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**Why travel for
business when you
can work virtually?**

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COVID-19 has changed the dynamic of the workplace indefinitely.

Within one month of COVID-19 cases spiking in the U.S. in March 2020, nearly 50% of business employees were working from home – more than double the amount reported in 2017-18.¹ And while the trend from office-based to remote working pre-dates the pandemic, COVID-19 gave it incredible momentum.

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The benefits of remote work

What was initially a temporary measure has been an overwhelming success for many companies. According to PwC's U.S. Remote Work Survey,

83%

of employers saying the shift to remote work has been successful for their company.²

That success is measured in different ways. Cost savings, for one, has been cited as a major benefit. IBM has cut real estate costs by \$50 million, Sun Microsystems has saved \$68 million, while Dow Chemical and Nortel have each saved over **30%** on non-real estate costs.³

Other upsides to remote working include talent recruitment and retention, greater job satisfaction and improved productivity. In fact, remote workers are said to be **35%** to **40%** more productive than their office-based counterparts.⁴

Is the future virtual?

Today, companies are still grappling to figure out if working remotely is sustainable long term. Can individuals continue to perform without burning out – either from an unknown excess of work and/or continued isolation?

Most would agree that in order for remote work to remain productive, it must be cost-effective, maintain the company culture and goals, and be in the best interest of employees. This has led many organizations to consider a hybrid approach.

Companies including British Airways, Ford, BP, Amgen, and others are now offering employees the flexibility of hybrid working wherein employees work from home part of the time and are present in the office part of the time.⁵

The hybrid approach has shaped up to be a more popular option for organizations than going fully remote. In fact, very few executives think company cultures would survive purely by remote work, with only **13%** prepared to leave the office for good.⁶

Meanwhile, **87%** of employees say the most important role of the office lies in facilitating collaboration with team members to build great relationships.⁷ Incremental productivity from remote working may be impossible to sustain because long-term remote working decreases opportunities for critical relationship-building.

“There’s nothing like doing business in person and building relationships to accomplish business goals.”

Doreen Burse, United Airlines, 2021

Virtually impossible

While virtual meeting adoption may be at record levels, the World Health Organization has highlighted ‘Zoom burnout’ as a major impediment to mental and physical health. Even the CEO of Zoom, Eric Yuan, says he has Zoom fatigue.⁸

The same syndrome has many other business folks relishing the prospect of resuming in-person meetings again, provided appropriate safety precautions are in place. And despite ongoing restrictions and greater scrutiny of travel activity by the C-suite, employers and employees know that face-to-face engagement offers a number of benefits.

For starters, face-to-face engagement allows for a better exchange of information, genuine communication and the ability interpret body language and facial expressions. Social capital comes from everyday interactions with colleagues as well. Remote working succeeded partly thanks to social capital built up over many years but will inevitably diminish over time if face-to-face interaction is lost completely.

Further, face-to-face engagement is key to income generation. **76%** of business employees agree that in-person engagement outperforms video conferencing for sales meetings and pitches.⁹

Maintaining company culture also depends heavily on in-person engagement. Organizations have reported that a strong, positive company culture can enhance employee engagement by **30%**, increase income by **19%** and grow profitability by **28%** — provided business goals are aligned with cultural values.¹⁰

Most businesses recognize the positive impact of company culture on business performance and are eager to resume business travel to connect employees, customers, and other stakeholders within those cultures.

Why we travel for business

To realize the optimal value of business travel, company executives must understand why their employees travel for business and how they benefit from face-to-face engagement.

Despite the possibilities opened by virtual interaction, most business travel is driven by the need for face-to-face meetings, to visit a conference, trade show, specific site, or business headquarters. In each case, travel enables essential face-to-face engagement. **95%** of people agree that face-to-face meetings are a key factor in successfully building and maintaining long-term business relationships.¹⁰

Business travel is critical because it enables human connection that is fundamental to corporate success.

The main drivers for business travel are undoubtedly financial. **86%** of travel managers and **88%** of business travelers agree that business travel is important for driving company growth.¹²

And while businesses saved significant amounts of money on corporate travel during the pandemic, not traveling has come at a cost. Hard costs include overrunning projects and lost revenue opportunities. Other notable costs include diminished employee visibility, social capital, and the consequent impact on company culture.¹³

At a macro level, the impact of business travel ceasing is huge. Harvard research shows that if U.S. businesses stopped traveling altogether, global GDP would be reduced by

1.07%

with countries like Canada, Mexico, and Haiti amongst those significantly affected as a result.¹⁴

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Business travel recovery

While it will be some time until we see pre-COVID levels, business travel is most certainly on its way back.

The forecasted U.S. economic boom, an increased willingness to travel, a decrease in trips canceled and greater business optimism are all helping to drive the recovery. **72%** of companies have either already resumed non-essential business travel, have a travel-resumption plan in place or are working on one.¹⁵

As the vaccination program continues, domestic trips are spearheading business travel's recovery. Travel for sales and client-related meetings are returning first as client offices reopen. However, as **Figure 1** shows — trip proximity, travel purpose and industry sector are all affecting the pace and scale of recovery.

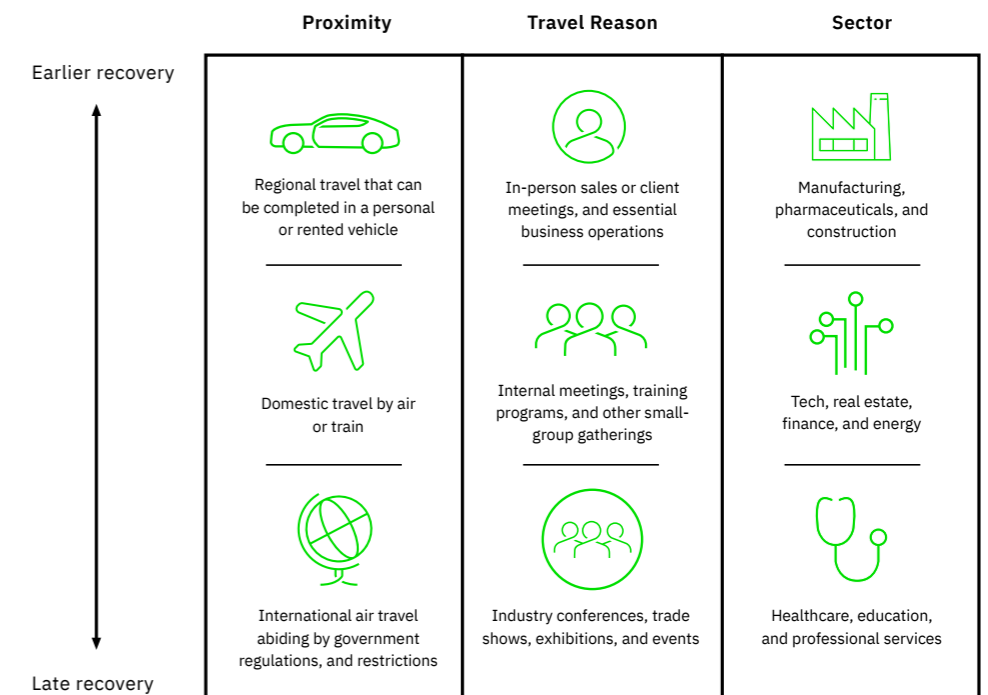


Fig 1 - Source: McKinsey - travel managers' predictions for when business travel will resume.

Looking at **Figure 2**, we see recovery will also vary between industry sectors, with mining and construction the quickest to bounce back. Other sectors — such as technology and business services — may take longer, as will others hit hard by the pandemic, where budgetary constraints could delay the return of travel until 2022.

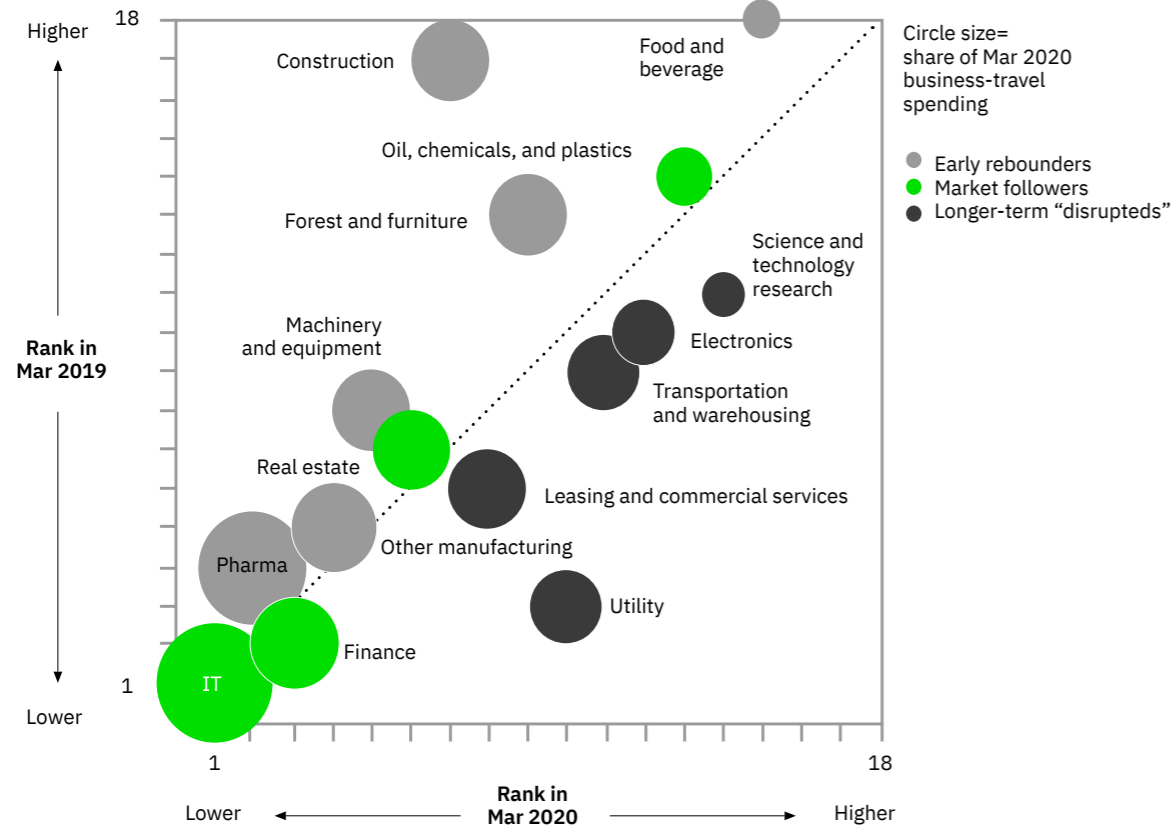


Fig 2 - Source: McKinsey - travel managers' predictions of sectors that will start traveling for business first.

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McKinsey says that the segments of business travel that are likely to return first will be determined by

*“the length and purpose of a trip and the sector in which travelers work. Importantly, even those travel segments likely to return first are on a slow, long timeline for recovery, subject to geographical considerations such as stabilization of COVID-19 outbreaks and governments’ readiness to open up travel.”*¹⁶



Traveler appetite

Two-thirds of GBTA members say their employees are now willing to travel for business, boosted by April's travel guidance from the U.S. Centers For Disease Control that fully vaccinated people can travel at low risk to themselves.¹⁷

U.S. travelers are also more willing to travel for business than their international counterparts.

54%

of business travelers from North America are comfortable flying domestically compared to

36%

in EMEA. 31% are willing to fly internationally now.¹⁸

But it will not be 'business as usual' for some time yet. As travel managers aim to build trust amongst travelers in the safety of their travel programs, travelers have identified five safe travel measures that help instill that confidence, being:

- COVID-19 medical insurance
- Up-to-date health and travel restriction information about the destination
- Hygiene information for hotel/office
- Ability to travel using contactless methods
- Mandatory test or vaccine certificate prior to boarding

Changing priorities

The pandemic has transformed the business travel landscape — heightening the importance of cost control, risk and change management in every travel program. Duty of care remains a top priority and sustainability is firmly back on the corporate agenda.

With the deadline to meet the UN's Sustainable Development Goals (SDGs) just ten years away, reducing environmental impact is now urgent.

Although the Trump administration pulled the U.S. out of the Paris Agreement, which gives signatory countries until 2030 to reduce emissions by **55%**, this has sharpened minds on how a company's emission from business travel (and carbon intensive air travel in particular) can be reduced.¹⁹

Sustainability also includes sustaining employees' physical and mental well-being, to which the third SDG relates. During the pandemic, promoting mental well-being and ingraining it in a company's culture became a top priority for many organizations.



Travel programs post-pandemic

Organizations are already applying tougher criteria for taking a business trip, segmenting essential from non-essential travel, income generative activity from project management or simply external from internal travel.

Whatever the distinction, pre-trip approval processes are being tightened up. FCM, for example, helped clients sharpen their trip approval processes by adding an extra layer of approval to ensure that all travel is both essential and permissible.

Pre-pandemic, organizations with essential workers were re-booting travel policies to put traveler safety first. These challenges now apply in every business, so employers are thinking about how to utilize business travel spend more strategically.

Most agree that to maximize productivity through human connections — face-to-face, virtual and hybrid solutions need to be integrated within corporate travel policies. It's expected that this will become part of many TMCs remit going forward.

The role of the TMC in a new world

As business travel evolves, so will the role of the TMC.

As travelers are challenged to justify why a trip's objectives cannot be achieved via Teams, WebEx or Zoom — TMCs are now able to provide clients with consultative support in managing trip productivity and return on travel costs.

And while travel managers have used lockdown to review their programs and partners, TMCs have been reviewing and revamping their processes to work more efficiently in a post-COVID world.

FCM, in the wake of unprecedented disruption over the last year, has dedicated itself to ensuring customers can adapt and thrive.

Despite the challenges of 2020, we have grown as a business, acquiring new clients and refining our structure. We recognize that an agile approach enables us to deliver the right solutions to each of our clients, which is vital to their objectives and success.

Our focus on risk management is stronger than ever. During the pandemic, we saw a sharp spike in demand for crisis information via our FCM tools, so we built custom designed COVID-19 dashboards and alerts, giving our customers faster access to risk information and enabling them to respond accordingly.

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“In an evolving risk landscape, you need a partner who enables agility and can flex with your needs. Our in-house experts were able to respond swiftly during the early weeks of the COVID-19 crisis to deliver several customized dashboards, enhanced mobile app capabilities and a bespoke global travel news hub to help our clients best manage the situation.”

– **Matthew DeMaris, FCM Travel Global Product Leader, Safety and Risk**

Our focus on innovation continues to be prominent, with a number of tools and processes being revamped to ensure a smooth, frictionless experience. As we look towards a post-COVID world, this focus will only continue to grow.

“Future innovation in business travel will look like it does today and how it did 100 years ago — only with new problems to solve, emergent technologies and business models in play, and evolving market, governmental, and societal demands to meet. Innovation is by default iterative, occasionally radical, and always contextual. At FCM, innovation is about keeping ahead of the trends to deliver solutions to tomorrow's next set of problems before they arise so that our clients always have the best products and services at their fingertips.”

– **Peter Psaltakis, Director of Technical Solutions, FCM Travel**



In closing

The competitive advantage that traveling for business can provide is more important than ever as organizations seek to ride the wave of post-COVID economic recovery.

In part, that's because business travel is indispensable to sales and business development. But there is so much more to business travel. Business travel enables meaningful business relationships and is a proven driver of company performance.

The cost savings and short-term productivity gains from remote working has made virtual engagement highly attractive to most CFOs. Yet business travel — and the face-to-face engagement it enables — will always remain fundamental to corporate success.

To effectively manage business travel in a post-COVID world, it's important to partner with a TMC that knows the new rules of the game. At FCM, we offer a flexible approach to travelers' needs, a solid approach to risk management and clear data to support your company's decision-making. Talk to us today to learn how we give clients the best of both worlds — exceptional support from industry legends plus game-changing technology designed to take your travel program to the next level.

Discover the alternative.
Visit www.fcmtravel.com

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