

Here's what South Africans can expect the business travel industry to look like in 2023

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South Africa eased its final lockdown restrictions earlier this year, allowing virtual meetings to take place in person and creating new opportunities for business travel to return to pre-pandemic levels. While this news is a source of relief for the travel industry, it could come at a cost for travellers.



Source: Supplied | Marc Wachsberger: CEO of The Capital Hotels and Apartments

Why businesses should anticipate hotel rate increases

According to a 2023 Global Business Travel Forecast https://www.mycwt.com/global-business-travel-forecast/#pdf_report, the cost of business travel, from hotels to airfares, will rise in the next year. The report highlights the growing demand for face-to-face business interactions and other factors, such as geopolitical uncertainties, inflationary pressures, and labour shortages, as the contributing factors.

Hotels, like any other profit-making organisation, set their prices and rates based on supply and demand. In other words, when the need for rooms is high and the availability of rooms is low, room rates will go up.

As much as these increased rates may act as a deterrent to eager travellers, the industry requires their support now more than ever. Few industries were hit as hard by the pandemic as the hospitality industry, and the sector is still battling to maintain a stable bottom line. More importantly, if the pandemic showed us anything, it was that the hotel industry, and being able to facilitate face-to-face interactions, are a critical part of helping businesses thrive.

While business travellers may occasionally have to pay higher room rates at certain hotels during specific times of the year, there are ways for travellers and corporate clients to get the most value for their money when booking their next stay.

How business travellers can get more value out of rising hotel rates

Business travel will look very different in the coming years. The rising cost of air travel and accommodation will likely see organisations and visitors having to pinch pennies by bundling visits to multiple clients or holding several events over a single trip.

One way to offset the extra outlay is by joining a loyalty programme like The Capital's La Famiglia. In the past, visitors could opt into a fixed-price deal over a set contract period. These static rates meant that clients would be protected from the price fluctuations when an influx of retail clients would push prices up. Now, by joining La Famiglia, business and leisure travellers will get further discounts on their static room rates and be able to take advantage of our dynamic room rates (rates that ebb and flow according to demand) should the rooms they want be cheaper than the contracted amount.

These cost-saving measures and flexible and remote work arrangements are driving the adoption of 'bleisure' travel (a portmanteau of business and leisure travel in which tourists do both in a single trip) as the new *modus operandi*. As a result, the global bleisure tourism market is [estimated](#) to reach nearly US\$ 497.5bn this year, with demand increasing to a total market value of US\$2,967.1bn in 2032.

Bleisure travel offers an alternative solution to the rising cost of business travel because people can partially cover their trip's travel and accommodation costs by extending it into a quick getaway with family and loved ones.

In addition to adopting new trends, businesses can explore new corporate travel policies to keep up with the shifting travel industry. For example, companies can reduce employees' travel costs by offering staff a booking process that provides more flight and accommodation options for better availability, preference, and rate options.

Technology now allows companies to adopt a more dynamic travel policy that can adjust the travel policy based on the available options at the time of booking. This will give business travellers more flexibility while complying with company policies.

Business-focused hotel industry

Although the hotel industry was primarily driven by a demand for leisure travel in 2021, this trend will shift to accommodate more business travellers and offer specially developed packages for hybrid and remote workers.

Hotels are amenity-rich by nature, offering workers access to on-demand services, fitness centres, on-site cafes, fast internet, and so much more. The industry is already seeing this shift, where hotels are becoming a significant part of the hybrid working culture and even a new WFH ([work from hotel](#)) acronym.

Business travel is clawing its way back to normal after a challenging couple of years. However, hotel rates will continue to rise to meet this growing demand, and organisations and employees must adapt to this new environment.

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