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NEW CONNECTIONS

Three key trends shaping the future of travel and meetings
- **and how you can respond**

POWERED BY GLOBAL BUSINESS CONSULTING

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Introduction

The **value** of travel and meetings has never been more evident, more profoundly recognized.

The continued recovery we're seeing reflects a strong desire to bring people together: today many teams are dispersed and working remotely or in a hybrid environment.

We are all in the connections business: companies understand how important it is to bring their people together – to drive innovation, motivation, recognition and reward, attract and develop the best talent and support wellbeing and mental health. **People have a deep-rooted need to connect.**

But along with the resurgence of travel and meetings, **disruption management** continues to be a key capability in a volatile landscape.

The debate has shifted – there are no longer doubts about demand, now the questions are about supply.

Meanwhile this year sees a range of additional pressures from talent shortages to inflation, energy prices, geopolitical instability, and looming targets for decarbonization commitments.

In this report, the Global Business Consulting (GBC) team at American Express Global Business Travel (Amex GBT) looks at three key areas of challenge and change, and explores strategies and solutions for effective connections in 2023's travel landscape and beyond.



1 ECONOMIC UNCERTAINTY

Fasten your seatbelts...

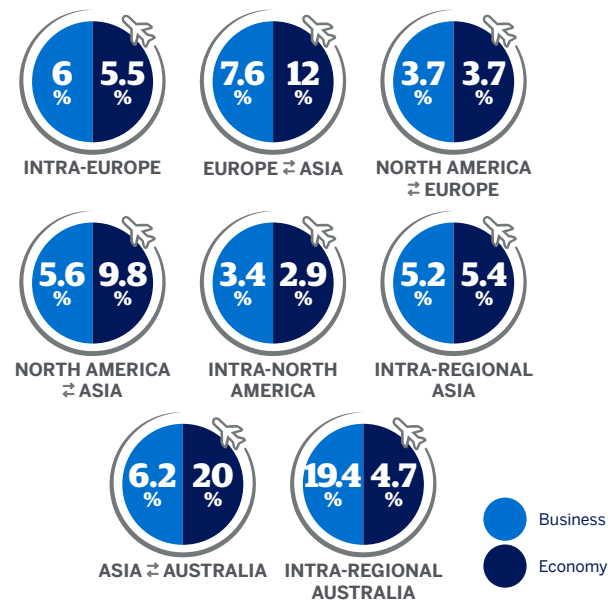
Amex GBT research forecasts a range of factors putting pressure on travel budgets this year, with prices in the top travel spend segments – air and hotel – likely to continue rising.

To successfully navigate this cost environment, it's vital to be laser-focussed on agile, flexible sourcing strategies that bring maximum value and return-on-investment to travel spend.



Air: Air Monitor 2023 by Amex GBT forecasts air fare rises across key routes around the world, driven by both macroeconomic and aviation industry factors. Inflation and energy costs are impacting across the supply chain, while more rigorous airline inventory management is pushing travelers into higher fare categories.

Air fares set to rise in 2023 – though the rate of increases will vary around the globe.



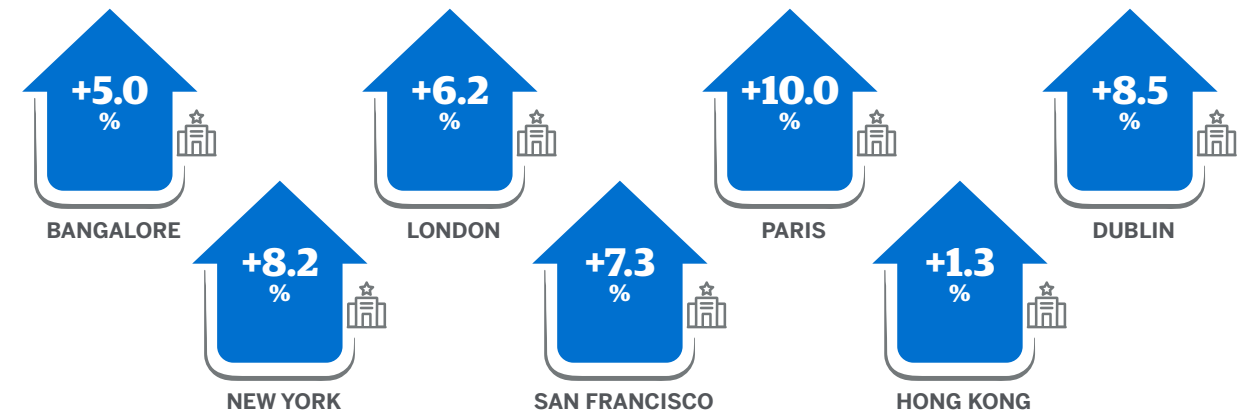
For insight into the factors driving air prices, see [Air Monitor 2023](#).

There are multiple different factors in play, with varied impact across routes, regions and points of origin, so you will need to closely manage your air spend to get the right fares at the right price.

- Use a proactive, flexible approach to program management, keeping your program under regular and frequent review to keep pace with the changing landscape.
- Your flexible program management should include looking at dynamic sourcing and identifying the best balance with traditional negotiated rates.
- Look closely at fuel (YQ/YR) surcharges. These have risen significantly over past year, but airlines don't typically report on them in quarterly business reviews. As a result, you may not see your full spend with carriers. Negotiated discounts are not applicable to surcharges, but you should insist that airlines at least recognize YQ/YR as part of your true travel spend.

Hotel: hotel prices are also moving upwards, as detailed in Amex GBT's [Hotel Prices](#) report. Although economic slowdown may temper demand somewhat, resurgent business travel is still competing with leisure demand for rooms, while the costs for staff, energy, food, and services continue to exert pressure.

Hotel rates increase in key business cities.



For price forecasts and analysis of the local, regional, and global factors shaping hotel prices, see [Hotel Prices 2023](#).

As with air fares, smart, flexible sourcing strategies are needed to manage an effective program in this turbulent climate.

- Shop around for multiple rate types – these include public rates available in the GDSs, third-party rates, and TMC-negotiated preferred partner rates.
- Re-shop technology can offer automated auditing, monitoring hotel prices and rebooking cheaper like-for-like rates as they become available.
- Deep dive into your data: look at your hotel hotspots, and where can you optimize this spend. Are your travelers staying in destinations where occupancies are very high – or in places where supply outstrips demand? Where suppliers are struggling to fill rooms, they will be keen to win your business. So, this could be where you can offer hoteliers more volume in exchange for favorable rates and terms in your hotspots.
- Can you work with internal stakeholders to drive groups and small meetings business to preferred transient properties? If so, ask those hotels to demonstrate partnership in return – for example with favorable pricing on meetings packages. Look for opportunities like this to expand your supplier relationships.

2 THE NEW WORLD OF WORK

The future is now: the modern workforce

Teams today are increasingly dispersed, hybrid, remote, and fluid. And how people interact is a key component of their success – in terms of wellbeing, productivity, motivation, personal and career development.

The future of work has arrived. Research by Amex GBT has found that half of companies have already adopted hybrid or remote working.¹ And many employees welcome the opportunity to work from home, saying it gives them a better work-life balance and helps them get more work done.²

Travel is about connecting. Increasingly, we are seeing it playing a central role in creating opportunities to bring colleagues together, to nurture company culture and build social capital.³

We know from surveying meetings planners for the [2023 Global M&E Forecast](#) that:

- Internal meetings are expected to be fastest growing meeting category in 2023 across all regions – for the second year in a row.⁴
- Companies are investing in their internal meeting experiences: adding overnight stays (45%), organizing offsites in different cities (40%), or paying to fly their people to internal meetings (66%).⁵

At the same time as recognizing the importance of bringing people together, companies should understand that this is a stressful time for everyone as people get to grips with economic uncertainty and the fast-rising cost of living.

So what can we do to make work-life more secure and stress-free? This must be a priority for organizations who value their peoples' wellbeing – and who want to attract and retain the best people.



Recently, Amex GBT surveyed nearly 3,000 people who travel for work. They identified policy reforms that could improve their experience including the introduction of policies that would allow them to combine personal and work travel. Travelers were also interested in policy changes that would prioritize employee wellbeing, enabling travelers to 'refresh and recharge' when on the road.

The survey found that these feelgood strategies have a 'halo effect': 75% of employees said these policies would make them feel their organization cares about them – and 70% said these policies would add to their overall happiness working for their company. We separately asked employers about the potential benefits of these strategies, and their views closely aligned with employees. Both employer and employee (63%) also agreed that these strategies would make their company more competitive.

In the same survey, travelers identified the hassle of dealing with admin and expenses as a pain point. At a time when employees are worried about the cost of living, what can you do to remove stress around reconciling expenses? Are your employees effectively subsidizing your organisation by paying expenses from their own pockets because of delayed and complex reimbursement processes?

- Your travel and expense platforms and policies should be designed to make employees' lives as seamless and stress free as possible. Work closely with your travel and tech providers and your HR team to monitor and respond to traveler feedback and sentiment.
- Prioritize employee physical and mental wellbeing: the findings show that travel program owners need to closely interconnect with HR and finance leaders to create policies that are more aligned around the modern workforce and how their people interact. The goal – improved performance and organizations that are more attractive and rewarding for employees and prospective talent.

Travel policy and better workplaces.

According to Amex GBT's survey of nearly 3,000 people who travel for work, employees welcome travel policy changes that will help them find their best balance between work and life. Key reforms included:

- The ability to combine personal and work travel.
- Allowing family members to join trips.
- Policy that prioritizes employee wellbeing by, for example, enabling travelers to 'refresh and recharge' when on the road.

The majority (75%) of employees said these policies would make them feel their organization cares about them; 70% said they would make them feel happier working for their company.

Employers also understand that policy reforms can drive business benefits; 63% of employers surveyed said the strategies described above would make their company more competitive.

3 EXECUTING ON ESG

Turning good intentions into actions



Many companies are committing to reduce their negative environmental impacts; more than 4,000 have now set some kind of formal emission reduction target. The number of companies committing to targets rose by 60% since March 2022.⁶

2023 is the year companies will have to start delivering on our ESG targets – turning words into actions. The clock is ticking. Every day brings them closer to the targets they’ve set themselves – if they made a pledge to reduce emissions by 2030, that’s now less than seven years away.

More and more companies are setting formal emission reduction targets⁷

COMPANIES
COMMITTING
TO ACT
RISES BY
60%
IN TEN
MONTHS



1,226 with science based targets



2,080 with science based targets

But a lot of companies have not even started on this journey. Recent research by GBC among travel and procurement managers found more than half (57%) have not yet defined a comprehensive sustainability strategy.⁸

The commitments that organizations make on corporate responsibility are being scrutinized – not least by employees and prospective candidates. Surveys show employees are more likely to work for companies with strong environmental policies,⁹ and find that concerns around ESG (environmental, social and governance) issues are more prevalent among younger employees. One survey last year found almost half of 18-34-year-olds would look for a new role if they thought their employer was not living up to its ESG promises.¹⁰

So how can you start executing on your ESG priorities in the coming months?

Sustainability will be an obvious priority for travel teams; our industry continues to make progress on initiatives that can help you reduce the environmental footprint of your travel program.

- Understand your opportunities to reduce carbon emissions. GBC’s Green Compass consulting solutions help you identify and assess where you can make changes in your program to drive down greenhouse gas emissions.
- Sustainable aviation fuel (SAF) can deliver meaningful cuts in emissions from aviation – of up to 80%.¹¹ In 2022, we launched a SAF pilot program with Shell Aviation aimed at driving up SAF production. Signing up for the pilot gives you access to Avelia, a blockchain-powered book-and-claim platform developed by Shell and Accenture. Book-and-claim allows travelers to pay for SAF, and claim the benefits, even if SAF is not available at their departure airport.

Sustainability is just one part of ESG. The travel program is in prime position to drive diversity and inclusion initiatives that will help your company achieve its wider objectives.

- **Inclusivity:** do your employees have equal opportunities to travel and meet? For example, colleagues with disabilities?
- **Diversity:** does your supply base include minority-owned businesses?

When it comes to meaningful travel, we find that economic and environmental perspectives are aligned: travel and meetings that do not meet value and purpose criteria are – literally and figuratively – unsustainable. From either perspective, they’re bad for business.

Organizations can work across all functions to align on making this a cornerstone of strategy and policymaking. Over time, new ROI metrics will be needed that can capture purpose, value, and outcomes, as well as factor in elements such as environmental impacts.

In summary

As the role and scope of travel and meetings expands and becomes more central to the modern workforce, the whole concept is becoming more holistic: today's approach is increasingly about mobility, interaction, and how people connect.

With this comes the need for new ways of measuring value and performance. These encompass sustainability, inclusivity, resilience, nurturing and developing talent, and building social capital – the bedrock of the networks and the relationships that are key to success.

Acknowledgements

References

About Global Business Consulting

Global Business Consulting (GBC) is the consulting arm of Amex GBT. Our global team of professionals works with clients to help them navigate the constantly evolving global travel industry.

About American Express Global Business Travel

American Express Global Business Travel (Amex GBT) is the world's leading B2B travel platform, providing software and services to manage travel, expenses, and meetings and events for companies of all sizes. We have built the most valuable marketplace in B2B travel to deliver unrivaled choice, value, and experiences. With travel professionals in more than 140 countries, our customers and travelers enjoy the powerful backing of American Express Global Business Travel.

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- 1 Amex GBT Meetings & Events. Global Forecast 2023. November 2022.
- 2 Is hybrid working here to stay? Office for National Statistics. May 23, 2022.
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