



Understanding the benefits of business travel and in-person meetings

Commissioned by

BTA
— BUSINESS TRAVEL —
ASSOCIATION



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Foreword Business Travel Association

Dear Reader,

On behalf of myself and the Business Travel Association (BTA), I am delighted to present this economic report, prepared with the Confederation of British Industry's (CBI) Economics team. The CBI was chosen as our partner for its outstanding reputation representing the voice of UK business, providing unique access to a diverse range of companies that form the backbone of the UK economy.

With post-pandemic economic recovery well underway, we were keen to understand the importance for businesses to resume in-person meetings, balanced with hybrid working.

Anecdotal evidence suggested that workers limit their work-from-home set-up arrangements in favour of in-person meetings. We wanted to test this trend and understand how businesses felt about the positive implications of face-face contact.

The findings highlight that the demand for in-person collaboration is an important economic catalyst. Equally, it reinforces the vital role that the BTA plays in helping the UK economy grow.

Specialist research allows us to understand, using a gross value added (GVA) calculation, the value that business travel brings to the UK. The CBI now estimates this value is close to £30bn a year, driving the UK's economic success and gross domestic product (GDP) growth.

I am delighted to present the CBI's findings and highlight the value of the holistic network of the business travel industry, from air hostesses, to train drivers, representatives and travel buyers.

TMCs fiercely adapt to the needs of the industry and this report will assist their evolution, thus enabling development of their contributions to travellers, across sustainable routes or multi-modal offers.

This report spearheads conversations surrounding the importance of travelling for work, trends and the value of in-person collaboration. By reflecting on this feedback, we can adapt, plan for the future and continue to fuel the UK economy.



Clive Wratten

CEO of the Business Travel Association



Foreword CBI Economics

Before Covid-19 became a word in everybody's vocabulary, it was a given that individuals would travel for work to meet with prospective clients, attend a conference or negotiate a deal with a supplier. However, with the pandemic paving the way for hybrid working, the role of business travel in this new working world had not been considered.

To fill this evidence gap, CBI Economics was commissioned by the Business Travel Association (BTA) to explore the economic benefits of travelling for work for both businesses and the UK economy.

By combining a survey of business leaders across the UK with the CBI Economics in-house economic contributions model, the economic benefits associated with spending by business travellers were able to be quantified alongside light brought to the intangible benefits of meeting in-person.

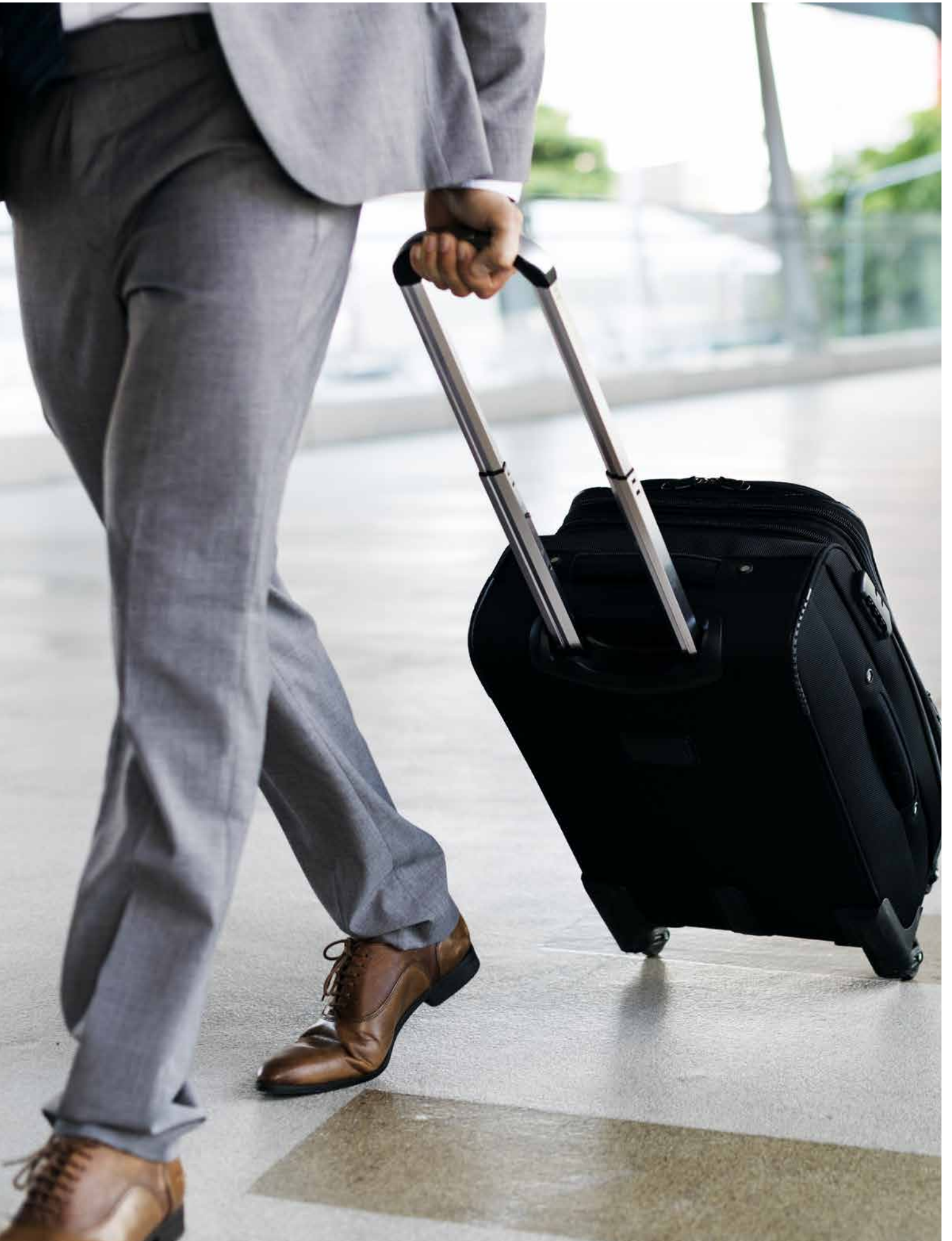
As this report highlights, travel is a key part of many businesses' operations for a range of reasons. Business travel is inherent to certain job roles, such as visiting construction sites or research facilities, while face-to-face meetings to broker a sale or establish investment, make use of the instant and unconscious language cues to foster trust and deeper relationships.

While advances in videoconferencing provide businesses with flexibility to communicate easily with individuals across vast distances and almost instantaneously, they do not replace the value generated from in-person meetings and business travel.



Mohammad Jamei
Director of CBI Economics





Executive Summary

CBI Economics was commissioned by the Business Travel Association (BTA) to evidence the economic benefits of domestic and international business travel, as well as the value of meeting in-person for both businesses.

For the purposes of this study, **business travel or 'travelling for work'** is defined as a journey specifically taken for work purposes, not including daily commutes, leisure trips or holidays. A business may undertake travel for reasons such as: attending a conference; visiting a construction site (including offshore); negotiating with suppliers; merchant shipping; professional sport; meeting with clients or prospective clients; or industry networking.

It is widely agreed that the Covid-19 pandemic paved a way for hybrid working. However, as suggested in a previous CBI Economics study of UK businesses, collaboration and innovation in an organisation are more effective through in-person working than virtual.¹ So as businesses adjust to the new hybrid world, there is potential for an overcorrection if businesses shift to mostly, or entirely virtual working models, which could stifle innovation or relationship building.

This report explores the role and value of in-person meetings and business travel, in the post-pandemic, hybrid-working world.

Business travel expenditure contributed £27.5 billion in gross value added² (GVA) and 283,500 full-time equivalent (FTE) jobs to the UK economy in 2022. From this, £10.4 billion GVA and 79,900 FTE jobs were a result of the initial expenditure of businesses organising travel through travel management companies (TMCs).

The business travel sector sees a close relationship with hotel providers, restaurants, transport services and other travel agency services. In terms of jobs directly supported, the largest number is in hotel and restaurant services (27,600 FTE jobs) followed by air transport (9,700 FTE jobs).

Whether a business is small, medium or large, almost all have travelled for work purposes in the past year. Respondents were more likely to travel domestically than internationally, with domestic travel considered a key part of the day-to-day operations of a business, more frequently than international travel.

Given employees in sales and marketing roles travelled the most on a daily and weekly basis, it follows that the most common reason for both domestic and international travel was to visit existing or potential clients. The second most popular reason was to attend conferences, exhibitions, or trade shows, utilising the benefits of meeting in-person, to build relationships and share knowledge.

Across the UK, most domestic business travel is done so by car. However, within London, public transport³ is the clear frontrunner, likely driven by the reliance of the London population on public transport or the likelihood of congestion on roads. On the other hand, businesses in the regions are deterred from the use of rail due to the prospect of a poor travel experience, according to businesses surveyed.

While businesses agreed that virtual meetings are a viable substitute, they do not replace the need for in-person meetings. Businesses were the most indifferent between in-person or virtual meetings for those that involve presentations, training and development, or team updates. The key preference of being face-to-face was found to be for the meeting types where communication, employee wellbeing, and developing relationships were involved: client or stakeholder meetings; conferences; recruitment; and time with the line manager. Virtual meetings were not considered a substitute for these, or where a physical task is required, such as on a construction site or at a research facility.

Another key consideration for whether to travel was the cost. With inflation and rising operational costs creating a more challenging economic situation for businesses, the cost of travelling could continue to be a limiting factor for businesses.

The impact on the environment was considered the fourth most important factor for limiting both domestic and international business. With climate change and the need to decarbonise ever increasingly on the agenda, this will become a greater consideration in the future. Therefore, to ensure the benefits of travel are still realised, the need for sustainable alternatives to transport is imperative.

Many of the findings from this report tell a clear and consistent narrative. Virtual meetings can provide a 'viable substitute' for the practicalities of communicating with people in real-time. However, they do not replace the relationships made, trust built, and bonds created, from meeting face-to-face.

Introduction

The Covid-19 pandemic led to a shift in the way business is conducted. For an extended period of time, employees were unable to travel or meet face-to-face, instead becoming entirely reliant on virtual meeting platforms, with business conducted exclusively by phone, email, or instant messages. While the restrictions from health measures related to Covid-19 have been lifted, business operations have largely shifted to a hybrid world.

As suggested in a previous CBI Economics study of UK businesses, collaboration within teams and networks, and innovation in an organisation, are more effective through in-person working, than virtual.⁴ As businesses adjust to the new hybrid world, there is potential for an overcorrection if businesses shift to mostly, or entirely virtual, working models.

Business travel has been found to facilitate economic growth through building relationships, encouraging investment, and strengthening international trade flows.⁵ However, there is limited recent evidence from businesses themselves on the importance of business travel as part of this. In particular, the intangible benefits of visiting colleagues, clients, or suppliers across the UK and abroad.

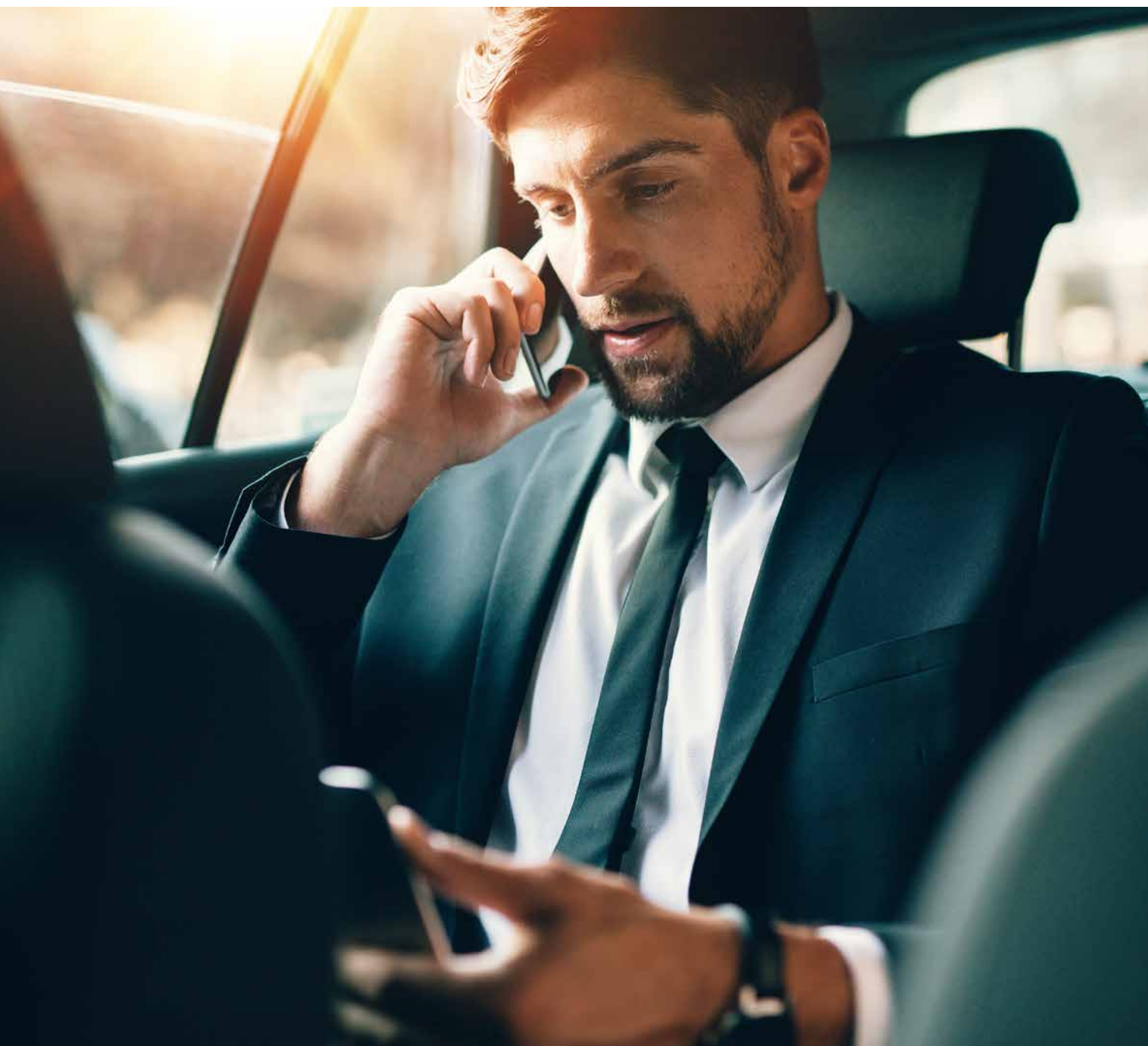
Through a survey of 475 business leaders across all sectors of the UK economy, this report builds a picture of the profile of business travellers in the new hybrid model, the reasons for travel and the benefits to their business.

These wider benefits are supplemented with an estimate of the economic contribution of the business travel sector to the UK economy, generated by spending on business travel, including on transport, accommodation, and dining, through the activity of travel management companies. The total economic contribution is estimated, capturing not only the initial impacts of this expenditure, but also the value created through the supply chain and the spending of employees. Taken together, this report builds a holistic picture of the economic benefits of the business travel industry.

Through the findings of the survey and economic contribution analysis, this research re-affirms the role that business travel has to play in a post-pandemic world, contributing £27.5 billion in gross value added (GVA)⁶ to the UK economy and supporting 283,500 full-time equivalent (FTE) jobs.

The remainder of this report sets out the different ways in which UK business travel contributes to the economy. It is structured as follows:

- Chapter 1 presents the economic contribution of business travel expenditure in terms of employment and gross value added (GVA).
- Chapter 2 demonstrates the value generated by business travel and in-person meetings.



Economic contribution of business travel expenditure to the UK economy

This section presents the estimated economic contribution of business travel expenditure to the UK economy. For the purposes of this study, business travel is a subset of travel and tourism, whereby employees travel domestically and/or internationally, as part of their job. It does not include day-to-day commuting or travel for leisure. Reasons for this travel may include meetings with clients, site visits, visiting other company offices or attending conferences.

To understand the full contribution of business travel expenditure, it is important to look at its relationship with the wider economy, in terms of the knock-on effects the initial activity has. The initial activity is the expenditure of businesses from organising business trips through travel management companies (TMCs).⁷ To facilitate these business trips, inputs need to be sourced through the supply chain, such as airlines, restaurants, or hotels. The activity of the wider supply chain is also considered, in addition to the spending of employees of the TMCs.

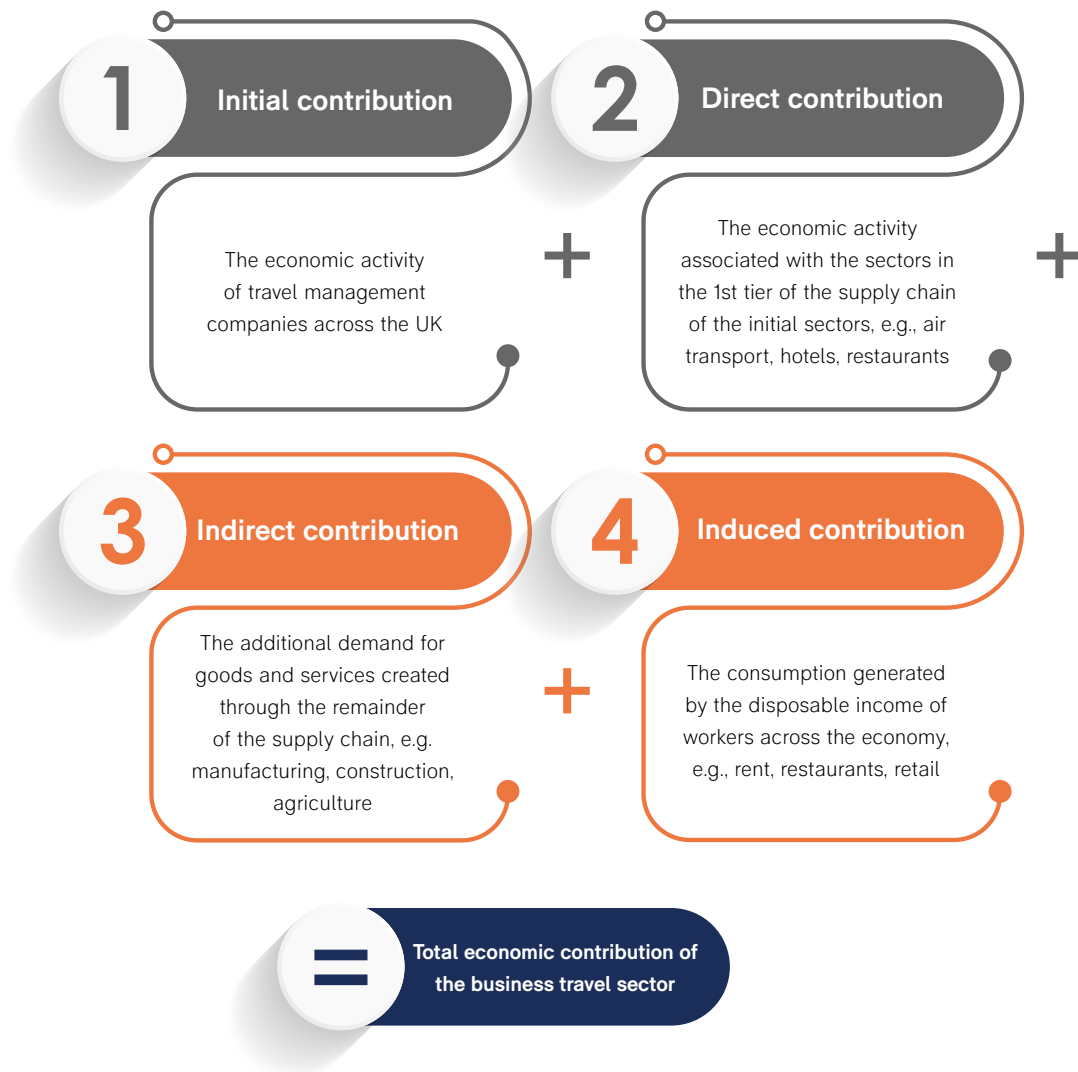
More information regarding the components of the total economic contribution is outlined in Annex 2.

Figure 1 Total economic contribution calculation



Source: CBI Economics

Figure 2 Total economic contribution of the business travel sector to the UK economy

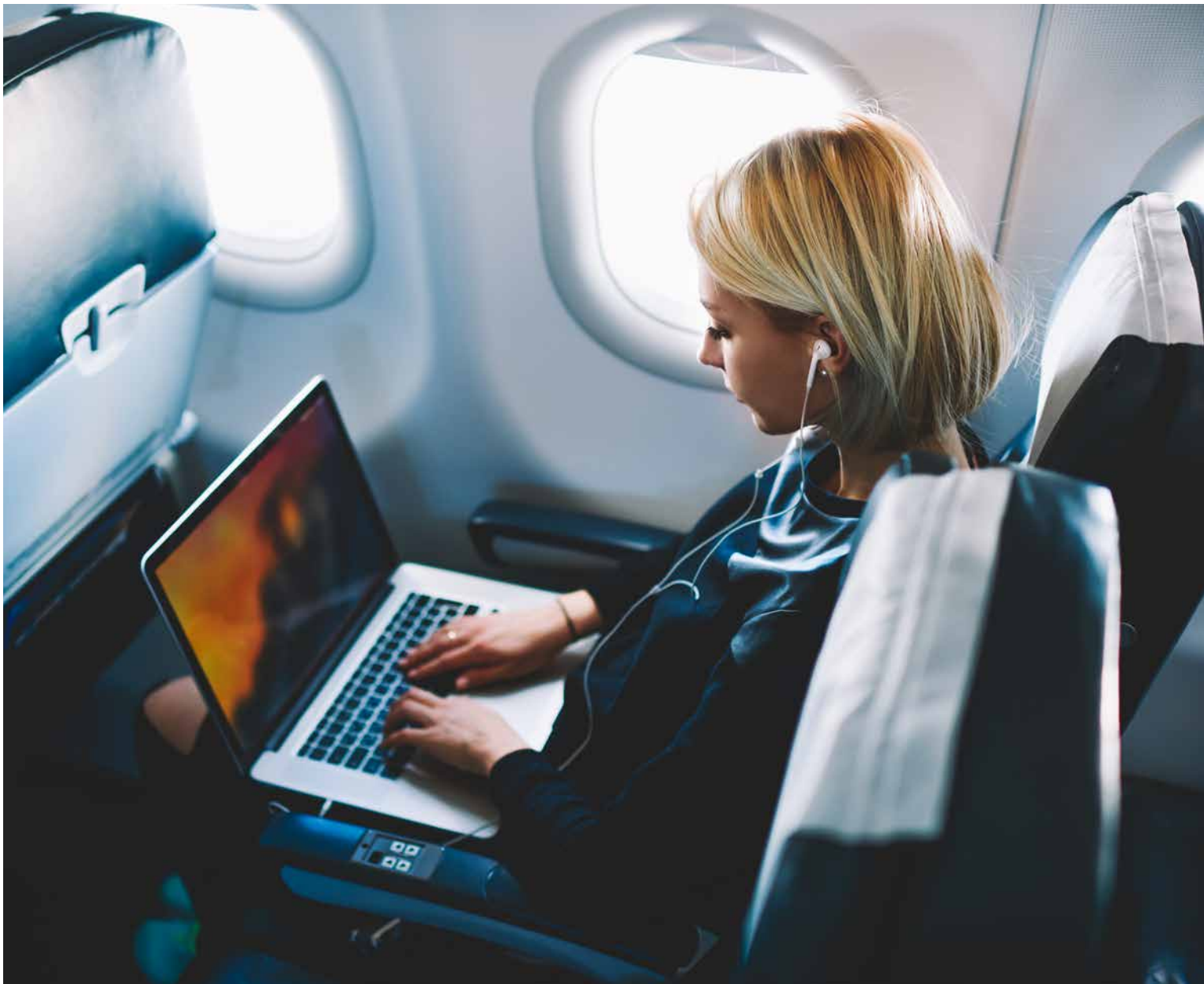


Source: CBI Economics

Note: GVA refers to Gross Value Added, representing the income generated by travel management companies in the UK which can be re-spent or re-invested throughout the economy, creating additional value. FTE jobs refers to full-time equivalent employees.

In 2022, the business travel sector contributed £10.4 billion GVA to the UK economy and supported 79,900 full-time equivalent (FTE) jobs through its direct activities.

Business travel is a key contributor to the UK economy, generating £10.4 billion in GVA from its direct activities. This represents 0.5% of the UK GVA and is around the same size as the information service activities sector or the sports and recreation activities sector. In terms of jobs, business travel supports 79,900 full-time equivalent (FTE) jobs.⁸ Using GVA per FTE job as an indicator of labour productivity, the business travel sector sees labour productivity of £130,200 per job, which is above double the 2020 UK average of £60,200 (2022 prices).⁹ Another study similarly found labour productivity to be higher in air transport services than the UK average, with each employee generating £84,000 in GVA annually.¹⁰ The study suggests the reason for the higher productivity is down to the investment and use of automation.



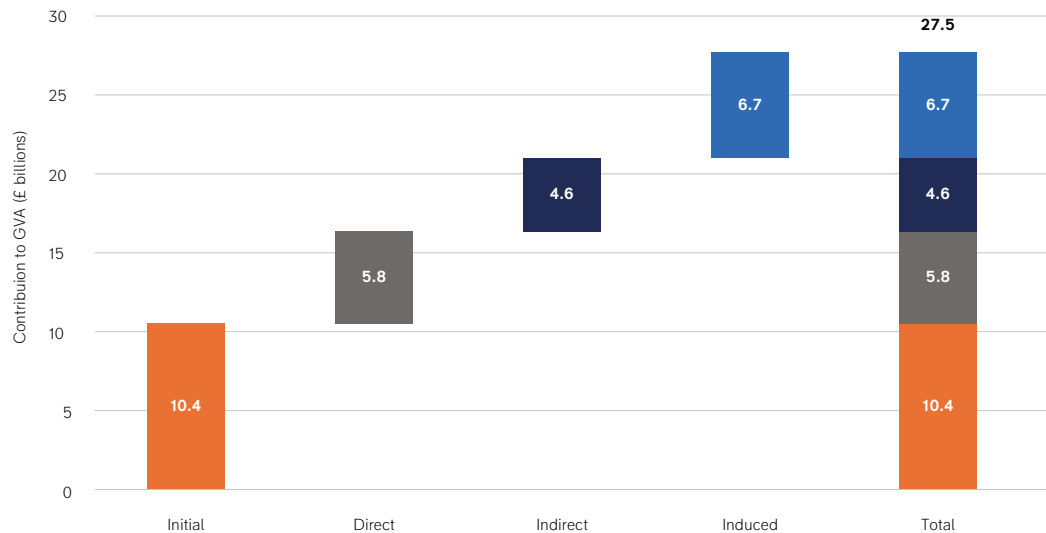
In addition, wider business travel activity contributed £17.1 billion GVA and 203,700 FTE jobs to the UK economy.

The business travel sector is heavily integrated with the wider economy. Not only existing as a dedicated sector in itself, but the sector is also highly integrated with other passenger and leisure travel sectors, as well as all of the industries which support this activity, such as accommodation, catering and concierge services. This creates a complex and wide-reaching supply chain. As shown in **Figure 3**, the direct supply chain sees around 20% of the total economic contribution (£5.8 billion in GVA and 78,000 FTE jobs), with a little less flowing to the indirect supply chain (£4.6 billion in GVA and 57,600 FTE jobs).

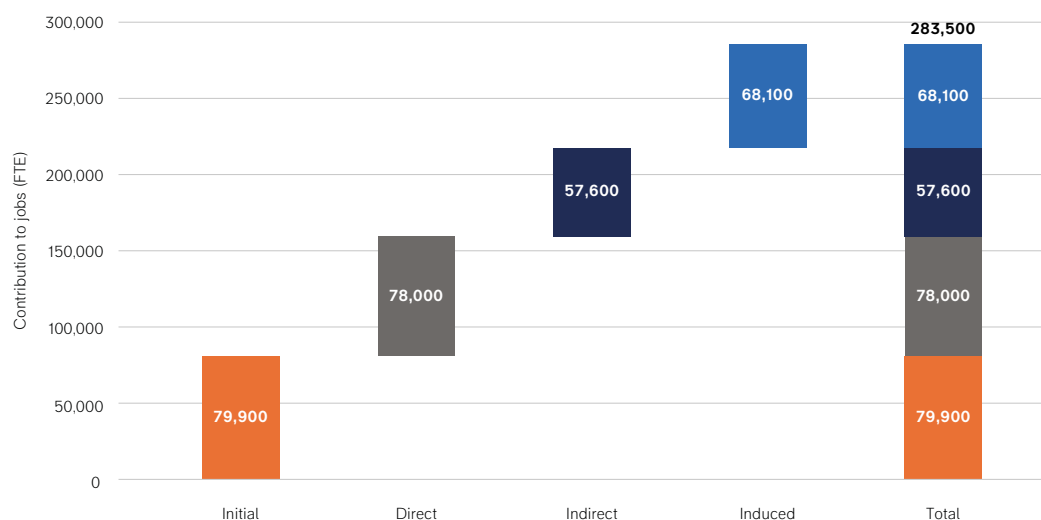
Additionally, with the sector supporting nearly 79,900 employees itself, there is additional value created throughout the economy, as a result of the spending and tax contribution of these individuals. This induced impact represents £6.7 billion GVA and 68,100 FTE jobs.

In total, the estimated contribution to the UK economy is £27.5 billion in GVA, which is around 1.3% of the UK and 283,500 FTE jobs.

Figure 3 Business travel sector contribution to UK GVA in 2022 (£ billions, 2022 prices)



Source: CBI Economics

Figure 4 Business travel sector contribution to UK FTE jobs in 2022

Source: CBI Economics

27,600 jobs in the hotel and restaurant service sector are supported by business travel through the direct supply chain

The business travel sector sees a close relationship with hotel providers, restaurants, transport services and other travel agency services. In terms of jobs directly supported by the business sector, the largest number is in hotel and restaurant services at 27,600 FTE jobs. This is followed by air transport at nearly 9,700 FTE jobs and the wider travel agency sector (which TMCs sit within) where 8,600 FTE jobs are supported. This relationship with the air transport sector is in line with the survey findings, where air travel is the most frequent mode of transport for international travel. In addition, given that business travel often includes expenses such as hotels and dining, it is expected that this would also be closely linked.

The greatest GVA contribution is to travel agency services, which sees 980 million, followed by hotel providers and restaurants, where there is £940 million in GVA. Business travel leads to £700 million in GVA in the air transport sector.

Through spending of their wages, employees within the business travel sector closely support the retail industry (in terms of 12,600 jobs and £590 million GVA) followed by hotels and restaurants (9,000 jobs and £310 million GVA).¹¹

In addition to this contribution driven by the expenditure, business travel further generates value to the UK economy in the form of the sales agreed, investment created, and knowledge transferred.¹² A previous survey of executives found that nearly a third of their businesses new sales depend on business travel. These sales add further value to the UK economy, with one study estimating that a one percent increase in business travel, increases inward foreign direct investment (FDI) by 0.3% and exports by 0.05%.¹³



Benefits of business travel and in-person meetings to economic growth

There are many benefits to business travel, such as relationship building, effective communication and knowledge sharing, that are hard to quantify. To understand how business travel and in-person meetings are impacting firm performance through such channels, CBI Economics conducted a survey of 475 businesses across the UK, supported by an in-depth literature review. From this research, CBI Economics built a comprehensive and nuanced understanding of how business travel and in-person meetings are enabling strong firm performance.

Throughout this section, firms that undertook business travel are referred to as 'business travellers', the definitions of different the types are:

- **Business travellers:** refers to firms that undertook any form of business travel in the past year.
- **Domestic business travellers:** refers only to firms that undertook domestic business travel in the past year.
- **International business travellers:** refers only to firms that undertook international business travel in the past year.

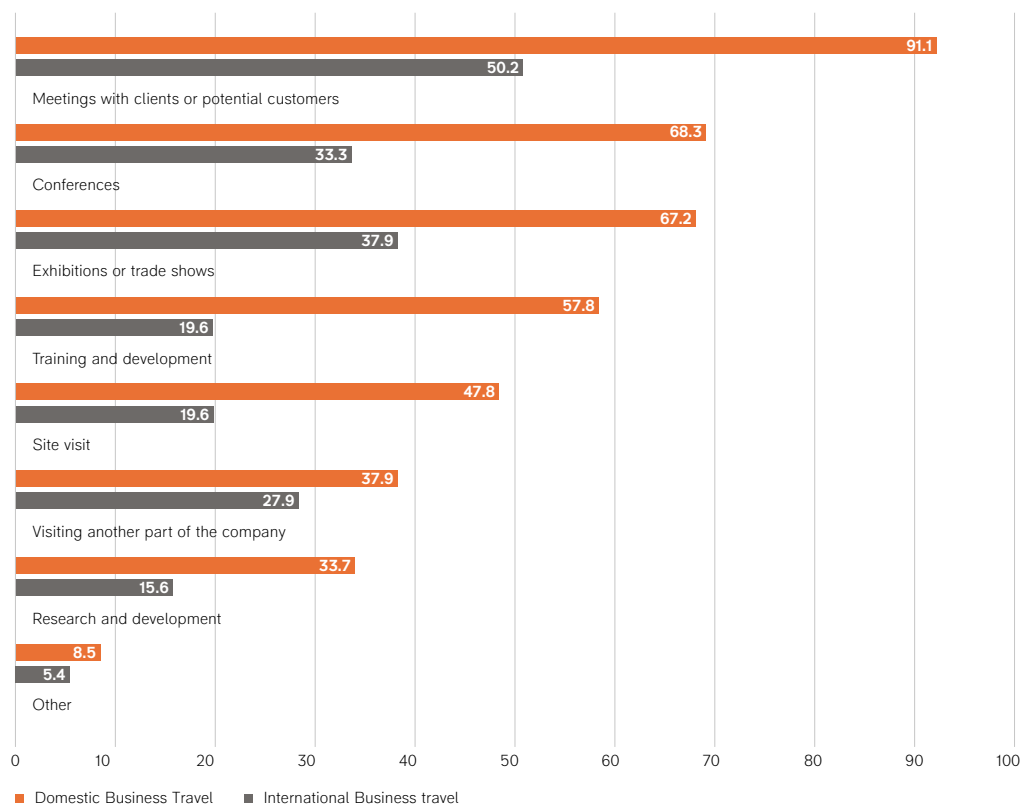
For a more in-depth breakdown of the type of business that responded to the survey please see Annex 3.

The most common reason for travel was for meetings with clients or potential clients.

Firms undertake business travel for multiple reasons. A vast majority of respondents (95%) saw at least one member of staff undertake business travel in the past year. From those firms, an average of 4 reasons were selected for why they travelled domestically and 2 reasons for their international travel.¹⁴

Business travel is common for all firms regardless of size and sector. Nearly all large firms¹⁵ (97%) and SMEs (94%) reported that they travelled for business in the past year. Large firms were found to have more reasons to undertake business travel than SMEs; selecting an average of 5 reasons to undertake domestic travel (versus 3) and 3 reasons to travel overseas (versus 1). This perhaps reflects the more complex nature and additional requirements of their businesses.

Figure 5 Reasons for Business Travel (% of all business travellers)



Source: CBI Economics

Meetings with clients or potential customers was the most common reason for travel in both domestic and international business travellers. Nearly all (91%) of domestic business travellers and half of all international travellers stated this as one of the reasons for their travel over the last year. This is in line with a BTA survey of business travel specialists, where 51% found face-to-face interaction as the number one success factor in winning new clients.¹⁶

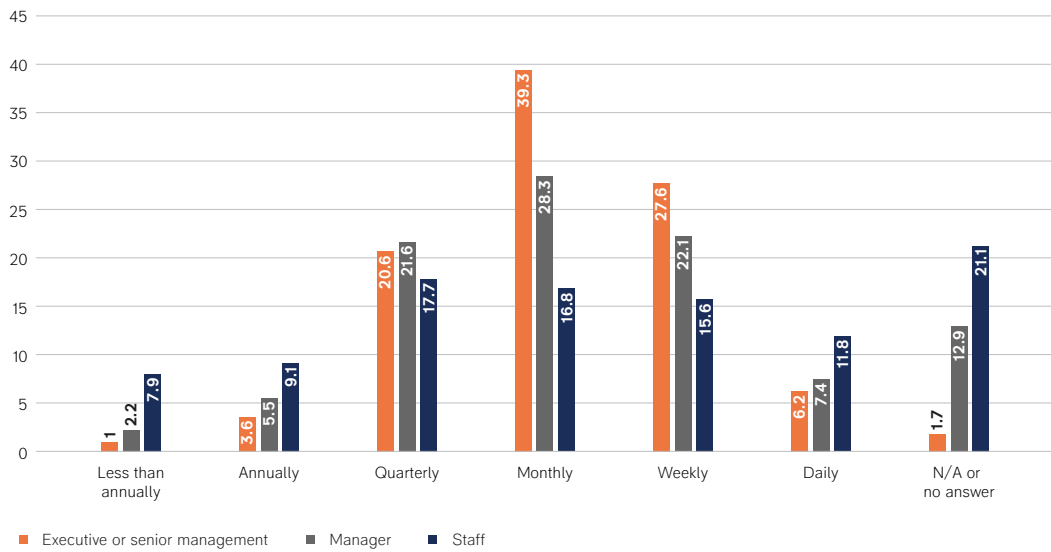
Unsurprisingly, respondents were more likely to travel domestically rather than internationally.

In the 12 months prior to this survey, nearly all business travellers travelled domestically and over two-thirds did so internationally. The increased frequency of domestic business travel compared to international can also be seen when comparing **Figures 6 and 7**.

Executives in both SMEs and large firms saw the same levels of domestic or international business travel. However, managers and staff in large firms were more likely to participate in business travel, compared to those in SMEs. Nearly all (94%) large firms reported that managers were participating in domestic business travel and three-quarters reported their staff travelled domestically. This fell to 76% for SMEs at the manager level and 59% at the staff level.

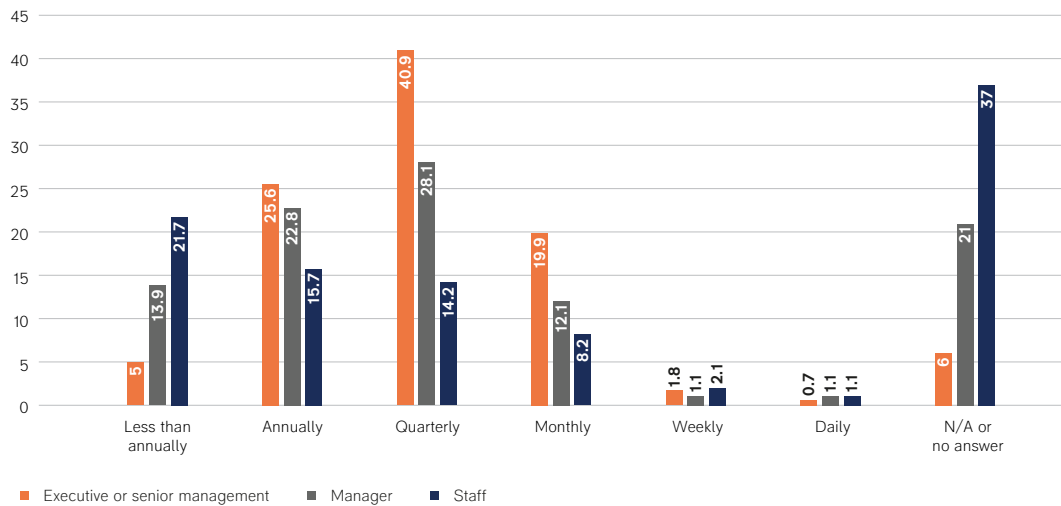
A similar trend was seen for international business travel, with 53% of large firms reporting that managers travelled internationally, falling to 39% for SMEs. Just over a third (36%) of large firms reported their staff undertook international business travel, falling to 23%, when looking at SMEs.

Figure 6 The Frequency of Domestic Business Travel Across Job Grades (% of domestic business travellers)



Source: CBI Economics

Figure 7 The Frequency of International Business Travel Across Job Grades (% of international business travellers)



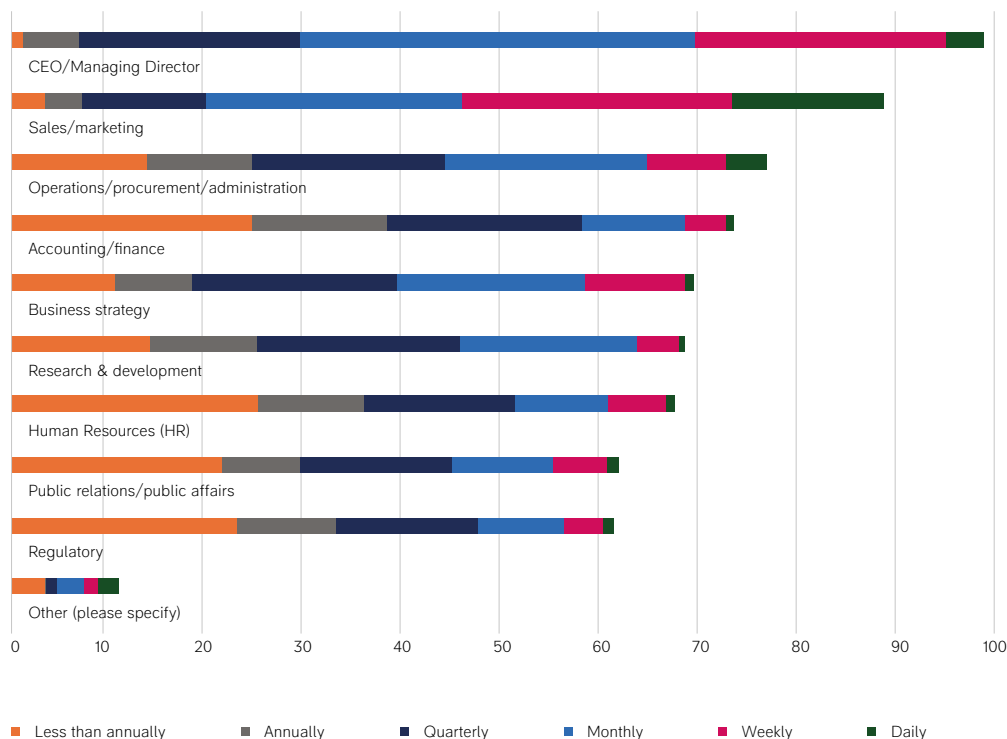
Source: CBI Economics

While more business leaders, such as CEOs and Managing Directors, undertake domestic business travel, business travellers in sales and marketing roles travel the most on a daily and weekly basis.

Around seven-in-ten domestic business travellers agreed that travel played a key role in the day-to-day running of their business, while half of the international business travellers agreed in relation to overseas travel. This is supported by research conducted by American Express, which reported 82% of firms believe that business travel played a key role in driving revenue, profitability, and growth. This research also reported that 70% of business travellers believe that it is essential to achieve business objectives.¹⁷

As highlighted in **Figure 8** below, more business leaders undertake domestic travel than other business functions. However, business travellers in sales and marketing roles undertake the most daily and weekly domestic travel, at 27% and 15% respectively. The strong presence of travel in these roles is not surprising, given the relationship between in-person meetings and sales. This is highlighted in the literature; the World Travel and Tourism Council (WTTC) found that on average, business travellers believe that they would lose 37% of annual sales without in-person meetings.¹⁸

Figure 8 Which functions within your business undertake domestic business travel as part of their day-to-day operations? (% of domestic business travellers)



Source: CBI Economics

The most common mode of transport for domestic business travel is private cars. However, within London, public transport is the most frequently used.

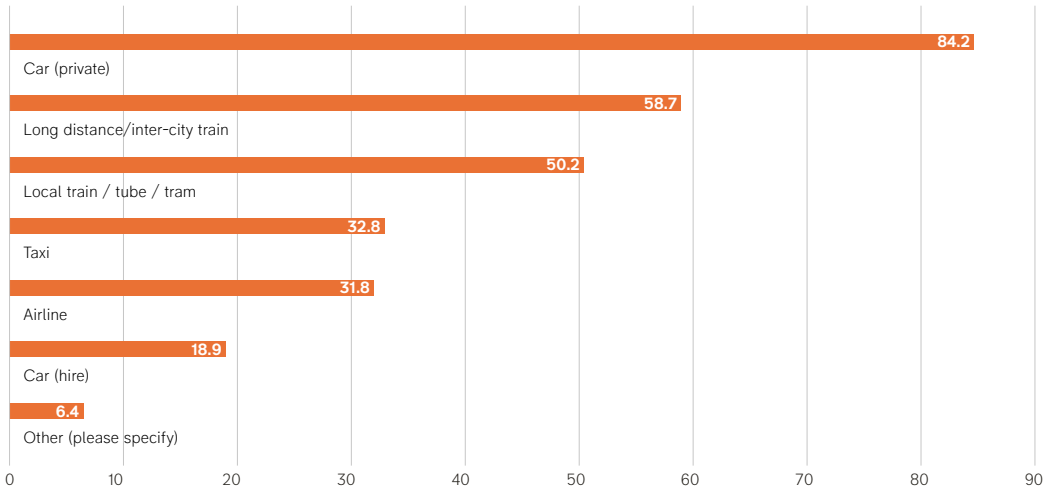
Eight-in-ten (84%) domestic business travellers used their private car last year for business travel, with only 59% using long-distance trains and 50% local trains, tubes or trams. When removing London-based firms from the results, the use of private cars increases slightly to 89% of respondents and only 54% of domestic business travellers report they use long-distance trains.

Only 59% of businesses based in London use private car for domestic business travel. Instead, three-quarters of these businesses use long-distance trains and 70% use the local train, tube and tram network. This is likely to be driven by a range of factors, such as the reliance of the London population on public transport, the impacts of congestion from car travel, and the well-established public transport network, both within London and to other regions of the UK.

The implementation of improved public travel infrastructure outside of London has long been thought of as the key to unlocking regional growth in the UK.¹⁹ This was further supported by the survey findings, with multiple follow-up responses stating that the prospect of a poor travel experience often deters investment into regions outside of London and has caused problems for business.

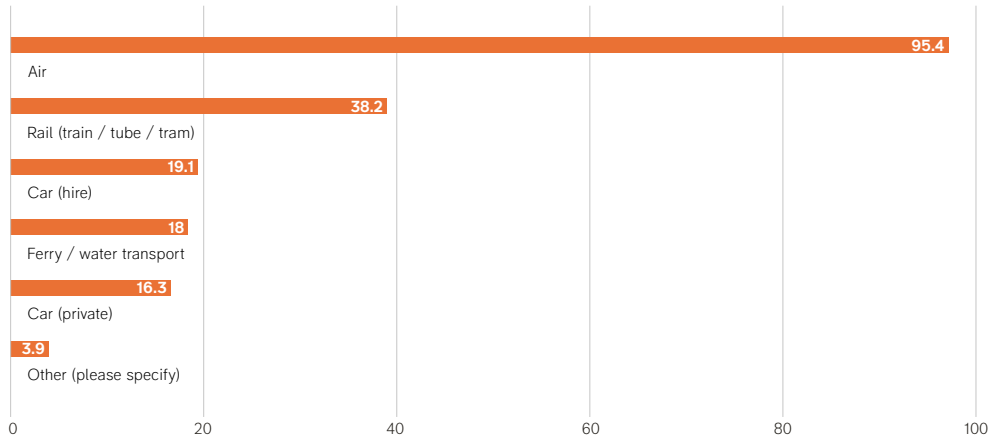
Most large firms have international travel policies (70%) in place, while SMEs were more likely to not have policies (36%). Most of these policies specified the class of travel to be used, with some allowing premium options to be used for longer journeys. The same pattern was seen amongst domestic business travellers.²⁰ These policies typically involve stipulating standard or second-class travel to be used, except for senior staff in some instances.

Figure 9 Mode of transport used for domestic business travel (% of domestic business travellers)



Source: CBI Economics

Figure 10 Mode of transport for international business travel. (% of international business travellers)



Source: CBI Economics

Note: Ferry use includes private car use.

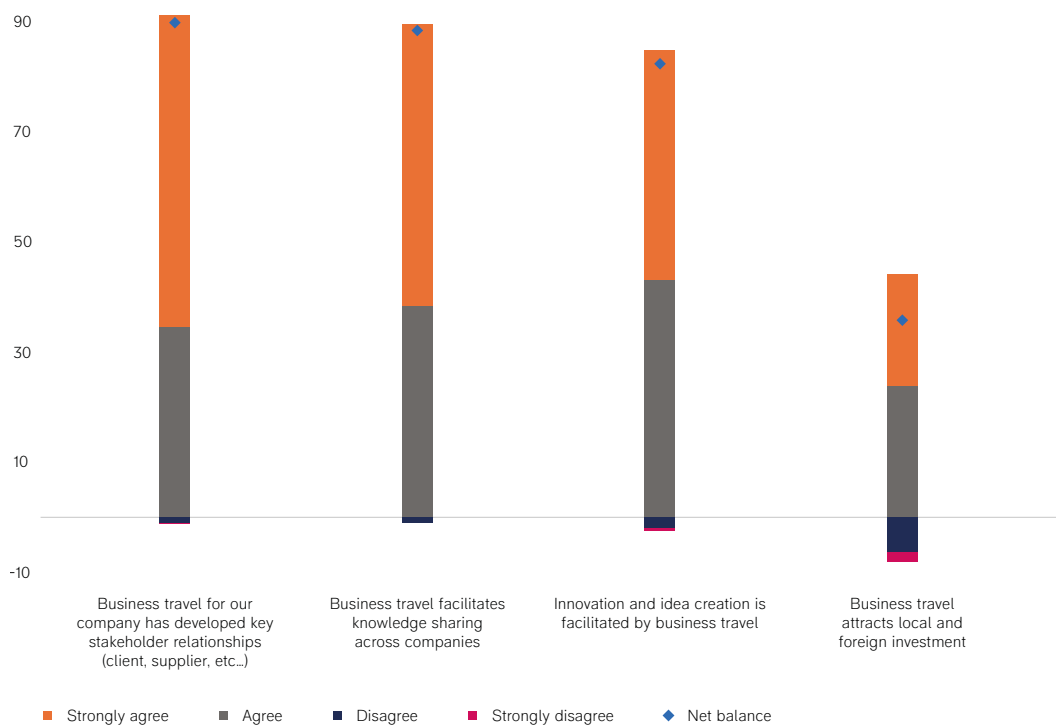
Firms strongly believe travel is key to building essential business relationships and knowledge sharing.

Deep dive: Return on investment

Firms participating in domestic and international business travel agreed that the return on investment from business travel outweighs the financial cost. A net balance of +60% of domestic and international travellers agreed with the statement.²¹ A previous study similarly highlighted that 70% of executives found business travel to be very important in increasing profits, sales, developing supplier partnerships, and spurring innovation.

This finding is corroborated by a previous US study that found, for every \$1 spent on business travel arrangements, \$12.50 is estimated to be recuperated in revenue and \$3.80 in profits. The report also found the US government could increase government worker productivity, by increasing government travel spending by \$1 million, resulting in an economic output increase of between \$4.6 million and \$6.3 million.²²

Figure 11 To what extent do you agree with the following statements in relation to business travel (either domestically or internationally)? (% of all business travellers)



Source: CBI Economics

Over nine-in-ten business travellers agreed that business travel has directly developed key stakeholder relationships, with a net balance +90% agreeing with the statement. When asked to expand further on why this was the case, firms responded with a wide range of reasons. These included a better understanding of each other's businesses and needs, stronger working relationships and more nuanced information about the stakeholder. This is aligned with a study by the World Travel and Tourism Council which found that 80% of executives surveyed at least agreed that face-to-face meetings were essential to their organisation's success and that business travel improves a firm's chance of increasing sales.²³ In addition, a 2018 survey found that the top reason for business travel by those undertaking it in the UK was meetings with clients.²⁴

Respondents also believe business travel helps firms share knowledge, which is a key driver of innovation, through the transfer of experience, skills and information new ideas and solutions are created. Around half of business travellers strongly agreed that travel facilitates knowledge sharing between firms, with a net balance of +88% agreeing with this statement. Construction firms (+76%) were slightly less likely to agree that business travel facilitates knowledge sharing than services firms (+89%) and manufacturers (+88%). This is likely given the nature of the roles involved.

Deep dive: Innovation

From this survey, a net balance of +82% of firms agreed that innovation and idea creation is facilitated by business travel. This sentiment was more likely to be agreed with by firms operating in the services or manufacturing sectors (with net balances of +82% and +83%) compared to construction firms (with a net balance of +71%).

One of the reasons business travel facilitates innovation is the exposure to new ways of thinking and cultures; travelling internationally or domestically increases exposure to these new environments. A study by Mastercard supports this, finding that business travel from countries specialising in a specific industry leads to growth in that industry in the destination country.²⁵ One respondent to the survey gave anecdotal evidence of this:

"Business travel to a different area of the country for me is always for meetings/conferences/exhibitions. Listening to individuals who are out of my usual circle of contacts mean that I hear fresh approaches... when travelling, you are exposed to different challenges, different perspectives and different personalities. All of these enhance and expand your overall business toolkit of experience. In addition, this exposure often opens the mind to new ideas."

This relationship between innovation and face-to-face contact is also explored in academic research. Brucks conducted a field experiment with 1,490 workers where they participated in an ideation workshop where pairs of workers worked either face-to-face or over a virtual medium. The pairs worked for an hour and then selected one idea to develop and present as a future product for the company. The results showed that the workers produced more ideas, and more innovative ideas, when working face-to-face. This is through the incremental ideas, trust and connection, conversation coordination and interpersonal processes from being in-person.²⁶

Firms also agreed that business travel attracts local and foreign investment, although to a lesser extent, with a net balance of +36%. Larger firms were more likely to agree with this statement with a net balance of +43%, compared to a net balance of +34% for SMEs. Respondents to the survey highlighted one of the reasons firms choose to invest is because they believe in the business or the people running it, and business travel helps facilitate that. By building stronger relationships with potential investors and showing them a desire to secure that investment, firms believe investors are more likely to invest. However, there were also a multitude of additional reasons for investment to take place or not, such as the economic environment, business cycles, timing and so forth. Therefore, it makes sense for the net balance of this statement to be lower than the others, as the relationship is harder to identify, due to the numerous other factors that apply.



It is more likely that domestic travel is considered a key part of the day-to-day running of the business, than international business travel.

Around seven-in-ten (69%) firms who participated in domestic business travel agreed that it plays a key role in the day-to-day running of their business, with a net balance of +56% agreeing with this statement. This compares to 51% of international business travellers, and a net balance +29% agreeing with the statement.

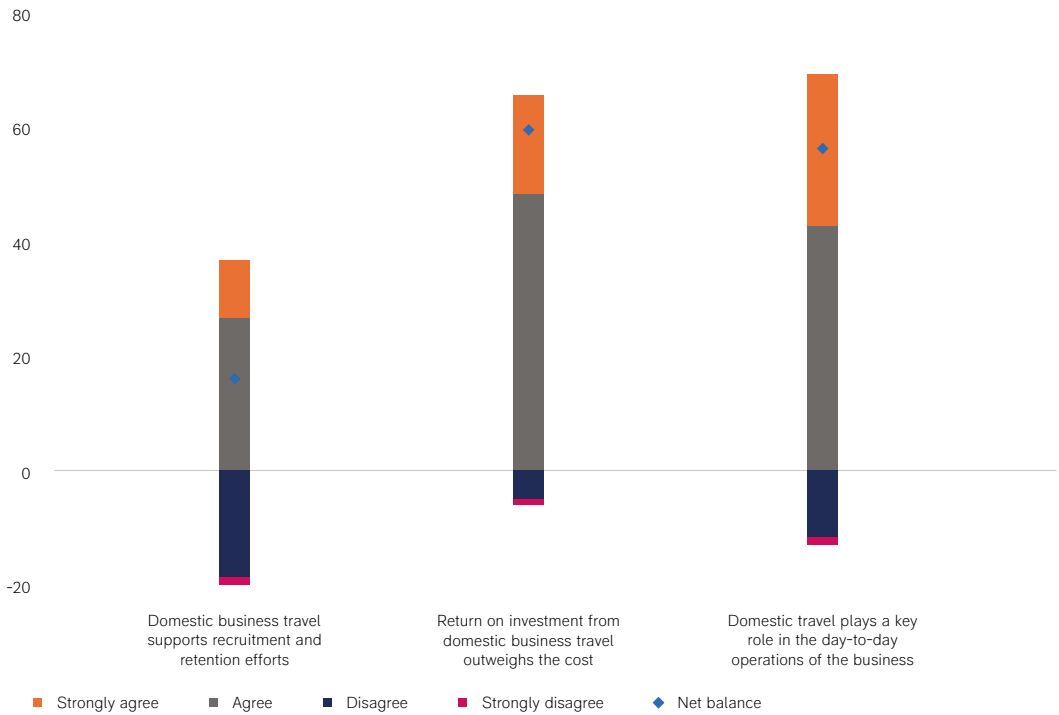
Service firms were less likely to view domestic business travel as a key part of the day-to-day running of the business, compared to construction and manufacturing firms. A net balance of +51% of services firms agreed with the statement, while a net balance +63% of construction firms and +66% of manufacturing firms agreed. The prevalence of business travel in the construction and manufacturing industries may be as a result of the nature of the industry involving frequent site visits and meetings with suppliers.

Domestic business travellers also largely agreed that the return on investment from travelling outweighs the cost, with a net balance of +60% agreed with the statement. The same sentiment was shared amongst businesses participating in international business travel, with a net balance of +59% agreeing with the statement.

Large firms agreed that business travel aided recruitment efforts; a net balance of +42% agreed in relation to domestic business travel and +22% agreed in relation to international travel. However, this agreement fell among SMEs, reporting a net balance of +11% and +7% respectively. Service and manufacturing firms were more likely to agree with the statement for both domestic (+18% and +16%) and international travel (+10% and +14%) compared to construction firms. Construction firms generally disagreed with the statement, displaying a net balance of -11% in relation to domestic business travel and a net balance of -25%, when talking about international business travel.

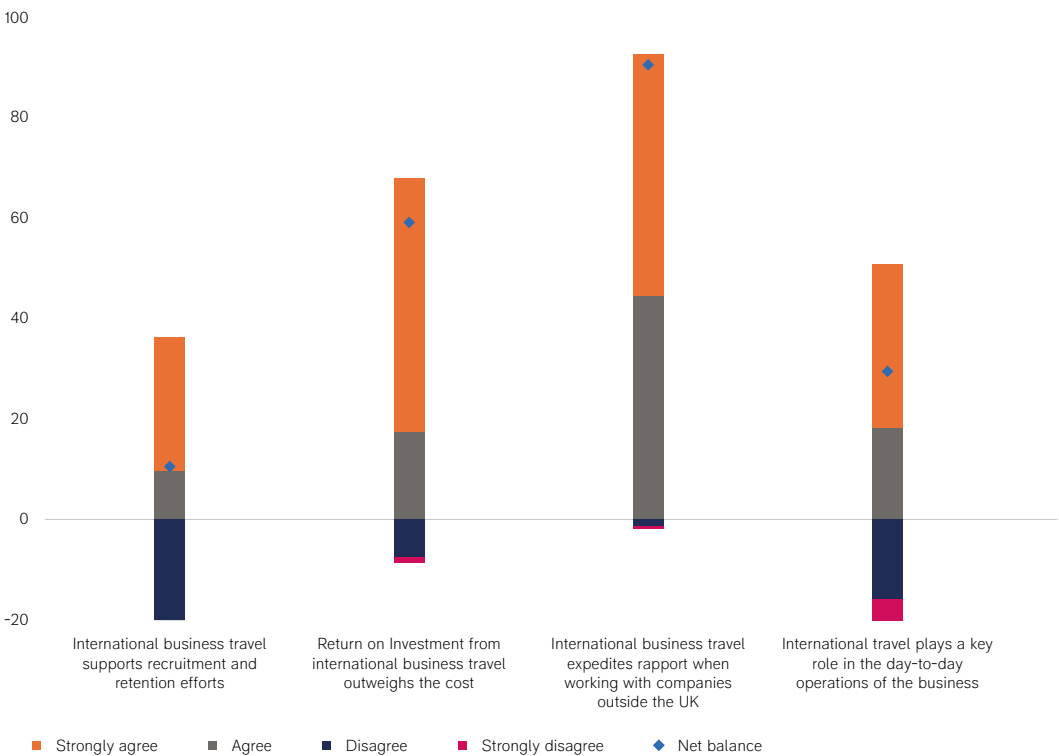
Firms travelling internationally widely agreed that this travel expedites relationship-building when working with businesses outside of the UK. A net balance of +90% agreed with the statement. One respondent gave anecdotal evidence to explain the reasoning behind their agreement: *"The answer was solely due to our recent overseas business trips setting up foreign subsidiaries...where we visited clients, lawyers and financial institutions. During these visits it became clear to us that face-to-face meetings meant more to those we visited than we imagined, and we gained trust and interest, which we would never have obtained if our interaction had been by email or video calls".*

Figure 12 Benefits of business travel (% of domestic travellers / net balance)



Source: CBI Economics

Figure 13 Benefits of international business travel (% of international travellers / net balance)



Source: CBI Economics

Business travel is expected to bounce back following the Covid-19 pandemic.

Around two-thirds of both domestic and international business travellers reported they travelled less frequently in 2022 compared to pre pandemic levels (2019). Large firms saw a greater widespread reduction in both domestic and international business travel, compared to SMEs. For domestic travel, 79% large firms reported a fall, compared to 64% of SMEs, whereas for international travel there was a reduction for 77% of large firms, compared to 56% SMEs.

However, 27% of domestic and 34% of international business travellers reported they travelled about the same amount in 2022 compared to pre-pandemic. This follows similar reports that business travel is bouncing back in 2023.²⁷ A survey of 100 global corporate travel managers found that travel expenditure has returned in 2023, to pre-pandemic levels and will continue to grow.²⁸

Virtual meetings were the most common reason for not undertaking business travel, however businesses reported that they do not fully replace the need for in-person meetings.

Given the shift to virtual working models since the pandemic, it is not surprising that some business travel has been replaced by virtual meetings. Three-quarters of domestic business travellers and 68% of international business travellers reported that virtual meetings were considered a viable substitute for in-person meetings. Large firms were more likely to see them as a suitable substitute than SMEs. However, as highlighted in this report, in-person meetings are still the preference over their virtual counterparts.

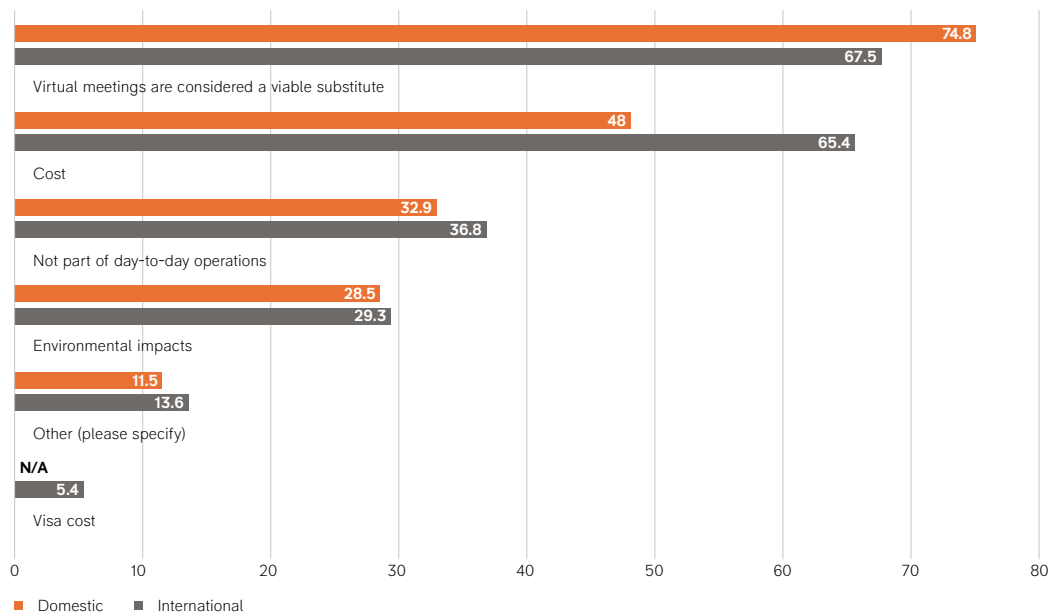
The cost was found to be another reason for limiting business travel, in particular international travel. 65% of international business travellers found it a deterrent compared to 48% of domestic. With rising costs of travel, in particular air travel, as well as businesses' operating costs, this could be an increasingly profound limiting factor for businesses.²⁹

Just under one-third (29%) of business travellers reported the impact on the environment as a consideration for limiting both international and domestic business travel. Large firms were more likely to select this as a limiting factor compared to SMEs.³⁰

Environmental factors may not limit the frequency of business travel, due to the benefits the travel generates, however, businesses may still consider the environmental impacts when selecting the mode of transport. For example, encouraging the use of trains compared to air travel, as they emit a quarter of the greenhouse gas emissions.³¹

However, considering only 38% of international business travellers use trains, compared to 95% using air travel, it is permissible that the current international rail network is not a sufficient substitute.

Figure 14 Considerations for frequency of business travel. (% of domestic / international travellers)



Source: CBI Economics

In-person meetings are preferred over virtual meetings for all meeting types asked.

In-person client or stakeholder meetings were preferred by firms compared to their virtual equivalents. Just over three-quarters (79%) of businesses stated in-person as their preference and 5% stated virtual as their preference for client or stakeholder meetings. Academic literature shows in-person meetings facilitate efficient communication through rapid feedback and visual language cues.³² Meetings conducted over a virtual medium do not allow for individuals to send visual language cues as effectively. If it is harder to interpret and observe an individual's behaviour, this results in slow relationship building and less productive meetings.

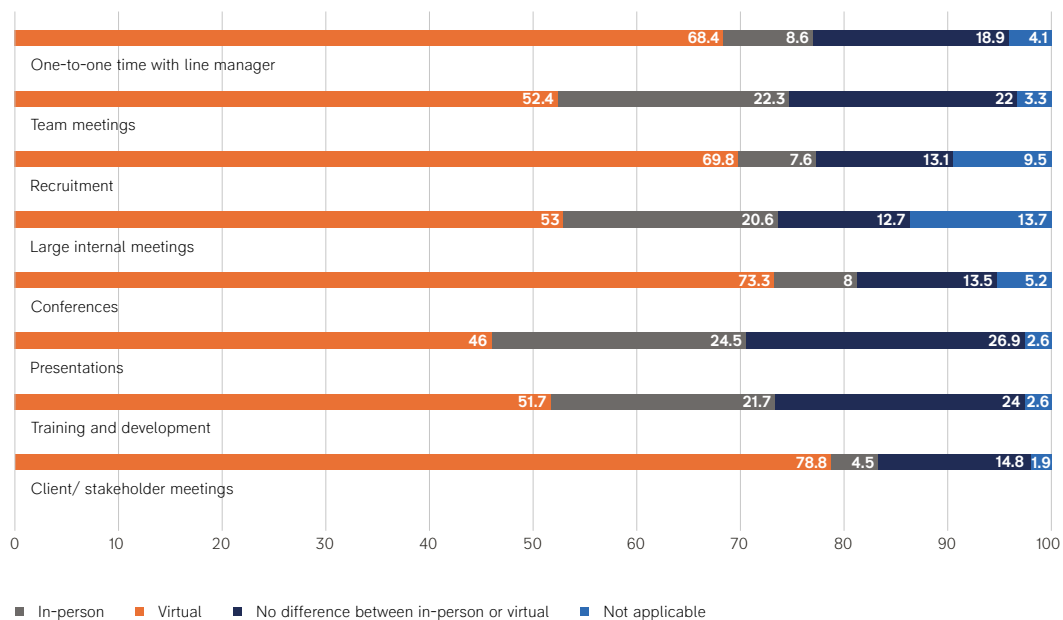
Businesses also preferred to conduct recruitment meetings in-person; 70% of businesses reported that they had preference for recruitment to take place face-to-face. Large firms were more likely to prefer in-person recruitment meetings (77%) compared to SMEs (68%) This result is supported both anecdotally and by literature, that in-person meetings build relationships quicker and allow people to determine desirable characteristics more effectively in somebody they could be working with.



In-person meetings facilitate benefits such as greater communication, teamwork and employee wellbeing, compared to virtual meetings.

Figure 15 shows businesses strongly agreed that in-person meetings facilitated communication, teamwork, innovation, employee wellbeing, decision making and stakeholder bonds, with an average net balance of +78% agreeing to the statements. SMEs were more likely to agree with the statements (average net balance of +80%) than large firms (average net balance +71%).

Figure 15 Preference between in-person and virtual meetings for different meeting types (% of all respondents)



Source: CBI Economics

Businesses strongly agreed that in-person meetings build bonds with stakeholders, including clients, quicker and stronger, than virtually. Over nine-in-ten (92%) firms, with an overall net balance of +90%, agreed with the statement. This is consistent with other results throughout the survey, where stakeholder meetings were the main reason for both international and domestic business travel and were preferred to be carried out in-person by 79% of firms.

Communication was also deemed to be more effective and enjoyable in-person by firms. Just under nine-in-ten (89%) of firms and a net balance of +85% agreed with the sentiment. This result is consistent with results from a study by MIT's Human Dynamic Lab, which found there is a greater variance in performance of a team when a task is set virtually compared to in-person.³³ The study concluded that the most valuable communication happens face-to-face.

As outlined in Nohria and Eccles (1992) and earlier in the report, this is likely because it facilitates efficient communication through rapid feedback and visual language cues.³⁴ They also outline how it is possible for two individuals to be sending and delivering messages simultaneously and through different means: for example, as one individual speaks, the other is instantly reacting through body language and emotions. This instantaneous feedback lays the foundation for another benefit of in-person meetings: the facilitation of trust and strong working relationships. This is because it is easier to observe and interpret an individual's behaviour.

Firms also support the notion that in-person meetings support employee wellbeing more effectively than virtual meetings. Just over eight-in-ten (83%) businesses and a net balance of +81% agree. Employee wellbeing is considered a key factor in determining an employee's and firm-level labour productivity.³⁵ Krekel et al (2019) found a strong positive relationship between an employee's satisfaction with their company and their productivity, ultimately finding that higher wellbeing at work positively correlated with greater firm-level profitability.³⁶

Deep dive: The value of in-person conferences, exhibitions or roadshows

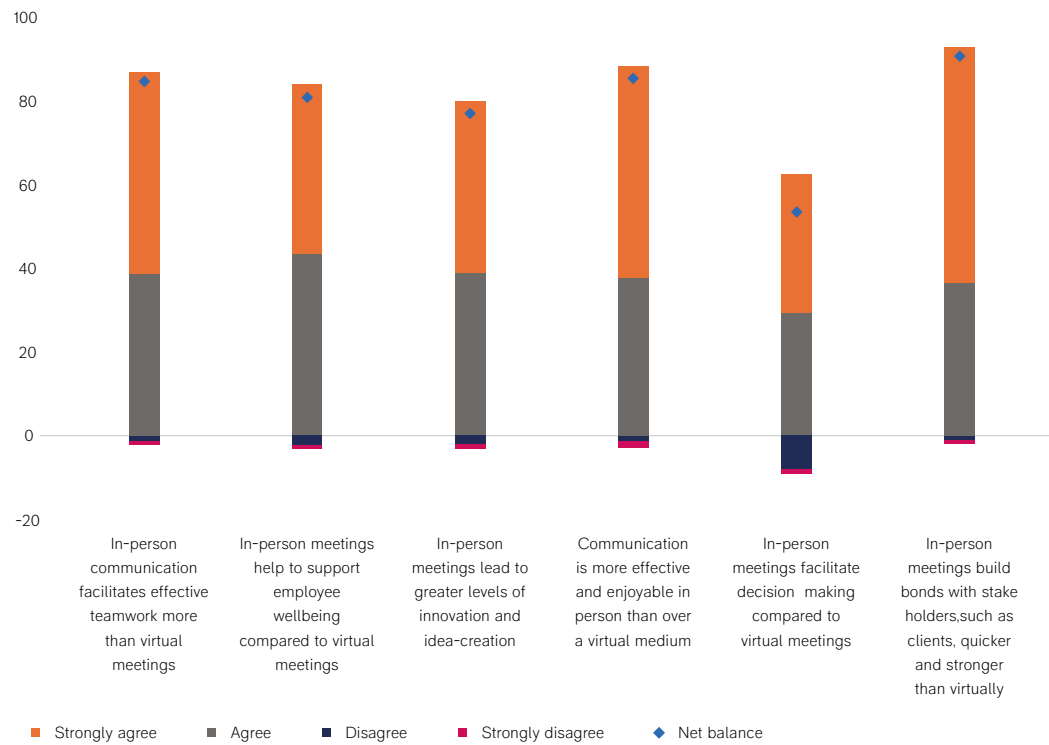
Conferences, exhibitions and tradeshow were common reasons for domestic and international business travel. Over two-thirds of domestic business travellers selected conferences, exhibitions or roadshows as a reasons for their business travel. They were also the second most common reasons for international business travel, with 33% selecting conferences and 38% selecting exhibitions or roadshows.

Conferences were preferred as in-person events among the business community, with 73% of respondents preferring conferences to be held in-person. Large events such as these offer a great opportunity to network, learn about new opportunities and gain knowledge. Networking is near impossible when these events take place online and therefore, they lose a huge part of their appeal to the business community.

Large events such as conferences, trade shows or exhibitions provide a cost effective and credible way for firms to promote complex propositions to a large audience. It is possible to get immediate responses to questions and queries, build confidence in new investments, learn about new opportunities, and expand your network. This was a point repeatedly made by survey respondents; often in-person conferences are a great way to incorporate new stakeholders into your business operations. One respondent stated:

"Business travel enables two things: promotion of a company, its products and brand at conferences or expos; and opportunities to enrol new partners, suppliers and clients through face-to-face relationships."

In-person conferences also allow people to pick up on non-verbal cues and they do not have to deal with audio or video issues, which may cause additional challenges. In-person attendees form stronger connections and they can freely engage with the content they want to. In-person conferences also do not suffer from as many communication misunderstandings, technical issues and are more easily engaging.³⁷

Figure 16 Benefits of in-person meetings (% of all respondents)**Source:** CBI Economics

Conclusion

This report has found that business travel has a central role to play in the post-pandemic world. The vast majority of firms, of all sectors and sizes, undertake some form of business travel, with many doing so as part of their day-to-day operations.

In total, expenditure on business travel is estimated to contribute £27.5 billion (1.3%) in GVA to the UK economy and support 283,500 FTE jobs. £10.4 billion and 79,900 FTE jobs of which is directly supported through the expenditure, while an additional £17.1 billion in GVA and 203,700 FTE jobs are through impacts on the wider economy. However, the value that business travel creates goes beyond the economic value generated by the expenditure, as highlighted in this report.

Business travel is not just for executives in service sectors; with many managers and staff travelling at least quarterly, they will vastly outnumber their executive counterparts in terms of numbers of trips taken. Using private cars is also the most common mode of domestic transport, and while air travel is most common when going overseas, many firms have a policy that restricts use of premium travel options.

Undertaking business travel provides many benefits, according to this survey's c-suite panel. It helps to create and build relationships with colleagues, clients and customers – expediting rapport, leading to greater innovation and attracting investment. It is also seen as more enjoyable to meet in-person, which supports employee wellbeing and facilitates effective teamwork.

While business travel reduced as a result of the pandemic, it is showing signs of bouncing back. In this hybrid world, there is still a role for in-person meetings as these are preferred over virtual formats for most meeting types, despite the integration of virtual communication software into our day-to-day roles, following the pandemic. Therefore, the flexibility that these new software provides allows people to be more selective about when to travel. This makes the business trips that do happen more purposeful and makes the practice as a whole, more sustainable.

Many of the findings and comments above tell a clear and consistent narrative; business is about people and relationships. Virtual meetings might provide a 'viable substitute' for the practicalities of communicating with people in real-time, but they will never perfectly substitute the relationships made, trust built, and bonds created by meeting face-to-face.



Annex 1

Evidence to date of the value of the business travel sector and in-person meetings

There is limited recent evidence demonstrating the value of in-person meetings and business travel on the UK economy. A selection of the available estimates are presented in the table below to enable cross-referencing. However, definitions of in-person meetings or reasons for business travel differ across studies. For example, Li et al (2013) set a strict criterion for the definition of a meeting, including having a minimum of 10 participants and lasting for four hours or more.



Table 1 Previous estimates of the value of the business travel sector

Description of estimate	Estimated value	Year	Notes on methodology	Source
International travel industry in UK	GVA: £80 billion (4% UK GVA) Jobs: 1.5 million	2019	Not available	ABTA and UKinbound ³⁸
Travel and tourism in UK	GDP: £94 billion (4.3% UK GDP) Jobs: 4 million	2020	Not available	World travel and tourism council and Oxford Economics ³⁹
Corporate travel services industry in UK	Revenue: £2.9 billion	2023	Not available	IBISWorld (2022) ⁴⁰
UK business events: conferences and meetings³²	Direct expenditure: £18.3 billion £12,400 per event	2018	Primary data collection Analysis method not specified	BVEP (2020)
UK trade fair/ show	Direct expenditure and sales: £4.7billion	2018		
UK-held meetings³⁴	GVA: £20.6 billion GDP: £58.4 billion Tax revenues: £21 billion FTE jobs: 423,500	2011	Primary data collection and input-output modelling	Li et al (2013)
Global business events	GDP: \$1.5 trillion Direct expenditure: \$1.07 trillion Direct GDP: \$621.4 billion Direct jobs: 10.3 million globally	2017	Input-output modeling	Events Council (2018)

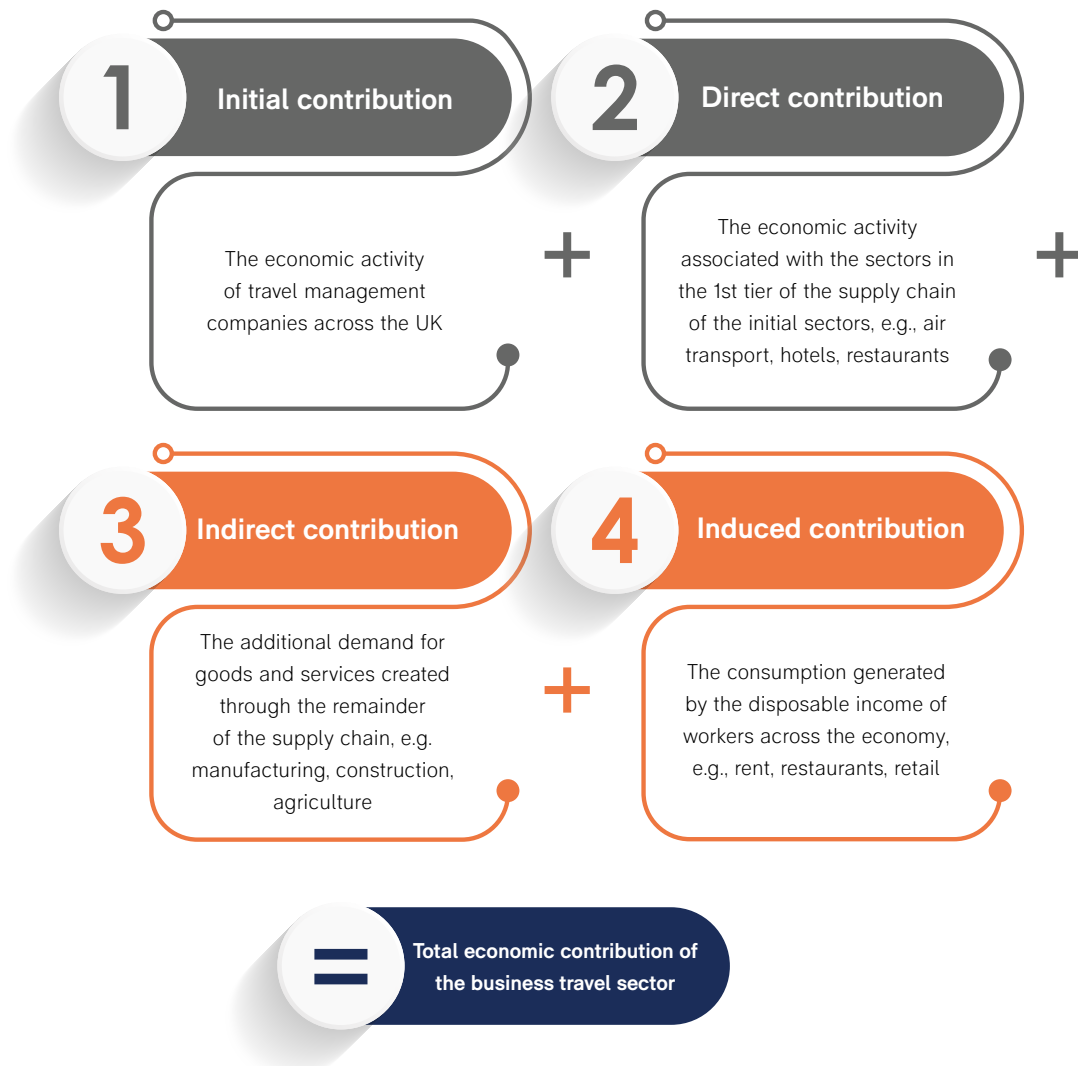
Annex 2

Methodology

For the purposes of this study, business travel is a subset of travel and tourism, whereby employees travel both domestically and/or internationally as part of their job. It does not include day-to-day commuting or travel for leisure. Reasons for this travel, may include meetings with clients, site visits, visiting other company offices or attending conferences. The reasons for business travel are explored further in the following section.

The contribution of the expenditure from business travel to the UK economy has been estimated using data collected from BTA travel management company members on the business trips they facilitate, extrapolated to a UK level. To model the economic contribution of a sector, we have used our in-house Economic Contribution model. This draws on the input-output framework which allows for the computation of multipliers which capture the inter-dependencies between this sector and other sectors of the economy, both through supply-chain channels and through the spending of employees' wages and salaries on goods and services provided in the wider economy.

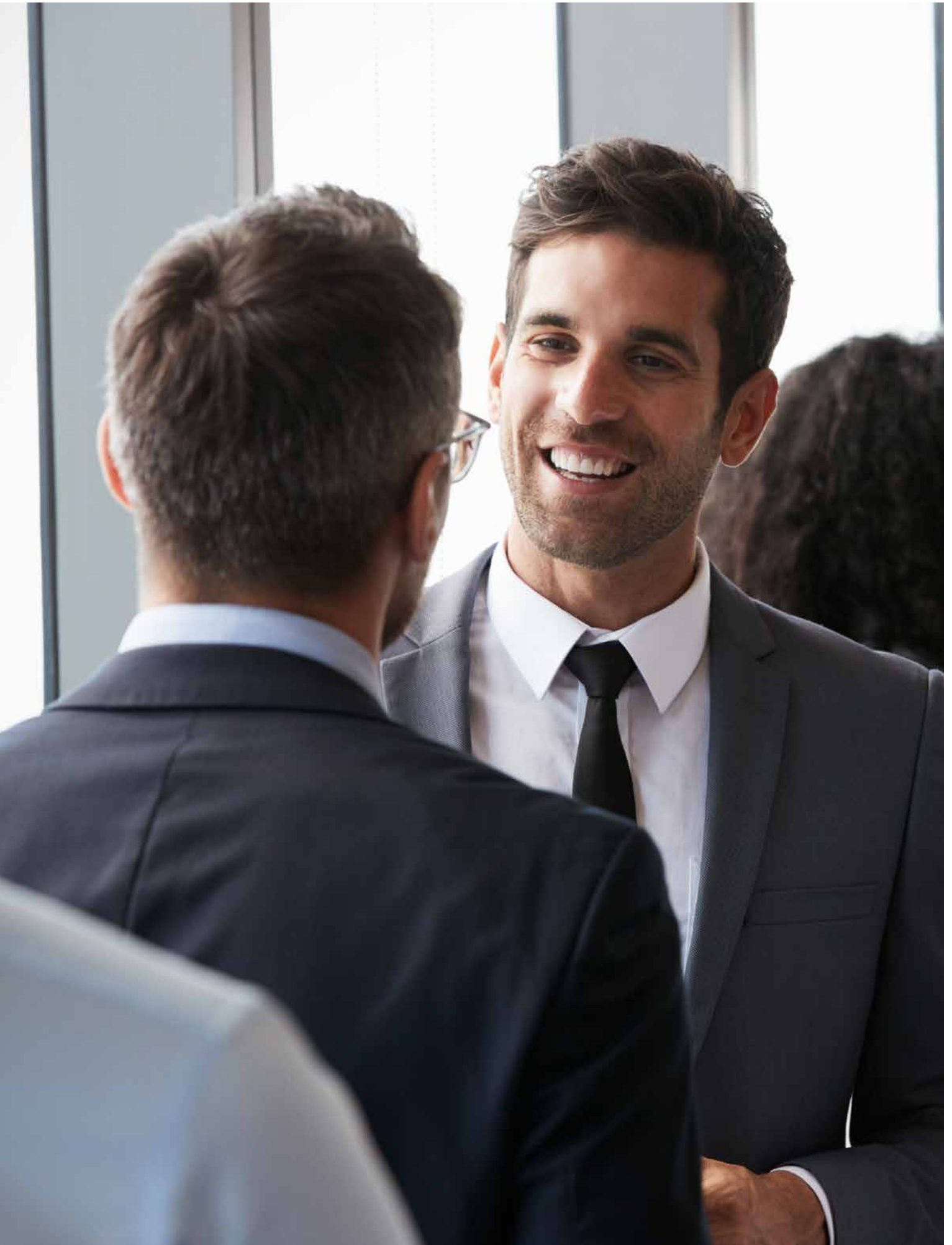
As outlined in the figure below, the sector requires inputs which need to be sourced through their supply chain, such as airlines, restaurants, or hotels. The impact of this additional activity created by the immediate supply chain, as a result of the business travel sector activity is known as the direct contribution. Taking this one step further, to the activity of the wider supply chain (the onward supply chain activity of those initial suppliers, generated by their business travel specific activity), this is the indirect contribution. For example, for airlines to operate, aeroplanes need to be manufactured, which require materials such as aluminium to be extracted. Finally, the spending of employees in the business travel sector creates further value throughout the economy, and this is known as the induced contribution.

Figure 16 Total economic contribution methodology

Source: CBI Economics

The input-output framework draws on the Input-Output Analytical Tables derived from the UK and Scottish National Accounts. It traces the transaction flows between both different industries and other sectors of the economy which capture all the potential sources of demand for an industry's economic output (e.g.: households, government, export demand, capital investment). This shows both the supply chain relationship (through industry inter-dependence) and the consumer/producer relationship within the economy. It also outlines the sets of inputs required in the production of one unit in addition to inputs purchased from other industries. These are the primary inputs, which include GVA, imports, and taxes on products.

The total economic contribution of a sector is estimated through this model by quantifying the interactions between the sector and its supply chain and household income. **Type I** include the direct (first tier of supply chain) and indirect effects (rest of the supply chain), and **Type II** includes direct, indirect, and induced effects (the effects attributable to further spending generated with industries by the wages and salaries of the jobs supported). These multipliers essentially add up the effects across all industries, capturing the extent of the economic contribution throughout the wider economy. For this modelling, Type II multipliers were used.

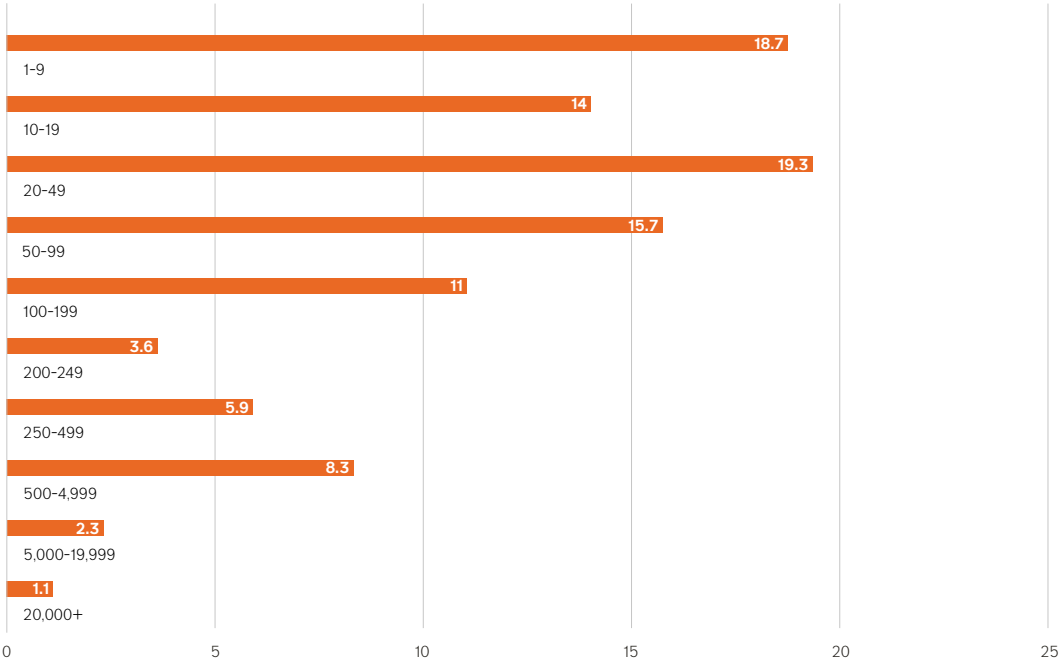


Annex 3: Survey respondents

Business size of respondents

Around two-thirds (65%) of surveyed firms did not have offices and operations outside of the UK, while the remaining one-third (35%) did. The majority of surveyed firms (82%) had less than 250 employees in the UK, with around a third (33%) having less than 20. The remaining 18% had 250+ employees in the UK.

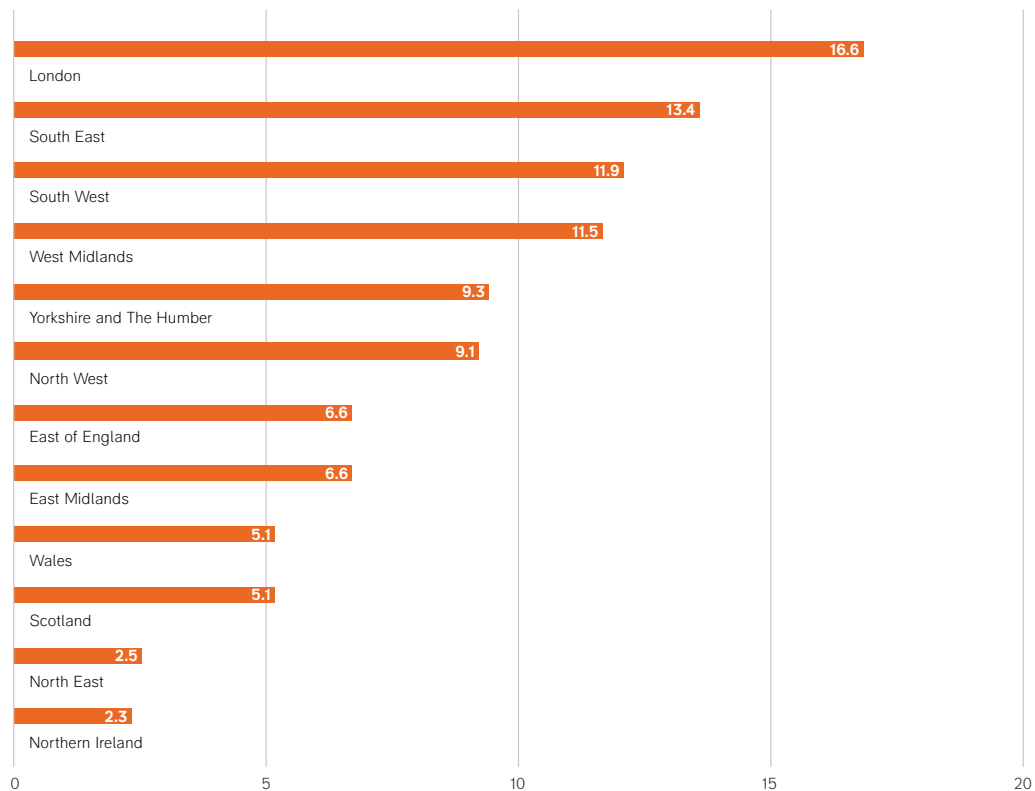
Figure 17 Number of Employees (% of respondents)



Regions of operation

Around nine-in-ten (88%) surveyed firms primarily operate in England, with almost half (42%) from the South, a quarter (25%) from the Midlands or the East, and around a fifth coming from the North (21%). The remaining 12% of surveyed firms were from the devolved nations (Scotland and Wales both at 5%, Northern Ireland at 2%).

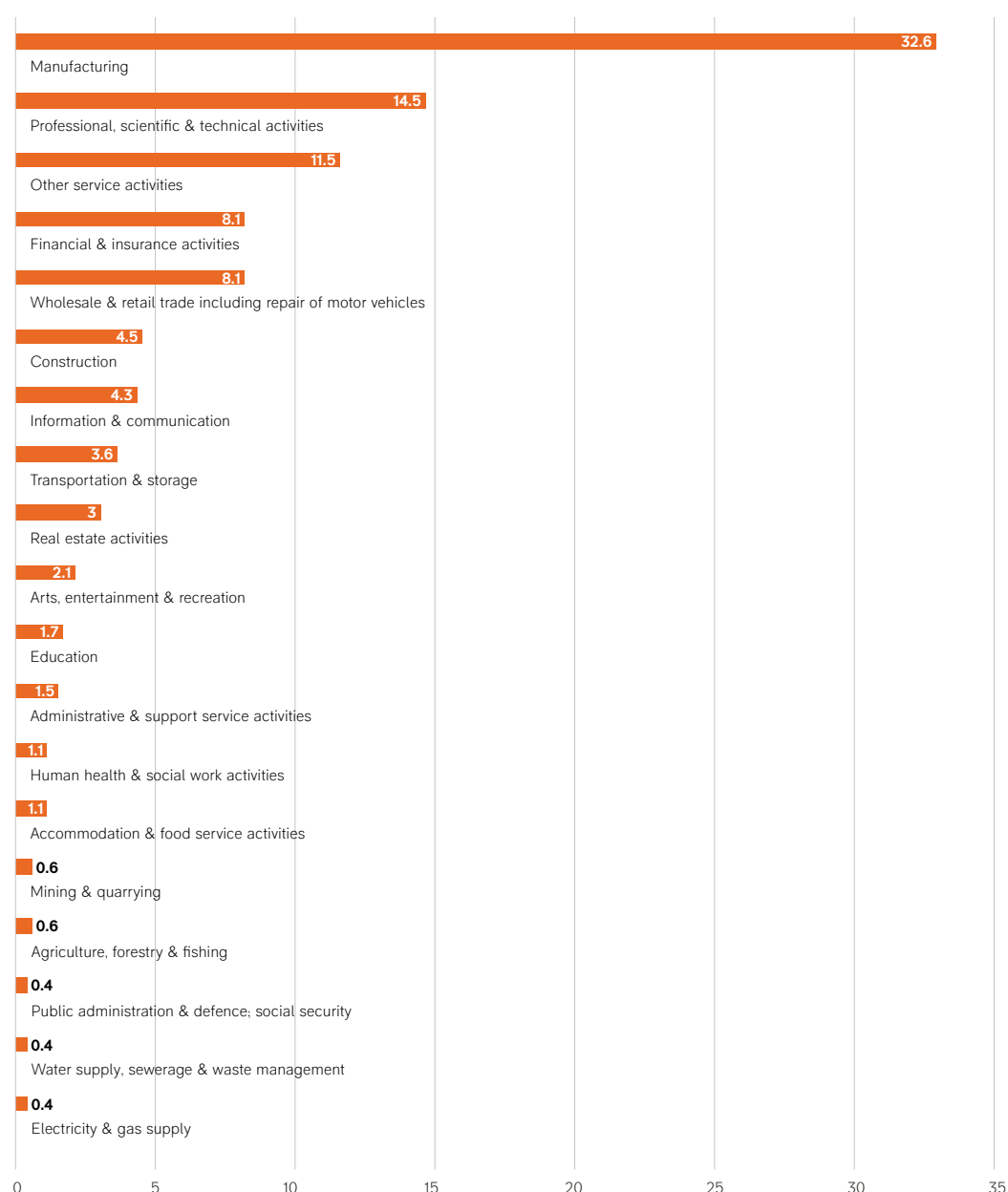
Figure 18 Primary region of operation in the UK (% of respondents)



Sector of respondents

Most surveyed firms (61%) operate primarily in the services sector, with professional, scientific and technical services (15%) and 'other services' (12%) the most represented services sub-sectors. Around one-third operate primarily in the production sector (35%), primarily in manufacturing (33%), the other 5% operate in construction. This compares to business population estimates for 2021 that 76% of firms (with at least one employee) are services firms, while 13% are construction and 6% are manufacturers.

Figure 19 Primary sector of operations (% of respondents)





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