



GRAY DAWES
— CONSULTING —

RESEARCH PAPER

TRAVEL TRENDS

IN THE CORPORATE SECTOR

28th September 2021

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WELCOME

Part of the Gray Dawes Group, Gray Dawes Consulting is an impartial, team of experienced travel data experts who combine 60 years' experience, market-leading tools and inspired analytics to drive corporate travel booking efficiencies, cost savings and traveller satisfaction.

Our approach is to fully understand a client's business, its culture, employees and business objectives to help us make informed, realistic, achievable and measurable recommendations around enhancing your travel programme.

Through our GET SET programme, we're currently working with clients to prepare in readiness for a return to business travel in the COVID19 landscape; ensuring they comply to duty of care legislation while meeting their sustainability, wellness, and financial budgetary goals. Through our 28 KPI analytical studio, our expert consultants provide bespoke solutions in areas such as authorisation processes, booking policy, supplier programmes and expense integration; achieving an average 8-13% savings within the first year of engagement.

INTRODUCTION

TRENDS IN THE BUSINESS TRAVEL SECTOR

**MORE THAN 7 IN 10
BUSINESSES HAVE
NOW REMOVED
TRAVEL BANS,
DEPLOYING THEIR
TRAVELLERS
TO SECURE A
COMPETITIVE
ADVANTAGE**

This report is timed to facilitate the discussions travel managers are, or should be, having in planning how best facilitate the company's wider objectives with their travel programme.

The first in what will be a series of quarterly reports, we evaluate data to assess the impact of COVID-19 on Gray Dawes clients' travel programmes via the following approach:

- apply a series of industry's key performance indicators,
- examine shifts in business strategy, booking behaviour and costs,
- identify the probable drivers for the trends, and
- offer our recommendations for businesses in planning for their return to corporate travel.

The data compares the six-month period leading up to COVID-19 "referred in this report as Pre COVID" (September 2019 to March 2020) against the trends from the most recent 6 month period "Post COVID" (March 2021 to September 2021)

If you like this report and would like to receive further industry insights, please follow our consulting LinkedIn page (www.linkedin.com/showcase/gray-dawes-consulting/) so you don't miss out.

Until then, travel safe.



Aman Pourkarimi
Head of Consulting, Gray Dawes

GENERAL

Although transactions are still significantly down from pre-pandemic levels, there has been a sharp increase in transactions (up 14% to 76%) from June to September, demonstrating business travel is back on the agenda post the typical summer period.

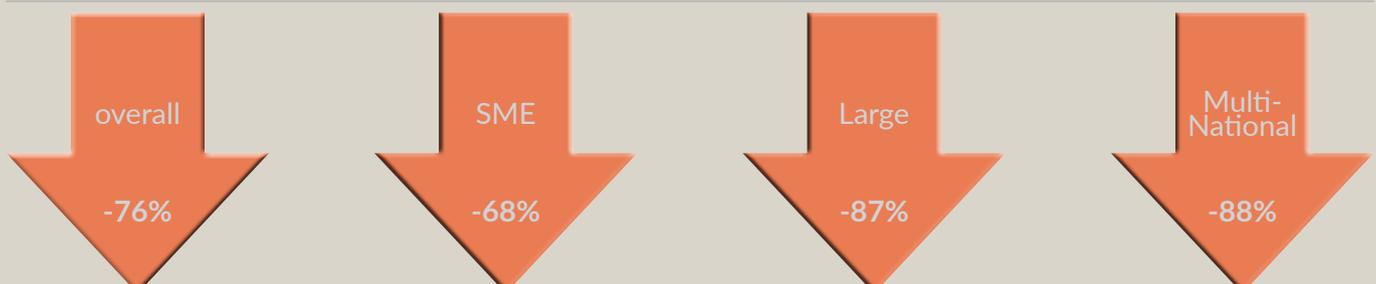
Over 7 in every 10 businesses trading have now removed their travel bans and restarted travel in some form. Led principally by SME's who are not as restricted as large companies in terms of bureaucracy and as such eager to secure a competitive advantage.

The average trip cost post COVID is currently significantly lower (-22%), meaning the increases in expenditure relating to testing are comfortably compensated through lower ticket prices. Although, the era of heavy discounting seems to be closing as demonstrated by a 23% increase on trip costs from June to September 2021. This is likely as a result of suppliers adjusting supply to current demand levels.

Key booking behaviour differences include:

- Advance purchase decreasing by over 50% to just under a week, reacting to the uncertainty around border restrictions.
- Online bookings have increased by 25% as clients look to access real time risk information through YourTrip Cares
- The traveller mix is made up mostly of senior and middle management (up 17%-38% respectively) reflecting "essential travel only" travel policies
- Businesses are still slow to allow external personnel to their premises or mixing in events, resulting in -35% decrease in external meetings as the majority of meetings are either training or internal strategy sessions.
- Large events are still low on the business agenda but advance bookings for 2022 are indicative of an anticipated 300% upsurge in large conferences from Spring next year.

TRANSACTIONS



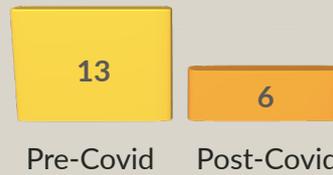
All figures shown are based on a pre and post Covid comparison.



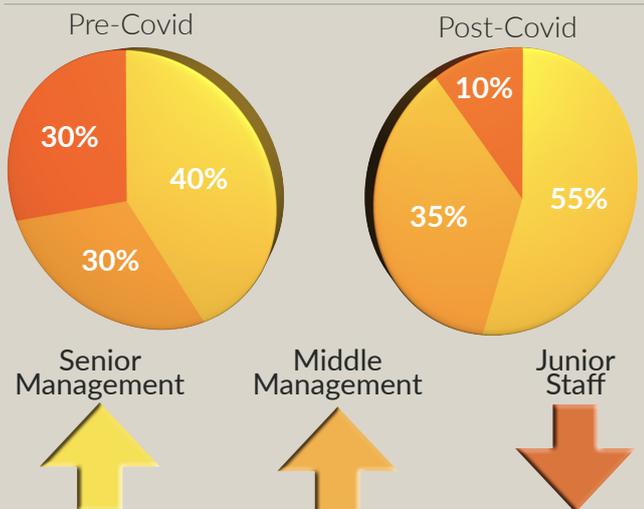
% CLIENTS WHO HAVE RESTARTED TRAVEL



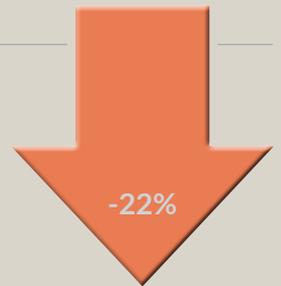
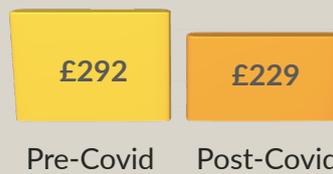
ADVANCE PURCHASE (DAYS)



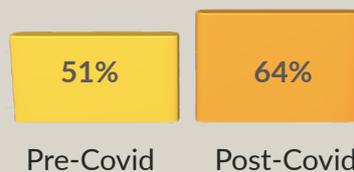
TRAVELLER BASE MIX %



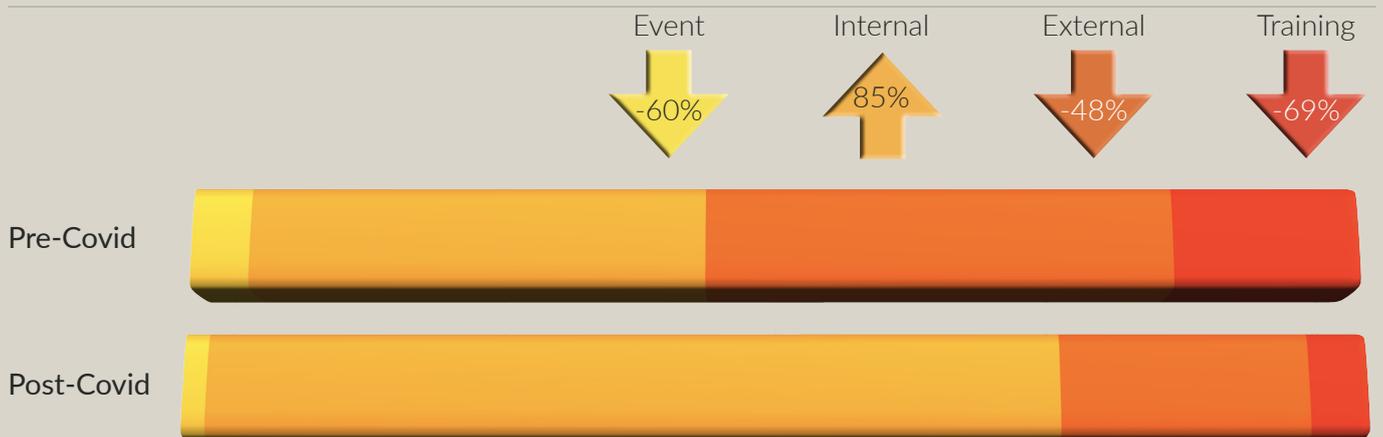
AVERAGE PRICE (£)



ONLINE BOOKING (%)



REASONS FOR TRAVEL %



All figures shown are based on a pre and post Covid comparison.

HOTEL

Hotel bookings are showing a strong rate of recovery, particularly in domestic markets, which are just -4% points on pre pandemic levels.

Reflective of the increased seniority in travellers, the average class of hotel booked has risen from nearer 3 star market to 4. Despite this, rates are still -16% lower than Gray Dawes' average pre pandemic. Prices domestically and beyond Europe are lower by as much as half, although this is rising steadily from 2020 where they were as much as a tenth of 2019 levels in major cities.



The key booking behaviours are:

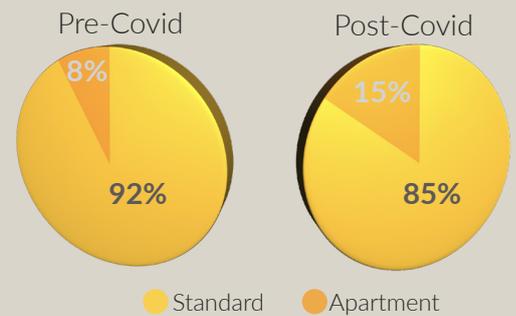
- Booking hotels via the travel management company when arranging overnight air travel (referred to as hotel attachment rate) is up from 1 in 3, to 1 in every 2 bookings.
- The average length of stay has also increased from 1.8 days to 5 nights, as travellers are making trips less often but for longer which mirrors the 150% increase in apartment hotels.



AVERAGE DAILY ROOM RATE £



ROOM TYPE



HOTEL ATTACHMENT TO AIR BOOKINGS



All figures shown are based on a pre and post Covid comparison.

AIR

Air bookings are currently -84% down on pre pandemic levels.

The comparative slower rate of recovery in air travel to date compared to other travel segments can be contributed mostly to border restrictions stunting international travel.

As restrictions ease in Domestic and European markets, we have witnessed price increases of between 8-23% in the period between March and September, however, this was mostly leisure driven demand and prices between August and September dipped by -8% as the holiday season closed.



The key booking behaviours are:

- Despite the comparatively low volume, the demographic market share in all forms of air travel has been long haul (up 84%), indicative of a shift towards ground transportation where available in Domestic and European markets.
- The class of air travel is on the decrease with premium classes all down in terms of market share mix. This likely a result of the greater number of cost focused industries travelling presently i.e. manufacturing, shipping and utilities are all less than -20% on pre-pandemic levels, compared to -75% average in service industries
- Advance purchase for international trips is 45% down to 6 days and cancellations are still up by nearly a half on 2019 as border restrictions to key long haul markets such as LATAM and APAC regions continue to fluctuate.

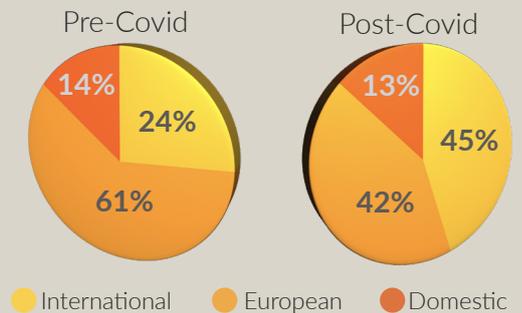
TRANSACTIONS



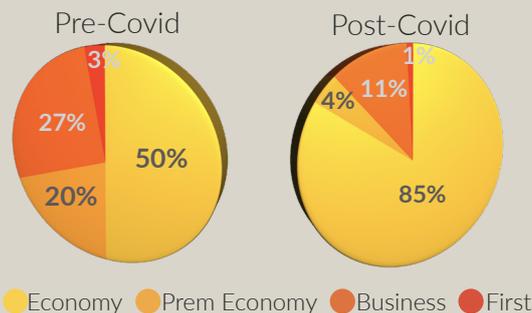
ADVANCE PURCHASE



GEOGRAPHIC MARKET SHARE OF FLIGHTS



CABIN CLASS % IN INTERNATIONAL FLIGHTS



AVERAGE TICKET PRICE £



All figures shown are based on a pre and post Covid comparison.

RAIL

Perhaps surprisingly, given the increase in domestic travel and corporate strategy driving a push towards sustainability, bookings in rail are still just a fifth of pre-pandemic levels.

This can be attributed to a preference towards car travel for safety and convenience (from the better rail served city centre office locations, to more rural home settings). The slow recovery in corporate travel has meant that demand in the first-class cabin is low and therefore, pricing has dropped by -13% through heavily discounted promotions.



The key booking behaviours are:

- Advance purchase is down 38% to five days but up from 2 days in June. An indication that trips are less reactive and more strategically planned.
- As a safety net, clients are seeking flexibility by booking far more anytime tickets than fixed (up 78%), this trend if continued, will likely see a spike in prices when demand increases in 2022.

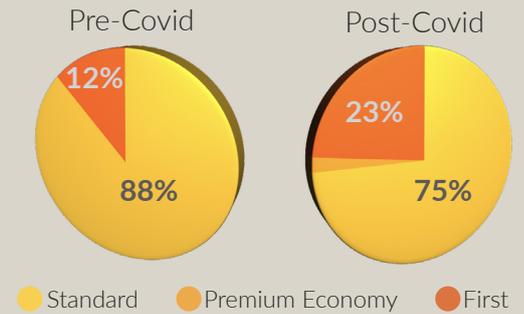
TRANSACTIONS



ADVANCE PURCHASE



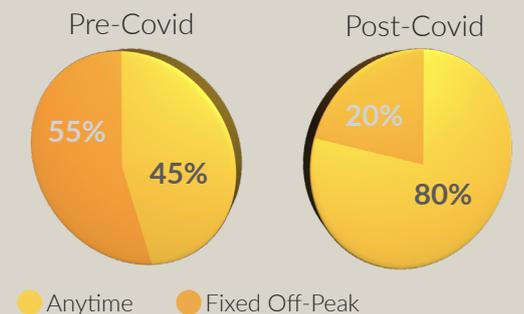
MARKET SHARE OF CABIN CLASS



AVERAGE PRICE £



MARKET SHARE OF TICKET TYPES



All figures shown are based on a pre and post Covid comparison.

CAR RENTAL

Car hire has shown the fastest rate of recovery for the reasons outlined in the rail section.

In fact, car hire demand is at a level outstripping supply in several US and mainland European markets. This is a result of car rental suppliers shedding fleets during lockdown to save on costs and now struggling to secure vehicles due to a shortage in manufacturing.

The shortage in availability has seen an increase in price of 38% on average, with prices in Denver and Washington US reported to 400% higher than pre-pandemic levels.

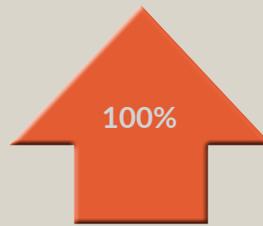
The key booking behaviours are:

- The number of car rental bookings selected at the same time as air booking has double as travellers seek to avoid turning up at airports without a secure booking.
- The average length of trip has doubled to 4 days as a result of several clients recommending travellers hold onto their vehicle from outbound trip right through to return, when the total cost is still lower than taxis, rather attempting to secure two separate bookings. This is to ensure they secure their vehicle.
- The category class of cars selected has risen with Executive ranges up 24%, compared to standard vehicles; mostly as a result of the lack of availability in standard vehicles during the peak leisure period. These supply shortages are not expected to ease until 2022.

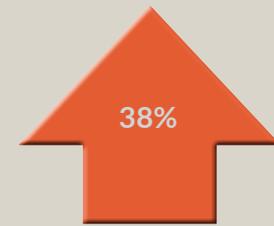
TRANSACTIONS



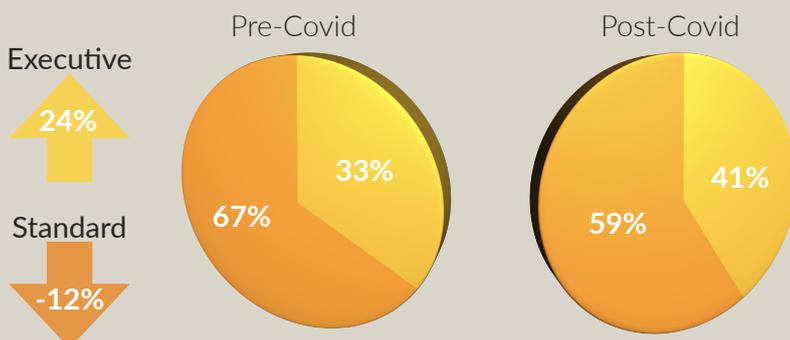
LENGTH OF BOOKING



AVERAGE PRICE



CLASS OF CAR



CAR HIRE ATTACHMENT TO AIR BOOKINGS



All figures shown are based on a pre and post Covid comparison.

SUMMARY & RECOMMENDATIONS

TRENDS IN THE BUSINESS TRAVEL SECTOR

THE HEAVY DISCOUNTS FROM SUPPLIERS CAUSED BY UNPRECEDENT DROP IN DEMAND IS BEING REPLACED BY REDUCED SUPPLY AND INCREASED PRICING. IT IS IMPERATIVE TRAVEL MANAGERS PLAN NOW TO NAVIGATE SUCCESSFULLY AND EFFICIENTLY THROUGH THESE INITIAL POST PANDEMIC TIMES.

Corporate strategy has seen a relaxing of travel bans triggering an inevitable steep rise in business trips as organisations seek to gain a competitive advantage.

The total cost of trips was lower in the last 6 months than pre-pandemic levels as travel providers with fixed supply i.e. hotels and rail, heavily discounted to cover costs. This report, however, witnessed steep increases in areas where suppliers were able to adjust to demand and if left unchecked, travel costs per trip could far exceed tightening corporate budgets.

It is our recommendation that travel managers plan accordingly now using 2019 data as a baseline. We advise the following analysis:

- Identify what is your organisations return-to-work strategy. The location of work (home, office, hybrid) will have a profound effect on the destinations and mode of transport. Map any office closures, movement of divisions to other locations and/or loss of client/suppliers.
- Establish a framework for permissible business travel. Which types of activities could be conducted remotely and what will be better placed conducted in person. As a rule of thumb, any activity which will directly impact business continuity should be classed as essential travel.
- In addition, the traveller community will likely have altered from 2019 given the high turnover of employees in most sectors. Ensure you have trained all travellers and bookers on the policy and booking platform, updating profiles with relevant passport and contact information as a minimum.
- To work towards compliance with Duty of Care legislation, we highly recommend mandating all bookings through a travel management company and ensuring your preferred supplier can facilitate traveller tracking. A good provider will seamlessly communicate any risks attributed to your itineraries during the booking workflow, such as that offered by YourTrip Cares, while also consult on policy to mitigate against risks.



- To combat rising costs, you should promote advance purchase of at least 7 days with many suppliers offering free changes if COVID19 restrictions impact the viability of the trip.
- Negotiations with suppliers should reflect any potential changes to volumes from 2019. Take care to consider that reductions in volumes may render the discount uncompetitive so request that your travel management company benchmarks your deals against their own leveraged discounts.
- Establish your employer's sustainability objectives and how this may impact your travel programme from a carbon emission and tracking basis. It is advisable to secure an offsetting partner, such as those offered by Gray Dawes Legacy, for essential trips which cannot be shifted to digital conferencing.

Business travel need not be daunting. We encourage our travel owners to grasp this opportunity to become a strategic partner of your business by linking your travel programme with the company's wider objectives. In addition, you should work closely with your travel management company to establish how best they can meet your needs through innovations implemented as a result of the pandemic.



OUR SOLUTION

OUR CONSULTANCY SERVICE IS CURRENTLY OFFERING A **GET SET** SOLUTION TO OUR CLIENTS WHERE WE REVIEW 2019 AGAINST THE BELOW CRITERIA TO ACHIEVE THE STATED AIMS AND BENEFITS:

CRITERIA	AIM	BENEFIT
Routes travelled	Review border restrictions, establish risk exposure	Compiling to border restrictions and employee duty of care legalisation (ref: ISO 31030)
Purpose of the trips	Establish strategy of what is permissible to maintain business continuity and what can be permanently transferred to digital conferencing	Efficient, cost effective travel which maintains business continuity
Who was travelling	Survey whether they are willing to travel again, whether the business feels they should continue travelling (based on health/vaccine status) and their post Brexit visa requirements	Ensuring traveller sentiment, needs and ability to return to travel is factored in decision making
Trip analysis top modes of travel	To establish availability of suppliers; post covid, cost, safety and environmental impact	Budgeting effectively in a market where costs are expected to rise steeply in 2022. Align travel with sustainability measure

Once the analysis is complete, we together, combining our industry expertise with your strategic objectives for your travel programme, will rewrite the travel policy, train approvers, design and deliver bespoke reports to track its effectiveness in reducing costs, risk exposure and your sustainability goals.

ABOUT US

MEET THE TEAM

60 YEARS OF CORPORATE TRAVEL MANAGEMENT EXPERIENCE,
DELIVERING AWARD-WINNING CONSULTANCY AND ANALYSIS TO
DRIVE BUSINESS EFFICIENCIES AND PROCESS INNOVATION



GAVIN SANDERSON

CLIENTS

A seasoned business travel professional, Gavin works closely with clients to fully understand their business to identify how and where we can add tangible value.



AMAN POURKARIMI

CONSULTING

Aman is a management consultant who specialises in assisting organisations transition to a more disciplined approach to their business travel operations.



DAVID BISHOP

COMMERCIAL

With a wealth of experience on both client and supplier sides, David provides high-level business planning to target and achieve company objectives.



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