

TRAVEL MARKET REPORT

Produced by Research & Intelligence

September 2024



Travel Market Report

Welcome to the latest edition of the *Travel Market Report*, brought to you by BCD Travel's Research & Intelligence team. Mindful of the *2025 Market Outlook* we plan to present in the next edition, we'll save a review of the latest trends in airfares and hotel rates until then.

We start this quarter's *Travel Market Report* with a roundup of some important border control changes travelers can expect to see when traveling to the European Union and the U.K.

Inspired by a chart published recently by IATA (International Air Transport Association) we explore the appeal to airlines presented by premium travelers and look at how one airline has made a major product decision in response.

Inflight air turbulence hit the headlines in May this year following an incident resulting in a passenger fatality. We've taken a closer look at the issue, and, with help from our colleagues in the Global Crisis Team, we provide advice on what travelers can do to reduce the risks associated with this natural phenomenon.

We finish the report with the highlights of some primary research we've conducted over the last quarter. Travelers shared their experiences and behaviors when taking a flight for business. And travel managers told us more about the role they perform, and the challenges they face.

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Border controls changing in Europe

Some important changes are happening, which will affect individuals traveling from third countries to Europe or the U.K. By mid-2025, travelers will be required to provide more information and secure pre-trip authorization, where this may not have previously been required. It'll mean extra administration and a modest cost for affected travelers.

United Kingdom introducing new visa waiver scheme

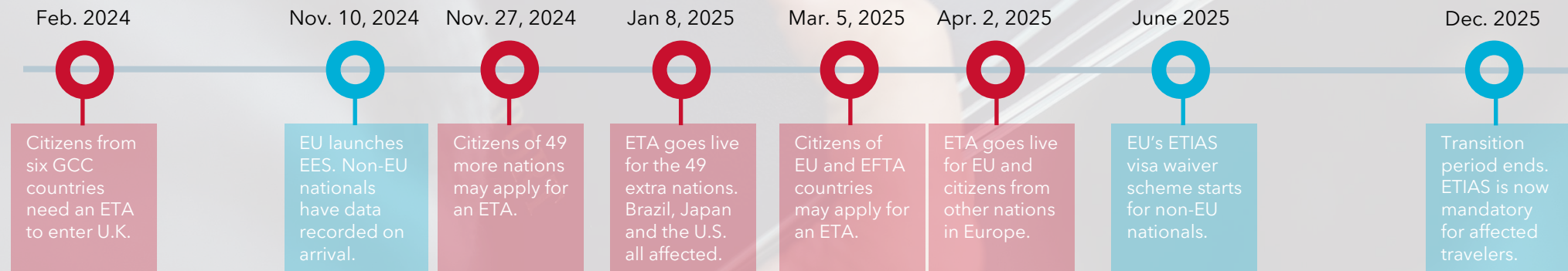
The U.K. government is rolling out the Electronic Travel Authorisation (ETA) scheme. Replacing the Electronic Visa Waiver Scheme for short-stay visitors, ETA will include travelers from more countries, including many in Europe and the U.S. Costing £10, the ETA enables multiple visits to the U.K. over a 24-month period, and it includes passengers transiting through the U.K. An ETA will not be required by British, Irish or British overseas territories passport holders. Nor will it be required by foreign nationals holding a visa or with permission to live, work or study in the U.K.

So far, ETAs are only available for travelers arriving from six Gulf Cooperation Council countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. But the scope of the ETA will be significantly expanded in 2025.¹ From [January 8, 2025](#), citizens from 49 countries (including associated territories) may apply for an ETA.² Applications can be made from [November 27, 2024](#). The [list of impacted countries](#) includes Australia, Brazil, Japan, Singapore, South Korea and the U.S. From [March 5, 2025](#), nationals from a further [34 European countries and territories](#) will be able to apply for an ETA for travel from [April 2, 2025](#). The list includes most European Union countries (excluding Ireland), EFTA members and various microstates.

European Union implementing EES ahead of ETIAS introduction

The European Commission (EC) is introducing the European Travel Information and Authorisation System (ETIAS) for visitors from countries that are not currently part of the EU.³ As well as applying to visits to EU Schengen member, ETIAS will also cover entry to members of the European Free Trade Association (EFTA) and to European microstates. Costing €7 and valid for three years, the ETIAS will act as a travel authorization for travelers not requiring a visa to visit Europe. It simply means more security checks before permission to enter the EU is granted. Entry may be denied to anyone arriving without an ETIAS. Once launched in mid-2025, travelers will enjoy a six-month transitional period, where an ETIAS will not be mandatory for travel.

To facilitate the ETIAS, the EU must first introduce the new Entry/Ext System (EES), which aims to automate the registration of non-EU nationals each time they enter the EU. Planned for introduction on [November 10, 2024](#), the EES will apply to both short-stay visa holders and visa-exempt travelers. To use the EES, travelers will need a biometric passport. The EES will not apply to EU nationals, nationals of Andorra, Monaco, San Marino and Vatican City, and to non-EU nationals meeting certain conditions, such as possession of residence cards/permits.



(1) [Gov. UK](#), Aug. 30, 2024; (2) [Gov. UK](#), Sept. 10, 2024; (3) [ETIAS](#)

The revenue appeal of premium class air travel

First and business class travelers offer airlines a clear premium

While first and business class (premium cabin) travelers may account for just **3% of all passengers** carried by scheduled airlines, because the fares they pay can on average be **five times higher** than economy fares, they can contribute around **15% of total airline passenger revenue**. The appeal to airlines of this travel segment is clear.

Both economy and premium air travel are subject to seasonal patterns of demand, and this drives shifts in the relative pricing (fare ratio) between the two classes of travel. As shown quite clearly by the drop in the fare ratio for July and August 2023, a seasonal strengthening in leisure demand pushes economy fares higher during the summer months. This reduces the fare premium enjoyed by first and business class tickets.

Aligning with the corporate travel cycle, premium fares receive a modest boost in September and October and in the March-May period. This results in an uplift in the fare ratio; this is when airlines will depend the most on premium travelers to boost revenue.

Premium travel outpacing growth in economy

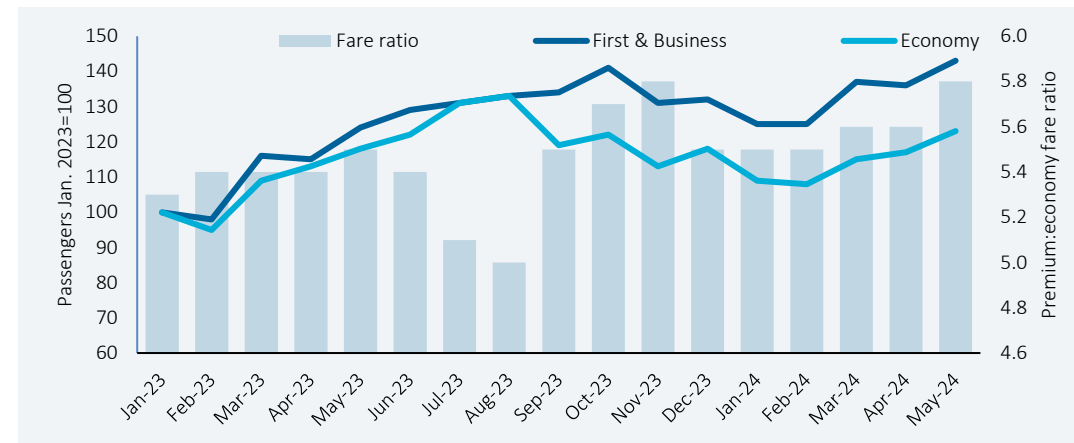
Recent passenger growth across the cabin classes had been largely aligned up to August 2023. Since then, growth in travel in the premium cabins has been much stronger than in economy class. By **May 2024**, premium passenger numbers had increased by **43% since January 2023**. Over the same period, demand for economy class had grown by **23%**; while this is still a respectable result, it's far below the expansion in premium demand.

This trend is most likely associated with the resurgence in corporate travel, with many airlines reporting solid growth in volumes and revenues in the second quarter results. But it also reflects a growing demand among leisure travelers for a premium travel experience.

Airlines respond

IndiGo, India's largest airline, is the latest company to acknowledge the enduring appeal of demand for premium travel. Despite positioning itself as a low-cost carrier, in November 2024, IndiGo plans to launch the IndiGo Stretch business class product. In truth, it's as much a response to the resurrection of Air India as a competitive threat as it is a recognition of the revenue opportunity presented by premium travelers. Launching on flights between Delhi and Mumbai, by the end of 2025, IndiGo will have rolled out IndiGo Stretch across 12 domestic routes linking major metro cities. To support its foray into this segment, and in a further move away from the low-cost model, IndiGo has recently launched IndiGo BluChips, its new loyalty program.

Global passengers by cabin class and relative fare price ⁴



(4) IATA, Chart of the Week, the Resurgence of Premium-Class Travel, July 26, 2024

In-flight turbulence: A common risk when flying

Turbulence: A common risk when flying

There has recently been an increase in publicized incidents of turbulence; pockets of disturbed air impacting the operations of commercial passenger aircraft. The worst consequences (for travelers) of the phenomenon were highlighted in May this year, when an incident affecting Singapore Airlines' flight SQ0321 hit the headlines. After experiencing severe turbulence, dozens of passengers were injured, and one fatally. More recently, an Air Europa flight headed from Madrid to Montevideo, Uruguay, was diverted to a Brazilian airport, after 40 passengers suffered turbulence-related injuries, four of whom required intensive care treatment.⁵

Turbulence-related incidents are quite common. Between 2009 and 2018, they accounted for more than a third of reported accidents.⁶ Most resulted in one or more serious injuries to passengers or crew. But turbulence rarely causes aircraft damage, other than to parts of the cabin interior, including seats, ceiling panels and overhead bins. Fortunately, fatalities remain extremely rare. Prior to SQ0321, you'd have to go back as far as 1997 for the last time a commercial airline passenger was killed by turbulence.⁷

Each year, a not insignificant number of people are injured by turbulence while not wearing seatbelts. Understandably, members of cabin crew are particularly exposed to the risks, accounting for almost 80% of the serious injuries caused by turbulence.⁵ Occasionally, turbulence may be so severe that it forces aircraft to divert, with the disruption and costs that that entails.



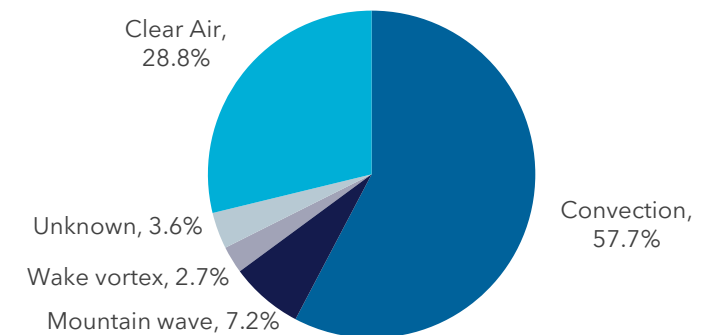
Cause and types of turbulence

Turbulence is the result of disturbances in the atmosphere, which may be caused by convection (warm air rising), non-convective wind shears (rapid changes of wind speed or direction) in clear air, mountain waves (upward waves of air caused by strong winds blowing over mountains), surface features and aircraft wake vortices. What most commonly causes turbulence are unstable weather patterns triggering storms. These can normally be detected by weather radar, allowing pilots to react and fly around them.

While most turbulence (58%) is caused by unstable weather, it's the less common clear air turbulence (CAT) that can be more problematic. Pilots are faced with a sudden and severe swirl of air, violently buffeting a plane even in clear skies. Invisible pockets of air appear without warning, seemingly undetectable by weather radars. Virtually impossible for pilots to anticipate and respond to, CAT's unpredictable nature means it poses a genuine risk to flight safety.

And incidents of CAT appear to be increasing. Some scientists believe climate change is altering the jet streams and airflow patterns at high altitudes, which are one of the main sources of CAT. Jet streams also shift naturally under large-scale atmospheric phenomena, such as Rossby waves and the Coriolis effect, resulting in wind shear and subsequent air turbulence. CAT can also be caused by mountain waves.

Turbulence incidents by type ⁸



(5) Reuters, July 2, 2024; (6) National Transportation Safety Board; (7) Reuters, May 22, 2024; (8) NTSB

In-flight turbulence: the airline and passenger response

What airlines are doing about turbulence

Pilots can plan ahead by studying turbulence and other weather forecasts and by monitoring weather radar during the flight. Airlines might also load extra fuel, to allow for the flight plan to be adjusted. When faced with convective turbulence, pilots can protect passengers and cabin crew by switching on seatbelt signs and changing aircraft altitude in search of smoother conditions.

To enable airline pilots to take appropriate action to avoid turbulence before it hits, IATA (International Air Transport Association) has launched the *Turbulence Aware Platform*.⁹ Participating airlines automatically share turbulence reports, giving pilots a better idea of the locations of turbulence and smooth air, enabling them to take appropriate, preventative action. Passengers and crew can be better prepared for and less affected by air disturbances. Airlines also enjoy the added benefit of optimized flight plans and lower fuel burn.

Multiple airlines from around the world have so far signed up to the *Turbulence Aware Program*, and more will follow. Participants include Aer Lingus, Air France, Aegean Airlines, ANA, China Airlines, Delta Air Lines, EasyJet, Emirates, Korean Air, Lufthansa, Qatar Airways, Saudia, Southwest, Swiss, United Airlines and WestJet.

What airline passengers can do about turbulence

Some advice from Abdul Rahman, Program Manager in BCD Travel's Global Crisis Management team, may help travelers reduce the risks, in the unlikely event their flight is affected by severe turbulence.

Keep your seatbelt fastened, even when the seatbelt sign is off. This will help keep you secure.

Pay attention to cabin crew instructions during the pre-flight safety briefing and other announcements.

Take care with hot drinks, as they can easily spill and cause burns during periods of turbulence.

Stow your belongings securely. All carry-on items and loose objects should be properly stowed in the overhead bins or under the seat in front of you.

Choose an appropriate seat. Seats over the wings may experience less motion, providing some reassurance during turbulence.

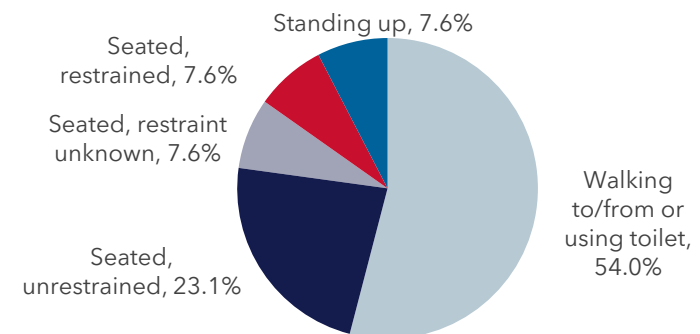
"Following these guidelines will significantly enhance your safety and minimize the chance of an injury."



Abdul Rehman
Crisis Program Manager,
Global Crisis Management

Any type of air turbulence is generally hard for passengers to predict, and even after taking precautions, a risk remains. According to research by the U.S. National Transportation Safety Board (NTSB), travelers are most exposed to the dangers of turbulence when visiting the toilet. When seated, however, they're also three-to-four times more likely avoid injury if wearing a seatbelt. The numbers speak for themselves: Of the 123 passengers and cabin crew seriously injured in turbulence-related incidents between 2009 and 2018, only one passenger was wearing a seatbelt at the time

Passenger activity at time of turbulence ¹⁰



(9) IATA, Turbulence Aware; (10) National Transportation Safety Board

Air travel: traveler survey

Travelers share their experiences and behaviors when flying for business

In this new survey we explored the topic of traveling by air for business. We looked at traveler behavior and the challenges they face when flying for work. Our study also included an examination of travelers' satisfaction with air policy and travel suppliers.

The results are based on an online survey we conducted among 1,319 business travelers located in North America, Europe and Asia-Pacific, who took a flight when traveling for business at least once in the past 12 months. The survey was conducted from Aug. 7-16, 2024.

Our findings, at a glance

Air travel overview

- Some **three-quarters** of business travelers will take a flight for trips lasting two-six days. Only **3%** will travel by air for a daytrip.
- **43%** travel by air on domestic journeys, **a quarter** do so on international trips, while **one-third** fly both within the country and abroad.
- While **nine out of 10** use economy class on short-haul flights (below 6 hours), **less than half** travel economy on long-haul routes. On business trips over 6 hours long, **two out of 10** fly premium economy and **three out of 10** use business class.

Booking air

76% of business travelers use online booking tools (OBTs) to research and book air travel. When it comes to research, **over a quarter** consult airline websites. Others select flights based on the options offered by their travel agent, their loyalty program status or check air aggregators.

Over a quarter of business travelers book their flights through an agent.

Air services

We asked business travelers about the services they pay for when booking a flight. The **most popular** were checked and carry on luggage, if not included in the air fare, and seat selection. **Between a third and a half** of travelers pay for these ancillary services. **One-in-five** travelers purchase priority boarding and extra legroom. Meanwhile, only **2%** presently pay for carbon offsets or sustainable aviation fuel when flying for business.

When it comes to cancelations and exchanges, **half** of travelers typically purchase fully or partially refundable tickets, while **22%** select non-refundable fares. **Four out of 10** opt for the cheapest available option. Just **10%** trust the choice made by the agent booking their flight.

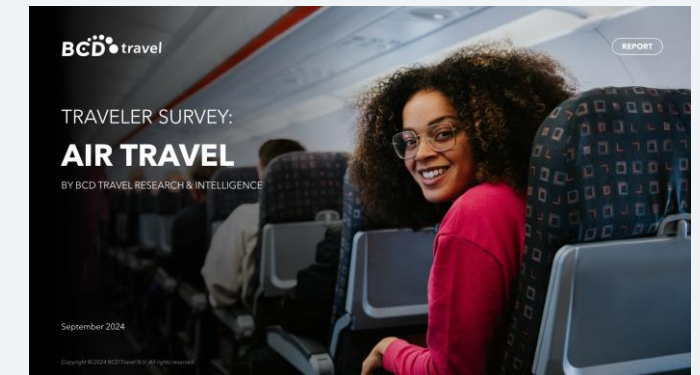
At the airport, business travelers use restaurants, Wi-Fi and departure lounges the most. On board, **three-quarters** consume food and beverages included in the air fare and **half** use the inflight entertainment provided by the airline. **Four out of 10** get connected to Wi-Fi when flying.

Loyalty points

92% of travelers are allowed by their employers to keep the loyalty points earned when flying for business. Most will spend them on leisure flights, or to buy air tickets for family members, or upgrades on future business trips. **One out of five** redeem them on hotel stays.

Find out more

We've highlighted just some of the air travel survey's key findings. You can find out much more in the full report that will be published soon.



The role of a travel manager: travel buyer survey

Travel buyers tell us about their teams and responsibilities

In this survey we looked at a travel manager's profile, responsibilities, interactions with the company stakeholders and the changes currently impacting the job of a travel manager.

The results are based on an online survey of 187 travel buyers conducted from Aug.5 - Sept.11, 2024.

Our findings, at a glance

Travel teams

Most often, travel teams report to the Procurement team: This is the case for **four out of 10** travel buyers. A further **two out of 10** report to Finance and **11%** to Human Resources. **Less than a tenth** mention Corporate Services, Operations, Administration and the C-Suite as their reporting lines.

A quarter of travel buyers work in travel teams comprising more than 10 people. **Half** have travel teams of five people or fewer.

Just under half of the sample use services provided by external consultants to help manage their travel programs.

Job satisfaction

Travel managers are most satisfied with their level of authority, stakeholder support and work-life balance, while their career development opportunities are the least satisfactory.

Stakeholders

Travel managers interact with Procurement and Finance teams the most: **Six out of 10** do so weekly or even on a daily basis when it comes to Procurement, and **45%** frequently interact with their Finance team.

One-third of travel managers are regularly in touch with their Meetings and Events department. Meanwhile, Sales and Marketing, Sustainability, the C-Suite, Human Resources and the IT departments feature among the stakeholders with whom travel teams talk the least: Around **half** of survey respondents never or rarely interact with these departments.

Finance and Sustainability lead the list of stakeholders with whom a travel manager's engagement has increased the most in recent years: Almost **half** agree; **41%** mention an increase in interaction with their Security team.

Scope of travel manager role

In addition to travel management, travel sourcing and payment & expense management are among the other responsibilities named by many travel managers. **A quarter** are in charge of procurement or management of spend categories other than travel.

Managing their TMC relationship takes most of their time, according to **53%** of respondents.

Major challenges mentioned include satisfying stakeholders and travelers and keeping up with industry changes: **Around half** agree.

Find out more

We've detailed here some of the key survey findings. You'll be able to find out more in the full report, which we'll be publishing shortly.

Share your thoughts

Do you have any questions or comments regarding this report?
Please email [Mike Eggleton](mailto:mike.eggleton@bcdtravel.com) to share your thoughts.

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