AMERICAN EXPRESS

GLOBAL BUSINESS TRAVEL

Air Monitor 2020

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AMERICAN EXPRESS GLOBAL BUSINESS TRAVEL

Global Business Consulting at GBT

WHO WE ARE

American Express Global Business Travel (GBT) is the world's leading business partner for managed travel. The Global Business Consulting (GBC) team at GBT works with companies and organizations to create travel programs tailored to achieve specific goals. Our extensive capabilities and results-oriented approach allow us to build and implement strategies that streamline processes, deliver savings, improve compliance and reduce risk.

We base our approach around six strategic consulting solutions that help clients implement a best-in-class travel management program:

Supplier Management - Air, Accommodation, Ground Transport:

Detailed analytics to evaluate your travel program with Key Performance Indicator (KPI) reviews of your supplier contract management, travel spend, traveler behaviors, policy compliance and more.

Change Management:

Advising on strategy, predictive analysis of impacts linked to expected changes, communication, program design and training plans. Piloting implementation of change programs, including organization, technology and processes.

Program and Process Optimization, Policy Design and Review:

Assessment and benchmarking of deployed end-to-end travel processes, including mission order, booking, validation process and accounting interface. Project management and integration support when implementing new technology solutions, such as single sign-on and HR feeds.

Travel and Expense (T&E) Management:

Analyzing and benchmarking clients' T&E processes. Managing T&E projects related to online booking tools (OBTs), expense environments, card payment solutions, integration between client systems and GBT systems. Optimizing the T&E environment based on agreed KPIs, supporting clients with maintenance of T&E tools.

Business Intelligence (BI) and Data Advisory:

Providing differentiated insight plus actionable recommendations by analyzing client travel behavior and performance using GBC's proprietary analytics, GBT's rich supply of T&E data, and powerful BI and visualization tools. Through data advisory, we can help clients make informed decisions in their travel management activities. We utilize the datasets available to us to identify behavioral trends, enhance traveler experience and generate savings, delivering value throughout the organization.

GBC Travel Program Management:

Clients benefit from an experienced, single point of contact to provide a holistic, strategic approach; driving day-to-day activities with project ownership, operational support, escalation management and process improvement, deploying savings opportunities and efficiency initiatives.

FOR MORE INFORMATION, VISIT:
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Welcome to Air Monitor 2020

Looking to 2020, it can seem that the only thing we can be certain of is uncertainty. With increased economic and geopolitical volatility ahead, it is more important than ever that corporate travel buyers equip themselves with rich insights to support their planning.

The American Express Global Business Travel (GBT) Air Monitor has been developed by our Global Business Consulting team of aviation experts to provide those insights, with price forecasts for key business travel air routes, plus descriptions of the trends that are driving prices.

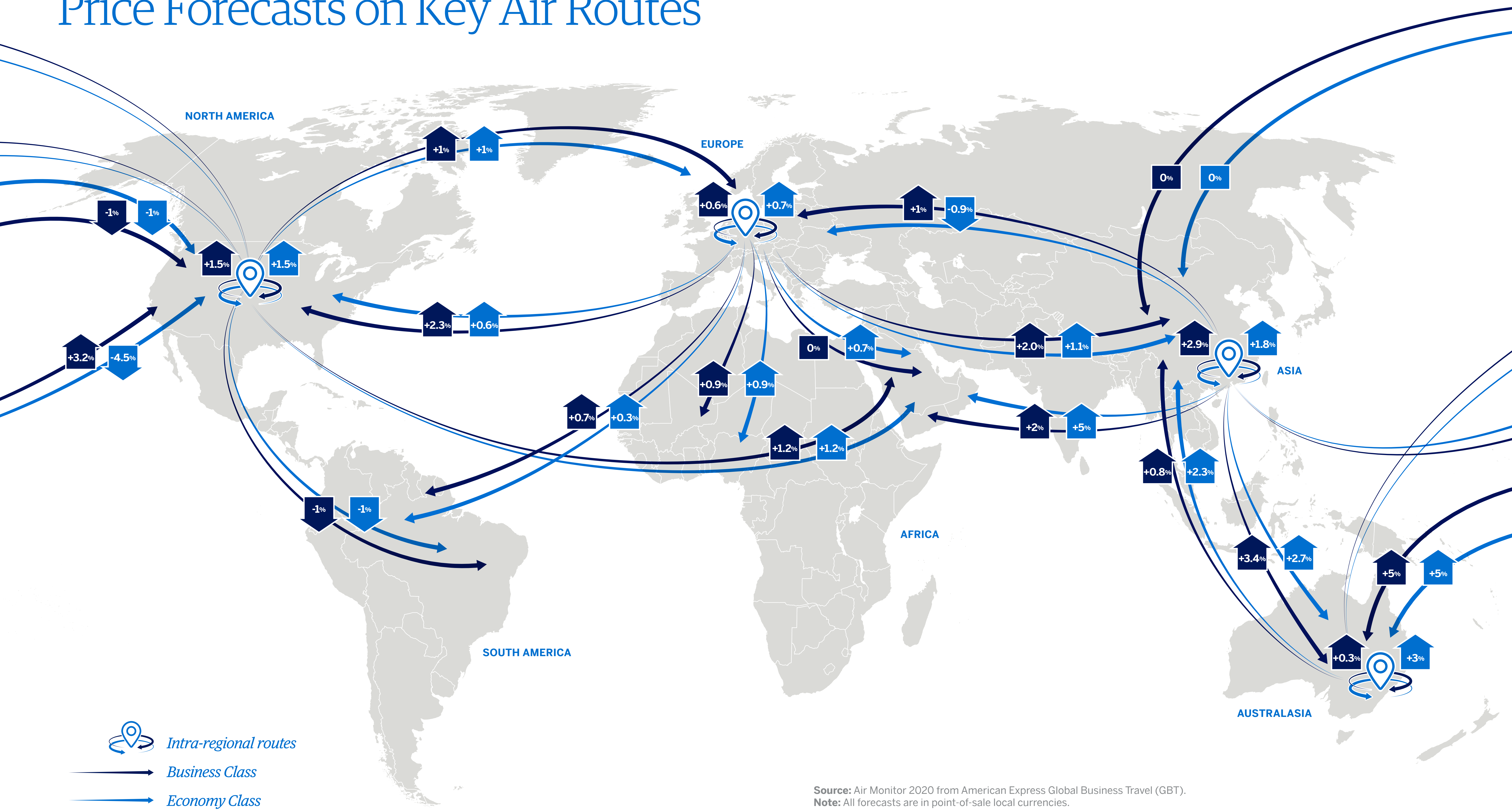
The team has analyzed GBT's aggregated air ticket transaction data combined with a range of economic variables and airline industry metrics to forecast pricing conditions on key business routes around the world. The resulting report is designed to bring you analysis and insights to support your conversations with suppliers.

The Air Monitor 2020 includes advice from our global air practice team on how travel managers and buyers can build 'nimble' air contracting programs that enable them to respond swiftly to changing conditions.

I hope you find Air Monitor 2020 useful. Of course, there is not enough space on these pages to cover every route on which our clients fly, so for strategic advice specifically configured for your travel program, please do get in touch with our Global Business Consulting team.

Joakim Johansson
Vice President,
Global Business Consulting

Price Forecasts on Key Air Routes



Source: Air Monitor 2020 from American Express Global Business Travel (GBT).
Note: All forecasts are in point-of-sale local currencies.

Key Trends and Analysis

WORLD ECONOMIC OUTLOOK

Prospects for global growth in 2020 remain subdued under the threat of inflated trade tensions, Brexit uncertainty, slowdown in Europe, and rising geopolitical tensions – notably in the Middle East which may potentially impact energy prices.[1]

Uncertainty remains a key theme and with more volatility and downside risk than in years past. Escalating trade tensions and the deterioration of predictable rules-based systems are again driving down confidence and investment. The IMF forecasts global GDP growth at 3.4% for 2020 – but cautions that this level of growth may not materialize.

While a significant turndown is not expected and GDP growth should continue, albeit at a slower place, the risks of a slowdown occurring have increased and global trade – one of the economic factors most correlated with travel – is contracting.

GLOBAL AIRLINE TRENDS

Airline performance

Overall, growth in global demand for travel slowed in 2019 and is likely to continue to do so in 2020. However, capacity growth largely slowed at a similar pace, resulting in only minor increases to load factor.

Rising costs for oil, labor and infrastructure continue to squeeze margins, compelling airlines to recoup costs via higher fares and/or a push for increased ancillaries. However, fierce competition is restricting their ability to raise fares.

While economy base fare yields have been largely flat in 2019, premium fare yields have been on the rise since 2017 on stronger business demand. This has been particularly true on long-haul/transatlantic flights. If economic headwinds and reduced trade diminish demand among business travelers, look for prices to soften accordingly.

Low-cost, long-haul

In last year's Air Monitor, long-haul low-cost carriers (LCCs) looked poised to have a significant impact on travel. However, with the exception of those providing inter-regional services in Asia, long-haul LCCs have largely floundered.

Despite a set of strong Q3 2019 results from Norwegian, the failure of several long-haul LCCs, including Primera and XL Airways, have cast doubt on the viability of this model going forward. 2020 could be even more challenging for long-haul LCCs.

While mainline carriers may initially have overreacted to the threat from long-haul LCCs, they are now taking a more measured approach. Lufthansa has pulled back on its Eurowings LCC brand and IAG is doing the same with LEVEL. It's a different story on short-haul routes where LCCs continue to thrive, putting pressure on the mainline carriers.

Fare segmentation

Fare segmentation, or unbundling, continues to grow and evolve as a way for carriers to simultaneously meet different needs and budgets – and respond to the competitive challenge posed by LCCs.

With basic economy fares generally priced close to where the original main cabin fares used to be, this has essentially become a way to bump more passengers up to a higher fare. In fact, some US carriers have found that a large percentage of shoppers ultimately move up from the basic/unbundled fare into a more profitable standard fare type.

Fare segmentation is not limited to economy fares: Emirates recently became the first airline to offer unbundled business-class fares, while Lufthansa is planning to charge a premium for some business-class seats (such as the 'throne seat') on its new 777X. Look out for other carriers following suit at some point. For corporations, the availability of cheaper option business-class seats could open up new opportunities in negotiations with carriers.

Airline retailing

Changing airline retailing strategies are presenting challenges for those managing corporate travel programs. Some airlines have chosen to remove fares from the GDSs, and/or add distribution surcharges to tickets. The API technology standard known as New Distribution Capability (NDC) has often been misleadingly cited by airlines as necessitating these moves – but, in fact, withholding content or charging fees are commercial decisions by airlines, not the result of NDC.

GBT is at the forefront of working with the GDSs to make NDC-enabled content available to business travel buyers. GBT is successfully working with many airlines around the world on joint retailing initiatives, based on core distribution principles: aggregated, transparent content; simplicity for users; cost efficiency; and servicing abilities – all of which help deliver value to corporate buyers.

Aircraft issues

The grounding of the 737 MAX in March 2019 following two fatal crashes has had a significant impact on airlines, compelling many to cancel services or delay the retirement of older aircraft. For some carriers, notably Southwest and Ryanair, the absence of the 737 MAX has made it difficult to increase capacity.

Timelines for the 737 MAX's return to service have been repeatedly pushed back, creating uncertainty and putting pressure on airline revenues. In December 2019, Boeing suspended production of the aircraft.

A separate issue with the Boeing 737NG pickle fork (a structure that joins the wing to the 737's fuselage) began grounding 737s in late 2019. This grounding will heap extra misery on carriers with large 737 fleets who are already struggling with the capacity impact from the 737 MAX grounding.

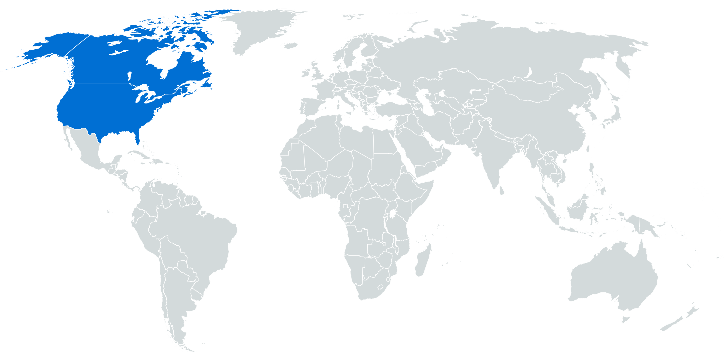
Sustainability

Concerns about air travel and climate change are coming to the fore, particularly in Europe. In the second half of 2019, there has been an increasing amount of media coverage about the environmental impact of air travel. The flygskam — 'flight shame' in Swedish — phenomenon in Scandinavia is a product of growing public concern about carbon emissions from aviation.

Many of the world's largest airlines including Lufthansa, Qantas, United and Delta, have introduced carbon offset or biofuel surcharges. Upping the ante, EasyJet has announced it would become "carbon neutral", offsetting emissions by investing in forestry, renewable energy and water projects.[2]

Regulators are also taking a growing interest in the topic: in 2019, French President Emmanuel Macron proposed a jet fuel tax in Europe and the government of Germany announced a climate package for 2020 that will increase taxes on aviation while cutting the tax rate for rail travel.

North America



REGIONAL OVERVIEW

Ongoing global trade tensions continue to cause a drag on economic growth across North America. An expected economic deceleration in the US will also impact the Canadian economy. Against this backdrop – and compounded by a large capacity increase – air fares within North America are predicted to rise by just 1.5% across the business and economy cabins.

Price changes are expected to be minimal across most key routes from North America. Fares to European destinations could increase as Norwegian pulls capacity. However, Brexit uncertainty will dampen fare increases to 1%.

Flights on routes to Australasia could see the biggest rises, as the new American Airlines-Qantas joint venture gains traction. This could mean fares increasing by up to 5% in both cabins.

Fares on routes to South America are predicted to fall by 1%, as political volatility in Brazil, Venezuela and other countries impacts business and trade activity.

Canada

The economy is expected to grow 1.8% in 2020, up slightly from the 1.5% projected by the IMF for 2019.[3] Even with this modest growth, jobs and wages are increasing, which feeds through to rising consumer spending. However, the outlook for business investment is weak.[4]

Air routes within Canada should see price rises of no more than 1% in business and economy. Routes to destinations in the US are expected to increase by 2% in both cabins. Prices on European routes are also predicted to rise by 2% in business and economy.

United States

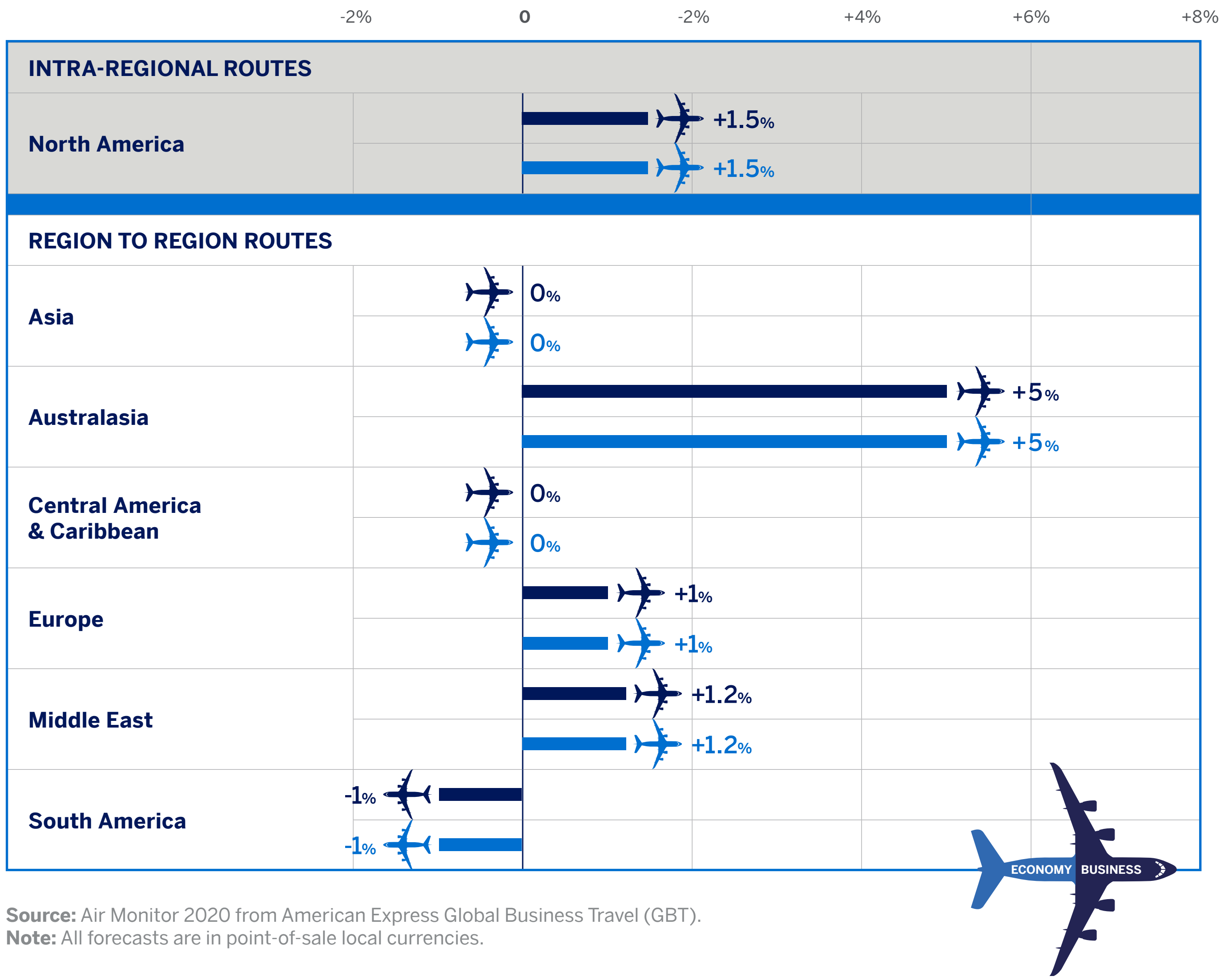
The trade tensions observed last year between the US and China have expanded to transatlantic trade. In Q4 2019, trade relationships between the US and EU soured, with each party attacking the other via the WTO and threatening to impose tariffs on food, planes, and cars.

Despite concerns about trade disputes, the US economy should still be relatively strong, with GDP growth at 2.1%.[5] While domestic capacity shouldn't grow as quickly as it did in 2019, the major carriers will continue to expand in 2020 as they chase share. A continued focus on ancillaries should also ensure solid margins, even if fares see only see mild increase.

US domestic fares are predicted to rise by 1.5% in both business and economy class. On routes to Canada, fares are expected to increase 2% in the wake of WestJet and Delta's new partnership.

With reduced capacity growth across the Atlantic, fares on European routes are predicted to rise by just 1%. Fares on routes to Asia are not expected to move. Routes to destinations in South America will see price falls of 1% across both classes.

North America: Key Route Forecasts



Source: Air Monitor 2020 from American Express Global Business Travel (GBT).
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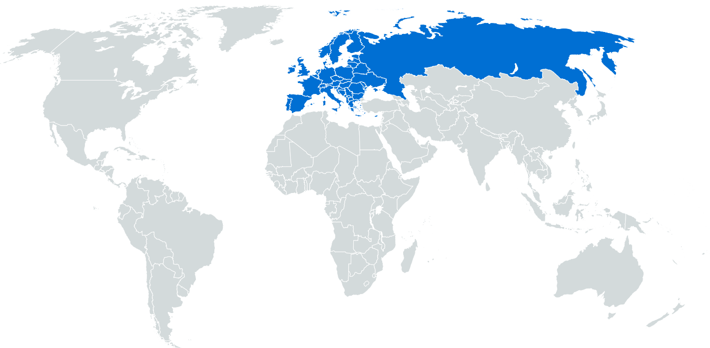
Europe



REGIONAL OVERVIEW

Despite improvement on 2019's performance, 2020 will bring another year of sluggish growth, with GDP in the eurozone predicted to expand by 1.4%, as trade and geopolitical tensions, plus Brexit uncertainty, continue to depress activity.[6]

Germany, representing one fifth of euro area GDP, has a significant impact on Europe's performance. Buffeted by external headwinds, Germany's weak composite PMI – which measures the direction of economic trends – caused the overall Eurozone composite PMI (Purchasing Managers' Index) to fall to 50.1 in September, the lowest in six years.[7]

Against a subdued economic background, and with concerns about over-capacity and passenger projections, IAG, Lufthansa Group and Air France-KLM have announced they are scaling back capacity growth on some of their airline brands. 2020 could see a wave of consolidation in Europe as the competitive open aviation area, high regulatory costs, and inefficient infrastructure place significant strain on profits, causing airlines to fold or merge. These factors, combined with modest growth, will mean airlines have little scope to increase fares in the business class cabin on intra-European routes. In economy class, fares are expected to rise by 0.7%.

As well as seeing carriers offering corporations options to reduce emissions, such as carbon offsets, the increased focus on sustainability is boosting rail travel at the expense of air. Air France, for example, has announced it will reduce capacity on domestic routes by 15% by the end of 2021, in part to cut losses linked to competition from high-speed trains. On routes where high-speed trains connect Paris to the provinces in less than two hours, Air France has already lost 90% of share.[8]

France

The economy is expected to grow 1.3% in 2020, supported by a range of fiscal measures including lower taxes for households and businesses.[9]

Fares to destinations within Europe are expected to fall in both cabins, as more business travelers opt for low-cost carriers (Air France is reducing short-haul capacity) or take the train.

Looking further afield, fares to destinations in North America are predicted to be relatively stable, unchanged in economy class and rising by just 1.5% in business. Increased in capacity on routes to South American destinations will keep downwards pressure on fares and should mean prices in business class decline by 1.5%.

Ongoing excess capacity on routes to the Middle East could see prices decline very slightly.

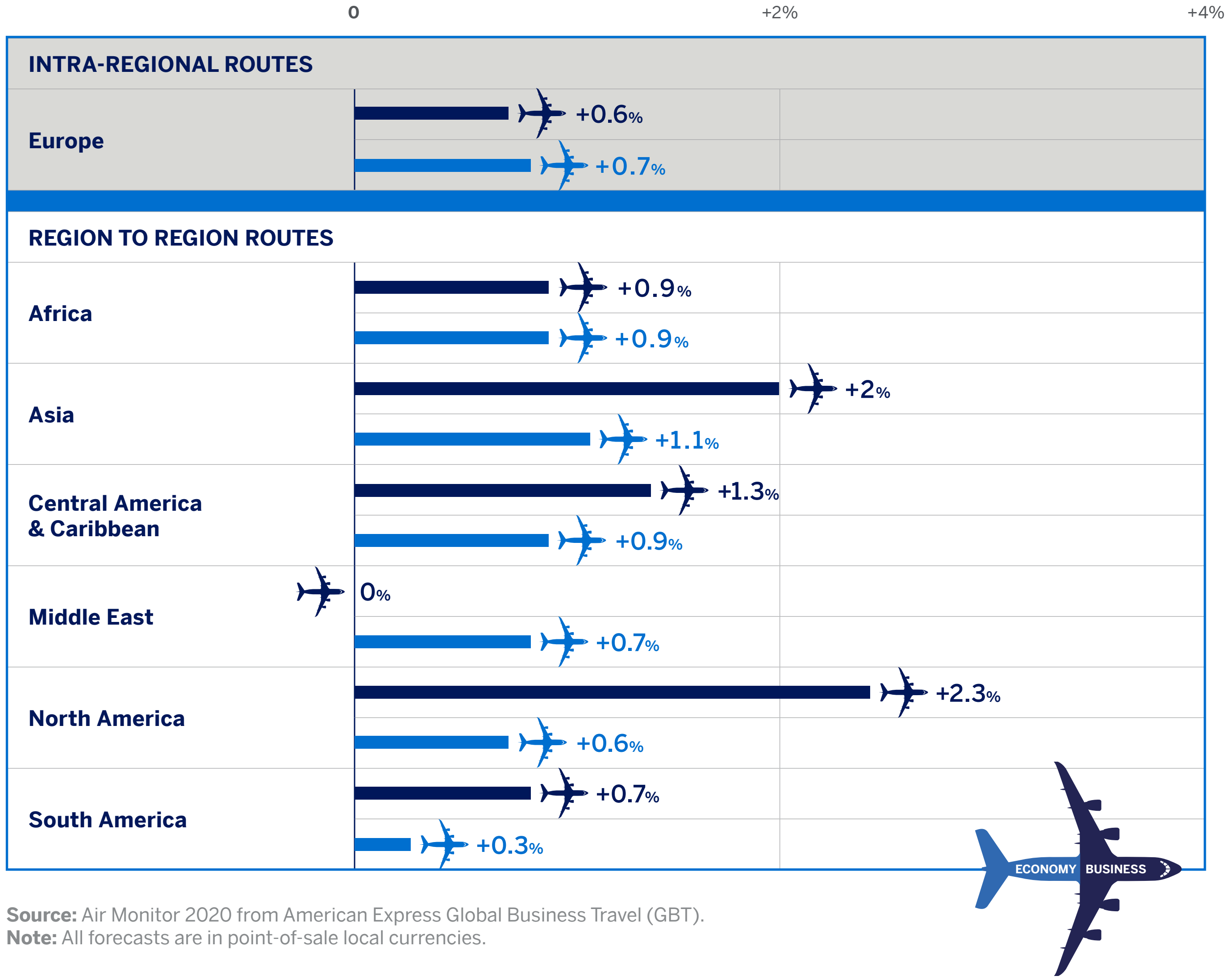
Germany

Trade tensions have hit Germany's export-driven economy harder than those of other European countries. The IMF forecasts 0.5% GDP growth in 2019, recovering somewhat in 2020 to reach 1.2%.[10]

Lufthansa has the leading position and is the principal carrier to most destinations globally. Within Europe, the airline faces more competition on routes to France, the Netherlands and the UK. Prices to European destinations are forecast to rise by up to 2% in the business cabin.

On routes to Asia, Lufthansa's joint venture with Air China, along with continued tightening of corporate discounting polices, means business-class fares are predicted to rise by 2.5%. With a softening economy, some corporates may move their travelers into economy. Here, fares are expected to rise 1.5%.

Europe: Key Route Forecasts



Source: Air Monitor 2020 from American Express Global Business Travel (GBT).
Note: All forecasts are in point-of-sale local currencies.

Emirates has restructured its fares and lowered its published rates on the expectation that competitors will follow suit. Overall, fares to the Middle East are not expected to move.

Demand is expected to stay firm on routes to North America. This, combined with Lufthansa reducing capacity growth, could see fares rise by 2.5% in business class.

Italy

After a year of no growth, Italy is predicted to see only modest recovery in 2020, with GDP growth predicted to reach a scant 0.5%.[11] With political uncertainty and high government debt, there is little likelihood of a rebound in the near term. These factors will weigh on demand for air travel. While business-class fares within Europe are not expected to move, fares in economy class are predicted to fall by 2%.

Italy's flag carrier Alitalia has succeeded in winning more corporate and high-value customers, which has seen its finances improve.[12] However, Alitalia continues to lose money, and unions have shown little support for restructuring.

Netherlands

Fares on European routes are predicted to edge up very slightly in 2020 as capacity is reduced. However, competition from rail on routes to many key business destinations should mean rises do not exceed 1% in business, and 1.4% in economy class.

Ongoing reverberations from the collapse of Jet Airways, and introduction of new direct routes to Asia by Air France-KLM, will generate additional yield: business fares are predicted to rise by 2.5%.

Air France-KLM's position as the primary direct carrier on routes to South America could see business fares rise 1.5% to these destinations. Meanwhile, the strong position of the Air France-KLM/Delta joint venture on routes to North America is expected to push up business-class fares by 2.5%.

Spain

Growth is projected to increase slightly in 2020 to 1.8%, still marginally higher than the euro zone average.[13] Price moves will be similarly moderate, fares to destinations within Europe are predicted to rise 1% in business class. Prices in economy class are not expected to change.

Spain is host to western Europe's largest domestic airline industry, with strong local carriers including Iberia, Vueling (both IAG) and Air Europa (being acquired by IAG, at time of writing). LCCs play a major role, accounting for roughly half the industry in Spain, and includes two of the top long-haul LCCs in Europe; Iberia and LEVEL.

United Kingdom

The General Election in December 2019 brought some assurance around the direction of Brexit. However, there remains uncertainty about the potential outcome of the negotiations during the transition period, currently due to be completed by the end of 2020.

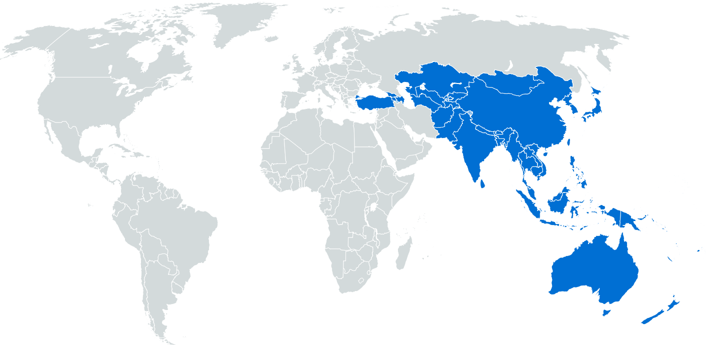
Within Europe, business-class fares are expected to rise by 1.5% as carriers attempt to squeeze yield. In economy, prices could fall by more than 2% as Flybe's tie up with Virgin brings more competition on flights to European destinations.

With the removal of Jet Airways international routes, business fares on routes to Asia are expected to rise 2% in both cabins.

Excess capacity continues to restrain fare increases on the competitive Middle East routes: business-class fares to these destinations are not expected to exceed 1%.

Despite Virgin adding flights to Brazil, and low-cost carrier Norwegian's continuing presence, fares to South American destinations will see slight increases with 1% predicted in business class. Sustained high demand for flights to North America means business fares to key cities are predicted to rise 3.5%.

Asia Pacific



REGIONAL OVERVIEW

While growth remains high relative to other economies, and Asia remains the growth engine of the global economy, the gradual slowdown predicted in last year's Monitor will continue into 2020. The IMF expects growth in the region's emerging and developing countries to reach 5.9% in 2019 and 6.0% in 2020. Growth was 6.4% across this area in 2018.[14]

Within Asia, continuing (if decelerating) growth is expected to push up fares by up to 2.9% in business class, and 1.8% in economy. Political unrest in Hong Kong has reduced some travel to and from the territory, and efforts to modernize the airport have stalled. It will also take time to recover in 2020.

Effects from the demise of Jet Airways are expected on a number of key air routes from the region. Fares in business class to Middle East destinations are expected to rise 2%. For economy fares, the loss of Jet Airways capacity and the end of the carrier's codeshare arrangement with Etihad could push prices up by 5%. Business-class fares to North America are predicted to rise by up to 3.2%, as capacity cuts bite. Economy fares, however, should fall as travelers take up trans-Pacific options from the Qantas-American Airlines and Korean Air-Delta Airways joint ventures.

A US-China Open Skies agreement could have a major impact on air travel in Asia Pacific: despite hopes this might materialise in 2019, such a deal lies in the future.

Australia

Concerned about a global slowdown, the IMF cut its GDP growth projections for Australia in Q4 2019 to 1.7% for 2019 and 2.3% for 2020.[15]

With less economic activity, business-class airfares to destinations within Australasia are not predicted to move. For the same reason, Asia-bound demand is likely to fall. With capacity from Australia to Asia stable, expect prices in the business cabin to rise only slightly.

On routes to North America, the joint venture between American Airlines and Qantas will increase trans-Pacific capacity. Qatar Airways is expected to respond with more tactical fares.

In a landmark moment in late October 2019, Qantas completed the first-ever nonstop flight connecting New York and Sydney. The 20-hour flight on a Boeing 787 is part of the airline's effort to launch the world's longest flights connecting Australia's east coast to both New York and London.

China

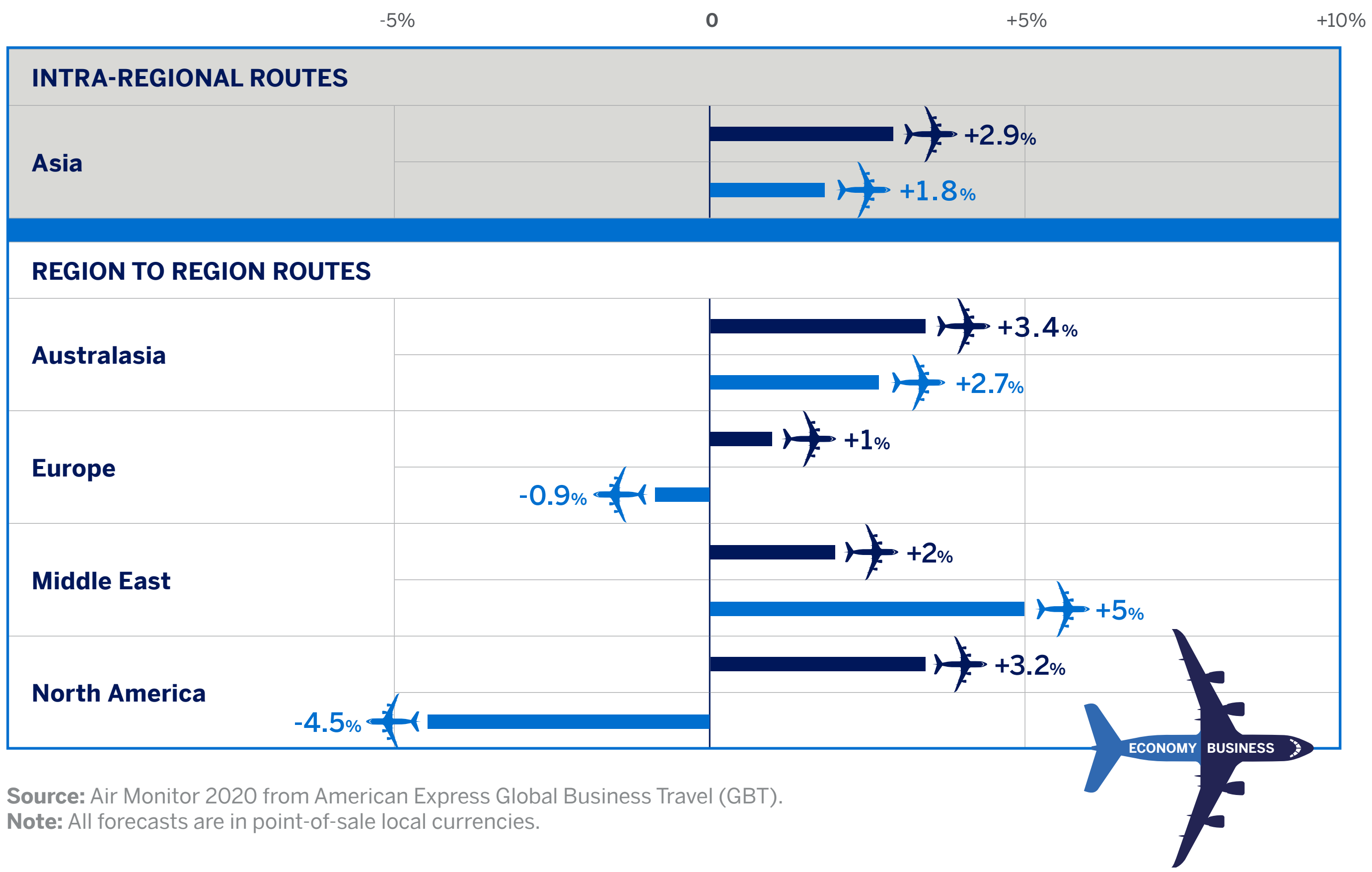
The effects of escalating tariffs, and weaker external demand, have put a brake on GDP expansion. The IMF forecasts growth at 6.1% in 2019 and 5.8% in 2019.

Against a backdrop of slowing growth and trade tensions with the US, regional ties within Asia are set to tighten, especially on routes to India, Malaysia and Indonesia. As a result, business-class fares to Asian destinations are predicted to rise by up to 1.3%.

As China seeks to build trade relations in non-US business centers, travel to destinations in Europe is likely to rise. Business-class fares could increase by 1.7%. However, a decline in tourist numbers may mean economy seats to Europe are as much as 4% cheaper.

Trade conflicts will mean decreased travel to the US. Prices for business-class seats are predicted to fall by 4%, while economy fares could fall by as much as 5%.

Asia: Key Route Forecasts



Source: Air Monitor 2020 from American Express Global Business Travel (GBT).
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India

The economy is projected to grow 6.1% 2019, picking up to 7% in 2020. The expanding economy is growing the demand for domestic and international travel.

On intra-regional routes, the grounding of Jet Airways significantly reduced capacity and pushed up prices. Economy fares could increase by as much as 8.6%. Price increases in the front of the plane should be more moderate, reflecting lower business cabin demand on Asia-bound routes.

Air France-KLM, previously partnered with Jet Airways, will boost its capacity in India by 25% in the upcoming winter season through the use of bigger planes, higher frequencies and a new Bangalore-Amsterdam route from October. In October, Virgin Atlantic will launch Mumbai-London.

Prices to North America in business class are predicted to rise by up to 4%. Delta will fly from Mumbai to New York from December, in a sign it will take months to replace Jet's non-stop capacity.

Despite high competition between Middle East carriers, business-class fares could rise by 4% due to limited capacity on Air India, and carriers such as British Airways and Air France-KLM being higher priced than Jet Airways.

Japan

GDP growth is projected to slow from 0.9% in 2019 to just 0.5% in 2020, with the subdued level of economic activity depressing demand for travel.

While Japan should experience high levels of inbound travel due to the 2020 Summer Olympics in Tokyo, outbound travel has remained weak. Business-class fares on routes within Asia are predicted to increase by just 1%.

Prices on routes to Europe will be relatively stable, increasing by up to 1% in business class.

On routes to North America fares for both business and economy seats could rise by up to 6% as capacity reduces while demand remains firm.

Singapore

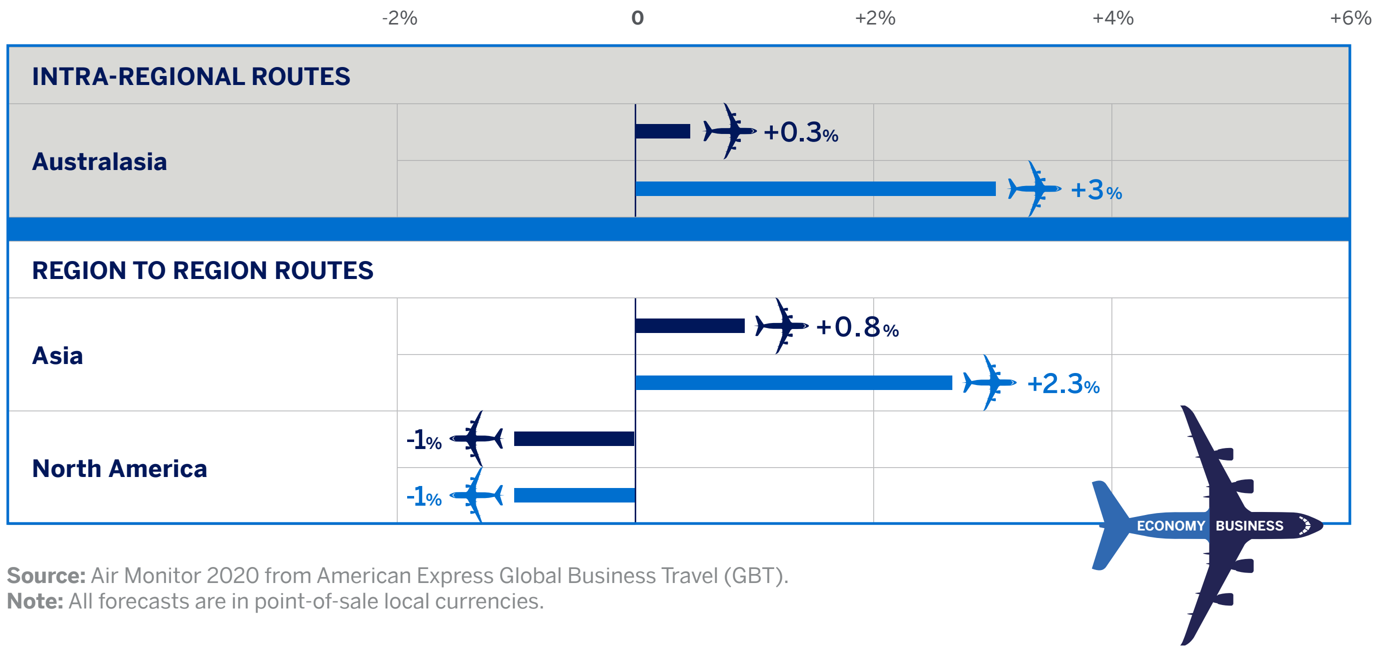
The economy is projected to experience very modest growth in 2020, with GDP increasing by only 1%.[16] Nonetheless, the cost of air travel to all destinations is set to rise.

On routes within Asia, business-class fares are expected to rise 1%, while flights in this class to destinations in Australasia could be 4.7% more expensive.

Business-class fares on European routes are predicted to rise 2.6%. In the economy cabin, prices should decline slightly.

Pressure on oil prices could mean business-class fares to Middle East destinations rise by 2%.

Australasia: Key Route Forecasts



Source: Air Monitor 2020 from American Express Global Business Travel (GBT).
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An Air Contracting Strategy for Uncertain Times

In an unpredictable world, 'nimble' air contracting can help travel buyers anticipate and effectively manage change. A global panel made up of GBC's regional air practice leads looks at what defines a nimble program, and outlines how travel buyers can put one in place.

Q: What is nimble air contracting?

A: The airline landscape evolves all the time: pricing strategies, distribution and even the airlines themselves are in flux. Nimble contracting is a response to that. Instead of revolving around a one-off RFP, a nimble program is managed on an ongoing basis. The client negotiates discounts and traveler services with a carrier and commits to performance goals. Then, working with the carrier as a partner, they monitor the deal to check it is aligned with the business – and that both sides are keeping their promises.

Q: What are the benefits of being nimble?

A: Being nimble provides flexibility, which is even more important in uncertain times. It means a client can continue to achieve cost and traveler objectives when the business changes direction, there are changes in the industry or some kind of external shock like a downturn. In recent years, we've seen the introduction of branded or light fares. The 737 MAX groundings have meant sudden capacity reductions. Geopolitical events have seen airspace closed and longer flight times, as we've seen over Crimea and Qatar. In each case, being nimble would have mitigated the impact of these events. It can also accelerate emerging strategic priorities. At GBC, we are getting more and more requests from clients who want advice on how they can make their air program more sustainable. With a nimble approach, a client has the opportunity to work collaboratively with the carrier to build flexible measures into the partnership.

Q: What does the ideal nimble program look like?

A: The ideal program will have a few carefully-chosen airlines. It will use tiering as a principle for managing airline relationships. Tier 1 will comprise carriers, usually global carriers, who are key to the client's program. Tier 2 will be carriers in niche markets or points of sale, and so on. In this ideal scenario, there is strong goal performance across all the carriers. Most importantly, there will be strong relationships.

Q: Why are strong relationships so important?

A: The nimble approach is based on strong trust relationships. Each side believes that the other is credible to meet the partnership's commercial objectives. For example, a carrier needs to be able to trust that a client has the necessary tools, levers and policies in place to deliver volume and revenue, as per their performance goals. When there is trust, the carrier will continue to provide both commercial and value-based benefits, even when the client can't meet the performance goals.

Q: How can clients forge stronger airline relationships?

A: It's all about building bridges and joining dots. Have regular review meetings with airlines – quarterly with most carriers, even more frequently with Tier 1 carriers. Regular contact will help build trust and encourage open dialogue. It's also useful to grow your network of contacts in your partner airlines. The more people you know, the better you will understand the carrier's priorities – and the more channels you will have if you need to escalate an issue.

Q: Is nimble just for large air programs?

A: Smaller programs, of less than US$10m, won't have the scale to negotiate with airlines. But they can still act nimble, and actively manage their program. As the first step, they need to consolidate their air spend – a single, globally-controlled program will get better recognition from airlines, and help them get a better deal on costs and traveler experience.

Organizations with smaller air programs should focus where they can really make a difference, and that's policy. Use data visualization tools and dashboards to understand travel behavior, and use the insights to design a traveller-shaped policy and program that drives compliance and means more savings.

Q: Is there a fast track to nimble contracting?

A: There are no short cuts to a nimble program. Nimble is about strong relationships, and these don't happen overnight. That said, travel buyers can start the journey by looking critically at their program and asking questions. What are the goals of your travel program? Is it aligned with your organization's business strategy? Are your current airlines supporting your strategy?

TO LEARN HOW YOU CAN MAKE YOUR AIR PROGRAM MORE NIMBLE, CONTACT
consulting@amexgbt.com

Methodology

Good forecasts start with strong data. The Air Monitor's forecasts are based on five years of historical GBT data which has been categorized, cleansed and studied to spot the underlying price trends and seasonality.

We use seasonal AutoRegressive Integrated Moving Average (ARIMA) models with external variables to predict airfares for the upcoming 12 months. The external variables include macroeconomic factors including oil price and IMF forecasts. Airline industry metrics were also considered to enhance the accuracy of forecasts.

Booking volume for an individual route in the past year determines the weight assigned to country or regional level forecast aggregations. The airfare forecasts generated by the models are then verified by GBC's aviation experts to provide the final year-over-year percentage change.

TO DOWNLOAD GREEN TRAVEL, A WHITE PAPER DEVELOPED BY GBC TO HELP CORPORATIONS INTEGRATE SUSTAINABILITY INTO BUSINESS TRAVEL, CLICK HERE:
www.amexglobalbusinesstravel.com/uk/the-atlas/green-travel-white-paper/

About American Express Global Business Travel

American Express Global Business Travel (GBT) is the world's leading business partner for managed travel. We help companies and employees prosper by making sure travelers are present where and when it matters. We keep global business moving with the powerful backing of 18,000 travel professionals in more than 140 countries. Companies of all sizes, and in all places, rely on GBT to provide travel management services, organize meetings and events, and deliver business travel consulting.

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