



## Flying execs downgraded to cattle class as corporations tighten their travel budget belts

**LISA ALLEN**  
BUSINESS TRAVEL

THE only executives likely to be flying first class next year will be chief executives and cashed-up company owners.

The rest are likely to be back in economy class if travelling to Asia, premium economy if headed to the US and business class if the work destination is South America or Europe.

But some canny clients have found a way around company-imposed travel restrictions, says Paul Patane, head of advisory at Sydney's Concierge Traveller.

"We have clients who still prefer to travel up the front and demand the best comfort levels and accompanying service. They require the utmost in privacy and the ability to either work or sleep," Mr Patane said. "These clients are high-end executive level and are even prepared to pay the difference out of their own pocket."

For those who can't afford the cost of an upgrade to business or first class, 2014 is still shaping as a good year for corporate travel.

The Qantas and Virgin Group fight over market share means there will be more benefits for corporate travellers such as increased flights and discounted fares, upgraded airport facilities including refurbished lounges and better domestic services to and from Perth, says Mark Chaskiel, chief executive of Melbourne-based corporate travel agency, FBI.

"There seems to be more demand now for premium economy as certain airlines remove first class," said Mr Chaskiel, whose company is a member of the American-owned luxury travel

network Virtuoso. "In some cases business class will be the new 'best' cabin (given some airlines are dropping first class). We have only seen growth in business class travel, perhaps driven by some very aggressive fares in place with airlines trying to protect their market share, such as Emirates."

Mr Chaskiel said there were also good business-class fares on offer from Singapore Airlines and Qantas as they attempted to regain market share, while Etihad, Qatar, China Southern and China Eastern were also offering good business-class fares as they pursued market share.

On the hotel front, junior staff are usually housed in Accor, Mantra, Oaks and Marriott hotels, while senior management will bed down in Four Seasons, Mandarin Oriental, Hyatt, Peninsula and Shangri-La, according to Yvonne Verstandig, director of Executive Edge Travel & Events in Melbourne, also a Virtuoso agent.

Accor's honorary chairman, David Baffsky, said event tourism would drive a strong corporate travel sector in 2014.

"When you look at forward bookings for Sydney and Melbourne next year in terms of events they are very strong," Mr Baffsky said. "Brisbane and Perth are a bit soft, in terms of Sydney and Melbourne it's shaping up as a big year for business and event tourism. The indications are that it could be a really strong couple of years."

Not all travel industry bosses are as positive about the forward outlook for corporate travel. Flight

Centre co-founder Graham Turner said there were signs of softness given that mining-sector spending, particularly in Western Australia, had plummeted.

"The spend has dropped considerably in the mining area, but we continue to produce modest growth," Mr Turner said. "Generally in our overseas market we are growing in corporate travel. Basically all our overseas markets are growing in the mid teens in sales. That includes the US, Canada, the UK, Asia and South Africa."

"They are all growing quite strongly from a lower base."

"In Australia, we expect modest growth in corporate travel, and it's going to be across the board. A lot of that is flights, but there's some growth in hotels and car hires."

Wotif.com chief executive Scott Blume says his budget travel site did not sell a lot of corporate travel to blue-chip companies, but smaller enterprises were happy to pick up a hotel or flight deal.

"We don't handle top-end corporate travel," Mr Blume said.

"We do handle a lot of travel from small-to-medium enterprises. I still think people will be incredibly tight with their dollars next year, but we make sure we do the right thing price-wise."

As for Western Australia, Mr Blume agreed with Flight Centre's analysis. "The hotel occupancy is significantly down from the boom times in Perth," he said. "People still have to travel for business, there is no question, and they want pricing that meets their needs."