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Business Travel
in 2021

Adapting To A Changing
Environment



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Business Travel In 2021: New Vaccines Kindle Optimism About The Return To Normalcy

After an exhaustingly long battle with the COVID-19 pandemic, we may now be able to imagine a return to some form of normalcy. According to a recent article posted by McKinsey and Company, late-breaking developments in vaccines and therapeutics for the disease, lead their consultants to believe that the “United States will most likely reach an epidemiological end to the pandemic (herd immunity) in Q3 or Q4 of 2021.” ([Charumilind et al.](#))

Our country, and our world, have a long and difficult road ahead, through the winter and on into the spring. New cases and hospitalizations are **spiking to record levels all across the country.** But there is something satisfying in knowing, with increasing confidence, that we are nearing the end of this crisis.

With the end in sight, **organizations have begun to reassess the strategic purpose of their travel programs**, while at the same time, travel suppliers are adapting their products and services to an evolving business travel marketplace.



Virtual Conferencing Vs. In-person Human Interaction

Much has been made of the fact that the pandemic has revealed the efficiency of virtual meetings, but what about their effectiveness? In the *Definitive Book of Language*, published by the New York Times, authors Allan and Barbara Pease state. “Most researchers now agree that words are used primarily for conveying information, while body language is used for negotiating interpersonal attitudes and, in some cases, is used as a substitute for verbal messages.”

60-90% of communication is nonverbal. Critical nonverbal cues are missing from our business conversations during the lockdown.

Virtual conferencing cannot yet fully capture the complexity of human communication. Researchers have determined that anywhere from 60-90% of communication is nonverbal. Uninterrupted physical contact, the meeting room environment, and other critical nonverbal cues are missing from our business conversations during the pandemic lockdown.

Reintroducing those nonverbal connections may well create a competitive advantage for sales and account management organizations that are the first to return to in-person meetings. In fact, a study by Oxford Economics found that **in-person meetings were more than twice as likely to convert sales as meetings conducted virtually.** (Oxford Economics)



Will Business Travel Come Back?

Leaders across the industry agree that it will. Dave Hilfman, former United Executive and now Executive Director of the Global Business Travel Association states, “People getting together face-to-face is the only way, really, to achieve ultimate success in business. Many of my colleagues in the industry, be it on the corporate side, the travel side, or supply side, they’re very anxious to get back out on the road again and see their customers and colleagues.” [\(Frost\)](#)

Ed Bastion, Chief Executive Officer of Delta Airlines is bullish on the return of business travel. In a recent earnings call Mr. Bastion stated that having, “been in this business for a long time, every crisis that I've been part of, the first thing that people always talked about was the death of business travel and technology was going to replace the need for travel. And every single time, business travel has come back stronger than anyone anticipated.” [\(Delta Air Lines \(DAL\) Q3 2020 Earnings Call Transcript\)](#)

“Every single time, business travel has come back stronger than expected”

– Ed Bastion, CEO, Delta Airlines










Yes, Business Travel Will Return, But It Will Look Different

A Phased Return of Travel Demand:

Organizations have noted that a vaccine is the largest single factor in the return to business travel. And with several vaccines now released and more to come, planning for the return of business travel is underway. In a survey conducted in July 2020, McKinsey found that **travel managers believe travel will return in phases**, based on proximity, travel reason, and business sector.

Phase 1, early in the recovery, would see a return to travel by car, most likely for sales and account management activity. Phase 2 would expand to domestic air travel and now include activities that support non-revenue generating, but critical organizational activities. Phase 3 would reintroduce international travel back into corporate travel programs, as well as trade shows, exhibitions, and other events. (Curley et al.)

Resumption of activities by phase

	Proximity	Travel reason	Sector
Earlier recovery	 Regional travel that can be completed in a personal or rented vehicle	 In-person sales or client meetings, and essential business operations	 Manufacturing, pharmaceuticals, and construction
	 Domestic travel by air or train	 Internal meetings, training programs, and other small-group gatherings	 Tech, real estate, finance, and energy
Later recovery	 International air travel abiding by government regulations and restrictions	 Industry conferences, trade shows, exhibitions, and events	 Healthcare, education, and professional services

Source: Interviews with travel managers conducted between June 22 and July 9, 2020; McKinsey analysis



New Policy Requirements For Companies And Their Travelers

Pre-Trip Approval and Preferred Suppliers:

A survey by the Global Business Travel Association (GBTA) in August revealed that the pandemic was driving changes in the way organizations manage their travel policies. A majority of travel managers (53%) were adding new rules related to pre-trip approval, placing tighter controls on booking outside of travel policy. A large majority (66%) are focusing on restricting bookings with non-preferred suppliers as travel managers seek to maintain visibility and reduce liability associated with their employee travelers. ([GBTA Blog, August 2020](#))

Booking through your Travel Management Company's (TMC's) online booking solution, or with one of their qualified travel agents will help travelers choose airlines, hotels, and car rental suppliers that have been selected for multiple reasons including enhanced cleanliness standards. **All existing suppliers and their policies should be revisited to validate that they are maintaining appropriate safety protocols that reduce employee risk.**

Your organization may currently mandate a lowest logical fare rule (lowest cost of an air ticket) that could inadvertently increase costs to the business if the employee is forced to select a carrier that is not taking necessary precautions to protect clients (limiting passenger capacity).

New Policy Requirements For Companies And Their Travelers

Traveler Health and Safety:

According to the GBTA survey, **employee health will be an increasingly critical element of travel moving forward**. More than a third (35%) of respondents were also now requiring health information from employee travelers who may have been exposed to the virus, or who may have pre-existing conditions. ([GBTA Blog, August 2020](#))

Personal Protective Equipment (PPE) for employees is also becoming commonplace. Organizations are, in some cases, obligated by state law to provide equipment in order to travel. PPE such as face masks, gloves, hand sanitizer, and sanitizing wipes could fall under that category. ([Dexter, et al](#))

Depending on local and state laws, your organization could be required to provide protective equipment for travel. Protective equipment may include facemasks, hand sanitizer, wipes, and other sanitization items. Here is an excellent example of a [Pandemic Travel Kit](#).





New Policy Requirements For Companies And Their Travelers

Increased Focus on the Value of a Trip:

While travel for in-person meetings will remain a strategically important element of an organization's sales strategy, there is a consensus that **employee travelers will be challenged to justify the value of any proposed trip.**

For example, Microsoft Global Travel Director Eric Bailey believes that "In the past, if I flew to New York, I would line up maybe three meetings. That won't be good enough anymore. That will have to be eight or 10 meetings now to justify the expense" ([West](#))

Sales and account management may lead the way back to business travel, but there are other important reasons to bring people together. In an Op-Ed for Business Travel News entitled the "Path to Purposeful Travel," industry vet and Festive Road Managing Partner Caroline Strachman, encourages companies to **take a look at past travel activity and challenge assumptions about what can be done virtually versus in-person.** A thorough study of an organization's travel should reveal what is truly purposeful travel. ([Strachman](#))

Increased Competition For Fewer Travelers

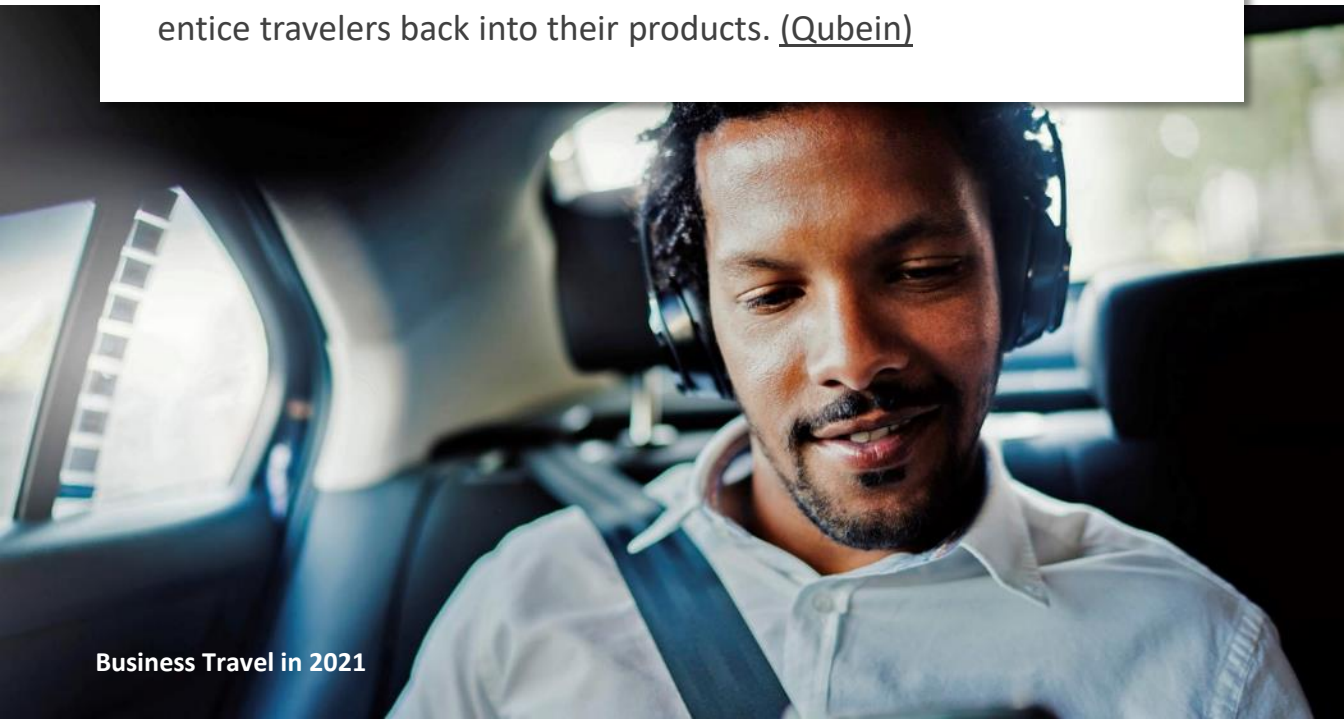
Before the pandemic, business travel accounted for as much as 30% of US airline volume. As a result, suppliers will be competing for a smaller volume of higher value trips translating into significant benefits for business travelers.

Airlines are giving travelers more flexibility to change or cancel their itineraries without risk. The three major carriers, Delta, United, and American eliminated change fees [earlier last fall](#). Airlines are also putting in strict safety requirements, requiring masks, and blocking seats to allow more room for distancing. [\(Pucket\)](#)

Hotels could see negotiated rates drop by as much as 25% off from 2019 levels. In addition, travelers could see the elimination of resort fees, combined with additional amenities such as free breakfasts or parking. [\(Airoidi\)](#)

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Safety and hygiene will be an important factor of suppliers' efforts to bring travelers back as well. We've curated a list of [major suppliers' cleanliness programs here](#). Lastly, travelers can also expect that suppliers will be beefing up their [loyalty programs](#) to entice travelers back into their products. [\(Qubein\)](#)





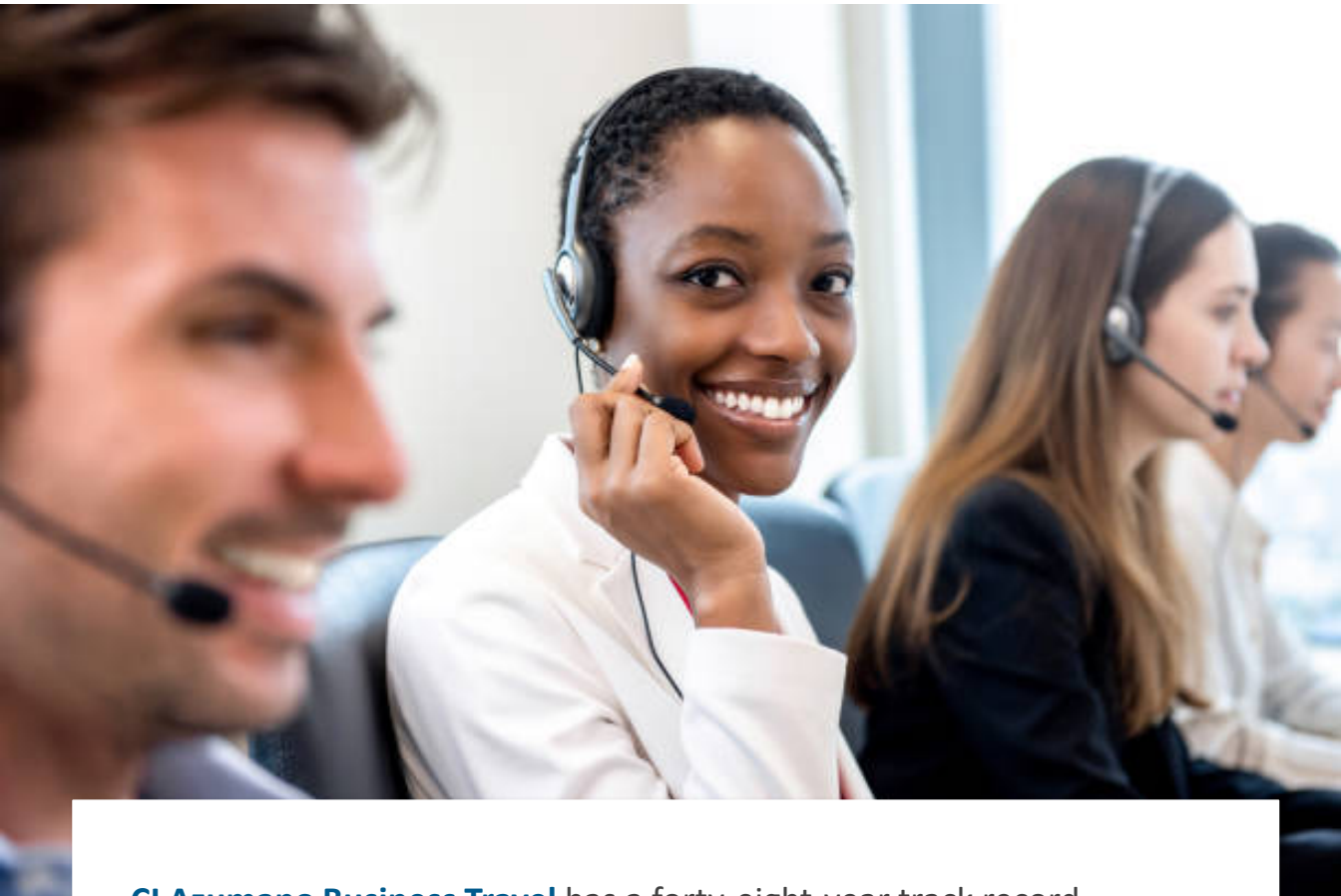
How Organizations Can Prepare For Business Travel In 2021 And Beyond

The pandemic has changed how we will travel for business, but it has created opportunities for organizations to carefully re-examine their travel programs with a focus on value and safety. Here are three major areas to address in 2021.

- 1. Adjusting Travel Policy:** Organizations should take advantage of the downtime to re-examine their travel policies. Clearly defining essential travel and then placing policy controls like pre-trip approval in place to ensure that return on travel cost is being realized. Travel policies should also place a new focus on traveler safety and health, with elements covering travel waivers for employees with pre-existing conditions and for providing access to or reimbursement for PPE.
- 2. Supplier Management:** Travel supplier strategies in 2021 should prioritize value, visibility, and employee traveler safety. Focus on a shorter list of preferred airlines, hotels, and car rental companies, and shape it to the phased return of travel, anticipated for 2021. A trusted rental car relationship, as well as a small set of preferred hotel relationships, can add value and keep your travelers safe as business travel resumes.
- 3. Flexible Travel Management:** Leverage a company like CI Azumano Business Travel to reduce the risks related to employee travel. As business travel resumes, CI Azumano will help its clients navigate the return to travel by re-designing travel policies to protect travelers, drive supplier savings, and empower business growth.



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For more information, reach out to CI Azumano Business Travel today at businesstravel@ciazumano.com





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