

INDUSTRY PREDICTS

more good times ahead for business travel market



With corporate travel sales rebounding strongly from the global downturn of 2008/09, all signs are pointing towards accelerated growth in the year ahead.

By Jane E. Fraser

AUSTRALIA'S business travel market is set to soar, with already healthy rates of growth expected to accelerate over the coming year and beyond.

The global corporate travel market is expected to grow at least nine per cent in 2011, but Australian market leaders are predicting growth of up to 40 per cent for the 2011/12 financial year.

The 'Global Business Travel Spending Outlook 2011-2015' report released by the Global Business Travel Association (GBTA) predicts spending on business travel will grow 9.2 per cent this year.

This comes on top of an 8.4 per cent increase in 2010, when the market

rebounded strongly from the global downturn.

The GBTA says while performance has varied by country, the global business travel market has "advanced faster and farther than expected a year ago".

"We're still bullish on business travel and all signs point towards continued growth," says executive director Michael McCormick.

McCormick says there are several factors that have helped the recovery along, including pent-up demand after companies pulled back on travel spending in the worst of the downturn. There has also been significant recovery in global trade, while the inflation of airfares and other products has helped push up travel spend.

Here in Australia, travel management companies are predicting good times ahead.

Corporate Travel Management (CTM) is forecasting 30 to 40 per cent growth in pre-tax income for this financial year, after announcing a record profit last year.

The company's bookings for 2010/11 were up 43 per cent on the previous year, taking its total transaction value to more than \$500 million.

While some of this growth was due to acquisitions, the company also

reported strong organic growth, which it expects to continue this year.

Sales for July and August were ahead of expectations and forward client activity "looks solid", the company says.

American Express says it is seeing double digit increases in travel spending among some of its clients in the region.

"Businesses in Australia and across Asia are looking to expand and to compete in new markets regionally and around the world, and as a result they are looking to travel more," says Carl Jones, head of advisory services for the Asia Pacific region.

"The Australian market is particularly strong, largely as a result of the booming resources sector."

Australia has also been one of the strongest performing markets for global giant Carlson Wagonlit Travel, with sales for the first half of 2011 up 18 per cent on the previous year.

The company says its sales volume has accelerated as the economy recovers.

Flight Centre says its corporate travel businesses are performing strongly, as the market continues to recover from the 2008/09 downturn.

Organic growth in corporate travel is expected to be a key contributor to the

company's bottom line this financial year, with strong performance both in Australia and overseas.

Another good indicator of strength in the corporate sector is the airfare increases recorded by American Express in its latest Business Travel Monitor.

The monitor shows fares for the Australian market for the second quarter of 2011 were 11 per cent higher than the same period last year.

American Express says high demand for business travel was one of the major factors behind the increase.

Year on year, discount business class fares recorded the biggest growth, up 17 per cent, while full business fares were up 12 per cent.

In terms of destination, domestic fares recorded the biggest increases – 19 per cent up on the previous year – compared to modest three to four per cent increases for major international routes.

Carl Jones of American Express says Tiger Airways' troubles will put further upward pressure on domestic fares.

"Although most business travellers in Australia are not flying on low cost carriers, the reduction in the number of economy seats in the market will keep pushing economy fares up," Jones says.



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Emirates opens new first class lounge at Dubai airport



EMIRATES has opened its second dedicated first class lounge in Terminal 3 in Dubai International Airport.

The lounge, located on Concourse 1 in front of the business class lounge, is the fourth dedicated premium

lounge for Emirates in Dubai.

Emirates says it will “facilitate easy and seamless travel” for first class passengers departing for any of the 14 gates located on Concourse 1.

The opening of the lounge will allow

it to ensure customers have a consistent Emirates experience both on the ground and in the air, from its chauffer driven airport transfers and dedicated check-in desks to high quality lounges and onboard service.

Emirates says lounges are “an integral part of the Emirates experience”.

The design of the new first class lounge is modern and in keeping with the airline’s multi award-winning first class lounge on Concourse 2.

It is about 100 square metres in size and includes leather armchairs, two dining areas, shower facilities, a business centre with four individual work stations, wireless internet, a smoking area and a quiet zone with eight recliners. The floors are Italian marble and there are gold-plated Rolex wall clocks from Geneva.

Guests in the lounge can make the most of a la carte service from an extensive menu of hot and cold dishes, along with full bar service with premium beverages.

With the opening of the lounge, Emirates now operates 29 dedicated lounges in airports around the world, including four in Australia, at Sydney, Melbourne, Perth and Brisbane.

InBrief

UNITED AIRLINES is investing \$US550 million in fleet-wide onboard improvements, in addition to 25 new aircraft – including the B787 Dreamliner – entering the fleet next year.

The onboard product improvements include adding flat-bed seating to 62 long haul aircraft, bringing total aircraft with flat-bed seats to 185. It is also adding premium economy seating to more than 30 aircraft and installing broadband wi-fi on more than 200 aircraft.

United and Continental have already made significant product and service improvements over recent years and since they closed their merger in October.

CATHAY PACIFIC (CX) says its upcoming premium economy product will be a “real upgrade over economy”.

The carrier says the seat will be more like a regional business class seat, with great recline and plenty of leg space, as well as improved meal service and “little extras” to keep passengers happy.

The premium economy product will be introduced on all of Cathay’s medium and long-haul routes, including Australia, Europe, North America and the Middle East.

The rollout will be begin in the second quarter of 2012, at the same time as CX introduces its new business class seats, and it will take until late 2012 to get it installed on all aircraft.

Cathay Pacific says it believes premium economy is becoming a standard product and, as such, leading airlines need to have it and do it well.

British Airways’ new first class product to be finalised on all Australian services by March

BRITISH Airways (BA) says all of its aircraft flying from Australia will feature its new first class product by March.

The carrier is finalising installation of its new first class cabin on its fleet of B747-400s, which will become BA’s dedicated aircraft type in this market. (The new cabin is already offered on the B777 fleet.)

British Airways currently operates B747s on its daily Sydney-Bangkok-London services and B777s on its daily Sydney-Singapore-London services.

The Sydney-Bangkok service will be discontinued early next year and the Sydney-Singapore-London service will be upgraded to B747-400 services with the new first class cabins.

The new first class will also be offered on British Airways’ daily connecting B747 and 777 flights from Hong Kong.

Created at a cost of £100 million, the new first class product features redesigned suites with a 60 per cent wider bed, an ‘intelligent’ mattress and Egyptian cotton bed linen.

Each individual suite also has a personal wardrobe, a leather-bound writing desk that converts into a dining table, a 15-inch inflight entertainment screen and a ‘buddy seat’ to allow travellers to dine together.

First class travellers also have access to a USB port, an RCA jack (an audio-video connector), noise-cancelling headsets and designer toiletries.

A new premium service style has also been developed, to ensure first



First class suite bed

class passengers can eat, sleep and work whenever they want.

The airline says it has “resisted gadgets and gimmicks” in its new first class product and has focused on simplicity and quality.

British Airways is also seeking to improve its onboard service through the use of iPads, which are being trialled as a replacement for long paper manifests.

With the iPads, cabin crew just need to refresh their screen (using wireless 3G networks) after the doors have closed to get a complete list of the passengers on board.

The airline says the iPads enable crews to have prior awareness of customer preferences and a greater

understanding of each customer’s previous travel arrangements, so they can offer a more personalised service.

The iPad lets crew quickly identify where any customer is seated, who they are travelling with, their frequent flyer status and any special meal requests.

It also gives crew members a library of information at their fingertips, including timetables, safety manuals and customer service updates.

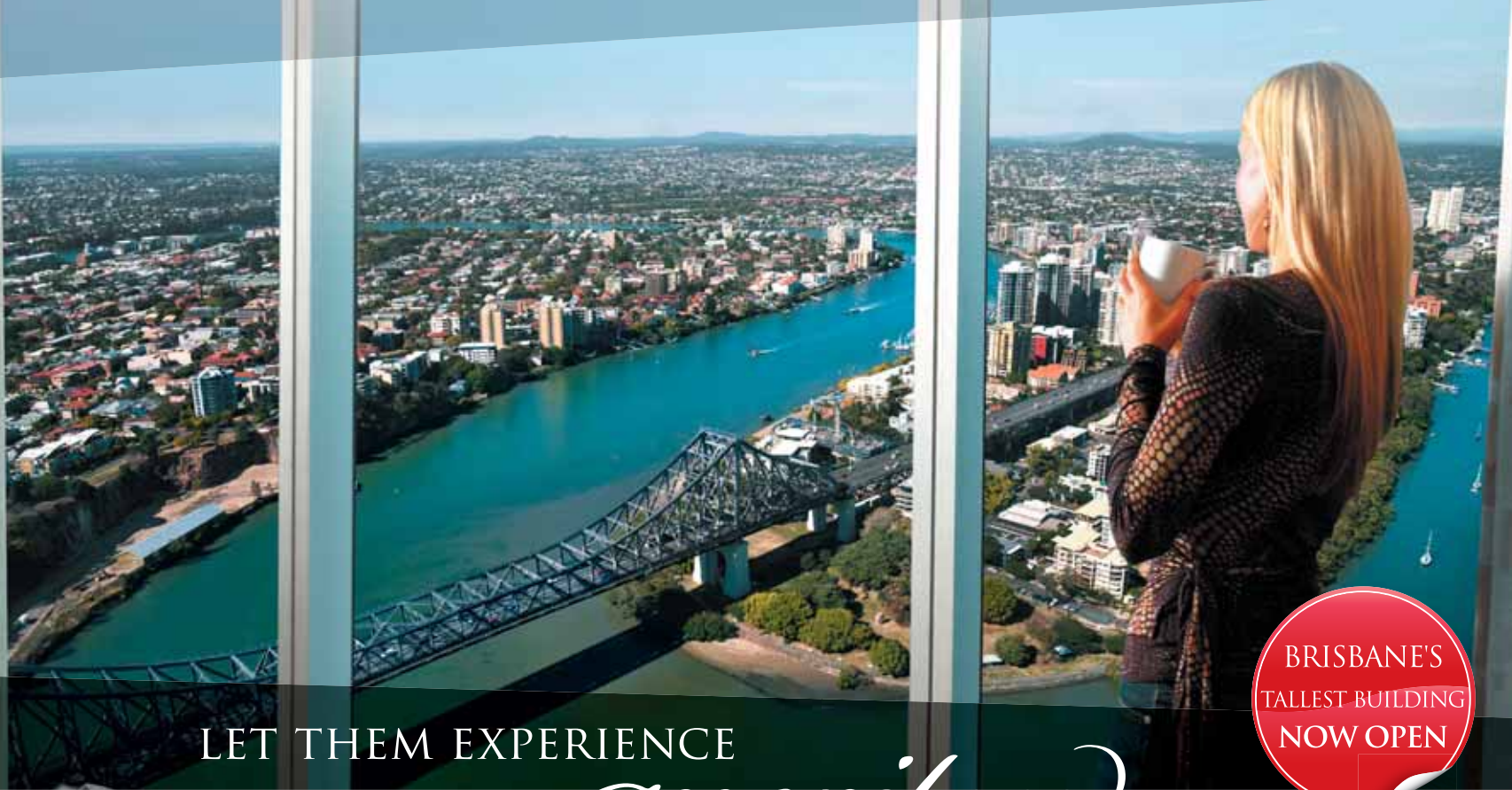
Issues can also be logged for action.

The iPad is being trialled with 100 cabin crew, with the aim of rolling it out to all senior crew members in coming months.

The airline says the feedback has been very positive and the possibilities for future developments are endless.

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Meriton opens its first Brisbane serviced apartments



MERITON Serviced Apartments has just opened its first property in Brisbane, in the towering Soleil building in Adelaide Street.

Comprising 464 apartments, the 234-metre-high building is temporarily Brisbane's tallest residential building and highest hotel accommodation option.

Meriton says the "cleverly designed"

serviced apartments offer a fresh Brisbane accommodation option for both business and leisure travellers.

The building's riverside location affords spectacular views up and down the Brisbane River and the river boardwalk provides access to the main business areas of Eagle Street, Queen Street and Elizabeth Street.

The property is also within

strolling distance of restaurants and entertainment options, and within easy reach of the Brisbane Convention Centre.

All apartments in the Adelaide Street property have wi-fi internet access (charges apply) and each apartment has a work desk with a lamp.

Those looking for exercise options can choose between a well-equipped gymnasium and a 20 metre heated pool with a large spa and a dry sauna.

Meriton Serviced Apartments is due to open a second Brisbane property in Herschel Street in late 2012.

This building will become Brisbane's tallest residential building, with 548 apartments over 77 levels and spectacular views of the city.

Meriton Serviced Apartments' move into Brisbane has extended its reach beyond its traditional markets of Sydney and the Gold Coast.

The company recently added its seventh option in Sydney, with the opening of a property on the corner of Campbell and George streets in the Haymarket area.

There are three properties in the heart of the Sydney CBD, at World Tower, Pitt Street and Kent Street, along with one in the inner city suburb of Waterloo and one within walking distance of the city centre of Parramatta.

On the Gold Coast, Meriton Serviced Apartments has properties at Broadbeach and Southport, with a total of 575 apartments.

CT Partners does deal with Expedia's agent program

CORPORATE travel agency group, CT Partners, has inked a formal alliance with online travel agency Expedia's Travel Agent Affiliate Program (TAAP).

The program makes the OTA's hotel inventory available to other agents who register through the Expedia website to earn commission on their bookings.

An announcement from Expedia said individual members of CT Partners have been using TAAP for some time but the new agreement "strengthens" the relationship.

It quoted CT's general manager Ian Edwards calling TAAP "a great additional tool" for CT's member agencies.

"Encouraging our members to enlist with Expedia TAAP makes perfect sense," he said.

According to TAAP's Asia Pacific general manager Stuart Udy: "We have enjoyed great support from some CT Partners members for some time and we are looking forward to all members joining up."

"Many of TAAP's top producers are corporate specialists. Clients are comparing rates on the internet all the time so Expedia TAAP gives the consultant confidence that they too can be paid commission on those highly competitive internet rates."

The statement claimed that using TAAP provides an easier process for consultants servicing corporate clients who want accommodation charged back to a corporate credit card.

Hotel rates on the up as business demand picks up

AIRFARES are not the only rising cost for business travellers, with hotel rates also on the increase.

A survey by the global corporate travel management company Hogg Robinson Group found rates around the world went up an average four per cent in the first half of 2011 – and the figure would have been higher were it not for rate decreases in Africa and Eastern Europe.

The highest increases were reported in the Asia Pacific region, where rates rose by seven per cent, partly due to "the concentration of hotel development" and partly due to changing business priorities.

"Demand is driving the rate," says Hogg Robinson Group's group commercial director Stewart Harvey.

"We can expect hotel rates to continue to rise as more economies grow and business demand picks up."

Another hotel price watch, the Hotels.com Hotel Price Index, found that some of the biggest rate increases

for the first half of 2011 have been in Australia.

Melbourne and Sydney recorded significant rate increases for the six-month period, rising 11 and 10 per cent respectively.

However, Brisbane made the biggest move, with rates jumping 27 per cent for the period, partly due to reduced availability after the January floods but also due to increased demand from corporates.

Canberra remains the most expensive city for hotels in Australia, despite an eight per cent drop for the first half of the year. The average room rate for Canberra is now \$177 a night, closely followed by Perth and Brisbane on \$174 a night each.

Next on the list are Sydney and Port Douglas at \$172 a night, then it drops to Melbourne at \$154 a night.

Hobart, Adelaide, the Gold Coast and Cairns all have average nightly rates under \$150, according to the index.

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