Business Travel Boost is Welcome News

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Thank goodness for the leisure traveler. Despite the severe economic downturn last decade, many consumers, especially in the United States, continued to take vacations and getaways as though travel was their birthright. And as my colleague Shawn A. Turner wrote last week, it appears the upturn in leisure business for hotels is ready for a long run.

While leisure travel remains a stalwart for the hotel business, in recent months signs have pointed to a resurgence in the transient business and group travel sectors. If this trend continues and amplifies, hotel operators should be able to capitalize with higher occupancies, better control over rates and improved profits.

Data released at last week's annual meeting of the Global Business Travel Association showed an expected 6.9% rise in global business travel this year, amounting to $1.2 trillion in total spending. Business travel spending in China, which is the second-largest global business travel market, grew 16.2% annually from 2000 to 2013.

Group business is another bright spot for the hotel industry. During earnings calls following the first quarter and several covering the second quarter, a number of public hotel companies highlighted the return of group demand. Last week, during the company's second-quarter call, executives from Marriott International said group bookings for the third quarter are up 10% over last year and up 8% for the next 12 months.

Of course, more business travel and group business means more heads in beds for hoteliers, but it brings other benefits. It allows hoteliers to remix their business away from lower-rated customers to segments that are less price-sensitive, especially individual business travelers. Also, as several hotel companies have pointed out, group and business travel customers tend to boost food-and-beverage sales at hotels.

A clear sign of the return of business travel was news last week that Airbnb is making a push to lure non-leisure travelers to its sharing-economy travel website. The site, along with faux-taxi service Uber, signed deals with travel expense management company Concur to capture Airbnb and Uber bills in user travel reports.

That's a small step for Airbnb, and I seriously doubt if many Fortune 500 companies anytime in the near future will allow their employees to book Airbnb. The likely targets for Airbnb are millennial

business travelers and independent consultants and others who pay their own travel expenses. Even that might be a stretch.

While Airbnb desperately tries to broaden its appeal and dampen some of the seamier press reports about the shenanigans of those using the service, the site's targeting of the business traveler is another sign of that segment's health.

It's up to traditional hoteliers to make sure they capture that uptick in business and not let it leak into other accommodations portals.

And finally

As a journalist and blogger, it always makes me feel good when I get reader response. It's even better when a reader responds with action, especially action I advocated.

I recently wrote urging those in the U.S. hotel industry to reach out to their senators asking them to pass the legislation to reauthorize Brand USA, the public/private partnership that markets the country to global travelers.

At least one reader did so. Mike Craddock, a hospitality industry investment specialist with First Commercial Real Estate Services in Tulsa, Oklahoma, reached out to his state's two senators to express his enthusiasm for the legislation.

I appreciate the effort, and everyone in the hotel industry should too. Unfortunately, the do-nothing Senate failed to act on the bill before it left on a not-so-well-deserved month-plus-long vacation.

I hope the chamber takes it up upon its return and it does the right thing.

Email Ed Watkins or find him on Twitter.