

**SUSTAINABLE TRAVEL**

# **THE DEATH OF BUSINESS TRAVEL**



**Re**  **set**

**lessons from  
lockdown**

# THE DEATH OF BUSINESS TRAVEL



How businesses realised they don't have to meet everyone face to face any more, saving time and energy, while improving employee wellbeing

The global pandemic may have sounded the death knell for business travel. While it's too soon to tell for certain, the initial numbers suggest that we may have seen the peak of business travel in 2019. **One survey of 45 large businesses in the US, Asia and Europe<sup>1</sup>** supports this claim, showing that up to 84% of firms plan to spend less on travel after the pandemic subsides, whenever that may be.

Those businesses that said they would be cutting corporate travel budgets are eyeing up reductions of between 20% and 40%, with roughly two in every three businesses curtailing both internal and external in-person meetings too. On a cumulative scale, this could mean that spending on corporate trips slides to **\$1.24 trillion by 2024,<sup>2</sup>** way off its 2019 peak of \$1.43 trillion. In 2020, US businesses' **travel budgets fell by 90% or more.<sup>3</sup>**

The reasons behind this decline in business travel are relatively simple to follow: once the pandemic took hold and populations were required to work from home wherever possible, business travel became unnecessary. The meteoric rise of Zoom and Microsoft teams made connecting, collaborating and working with people all over the world an accessible reality for millions of people. It also became more socially acceptable; these virtual platforms had been in use by some organisations for some years, but face-to-face meetings were still considered a more respectful and appropriate way of communicating for the majority. Suddenly, the offer of an online meeting was not only acceptable; it was a relief.



Even businesses that had relied on physical interaction and large amounts of international travel pivoted to online with remarkable results. Europe's biggest paint manufacturer, Akzo Nobel NV, had previously relied on its executives visiting **all 124 of its factories to ensure the manufacturing process was running smoothly.<sup>4</sup>** During the pandemic, they managed to do this with the help of an augmented reality headset from their HQ in Amsterdam, without taking a single flight. There are no plans to go back to how it was.

While technology made work without travel possible, there is also the cost saving imperative that businesses are beginning to realise. Some of the largest companies in the world – Google, Amazon and HSBC – each reported **cost savings from reduced business travel in the region of \$1 billion.<sup>5</sup>** Realising cost savings as substantial as this, with minimal disruption to everyday operations, will provide ample reason for pause when weighing up a return to pre-pandemic levels of corporate travel.



And alongside the bottom line comes growing corporate environmentalism, driven largely by financial reporting requirements and the need to compete in recruitment – environmental track records are important when attracting younger talent in particular. Every week another large business publishes their plans to reach net zero by the middle of the century. For many of these transnational firms, cutting business air travel is the quickest and most impactful way they can reduce their corporate carbon footprint.

Approximately **90% of business travel emissions come from air travel**,<sup>6</sup> and business travel emissions **up to three times more emissions-intensive than economy class**.<sup>7</sup>

Corporate giants like Zurich Insurance Group AG, Bain & Company, and S&P Global have all published plans to cut business travel emissions in the coming years, **with Zurich aiming to reduce emissions by as much as 70% by next year**.<sup>8</sup>

**“When we held the Cambridge Sustainability Commission on Scaling Behaviour Change, we decided not to fly everyone in. Instead we held it online and it worked really well. It gave us more flexibility on timing found people were more available to have in-depth conversations.**”

**The financial cost and carbon budgets was also of course dramatically lower. This is a great lesson to take from lockdown – there really is scope to cut back on unnecessary travel.”**

Peter Newell, Prof International Relations, University of Sussex

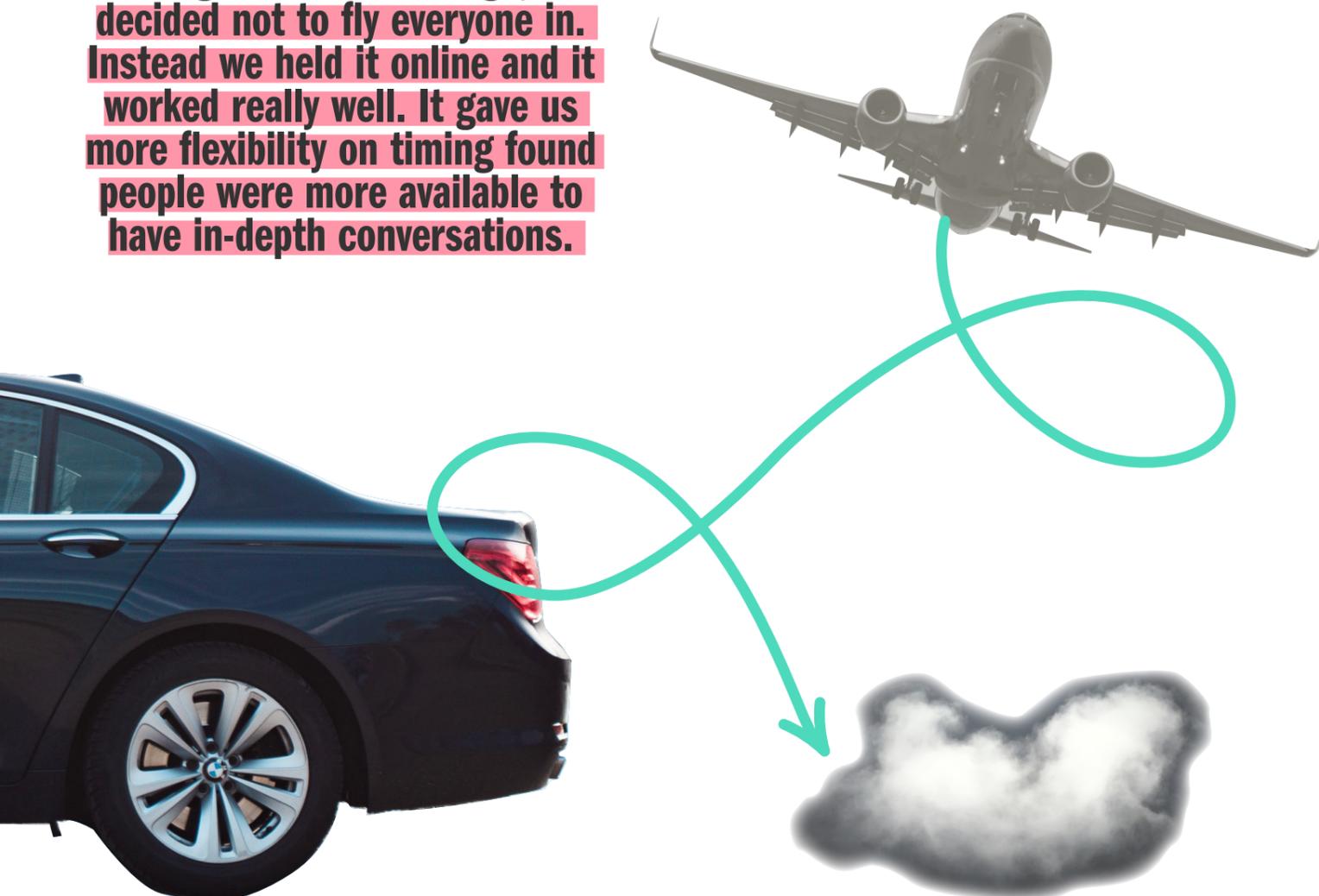
But while these headline figures illustrate the industry- or business-wide effects of forgoing flying, they ignore the lived experience of many of these seasoned business travelers – some of which have discovered a new lease of life during the pandemic. Despite the social status that comes with traveling with work, frequent and intense business travel is associated with a range of mental wellbeing issues.

One study found a clear link between **international business travel and poor mental health**,<sup>9</sup> with 45% of survey respondents saying they felt more stressed on work trips and 31% saying they found themselves emotionally exhausted. Just **over a quarter of respondents**<sup>10</sup> had experienced anxiety and depression due to business travel. As many employees adapt to a new, more grounded work-life balance, the desire to travel for work may never recover.

The death of business class travel will also fundamentally challenge the business model of airlines and the broader aviation industry. While frequent business fliers account for as few as one in ten airline passengers, this contingent brings in **up to three-quarters of airlines profits**.<sup>11</sup> If peak business travel is behind us, then airlines will need to figure out new ways of making up for lost revenues.

Other industries that rely on business travel have started to adjust. Hotel chains such as **CitizenM and Accor**<sup>12</sup> decided to market and rent out their empty rooms throughout the lockdowns as temporary workspaces for those whose homes were not suitable for remote working. These hotels are also trying to lure commuters that are wary of using crowded trains every day, offering ‘commuter rates’ for those who would like to stay throughout the working week and leave their belongings over the weekends.

It’s clear that the pandemic has galvanized a debate over the necessity of business travel. But as the economic, environmental and social benefits of reduced business travel begin to materialize, the debate may be heading to a swift conclusion: most business travel is unnecessary in a warming, post-pandemic world.



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# Re→set

## lessons from lockdown

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