

Virus hammers business travel as wary companies nix trips

March 4 2020, by David Koenig and Dee-Ann Durbin



Travelers wear protective mask as they walk through in terminal 5 at O'Hare International Airport in Chicago, Sunday, March 1, 2020. (AP Photo/Nam Y. Huh)

Amazon and other big companies are trying to keep their employees

healthy by banning business trips, but they've dealt a gut punch to a travel industry already reeling from the virus outbreak.

The Seattle-based online retail giant has told its nearly 800,000 workers to postpone any non-essential travel within the United States or around the globe. Swiss food giant Nestle told its 291,000 employees worldwide to limit domestic business travel and halt international travel until March 15. French cosmetics maker L'Oréal, which employs 86,000 people, issued a similar ban until March 31.

Other companies, like Twitter, are telling their employees worldwide to work from home. Google gave that directive to its staff of 8,000 at its European headquarters in Dublin on Tuesday.

Major business gatherings, like the Geneva International Motor Show and the Mobile World Congress in Barcelona, have also been canceled.

On Tuesday, Facebook confirmed it will no longer attend the South by Southwest conference in Austin, Texas, which is scheduled to begin March 13. And the 189-nation International Monetary Fund and its sister lending organization, the World Bank, announced they will replace their regular spring meetings in Washington—scheduled for mid-April—with a "virtual format."

Michael Dunne, the CEO of ZoZo Go, an automotive consulting company that specializes in the Chinese market, normally travels from California to Asia every six weeks. But right now he's not planning to cross the Pacific until June.

"With everything at a standstill, I do not feel a sense of missing the action," Dunne said. "But there is no better catalyst for business than meeting people in person."

Robin Ottaway, president of Brooklyn Brewery, canceled a trip to Seoul and Tokyo last week. He has indefinitely suspended all travel to Asia and also just canceled a trip to Copenhagen that was scheduled for March.

"I wasn't worried about getting sick. I'm a healthy 46-year-old man with no preexisting conditions," Ottaway said. "My only worry was getting stuck in Asia or quarantined after returning to the U.S. And I'd hate to be a spreader of the virus."



Women wear protective face masks near an information banner on the new coronavirus at a train station in Jakarta, Indonesia, Monday, March 2, 2020. Indonesia confirmed its first cases Monday, in two people who contracted the illness from a foreign traveler. (AP Photo/Tatan Syuflana)

The cancellations and travel restrictions are a major blow to business travel, which makes up around 26% of the total travel spending, or around \$1.5 trillion per year, according to the Global Business Travel Association.

The association estimates the virus is costing the business travel industry \$47 billion per month. In a recent poll of 400 member companies, the group found that 95% have suspended business trips to China, 45% have cut trips to Japan and South Korea and 23% have canceled trips to Europe.

"It's a big deal," said Henry Harteveldt, a travel industry analyst in San Francisco who estimates that airlines get 55% of their revenue from business travelers, since they're more likely to sit in pricier business or first-class seats.

"On a long-haul flight to Europe or Asia, a business-class traveler can be five times more profitable than someone in coach," Harteveldt said.

Figures from the Airlines Reporting Corp. indicate that airline ticket sales fell about 9% during one week in late February, compared with a year earlier.

Hotels are also worried about declines in business travel. In the U.S. alone, hotel bookings for business travel were expected to reach \$46.8 billion this year, according to Phocuswright, a travel research firm.

In the week through Feb. 22, San Francisco saw an 11% decline in hotel occupancy, according to STR, a hotel data company. AT&T, Verizon and IBM were among the companies that pulled out of the city's RSA cybersecurity conference, which began Feb. 24.

Backing out of industry events can be a tough call for businesses. Luke

Sorter, owner of Pavel's Yogurt, spent last weekend agonizing over whether his company should attend Natural Products Expo West, a major industry gathering in Anaheim, California.

Sorter spent nearly \$20,000 on conference fees and travel expenses, but then rumors began circulating that nearly all the major retailers he was hoping to pitch were pulling out.



The security line outside the Louvre museum is empty in Paris, Monday, March 2, 2020. The Louvre Museum was closed again Monday as management was meeting with staff worried about the spread of the new virus in the world's most-visited museum. (AP Photo/Christophe Ena)

"This was going to be our big push to make some sales and open up some new accounts, and we were really disappointed because all of the major buying groups had pulled out of the show," said Sorter, whose San Leandro, California-based company pulls in about \$1.2 million to \$1.5 million in revenue per year.

On Tuesday, Expo West announced it would be postponed until a later date.

"I was relieved because it just didn't seem safe to put 50, 60, 70,000 people in a building together and the whole show is predicated on sharing and sampling food and handshakes, and person-to-person interaction," Sorter said.

Some experts say it's smart for companies to curtail travel before things get worse. Worldwide, 92,000 people have been sickened by the virus and 3,100 have died.

"If you knowingly put your employees in harm's way during travel, you can be held responsible for their injury or their death," said Kevin Mitchell, chairman of the Business Travel Coalition, which advocates for corporations and governments that hire travel management companies.

In some cases, workers themselves are demanding a halt to travel. The pilots' union at American Airlines sued last month to make the airline stop flying to China. American agreed to suspend flights to mainland China but initially tried to keep serving Hong Kong. Pilots wouldn't do it.

When pilots began reporting nervousness about going to Milan and flights were less full, American suspended that service much more quickly, said Dennis Tajer, a spokesman for the union.

In some cases, companies are also asking employees to cancel meetings with outside visitors to cut down on the risk of transmission. In a memo sent to Ford Motor Co.'s nearly 200,000 employees Tuesday, Ford CEO Jim Hackett asked employees to meet with suppliers and others by phone or virtually.

Ford also said only the most critical travel will be approved for employees through March 27.

© 2020 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Virus hammers business travel as wary companies nix trips (2020, March 4) retrieved 9 April 2024 from <https://techxplore.com/news/2020-03-virus-business-wary-companies-nix.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--