

THE SPARK

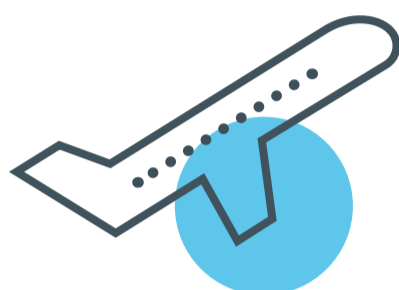
Sourcing and Procurement Flash Report

FEBRUARY 2021



CORPORATE SERVICES

The Lonely Road: Corporate Travel in the Age of COVID-19



It is no surprise that Corporate Travel policies have been deeply affected by COVID, and with no ‘return to normal’ on the horizon, businesses are challenged to drive value in this era of uncertainty. To start, domestic and international airlines have scaled back their routes globally, and the hospitality industry has also reduced service offerings and full-time staff. Additionally, there has been little interest in re-negotiating agreed-upon rates and structures as the industry is unsure when and how they will return to “business as usual.”

However, there are signs that the market is already beginning to correct itself. Responding to decline in demand, airline rates are only expected to rise at an estimated annualized rate of 0.6% during the next three years, significantly down from the previously forecasted annualized rate of 1.5%. As reduced travel and COVID-related event cancellations persist, so will these downward price trends. Being mindful of this bigger picture can help you reassess strategic travel partnerships and apply the right amount of pressure in any ongoing—or stalled—rate negotiations.

Another important risk that needs to stay top of mind when examining your travel-related exposure are the varying government responses to COVID across the globe. Duty of care policies are being enforced more stringently to protect business travelers. If your business wants to limit its liability while doing its best to fortify its supply chain, it’s imperative to ensure travel partners are up to date with travel advisories and federal travel regulations before advancing any broader value-seeking strategies. With these regulations changing on a weekly, case-by-case basis all over the world, it will take diligent oversight to guarantee your travel partners are adjusting their business travel policies accordingly. If they aren’t willing to comply, it’s appropriate to seek correction or even reconsider the relationship.

While businesses and travel providers alike are struggling to navigate the pandemic waters, there are critical steps you can take to become more efficient. Flexibility is key. The ability to update existing policies in “real time” allows you and your partners to be more adaptable and less encumbered when changes inevitably arrive. The understated opportunity here is to strengthen the things you *can* control. With travel itself restricted, it’s in your power to reduce travel-associated expenses by tightening the allowance parameters within your policies. Doing so may reveal lasting cost-saving opportunities that will continue to drive value to your bottomline long after the world returns to normal.



Matt Kruse
Managing Director,
Sourcing and Procurement

We want to hear about your business challenges.

Contact thespark@logicsource.com to start the conversation.

