



TRAVEL
LEADERS
CORPORATE

Realizing the Value of Business Travel

January 2023

Independent insights provided by FESTIVE ROAD



Setting the Scene

In late 2022, Travel Leaders Corporate asked independent travel management consultancy Festive Road to support focus groups with travel managers to examine changes in travel management, and opportunities for the future.

The predominant theme was change. Change in the nature of travel, in the marketplace, and in the role of the travel manager. There was also enthusiasm and optimism for the future of business travel and the opportunities offered to the travel manager, the traveler, and their organization.



“Change is inevitable. Growth is optional.”

- John C. Maxwell

This paper is intended to support anyone managing travel to understand the latest trends and opportunities, and to help generate ideas for the future of their roles and their programs. The paper also suggests a methodology for a travel manager to measure the ROI or value of the travel program.

The paper explores:

- 1 The Latest Business Travel Landscape
- 2 The Key Trends Shaping Travel Now and for the Future
- 3 The Opportunity to Realize the ROI of Travel

01 | The Latest Business Travel Landscape

The Rapid Return of Business Travel

Travel has grown with pace through 2022. By the end of June 2022, the number of flights to or from North America was only down 11% on the same month in 2019 (pre-pandemic).¹ North American based airlines predict now that flight demand for the whole of 2022 will be 95% of the 2019 level.²

High passenger demand has meant that in North America in June 2022, 89% of airline seats were occupied.¹ This is well above the typical 80% occupancy factor before the pandemic, and drove a spike in airfares.

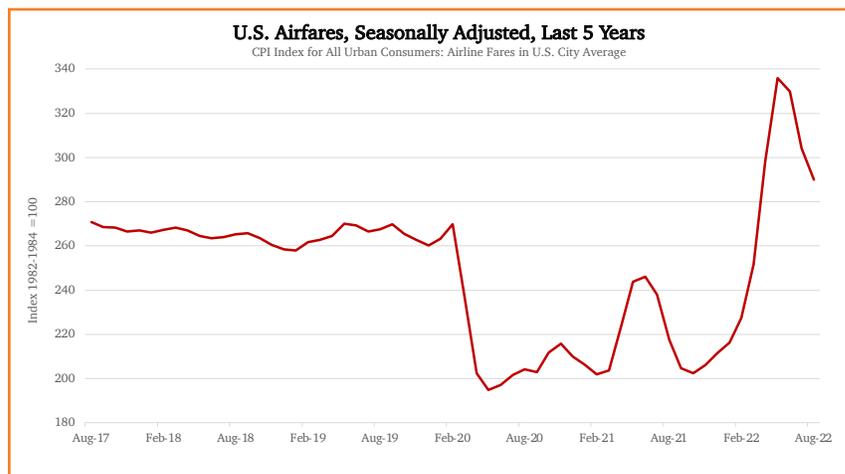


Figure 1: US airfares, U.S. Bureau of Labor Statistics³

In the wake of the pandemic, consumer confidence about travel reached new highs in August 2022. Globally, 57% of consumers now say they feel safe to fly and 67% feel safe to stay in a hotel.⁴

GBTA's global travel manager poll conducted throughout the pandemic, clearly shows a steady trend in terms of increasing openness for business travel. As of June 2022, 83% of companies allowed domestic business travel and 62% allowed international business travel to take place.⁵



Figure 2: Business Travel Recovery Based on GBTA Member Polls⁵

Business Travel: Shapeshifted

With the rapid return, there are several changes to the characteristics of business travel.

1

Travelers are booking later. Business travelers are typically booking closer to departure. During the height of the pandemic, American Express reported a 15% increase in cardholders who were tending to book within a week of travel.⁶ This has been driven in part by travelers being unsure of restrictions in place. As restrictions ease, this will be an area to watch. Gaining in confidence, travelers may revert to booking earlier to avoid higher fares that are charged when booking closer to departure.

2

A shift in the modes of travel – car rental in vogue. Use of car rental has boomed through the pandemic. In April 2022, car rental usage was up 29% versus the same month in 2019 for North American based travelers.⁷ This is contributing to higher corresponding spend on road tolls, parking, and fuel. Car rental usage has led to companies reviewing mileage reimbursement which, in turn, has impacted negotiated car rental rates.

3

Digital payments and mobile wallet usage is booming. Mobile wallet use (including virtual corporate cards) is now the most popular method of payment worldwide, eclipsing credit cards. In 2021, the share of global transactions managed through a mobile wallet increased 21% year over year. These trends are forecasted to continue, with global mobile wallet share anticipated to be 39% of all payments by 2025.⁸

4

Longer trips, more meetings. Evidence is emerging that business travelers are booking longer but fewer trips, squeezing in more meetings or sometimes tacking on leisure travel. Travel managers say they see a 20% increase in the share of their employees who are more interested in adding vacation days to work trips.⁹ Some organizations are therefore considering policies and expense coverage for these situations.

02

The Key Trends Shaping Travel Now and for the Future

New Ways of Working

The pandemic has created a potentially irreversible change in working habits with a huge surge in remote and hybrid work. Most organizations have invested in technology to support remote working and many employees have adapted to life without the daily commute.

A 2022 survey of U.S. employees from McKinsey found that 58% can work from home, with 32% doing so full-time. 87% of those who are offered the opportunity to work flexibly take it.¹⁰

A more remote workforce naturally drives a shift in the need for business travel. Office-outbound trips decline while office-inbound trips grow.

Similarly, many travel managers are grappling with the finer points of remote-work policies and how these influence travel expenses and the span of ownership for the travel manager. Does the organization now pay expenses for remote employees to visit a local office? Business travel is at the crossroads of where transient travel intersects with mobility, virtual collaboration, and employee value proposition.



“Employees all around the world are redefining what we’re calling their ‘worth it’ equation; that is, what they want from work and what they’re willing to give up in return.”

- Jared Spataro, Corporate Vice President for Modern Work, Microsoft

An Increased Focus on Sustainability

In August 2021, the IPCC (Intergovernmental Panel for Climate Change) issued a ‘code red for humanity’. The secretary general of the United Nations urged corporate leaders to take rapid action towards a net-zero carbon future to mitigate the risks of the climate crisis.

CEOs polled by IBM in 2022 have said that sustainability is their greatest organizational challenge.¹¹

As a result of the revised boardroom agenda, sustainability is becoming a core priority for travel managers and suppliers. 84% of travel managers say that sustainability is at least somewhat important in the design of their companies travel program, with 50% saying it is very or extremely important.¹²

But pressure for action is coming from all sides. Consumers and business travelers are more tuned in to the sustainability agenda. And they are increasingly using their purchasing power to influence the focus on sustainability:

- 78% of global consumers feel that sustainability is important, and want to live more sustainable lives
- 34% of consumers say that they are willing to pay more for sustainable products and services¹³
- A quarter of business travelers (24%) said that they would decline a trip assigned to them if it required using non-sustainable travel options¹⁴

But there is a wider focus than sustainability. Travel managers are becoming increasingly involved in a range of social and governance initiatives across areas such as diversity, equity and inclusion, gender and race equality and accessibility.

The industry is working towards a much more balanced and proactive stance which considers the needs of people, and the planet, alongside profit.



“I am asking corporate leaders to support a minimum international carbon price and align their portfolios with the Paris Agreement. The public and private sector must work together to ensure a just and rapid transformation to a net-zero global economy.”

- António Guterres,
UN Secretary-General

Supply Landscape Changes & Challenges

Arguably, the travel supply market has never seen so much change as in the past two years. A wave of supplier acquisitions, capacity cuts, staffing challenges, as well as service innovations are contributing to the dynamism of the industry.

Airline punctuality in North America has dropped from 80% before the pandemic to 68% in June 2022.¹⁵ Staffing challenges as well as the ongoing surge in travel demand led to the drop in performance.

When it comes to hotels, hundreds of thousands of workers left the industry. This has led many hotels to scale back amenities, such as daily housekeeping and room service, despite the surge in travel demand.

And travelers have noticed.

Overall hotel-guest satisfaction fell 8 points over the past year, according to the most recent J.D. Power North America Hotel Guest Satisfaction Index.¹⁶

Travel Management Companies (TMCs) have not been immune to the industry challenges. TMC counselor positions were reduced by up to 80% by some TMCs at the height of the pandemic. Now most TMCs are hustling to bring back furloughed staff and onboard new counselors to service the surge in demand.

The net effect of the market challenges gives travel managers a new set of issues to resolve. 33% of travel managers say that industry staffing shortages are creating a significant impact on their travel program.¹⁷

The Post-Pandemic Business Traveler

When it comes to traveler experience, many organizations are seeing the need to provide additional levels of support, communication, and guidance to help travelers navigate the end-to-end trip experience. There is recognition that the traveler experience has not only changed, but with close to 2 years of minimal travel volumes, many travelers have forgotten the basics of 'how to travel'.

One of Travel Leaders Corporate's clients at a recent focus group meeting labeled this as 'travel amnesia', where we are all new travelers again.

While travel managers believe that 89% of employees are willing to take a business trip, there is also evidence that travel appetite and attitudes is different for the post-pandemic business traveler.⁵

A recent survey of nearly 4000 business travelers offers revealing perspectives:¹⁹

- 82% of travelers say their company is returning to pre-pandemic levels [of travel] but with a 'more travel on fewer shoulders approach'
- A quarter of travelers (23%) say they are not traveling at their ideal travel frequency and that they will look for a new job if their travel schedule doesn't improve
- 92% of travelers are not willing to accept a position that requires more travel without added benefits such as increases in salary, benefits, or travel flexibility
- Half of business travelers (51%) say that they will decline a trip if they have COVID-19 related health concerns and 26% will decline if they feel burnt out with travel

The Rise of Purposeful Travel

While 2020 was a year of minimal travel for many organizations, it also demonstrated the effectiveness of virtual meeting technology to replace all but the most essential types of travel.

Now that business travel can return, there is a cautious approach to the restart of travel for some organizations. The decision to business travel sits amid the key influences of:

- 1 **The increased focus on sustainability**
- 2 **New ways of working**
- 3 **The appetite for travel from travelers has changed**
- 4 **Price increases**

This leads to travel needing more robust consideration than before the pandemic. Travel approval processes have become mainstream. This means that every trip is more heavily scrutinized than ever before to ensure that the trip will deliver an ROI, while balancing the needs of the traveler.

This is giving rise to the potential for travel to be seen as a more valued tool for organizations. If each trip is more clearly linked to the organizations' purpose and objectives, then travel is seen as a strategic investment rather than just a cost to be cut when budgets need to be reined in.

The New Priorities of the Travel Manager

100% of travel managers expect their role to be more challenging in the next 12 months.¹⁹ The majority of this stress is caused by pressure from senior leadership who want travel managers to demonstrate the value of their role.

As a result, travel managers are working hard to evolve their role and travel programs to meet the needs of their organizations and travelers.

Through the focus groups held by Travel Leaders Corporate in mid-2022, a range of new priorities and initiatives were shared by travel managers. This is a cross section of the priorities that travel managers are now working on:

Topic	New Priorities
Duty of Care	<ul style="list-style-type: none"> • Address the health and wellbeing needs of the traveler. Optimize the traveler experience so that the traveler can perform at their best for the company
Purposeful Travel	<ul style="list-style-type: none"> • Ensure that travel takes place only when necessary and is linked to balanced corporate objectives around people, profit, and planet
Online Booking Tool	<ul style="list-style-type: none"> • Re-establish online booking as the preferred method for domestic trips • Optimize the user experience, such as through better application of ticket credits on hold, more streamlined user interface
Digital Payments	<ul style="list-style-type: none"> • Expand use of virtual payment for convenience, reporting data, to capture more spend into the card program and reduce the burden on employees using personal forms of payment • Consider the payment needs of different travelers such as candidates, guests, and contractors
Traveler Communication & Engagement	<ul style="list-style-type: none"> • Support travelers with up-to-date guidance on how to travel effectively given the changes due to the pandemic • Gather regular traveler feedback on their travel experiences in the current environment
Stakeholder Engagement	<ul style="list-style-type: none"> • Develop critical cross-company partnerships to ensure the travel program meets the strategic needs of the business. For example, working in collaboration with leaders in HR, Security, Legal, IT, Risk, Sustainability as well as the C-suite
Sustainability	<ul style="list-style-type: none"> • Display CO2 emissions data at the point of sale to help direct traveler choice • Collaborate with the sustainability officer in the organization • Understand suppliers' sustainability plans. Preference certain suppliers over others • Consider setting carbon budgets for teams or travelers
Diversity, Equity and Engagement	<ul style="list-style-type: none"> • Update the travel policy and processes to cater for the needs of all travelers equally and equitably
Bleisure Travel	<ul style="list-style-type: none"> • Enable travelers to add personal time to any business trip and/or have family accompany them
Remote and Hybrid Work	<ul style="list-style-type: none"> • Update the T&E policy to cater for the needs of new hybrid or remote employees. Determine when and what travel can be expensed, for example, the trip to the nearest office for remote employees • Understand the types of travel created by new ways of working, for example, an increased need for team-related travel and culture development
Supplier Landscape	<ul style="list-style-type: none"> • Adjust the sourcing strategy across airline, accommodation, and ground transport to suit the new size and shape of the travel program
Reporting & Data	<ul style="list-style-type: none"> • Review the KPI's used to measure the effectiveness of the program considering the marketplace and company changes • Create better visibility for how travel activity contributes to the business achieving its objectives and purpose

03

The Opportunity to Realize the ROI of Business Travel

In the post-pandemic era of business travel, it is more important than ever to critically evaluate the value created by business travel.

Over a decade ago, the return on investment (ROI) of business travel was suggested as being \$12.50 of additional revenue and \$3.80 of additional profit per dollar spent on travel. This was based on analysis conducted by Oxford Economics USA and survey results from 300 corporate executives.¹⁸ While this report was regularly quoted across the industry in the years following, when times were tough on the corporate P&L, CFO's typically still looked to cut the travel budget first.



“Every \$1 invested in business travel drives \$12.50 of additional revenue and \$3.80 of additional profit.”

Source:
Oxford Economics USA, 2009

However, assessing the ROI of business travel on a purely dollar-for-dollar approach misses the intangible benefits that business travel can drive.

A Harvard Business Review study from 2019 helped to fill the blanks by adding CEO perspectives on the full benefits of business travel, it found:¹⁹

- Internal benefits including increased employee collaboration, stronger internal relationships, better management of dispersed teams, a more unified business culture and increased innovation
- External benefits including closer relationships with key customers, better collaboration with partners and suppliers, increased understanding of customer needs and improved customer experiences

The study found that companies that manage travel as a strategic enabler rather than a cost item to be minimized see on average:

- 1 2.4x higher customer loyalty and retention
- 2 2.2x faster speed to market
- 3 2.0x higher market share
- 4 1.6x higher profitability and new product/service introduction capabilities

But, as travel managers move into the era of post-pandemic travel management, and one in which the key influences on business are significantly different, it may be time to reflect and re-evaluate how to demonstrate the ROI of business travel.

Changes in the Priorities for Managed Travel

The differences in travel program priorities between travel managers in 2019 (pre-pandemic) and C-suite leaders in 2022 are enlightening:

1	Traveler safety	Achieve more successful outcomes from business trips
2	Budget control	Protect the health and wellbeing of all our travelers
3	Traveler wellbeing	Increase the retention of our frequent travelers
4	Traveler wellbeing emissions	Reduce our travel-related carbon
5	Booking tool compliance	Reduce the number of our business trips
6	Sustainable practice	Decrease the prices we pay for our business trips

These changes may suggest:

- The increased importance of measuring the **outcomes** of business travel (versus the tactical activity of travel management)
- A greater emphasis on the **value** business travel can create for the organization
- That the role of the travel manager is becoming **more strategic**
- That the measures for travel program success are becoming more balanced across aspects that consider **people, profit, and planet**

Linking the Travel Program Management to Organizational Strategy

The increasingly strategic focus on travel from the C-suite offers the travel manager a perfect opportunity to show how business travel contributes to the organization's success. However, travel managers should be aware that 67% of executive leaders say that their businesses key functions (such as travel) are not aligned with corporate strategy.²²

Travel managers can use their organization's stated purpose and objectives as their 'north star' against which they align their travel program strategy. This helps directly link the travel program to the success of the business.

For example, if the organization has an objective to *'diversify and grow revenue streams'* then the travel manager could work to identify the types of travel that most contribute to revenue growth, such as, conference attendance, 1:1 meetings with high value prospects and then work to ensure the travel approval process allows these trips to take place more readily.

If the organization has an objective to *'improve employee retention and attract top talent'*, then the travel manager could listen to traveler feedback and remove areas of frustration. Or partner with HR to measure frequent traveler attrition rates relative to the rest of the employee population.

If the organization has an objective to *'reduce carbon footprint by 50% by 2030'*, then the travel manager could measure the current travel carbon footprint and agree the reduction targets for travel. They could enable the display of CO2 data in the online booking tool.

By aligning travel program objectives, with the broader organizational strategies, the travel manager can ensure the program meets the strategic needs of the organization.

The Opportunity to Demonstrate the Value of Business Travel

58% of organizations believe their performance management systems are insufficient for monitoring the performance of strategy.²²

As travel program strategies become aligned to organizational objectives, it's a natural next step to consider KPIs. These enable the travel manager to measure progress and demonstrate the strategic value of the travel program to the overall organization. A set of KPIs can be built into a travel program 'ROI scorecard'.



"The importance of managing travel has changed and that the company wants to look at travel much more strategically. It's motivated by a lot of factors, but that's why I'm here. It's an amazing opportunity for me to build something new and effective."

- Karen Springfield Heslin, Dynatrace. Source: Business Travel News

Strategic travel program KPIs are very different to those used to tactically manage the program. Tactical KPIs might be based around 'behaviors', such as online booking rate, advance purchase days, supplier market share. Or around cost or volume metrics, such as spend versus last year, number of trips, number of travelers. While the tactical measures aren't any less important, they don't directly demonstrate how the travel program contributes to the broader organizational objectives.

Value-based metrics that travel managers might wish to consider for their ROI scorecards could include:

- Spend and volume of travel by trip objective, such as, travel to win revenue, build client trust, improve employee engagement, manage risk, etc
- Trip success rates - a rating by the traveler post-trip on if the trip helped or hindered the reason for them taking the trip
- Frequent traveler retention rates versus the rest of the employee population
- Carbon footprint of the program either as a total or on a per trip basis
- Employee engagement scores for frequent travelers
- Trip friction rate – a measure of the stress or friction caused by each trip
- Total travel program cost / company revenue (a measure of the efficiency of the program)

Once the ROI scorecard is built, it can be shared regularly with senior stakeholders. Over time, the scorecard can help prompt conversation about how the travel program is contributing to organizational strategy and where the program needs to be promoted further. It will also help determine where to adjust and reprioritize the travel program activities.

Lead the Discussion

Now is the opportunity for the travel manager to elevate their own profile as well as that of the travel program. With the clear statement from corporate leaders that they want to achieve 'more outcomes from successful business trips' it is an ideal opportunity to demonstrate the strategic value of travel.

Travel managers could focus their time on enhancing their partnerships with senior stakeholders across the business.

Travel managers can solicit feedback from C-suite leaders on their priorities for the travel program and these can be used to influence the travel program strategies and actions.

Travel managers can also use the concept of the 'ROI scorecard' to help place solid metrics around the value of travel and how it contributes to the organization's success.

Seizing these opportunities can allow travel managers a seat at the table when it comes to deciding how the travel program will grow and develop in the post-pandemic environment and demonstrate the elevated value of their own roles.

04 | In Conclusion

- Business travel is back in growth mode. But it's not just 'more of the same'.
- The market trends discussed in this paper are accelerating.
- The expectations of senior leaders of their organizations' business travel programs have metamorphosized.
- Travel programs need to be agile and responsive to these changes. But they also offer a unique opportunity to raise the perception of the value of travel.
- Today, like never before, the travel manager can realize and demonstrate the value of business travel.



"Change is inevitable. Growth is optional."

- John C. Maxwell

05 | About

About Travel Leaders Corporate



Travel Leaders Corporate is a global travel management company that takes the time to learn about our clients' needs and pain points to deliver customized and cost-efficient travel solutions.

Backed by Internova Travel Group, one of the industry's largest travel agency companies in the world, and with a global reach extending through 80-plus locations worldwide, Travel Leaders Corporate combines complete end-to-end travel services, data-driven insights, and strategic meetings management to simplify the complexities of business travel.

We have the expertise, technology, and innovation to support your journey every step of the way, but what sets us apart is the dedicated personal interaction you'll receive as a client. Our capabilities will enable you to move your travel program forward, but rest assured that a caring human is only a click or phone call away.

With the challenges of travel management taken care of, you're free to focus on the reason and mission for your travel. At Travel Leaders Corporate, you matter, the travel shouldn't.



05 | About

About FESTIVE ROAD



Independent insights and external perspectives for this paper were provided by FESTIVE ROAD.

FESTIVE ROAD is unlike any other travel and meetings management consultancy. They are the consultancy on a mission to create better travel and meetings management.

They provide insights, strategy, sourcing, delivery, and engagement services to the whole ecosystem. They deliver redesigned travel, meeting and expense programs, effective sourcing/ outsourcing for the buyer and new perspectives for the supplier, underpinned by the right engagement with the right audience.

They are driven by purpose, at a company level and a personal level. Their mission isn't just a statement, it's a belief. Established in 2015 they have quickly grown into an award-winning consultancy of 30+ people.

FESTIVE ROAD is the creator of the Permissible Travel Framework, accessed by over 10,000 companies to plan their return to travel, and the Purposeful Travel Model which helps organizations understand the true value of travel to their business as they continue to emerge from the pandemic.

Their founders have been named as two of the most influential people in Travel & Expense and have recently been recognized in the Business Travel News Hotlist for their innovative initiatives and collaborative industry approach.

Visit www.festive-road.com for more information, including the [Permissible Travel Framework](#) and the [Purposeful Travel Model](#).



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