to grow less going forwards, 3.8% on average to $136 in 2024, and 2.2% to $139 in 2025. Rebounding group and business travel continues to help maintain a growth in prices.

This high growth rate is largely due to the fact that the region, and specifically China, continued to rebound post pandemic since it opened up much later.

Europe, Middle East & Africa

Average daily rates or ADR for the region rose to $157 in 2023. This still represented a price growth of 6.8% on the previous year. Expect more moderate growth in 2024 and 2025 with price rises of 1.9% for both years. There are economic concerns in some markets and the cost of living crisis is dampening leisure demand. This will offer more capacity to business travelers and curb price growth.

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Latin America

The growth in room rates is starting to decline in LATAM, but ADRs still saw a double digit price growth in 2023, at 10.7% and a price tag of $93. This shows that the pricing environment has yet to normalize, especially since rates are expected to climb by 9.7% in 2024, and 7.8% in 2025. This is due to healthy domestic and intraregional travel, and high growth due to relocation of labor and operations from higher cost markets. Leisure travel has also been strong, upholding the price environment significantly. Strong price gains are also caused in part by high inflation rates in several LATAM markets.

This shows that the pricing environment has yet to normalize, especially since rates are expected to climb by 9.7% in 2024, and 7.8% in 2025.

North America

The region stood out when it saw meteoric rises in rates for 2022, but these room rate increases moderated in 2023 with average daily rates climbing by 2.9% to $178. ADRs will rise further to $184 in 2024 and to $187 in 2025. This represents growth rates of 2.8% and 2.2% respectively. In the U.S., softening occupancy and persistent inflation affects the market, yet business travel demand, especially group travel remains durable. At the same time, upscale hotels are outperforming midscale and economy properties.

This region stood out when it saw meteoric rises in rates for 2022, but these room rate increases moderated in 2023 with average daily rates climbing by 2.9% to $178.

Hotel trends

Global room rates have been through a rollercoaster journey over the past few years. Now the level of volatility is normalizing, and there is a better relationship between supply and demand. It also suggests there is potential to have more challenges in hotel program plans. Pricing power may remain with hotel chains, but leisure is softening, which means there may be a greater focus on transient business travelers and groups.

Hotel chains are now more prepared to accept lower occupancy, limiting availability and holding out for higher rates. This boosts revenue and reduces costs, since less housekeeping is needed. Many suppliers have advanced yield management systems when it comes to setting dynamic room rates.

There is now a need to acknowledge that in a more moderated pricing environment there will be inflationary and regular cost increases with hotels. But if rates are a lot higher, then it's time to go back and negotiate.

It is also easier to negotiate pricing with hotel groups that have a multitude of brands and shift downwards since they have many different price points. With continued price growth, some buyers are looking at alternative properties within a hotel brand, whilst maintaining their city caps.

Hotel costs remain high

Utility costs per available room are still higher than they were in 2019. Food and beverage inflation has been slowing, but it remains elevated. Then there are labor concerns, staff availability and wage costs – all of which are under pressure. This has an effect on margins keeping the ADR environment high.

Chains prioritizing revenue management

Many hotels are prioritizing a revenue management strategy as they continue to shore up their position and boost finances post pandemic. Inventory is tight with many properties still focusing on leisure rather than business, individuals rather than groups, and transient over advanced bookings. They're also focusing on ADR rather than occupancy.

Supply challenges

While hotel development and conversion pipelines appear robust, but slightly down, these take time to come online. Cost increases in construction are delaying projects. Also, if hotel owners are going to spend, it will be in the higher end of the market, which can yield more. All of these factors result in supply constraints.

Dynamic and attribute-based pricing

The unbundling of a hotel's proposition alongside dynamic pricing means there is now an increasing number of options and price points. While attribute-based pricing may allow buyers to select what their travelers need, it degrades total pricing calculations and increases complexity.

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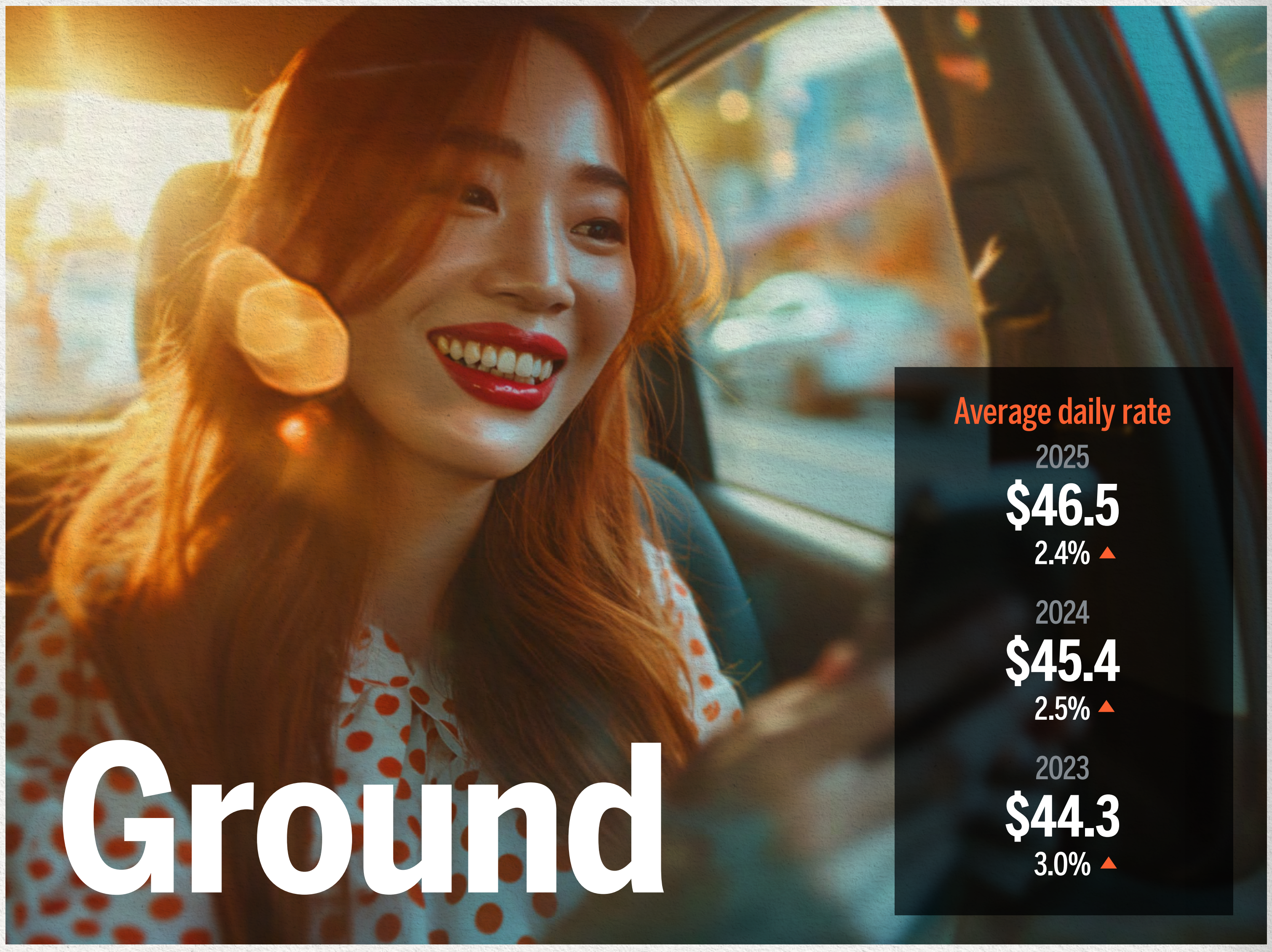
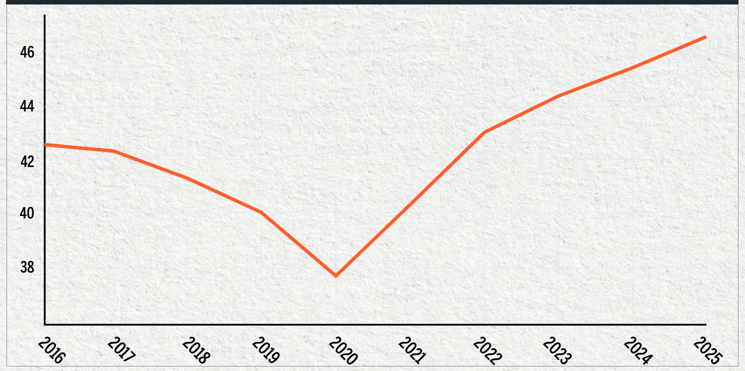


Steadying price environment for car rentals

Global car rental prices rose 3% in 2023, to an average of $44.30 per day. Price growth in 2024 will likely be tempered, slowing to 2.5%, with an average daily rate of $45.40. A similar growth rate is predicted for 2025, with prices rising to $46.50. The cost of buying and operating cars is now easing. Suppliers are keeping rates in check in order to stimulate demand.

Fleet concerns have stabilized over the past few years, with suppliers keeping their rental vehicles for longer than what they would have pre-pandemic. While those who bet big on the EV rental business have been adjusting their plans, after some issues with demand.

Global ground price projections



Global outlook

Aside from the pandemic blip in price growth, average daily rates now look steadier. This comes at a time when car rental companies across the globe offer greater flexibility and versatility in terms of what is on offer, including airport and railway transfers, as well as one-way intercity transfers. This is a shift away from traditional fixed-term rentals.

The strength of car rental pricing shows that demand is still there, and it offers a convenient option for business travelers, especially those that are trip batching – where travelers visit more than one destination within a single trip.

Higher vehicle costs and a decline in the residual value of used cars are also affecting car rental firms, as are inflationary pressures and elevated interest rates. This creates more pressure on providers and maintains a higher pricing environment.

At the same time, lower demand for EVs compared with petrol and diesel-powered vehicles has resulted in a loss of revenue for some car rental companies. These losses could be passed on to customers over time.

Aside from the pandemic blip in price growth, average daily rates now look steadier.

REGIONAL OUTLOOK

Asia-Pacific

The APAC region posted only 1.6% price growth in average daily rates in 2023, to $51.10. The region is expected to post a significant drop in prices in 2024 of 6.8%. In 2025 prices will also show negative growth rates of 3.4% with a $46.00 average daily rate. This is a region where ground transportation is highly competitive with many alternatives to car rental, as well as differences by country in suburban rail networks, and subway infrastructure.

The region is expected to post a significant drop in prices in 2024 of 6.8%. In 2025 prices will also show negative growth rates of 3.4% with a $46 average daily rate.

Europe, Middle East & Africa

The car rental market in EMEA saw a 2.5% price rise to $57 in 2023. This growth rate is not expected to persist in 2024 when it will ease to a gain of just 1.1%. Price growth is forecast to drop again in 2025 to 0.9%, with an average daily rate of $58.10.

The continued development of public transportation infrastructure in some markets, including high-speed rail alternatives, could impact demand and pricing.

Price growth is forecast to drop again in 2025 to 0.9%, with an average daily rate of $58.1.

Latin America

LATAM's price growth looks red hot compared to other global areas. The region posted 14.2% growth in prices in 2023, rising to an average of $35 per day. This rate will likely not moderate too much going forwards. 11% growth is expected in 2024, with an average daily rate of $39.20, while a growth rate of 7.9% is predicted for 2025. These are significant gains, caused in part by high inflation rates in several markets.

LATAM's price growth looks red hot compared to other global areas.

North America

The market for this region saw suppressed growth for 2023, with a growth rate of 1.3% and an average daily rate of $38.80. This was a significant climb down on 2022. Looking forwards, price growth will again be suppressed with a 1.5% rise in 2024 and 1.3% growth expected for 2025.

Looking forwards, price growth will again be supressed with a 1.5% rise in 2024 and 1.3% growth expected for 2025.

Ground transportation trends

The **fleet concerns of car rental companies have now stabilized,** post pandemic. Yet fuel and labor costs have been pushing the cost of ground transport upwards. At the same time, there has been a concerted effort to keep prices down, despite investments in EV fleets that have proven to be a cause for concern for some.

Car rental costs are significantly dependent on pricing in the buoyant leisure market, which is softening globally. With the sector now moderating price wise, it may be a good time to revisit car rental contracts or think about finding a new provider.

Concern over EV strategies

There has been a lot of noise around EV vehicles and the drive to be more sustainable, but there hasn't been as much uptake in the corporate market as expected. The price for renting EVs can be higher than for traditional gasoline powered vehicles.

These higher costs are associated with repairing EVs. There is still a lack of sufficient expertise in maintaining such vehicles. There are also challenges in getting replacement parts. For many models there is no way to assess or repair damaged battery packs after accidents. This forces insurance companies to write off vehicles, even if they have a few miles/kilometers on the clock. This leads to higher premiums.

Then there is the issue of convenience. Many business travelers don't have an hour or two to charge a vehicle to the 70% minimum required by the car rental firm before dropping it off; with a gasoline car, you pump and go. However, issues over convenience, infrastructure, supply chains and servicing will be ironed out over the coming years. Many corporations and their travel managers are also pushing for their use to meet sustainability targets.

Meetings & Events

Hot market, high costs

Demand for groups, meetings, and events (M&E) has been extremely robust across the globe. There is still a pent-up need to connect with colleagues, customers, and business partners post-pandemic. Other factors have also come into play, including staffing shortages and wage inflation which have elevated costs. Food and beverage costs have also gone up. This comes at a time when there is more scrutiny on budgets for M & E.

There is still a pent up need in 2024 to connect with colleagues, customers, and business partners post pandemic.

	2021	2022	2023	2024	2025
COST PER ATTENDEE PER DAY	$88	$160	$155	$162	$169

What's changed? Why now?

The pandemic reset the framework in terms of how M&E is now valued. With the rise of both hybrid working and remote workforces, meetings and events have become even more important to formulate strategy and build corporate cultures. The returns on investment are within the top two of any marketing budget.

Large meetings now book up to three, or even five, years in advance. There was some hesitancy in 2022 and 2023, but this period is now over. Companies were worried about high penalties if a large meeting had to be canceled due to a fresh outbreak of Covid. This is why the resurgence in demand has been delayed.

The meetings and events sector has rebounded strongly post-pandemic. However, in 2023, the average daily cost per attendee fell to $155, down from $160 in 2022—a 3.1% decline. This decrease can be attributed to a shift in the types of meetings being held. Many organizations opted for smaller, more business-focused meetings, often without costly incentive components. This focus on cost control, including selecting more affordable venues and destinations, helped offset rising accommodation and F&B prices.

Looking forward, the average daily cost per attendee is projected to increase to $162 in 2024, a 4.5% rise from 2023, and to approximately $169 in 2025, an additional 4.3% increase. This upward trend reflects the sector's continued recovery and growing appetite for larger and more complex in-person events. As organizations anticipate rising costs, they are advised to plan with a 12-month horizon and consolidate travel and meeting expenditures to enhance negotiating leverage.

A question of cost

A number of factors are at play with M&E that are influencing pricing in 2024 and beyond:

A price for hybrid and virtual

Many meetings and events are expected to go beyond in-person attendance, and account for virtual delegates as well, especially with the rise of hybrid and remote workforces. These types of events are not without cost. Going virtual and removing delegates from the list doesn't always save buyers money. It requires significant investments in digital technology, multi-platform content and agendas.

ESG and DEI now top of mind

ESG factors have risen up the agenda. Some corporations are seeking out destinations and travel suppliers that can provide data and details on carbon emissions, energy use and food waste, and tactical ways to reduce emissions. Organizations are also prioritizing inclusivity and diversity, focusing on technology, format, venue and speaker selection to formulate events that are more accessible.

Great expectations take investment

A ballroom with round tables and delegates on stage speaking at people doesn't work anymore. Businesses are now being more purposeful when it comes to M&E, rather than repetitive. The objectives of meetings are being questioned. However, experiential events take more time, effort and money to deliver the right content in the right format.

Tactics in a high priced M&E environment

1. Seek out secondary cities for meetings and events that now have low demand. These spots may have had high demand just after the pandemic or a previous major event. Booking early is essential.

2. Take a combined approach across meetings, events and transient business travel which provides more leverage in terms of volume and one voice as an organisation. This requires compiling data across all travel spend categories.

3. By giving meeting organizers shared responsibility for savings' goals when it comes to budgets, it means they have 'skin in the game.' They are also more likely to look for ways to cut costs.

4. New models are proliferating beyond the old management fee set up which assist with costs. For instance, subscription pricing can help buyers better manage budgets.

5. Zero based budgeting, where M&E budgets are built from the bottom up and every cost is accounted for and justified can be a way to forensically account for travel spend.

6. Increasingly, corporates need to see meeting spend as an investment, rather than just an expense. Currently, this is the exception rather than the rule. This is changing with the realisation that a new higher baseline for M&E has been reached and all costs must be justified.

Increasingly, corporates need to see meeting spend as an investment, rather than just an expense.

Re-evaluate your strategy for 2025

There's a rewriting of the rule book in terms of how corporates and suppliers engage with each other depending on the focus of the travel buyer:

Reenergize strategies on price

Remain cost-focused, be ruthless and bold. Bring in more competition and other suppliers if costs continue to rise and take measured risks on new providers. Yes, volumes are down, but where are you compared to your competitive benchmark? You may have more leverage. Also go for the long-term approach, and reenergize supplier relationships so you can mitigate price increases and extract value.

Focus on the holistic picture

The most impactful organizations bring multiple stakeholders together to understand what business travel an enabler is of. Bring those in charge of transient travel, meetings and events, sustainability and corporate risk together with a line of sight into plans across the whole organisation. The aim is for a step change in momentum and a focus on the value of investment, with no silos. This is about budgets working harder for more purposeful travel.

Shift your KPIs

Now the pricing environment is stabilizing, the focus can shift to new key performance indicators. Healthy travel programs are still a selling point for employee engagement and retention for Gen Z. Traveler wellbeing is also top-of-mind where cutting costs can affect employee satisfaction. If Environmental, Social & Governance (ESG) is key, then invest realized cost savings in sustainability goals, whether it's SAF, carbon offsets or community projects.

Continuous optimization

We now live in an AI-fueled era of dynamic pricing, and developments in NDC. Continuous negotiation is now critical. A proactive rather than reactive approach is essential. Reviewing, then pivoting to preferred suppliers at speed is vital. Waiting for a three-year RFP is yesterday's approach. It's also critical that travel managers have a handle on all the data from their travel spend.

Focus on divergent pricing

The uneven nature of global economic growth across regions will result in divergent business travel costs and pricing in 2024 and 2025, with strong economies seeing strong pricing growth. Those with global travel programs are in a better position to be strategic about where their executives travel to, and where they hold meetings and events, to offset some costs.

New pricing strategies

In a softening leisure market, pricing power may not remain with all suppliers into 2025 and 2026. Some may want to break the high pricing environment to gain market share. Buyers must be ready to switch if this change happens. Equally NDC could represent further opportunities for buyers. For airlines they are looking to save distribution costs by using this capability. There is some alignment here.

Forecast details

Methodology

The forecast is based on transaction data from more than 70 million ticketed flights, over 125 million hotel room night bookings and more than 30 million car hires covering data from 2018 to the present. Projections are based on econometric and statistical models, specifically ARIMA models, developed by Shawn DuBravac (Avrio Institute). The report was written and researched by Nick Easen.

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Marking a decade of insights

To commemorate the 10th edition of the Global Business Travel Forecast, CWT and GBTA will release a special supplement, 2040: Baseline, Boom or Bust, exploring three potential scenarios for the future of business travel through 2040. Discover how megatrends like technological advancements, demographic shifts, sustainability, and geopolitical volatility will shape the future and how to strategically navigate the changes ahead.

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