

5 trends shaping business travel today

According to a new study by Deloitte, although business travel continues to make a steady, but slow, return, recovery to 2019 levels is being impacted by new Covid variants; workplace flexibility and work-from-home policies; sustainability goals; and rising fuel costs.



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Air travel's recovery is being led by domestic, regional and leisure travel, with international business travel bringing up the rear.

The trends shaping business travel today came under the spotlight at FCM's global Th!nk event in May. For Bonnie Smith, GM FCM Travel South Africa, the most significant developments are around:

1. Airlines

"What was clear from FCM's Th!nk," says Smith, "is that air travel now has significant momentum, and global airline seats are recovering well. North America, for example, is forecast to exceed their pre-Covid levels by 6% come September/October, while Africa is already looking at 80% recovery in comparison to 2019 figures – with Nigeria already at over 100%. This is incredibly encouraging. It shows that airlines are feeling confident to bring their all aircraft back online, add capacity, and restaff as quickly as possible."

And while a return to normality in terms of routes and fleet capacity can only add to traveller confidence, it will be tempered by a rise in fuel costs.

"Fuel prices are already affecting people personally, and there's no doubt the rising cost of fuel will impact airlines, airfares, and in turn, decisions around business travel," says Smith. "For South Africans and South African companies, it is going to be the biggest concern this year."

2. Hotel accommodation

Speaking at Th!nk 2022, Felicity Burke, GM FCM Australia, noted that worldwide occupancy in 2019 sat at 65%, and as of April 2022 the figure was 61%. "Accommodation occupancy has bounced back, which is a really strong sign when it comes to recovery," says Burke. "There are still some hotels that aren't fully open, that is, they are operating, but are waiting for more staff to be able to full operate the entire hotel. But it's a positive trend."

Smith believes that this is the perfect time to lock down rates with your accommodation suppliers. "Many hotels had put a rates freeze in place, but now with an increase in demand, inflation and fuel prices, we can expect hotel rates to increase. Chat to your TMC about negotiating packages on your behalf – or using their buying to ensure you always qualify for volume rates, discounts or additional perks."

3. Traveller behaviour

Despite an increase in traveller confidence, last-minute bookings are still the predominant trend in 2022.

"Travel bookers have had a bumpy ride," says Smith, "the last two years have been characterised by disruption, travel restrictions and border closures. Perhaps understandably, last-minute bookings remain the order of the day. But it is an expensive way to book travel. We need to educate travellers about the benefits of booking in advance, flexible fares, and the need to move away from last-minute bookings."

According to Deloitte, remote working had a major effect on corporate travel and 2022's 'return-to-office' trend is expected to accelerate in the second and third quarter of the year, making it easier to ask employees to travel and easier to set up in-person client meetings. Live industry events are also returning, which bodes well for corporate travel.

"Of course," says Smith, "it'll be interesting to watch how the pandemic's impact on how we live and work continues to shape business travel. For example, companies are under pressure to attract good staff to fill vacancies. Salaries have gone up, and 'work from anywhere' policies and the opportunity to travel have become critical in attracting key talent. TMCs will be doing a lot of work in terms of updating travel policies to include remote working, bleisure, applications for long-stay visas and the like."

4. Traveller experience

Burke says the traveller experience has 'absolutely changed'. "The expectation for everything to be digital, touchless and instant has just heightened over the last two years."

Smith agrees, saying that travellers expect hyper-personal service, 24-hour support and up-to-the-minute information and communication.

"It's a marriage of tech and touch. At FCM we ensure that travellers have all the tools they need for a seamless journey, for example, mobile apps / digital communication channels but that we back it up with personal, direct – not call centre –

support."

5. Environmental, social, and governance (ESG)

The biggest buzzword globally? ESG. Burke goes as far as saying that ESG is now the number one selection criteria – ahead of price – when looking at new procurement of contracts.

"In terms of business travel, the assessment areas for ESG are hotels; airlines; car hire and ground transport; offset programmes and alternatives to travel; and demand management."

And while this is a hot topic internationally, Smith believes South Africa is playing catch up.

"In Europe, for example, we've heard stories whereby corporate travel buyers are being measured on a carbon budget in addition to their monetary budget – and when that budget is spent, business travel comes to an end. South Africa has a long way to go, but this will change."

For Smith this means creating an ESG-centric travel programme which looks closely at how your organisation builds sustainability into your travel programme, how you set targets, work with suppliers, reward travellers for changing their travel behaviour, and then report on your progress.

As Burke said at Th!nk 2022, "travel is one of the biggest contributors to carbon emissions, so we have to decide how we make the world a better place for our children – and their children."

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