

FEATURE

Return to a world transformed

How the pandemic is reshaping corporate travel

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Corporate travel, which took a big hit during the pandemic, is showing green shoots again. But will it approach prepandemic levels any time soon? How will the shift toward remote work affect the return of internal meetings, client visits, and conferences? The answers to these questions will determine how businesses and travel providers pivot to function in the new normal.

SHORTLY AFTER THE COVID-19 pandemic brought global travel to a standstill, one thing became clear: Corporate travel would face a slower return than leisure, almost as surely as international would lag domestic. Although much remains to be seen, these predictions have largely borne out. US travel suppliers have started seeing some relief in the first half of 2021. A successful vaccine rollout, and updated Centers for Disease Control and Prevention (CDC) guidance designating travel as safe for vaccinated people,¹ have ushered in the return of domestic leisure travel (for more details, read our report, [Keen but cautious](#)).² But corporate travel faces a slower return, thanks to a more complex set of considerations.

Conferences and trade shows, which account for a significant volume of business trips, remain mostly virtual. Many offices remain closed, which limits sales and project-based corporate travel from both sides: Companies find it hard to ask employees to take work trips, and many of their clients, vendors, and partners have yet to open their doors to employees, let alone visitors.

These conditions are temporary though. Conferences and other industry events have begun their comeback, in live and hybrid formats, which will accelerate in the fall of 2021. Some workers returned to offices in summer 2021, and more will do so this fall. The eventual scale and shape of these staples of corporate life are unclear, but they are returning, and an uptick in corporate travel will follow.

Despite the relative success many companies experienced through a year of essential-only travel, business leaders realize the value of face-to-face interaction. And similar to the return to office-based work, road warriors fall on all points of a spectrum: from eager to return to airports, hotels, and conference rooms, to convinced they can do their work effectively with significantly less travel.

The reality falls somewhere in between. Competition and growth imperatives will necessitate a resumption of business travel. But travel use cases have been reevaluated based on their impact on the bottom line and the environment, as well as how well they can be replaced by now widely adopted tech platforms.

This report relies on a combination of qualitative and quantitative research to gauge the timing and nature of business travel's return (for more details, see the sidebar "About the research") with quarter-by-quarter projections through the end of 2022. And Deloitte's Why We Fly Matrix offers a structured view of the implications that tech replacement could have for travel over the longer term. The matrix places travel use cases into four categories based on their importance to business success vs. the effectiveness of technology replacements. This analysis uncovers the types of travel likely to lead the return, and types that likely face long-term reduction. Travel providers that prioritize accordingly, and adapt their products, services, and messaging to meet changing needs, may stand to capture greater share of spend as it returns over the next few years.

ABOUT THE RESEARCH

This report draws on a survey of 150 travel managers, executives with various titles and travel budget oversight, fielded from May 28 to June 10, 2021. Deloitte conducted interviews in parallel to the survey, with executives at companies whose 2019 air spend averaged US\$123 million.

Key findings

- Corporate travel is expected to pick up significantly in the second half of 2021, but will still sit well below prepandemic levels. Total spend in Q4 2021 is projected to reach somewhere between 25%–35% of 2019 levels, although a third of companies say they will likely remain below 25% of 2019 spend at the end of 2021.
- The reopening of offices, set to accelerate in the fall, if combined with sustained improvement in vaccination and infection rates, will provide a boost to domestic business travel in the last quarter of 2021. But executives expect a slow return, and virus resurgences, combined with the arrival of cold and flu season, could further dampen demand through early 2022.
- Decision-makers cite the easing of restrictions such as quarantine on arrival as important to the resumption of travel. Improved ease of movement will grow in importance as companies move beyond their current focus on resuming domestic travel, and look to resume international trips.
- Travel use cases that support client relationships have been identified as the most crucial to business success, and the most dependent on in-person interaction. Visits to prospects and clients will lead the comeback.
- For some travel use cases, the pandemic experience has convinced companies that tech platforms often suffice. These include all kinds of internal team meetings, leadership meetings and trainings, as well as content-forward conferences. This embrace of virtual for internal use challenges the hypothesis that newly dispersed workforces will increase travel demand for team meetings.
- As travel returns, companies are eyeing both their carbon footprint and their bottom line. Neither cost nor sustainability alone is likely to cause huge travel cutbacks. But together they will slow the rate of return as many companies see controlling trip frequency as a top option to address both.
- Managed travel channels, including online corporate booking tools and agents, appear poised to significantly grow their share of travel bookings over supplier-direct (hotel and airline websites) and online travel agency (OTA) channels. The heightened duty of care brought on by the pandemic, as well as the desire to manage costs and manage environmental impact, have increased the emphasis on in-program booking.

Timing the return

Most US-based companies' travel budgets declined by 90% or more beginning in early 2020.

Companies restricted travel to essential trips, and added layers of executive approval. Client-requested visits, servicing of equipment, and fulfillment of government contracts constituted

much of the travel deemed essential. Travel segment share shifted, as many opted to drive instead of fly and sometimes extended trips to minimize the number of flights taken.

As companies plan for the coming quarters, most have not identified formal triggers for opening up travel, but leaders have their eyes on a few key

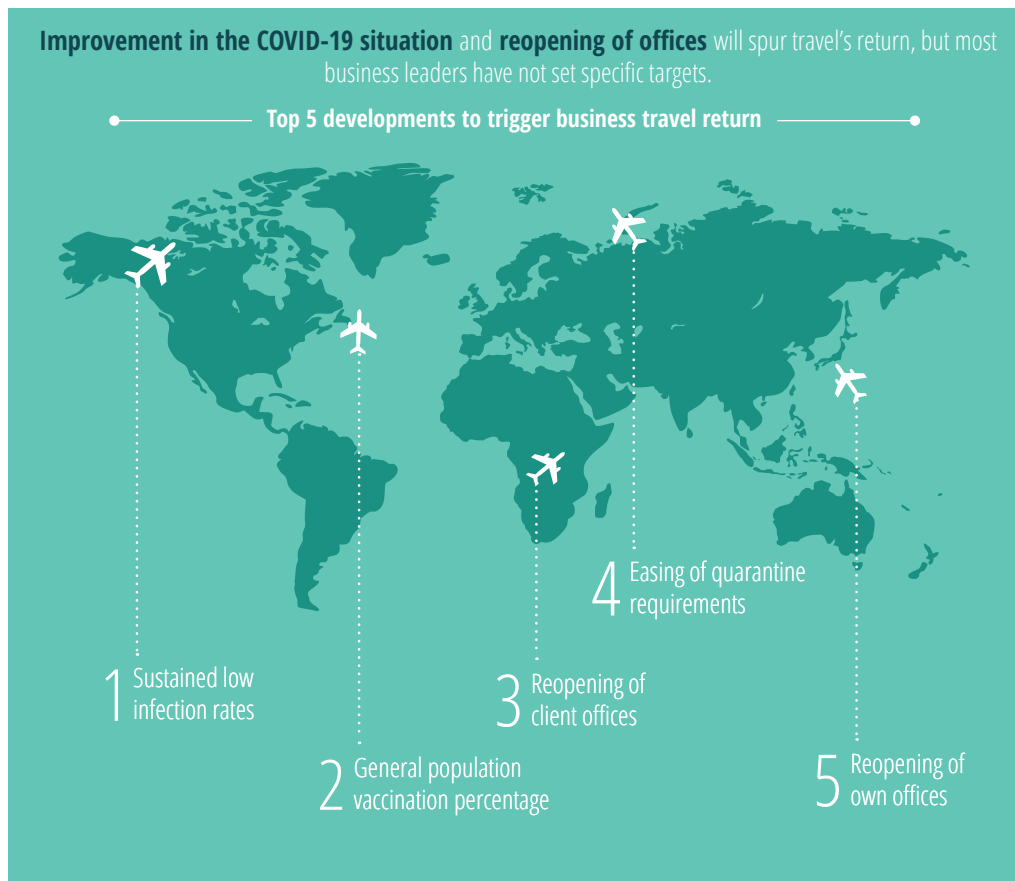
developments (figure 1). Public health milestones lead the way. In interviews, executives reported closely watching vaccination and infection rates, but lacked specific targets. Survey respondents also gave public health indicators the highest importance, with about four in 10 ranking each of these among the top three developments that could boost their companies' travel volume. The reopening of offices—for companies and their client bases—will also unleash some travel demand.

Among all options, survey respondents gave the lowest importance to digital health passports, interoperable and accepted across carriers and ports of entry. Several airlines and nations have adopted different protocols, but there is no widely accepted standard. This is not a barrier to domestic travel, which accounts for about 68% of respondents' spend. Interoperable digital health passports have a larger role to play to enable overseas business travel at scale, by reducing or

FIGURE 1

Travel triggers

Please rank the following developments by their expected impact on the increase of your company's travel volume, if and when they occur.

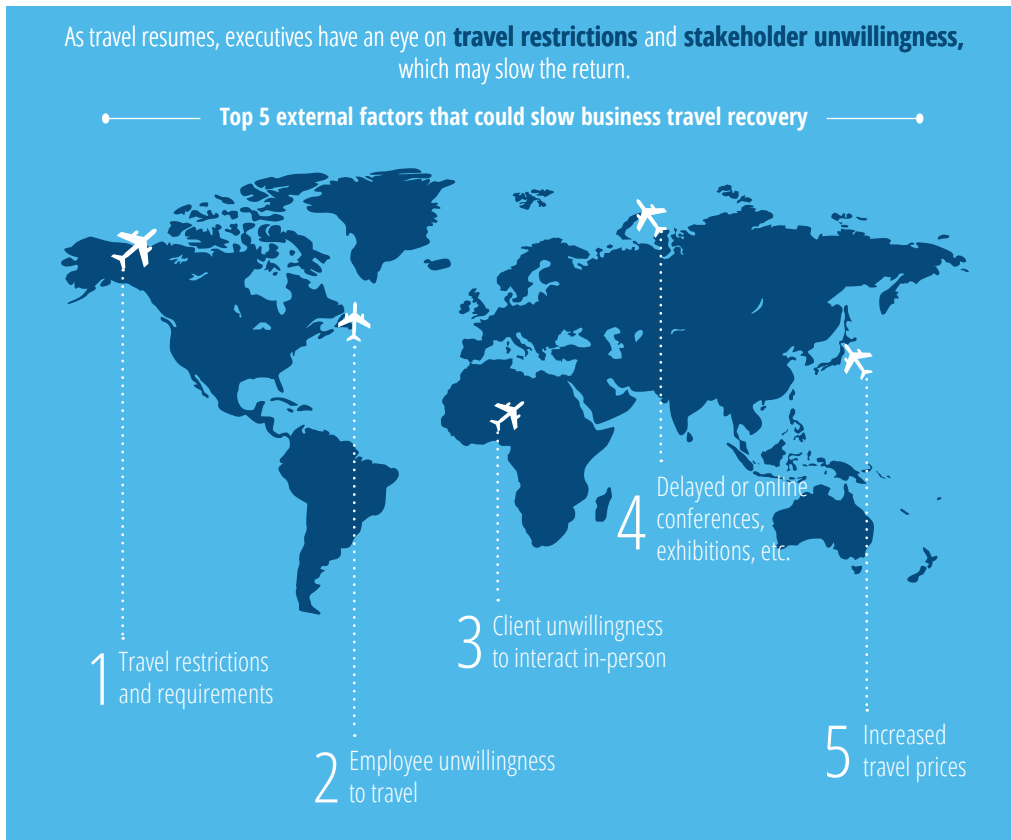


Source: Deloitte Corporate Travel Survey 2021, N = 150 executives with oversight of business travel spend and strategy.

FIGURE 2

Potential drag factors

What are the external factors most likely to slow the planned return of business travel for your company? (Select two.)



Source: Deloitte Corporate Travel Survey 2021, N = 150 executives with oversight of business travel spend and strategy.

eliminating the need for quarantine on arrival. The easing of entry restrictions was among respondents' top four triggers for increased travel.

Looking ahead, companies also see several factors potentially slowing corporate travel's return. Persistent travel restrictions could create the most drag (figure 2). While the CDC has cleared vaccinated people to travel freely within the United States, the organization expresses higher concern regarding international trips.³ And more

demanding, and sometimes unpredictable, entry requirements across countries and regions further complicate cross-border trips.

Beyond public health requirements, employee discomfort with travel, as well as clients' discomfort with in-person interaction, could slow travel's return. Additional external drag factors include the continued delay or cancellation of industry events, as well as higher airfares and hotel room rates.

Travel's return by quarter, Q2 2021 through Q4 2022

Taking into account the biggest triggers and potential drag factors for travel's return, as well as companies' travel spend estimates through the end of 2022, Deloitte has developed a quarter-by-quarter view of corporate travel's return. Survey

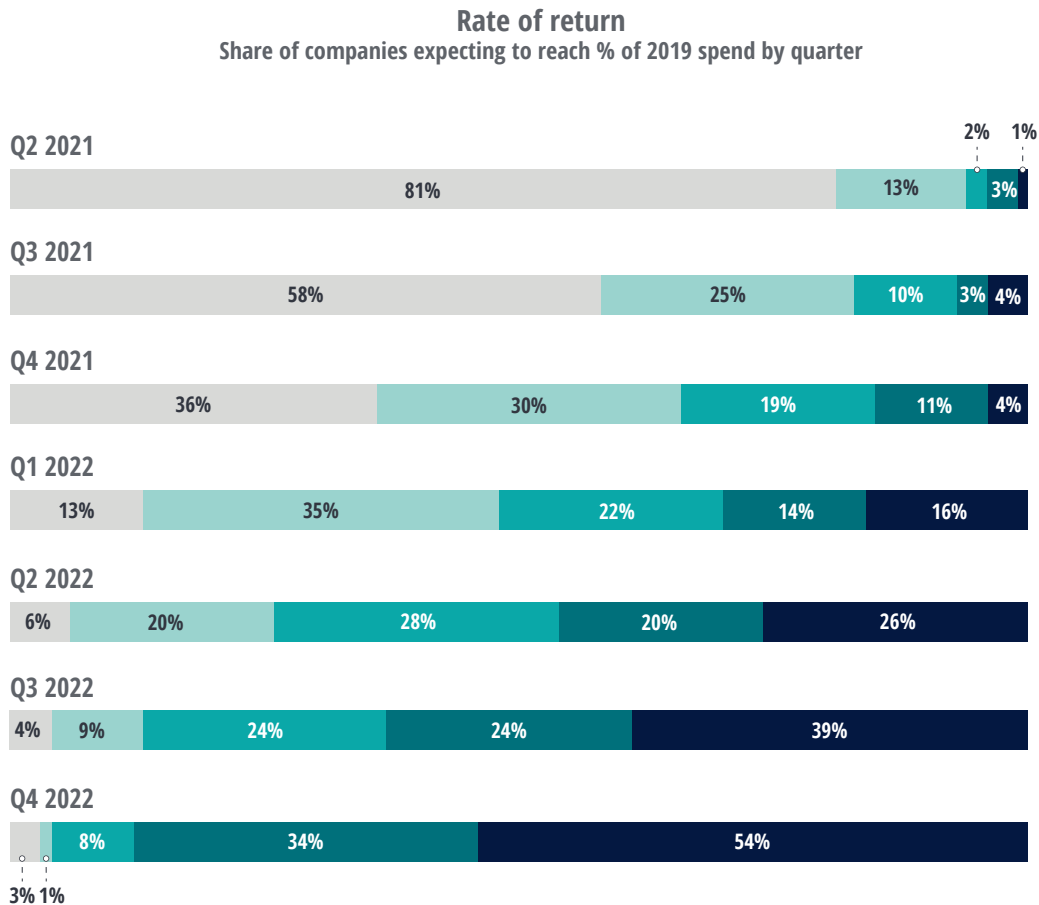
respondents and interview subjects shared their projections on when their companies would reach certain benchmarks, as a percentage of 2019 quarterly spend (figure 3). As of Q2 2021, less than 1 in 5 companies had reached even 25% of their 2019 quarterly spend. By Q4 2022, nearly half say they do not expect to reach 2019 spend levels, but nearly 9 in 10 expect to reach 75% or higher.

FIGURE 3

Companies' expectations for rate of return to 2019 spend levels

When do you expect your company's quarterly travel spend to reach the following levels of 2019 spend?

■ Less than 25% ■ 25%-49% ■ 50%-74% ■ 75%-99% ■ 100%



Sources: Deloitte Corporate Travel Survey 2021, N = 139 executives with oversight of business travel spend and strategy; Deloitte analysis.

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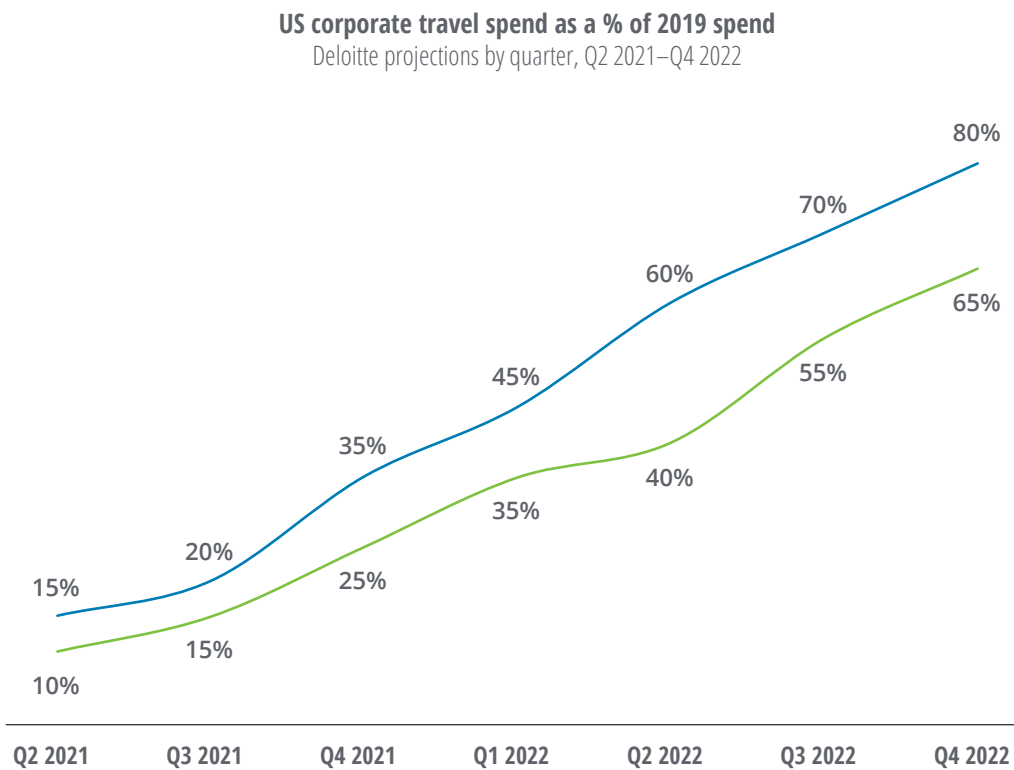
When the research was conducted in May and June of 2021, most companies had yet to begin a significant return to business travel. More than two in three survey respondents said their companies were still at less than 25% of 2019 spend. Executive interview subjects, concentrated among big companies with an average prepandemic air spend of US\$123 million, were at even lower levels. Many

had increased travel in the second quarter, but only slightly after a year when most saw spend drop by more than 90%. Both current spend and projections indicate that the smaller companies in the survey will resume travel at a faster rate than the bigger companies included in the interviews. The following quarter-by-quarter estimates rely on both the survey and the interviews (figure 4).

FIGURE 4

Company travel spend estimates, coupled with performance of triggers and drag factors, present potential scenarios for business travel's return trajectory

— Strong return scenario — Weak return scenario



Methodology note: Travel spend projections based on analysis of decision makers' travel spend forecasts, in combination with potential effects of travel triggers and drag factors.

A strong recovery scenario assumes continuous easing of border restrictions within North America, and between the United States and Europe, with significant opening beginning late 2021 or early 2022. It assumes no prolonged and large-scale outbreaks in the United States and continued vaccination progress, with COVID-19 infection causing mild or asymptomatic cases in the vast majority of vaccinated people. The weaker scenario accounts for a slower improvement in the public health reality, as well as slower movement on border openings and more reticence among travelers compared to the strong recovery scenario.

Sources: Deloitte Corporate Travel Survey 2021, N = 139 executives with oversight of business travel spend and strategy; Deloitte analysis.

Q2/Q3 2021: INCREMENTAL
IMPROVEMENT FROM PANDEMIC LOWS
Q2 projected US business travel spend as a share of 2019 spend: 10%–15%

Q3 projected range of US business travel spend as a share of 2019 spend: 15%–20%

Companies have begun to loosen travel restrictions, no longer only allowing essential travel. Nearly all conferences remain virtual, while some trade shows and exhibitions return to a live or hybrid format. Domestic travel has become safer and easier, as states lift quarantine-on-arrival recommendations. As of April 2, the CDC changed its guidance to clear vaccinated people to travel.

Many companies still require extra layers of approval for corporate trips, and travel volume has only grown slightly from the end of 2020. In Q2, less than a fifth of surveyed companies had reached 25% of 2019 spend. International travel remains all but prohibitive, with quarantine on arrival required in many countries regardless of vaccination status. The vast majority of conferences remain in virtual formats. In Q3, the number of companies expecting to reach at least a quarter of 2019 travel spend doubles, but fewer than one in five expect to reach 50% of 2019 spend. Much of the corporate travel happening in Q2 and Q3 2021 will be at the request of existing clients. Visiting sales prospects remain challenging, as most have yet to return to offices full time.

Q4 2021: LOOSENING THE REINS,
FIRST FORAYS
Q4 2021 projected range of US business travel spend as a share of 2019 spend: 25%–35%

Many companies plan to significantly accelerate their return to offices in the fall. Travel managers have identified this shift, especially clients' return to the office, as a top trigger for travel. For workers with children at home, resumption of in-person

learning will also make travel more convenient. Higher office usage will enable more meetings, both internal and external. Many conferences will return to a live or hybrid format, but with attendance well below 2019 levels. Still, about a third of surveyed companies say travel spend will remain below 25% of 2019 levels and two-thirds below 50%.

Barriers to international travel could start reducing by this time, easing the quarantine burden of visiting countries in Europe, the Americas, and the Middle East. But corporate travel will remain largely domestic, with international trips limited to essential and client-requested travel.

Q1/Q2 2022: QUIET WINTER, GREEN
SHOOTS IN EARLY SPRING
Q1 2022 projected range of US business travel spend as a share of 2019 spend: 35%–45%

Q2 2022 projected range of US business travel spend as a share of 2019 spend: 40%–60%

With the beginning of what could be the first full year without COVID-19 as a primary daily concern, most companies will remove pandemic-era executive approval requirements for domestic trips. But travel managers rank employee and client resistance to travel and in-person meetings as one of the biggest potential factors to slow the return. This resistance will likely reach its peak as a factor in the winter of 2021–22. Cold and flu season, as well as potential outbreaks of COVID-19 and its variants, will raise concern among potential travelers during a sensitive transition period. This will likely have a dampening effect on the last quarter of 2021 and the first of 2022.

Spring will bring more confidence and more competitive pressure to get in front of clients and prospects. A second season of live and hybrid industry conferences should enjoy better attendance

than in fall 2021. Barriers to international travel should continue to come down, but cross-border trips will lag far behind domestic trips. Concerns about the risk and inconvenience of crossing borders will continue to drag down traffic on transatlantic routes, and Asia will remain difficult to visit. International industry events will bring back live formats, but struggle to attract overseas attendees. Additionally, COVID-19 outbreaks that would cause little concern for domestic travelers could result in a higher rate of cancellations for international trips.

Q3/Q4 2022: APPROACHING THE NEW NORMAL, BUT STILL NOT A FULL RECOVERY

Q3 2022 projected range of US business travel spend as a share of 2019 spend: 55%–70%

Q4 2022 projected range of US business travel spend as a share of 2019 spend: 65%–80%

If US vaccinations continue to increase, and the vaccines' effectiveness against major outbreaks and variants proves durable, travel managers expect a big release of pent-up demand in the second half of 2022. More clarity about both the health situation and the ongoing state of office versus remote work will better support both trips planned in advance and last-minute visits to seal deals and execute projects.

International travel will continue to improve, bringing better connectivity with many of the United States' key trading partners. But much of Asia will still be difficult to visit. Reports suggest the Chinese government has already decided to keep its borders effectively closed through the end of 2022.⁴ India's struggle with COVID-19⁵ and Japan's rocky experience as the Olympics host⁶ are likely to leave both countries with little political will to accelerate reopening.

Conferences will continue to evolve as organizers work to create formats that maximize return on in-person interaction, while integrating technology to enable virtual participation. The majority of surveyed companies are optimistic that their travel spend will reach 2019 levels by this time—nine in 10 expect to be at or above 75%. Just over half of the respondents expect to return within three years to 2019 spend levels.

By the end of 2022, US corporate travel may near its new normal, the level it will sustain for the next several years. Assuming significantly reduced quarantine on arrival for Europe, the Middle East, and the Americas, and several months of a stable health situation, US corporate travel could reach 80% of 2019 levels. This would represent more than 4x growth from where it stands in summer 2021, and more than 2x growth from the 35% projected for the last quarter of 2021. Still, all of the current barriers to robust corporate travel are complex and those working to remove them face significant challenges. If public health outcomes improve more slowly than expected, and solutions to enable international movement continue to encounter political roadblocks, corporate travel spend by the end of 2022 could be much lower. Reaching just 65% of 2019 spend levels would imply a scenario with still very limited international movement, as well as a stalled return on the domestic side.

Two shades of green: Sustainability and cost imperatives impede corporate travel in 2023 and beyond

Assuming a stable global health situation by the end of 2022, US corporate travel's new normal will begin to take shape. Companies' and workers' approaches to post-COVID-19 travel will be clearer. Borders will likely be more open, though onerous border policies may remain in parts of the

world. As the pandemic-related barriers to travel recede, second-order effects will become the more prominent headwinds to corporate travel growth.

While companies recognize that travel is crucial to business success, they will seek to hold onto some of the cost savings brought by the pandemic pause. Controlled travel growth will also contribute to another goal that has grown in importance in corporate America: reducing carbon emissions. Bottom-line and environmental priorities will be supported by technology and behavior changes brought on by more than a year of virtual-only meetings and events. The embrace of tech platforms for meetings and collaboration will

mitigate the need for certain trips, and these platforms will continue to evolve to better meet some of the needs that travel used to fill.

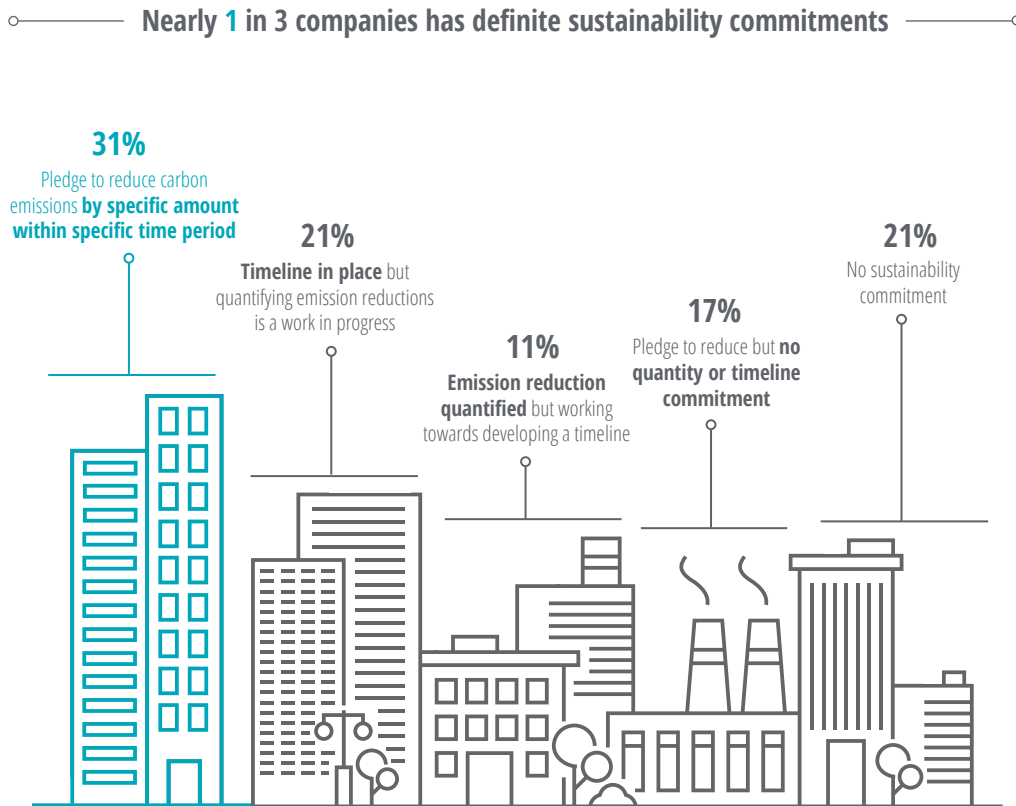
Sustainability, budgets challenge full corporate travel return

As the threat of illness, hospitalization, and death from COVID-19 wanes, corporate travel demand will likely begin to bump up against two significant limiting factors: sustainability commitments and cost controls.

FIGURE 5

Most companies have pledged to reduce carbon emissions, but only a third have definite plans in place

Which best describes your company's commitment to environmental sustainability?



Source: Deloitte Corporate Travel Survey 2021, N = 150 executives with oversight of business travel policy, spend, and strategy.

Sustainability has moved into the corporate mainstream, with more than 400 companies signing a pledge at 2021's Davos World Economic Forum to decarbonize by 2050.⁷ This number comprises some of the biggest companies in the world, and smaller companies are making similar commitments.

Nearly a third of travel managers surveyed report that their company has a stated commitment to reduce emissions by a certain amount within a specific time frame (figure 5). Altogether, 79% of companies have made some kind of pledge or are

working toward one. This interest in sustainability brings some scrutiny for travel policies. About half of survey respondents say that within the next year, they plan to optimize business travel policy to decrease their environmental impact. Travel ranks among the top targets for corporate environmental harm reduction, along with reducing paperwork and greening supply chains.

Companies looking to curb travel-related emissions say they will do so mostly by limiting trip frequency, drawing on lessons learned during the pandemic. Keeping more internal meetings online,

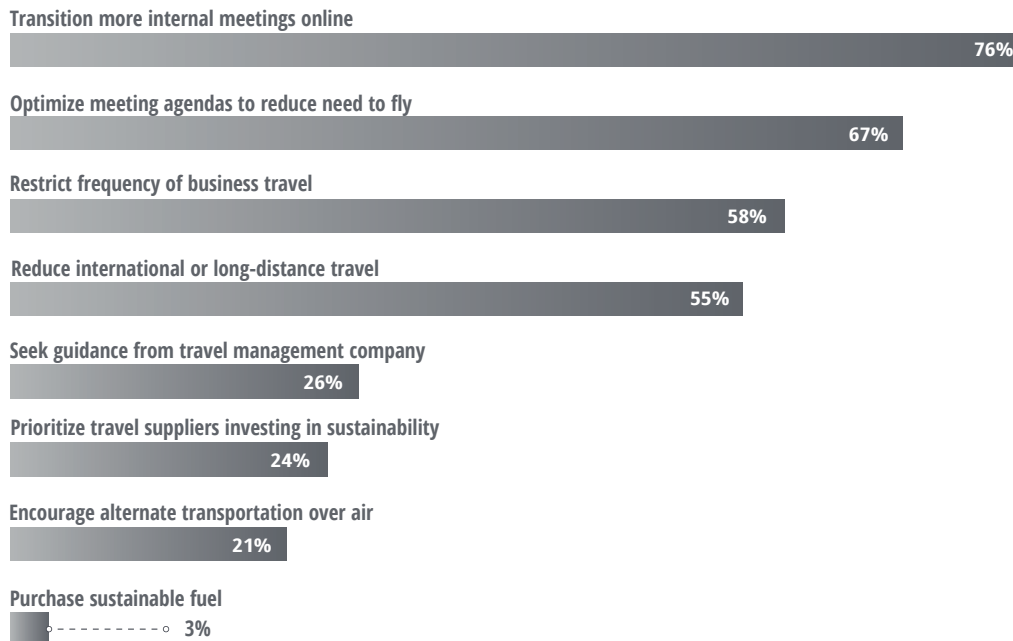
FIGURE 6

Limiting trip frequency is how most companies steer sustainability initiatives; many leaders also open to guidance and support from travel partners

What are some sustainability efforts your organization has already undertaken or will in 12 months to reduce its impact on the environment? N = 150. What are some travel-related measures your company has adopted or is likely to adopt to meet its sustainability goals? (Select two.) N = 89.

Half of companies are optimizing their business travel policy to decrease their environmental impact.

Those companies have adopted the following **travel-related sustainability measures** or plan to do so within the next 12 months. Most will take steps to limit trip frequency.



Source: Deloitte Corporate Travel Survey 2021, N = 89 executives with oversight of business travel policy, spend, and strategy.

and optimizing schedules to reduce the number of flights taken are the top ways companies plan to improve their sustainable travel profiles (figure 6).

While sustainability has grown as a corporate priority, and that will continue to bring scrutiny to travel, many companies still lack a clear strategy for reducing travel-related emissions. They are hoping that travel partners can play a supporting role. About a quarter of respondents say they will look to travel management companies (TMCs) for guidance in reducing their environmental impact. A similar share say they will prioritize suppliers investing in sustainability. **As travel returns, suppliers that show a real commitment to reducing their carbon footprint, and intermediaries who can help corporate travelers and travel managers identify and measure the most sustainable trip options can be better positioned to compete for corporate travel dollars.**

In addition to sustainability, another travel side effect companies will scrutinize is the expense line. Amazon famously shared on its Q3 2020 earnings call that it was saving US\$1 billion in travel costs for the year,⁸ and Google reported similar savings.⁹ A 90% reduction in travel volume no doubt also cut hundreds of millions of dollars in costs for many other companies in Business Travel News's Corporate Travel 100.¹⁰ As the return accelerates, many executives are expected to tap the brakes to shore up the bottom line.

Two-thirds of survey respondents say renewed attention to cost will lead to limiting trip frequency. But they will also use other levers at their disposal: encouraging more bookings via corporate booking platforms and agents, and opting for more economical travel alternatives. Travel managers interviewed for this study say they have not negotiated aggressively on their preferred rates with suppliers, and with travel spend still well below 50% of 2019 levels, they currently lack leverage. But suppliers competing for share in a

challenging recovery environment might be compelled to bring appealing offers to the table.

Emphasis on cost saving and commitment to decarbonization will not eliminate massive amounts of corporate travel demand. But sustainability has grown as a corporate priority, and companies have unearthed new potential to manage a considerable cost center (figure 7). Meanwhile, more than a year of functioning with extremely limited travel, as well as a distributed and virtually connected workforce, has brought new business practices and lessons to the fore. Even as many long to return to face-to-face interaction for sales, client work, and team collaboration, business leaders now have a richer understanding of which work still requires travel versus which needs conferencing and collaboration technology can satisfy.

Deloitte's Why We Fly Matrix

For more than a year, conferencing and collaboration technology platforms took the place of flights, hotels, and board rooms. The inability to get together face-to-face challenged business success in many ways. As the pandemic situation continues to improve, as travelers calm their first-trip jitters, and as industry events resume in-person, business leaders and corporate travelers will face a new calculus in determining whether to get on a plane or just get online.



FIGURE 7

Cost savings gained during the lockdown are likely to drive companies to adopt cost control measures as travel resumes

What are some measures your company is likely to adopt to control travel costs as corporate travel increases?



With corporate travel at a near standstill, companies realized huge cost savings. As travel approaches 2019 levels, many say they will look to preserve some of that bottom-line benefit going forward.

- 7 in 10 companies say they will **limit travel frequency**
- Nearly half say they hope to control costs by **funneling more bookings to managed channels and requiring stricter travel policy compliance**
- More than 1/3 are aiming to control travel spend by **choosing more economical travel suppliers** and **negotiating better preferred rates**

Source: Deloitte Corporate Travel Survey 2021, N = 150 executives with oversight of business travel policy, spend, and strategy.

Deloitte's Why We Fly Matrix plots 10 business travel use cases based on two factors: relative importance to business success, and the extent to which they are dependent on face-to-face interaction versus replaceable by technology (figure 8).

Thrive: Travel use cases crucial to business and dependent on face-to-face interaction

The Thrive quadrant includes travel use cases high in importance to business success and dependent on face-to-face interaction. Travel motivations that fall in this quadrant include client acquisition and client relationship building; client project work; and industry conferences with strong networking opportunities.

These use cases will be among the first to return. In fact, for most companies, sales visits and client project work were among the top categories where some travel continued throughout the pandemic. These use cases also will have the most long-term need for travel. Tech platforms will seek to better serve these highly interpersonal interactions, but it will likely be a long time before innovation targeting them will make a dent on travel demand.

Although these use cases are strong and durable, they will not return to 2019 levels instantly, and travel providers will compete intensely as this travel gradually returns. Also, tech platforms will likely continue to replace some trips in this quadrant. For example, a client that warranted quarterly visits prepandemic might now reduce to two a year, the other two replaced with video conferencing. In-person visits will be used to foster relationships, with more client work being executed virtually. Thrive use cases are evolving, and need to play in a hybrid nature with others. This is especially true of conferences: The networking opportunities they provide have not been well replaced with technology, but many business leaders agree that conference content can

be effectively delivered online. This will present significant challenges to conference organizers that relied on content to attract audiences and fuel networking activities.

Battleground: Travel use cases crucial to success but more replaceable by technology

The Battleground quadrant includes travel use cases relatively high in importance to business success, but also relatively replaceable by technology. Small-group internal meetings dominate this quadrant, as companies have found that virtual platforms serve leadership and team meetings well.

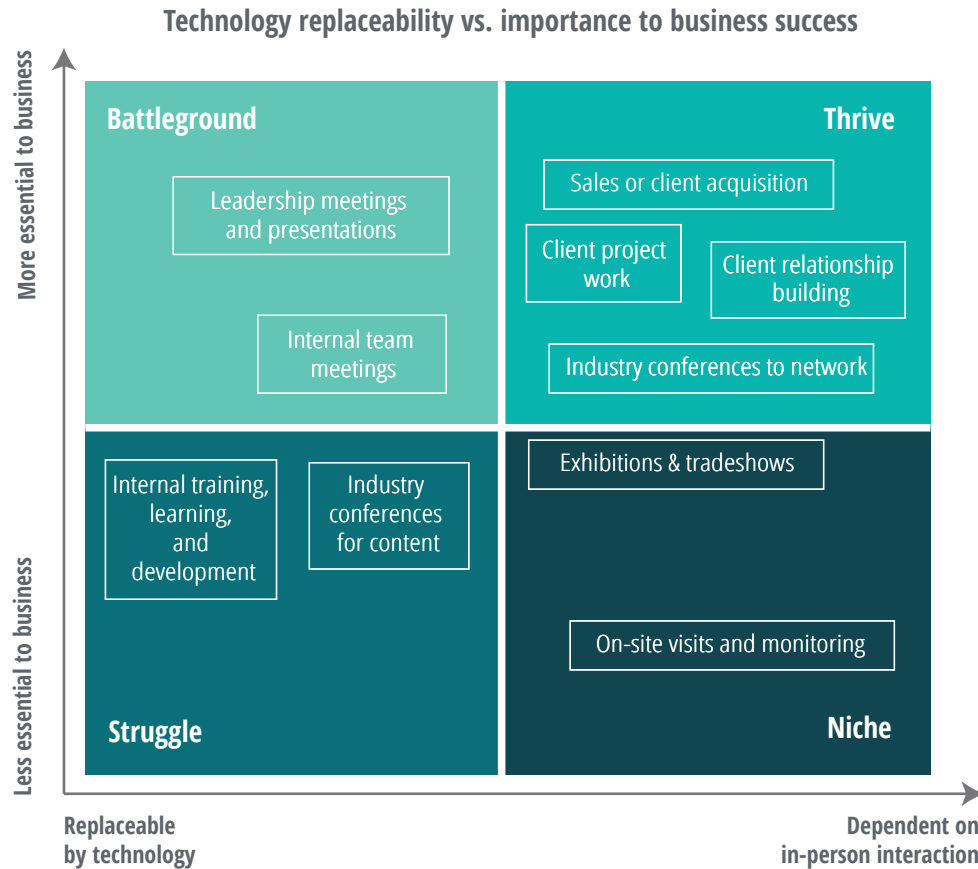
Trips in the Battleground quadrant will initially come back strong. Pent-up demand will be high among teams and boards that have only met virtually for more than a year. That demand can be expected to plateau and decline quickly as companies settle into a new cadence of less frequent internal meetings. But when these events do happen, the stakes will be higher than in the past. Companies will seek the most comfortable and productive environment possible, and travel providers should elevate standards as they serve these meetings. Tech providers will likely increase innovation efforts focused on this quadrant—hence the name Battleground. Travel suppliers should explore partnerships and build related offerings to deliver the best possible end-to-end experience for these small groups.

Internal meetings have been cited by some industry watchers as a postpandemic growth opportunity.¹¹ Remote work will bring more geographically distributed teams, the thinking goes, and those teams will need to travel more frequently as they no longer share an office five days a week. But interviews with travel decision-makers reveal limits to this opportunity, as they feel conferencing and collaboration platforms have supported

FIGURE 8

Why We Fly Matrix

Thinking about different reasons for business travel, how important are the following to your company's ability to meet business goals? To what extent do you think the following will be effectively replaced by technology (such as video conferencing and collaboration software)?



Thrive

These use cases, focused on external relationship building, will come back first and have the most long-term need for travel. But competition for these dollars will be stiff as travel gradually returns. And even these use cases need to evolve to play in a hybrid nature with others, especially conferences.

Battleground

Small-group internal meetings dominate this quadrant, use cases crucial to business success but also served well by virtual platforms. These trips will decline after an initial pent-up pop. Travel providers will face continued tech innovation to serve these needs, and should consider partnering to build related offerings.

Struggle

Travel use cases in the Struggle quadrant, with relatively low contribution to business success and high tech replaceability—are most likely to see long-term pullback in corporate spend. Travel providers with certain geographic and capability advantages could continue to do well with these use cases, but broadly, they are unlikely to yield significant growth.

Niche

A few travel use cases fall into the Niche quadrant, difficult to replace with technology but viewed as lower in importance to the success of many companies. There is limited upside here for both tech and travel providers.

Sources: Deloitte Corporate Travel Survey 2021, N = 150 executives with oversight of business travel spend and strategy; interviews with executives with key oversight on travel policy formation and implementation, Deloitte analysis.

internal meetings well. Despite significant pent-up demand, companies intend to decrease their spend on these meetings in 2022 compared to 2019.

Struggle: Lower business significance and high tech replaceability

Travel use cases in the Struggle quadrant are the biggest candidates for long-term pullback in travel spend. Falling solidly into this quadrant are training and development, and conferences attended for content.

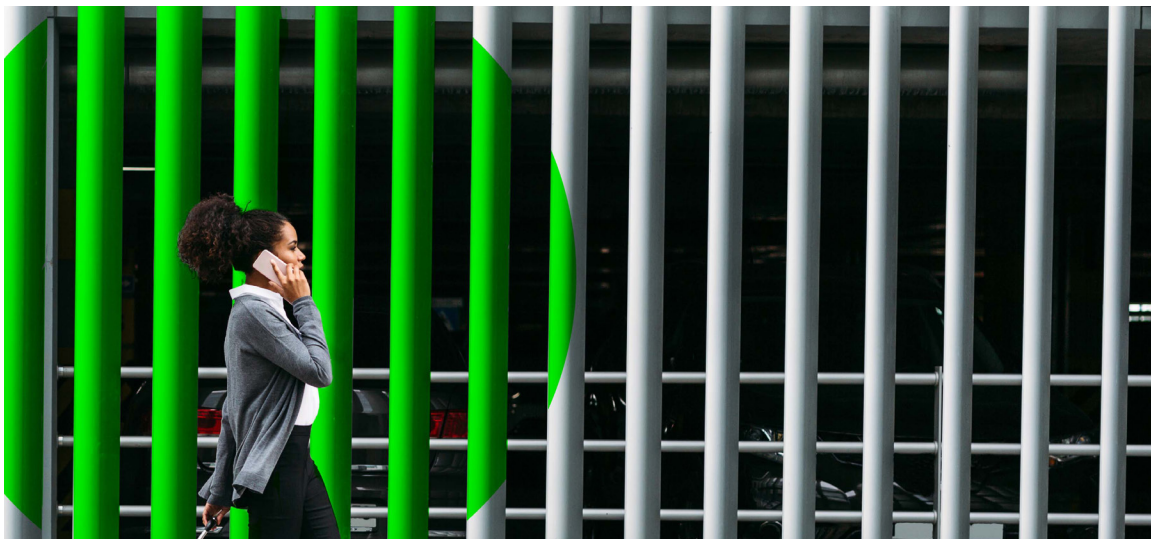
While travel for these use cases may see an initial pent-up pop, it will likely decline over the medium and long term. They may not initially be prioritized for tech innovation, as business leaders say existing platforms serve them well. But as it becomes clear that demand for virtual platforms in this space is durable, the technology serving them will improve. However, these travel use cases won't go away entirely. Some content still benefits greatly from an in-person format. And some travel providers will continue to attract the business that remains, due to factors such as existing client base, geographic location, or amenities and spaces they can provide.

Travel providers should also prepare for the business need to connect trips falling in the Struggle quadrant with travel use cases with a more resilient future. For example, in-person training events will increasingly be paired with team-building and collaboration exercises.

Niche: Face to face-dependent, but less crucial to business success

A few travel use cases fall into the Niche quadrant, difficult to replace with technology but viewed as lower in importance to the success of many companies. Exhibitions, trade shows, and onsite monitoring and visits fall into this quadrant.

At least in the medium term, there is limited upside here for both tech and travel providers. The onsite monitoring that is most crucial to business success tended to continue during the pandemic, so little bounce back can be expected for this use case. Conferences and exhibitions face a more complicated future—see the sidebar, “Conferences and exhibitions: Hybrid or chimera?” for more details.



CONFERENCES AND EXHIBITIONS: HYBRID OR CHIMERA?

Conferences and exhibitions constitute a big share of overall business travel, and for some hotels they made up the bulk of prepandemic revenues. And in cities such as Las Vegas and Orlando, trade shows and big conventions play an outsized role in the local travel economy.

The good news for businesses that rely on these events: Companies rate exhibitions and networking-heavy conferences, as very important to business success. Survey respondents rated missing out on conferences and trade shows during the pandemic as very impactful to their business, especially as those events provided networking opportunities.

But these forms of travel are unlikely to lead the corporate travel comeback. Close to 60% of respondents say they expect to spend less on attending trade shows and conferences in 2022 compared to 2019. Compared to other reasons for travel, these events and travel suppliers that depend on them face a challenging future. Lack of clarity around which events will be held in-person in 2022 may be partly to blame. But additionally, companies have decided virtual attendance can replace some in-person attendance.

As conferences return, the tension between two key elements of these events may present challenges. The networking is often invaluable and difficult to replace, while the content generally brings less business value and is also relatively replaceable with virtual delivery. This challenge existed even before the pandemic. More and more keynotes and executive interviews appeared for free on video streaming platforms, and companies increasingly leveraged webcasts and social media to maintain contact with their client base. The pandemic has accelerated the habit of consuming business content online, and companies have invested more in delivering that content.

To support attendance numbers, many events will experiment with hybrid formats. The most simplistic version of a hybrid event, with some attendees in a ballroom and some in front of a screen, will do little to address changing needs. To thrive, conference organizers should be more creative and find ways to facilitate a greater range of interactions and experiences. What once was a convention bringing together thousands of professionals in one city could become a widely distributed affair. Hundreds attend the central event, while others meet in smaller satellite settings, beaming in not just to passively consume, but also to participate. Those for whom the networking is least important take in the content from their own desks.

For traditional trade shows and exhibitions, hybrid structures have little to offer. Organizers will no doubt bring these events back, but their success will likely depend on new measures postpandemic. Leaning into the experiential nature of exhibitions can help support an initial resurgence. But the renewed emphasis on relationship-building travel calls for trade shows to invest more heavily in helping attendees form meaningful business connections. These requirements are not as crucial for consumer-facing events, which face an easier path than business-to-business events.

Different strokes: Uncovering variety of needs by industry

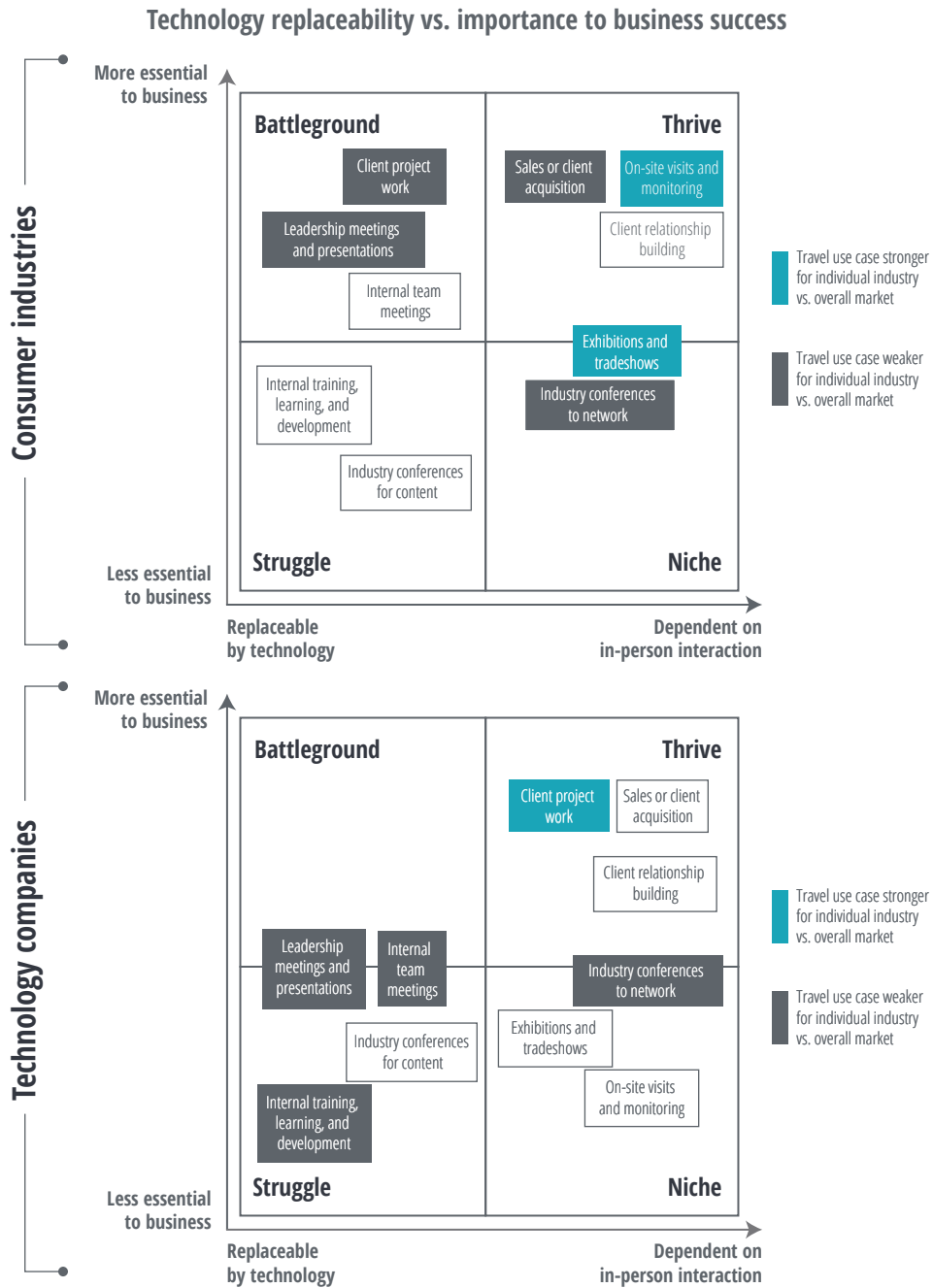
The Why We Fly Matrix is influenced heavily by business/financial services companies. These represented a significant share of survey respondents, and also account for a large share of

business travel. But closer examination of other well-represented industries uncovers some variation in how they view travel's value and potential for tech replacement. Tech companies, and those in consumer industries, exhibited the clearest differences (figure 9).

FIGURE 9

Why We Fly Matrix, consumer industry and tech companies

Thinking about different reasons for business travel, how important are the following to your company's ability to meet business goals? To what extent do you think the following will be effectively replaced by technology (such as video conferencing and collaboration software)?



Sources: Deloitte Corporate Travel Survey 2021, executives with oversight of business travel spend and strategy; interviews with executives with key oversight on travel policy formation and implementation, N for consumer industry companies = 35; N for tech companies = 18; Deloitte analysis.

Consumer industry respondents attribute a relatively high business value to on-site visits, as sites such as factories, retail stores, and distribution warehouses play a key role in their operations. They also view exhibitions and trade shows—where they can connect with vendors, partners, and sometimes consumers—as slightly more important and slightly more face-to-face-dependent. While necessary site visits likely continued during the pandemic, consumer industry players will factor heavily in the return of exhibitions.

Tech companies rate client project work especially high in the Thrive quadrant, with high importance and reliance on face-to-face interactions. Among all respondents, they rate conference and exhibition use cases (including networking-driven events) lower in importance and higher in tech replacement. This is at least partly attributable to their unique business needs. But it could also signal things to come more broadly, if tech companies are early adopters of conferencing platforms and business practices that mitigate the need to travel to industry events.

Decoding the distribution landscape

Corporate travel managers have always aimed for high levels of travel policy compliance. When travelers book approved vendors through approved channels, companies often have better visibility into their spend, which supports supplier negotiations and budgeting. Compliance also helps with a capability whose importance came to the forefront during the pandemic: the duty of care companies have for travelers. In spring 2020, as the spread and seriousness of COVID-19 beyond China became clear, this duty of care principle allowed companies to return their traveling employees home as quickly and safely as possible.

A heightened emphasis on duty of care will likely be one of the main factors bringing more bookings to approved channels as travel recovers. But higher compliance can also support cost savings and potentially visibility into environmental impact. About a quarter of survey respondents say they will look to partner with TMCs to find ways to cut emissions. Corporate travel distribution partners that can provide more robust support in tracking travel health risk and environmental impact can improve their competitive positioning. And as travel managers look to further limit bookings through supplier sites and OTAs, corporate booking tools should continue to refine their user interfaces for maximum flexibility and minimum friction (figure 10).

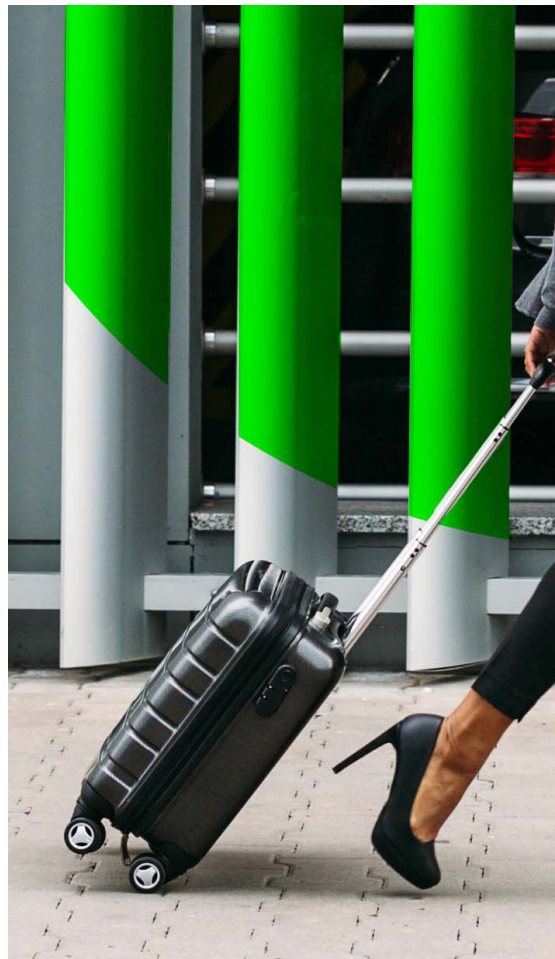
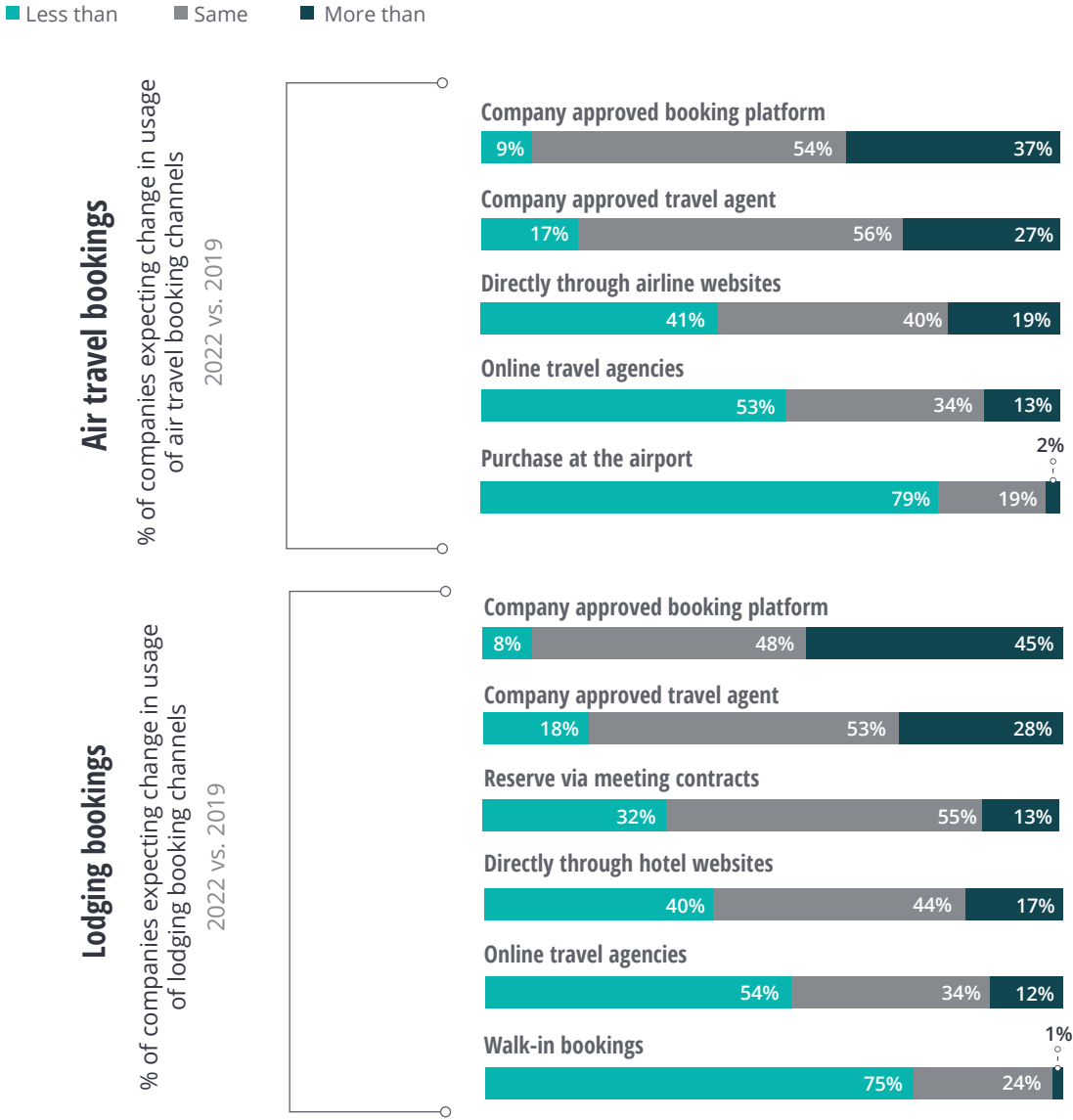


FIGURE 10

Duty of care, cost savings drive companies to seek more control of booking process

What changes do you expect to the share of air/lodging bookings moving through each of these channels in 2022 compared to 2019? (N = 150)



As corporate travel returns, companies show increased focus on driving compliance through corporate booking channels at the expense of both OTAs and supplier-direct channels.

Source: Deloitte Corporate Travel Survey 2021, executives with oversight of business travel policy, spend, and strategy; N = 150.

The future of business travel

The shift from essential-only to freer domestic business travel has begun. If the pandemic situation remains on an improving trajectory within the United States, corporate travel should see a significant uptick in the last quarter of 2021. Barring major setbacks, it will likely continue to improve at a rapid pace through the end of 2022. As this key travel segment returns, all affected face new challenges in a changed world. A health threat still looms, bigger in some countries than others. But even as it subsides, corporate travel will be affected by the changes adopted and lessons learned during the COVID-19 pandemic. Travel remains critical to many businesses' growth. But there has been realignment and reevaluation of the

cost-benefit equation around face to face meetings and events. And C-level executives, who became more directly involved in travel strategy during the pandemic, will likely seek to hold onto some of the cost savings and sustainability strides afforded by a year without travel.

Travel providers should adapt to a new reality of fewer overall trips, greater need to integrate face to face with virtual in a hybrid format, and a greater emphasis on the relationship-building nature of corporate travel. While the full recovery of US corporate travel is still more than a year away, the coming months will be a time of opportunity to strengthen relationships and demonstrate the ability to excel in business travel's transformed world.

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