

EXECUTIVE SUMMARY

After a decade of continual growth, every sector of the travel and tourism industry has experienced incomparable damage due to COVID-19 that has led to economic devastation in communities nationwide. Particularly hard-hit industries, including airlines and lodging, are facing challenges never experienced before, despite implementing enhanced health and safety measures and documented data that validates how safe their environments are with these measures in place.

While domestic leisure travel has started a slow recovery, business travel—in line with previous crises—has a long way to go before it matches its previous record high levels. **There is a general consensus among the business community and the travel industry that Q2 2021 is the earliest realistic time horizon for when a recovery will even begin.**

Currently the business travel sector is facing several challenges stunting its potential recovery, including:

- ✗ Federal protocols and inconsistent state ordinances on event size caps and distancing guidelines;
- ✗ Uncertainty about international border openings;
- ✗ How companies treat business travel;
- ✗ The evolving use of technology and hybrid events; and
- ✗ Changing traveler sentiment.

Similar to leisure travel, business travel will return in phases and will be dependent on various factors, including ones dictated by government, as well as businesses themselves. Anticipated phases expected are:

- Returning to the office
- Regional, small meetings or gatherings within driving distance
- Overnight travel requiring a hotel stay and possibly a flight
- Large gatherings including trade shows, conferences and conventions, including those with international attendees

Company travel policies are evolving, and decision-making criteria will not only include business travel expense but also its necessity, liability factors, as well as the location and purpose of the meeting. The economic performance of sectors and companies will also greatly influence event spend and resources dedicated to business travel.

Until larger groups can meet again, and travel budgets are restored, digital events and hybrid meetings will be widely adopted. While hybrid platforms and virtual events have some benefits, including the ability to expand reach and enhance and repurpose content, the technology, design and format required to effectively produce virtual events has very quickly redefined the skills and resources required of meeting planners and suppliers—as well as affected cost.

Business travel will return, even if it looks different. Face-to-face meetings and in-person events are a critical component of making connections and building relationships—all of which are the foundation of how companies operate. However, the U.S. economy and American jobs cannot wait three years for its recovery.

Spending stemmed from business travel will fall from \$334 billion in 2019 to \$141 billion in 2020 and it will take until 2024 to climb back above \$300 billion. Without the right policies and strategies to revive this critical sector, recovery of the economy and jobs will remain stagnant. Safely rebuilding business travel and allowing meetings and events to return in a safe and structured manner will be vital to restoring the U.S. economy, bringing back American jobs and re-establishing our leadership and position on the global stage.