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THINKIN PODCAST: Post-pandemic business travel: is the end really nigh?



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Last week we convened a panel of experts from across the business travel industry (and globe) to discuss 'Post-pandemic business travel: is the end really nigh?'

I was grateful to be joined by a panel of industry leaders who brought a truly global perspective to a lively and thought-provoking discussion.

The panel included:

- Rudy Daniello, EVP Corporations, Amadeus,
- Tracey Davies, President, Money 20/20, Ascential PLC,
- Stefan Leser, CEO, Langham Hospitality Group, and
- Clive Wratten, CEO, Business Travel Association.

It was clear from the discussion that business travel touches all of our lives: the movement of people for business purposes represents far more than the BA executive lounge cohort. Debates on its future often forget that it incorporates everything from sports players on tour to humanitarian aid - and need not entail going abroad either.

The extent to which business travel will recover on pre-pandemic levels remains unclear: predictions range from between a 10% to 50% contraction of the industry. A number of mitigating factors will determine just how hard this hit will be, and not all of them come from COVID-19. The sector is facing a significant 'moment of truth':

- Sustainability and Environmental, Social, and Governance (ESG) goals have moved up the priority list for many CEOs - many have communicated an increased commitment to these priorities in the last 15 months.

- **Companies are looking to use travel budgets as a lever for cost optimisation** - if the pandemic has proved that much of our work can continue without travel, why would companies not save the money and tell employees to stay put?
- **COVID-19 led many to reassess their lives and change travel behaviour accordingly** - we don't yet know if this will be permanent, but the pandemic was an opportunity for many to conclude they were travelling too much. Working systems adapted accordingly and it remains to be seen if preferences to travel will remain the same - in one survey, however, 90% of Money 20/20's customers want to return to doing business in person because of the quality of the interaction.
- **The recovery path post-pandemic is highly uncertain - in some locations, most notably the US, the pace of recovery for business travel is outpacing many other countries.** This global picture is also one complicated further by Brexit. Work continues behind the scenes to minimise the disruption, with particular concern around the possible impending visa requirements for business travellers.
- **Digital transformation will place further pressure on the industry, but could also bring opportunities** - while the costs of adapting to accelerating digitisation will be burdensome, the potential for technology - specifically Artificial Intelligence - to help the industry are huge. Be it determining who should travel and when, or merely assisting employees when expensing their travel claims, emerging software is full of potential.
- **Business travel is increasingly included in the debate on gender equality in the workplace** - travelling four to five days a week can be unsustainable for those for whom being at home at least some of the time is essential. As companies become more attuned to these needs, will business travel change as a result?
- **We have not seen the full impact of the pandemic on the industry.** Government support around financing and short-term labour has limited the real impact of Covid-19. We will probably see market exits and broader restructuring during the course of the next 1-2 years. Players will need to adjust their business to the new market.

One development is certain to stay: the hybrid working model.

Where work truly benefits from face to face interaction - closing a deal, for example - travel is likely to continue. For an industry with profitability levels far below those of others, losing just a small percentage in the evolving changes post-pandemic isn't tenable. Some players might leave the market in the dip that will follow but, perhaps, we need to wait for working models to stabilise first to truly comprehend what it'll mean for the business travel industry in the future.