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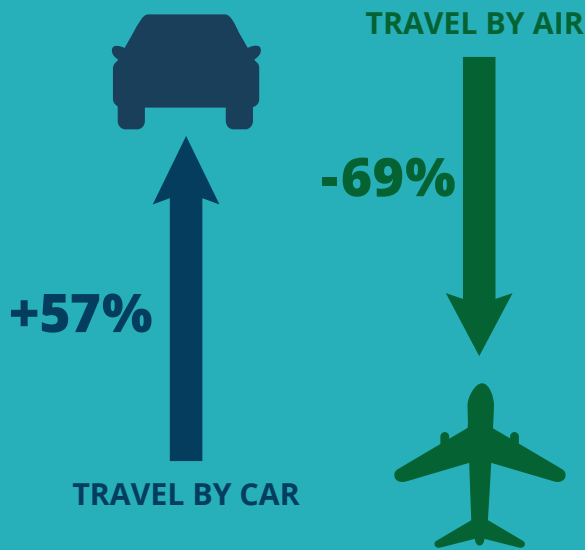


MEASURING BUSINESS TRAVEL VALUE **IN A NEW ERA**

OVERVIEW

When Bill Gates boldly predicted that half of business travel would disappear post-pandemic,¹ many probably believed him. While jolting to the business travel community, predicting the demise of business trips seemed reasonable considering that COVID-19 practically put a halt to road warrior activity. Those predictions were heightened when the success of virtual meeting platforms, like Zoom, threatened to make face-to-face meetings expendable. Then came the vaccine and the subsequent decline in cases and fatalities. With half of the U.S. population now fully inoculated, and Canada and Europe close behind, restrictions are being lifted, and travelers are streaming back. As usual with any recovery, leisure travelers are leading the way, with demand exceeding supply in many cases (just look at the rise in airfares or the price of your favorite beach rental). Can corporate travel be far behind?

Changes expected in employee travel: 2021 vs. 2019



Source: BTN Group / Enterprise Holdings Inc. Value of Business Travel online survey of 101 travel, expense, finance, procurement, or other executives responsible for managed travel, conducted in May and June 2021

CORPORATE TRAVEL IS RETURNING... BUT CAUTIOUSLY AND DIFFERENTLY

Yes, corporate travel is returning, but cautiously. U.S. Travel Association president and CEO Roger Dow in June stated that about 35% of U.S. businesses are currently engaged in business-related travel,² a figure that rises each day another business traveler steps out the door and into an airplane, rental car, or hotel lobby. Anecdotally, travel managers, suppliers and forecasters point to the fall or early 2022 for a rise in business travel as more offices reopen, corporate restrictions on travel ease and travel budgets return. Business travel is ramping up, though it could take a few years to get back to 2019 levels.³ And, business travel may look much different than it did in 2019 or earlier.

What will be different? According to results from BTN Group's Value of Business Travel survey, sponsored by Enterprise Holdings, some **in-person meetings will continue to leverage virtual technology, even post pandemic.**

Trade shows and conferences will be smaller by design to accommodate demand. Picking and choosing travel activities will take teamwork as managers tighten travel programs and budgets.

Remote work forces have complicated corporate travel policies. Many businesses are allowing employees to return to the office in stages, or in rotation. For some businesses, this will require more employee travel when it is time to bring teams together. Other businesses have different requirements for remote versus in-office employees in terms of vaccinations and COVID testing. With so much uncertainty about *where* employees will be working, setting travel policies has become quite challenging.

Modes of transportation have also changed as travelers seek alternatives to air travel and certain methods of ground transportation. Driving to a regional destination might have taken a back seat to short-haul air. No longer. Business travelers now expect to drive more and fly less, according to survey respondents (see New Rules of Engagement section, page 5). Enterprise Holdings said it noted this trend as the length of business rentals increased more than 50% over the last year. Instead of two- or three-day rentals, travelers have opted for five- or six-day rentals to drive from home locations to one or more client, partner, or internal meetups as they optimize trips.

BTN Group's Value of Business Travel survey, sponsored by Enterprise Holdings, was conducted May/June 2021. Responses consisted of 101 travel, expense, finance, procurement, or other stakeholders responsible for managed travel in their companies to better understand their perceptions on the role and importance of various types of business travel on the organization (see Methodology, page 9).

MEASURING VALUE

There is a longstanding belief that the connections made when traveling allow companies to move their agendas

¹ "Bill Gates says in-person meetings aren't the 'gold standard' anymore and that 50% of business travel will go away even after the pandemic." Business Insider, Nov. 17, 2020

² "U.S. Travel: 35 Percent of U.S. Businesses Engaging in Travel." Business Travel News, Donna M. Airoidi, June 15, 2021

³ "New Forecast Signals Long Road to Recovery for Business Travel." Tourism Economics and U.S. Travel, June 15, 2021

forward. In-person encounters not only build relationships but close the gap between various trains of thought, disparate business units, and levels of management. Travel connects buyers and sellers, builds marketplaces, and cultivates prospects.

A recent report from Chubb Insurance Company found that globally, eight in 10 business travelers cannot wait to travel again.⁴ Respondents admitted they have been less effective at their jobs because of remote-only work, and they missed the body language and other visual clues necessary for communication. Nearly three-quarters said clients and business partner relationships suffered during the pandemic.

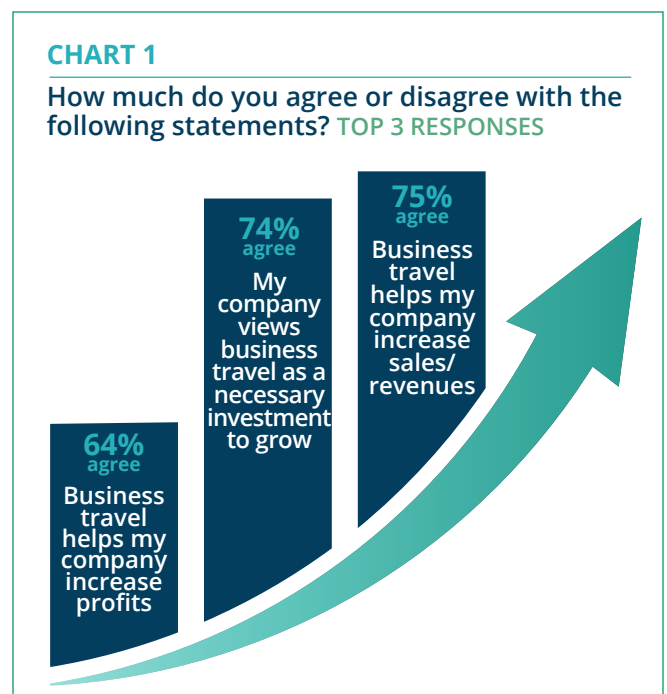
The exact impact of the pandemic on culture and knowledge might take years to calculate, but business leaders agree that lack of travel can hurt an organization. In a recent Harvard Business Review survey of corporate stakeholders, six in 10 said a major benefit of a strong travel culture is building closer relationships with key customers.⁵ And nearly seven in 10 agreed that internal travel drives increased collaboration and the ability to build stronger relationships within the organization.

To move ahead with recovery, companies are realigning their objectives and reevaluating travel's importance to the organization — including its impact on operations, innovation, and people. Like anything else, we invest in something based on how closely it aligns with our values and aspirations. For business travel, we gauge its importance based on cultural and strategic impact, employee needs and, ultimately, financial success. The satisfaction of meeting colleagues and customers face to face, nailing a presentation, gaining knowledge, and making new connections — all while experiencing an interesting destination — benefits the entire organization. The takeaways are then shared within, creating a culture of diversity, expanding networks, and re-energizing the business.

With customer visits long overdue, expect to see a renewed focus on solidifying our most valued connections with clients and partners, not to mention valued colleagues. For many businesses, that time to reconnect is soon, if not now.

BUSINESS TRAVEL = GROWTH

As travel restrictions are lifted in many parts of the world, organizations need to reenergize their relationships with employees and customers. Building employee morale in a remote setting and maintaining company culture has been a struggle. Nearly two-thirds of respondents to the BTN Group's Value of Business Travel survey said that employee engagement strategies, and reviving culture after missed interactions, is important (Chart 1). Company finances have also been negatively impacted by a stationary workforce. Nearly three-quarters of respondents agree that business travel helps their companies increase sales and



Source: BTN Group / Enterprise Holdings Inc. Value of Business Travel online survey of 101 travel, expense, finance, procurement, or other executives responsible for managed travel, conducted in May and June 2021

is a necessary investment for growth. The value gained from in-person meetings trickles down to the bottom line, as more than six in 10 said business travel also increases profits. On whose shoulders will most travel decisions land? Senior executives will be busy, as more than six in 10 respondents said top management will primarily decide the strategic role of travel relative to culture, employee experience and teamwork.

⁴ "Time to Fly: The Impact of Covid-19 on the Present and Future of Business Travel", Chubb, 2021

⁵ "Travel Culture: Your Innovation and Growth Advantage", Harvard Business Review Analytic Services Survey, January 30, 2020

CHART 2

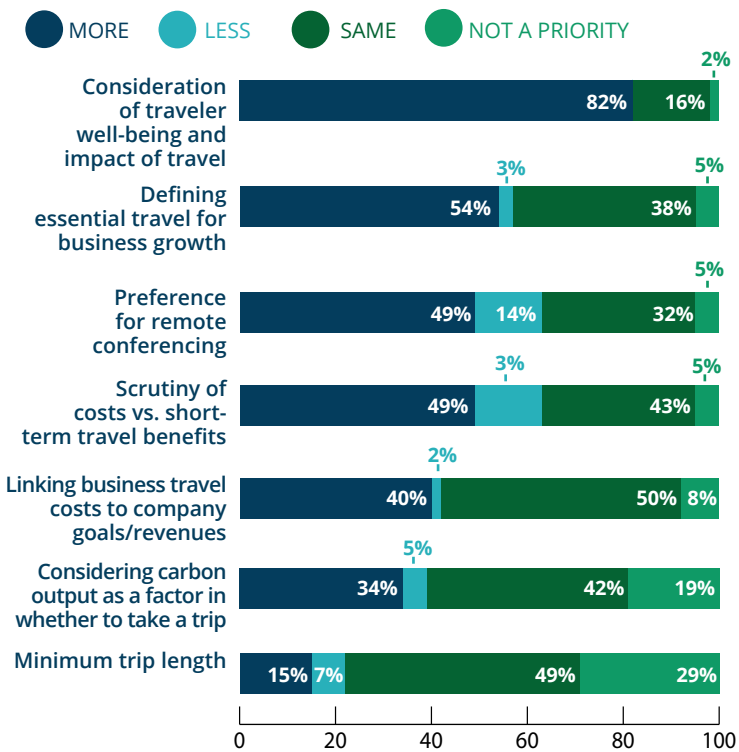
Is your company strategizing on any of the following? RANKED BY "YES" RESPONSES



Source: BTN Group / Enterprise Holdings Inc. Value of Business Travel online survey of 101 travel, expense, finance, procurement or other executives responsible for managed travel, conducted in May and June 2021

CHART 3

In the next year, what, if any, changes do you anticipate to your company's priorities of the following? RANKED BY "MORE"



Source: BTN Group / Enterprise Holdings Inc. Value of Business Travel online survey of 101 travel, expense, finance, procurement or other executives responsible for managed travel, conducted in May and June 2021

DEFINING ESSENTIAL TRAVEL

Prior to the pandemic, travel decisions were made based on a variety of reasons, such as setting internal strategy or engaging with others. As business travel resumes, however, reasons to allow travel are more immediate. Is there a deal to close? A prospect to meet? A customer who needs attention or one we have never met in person? Travel related to customer retention and sales are considered essential, but what about internal meetings? Can those be replaced with Zoom? Is it necessary to attend a large conference or trade show at this time? No doubt the pandemic promoted the thinking that some travel is considered more critical (or urgent) than others — at least in the short term.

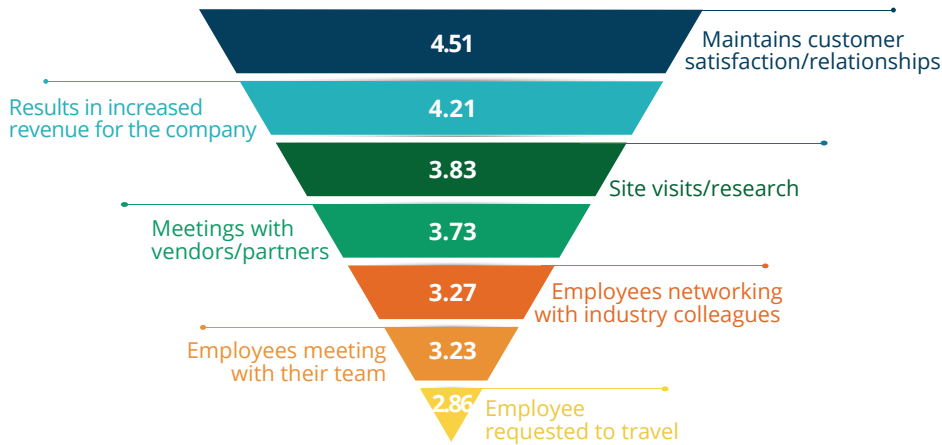
More than half of respondents said that defining essential travel for business growth was a growing priority at their organization in the next year. Eight in 10 respondents are strategizing on post-pandemic policies on who travels, how and when (Chart 2). That same percentage plan to pay even more attention to traveler well-being and the impact of travel on the organization (Chart 3).

When asked about their most important goals when defining essential travel, the top reason was maintaining customer satisfaction and relationships, followed by increasing revenue for the company (Chart 4). This comes as no surprise since retaining current customers became even more critical during the height of the pandemic, and new sales efforts, while important, might have been pushed aside temporarily. Site visits and research ranked third,

CHART 4

How important are the following goals when defining essential travel for your company?

RANKED BY WEIGHTED-AVERAGE ON A 5-POINT SCALE WITH 5 MOST IMPORTANT



Source: BTN Group / Enterprise Holdings Inc. Value of Business Travel online survey of 101 travel, expense, finance, procurement or other executives responsible for managed travel, conducted in May and June 2021

“We are assessing who will travel at what cadence and what travel types will be permitted. Such as, travel between offices, customer related travel, seminars and trainings.”

~Travel manager respondent

CHART 5

Of the following types of travel, which is occurring now at your company, which is building to 2019 levels, and which is unlikely to return to the same degree in the next year?

RANKED BY “OCCURRING NOW” RESPONSES



Source: BTN Group / Enterprise Holdings Inc. Value of Business Travel online survey of 101 travel, expense, finance, procurement or other executives responsible for managed travel, conducted in May and June 2021

followed by meetings with vendors/partners. As a matter of fact, nearly half (47%) of respondents said travel for customer service or repairs was already happening, and four in 10 said sales calls and executive travel were taking place (Chart 5).

Validating travel will continue post pandemic, as nearly half of respondents expect even greater scrutiny of costs vs. short-term travel benefits when considering travel. Face-to-face meetings with team members and colleagues, as well as events and trade shows, will take longer to return. Nearly three-quarters of respondents said their company invested in video conferencing equipment or rooms. And with nearly half of respondents saying there will be greater preference for remote conferencing, some meetings with colleagues or team members will continue to be replaced by video. Still, about one-fifth of respondents said meetings with team members/employee reviews and internal meetings/training, was happening now. Respondents are mixed on industry events, conferences, and trade shows. Three in 10 respondents said live events are building to 2019 levels, while nearly half predict that they may not return to the same levels.

NEW RULES OF ENGAGEMENT

Obligations regarding employee health and safety, budget requirements, and new rules regarding essential and approved travel sit on the shoulders of travel managers, finance/expense managers, human resources, and other stakeholders responsible for various aspects of the travel program. More than eight in 10 respondents said their organizations will consider traveler well-being and impact of travel as an even bigger priority in the coming year.

Regarding approvals, nearly half said pre-trip approval by a manager is required. And four in 10 said the traveler must justify each trip request with expected business outcomes (Chart 6). This puts pressure on the employee to show

hard examples that prove the “value” on a trip where short-term benefits may not exist. Only about one-third said the traveler has independent authority to decide whether a trip is necessary to meet business objectives. Considering that senior management is primarily responsible for the role of travel in an organization, are these rules being implemented by the right people? The employee or line of business might find a trip necessary, but the decision-maker might be less involved in the day to day. Justifying trips and securing approvals may create some frustration, negatively impacting morale and productivity.

Most everyone agrees the return of business travel is essential to maintain a healthy organization and culture,

CHART 6

Of the following travel approval practices, please select all that reflect your organization’s current policies.

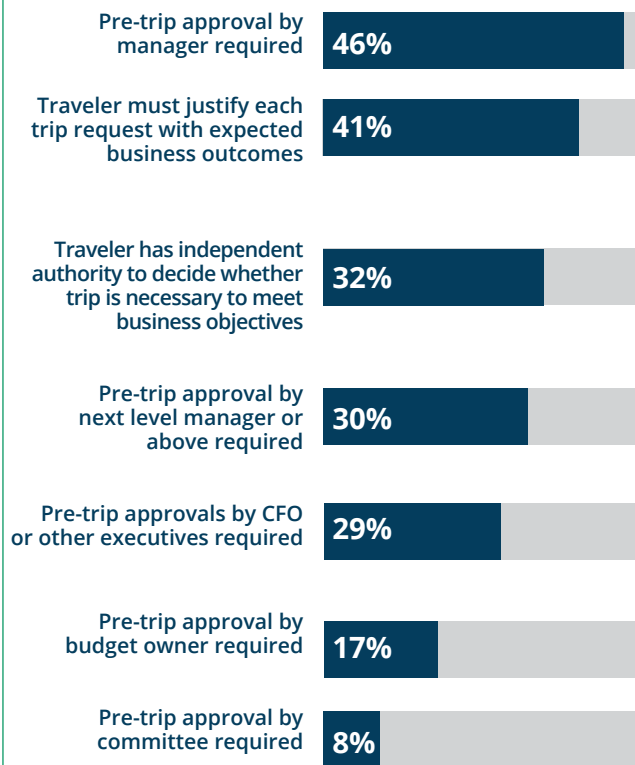
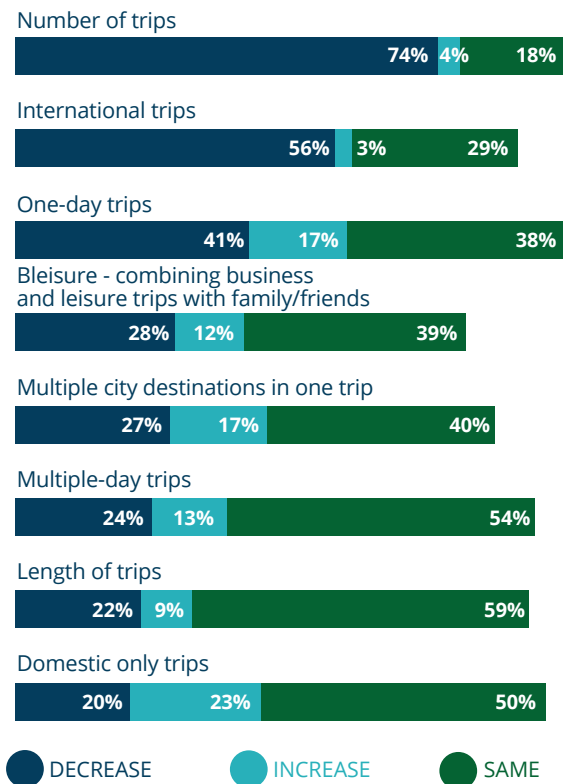


CHART 7

What changes in trip behavior do you expect to occur in 2021 compared to 2019?







RANKED BY “DECREASE” RESPONSES



Source: BTN Group / Enterprise Holdings Inc. Value of Business Travel online survey of 101 travel, expense, finance, procurement or other executives responsible for managed travel, conducted in May and June 2021

CHART 8

Short-Term Business Recovery

| | FACE-TO-FACE  | TRANSPORTATION TYPE  | TYPE OF TRIP  |
|---|---|---|---|
| FASTER TO RECOVER  | Customer service/repairs Sales Executive travel | Rental car Personal car | Domestic only trips |
|  | M&A R&D Product development | Car hailing Rail | One-day trips |
| SLOWER TO RECOVER  | Internal team meetings Training Industry events, conference and trade shows | Air Chauffeured car services | Frequent trips International trips |

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“We still face many challenges as the pandemic continues, but I have no doubt better days are ahead for our industry. While optimistic, business travel will take some time to fully return. We’ve seen our neighborhood business (Enterprise Rent-A-Car) recovering quicker as states started opening back up and customers have started to feel comfortable traveling again by car for both leisure and business. We are also encouraged that we continue to see more business travelers chose car rental as one of the first modes of ground transportation to get them back on the road. While no one can fully predict the future, we are very confident we are well-equipped to weather this over the long-term because of our strong balance sheet and overall financial position.”

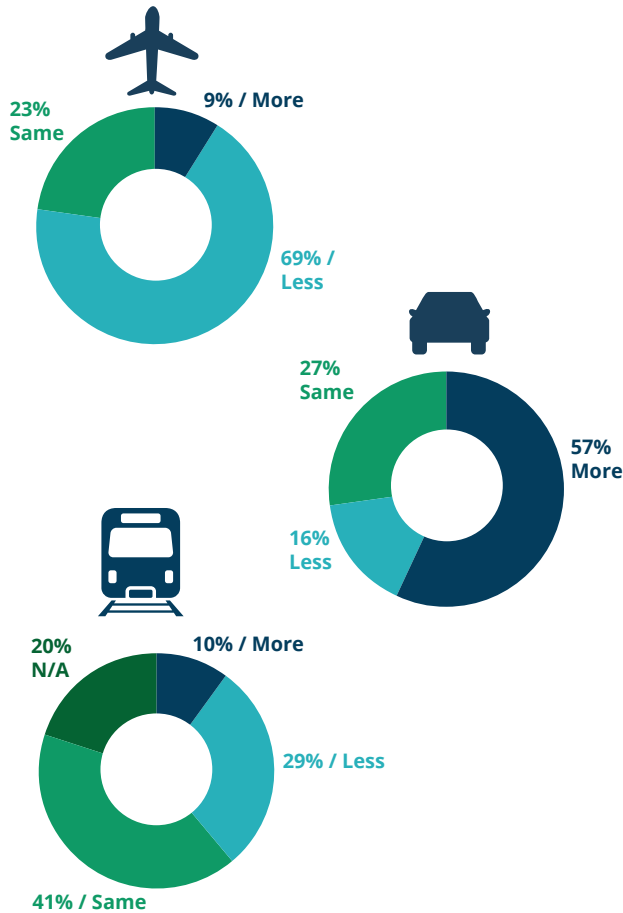
~ Don Moore, Senior Vice President of Business Rental Sales and Global Corporate Accounts, Enterprise Holdings

but few agree on when travel might actually return to previous levels. The largest percentage, one-third, predict 2023 as the year that their travel volume will surpass 2019 levels. Most respondents believe there will be a decrease in the number of overall trips, particularly international trips, and four in 10 also foresee a decline in one-day trips, no doubt due to virtual options (Charts 7 and 8). But once they are back on the road, travelers won't have to hurry back as the intent is to maximize the value and productivity of each trip. Nearly six in 10 respondents expect no change in length of trips and more than half also expect the number of multiple-day trips to stay the same.

Lingering safety concerns, confusion over testing and quarantine protocols and the overall high cost of air travel has most organizations rethinking their preferred modes of transportation. Most respondents agree the automobile is the way to go. Nearly six in 10 respondents expect to see

CHART 9

In terms of modes of travel, what changes do you expect to see on the following in 2021 as compared to 2019 for your travelers?



Source: BTN Group / Enterprise Holdings Inc. Value of Business Travel online survey of 101 travel, expense, finance, procurement or other executives responsible for managed travel, conducted in May and June 2021

more travel by car, while nearly seven in 10 expect less air travel in 2021 compared to 2019 (Chart 9). Among the 57% who expect travel by automobile to increase, six in 10 indicate traveling by rental car to their destination, while four in 10 see travel by rental car once in the destination (Chart 10). A good percentage — 45% — also plan to travel by personal car instead of air. Only one-fifth expect more use of car hailing services such as Uber and Lyft.

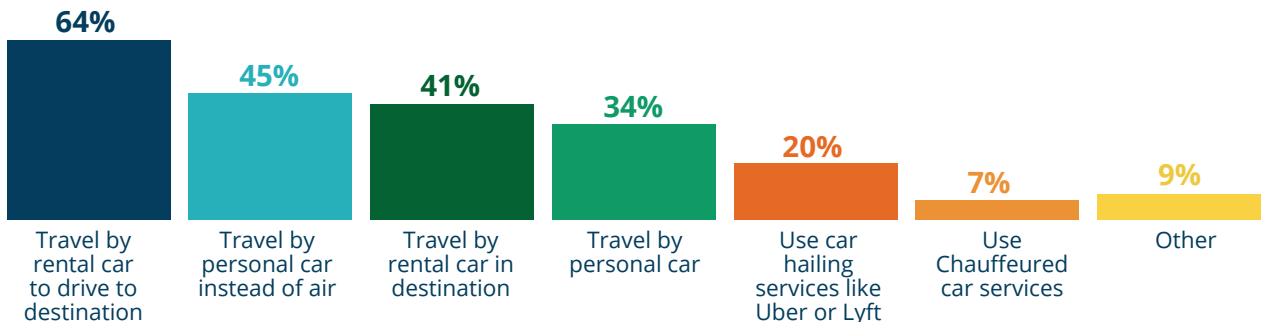
NEXT STEPS AND CONCLUSION

When business travel took a major hit in 2020-21, it forced companies to seek alternatives to face-to-face interactions — and quickly. Video conferencing technologies became surrogates for internal and external engagement with employees, recruits, prospects, customers, and colleagues alike. As virtual meetings improved in quality and became commonplace, business travel was more scrutinized than ever. Some types of meetings were easier to replicate virtually, such as small, internal meetings, and one-on-one exchanges. However, the ability to brainstorm with staff, service customers, or meet and greet industry colleagues is a lot more difficult to replace with technology. People prefer to connect in person to exchange ideas. As borders reopen and restrictions are lifted, the business travel bounce back is inevitable. Whether two people or 2,000, there is no replacement for live interaction.

Fortunately, business travel is trickling back. American Airlines recently stated that 47 of the airline's 50 largest corporate accounts plan to resume traveling this year.⁶ United CEO Scott Kirby predicted, "we're going to see a big ramp up in business traffic across the country" by summer's end.⁷ By September,

CHART 10

If you expect travel by car to increase, please indicate ways you expect that to occur.



Source: BTN Group / Enterprise Holdings Inc. Value of Business Travel online survey of 101 travel, expense, finance, procurement or other executives responsible for managed travel, conducted in May and June 2021

⁶ "Business Travel is Coming Back," *The Wall Street Journal*, June 1, 2021

⁷ "Airlines Rally as U.S. Travel Rebound Quickens Into Summer," *Bloomberg*, May 25, 2021

Delta projects corporate travel volume will recover to between 55 percent and 60 percent of 2019 levels.⁸

As more employees are vaccinated and corporate travelers are back on the road, here are some considerations based on the survey results:

■ Consider transportation alternatives, such as driving to a destination versus flying, or using a personal or rental car versus car hailing or limo. Renting a car can offer employers and travelers confidence and peace of mind, providing late-model vehicles with modern safety features

plus services, like roadside assistance.

- Extend trips to multiple meetings or destinations to avoid too many trips and to make each trip more productive.
- Evaluate each trip based on a multitude of criteria, not just immediate impact on revenue but employee satisfaction and idea exchange — employees will notice if you're not democratic in your approach.
- Remember, most employees want to travel, as it gives them more confidence and empowers their decision making. This includes traveling to the office, whether a satellite office, shared workspace, or corporate HQ. ■

⁸ "Delta Ready for 'Surge' as Corp. Travel Outlook Improves," Michael B. Baker, Business Travel News, July 14, 2021

Survey Methodology

BTN Group Content Solutions fielded an online survey about the Value of Business Travel in May-June 2021 to corporate travel decision-makers responsible for managed travel within their organizations. Of the 101 respondents, 73% identified themselves as travel managers, directors, vice presidents or other stakeholders; 27% identified themselves as expense, finance, human resources, procurement or other corporate stakeholders. Respondents identified domestic and multinational travel programs ranging from less than \$2 million to \$100 million or more. The survey and white paper were sponsored by Enterprise Holdings.

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