BUSINESS TRAVEL SURVEY – 2023 Q1 SUMMARY RESULTS

IN COLLABORATION WITH

U.S. TRAVEL ASSOCIATION

J.D. POWER TRAVEL & HOSPITALITY INTELLIGENCE
Key findings

**Business traveler survey**
- **Respondents:** 2,379
- **Collection:** Mar. 30-Apr. 17, 2023
- **Survey background:** Online survey of business travelers at MIA and LAS
- **Survey findings:** Must have business travel as an aspect of current job (or will after the pandemic) and are employed.

**Corporate executive survey**
- **Respondents:** 113
- **Collection:** Mar. 28-Apr. 03, 2023
- **Survey background:** Nationwide survey of corporate executives across multiple industries
- **Survey findings:** Must have title of C-suite Executive (e.g., CEO, CFO) or President, Senior Vice President/Executive Vice President, Vice President, or Managing Director/Executive Director

- **Conducted by J.D. Power:**

- **Business travel demand has remained relatively consistent over the last four quarters, however, the average business traveler in 2023 Q1 expects to travel more often.** Business travelers anticipate taking 2.6 trips per month over the coming six months – compared to 2.0 in the prior survey.

- **The top mentioned reason why business travel may be limited in the next six months is company or department cost or budget constraints.**
  - Among executives, more than seven-in-ten agree that ‘internal cost controls over the next six months will likely constrain business travel’.
  - The share of executives that agree internal cost controls will constrain travel has risen from 59% in the prior survey to 71% in 2023 Q1.

- **Besides cost, executives are focused on the effectiveness of each business trip when authorizing travel.** Among important factors considered when authorizing travel for client visits, critical relationships (46%) is cited most, while growing company sales (56%) is most common when approving travel for conferences or trade shows. The ability to meet with multiple customers and showcasing products is also important when authorizing travel.

- **Close to three in 10 business travelers avoided or cancelled a business trip by air in the past year for a reason other than cost.**
  - Air travel hassles and the inefficiency of air travel are curtailing business travel demand. For customer visits, the overall time required to fly to a business meeting (40%) followed by the possibility of flight delay/cancellation (26%) are the top reasons why business travelers have avoided or cancelled an air business trip.

- **Despite a reduction in the share of companies with policies that limit travel to 43%, among those that impose restrictions, more are carefully scrutinizing certain aspects of travel.**
  - The most cited policy is stricter evaluation of who/why travels (53%). More companies than the prior quarter report additional spending limits (47%), more objectives per trip (47%), and fewer employees sent per trip (45%).
  - At the same time, the share that report fewer trips overall has declined significantly to 37% in 2023 Q1.

- **Most companies are likely to encourage flexible work arrangements and trip extensions for leisure** – particularly larger firms.
  - In the past six months, 45% of business travelers extended a business trip for at least one night for leisure. More business travelers who work partially (hybrid) or fully remote extended a trip for leisure purposes (50%) than those working fully on-site (34%).
  - When considering extending a business trip for leisure purposes, the opportunity to explore a destination (36%) is the most cited motivating factor, followed by the fact that transport costs are already covered (31%).
  - When extending business trips for leisure, more fully onsite workers (36%) tend to take longer trips than remote workers (22%) who are more inclined to travel solo (35%).
EXECUTIVE SUMMARY
Business travel demand has remained relatively consistent

Most business travelers surveyed in 2023 Q1 expect to take at least one trip in the next six months. For each travel purpose, business travel demand has remained relatively consistent over the last four quarters.

Nearly eight-in-ten business travelers (79%) expect to take at least one trip to attend conferences, conventions, or trade shows in the next six months.
Despite less expected travel spending than in 2022, executives say budgets will be updated frequently.

For all trip purposes, most executives anticipate their company will spend less on business travel over the next six months compared to the same period in 2022.

However, company executives intend to update travel budgets frequently—approximately 32% will do so each quarter, while 31% said twice per year.

Spending expectations are highest for group business travel to attend customer and stakeholder meetings—in the next six months, 32% expect to spend the same or greater than in 2022.

Thinking about the next 6 months, how does your company’s business travel spending compare to last year for each of the following purposes? Please use your best estimate.

Corporate Executive Survey BASE: N = 113
Business travelers expect to take more trips in the next 6 months compared to Q4 2022

Despite less expected business spending, the average business traveler in 2023 Q1 anticipates more travel than in prior quarters.

Business travelers expect to make 2.6 trips per month over the coming six months – compared to 2.0 expected trips in the prior survey.

Trips for external purposes – such as meeting primarily with people from outside the organization and conferences, conventions or trade shows – account for 65% of expected business trips. The remainder is accounted for by trips for internal purposes.

How frequently do you expect to travel for each of the following business purposes over the next six months?

Business Travelers Survey BASE: N = 2293
Cost constraints is top mentioned limitation to business travel

Limitations to business travel
(Share of business travelers)

- Company or department cost or budget constraints: 36%
- I have health and safety concerns about traveling: 22%
- I prefer to avoid frustrating and unpredictable travel hassles (such as cancelled flights, flight delays, etc.): 21%
- Conferences, conventions or trade shows: 23%
- Customers, suppliers or other stakeholders: 19%

Do you expect any of the following reasons may limit your business travel? [Excluding 'none of the above']

Business Travelers Survey BASE: N = 1246

Limitations to travel

The top mentioned reason why business travel may be limited is company or department cost or budget constraints (approximately one-in-three respondents).

Close to seven-in-ten business travelers have already avoided or canceled a business trip by air for cost reasons in the past year.

Among executives, more than seven-in-ten agree that ‘internal cost controls over the next six months will likely constrain business travel’.

One-in-five business travelers also cited travel hassles as a reason they may limit their business travel in the next six months.

I prefer to avoid frustrating and unpredictable travel hassles (such as cancelled flights, flight delays, etc.)
I have health and safety concerns about traveling
Company or department cost or budget constraints
Conferences, conventions or trade shows
Customers, suppliers or other stakeholders

Business Travelers Survey BASE: N = 1246
More corporate executives say cost controls will constrain business travel

Views on business travel, by firm size
(Share of corporate executives that agree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>2022 Q2</th>
<th>2022 Q3</th>
<th>2022 Q4</th>
<th>2023 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business travel is essential to company operations</td>
<td>73%</td>
<td>77%</td>
<td>81%</td>
<td>83%</td>
</tr>
<tr>
<td>Virtual meetings have replaced much of our organization’s business travel and will continue to do so for at least the next six</td>
<td>75%</td>
<td>71%</td>
<td>67%</td>
<td>72%</td>
</tr>
<tr>
<td>Internal cost controls over the next six months will likely constrain employee business travel</td>
<td>69%</td>
<td>63%</td>
<td>59%</td>
<td>71%</td>
</tr>
<tr>
<td>Over the long-term, having more remote employees in our organization will increase business travel spending for internal meetings</td>
<td>58%</td>
<td>66%</td>
<td>64%</td>
<td>66%</td>
</tr>
<tr>
<td>The amount of employee business travel has been limited due to customers/suppliers/stakeholders working remotely</td>
<td>69%</td>
<td>64%</td>
<td>69%</td>
<td>57%</td>
</tr>
<tr>
<td>Risk mitigation efforts are currently restricting employee business travel</td>
<td>59%</td>
<td>46%</td>
<td>49%</td>
<td></td>
</tr>
</tbody>
</table>

Thinking about your company’s or department’s overall business travel spending, please indicate your level of agreement with the following statements. (Strongly agree and somewhat agree)

Corporate Executive Survey BASE: 23Q1 N = 113; 22Q4 N = 109; 22Q3 N = 115; 22Q2 N = 195
Executives are focused on the effectiveness of each business trip to visit customers

Aside from cost, business executives consider numerous factors when deciding to authorize employee business travel to visit customers, suppliers, or other stakeholders.

Critical relationships is cited the most as an important factor (46%) when authorizing business travel, followed by whether the trip presents the ability to meet with multiple customers (44%). More than one-third report introducing a new product (35%) as an important factor when authorizing client visits.

Closing sales is a greater priority to small-sized firms (37%) versus large companies (10%). Large companies are much more focused on direct flight options (52%) than small companies (25%).

**Most important non-cost factors when authorizing travel to visit customers**

(Share of corporate executives)

- Critical customer, supplier, or other stakeholder relationship(s): 46%
- Ability to meet with multiple customers or suppliers at once: 44%
- Customer, supplier, or other stakeholder is located where there are many direct flight options: 36%
- Introducing a new product or service: 35%
- Length of time since prior in-person meeting: 27%
- Adequate seat availability on flights to the customer, supplier, or other stakeholder location: 25%
- Closing sales: 26%
- Other: 3%

Aside from cost, which factors are most important when deciding to authorize employee business travel to visit customers, suppliers or other stakeholders?

Corporate Executive Survey BASE: N= 113
Many factors are also carefully considered when authorizing travel for conferences and trade shows.

Growing company sales/revenues is cited most (56%) among important factors considered when authorizing travel for conferences. Similar to customer visits, the ability to meet with multiple customers (50%) and showcasing products (35%) are prominent factors.

Educational value from a convention is more important to large firms (40%) than small companies (26%).

Aside from cost, which factors are most important when deciding to authorize employee business travel for conferences, conventions, and/or trade shows?

Corporate Executive Survey BASE: N= 113
Reasons for avoiding business travel by air

Close to three-in-ten report reasons other than cost for avoiding or cancelling business trips in the past year.

The overall time it took to fly to/from business meetings is the most cited reason other than cost for avoiding business trips by air in the past year, followed by the possibility of flight delay and cancelation.

Business travel rebound hampered by air travel inefficiencies

Non-cost reasons for avoiding or canceling a business trip by air (Share of business travelers)

- The overall time it took to fly to/from the business event location: 40%
- The possibility of flight delay and cancelation: 26%
- Personal, family or home responsibilities or schedule: 13%
- Easier and more efficient to attend the event in a virtual format: 15%
- Work responsibilities or schedule: 14%
- Increased company focus/scrutiny on sustainability measures: 13%
- Unpredictable weather: 9%
- Limited or no flight availability to the business event location: 8%
- Business event content and participants were probably not worth the trip: 5%

Have you avoided or cancelled a business trip by air for a reason other than cost in the past year?

Business Travelers Survey BASE: N = 673 (Excluding respondents that selected "no reasons")
A greater share of companies are scrutinizing who travels and how travel is conducted

Policies implemented by firms restricting business travel

(Share of respondents whose company currently has policies in place restricting business travel)

<table>
<thead>
<tr>
<th>Policy</th>
<th>22 Q2</th>
<th>22 Q3</th>
<th>22 Q4</th>
<th>23 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>More strict evaluation of who/why travels for business</td>
<td>35%</td>
<td>35%</td>
<td>57%</td>
<td>53%</td>
</tr>
<tr>
<td>Additional cost controls or spending limits for business trips</td>
<td>40%</td>
<td>32%</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>Fewer trips but more objectives and goals assigned to each trip</td>
<td>41%</td>
<td>40%</td>
<td>45%</td>
<td>47%</td>
</tr>
<tr>
<td>Fewer employees sent per business trip</td>
<td>58%</td>
<td>40%</td>
<td>34%</td>
<td>45%</td>
</tr>
<tr>
<td>Fewer business trips overall</td>
<td>67%</td>
<td>58%</td>
<td>37%</td>
<td></td>
</tr>
</tbody>
</table>

Which of the following policies restricting business travel are in place at your company or organization?

Corporate Executive Survey BASE: 23Q1 N = 49; 22Q4 N = 53; 22Q3 N = 48; 22Q2 N = 132

Note: Surveys up to 2022 Q4 asked about pandemic related policies, while the 2023 Q1 survey asked about general travel policies that limit business travel.
More large companies have numerous travel policies in place

Company travel policies by firm size

Among companies restricting business travel (42% of small companies and 46% of large companies), a greater portion of larger companies have implemented stricter evaluation of who/why travels for business (68%) than smaller companies (41%).

On average, small and large companies have three restrictions on business travel in place.

Policies implemented by firms restricting business travel by firm size
(Share of respondents whose company currently has policies in place restricting business travel)

Which of the following policies restricting business travel are in place at your company or organization?

Corporate Executive Survey BASE: N=49
Half of executives believe reduced business travel has long term negative impacts on company revenue

Executives and business travelers report reduced business travel is having negative impacts on company performance.

Compared to prior quarters, a greater share of corporate executives in 2023 Q1 are reporting negative impacts of reduced business travel related to long-term revenue impacts (49%) and the company’s ability to acquire or keep customers (42%).

Among respondents, 35% believe reduced business travel is negatively impacting the company’s ability to stay competitive.

Impact of reduced business travel on company
(Share of corporate executives)

- May have short-term savings but long-term negative impacts on revenue
  - 22 Q2: 46%
  - 22 Q3: 37%
  - 22 Q4: 44%
  - 23 Q1: 49%

- Negatively impacting the company’s ability to acquire or keep customers
  - 22 Q2: 30%
  - 22 Q3: 38%
  - 22 Q4: 41%
  - 23 Q1: 42%

- Negatively impacting the company’s financial performance
  - 22 Q2: 36%
  - 22 Q3: 40%
  - 22 Q4: 38%
  - 23 Q1: 35%

Is reduced business travel having any of the following impacts on the company or organization where you work?

Corporate Executive Survey BASE: 23Q1 N = 113; 22Q4 N = 81; 22Q3 N = 82; 22Q2 N = 132

Note: Surveys up to 2022 Q4 asked executives about reduced business travel compared to 2019, while the 2023 Q1 survey is in relation to 2022.
Most companies are likely to encourage flexible work arrangements and trip extensions for leisure

The vast majority of executives are supportive of flexible work arrangements and blended travel opportunities. Three-quarters of executives are likely to encourage their employees to extend business trips for leisure (75%) and allow employees to work remotely from anywhere (86%).

Large companies are more likely than small firms to allow or encourage flexible work arrangements and trip extensions for leisure. Among large company executives, 91% are likely to allow employees to extend a trip for leisure purposes compared to 63% of small company executives.

How likely is your organization to allow or encourage employees to do the following in 2023?

Corporate Executive Survey BASE: N = 113
Many business travelers consider personal flexibility around work trips

In the past six months, 45% of business travelers extended a business trip for at least one night for leisure purposes.

When considering to extend a business trip for leisure purposes, the opportunity to explore a destination (36%) is the most cited motivating factor, followed by the fact that transport costs are already covered (31%).

Half of business travelers would typically create an extended weekend when extending their trip for leisure, and 42% tend to spend this time with a spouse.

A supportive company culture/policy is a key factor for 34% of business travelers to work remotely in a new destination.

Personal flexibility around business travel
(Share of business travelers)

- Traveled on a business trip that you extended for at least one night for leisure: 45%
- Traveled on a leisure trip that you extended for at least one night because you worked remotely during part of the trip: 29%
- Traveled overnight to a destination to work remotely from that location (i.e., doing your typical work but from a remote location): 24%
- Traveled with a spouse, partner or friend who was on a business trip: 24%

In the past six months, have you:

Business Travelers Survey BASE: N = 2379
Partially or fully remote workers are more inclined to consider personal flexibility around work trips

In the past six months, more business travelers who work partially (hybrid) or fully remote extended a trip for leisure purposes (50%) than those working fully on-site (34%).

When extending business trips for leisure, more fully onsite workers (36%) tend to take longer trips than remote workers (22%) who are more inclined to travel solo (35%).

When working remotely from a new destination, a supportive company culture (45%) is the most cited motivator for fully remote workers.

### Personal flexibility

*(Share of business travelers)*

<table>
<thead>
<tr>
<th>Extended a business trip for leisure in past six months</th>
<th>Total</th>
<th>Fully on-site</th>
<th>Fully remote or hybrid</th>
<th>Fully remote</th>
<th>Hybrid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>45%</td>
<td>34%</td>
<td>50%</td>
<td>56%</td>
<td>45%</td>
</tr>
<tr>
<td>Extended a leisure trip to work remotely in past six months</td>
<td>29%</td>
<td>23%</td>
<td>31%</td>
<td>27%</td>
<td>35%</td>
</tr>
<tr>
<td>Extend a trip for leisure more than 2 days (longer trips)</td>
<td>26%</td>
<td>36%</td>
<td>22%</td>
<td>19%</td>
<td>25%</td>
</tr>
<tr>
<td>Extend trip for solo leisure travel</td>
<td>33%</td>
<td>27%</td>
<td>35%</td>
<td>41%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Business Travelers Survey BASE: N = 2379
Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner.

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