

The Future of Business Travel

In 2021 and beyond



BTA | BUSINESS TRAVEL
ASSOCIATION

amadeus

Contents

01

**Introduction from BTA CEO,
Clive Wratten**

Page 1

02

Trends to unpick

Page 2

03

The views of the industry

Page 4-7

04

The shape of the industry

Page 8

05

Who will travel and when?

Page 9-18

06

Building confidence

Page 19

07

Conclusion from Amadeus

Page 20-21

Dear Members and Partners,

As we continue to fight the Covid-19 pandemic, despite numerous setbacks, I believe there are reasons to hope for our industry and business travel's recovery.

The UK's vaccine rollout has now reached over **20 million people**, the crucial first step in recovering confidence.

We can look beyond our borders to the East and see domestic travel rapidly reaching pre-pandemic levels in countries such as China.

In this paper, we have used global data from Amadeus coupled with interviews with eight of our Board members to look at how travel can recover in 2021.

From the shape of the industry to the shape of recovery, I hope that you will join me in feeling cautiously optimistic and return to this paper in moments of doubt.

As an industry, we have worked together and supported each other through the crisis. Our shared community will be invaluable as we navigate unforeseen challenges as this year progresses.

The BTA continue to collaborate with all our members and partners to bring our sector to Government attention and to ensure our industry is leading the contribution to UK plc as we recover and to help us keep future fit.

I offer many thanks to our partners at Amadeus for their support and generosity in bringing this paper to life.

With best wishes,



Clive Wratten

CEO, The BTA

clivew@thebta.org.uk



Trends to Unpick

Throughout our conversations, and backed-up by Amadeus data, there have been key trends that will drive business travel and the concerns of the TMC community into 2022.

Throughout this paper, we have unpicked them to look at opportunities and threats to our sector:

-  **International Standards**
-  **Duty of Care**
-  **Technology**
-  **Talent Gap**
-  **Mindful Travel**



The Views of the Industry - The Good News

Showing our Value

The good news for TMCs emerging from the latest peak of the pandemic is that, according to all our interviewees, Covid-19 has led to greater recognition amongst corporate customers of the value of their TMC.

Throughout 2021, duty of care is expected to be on all corporates' minds, therefore making the TMC invaluable to any business travel plans. Amadeus research shows that **74% of corporate respondents will now demand a duty of care and risk management procedure before making a booking.**

This is good news for TMCs who are uniquely placed to offer those travelling for work, and their employers, peace of mind as well as working with established Government programmes such as Track and Trace to prioritise public health.

The increased value recognition and ability to meet these newest demands has led to cross-industry discussion around pricing models enabling us to futureproof our sector against further disruption.

To date, most TMCs have operated on a transaction fee model. During Covid-19 revenues have been at **10% or less** of pre-pandemic levels, but refunds have been processed and complex negotiations managed without fee and with staff levels stripped back to the bare minimum.

Today, we look towards a **“new normal”** with three pricing models recommended and industry cohesion around customer negotiations.





Accelerating Change

TMCs have been undergoing a technological revolution for at least the last three years, but Covid-19 has thrust these changes to the forefront.

Our interviewees suggested that **2-3 years of technological transformation took place in the first six months of the pandemic.**

This transformation will meet the returning travellers' demands for contactless and risk managed travel. However, it does not mean that the human element of managed business travel is extinct.

51% of business travel specialists see human interaction as the number one success factor in both winning new clients and delivering effective travel programmes. In the new normal, the blending of human and technological touches will be crucial to bringing back business travellers and rebuilding confidence.

Our interviewees described this as having travel managers who could deliver a programme that involved minimal interaction with others from door to door. From paperless travel to airports, to the demand for technology driven check-in.

It's clear that the business traveller is looking for new levels of sophistication but the security of a manager on the end of the phone to navigate last minute changes or disruptions remains a priority.

For TMCs, there is further new opportunity in meeting an increased demand for beyond-air packages. Amadeus data suggests that in EMEA there is expected to be an **89% growth in need for cars and trains which is considerably more than the global average of 66%.**

As business travel returns, it will be with higher value itineraries that require careful management and flexibility to respond to the latest Covid-19 updates.

Minding the Environment

Prior to the pandemic, caring for the environment was rising up the priority list for business travellers.

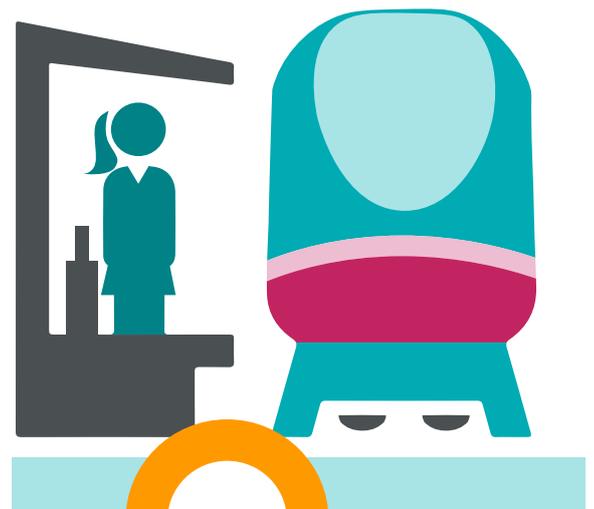
This has been rapidly accelerated by Covid-19. From cleaner air statistics due to lower emission levels to a growing awareness of the ability to conduct business remotely, a more mindful return to travel is inevitable.

There is consensus from our interviewees that many younger employees will be quicker to return to travel. However, they are also the most environmentally conscious. This will inevitably result in fewer business trips, but those that are undertaken will want a clear commitment to greener travel.

Corporates identified wanting the ability to track their carbon, partnership with carbon offsetting schemes and information on the cleanest ways to travel for different itineraries.

The UK Government has made a clear net zero carbon commitment by 2050, and is hosting the G7 in Cornwall later in 2021 to discuss how to reach these targets and tackle climate change on an international level.

Alongside health security and technology, the information a TMC can provide their corporate clients on the impact of their travel will be a key differentiator in late 2021 and beyond.



The Shape of the Industry

Collapse, Consolidation and Investment

Having identified the clear trends that will drive the return to business travel, we examined data and interviewed our Board to look at the predicted shape of the TMC community in late 2021.

The unanimous view is that the industry has gone through a seismic change. The companies that have navigated the pressures of Covid-19 will emerge leaner but with a deeper understanding of their corporate customer base.

In reality, many small companies have either sadly been unable to continue trading or have merged with former rivals. This theme of consolidation and collapse is expected to continue into 2022 as Covid-19 continues to evolve and the timing of the effect of the vaccine rollout can be better determined.

Foreign interest and investment in the UK TMC community can also be anticipated as big names from the US and Middle East look to expand their presence in post-Brexit Britain. They will be looking for advanced businesses with a strong corporate customer base that can be rapidly scaled-up and give good penetration into the UK business travel market.

The Talent Gap



The most pressing concern for all our interviewees is the talent gap that will be exposed as travel returns. Furlough confusion, the collapse of business travel demand and the need to accelerate technological change has led to a mass exodus of employees from the sector.

These are not entry level jobs, but skilled workers who have been snapped up by the professional and financial services industries amongst others. Business owners now worry about how to compete for the best talent with other sectors, with the perilous nature of travel exposed.

Throughout the pandemic, the BTA has run BTACares events to keep talent engaged with the industry. As a sector, we will need to come together to show-off the benefits and security given the high level of job losses during Covid.

Who Will Travel and When?

The key question for our industry is when will business travel begin to show signs of recovery?

The Amadeus data from Senior Executives in the global business travel industry shows 37% looking to a 2022 growth start with 46% looking to 2023. This is backed by IATA who have suggested that we won't reach pre-pandemic travel levels until at least 2024.

However, throughout the pandemic there have been people who have had to travel for work and our interviewees see this number beginning to increase in Q3 2021. This was driven by:

- ▶ **Increased domestic travel as lockdown eases**
- ▶ **Early vaccine confidence in some key markets e.g. Asia**
- ▶ **A leisure boost after a short summer season**

The vital part of recovery is travel confidence. This will start with domestic trips to visit friends and family after our cycle of lockdowns. This is borne out by China which has seen a domestic travel boom as they emerge from the grip of Covid-19.

As confidence in domestic travel resumes, national business travel will pick-up and people will start to want to conduct business face-to-face.

This will be closely followed by a limited summer season in which staycations and some European holidays are expected. Greece has already confirmed it will be open to vaccinated tourists and other countries can be expected to follow suit.

The TMC community should welcome the tentative return of leisure travel as its peak occurs before the normal peak in business travel. Whilst Q3 and Q4 of 2021 can be expected to be a fraction of normal levels of activity, there will be business travel demand.

When asked who would travel first, our interviewees spoke of ambitious younger employees and sectors that have not ceased travelling ramping up activity. Amadeus research backs this up, predicting marine and energy firms to lead the process with large corporations quickly following:



Building Confidence

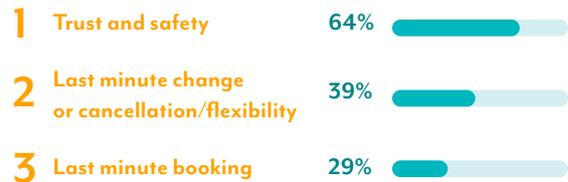
The speed of the return to business travel ultimately rests in travellers' confidence. 80% of business travel executives indicate that health and safety will drive their return, with most willing to pay more for the highest quality regimes.

To make this a reality, the BTA has been and continues to campaign for international standards to be introduced. These could include:

- ▶ **Vaccine certificates e.g. through an app**
- ▶ **A unified approach to pre-departure testing**
- ▶ **Covid-19 hygiene standards for all operators**



Evolution of business traveller behaviour and sentiments



The TMC community can aid this campaign by highlighting the measures taken by the operators they work with, increasing the conversation around Covid-secure itineraries and displaying their expertise in working flexibly with the very latest information.

The UK needs to take its place on the international trade stage and this will ultimately lead to scrutiny and implementation of legislation that allows companies to resume business travel.

With the evolution of business traveller demands increasing such huge demand on safety, the TMC community has reasons to be optimistic as we go into the second half of 2021.



Conclusion from Amadeus

By Liz Emmott

As the first wave of COVID-19 hit in early 2020, its impact on business demand was more severe and prolonged than anyone could have imagined.

Many businesses faced cash flow concerns and an urgent need to rein in costs, while health, safety, and traveller well-being remained paramount. The road to economic recovery is challenging, but with challenges come opportunities.

As we engaged in conversations with our Business travel customers around the globe, they shared valuable insights on their current situation and plans moving forward: some are expanding into new verticals, others are reshaping their operations to tap new sources of revenue.

The new world of business travel will see increased demands for a broader range of content, greater personalisation and end-to-end trip servicing.

More than ever, duty of care and risk management will take centre stage in every corporate travel program so that travellers can make informed decisions.

This is where the expertise of TMCs' travel consultants will prove invaluable. But first, all stakeholders need to work unitedly to restore traveller confidence. This is one of the keys to unlocking the industry's recovery.

Technology and innovation will undoubtedly be an important component and enabler of change. Here we can expect to see quantum leaps sooner than you may think – with early adopters already trialling contactless and touchless solutions, biometrics and digital traveller IDs. Our traveller research highlights that collecting all the necessary information at the point of search, booking and just prior to departure, is one of the biggest pain points and a deterrent to travelling.

Imagine if we could eliminate friction in the journey and rebuild travel to deliver a fully harmonised cross-border digitalised flow? This stresses the need to think of travel as an ecosystem.



Conclusion from Amadeus

As the industry contemplates and explores new ways to recover, we believe it will take a community response to get the world travelling again.

Collaboration will help us understand and shape the future of business travel – which is essential for accelerating recovery and building a more resilient and sustainable industry. It is perhaps, one of the more positive legacies to come out of this pandemic.

However, travellers are likely to become more demanding than ever. To meet these expectations, it will be important to focus on our core strengths and partner with others to complement any areas that are beyond our specialism. By working together, we can help solve and standardise the key issues across borders (i.e. testing approach for travellers, touchless processes across the travel experience and travel chain).

No one is saying that 2021 will be plain sailing, but for travel to restart, it will require the biggest collaboration exercise ever. At Amadeus, we're already engaging with industry stakeholders on various initiatives.

Our partnership with The BTA is one important example of that. It allows us to engage with BTA's community of business travel professionals, which is a collaboration that will help shape the future of business travel in 2021 and beyond.

Best wishes,



Liz Elmott

General Manager UK & Commercial
Director Business Travel Accounts, UK,
Ireland & Italy.





BTA | BUSINESS TRAVEL
ASSOCIATION

theBTA.org.uk

amadeus

amadeus.com