

How travel changed in 2018

With the end of the year comes an opportunity to review what's changed in the corporate travel space over the past 12 months.



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While corporates continued to critically examine their travel needs and budgets in 2018, other developments have opened doors and are making corporate travel even easier.

Looking back on the year, the Flight Centre Travel Group found that some policies and events had more of an impact than others.

Artificial Intelligence

2018 was the year of the chatbot, which has been introduced to perform such actions as making bookings or connecting users with a consultant at any time of day.

According to FCM Travel Solutions, corporate travellers will become more reliant on chatbots than ever before, during and

after their trip, seeking such functionality as itinerary management, air and hotel bookings and updates, local destination information, weather and even restaurant suggestions. Security alerts is a further functionality requirement.

The beauty of chatbots are that they get better all the time, as Artificial Intelligence (AI) allows for better personalisation capabilities, the more the travellers use it. What's more, chatbots can be integrated into Travel Management Company (TMC) technology to ensure that all bookings made through the TMC automatically appear in the traveller's itinerary, so they can be configured with the corporate's travel guidelines and prompt the user to take policy-specific actions, improving compliance, controlling costs and ensuring Duty of Care.

Retail travel isn't the only area within the travel sector in which AI is making its mark. Hotels can use chatbots on social media to provide information to customers when a representative might not be on hand.

In these times of instant gratification, travellers expect near-immediate response times, which AI can deliver.

VAT the heck?

South Africans have been accustomed to paying 14% VAT since 1993. From 1 April 2018, VAT was hiked by 1% and the knock-on effect has touched every aspect of corporate travel.

The result has been a rise in business costs; including travel costs, with suppliers across the board having no choice but to increase their rates and fares. We saw a price hike in the cost of air travel this year, as well as accommodation, and the fees of tour operators and travel agents.

The VAT increase also impacts international travellers who claim VAT refunds. Corporates have had to adjust their travel budgets and stipends to compensate for the increase. They've also had to become even more savvy about how they spend their travel budget, which is where TMCs have been able to show real value and deliver savings, without compromising on traveller safety and comfort.

Increased Africa access

An ongoing challenge facing corporates this year when conducting business in Africa was the difficulty in finding good-quality, affordable hotels for their employees.

The good news is that 2018 saw a significant increase in the availability of product, with Hilton and BON hotels two of the chains that significantly increased their portfolios across Africa to cater for the increased demand.

The availability of well-known hotel brands in Africa offers corporates peace of mind and also enables TMCs to offer a range of options in different price brackets, which in turn means companies could potentially find it cheaper to do business in destinations that were prohibitively expensive and inaccessible because of high costs and safety concerns.

Airlines including RwandAir and Fastjet have added new routes into Africa, and other airlines have enhanced their frequencies. Improved air access means travellers can attend important meetings across Africa in person and save time, money and effort getting there.

Extreme currency fluctuations

There is very little corporates can do to when the rand goes into freefall. They still need to do business, but their revenue can be negatively impacted, and in turn, their appetite for and ability to travel is diminished.

Travel agents in South Africa report that in 2018, there has been a decline in both business and leisure forward bookings compared with last year. Numerous agents also said that they had experienced cancellations with the weakening of the rand, and some travellers even opted to forfeit deposits, instead of paying the remainder of the increased package price.

In the corporate sphere, companies often forward book travel for industry conferences, AGMs and events.

While the fluctuating Rand will likely impact the cost of these future trips, this is another area where your TMC can add value by assisting with competitive foreign exchange options, as well as a seamless efficient end-to-end forex process.

London on top despite Brexit woes

According to Corporate Traveller, four of the five top international airports in the world for corporate traffic originating in South Africa in 2018 were cities in Africa: Windhoek, Gaborone, Livingstone and Harare.

London remains the top international business destination for South African corporates, Corporate Traveller's data reveals. The British capital retains its status as one of the largest gateways to Europe despite concerns that with Brexit this will no longer be the case.

The impending split from Europe has been a hot topic throughout 2018 and while the jury is out on how the changes will impact travel programmes, Corporate Traveller predicts some key areas that may be affected if the EU and UK fail to strike a deal.

These areas include significant disruption at borders when travelling between the EU and UK, knock-on delays, a removal of visa-free travel, a potential change in airline compensation for delays and cancellations, a change to how personal data is managed and a change to taxation as UK business no longer have access to the EU VAT refund system, among others.

Price hike = hitchhike?

Soaring fuel prices were a mainstay of 2018. This had a devastating impact on the pockets of many South Africans consumers and corporates and influenced the price of air and ground travel.

SMEs have had to factor these increased costs in their travel budget. According to Flight Centre Business Travel, these businesses may have had to become more selective about which meetings require travel and how best to manage their travel spend.

The lifting of the electronics ban

In 2018, rules limiting the carry-on of certain electronics were relaxed. The previous year, numerous airlines, especially those in the US, placed bans on carry-on electronics larger than a mobile phone. Laptops and similar electronic devices had to be checked in and stowed.

Although restrictions were mostly on US inbound flights originating from Middle-East and some North African countries, business travellers were affected, as it cut into hours of potential working hours in transit.

'Trump Slump'

Under US President Donald Trump's administration, requirements for L1B visas which are required for work in the US, have been reviewed. This has, of course, derailed travel plans for many who planned or were intending to work and travel abroad.

US employers such as Deloitte, and many others, now have limited options to employ expats, which has in turn affected business travellers who were due to be redeployed in the USA for temporary or permanent contracts.

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