AirPlus International

AirPlus International Travel Management Study 2010

A comparison of global trends, costs, and the management of business travel.

AIRPLUS. WHAT TRAVEL PAYMENT IS ALL ABOUT.

A total of **1,700** travel managers from 20 global business travel markets were surveyed for the sixth AirPlus International Travel Management Study.

Travel managers today – leveraging their new-found empowerment.

Dear Reader,

Welcome to the sixth annual AirPlus International Travel Management Study. This year, we have added Belgium and four Nordic nations – Denmark, Finland, Norway, and Sweden – to make our survey of 1,700 travel managers by far the largest and most comprehensive in global corporate travel.

Last year's study was researched at the height of the recession. This timing shows there is clear evidence of a recovery – but only a partial one. Just over one-third of respondents (35 percent) expect their travel volume to grow over the next 12 months. Although only 14 percent expect to travel even less, that still leaves around half (51 percent) anticipating no change during the year ahead.

I am confident there will be more signs of growth when we issue the seventh AirPlus International Travel Management Study in 2011, but it does look like the long-term patterns are changing. In highly developed corporate travel markets, most notably the USA and Western Europe, the growth rate is likely to be slower than at its peak five years ago. In new markets such as China – whose travel managers were also interviewed for this study – the number of trips that businesses make is set for rapid acceleration.

As countries like China spend more on business travel, they will also invest more time and resources in managing the cost of it. However, this year's study makes it clear that there are still major opportunities for companies to improve their travel management regardless of where they are based or how much they spend. To take one example, 61 percent of all respondents think they can find more savings on their air travel expenditures, yet the number of companies with a policy for all aspects of their travel program has fallen from 70 percent to 64 percent.

The good news about the recession has been the help it has given travel managers in gaining better control of their travel programs. No fewer than 77 percent of respondents intend to retain the cost-cutting measures they have introduced over the past two years. The danger is that as the recession draws to a close, companies which have not started managing their programs in a controlled, strategic manner will find the window of opportunity closing again. It will be fascinating next year to see how many companies have made – and maintained – their changes.

Volker Huber

Volker Huber
Senior Vice President Global Distribution
AirPlus International
September 2010

About the study

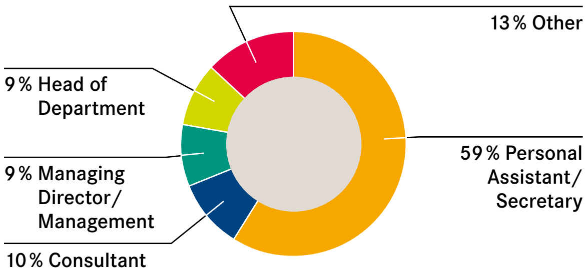
This survey was conducted in 2010 by the international market research company 2hm on behalf of AirPlus International. A total of 1,705 travel managers were surveyed in: Australia, Austria, Belgium, Brazil, China, Denmark, Finland, France, Germany, Italy, Mexico, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, and United States. Companies were categorized as low, medium, or high spenders on travel within their country. For example, in Germany, low spenders were defined as spending €0.25m – €0.5m annually, medium spenders €0.5m – €10m, and high spenders €10m and more. In the US, low spenders were defined as $0.25m – $1m, medium spenders $1m – $10m, and high spenders $10m and more.

2hm Research. Consulting. Implementation.

The interviewees

The interviewees in the survey are all called “travel managers,” although they often have a different official job title. The majority (59 percent) of those participating in the study are personal assistants or secretaries, although this figure falls to 32 percent for respondents in high-spending companies.

What position do you hold in your company?



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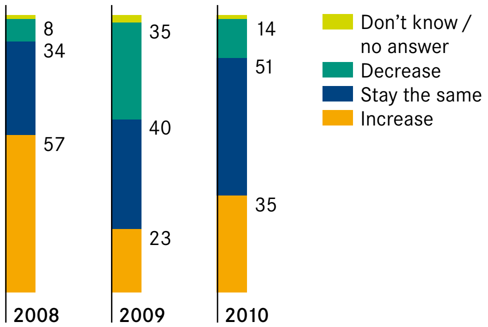
Executive summary

How will the number of business trips develop in the future?

Total: 100 %



Recovery – good news and bad news

Just over one-third of travel managers worldwide expect their employees to take more trips over the next 12 months. While this is far more than the number expecting their volume to fall (14 percent), that still leaves 51 percent anticipating no change after a year in which many companies cut back severely on travel. There is significant variation by market: only 27 percent of Europeans forecast more travel, for example, but for US travel managers the figure is 49 percent.

Air dominates travel budgets ...

Air accounts for 47 percent of the average travel budget, and 39 percent of respondents expect their air costs to rise in year ahead – more than any other travel category. Hotel accounts for 20 percent of budget, car rental 10 percent, rail 9 percent, and meetings & conventions 8 percent.

... but companies have more deals on hotels

Although air is perceived as the biggest expense, only 59 percent of travel managers have any airline deals. This is 6 percent higher than two years ago, but still lags behind hotels, for which 69 percent have special negotiated rates. More than half (52 percent) of companies also have special rates with car rental suppliers.

No improvement in supplier discounts

In spite of the recession creating a buyer's market, travel managers have made no progress in improving negotiated corporate discounts over the last year. The average discount for air and hotel deals is 18 percent. For car rental, it is 15 percent, and meetings & conventions 14 percent.

Travel policy adoption hits a wall ...

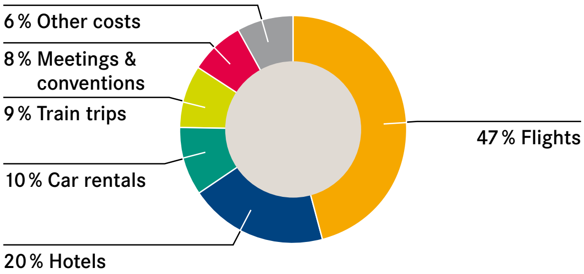
The recession has also not prevented the number of companies without a travel policy from creeping up this year from 21 percent to 23 percent. Other answers below show most travel managers are taking control of their travel programs. Put together, these figures still indicate that there is a gap between travel managers who can control travel extremely effectively within their organization and those whose control is very limited.

... but the tough get tougher

Among those companies which do have a policy, 88 percent say they make sure that travelers comply with it. Even though the worst of the global recession appears to be over, 45 percent still expect their policies to become tougher, although this is down from 58 percent last year. Only 4 percent expect to relax it.

How is the total budget for business travel in your company split?

Total: 100 %



Travel programs becoming more centralized

There has been a big jump this year in the proportion of companies with centralized travel programs – up from 63 percent to 70 percent. The growth is particularly strong among companies with medium-sized travel expenditure.

Travel managers will keep control post-recession

The recession has been good for travel managers, with 77 percent agreeing it has helped them discover new possibilities for cost savings which will remain even when economic conditions improve. What is more, 69 percent believe their role has become more important.

Travel managers become empowered employees

Based on questions regarding status and time, the proportion of travel managers profiled by this study as "empowered employees" has risen over the past two years from 33 percent to 45 percent, while "stressed-out worker bees" has fallen from 26 percent to 18 percent.

CO_2 offsetting down but policies go Green

After a couple of years of growth, the number of companies which make offsetting payments for their travel-related CO_2 emissions has declined slightly this year, going from 19 percent to 17 percent. However, 21 percent of companies do take climate considerations into account in their travel policies and 16 percent intend to do so in the next 12 months. The figures for environmentally friendly policy making are much higher in Scandinavia, Brazil, and the UK than for other markets.

Card security a hot button issue

Card security is a concern among travel managers, with 73 percent identifying improvement of credit card security as a major topic in corporate travel.

01 Trip volumes and travel spending

Expectations of travel growth are much lower in Europe than in the rest of the world.

Summary

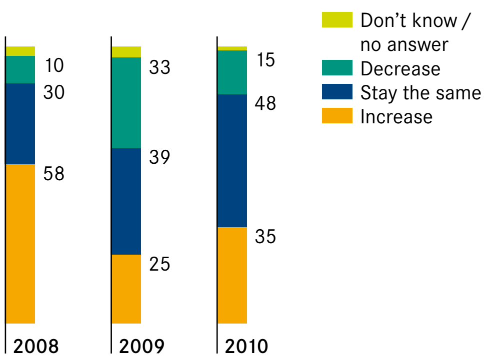
Just over one-third of travel managers (35 percent) expect their company to travel more over the next 12 months, while 14 percent think they will travel less and 51 percent anticipate no change. Expectations of travel growth are much lower in Europe than in the rest of the world. The biggest concerns over volume and spending increases are for air travel, but companies are more likely to have corporate deals with hotels than with airlines. The level of corporate discounts buyers have obtained from travel suppliers has not risen during the last two years of economic downturn.

Recovery – is the glass half-full or half-empty?

If an increase in business trip numbers is considered symptomatic of an improving economy, then both optimists and pessimists will find evidence to support their views in this year's AirPlus International Travel Management Study. The optimists will point to 35 per-cent of travel managers expecting their company to travel more over the next 12 months, well up from 23 percent last year, although not as high as 57 before the recession started two years ago.

How will business travel spend in your company develop in the future?

Total: 100 %



The market flattens long-term

On the other hand, pessimists will point to the fact that, with 51 percent of travel managers expecting their volume to remain flat and another 14 percent thinking it will go down even further, two-thirds of companies foresee no improvement. This much is certain though – there are indications that business travel is not going to grow at the same frenetic pace as was the case before the recession. Last year, 40 percent of travel managers expected their volume to remain stable, and the year before the figure was 34 percent.

This suggests that the market is flattening long-term, which may worry suppliers, though they will be more pleased to learn that the 14 percent expecting volumes to fall are well down from last year's figure of 35 percent.

Slow recovery in Europe

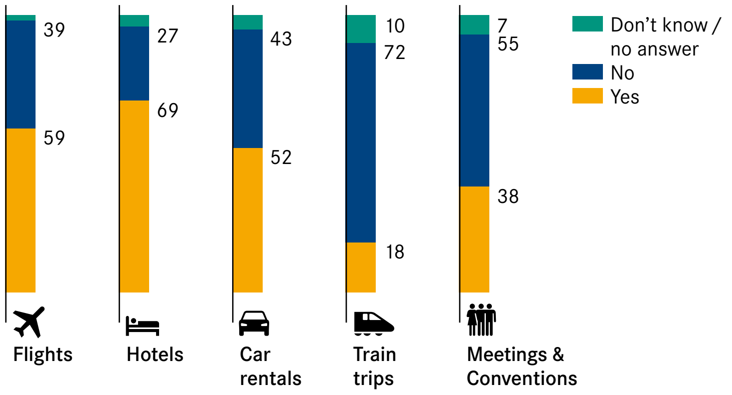
Europe is far less optimistic about growth than other parts of the world. Only 27 percent of European respondents expect travel to increase, compared with, for example, 49 percent of US travel managers. This confirms evidence from other sources, which has shown that the US corporate travel market is emerging from recession faster than the other side of the Atlantic. Currently, Europe is the only region whose airlines are forecast by the International Air Transport Association to make a collective loss in 2010.

Taking to the air

Thirty-eight percent of travel managers expect their company to buy more flights over the next 12 months, a larger increase than for any other travel sub-category, although the proportion of respondents anticipating making more hotel bookings lags only slightly behind at 32 percent. Once again, the US (52 percent) is well ahead of Europe (32 percent)

Do you negotiate with suppliers to get special corporate rates?

Total: 100 %



in expecting to fly more. Some European countries have exceptionally low expectations of aviation growth, including France (20 percent) and Belgium (26 percent). It suggests the mood of austerity will not lift in those countries for at least another year.

When viewed globally, the trend remains that more travel managers expect no change in their air volumes for the year ahead (48 percent) than think it will go up (38 percent) or down (12 percent). Once again, there is some good news for optimists in these figures in that the number of those who expect to fly more is three times higher than that of those who think they will fly less.

The broad pattern for hotel, car rental, rail trips and meetings & conventions is similar. One notable figure regarding rail, however, is that 31 percent of travel managers in Belgium (a country new to the study this year) expect their rail volume to increase. That figure is higher than for any other country and most likely reflects the recent opening of a high-speed line between Brussels and Amsterdam. It is particularly remarkable because Belgium's expectation of growth in air volume is well below average.

Spending in line with volume

The number of travel managers who expect their travel expenditure to rise is 35 percent, up from 25 percent last year, but well below the 58 percent of two years ago. This figure is the same as that of the expectation for transaction growth.

Air travel is the biggest concern

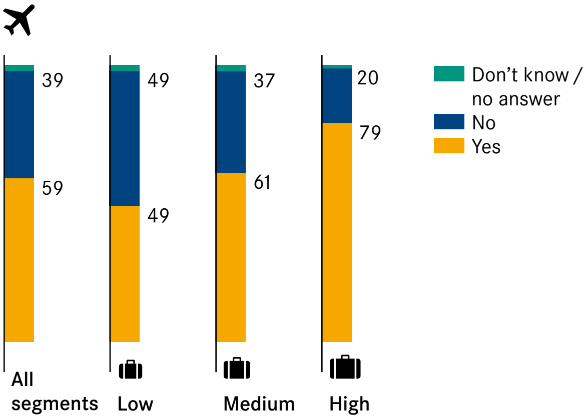
As is the case with volume, the biggest worries about increased spending are for air travel, with 39 percent thinking they will have to pay more. Hotel is next highest at 32 percent, followed by meetings & conventions at 23 percent.

Part of the reason air tops this list may be concerns about consolidation among airlines, following announcements of major mergers on both sides of the Atlantic. It is also widely expected that airlines will not undermine their pricing improvements this year by adding substantial new capacity as the travel industry emerges from recession.

However, the primary reason for air travel being the main worry could be even simpler: companies spend more on flights than any other aspect of travel. They account for 47 percent of the average travel budget of participants in the study, way ahead of hotel (20 percent), car rental (10 percent), rail (9 percent) or meetings & conventions (8 percent). These figures are almost identical across all levels of travel expenditure.

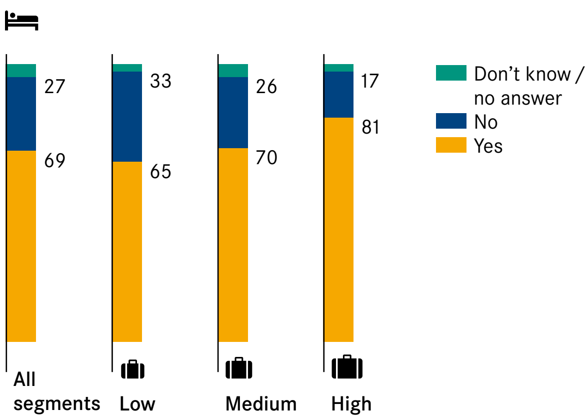
Do you negotiate with airlines to get special corporate rates?

Total: 100 %



Do you negotiate with hotels to get special corporate rates?

Total: 100 %



No more budget cuts

Overall, only 15 percent think their expenditure will fall over the next 12 months, and that figure varies little by travel sub-category. For example, 15 percent expect their air spending to drop and 14 percent believe they will spend less on hotels. Companies clearly do not expect to cut travel costs in the year ahead – unsurprising, given that few expect to travel less.

Hotels provide the most deals

Many of the businesses polled for the study negotiate with travel service providers. No fewer than 69 percent have special rates with hotels, followed by air travel providers (59 percent) and car rental agencies (52 percent). It is striking that more respondents have deals with hotels than airlines, even though they spend more than twice as much on flights as on accommodation. There are several likely reasons for this. Perhaps the most important is that hotels face more competition on a market-by-market basis, whereas many air routes are served by only one or two airlines, which will therefore feel less inclined to give corporate discounts.

Another important explanation is that even companies with a low travel budget can have reasonably good accommodation spending power in a small number of markets – where their headquarters are based, for example. This will attract the attention of hotels even if the same companies do not fly enough to earn discounted air fares. Further analysis of the figures shows that 65 percent of low spenders have deals on hotel stays but only 49 percent have deals on fliughts. There is far less disparity for high spenders: 81 percent have deals on hotel stays and 79 percent have deals on flights.

Air agreements take off ...

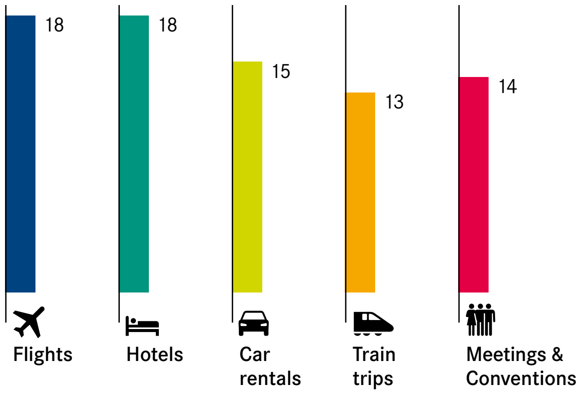
It is worth noting, however, that the number of companies (in all spending categories) with deals on air travel has risen for the last two years, from 53 percent in 2008, whereas deals on hotel stays are down 4 percent this year. Possible explanations include airlines seeing more value in giving special rates to smaller customers during the economic downturn, or more travel managers identifying best available hotel rates.

... but meetings stall

One area where companies appear to have hit a wall is meetings & conventions. Only 38 percent say they have special negotiated rates, a figure that has remained almost identical over the past three years. Small and medium enterprises are clearly lagging behind their higher-spending counterparts, of whom 51 percent have negotiated rates. However, since 81 percent of large spenders have deals on hotel stays – often in the same venues – it suggests there is scope for improving meeting deal negotiations for companies of all sizes.

What percentage did you actually save last year when negotiating with suppliers?
in %

2010



No change in discount levels

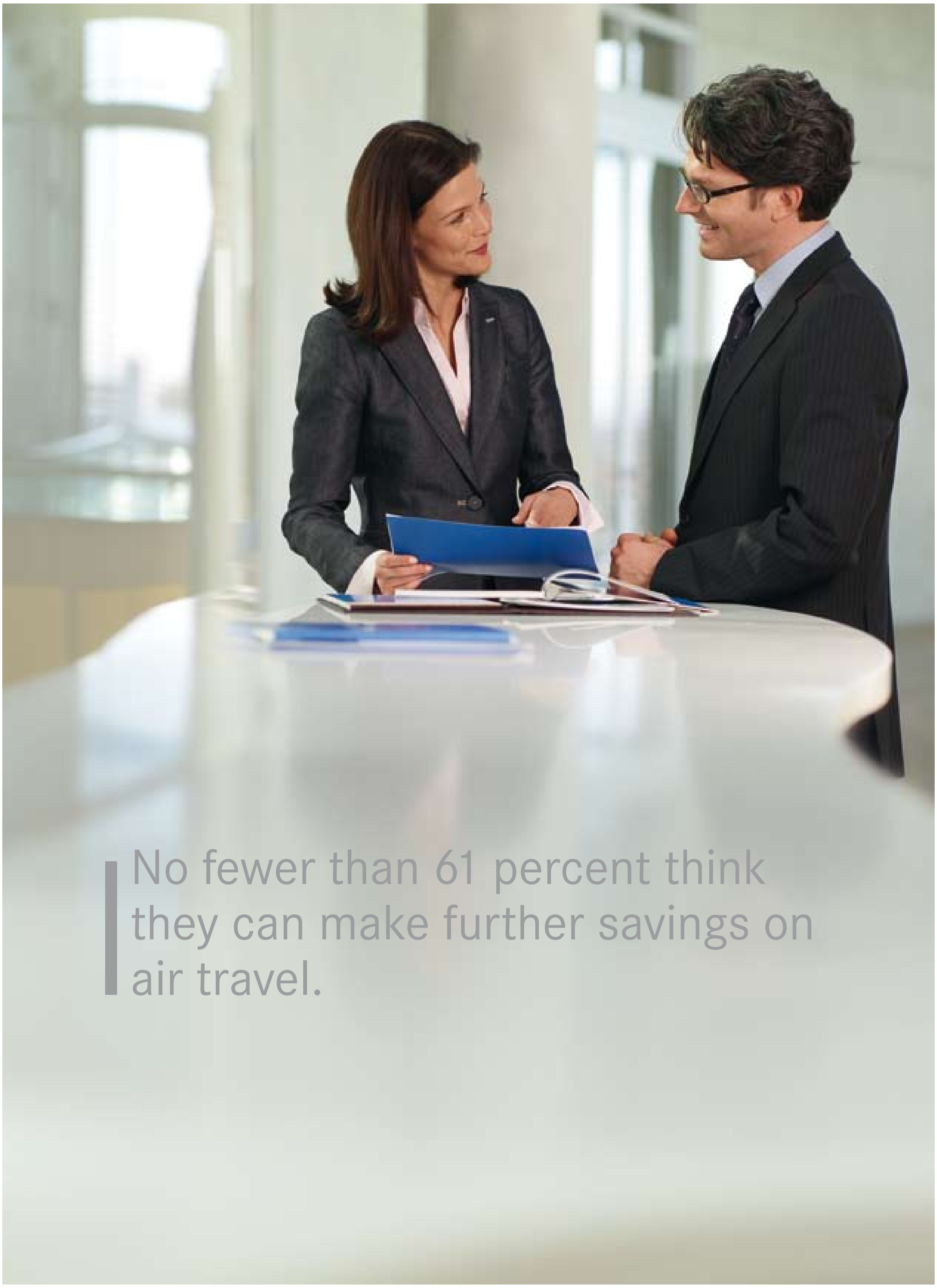
A surprising finding in this year's study is that the level of discounts travel managers are achieving for their negotiated rates has not changed in spite of the recession. The average discount for both airline and hotel deals is 18 percent, while it is 15 percent for car rental, 14 percent for meetings & conventions, and 13 percent for the small number of companies with rail deals.

A missed opportunity?

Anecdotally, there have been many stories of companies achieving much higher discounts. It suggests some companies may not be negotiating actively and strategically with travel suppliers, but are instead accepting the minimum, unnegotiated corporate discounts which the suppliers offer to all businesses. Is this a missed opportunity, and are companies being held back from doing better because they lack the essential tools to manage, such as enriched data?

This is a hard question to answer, but it is certainly true that travel managers see more opportunities to save money. No fewer than 61 percent think they can make further savings on air travel, 65 percent on hotels, 48 percent on meetings & conventions, and 46 percent on car rentals.

The figure for air travel is virtually unchanged from last year, suggesting travel managers believe they can still do more to make savings in spite of the market swinging towards suppliers as the recession ends. If buyers believe they can make pricing improvements even when supply and demand economics are not in their favor, it implies they see potential to achieve this by improving their travel management performance – for example through using better data to strengthen their position at the negotiating table.



No fewer than 61 percent think they can make further savings on air travel.

02 Travel policy

Belt tightening is over but 45 percent still believe their travel policy will become tougher.

Summary

After a big jump last year, the number of companies with a policy for all areas of travel has fallen this year from 70 percent to 64 percent. The proportion of low-spending companies without a policy (32 percent) is much greater than high-spending companies (14 percent). However, businesses of all sizes that have a policy do check that it is being observed (88 percent) and only 4 percent are considering relaxing policy in the next 12 months.

Policy growth grinds to a halt

It is generally considered essential to have a travel policy for any company to manage its travel expenditure effectively. Yet, although most respondents in the study do indeed have a policy, there is no sign of this becoming universal. If anything, the trend has moved backwards.

Last year, the number of companies without a policy fell from 28 percent to 21 percent. This year, it is up slightly to 23 percent. In particular, there has been a fall in respondents with a policy for all areas of travel from 70 percent to 64 percent (after a big leap from 57 percent two years ago), although those with a policy for some areas of travel have risen slightly from 8 percent to 11 percent.

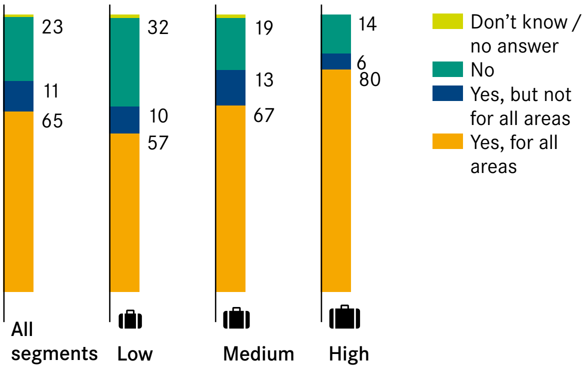
Numbers have declined in spite of the fact that a new source market for the study, Scandinavia, has the highest proportion of companies with a policy for all or some areas of travel (89 percent). It suggests that a small number of businesses may already have downgraded cost control as a travel priority after the recession. It also indicates that many organizations still have an opportunity to take better control of their travel than they do today.

Even some big spenders lack policy

Policy is one issue where size makes a major difference. Eighty percent of high spenders have a travel policy for all areas, compared with just 57 percent of low spenders. Conversely, 14 percent of high spenders have no policy, compared with 32 percent of low spenders – although arguably the figure for high spenders without a policy is the more surprising of the two, considering how heavily travel costs hit their bottom line.

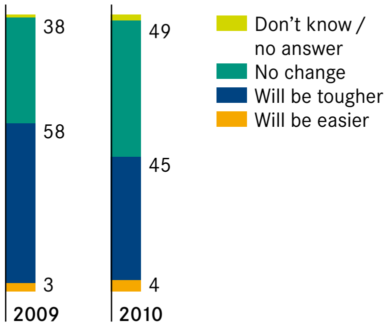
Does your company have a specific travel policy?

Total: 100 %



What do you think your company's travel policy will develop in the future?

Total: 100 %



The tough get tougher

Better news is that those companies which do have a policy are serious about managing it: 88 percent of all respondents say they check that travelers are complying with it. The main exception is China, still a very new market for business travel, where only 62 percent make checks.

Forty-five percent of travel managers believe their policy will become tougher over the next 12 months. This is down significantly from last year (58 percent), when companies globally were at the height of their belt tightening. In fact, the main surprise is that just under half still think they can find new ways to crack down on policy. This trend is particularly strong among high spenders (57 percent, compared with 45 percent of medium spenders and 40 percent for low spenders). Since they usually have better managed programs and processes, they have the tools to identify and implement policy changes more easily.

Travel managers lock in their gains

Across the board, however, travel managers whose businesses have a policy are showing no signs of loosening it. Only 4 percent say they are likely to make it more relaxed, almost no change from last year (3 percent). Those anticipating no change have shot up from 38 percent to 49 percent. It would appear that nearly all travel managers who have succeeded in gaining better control during the recession intend to maintain their new-found powers – an inference which is substantiated by other responses in Section 4 – Status of Travel Managers and Travel Management.

03 Travel management solutions and processes

Cost reduction emerges far ahead of any other priority.

Summary
Travel managers rate cost reductions as by far their most important priority – even more so than last year – with support for travelers their next most important task. The number of companies which manage their travel centrally has jumped from 63 percent to 70 percent.

Focus intensifies on cost reduction

Unsurprisingly, reducing costs is considered the number one priority by travel managers in every country participating in the study.

Respondents were asked to rank five different priorities, with a score of 1 allocated to the most important and 5 to the least important. Based on this simple system, cost reduction (1.6) emerges far ahead of any other priority, the next most important being supporting travelers as well as possible (3.0). The other three priorities are in a similar range – optimization of internal processes (3.2), introduction of travel policy guidelines (3.5) and reporting on costs for management (3.6). The emphasis on reducing travel costs is even greater than last year (1.8).

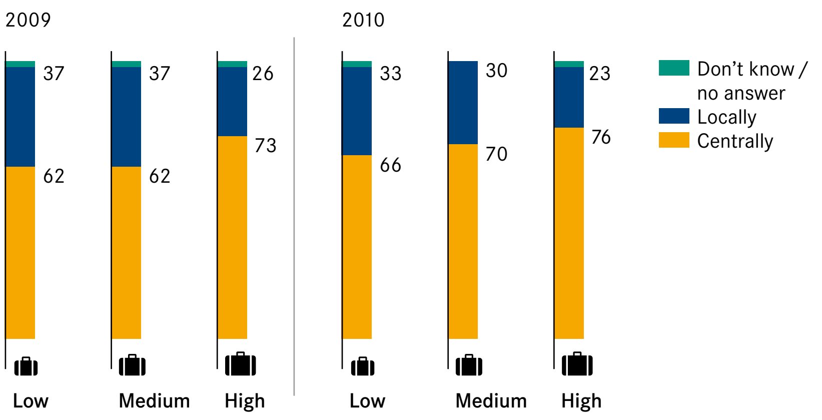
Supporting travelers appears to be more of a priority at lower-spending companies (2.8) than at higher-spending ones (3.2), reinforcing the popular perception that smaller companies are more people-driven, whereas larger ones tend to be more process-driven.

Travel programs centralize

A distinct trend to emerge this year is that the number of companies organizing their travel management centrally instead of locally has jumped from 63 percent to 70 percent. Two years ago, the figure was 62 percent. This is a significant development because it is generally (although not universally) thought that consolidation improves control over critical travel program aspects such as data management and supplier relations. It will be interesting to see if the trend for centralization leads to growth in the number of companies with a policy and supplier deals next year.

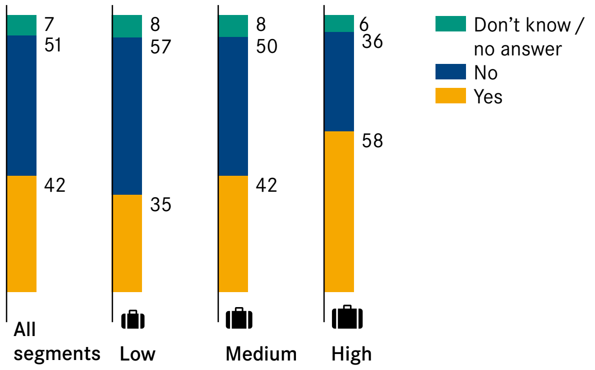
How is travel management organized in your company?

Total: 100 %



Do you use special analytical tools or software to evaluate your travel costs?

Total: 100 %



Also noteworthy is that the rise in centralization this year is mainly among medium-sized businesses – up from 62 percent to 70 percent. Low spenders which centralize are up from 62 percent to 68 percent and high spenders from 73 percent to 76 percent. It suggests that some best practices originally introduced by high-spending companies are gradually spreading down the spending ladder. This in spite of the fact that medium spenders (71 percent) are less likely to have overseas offices than large spenders (85 percent).

Travel managers like to analyze ...

A high proportion of travel managers (78 percent) say they analyze their travel spending, with high spenders again leading the way (87 percent, compared with 73 percent for low spenders). However, it would be interesting to know how they do this in practice.

... but no growth in special tools ...

Only 42 percent say they use special analytical tools to evaluate their business travel costs. This is similar to last year, when the number saying they used tools rose 6 percent.

... in spite of fast-growing appreciation

Strangely, in spite of this leveling off in growth, appreciation of the benefits of using analytical tools has increased dramatically. For example, the proportion who agree or somewhat agree that the tools improve cost transparency has jumped from 53 percent to 67 percent. Appreciation is greater among higher spenders.

If more travel managers understand the value of such tools, then why aren't more using them? Possible answers include a lack of budget, or that priorities lie elsewhere in the travel program, for example in investing in booking tools.

Electronic invoicing gains ground

One area which continues to show innovation is the formatting of invoices from travel suppliers. The proportion of travel managers who would like to receive invoices on paper in future has fallen from 18 percent to 14 percent, while those wanting electronic invoices has jumped from 54 percent to 62 percent. Just under a quarter (23 percent) want both, down from 26 percent last year.

When analyzed in more detail, high spenders are particularly interested in having manipulable electronic files (18 percent), with which they can dig deep into the data, compared with medium (10 percent) or small (9 percent) spenders.

There are significant variations, even with within regions, in the extent to which travel managers want electronic invoicing. In Scandinavia, for example, 73 percent want to go electronic, but the figure is only 44 percent in Germany.


Appreciation of the benefits of using analytical tools has increased dramatically.

04 Status of travel managers and travel management

Of travel managers, 69 percent say the recession made their role more important.

Summary
More than three-quarters (77 percent) of travel managers intend to retain cost-saving measures introduced during the recession as the global economy improves. The recession has helped in another way: 69 percent say it has made their role more important. Several other responses indicate travel managers are encountering fewer barriers preventing them from doing their jobs properly … and 90 percent enjoy their work.

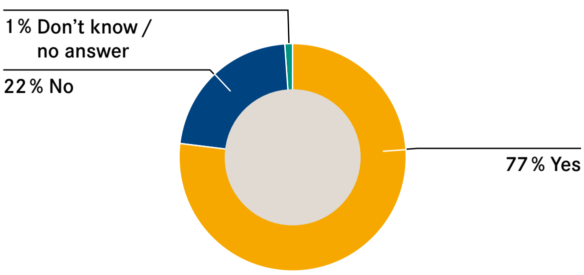
Economic cloud has a silver lining

Travel managers seem to be confident they are being given the right conditions to do their job. When asked how they would assess the state of travel management in their organization between 0 for no systematic travel management and 10 for optimal travel management, the median answer was 7.3, up from 7.2 last year. That may be a statistically insignificant shift, but answers to other questions in the study indicate that improvements in tools, resources, time, and – perhaps most importantly – status are allowing travel managers to work more effectively.

Recession drives improved savings

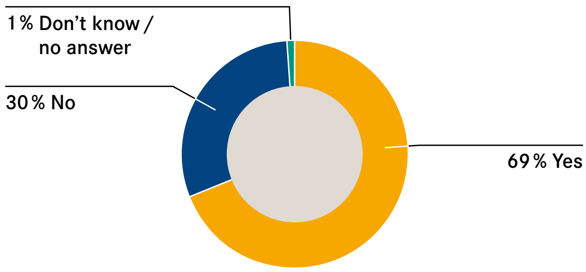
The catalyst for this transformation has unquestionably been the recession. No fewer than 77 percent agree that as a result of the recession they have discovered new possibilities for saving costs which they will continue to make use of as economic conditions improve. Furthermore, 69 percent say their role has become more important because of the state of the global economy.

As a result of the crisis, I have discovered new possibilities for saving costs, which I will also make use of during better economic conditions
Total: 100 %



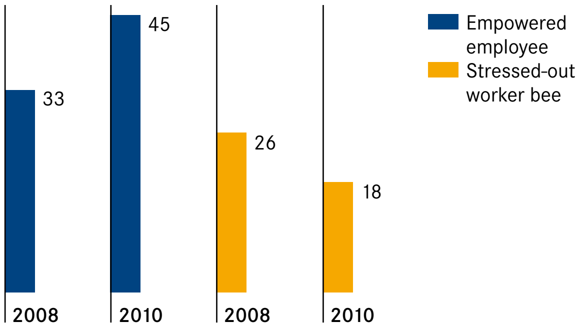
My role as the travel manager within the company has become more important

Total: 100 %



Travel managers develop increasingly develop into "empowered employees"

Based on self-evaluation statements about disposable time and influence



High spenders thrive on pressure

In both cases, optimism is greatest among travel managers at higher-spending companies, with 85 percent discovering new possibilities for cost savings (compared with 73 percent of low spenders) and 82 percent concluding their role has become more important (compared with 63 percent of low spenders).

It may simply be that high-spending travel managers have received the authority to tackle travel cost because they have the largest travel bills to reduce: 78 percent of high spenders say there is increased cost pressure in their company owing to the economy, compared with 63 percent of medium spenders and 61 percent of low spenders. However, high-spending companies also tend to have the best-managed travel program so one could argue that they are receiving the green light to introduce initiatives because they have a proven greater potential to achieve results. Success breeds success.

An interesting counterpoint to the pressure to reduce costs is that this year fewer travel managers are finding it harder to achieve a balance between optimal support and strict cost management – down from 69 percent to 62 percent. This suggests, as was noted in the previous section, that supporting travelers has taken a back seat to the overwhelming priority of cost reduction. In the current climate, if travel managers have to choose between the two, they are more likely to choose cost reduction.

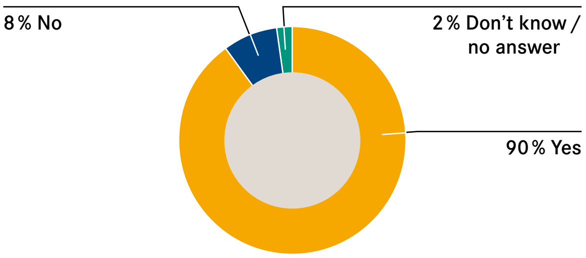
More power, fewer complaints

Other grievances expressed by travel managers are also on the decline – albeit more marginally. The proportion who believe lack of attention and arbitrary procedures are making their job more difficult has fallen for the second year running to 43 percent (from 52 percent two years ago). Similarly, those who feel that they do not have enough time for travel management as a result of other responsibilities has slipped again from 42 percent to 36 percent, and those who feel they have many obligations but not many rights has fallen from 36 percent to 34 percent.

Overall, therefore, the impression created is that there is more pressure on travel managers, but they are in a much better position to cope with that pressure thanks to increased empowerment.

I enjoy my tasks within travel management

Total: 100 %



Enter the empowered employee

Based on the issues above, the AirPlus International Travel Management Study has in recent years divided travel managers into four profiles: stressed-out managers (status but lack of time), stressed-out worker bees (lack of status and lack of time), invisible employees (time but lack of status), and empowered employees (status and time). The good news is that over the past two years, the proportion of empowered employees has risen from 33 percent to 45 percent, while stressed-out worker bees has fallen from 26 percent to 18 percent, and invisible employees has declined from 26 percent to 21 percent. The number of stressed-out managers is up slightly from 15 percent to 16 percent.

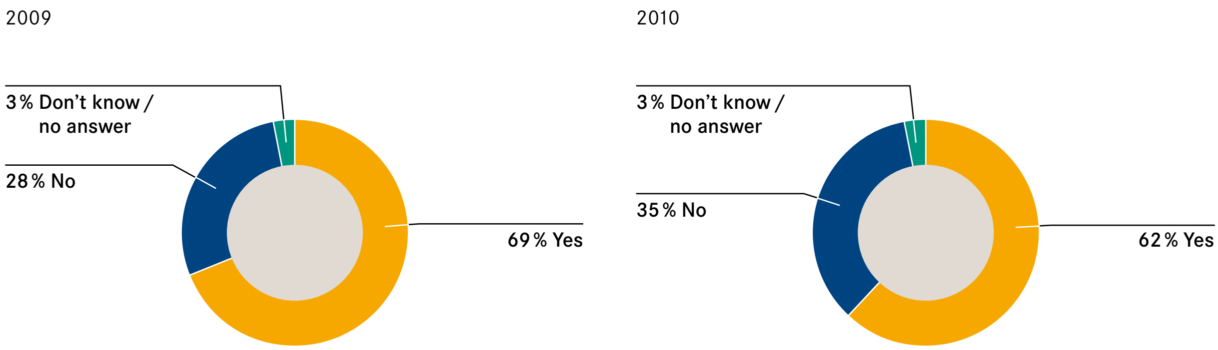
China searches for happiness

There is one more piece of good news about travel managers: whether stressed-out or empowered, nearly all of them seem to like their job. Ninety percent say they enjoy their travel management tasks. Only a couple of countries seem less happy about this – Spain is down at 76 percent and China much lower still at 57 percent.

Answers to another question offer a strong clue as to why Chinese travel managers enjoy their work less than peers in the rest of the world: very few Chinese are given enough time to fulfill their travel tasks. Whereas 63 percent of respondents globally spend less than one-quarter of their working week managing travel, for the Chinese this figure rockets to 90 percent. Conversely, 9 percent globally spend more than three-quarters of their time managing travel, but not one single Chinese respondent spends this much time on travel.

The balancing act between optimal support and strict cost management is becoming more and more of a challenge

Total: 100 %



Time to manage

Even leaving the extreme case of China out of the equation, it is initially surprising that only 37 percent of respondents feel that they lack sufficient time to do their job, considering that 63 percent spend less than one-quarter of their time on it. What is more, the proportion of respondents spending less than one-quarter of their time on travel has crept up by 4 percent over the past two years, probably reflecting the fact that administrative staff are having to cover more tasks as companies have reduced their workforces.

Yet these figures should not really come as a surprise: 35 percent of respondents are from companies with a low expenditure on travel and 55 percent have a medium expenditure. It may not be worth having an employee dedicating all or even most of their time to travel. Even so, there is still a strong case to be made that at the very least the large spenders are not devoting enough time to travel management. Only 26 percent of respondents in the high-spending category devote more than three-quarters of their working week to travel, while 41 spend less than one-quarter of their time on it. If they invested more time, what might they gain in terms of improvement to their travel program?

Only 26 percent of respondents in the high-spending category devote more than three-quarters of their working week to travel.

Looking for more support

What is most lacking in the travel programs that travel managers have to work with today? Asked to select from a list of options, travel managers in every country except Austria most commonly chose the same answer: flexibility in selection (up from 24 percent last year to 33 percent this time). The next most common grumble is lack of co-operation from employees (16 percent), followed by lack of travel policy – it would seem that many of those who manage travel for companies which still do not have a policy are very unhappy about the situation.

When comparing responses to this question according to size of spending, the widest variation is that 16 percent of high-spending travel managers complain most about lack of support from senior executives, compared with 9 percent of medium spenders and 6 percent of low spenders. This is most likely because smaller companies have flatter structures, whereas larger companies are more likely to have several layers of management between the travel manager and the executive board.

One respect in which high-spending travel managers have much better support is from their peers. They regularly exchange information with an average of 7.8 other travel managers, whereas the figure for medium spenders is only 2.3 and for small spenders 1.8.

05 New challenges

Security for travelers and their corporate cards emerge as hot-button issue.

Summary

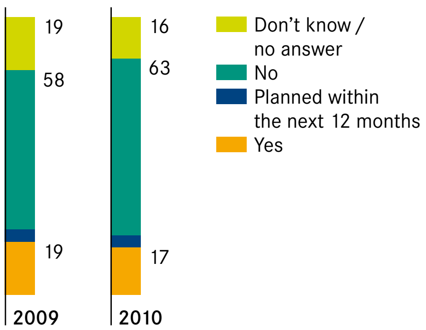
Making offsetting payments for travel-related CO_2 emissions is falling out of favor – only 17 percent do it – but 22 percent still say they include environmental topics in their travel policies and another 16 percent intend to do so. The most pressing hot button issues for travel managers are related to card security, followed by traveler security.

Carbon-offset payments run out of steam ...

Over the past three or four years, companies around the world have started to offset their travel-related CO_2 emissions through financial donations to climate protection programs. This trend now appears to have stalled. The proportion of respondents who say their company offsets has dipped from 19 percent last year to 17 percent this time. Two years ago, it was 15 percent. An additional 4 percent plan to introduce offsetting over the next 12 months, the same as a year ago.

Do you pay to offset your travel-related CO_2 emissions?

Total: 100 %



Figures vary considerably by country, ranging from 5 percent in the US and Italy to 25 percent in the UK and Scandinavia, 30 percent in the Netherlands, and 35 percent in Brazil. Uptake is also a little higher among big spenders (21 percent) than low spenders (15 percent).

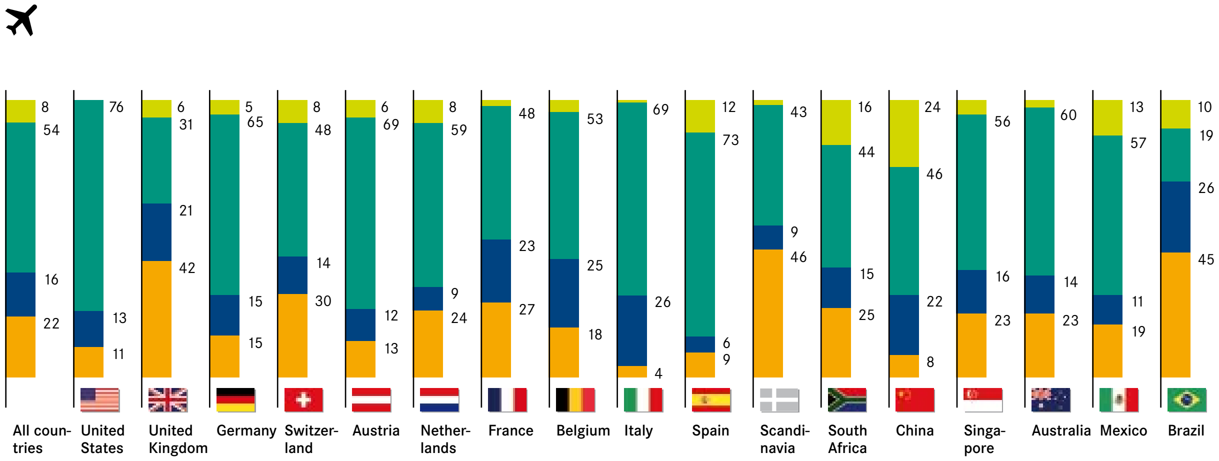
... but not Green travel management

It is tempting to conclude from these figures that the Green travel bubble has burst and the recession has made environmental concerns take a back seat to economic ones. However, this is not necessarily the case. It is worth noting that offsetting receives mixed reviews from environmentalists. They argue it is more important to reduce emissions directly than to cause emissions and then attempt to offset them. The tailing off of adoption of offsetting could therefore indicate that companies which want to be Green have concluded this is not the best way forward.

What may be true is that Green measures which add to a corporation's costs, such as offsetting, have fallen out of favor. Other Green options often reduce not only CO_2 emissions but costs too. Examples include replacing some travel with virtual conferencing or switching from air to rail. Ideas like these may well have suffered less in the recession and indeed could even be on the increase.

Do you take climate protection considerations into account within your travel guidelines?

Total: 100 %



- Don't know / no answer
- No
- Planned within the next 12 months
- Yes

Climate protection rates highly in Scandinavia, Brazil, and the UK …

Some support for the theory that Green travel management is thriving is provided in a question on whether companies take climate protection considerations into account in their travel policies. The worldwide figure is 22 percent and in some markets is around double that amount, including the UK (42 percent), Brazil (45 percent), and Scandinavia (46 percent). In addition, 16 percent globally say they intend to introduce climate protection-related elements to policy within 12 months.

… but poorly in the US

Less pleasingly for environmentalists, 76 percent of travel managers in the US, the world's largest producer of greenhouse gases and the world's largest business travel market, have no plans to introduce climate-related issues into their travel policies. That is a higher figure than for any other country. In June 2010, President Obama stated his belief that the Gulf of Mexico oil disaster will profoundly influence America's environmental consciousness. It will be interesting to see if his prophecy is reflected in these figures next year.

Replacing travel with virtual alternatives

What will brighten the attitudes of Green campaigners more is that two-thirds (66 percent) of respondents say traveling less as a result of holding more virtual meetings has become a relevant issue for them.
In many cases, a switch from real to virtual travel may not be explicitly for environmental reasons. For example, although US travel managers show little interest in Green-related travel matters, 60 percent still say they have traveled less because of virtual alternatives. Whatever the reason for the switch, the effect in terms of reduced emissions is the same.

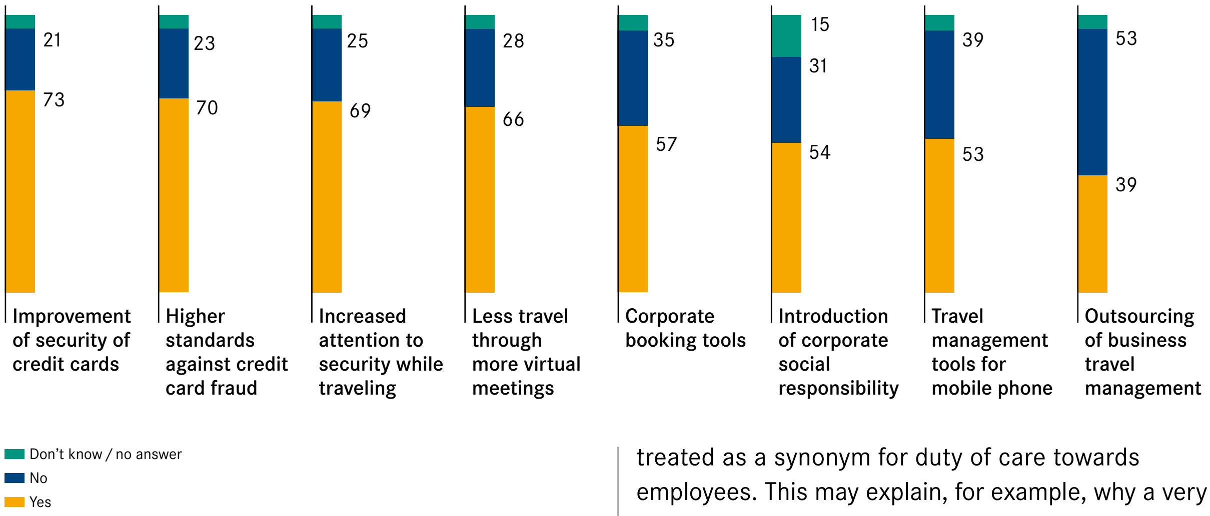
Card security heads list of hot topics

Along with the switch to virtual travel, respondents were presented with seven other trends and asked whether they agree these strongly define the business travel market at present. The top three trends identified all related to security – two of them financial and one physical.

The most strongly identified trend was improvement of security of credit cards (73 percent). This was followed by the closely related trend of higher standards against credit card fraud (70 percent). Card security is not an issue which has received much attention in the global business travel press, but fraud is a growing problem and is clearly beginning to concern corporate users.

Which of the following trends strongly define the business travel market at the moment?

Total 100 %



Traveler security matters too

Next on the list of trends recognized as relevant to business travel was increased attention to security while traveling (69 percent). Since 9 / 11, terrorists have tried in a variety of ways to breach airport and airline security, leading to increasingly intrusive screening procedures. These measures are making air travel more difficult for business travelers, and maybe deterring them from taking journeys in some cases.

Security is also receiving increased attention from corporations in the form of investment in systems for tracking travelers. The technology has proven itself in several incidents over recent years, not only for security crises but also for other emergencies such as the Eyjafjallajökull ash cloud disruption in travel in the Spring of 2010.

CSR – big in the UK

Perhaps the need to track travelers explains why another trend with good recognition is the introduction of corporate social responsibility (54 percent). There are varying interpretations of what CSR means in the context of business travel – for example, does it include environmental issues? – but it is often simply treated as a synonym for duty of care towards employees. This may explain, for example, why a very high 71 percent of UK travel managers responded positively to this question: the UK introduced strict corporate manslaughter legislation in 2007.

Duty of care has been a difficult issue for companies in the recession. As discussed in the previous section, there is some evidence that economic priorities have slightly downgraded concerns for traveler comfort. On the other hand, companies do not wish to be so harsh towards travelers that they open themselves to potential liability for neglecting duty of care. Introduction of CSR appears more of a concern for large spenders 65 percent than small spenders (48 percent). Whether this is because they are more aware of risk management issues or because larger companies need to improve their duty of care more than smaller ones is difficult to say.

Online booking – big among high spenders

One final trend on which travel managers were asked to comment was corporate booking tools. An average 57 percent acknowledge them as relevant, the most notable exception being China (23 percent). Online booking is of particular interest to high-spending companies (68 percent). Around half of travel managers also think travel management tools for cell phones are a relevant topic (53 percent).

Conclusion

This year's AirPlus International Travel Management Study reveals a growing gap between the "haves" and the "have nots" – travel managers who have brought their travel programs under control and those who have not.

Happily, the evidence suggests that an increasing number of companies are "haves," with 77 percent saying they intend to keep the cost-cutting measures they introduced during the recession. Part of the reason they can achieve this is that travel managers are improving their status within the corporate hierarchy: 69 percent say the recession has made their role more important. Other answers on questions like how much support and time they are given confirm this confidence, so that the proportion of travel managers we identify as "empowered employees" has grown over the past two years from 33 percent to 45 percent. At the same time, travel managers who fit a profile of "stressed-out worker bees" has declined from 26 percent to 18 percent.

One example of how travel managers are gaining control is that the number of companies with centralized travel programs has shot up this year from 63 percent to 70 percent.

It is also striking that 82 percent of travel managers from companies which spend most heavily on travel believe their roles have become more important, compared with 63 percent of low spenders. This could be very simple cause-and-effect: it is inevitable that companies which spend more on travel give their travel managers greater license to tackle the cost because they have more to gain.

However, a more important underlying reason is that this is a self-propagating cycle. High-spending companies are more likely to have travel policies and use tools such as payment cards and analytical software to understand their travel costs, control travelers, and therefore negotiate more and better deals with suppliers. As a result, success breeds success, and travel managers are provided more resources and status to achieve even greater savings.

An effective travel management toolbox is going to be crucial in the year ahead. It is relatively easy to make travelers compliant and suppliers give good deals in an economic downturn, but much harder when demand is shooting up again. With 35 percent of respondents expecting to spend more on travel in the year ahead, the good practices they have introduced over the past couple of years will be put to the test.

This will be the time when the "have nots" – the ones who did not cement a well-managed travel program during the recession – could start to suffer. Perhaps one of the most worrying signs is that more than one in five companies still has no travel policy. In fact, the figure crept up only slightly this year from 21 percent to 23 percent.

It is therefore no surprise that many companies are still without supplier agreements – 31 percent have no deals on hotels and 41 percent no air travel deals, for example. An even bigger area for improvement is meetings & conventions, for which 61 percent of companies have no deals with any vendors. Even the bigger spenders on travel are not immune. Half of them have no special rates for meetings & conventions, even though they may well have deals with the same hotel for their regular travel.

The irony is that more travel managers have ranked cost control as their number one priority than ever before in this year's study. Yet managing travel is not all about reducing cost. Risk management and corporate social responsibility have been important corporate strategic goals for businesses both before and during the recession, and some of those concerns are reflected in the study too.

Security – both for travelers and their corporate cards – emerge as hot-button issues in the research, and there are some interesting figures on travel and the environment. Paying to offset travel-related CO_2 emissions is falling out of favor, but there is still evidence of a strong commitment – particularly in Brazil, Scandinavia, and the UK – to producing Green-minded travel policies. Recognition of the shift from face-to-face to virtual meetings also suggests underlying attitudes are changing and have not been setback by the recession.

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