

# 2020 BUSINESS TRAVEL TRENDS



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There's no denying that building trust via in-person meetings is easier than on a teleconference, it's a long ingrained practice. In fact, spend associated with business travel has steadily risen year-on-year and is expected to grow to be worth [\\$1.7 trillion in 2022](#). Irrespective of how advanced communication technologies have become, tech simply cannot replace the need for face-to-face human interaction and [60%](#) of senior finance leaders agree, considering it crucial to company growth. Beyond the bottom-line impact, employees enjoy the travel too. [83%](#) of the workforce says that business travel is a job perk and [3 in 5](#) US job seekers consider company travel programs to be a significant factor when selecting an employer.

Given then that the growth of business travel won't be slowing down any time soon, companies must get to grips with managing the challenges it presents – both internal and external. One example is the role it plays in employee retention; [79% of employees](#) in North America report that their business travel experiences have an impact on their overall job satisfaction.

This whitepaper discusses several of the trends set to define business travel in 2020 and how companies can drive change around the technological, political and people needs impacting business travel, including:



Fluctuating travel costs and the subscription economy



The effects of global economic uncertainty



Dominance of customer relationship management (CRM)



Sustainability as a moral imperative



The rise of 'bleisure': business and leisure travel



Productivity drain of "expense fatigue"



Financial wellness in the workplace

## Fluctuating travel costs and the subscription economy



Naturally, this is an annual trend with costs a predictable variable, but there are a number of factors that will make this especially significant in 2020. Transaction-based pricing will come under increased pressure in particular causing unease on the buyer side and a wider market shift to other [economic models](#), such as subscription-based pricing models.



Broadly, as costs rise in any sector and economy, so do the costs of travelling – whether it be transportation, accommodation or even the day-to-day expenses on location. Costs don't rise at the same rate globally, so it can be expected that certain locations will require more expenditure than others for equivalent trips. Unsurprisingly, New York gets the unwanted accolade of '[most expensive city for business travel](#)' with Switzerland taking spots two and three for Geneva and Zurich respectively.

This is at a time when the [costs of travel are already relatively high](#), with the average domestic airfare in the US being \$352.06 and the average cost of economy-level airfare for international flights at \$1,216. And those are just the flight costs. In total, [businesses spend roughly \\$1,425 on every employee sent on a business trip](#) with costs ranging around \$325 per day in the US.



So it's clear that organisations need greater control of their employees' spend through real-time visibility of these changing travel costs. Fluctuating prices will also impact budget forecasting for any finance team. When you consider that commercial teams (sales, marketing and customer success) incur 80% of an organisations travel expenses, having a system in place that enables you to analyse data on how much it costs employees to bring in revenue will enable businesses to accurately forecast travel budgets and maintain profits despite rising costs.

This is why we can expect to see an industry shift away from transaction-based pricing to the more consumer driven subscription economy. Companies will adopt more predictable commercial models that offer fixed pricing and remove the added cost of travel booking transaction fees.

Travel management companies (TMCs) will feel the effects of this as a result, with the value they bring to an organisation questioned. When considering actual spend, TMCs are only involved at the transaction phase. They're not involved in spend decisions before the transaction, or reconciliation of that spend after the transaction and so how can company leaders understand whether the relationship is financially beneficial? Finance leaders will only engage vendors offering subscription pricing in order to drive predictable growth.



## The effects of global economic uncertainty and safety



Sluggish growth will always put pressure on travel service prices and with the economic outlook far from robust for 2020, companies will look to cut costs and negotiate on ancillary products such as seats, wifi, food and service fees. Where the global economy is slowing down due to tariffs and trade policies, sellers and buyers will also start to concentrate more locally. Short-haul destinations will grow while long-haul will decrease, forcing companies with high volumes of business travellers to negotiate different contracts and possibly different suppliers in 2020.

On top of this, [climate changes and a global increase in natural disasters](#) will disrupt travel plans and [could pose a risk](#) to employees traveling. Early events in 2020 like the spread of the coronavirus and the wildfires in Australia are just two examples of significant events that have impacted people's daily lives both personally and for work, with disruptions including mass flight cancellations and potential health risks to citizens and employees travelling.



Other factors arising from the changes to the global political climate such as Brexit in the UK and the Presidency turmoil in the US have already been seen to impact sales representatives' ability to travel and do business around the world. [Recent research](#) suggests that senior finance leaders already identify these political dynamics as impacting revenue growth and investment in business travel as a result. 62% foresee a need to cut back on company costs such as business travel with 49% of organisations already reporting a company-wide travel ban. This is despite 60% believing spend on travel is necessary for revenue and business growth.

Finally, as women continue to represent a significant portion of business travellers, many business leaders are addressing gender-specific risks. [In a report from the GBTA](#), 8 in 10 women said that they experienced safety-related incidents while travelling for business. The survey also reported that [80%](#) of women said that safety concerns impacted their productivity, and [81%](#) of women said that it impacted their travel frequency.

Just these few examples make the impact of continued global uncertainty on companies and their employees clear to see. The financial and wellbeing risks of unexpected events impacting travel are high especially considering that many employees pay for expenses up-front and are reimbursed often more than a month later by the business. For all employees – but perhaps particularly for the generation that's grown up with a digital, always-on, mobile-enabled existence – it's hard to understand why it's such a slow process. It feels obstructive when an employer makes it so hard to claim back business expenses that the individual has incurred essentially as an act of goodwill, to spare the employer having to provide and manage a corporate credit card or cash advance. Not to mention the anxiety and even personal hardship it can cause in the current economic climate.

You can see why some employees might actively avoid business trips or activities that they'd have to pay for and reclaim, potentially constraining business growth. What would happen to your revenue if your best sales reps declined to travel to client sites for meetings or customer success managers refused to book a trip to see a customer due to concerns?

Providing an AI-driven expense management system that also acts as a travel booking system can help here. Through the instant analytics that an integrated system provides, it can speed up the entire expenses process from days to minutes in turn enabling much more efficient reimbursement. It can also help accommodate unforeseen or unusual circumstances in real-time to ensure that employee wellness and the overall commercial interests of the business aren't compromised.



## Dominance of Customer Relationship Management (CRM)



Beyond improving the employee travel experience, companies can use emerging technologies to better manage their travel spend and leverage it as a key initiative for business growth. By gaining further insight into expenditure and the subsequent value to the business, companies will be able to better understand factors like customer acquisition costs (CAC) and customer lifetime value (CLTV).



Knowledge is power in corporate travel management. Your travel and expense data holds insights that show you how your company expenses are tracking and highlights trends and patterns to focus on repeating or reversing. Powerfully combining this data with sales and operational data, means you always have a clear picture of cashflow and profitability – and an understanding of how expenses contribute to revenue and overall business growth.

The good news is that true ROI on each spending decision is now possible with the integration of CRM data in the traditional travel and expense process. Where customer relationship management has evolved over the last decade to enable commercial teams to sell more using automation and insights into customer behaviors, they also augment employee behaviours to guide data-driven decision making. Therefore, if your travel and expense management system allows you to connect trips with projects, opportunities and customer accounts such as that held in your CRM system, you can gain further insight into the ROI of your employees' travel spend.


With the rise of technology in other elements of travel, like cashless payments, rideshare applications and automated hotel check-ins, businesses will ultimately get ahead of the herd by automating a majority of the travel management process – and alleviate the burdens of employees and the business alike by using a single application for it all.



## Sustainability as a moral imperative



As climate change continues to be a major global risk and discussion point, the business travel industry is increasingly focused on travelling in a way that is environmentally conscious. As younger, ethos-driven generations begin to dominate the workforce, they'll be attracted to companies that share similar missions around sustainability – and businesses that fail to demonstrate a level of care won't be competitive in the search for talent.



[Flight shaming](#) due to greenhouse gases will become more mainstream. This will cause three things: more CO2 reporting and offsetting along with a greater focus on the overall environmental impact of air travel, a more focused approach to when and why a business trip should or shouldn't happen, and employees demanding more from their employers to [avoid the stigma](#) of being associated with environmentally ignorant processes and procedures.

One major initiative is tracking carbon footprints with forward-thinking businesses using analytics to better understand the carbon dioxide emissions that their business is creating through air travel and more.



A number of global airlines are also helping to facilitate this effort; [British Airways](#) pledging to offset domestic flight emissions, [Lufthansa](#) allowing customers to replace fossil fuels on their flights, and [United Airlines](#) making a \$40 million commitment to develop sustainable fuels and decarbonise air travel. Businesses who are eco-conscious and have access to carbon emission data in their travel management platforms, can prioritise these airlines to highlight the most environmentally-friendly travel booking options for employees.

Calculating each employee's carbon footprint based on real-time data insight into their travelling behaviours can also help. Rewarding those with smaller carbon footprints but who still achieve the same goals, could also be an incentive for your employees to make an effort when travelling to focus on sustainability.

## The rise of 'bleisure': business and leisure travel



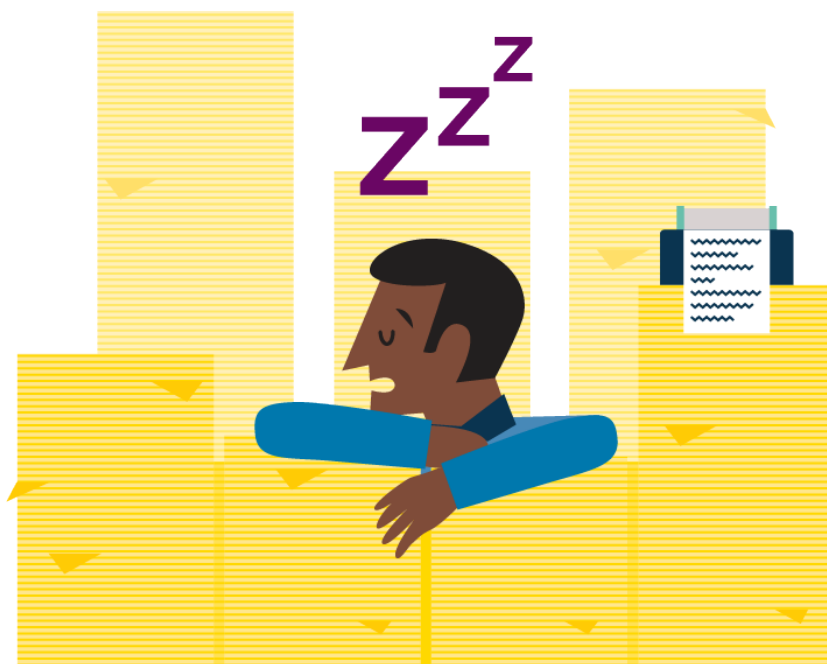
"Bleisure" – the practice of combining business trips with leisure – has been rising for the past several years. [80% of corporate travellers](#) want to take part in personal activities during business trips, and almost half of business trips are extended for leisure purposes and activities. However, employee expectations about the support that a business should provide for bleisure are increasing and many employees want bleisure to be added to the corporate travel policy.

With travel becoming a major part of their daily lives, they're seeking financial support for their wellness and maintenance of these activities, [specifically](#): 74% of corporate travellers desire an extracurricular budget and 38% would like the option to bring a guest –like a partner, spouse or parent– on the trip.

This increasing trend has the potential to lower a company's overall spend on airlines due to the advantages of flying back on the less expensive weekend days. But before widespread adoption of the bleisure culture that is now the norm in Silicon Valley, business booking tools, tax compliance mechanisms and even travel visa processes will need to be updated to take the benefit of the movement.

Supporting bleisure can be a unique opportunity for businesses to foster and deepen company culture, wellness, work-life balance while also allowing employees to feel more motivated by their enjoyment of the travel experience – and therefore more productive, engaged and more likely to remain at a company.

## Productivity drain of “expense fatigue”



Technology to support the process of expense reporting is evolving and can provide real benefits for businesses that require their employees to travel often. Many are concerned about the traveller experience in terms of ease and convenience of travel but often forget how poor expense management is having an adverse affect on workplace experiences. 2020 will see business leaders starting to demand more on this in order to retain talent and increase productivity.

Essentially, expense reports are a massive drain on valuable time that could be otherwise spent on productive and revenue-generating business activity. Between the time spent on the initial filing and the time spent on corrections, many employees dread the process and procrastinate on filing at all – creating a significant headache for finance teams.

Tim Hughes, Author of ‘Social Selling – Influencing Buyers and Changemakers’ has advice for people in managing their expenses manually: “Expenses can be a massive area of “leakage” for any employee but particularly those in the commercial functions such as salespeople. I could never understand the person that would wait until the end of the year and then submit a massive expenses bill. You are giving your employer a massive interest-free loan. Sorry, but expenses are another area where, as an employee you need discipline, and regular and often expense claims are the order of the day.”

But this is their fault. They are forced to use manual expense processes that are not only rife with errors and time drains – it enables the possibility of fraud. Business travel expense fraud is [estimated to cost](#) almost \$2 billion dollars annually – and that’s only in the U.S. According to the same report, employees are two times as likely to commit fraud if they’re submitting expenses manually compared to using automated expense management systems.

Whether considering the drain on accounting, the employees claiming expenses, or the opportunity and cost of potential fraud, businesses need an automated tool to manage the burden of tracking their corporate travel expenses. And beyond simply reducing the time burden and room for error, the benefits of technology and automation can create better employee experiences, provide greater and more holistic insight into how the company manages travel and lead to improved decision-making based on that data.



## Financial wellness in the workplace



While business travel is ultimately considered a perk, luxury or benefit for many corporate travellers ([for example](#) 75% of millennial business travellers consider traveling for work to be a perk and 65% of them see it as a status symbol) businesses should be cautious about the wellbeing of their frequent travellers.

The trouble today is that many people don't have the slack in their personal finances to be able to carry hundreds or even thousands of pounds worth of travel spending just to do their day job. As a result, employee financial wellness is critical under the broader umbrella of employee wellness.

While some businesses are providing training and workshops on money management, others are restructuring their expense programs so that employees don't have to rely on reimbursement. In addition, policies and practices around ensuring that employees have the appropriate tools to be productive on the road and work flexibly with minimum disruption - which can inevitably be compromised during a trip – are trending with forward-thinking companies who want to best care for people needs.

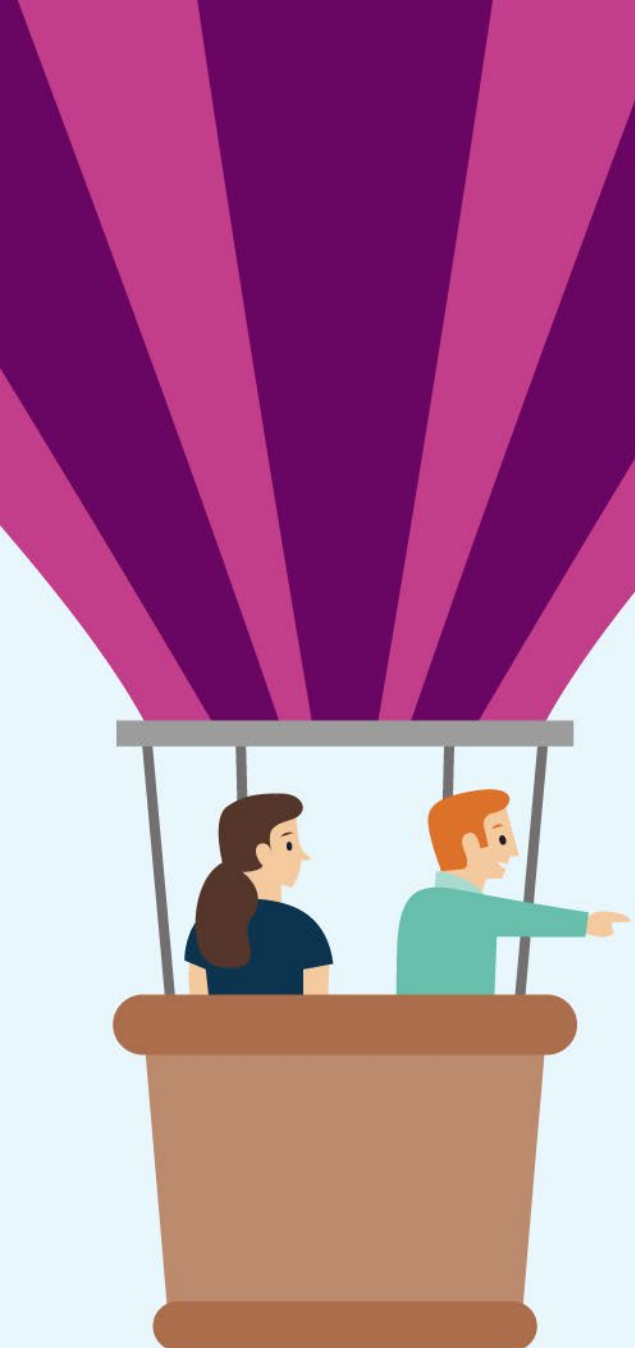
[Ben Eubanks](#) a thought leader in People and HR, encourages businesses to ensure they create a more employee-focused culture, irrespective of whether workers are traveling or at home.

“What tools do employees need to be at their most productive while on the road? On a macro level, several years ago my firm did a study that showed that the work technology that employees were using was not just painful to use but actually served as a hindrance to their ability to get the job done.”

As business travel continues to grow and be a substantial part of the work world, there will be an increasing need to alleviate burnout and support wellbeing. Businesses will need to leverage practices, policies, and technology to ensure that they're not overworking even the most eager of corporate travellers and to ensure that travellers are equipped with the tools and techniques to maximise their physical health and general wellbeing. After all – corporate travel doesn't exist without healthy and willing travellers.







## Closing and Additional Resources

Clearly then, there are a number of emerging focus areas in the corporate travel space that businesses must be aware of in order to remain competitive and forward-thinking. Working with vendors that offer more predictable commercial models as opposed to volume based pricing and managing your employees travel expenses alongside customer and revenue data will result in measurable gains to the financial performance of a business. While, responding to the rise of 'bleisure' and being attentive to safety, expense fatigue and financial wellness will strengthen employee engagement across your business.

As the search for talent – and the consumer market – grows more competitive and businesses look for an edge over their peers, utilising the practices that make a business best-in-class will help them stand out in the market to future employees and customers alike. So even identifying one or more of these key factors to prioritise in 2020 and beyond will make a massive impact on both the financial health of business and the quality of employee experiences responsible for driving that very growth.





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