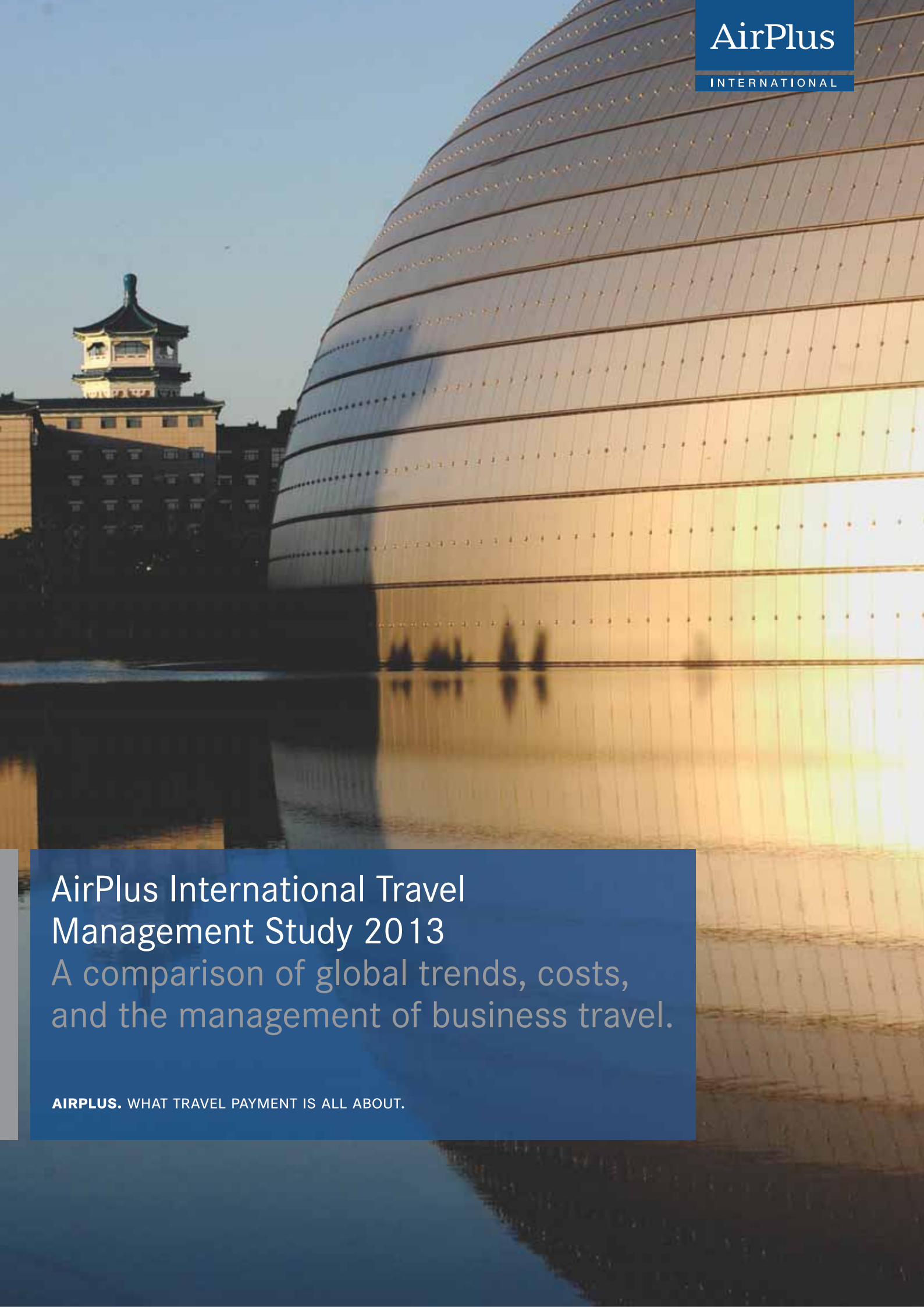


The logo for AirPlus International, featuring the word "AirPlus" in a white serif font on a dark blue rectangular background.

AirPlus

INTERNATIONAL

The background image shows a large, modern building with a curved, metallic facade that reflects in a body of water. In the background, a traditional Chinese building with a multi-tiered roof is visible. The scene is captured during the "golden hour" of sunset or sunrise, with warm light reflecting off the building's surface and the water.

AirPlus International Travel Management Study 2013

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

AIRPLUS. WHAT TRAVEL PAYMENT IS ALL ABOUT.

A total of 2,101 travel managers from 24 global business travel markets were surveyed for the AirPlus International Travel Management Study.



Introduction.

Dear Reader,

Welcome to the eighth annual AirPlus International Travel Management Study – and this year, more than ever, it is truly international in scope. AirPlus launched the study back in the mid-2000s by surveying travel managers in nine nations in Western European countries plus the United States. Since then our coverage has steadily expanded and this year we have added four more countries: Canada, India, Russia and Turkey. As a result, we now feature responses from a total of 2,101 travel managers in 24 countries, ranging across every continent.

Globalizing our knowledge in this way is not just nice to have – it is crucial. Even during the years since the study launched, companies have expanded the number of emerging countries they visit regularly, and outbound business travel from countries such as the BRIC nations (Brazil, Russia, India, China – all covered here) has grown enormously. Our clients' managed travel programs also typically cover many more markets than even a decade ago.

All this cross-border activity explains why, as this year's study shows, companies anticipate more travel than ever before, even though market conditions remain tough. The responses also show companies will need to keep fighting the threat of mounting travel costs. Therefore we quiz travel managers about the controls they are seeking using tools such as policy and data analysis.



We also like to take a look at new business travel topics, and this year is no exception. One new theme this time is mobile payment. The study reveals that early growth is not in Western Europe or North America; it is in Asia-Pacific – one small example of why we need a truly global perspective when thinking about business travel today. Happy reading!

A handwritten signature in black ink that reads "Volker Huber". The script is fluid and cursive.

Volker Huber
Executive Vice President Global Sales
AirPlus International
2013



About the study

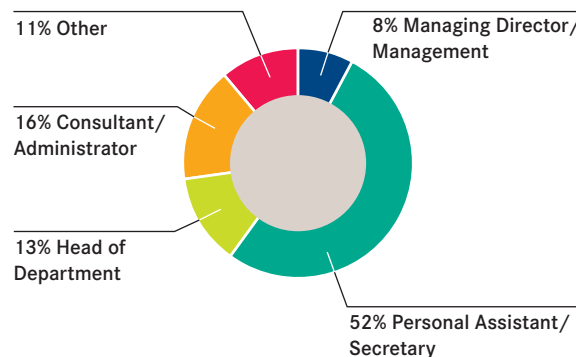
This study was conducted in late 2012 by the international market research company 2hm on behalf of AirPlus International. A total of 2,101 travel managers were surveyed in Australia, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Italy, Mexico, Netherlands, Norway, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States. Companies were categorised as low, medium or high spenders on travel according to different definitions in each country. For example, in Germany, low spenders were defined as spending €0,25-€0.5m annually, medium spenders €0.5m-€10m and high spenders €10m-plus. In the US, low spenders were defined as \$0.25m-\$1m, medium spenders \$1m-\$10m and high spenders \$10m-plus.

The interviewees

The interviewees in the study are all called “travel managers”, although they often have different official job titles. The majority (52 percent) of those participating in the study are personal assistants or secretaries, although this figure falls to 28 percent for respondents in high-spending companies. 44 percent work for senior management and 13 percent are in a travel department, with others working in departments such as finance and purchasing.

1 Position of interviewees

Total: 100 %





Contents.

Executive summary.

- 10 Main results of the study in brief

Travel volumes and travel spending.

- 13 Business travel growth will slow
- 16 Travel managers worry about air fare increases
- 17 Highest rises for biggest spenders

Strategies for reducing travel costs.

- 19 Policy management
- 22 Supplier management
- 23 Data management
- 23 Process management

New challenges and opportunities in travel management.

- 26 Mobile payment - the dawn of a new opportunity
- 27 Green travel management - more common among big spenders

Status of travel management and travel managers.

- 29 Travel management makes steady progress
- 30 Enjoyable work - but time is a problem

Conclusion.

- 33 The picture of a double-tracked world

Read the Study on the Go

An International Travel Management Study app can be found in the AirPlus library. It provides multimedia information about all the facts detailed, even for people on the go. Just scan the QR-code to obtain rapid access.



Get the Key Findings

Informative graphics covering the International Travel Management Study's key findings are also available in a specially designed Executive Summary. They can be downloaded from the White Papers section of the AirPlus homepage at www.airplus.com.



Travel is increasingly key
to corporate success.





Executive summary.

Travel volumes and costs

Slower growth ahead for travel ...

In countries also featured in last year's study, 29 percent of travel managers anticipate growth in trip numbers, down from 35 percent 12 months ago.

■ ■ Please see chart 2.

... but few companies expect reduced trip numbers

However, there is very little evidence that volumes are about to fall either. Only 13 percent of companies believe travel volumes will reduce over the next 12 months, up just 2 percent from last year (11 percent) and nowhere near the record high of three years ago (35 percent). Instead, the majority expect volumes to remain the same (56 percent). Companies with higher travel spend are the most bullish, with 36 percent forecasting more trips, compared with 33 percent of medium-spending and 29 percent of low-spending companies.

Asia-Pacific and Latin America expect to travel most

While only 24 percent of travel managers in Western Europe and 29 percent in North America anticipate more travel, the figure for both Asia-Pacific and Latin America is 43 percent.

Travel costs to rise again

Almost two out of five businesses (39 percent) expect their travel costs to rise over the next 12 months and 46 percent expect costs to remain stable. Only 14 percent anticipate a fall – figures similar to last year. Expectations of higher costs are much greater in emerging markets. Examples include India (62 percent anticipating higher costs), Turkey (55 percent) and China (51 percent).

■ ■ Please see chart 3.

Air accounts for biggest cost fears

Globally, the travel sub-category in which the highest number of travel managers expect costs to rise is air (44 percent). This is followed by hotel (37 percent), meetings & conventions (27 percent) and car rental (24 percent).

Strategies for reducing travel costs

Policy management – on the increase

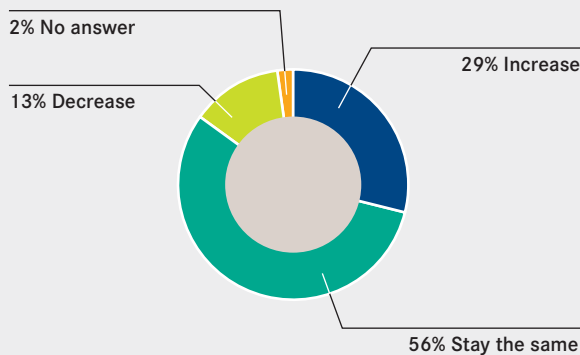
Among countries also included in last year's study, the proportion of companies which have a travel policy remained constant at 82 percent. However, 72 percent now have a policy for all aspects of their travel programs (not just part of it), up from 67 percent last time. Among companies that have a policy, enforcement has increased: 93 percent say they check compliance, compared with 89 percent last time. And there is still scope to get tougher, with 41 percent forecasting their policy will become more restrictive, while only 4 percent believe it will be relaxed.

Supplier management – deals back in fashion

In countries also included last year, companies that have specially negotiated fares with airlines have risen from 54 percent to 58 percent. As usual, more companies have deals with hotels than any other type of travel supplier, up from 71 percent to 72 percent. Deals with car rental providers are also up, from 53 percent to 55 percent, and companies with meetings & conventions deals are up from 39 percent to another record high of 42 percent. The proportion of companies with meetings deals edges upwards almost every year. Six years ago, the first time the question was asked, only 27 percent of respondents had a meetings deal.

2 Future trends in business travel volumes

Total: 100 %



Without CA, TR, RU, IN

Data management – more expert analysis

A major shift this year is that 52 percent of companies now say they use analytical tools or software to evaluate their travel costs, up from 42 percent last time. Less encouragingly, the proportion of companies that say they analyse their business travel spend, either with or without tools, remained almost unchanged at 81 percent (82 percent last year).

Process management – going paperless

In countries also involved in the study last year, 63 percent of travel managers would like to receive their travel billing in an electronic format in future, up from 59 percent last time.

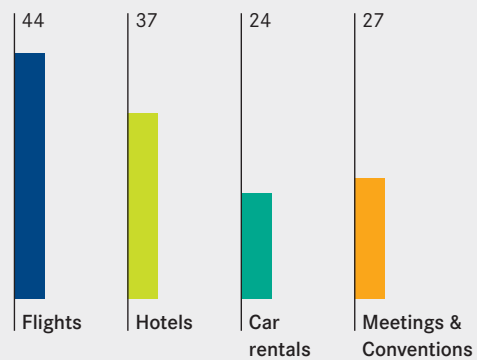
New challenges and opportunities

Mobile payment – the first steps

Twelve percent of travel managers say some or all of their travellers already have experience of mobile payment (19 percent in Asia-Pacific). The chief perceived benefit of mobile payment for companies is that it will help simplify travel expense accounting (19 percent).

3 Proportion of travel managers expecting increases in costs per travel category

in %



Green travel management – big spenders lead the way

Almost one-third (32 percent) of companies that spend heavily on travel say their travel policies reflect environmental issues (such as offering video-conferencing) as an alternative. One company in five (20 percent) makes a financial offset for its travel-related greenhouse gas emissions.

Status and time management

Travel managers like their work ...

Almost all travel managers (91 percent) say they enjoy their travel management tasks.

... but want more time to do it

The number of respondents who believe they lack enough time for travel management because of other responsibilities leapt from 34 percent to 44 percent. Another concern is that 58 percent find it hard to balance the needs of the traveller and the company in a managed travel programme, although this figure is down from 62 percent last year.



Travel volumes and travel spending.

Summary

Most travel managers in countries also featured last year (56 percent) expect the same number of business trips in the year ahead, while 29 percent forecast an increase and 13 percent a fall. 37 percent expect their travel costs to rise and 14 percent think they will fall. The travel category for which most travel managers fear higher costs is air (44 percent). However, 58 percent of respondents see an opportunity to cut their air travel costs, and 59 percent see an opportunity to reduce hotel costs.

Business travel growth will slow

Almost one-third (32 percent) of the 2101 travel managers from 24 countries interviewed for the annual International Travel Management Study expect more business travel in the year ahead. That is more than double the number of travel managers (13 percent) that expect travel volumes to decline. However, the majority of respondents (54 percent) expect no change.

This year's study includes four new countries – Canada, India, Russia and Turkey – of which the latter three have fast-developing economies, leading to accelerated demand for business travel. Leaving these four markets aside, only 29 percent of respondents from countries also surveyed last year expect more travel over the next 12 months. This figure is a noticeable dip from last year (35 percent) and the year before (34 percent). The majority (56 percent) in those countries also surveyed last year expect no change.

Globalization versus economic dampeners

Why does a substantial minority of travel managers continue to forecast business travel growth and why has that minority declined over the past year? The question needs to be answered in two parts. Part one is that continuing growth can be explained by relentless globalization, leading to companies in the most highly industrialised countries expanding their export

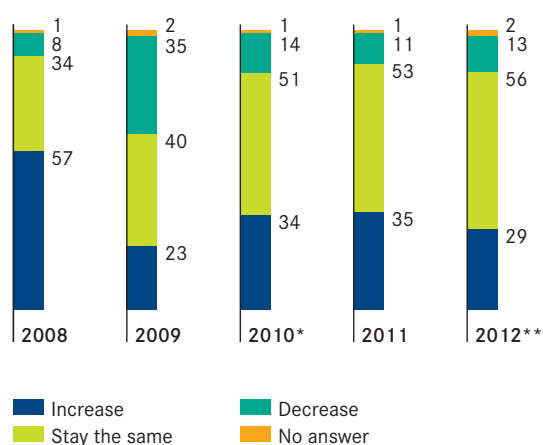
drives to emerging markets. Similarly, within those emerging markets, forecasts of growth are substantially higher than average, including India (64 percent), Turkey (50 percent), Brazil (48 percent) and China (41 percent). The slowdown in growth expectations probably results from strong economic dampeners caused by several factors, such as the crisis in the euro zone, bi-partisan disagreements over fiscal strategy in the US and concerns about whether China's boom might be coming to an end. These worries led to the International Monetary Fund revising its GDP growth forecasts downwards in recent months.

Better outlook than three years ago

Yet even if the outlook is less optimistic, the situation is still very different from three years ago, when 35 percent of all travel managers expected travel volumes to fall. This time only 13 percent predict a drop in trip numbers, up marginally from 11 percent last year. Naturally, there are significant variations by mar-

4 Future trends in business travel volumes

Total: 100 %

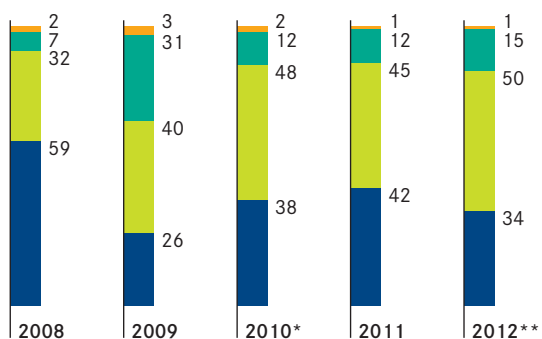


* Since 2010 with BE, SKN

** Without CA, TR, RU, IN

5 Future trends in the number of flights

Total: 100 %



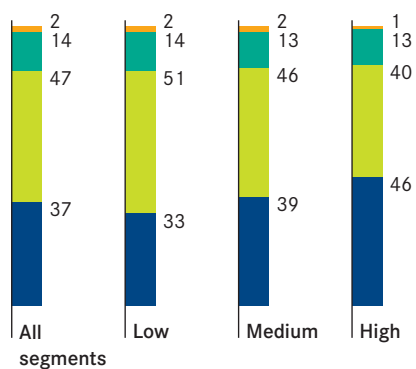
■ Increase ■ Decrease
■ Stay the same ■ No answer

* Since 2010 with BE, SKN

** Without CA, TR, RU, IN

7 Future trends in the number of flights by travel budget

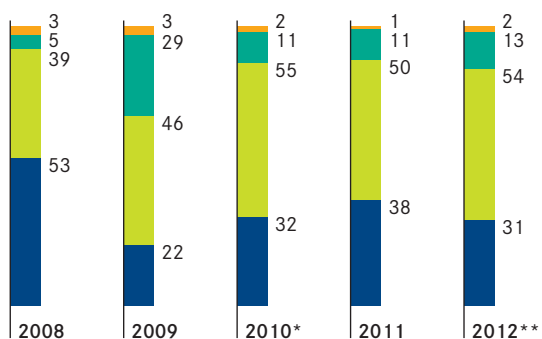
Total: 100 %



■ Increase ■ Decrease
■ Stay the same ■ No answer

6 Future trends in the number of hotel overnights

Total: 100 %



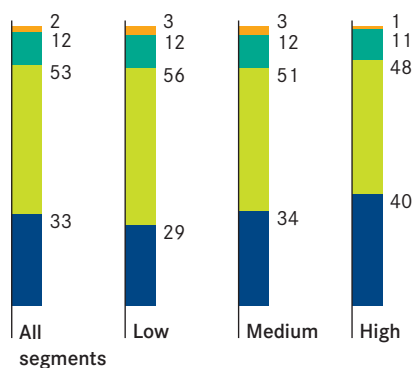
■ Increase ■ Decrease
■ Stay the same ■ No answer

* Since 2010 with BE, SKN

** Without CA, TR, RU, IN

8 Future trends in the number of hotel overnights by travel budget

Total: 100 %



■ Increase ■ Decrease
■ Stay the same ■ No answer

ket, ranging from only 4 percent of Turkish travel managers expecting volumes to decline to 25 percent of travel managers in crisis-hit Spain.

■ ■ ■ Please see page 14, charts 5 and 6.

When analyzed by category of travel, the slowdown in growth becomes clearer. For example, 34 percent of travel managers in countries also surveyed last year expect to book more flights, down from 42 percent last time. Similarly, 31 percent expect to book more hotel overnights, down from 38 percent. However, once again it is important not to over-state the situation. Fifty percent believe air booking volumes will remain the same and only 15 percent believe they will fall, a small increase from 12 percent in the previous two years.

■ ■ ■ Please see page 14, charts 7 and 8.

Big spenders will travel even more

One striking finding is that expectations of growth are greater among companies with larger travel budgets. While 33 percent of low spenders expect to book more air travel, the figure rises to 39 percent for medium spenders and 46 percent for high spenders. Similarly, 29 percent of low spenders anticipate booking more hotel overnights, rising to 34 percent for medium spenders and 40 percent for high spenders. A possible explanation is that companies, which already spend heavily on travel, have identified a return on their investment in terms of increased sales and are therefore more enthusiastic about investing further in travel to generate even greater returns.

Average trip costs will rise

A higher number of travel managers (39 percent) expect travel costs to rise than expect travel volumes to grow (32 percent). The mismatch in figures suggests some travel managers worry they are going to pay

more for travel even though they do not expect to book more trips. In other words, there is an implication that average cost per trip will rise.

Matching supply and demand

It is unsurprising some travel managers conclude costs per trip will rise. Airlines have restrained their capacity growth in a much more disciplined fashion than for many years, and growth in new hotel capacity has also been limited. With capacity tight, but demand up, suppliers have generally been successful in recent months in pushing up prices.

In fact, with demand often exceeding supply in certain markets, perhaps the biggest surprise is that there are not more travel managers predicting costs will rise. Instead, 46 percent anticipate their costs will remain stable, while 14 percent are optimistic that they can cut costs – presumably this last group consists mainly of the companies that expect to book fewer trips.

■ ■ ■ Please see page 16, chart 9.

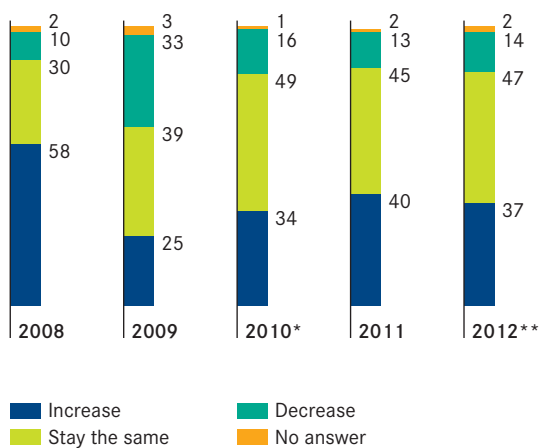
In countries also included in last year's study, 37 percent of travel managers believe costs will rise, down slightly from 40 percent last year. Those expecting to pay less are almost unchanged (up from 13 percent to 14 percent) and travel managers expecting similar costs are up very slightly from 45 percent to 47 percent.

Cost concerns greatest in emerging markets

Once again, variations across different markets are substantial, ranging from 62 percent in India and 61 percent in South Africa to 19 percent in Scandinavia and 21 percent in Italy. Almost all the lowest forecasts for cost increases are in Europe.

9 Future trends in business travel spend

Total: 100 %

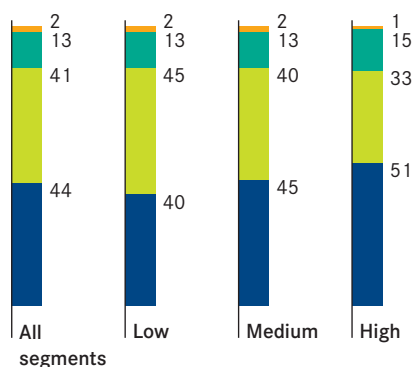


* Since 2010 with BE, SKN

** Without CA, TR, RU, IN

10 Future trends in business travel spend: Flights by travel budget

Total: 100 %



2012. Including CA, TR, RU, IN

Travel managers worry about air fare increases

The travel category where fears of higher prices are greatest is air (44 percent), followed by hotel (37 percent), meetings & conventions (27 percent) and car rental (24 percent). Air is the only category where more travel managers expect costs to rise than stay the same. Forty-one percent forecast no change, compared with 49 percent expecting stable costs for hotel, 55 percent for meetings & conventions, and 56 percent for car hire. The number of travel managers, who believe costs will fall is consistent across all categories: 13 percent for air and meetings & conventions, 12 percent for hotel and 11 percent for car hire.

The country where the largest number of travel managers expect air fares to rise is India. Not only do the majority of Indian respondents believe trip numbers will increase, but the market has experienced substantial air fare rises in recent months, owing to a big jump in airport charges.

Hotel rates rocket in Brazil

In the accommodation market, the highest number of travel managers expecting to pay more for hotels is Brazil (59 percent). As with air fares in India, this figure comes as no surprise. Brazil incurred some of the highest hotel rate rises anywhere in the world in 2012, with average rates jumping as much as 20 percent. Similar increases are expected in 2013, while in 2014 the booming South American country will host the FIFA World Cup. However, many new hotels are expected to open in time for the tournament, which could ease inflationary pricing pressures.

Top spenders are the most optimistic as regards opportunities to reduce travel costs.

Highest rises for biggest spenders

As was the case with trip numbers, bigger spenders have a greater expectation of higher travel costs than low spenders. In the air category, for instance, 40 percent of small spenders see higher costs ahead, compared with 45 percent of medium spenders and 51 percent of high spenders.

Growing opportunities to save on travel

To counter the bad news that costs are expected to rise for many companies, the study also provides good news: most travel managers foresee enhanced opportunities to save in future. The category where they are most optimistic is hotel, with 59 percent believing they can make savings and 36 percent saying they cannot (the remaining 5 percent did not answer). Compliance with travel policy is usually weakest in terms of hotel spend, which may explain why respondents in the AirPlus International Travel Management Study identify this category as the one with greatest potential for savings.

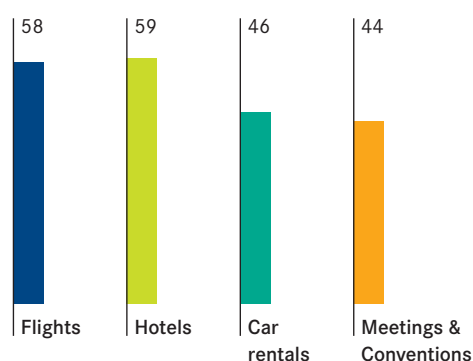
The proportion of travel managers believing they can make air travel savings is almost as high (58 percent say yes and 37 percent no), but there is less optimism about car rental (46 percent say yes and 45 percent say no) and meetings & conventions (44 percent say yes but a slightly higher number, 47 percent, say no).

Top spenders are the most optimistic

Once again, there is a big split in answers according to size of spend. To take one example, 53 percent of low spenders see opportunities to reduce air travel costs, but the figure rises to 59 percent for medium spenders and 70 percent for high spenders. A simple explanation for this trend may be that large spenders have, by definition, a more urgent need to trim their travel costs. However, another, perhaps more important, factor is likely to be that large spenders have more ability to manage costs. Not only do they have greater buying power with suppliers, they also, as will be examined later, are more likely to have specialist personnel focusing on travel management.

11 Proportion of travel managers expecting savings capacity per travel category

in %





Strategies for reducing travel costs.

Summary

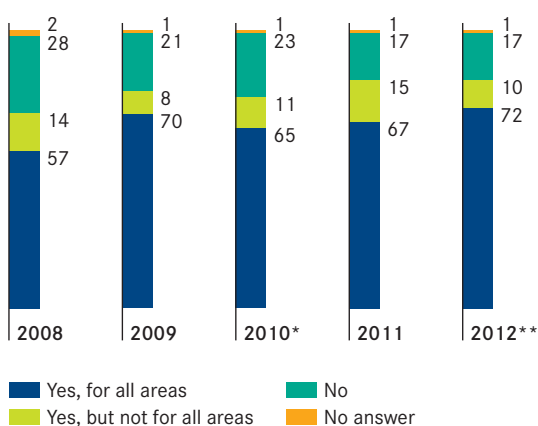
The number of companies with a policy for all aspects of travel has risen from 67 percent to 72 percent. Another 10 percent have a policy for some aspects of travel. Only 6 percent expect their policies to be relaxed, while 41 percent predict they will become tougher. The proportion of companies with airline supplier deals has climbed from 54 percent to 58 percent. There has been a big jump in companies using specialized tools for travel data analysis – up from 42 percent to 52 percent.

Policy management

It is generally agreed that companies can only manage their travel costs effectively if they have a strong travel policy in place. Yet in spite of this widely acknowledged best practice, 18 percent of companies worldwide still do not have a policy, according to this year's International Travel Management Study.

12 Existence of travel policy or guidelines

Total: 100 %



* Since 2010 with BE, SKN

** Without CA, TR, RU, IN

Policy implementation is a challenge particularly in Russia. No fewer than 51 percent of Russian travel managers say their company does not have a policy, suggesting there is still a long way to go before Western-style travel management becomes common practice there. In contrast, only 4 percent of travel managers in Germany and 6 percent in the UK say their company has no travel policy.

Closing the gaps in policy coverage

Analyzing the figures only for countries featured in last year's study, the proportion of companies with a policy for all aspects of travel has risen from 67 percent to 72 percent. This increase is entirely attributable to the group, which has travel policies covering only some aspects of travel, down from 15 percent to 10 percent, while those with no policy have remained constant at 17 percent.

The figures suggest that those companies, which do have a travel policy, increasingly appreciate its importance for travel management, and are therefore ensuring policy is implemented throughout their business. In contrast, the message appears not to have reached a hardcore minority of companies, with no progress being made in converting this group.

Low spend, low uptake

For those, who preach the gospel of travel management, it is easy to identify the corporate non-believers: 25 percent of low-spending companies have no travel policy, compared with 15 percent of medium spenders and 10 percent of high spenders.

Monitoring on the increase

Companies that do have policies are implementing them more effectively than in previous years. No fewer than 93 percent of businesses with a policy say they check compliance with its rules, up from 89 percent last year and 88 percent the year before. Policies are usually greatly reduced in their effectiveness

if they are not monitored regularly, but it would appear that almost all companies now implement proper policing. Checking is especially prevalent among high-spending companies (97 percent).

Policies could get tougher

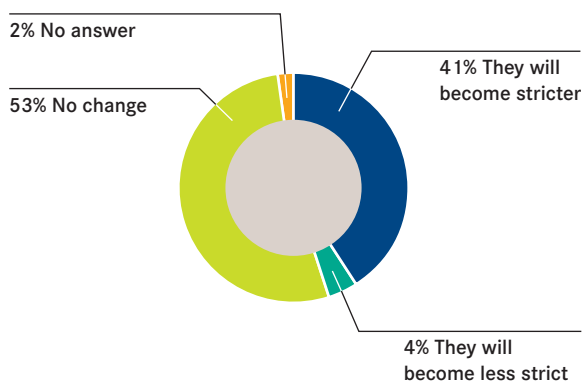
Respondents were also asked whether they expect their travel policy to become more or less strict in future. Given the current state of the global economy, it is little surprise to learn that only 4 percent think their policy will become more relaxed. The majority (53 percent) anticipate no change but a significant number (41 percent) predict their policy will become tougher. Looking once again only at countries included in last year's study, there has been a very small drop in companies expecting to toughen policy – down from 45 percent to 42 percent. The proportion expecting to relax policy, however, has remained stable at 4 percent, so the rise has been in companies expecting no change (up from 50 percent to 53 percent).

Brazil's dilemma

One country with a particularly interesting answer to this question is Brazil, where 52 percent of travel managers expect policy to become tougher, almost

13 Future trends in travel policies

Total: 100 %



identical to the global average. At the same time, 23 percent of Brazilians expect their policy to become less strict, a far higher figure than for any other country. Why is Brazil so split on this issue? The answer may be connected with the country's recent economic boom.

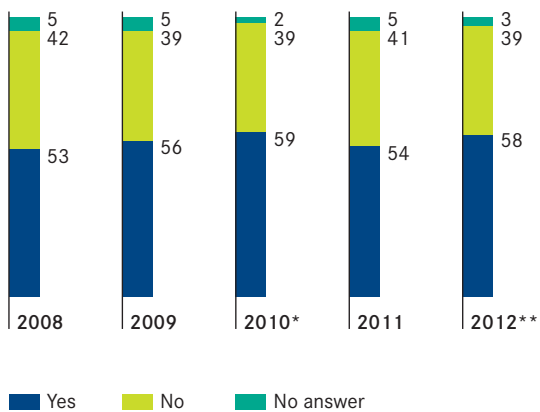
As discussed in the previous section, a spike in commercial activity in Brazil has led to more travel, both inbound and outbound, which in turn has led to considerable inflation, especially in hotel rates. At times of intense growth, it is common for different companies in the same country to respond in divergent ways. A minority of companies make sales expansion their priority, and so relax their policies to allow employees to travel with fewer constraints. However, a greater number of companies respond to the rapid increase in their costs by applying a brake to spending in the form of a more rigorous policy. Brazil appears to be at this crossroads right now.

Forecasts defy Travel Management 2.0 theory

Analyzed by size of travel spend, it is big spenders in particular that expect to toughen up their policies (47 percent), with only 6 percent expecting to become more relaxed. These figures are particularly interesting in the context of a major debate among travel managers at larger companies about a theory sometimes known as Travel Management 2.0. According to this philosophy, travel management is on the verge of radical change, with business travellers becoming increasingly independent when booking travel because mobile technology and social media are making them self-sufficient and well-informed. Experts, who advance this theory believe companies will have to respond by relaxing their travel policies because it will prove increasingly difficult to dictate to travellers which suppliers they should use or which channels they should use to book them.

14 Special corporate rates from service providers: Flights

Total: 100 %

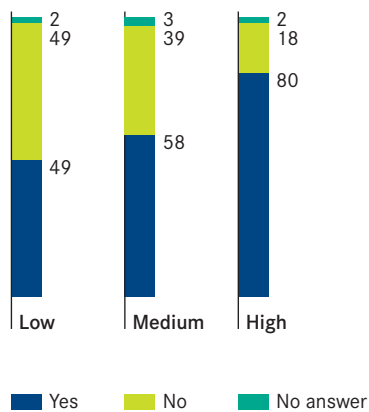


* Since 2010 with BE, SKN

** Without CA, TR, RU, IN

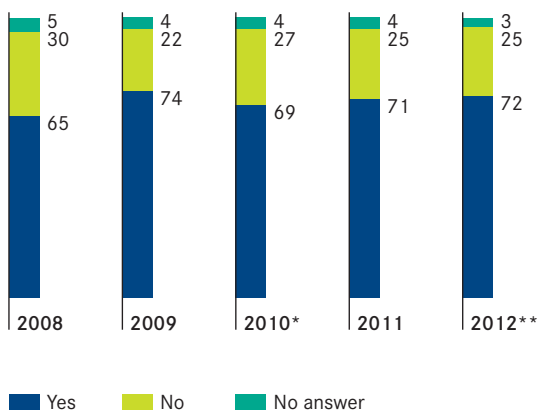
16 Special corporate rates from service providers: Flights by travel budget

Total: 100 %



15 Special corporate rates from service providers: Hotel accommodation

Total: 100 %

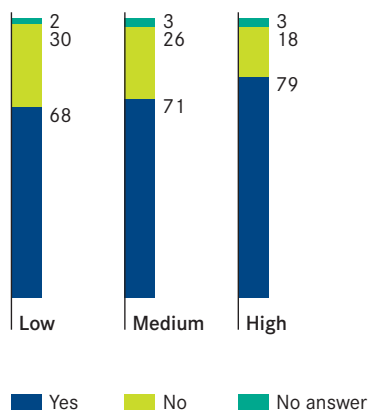


* Since 2010 with BE, SKN

** Without CA, TR, RU, IN

17 Special corporate rates from service providers: Hotel accommodation by travel budget

Total: 100 %



The answers to the question about future direction of policy suggest that the overwhelming majority of travel managers, even at larger companies, do not foresee Travel Management 2.0 developing in this way – at least not to the extent that their policies will become more liberal. Their responses are in line with a white paper published in late 2012 by AirPlus International and the Association of Corporate Travel Executives (ACTE). A survey of 305 ACTE buyer members worldwide found that only 8 percent expected their policy to have fewer rules two years later while 32 percent expected to have more rules and 60 percent anticipated no change. “The revolution has been cancelled,” the white paper stated.

Supplier management

According to Travel Management 2.0 theory, there is also likely to be a reduction in deals between corporate clients and travel suppliers because companies will have less ability to steer travellers towards preferred agreements. Once again, however, there is no evidence yet in the International Travel Management Study that negotiated agreements are becoming less popular. In fact, they are increasing slightly. For example, the number of companies with airline deals has increased from 54 percent to 58 percent (in countries also included last year), while hotel deals are up from 71 percent to 72 percent and car rental deals from 53 percent to 55 percent.

■■■ Please see page 21, charts 14 and 15.

Back to the negotiating table

There is an ongoing debate about whether companies save more by buying the best price on the day or through using contracted rates instead. The answer varies for each company according to numerous factors, including size and concentration of spend, and, in the case of air, whether most flights are short-haul

or long-haul. This year’s study suggests the pendulum is currently swinging back towards negotiated deals, with figures for the number of companies with agreements approaching the record highs of two to three years ago. In the case of meetings & conventions, this year’s figure is indeed a record, up from 39 percent to 42 percent, which suggests that more companies are adopting a strategic, managed approach to their meetings spend.

Hotel deals are most popular

It is also interesting to see that once again the travel supplier category in which most companies have negotiated corporate rates is hotel. No fewer than 70 percent in all the countries in this year’s study have accommodation agreements, compared with 57 percent for air and 54 percent for car rental. The figure for meetings & conventions is 41 percent, showing just how far this category still has to go in spite of reaching a new high.

■■■ Please see page 21, charts 16 and 17.

Lessons for low spenders

It is easy to spot which type of company is making hotels the most popular category for deals. Whereas almost exactly the same number of high-spending companies have air deals (80 percent) as hotel deals (79 percent), only 49 percent of low spenders have an air deal but 68 percent have a hotel deal.

The figures point to some strategic lessons for companies with small travel spends. One is that there is good potential for them to secure agreements with hotels, even if their overall buying power is more limited with other suppliers. For example, it should be possible to do deals in the cities they visit most regularly. Another conclusion is that they may need to work even harder to make progress with airlines,

for example by making greater efforts to channel traveller spend towards preferred carriers by implementing a more substantially directive policy.

Data management

Another crucial requirement for effective travel management is high-quality data analysis. Companies need to understand in detail how much they spend on travel and where they spend it. A high proportion of travel managers (81 percent) say their company analyzes its travel spend, almost unchanged from last year (82 percent). It is probably no coincidence that a similar number of travel managers (82 percent) say their company has a policy for some or all aspects of travel. Without a policy authorizing specified booking and payment channels, it is very hard for companies to gather coherent management information. If companies want to improve their data analysis (which, in turn, improves their chances of securing discounted corporate pricing), they will have to introduce a policy.

Making more use of data

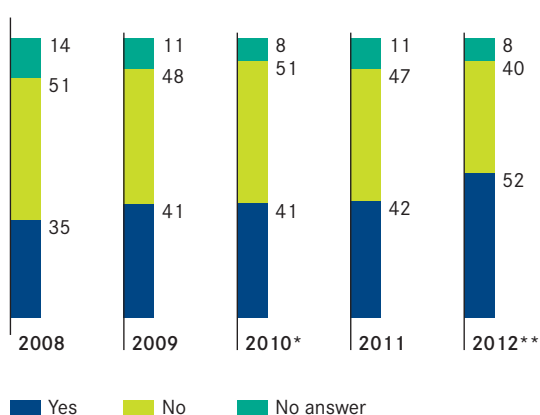
As with the policy questions earlier, there is clear evidence in the study that those companies, which have data at their disposal, are making more use of it. The number of companies in countries also involved in last year's study, which use specialized tools for data analysis, has rocketed from 42 percent to 52 percent. As a result, companies can understand their spend much more comprehensively, which should help considerably with all aspects of their travel management. In some countries, use of special travel data analysis tools is exceptionally high. For example, these tools are used by 71 percent of US travel managers.

Process management

There are many ways in which companies can cut both purchasing and administrative costs through im-

18 Use of analytical travel management tools

Total: 100 %



* Since 2010 with BE, SKN

** Without CA, TR, RU, IN

proved process management of their travel programs. One example is to introduce a payment provider, which helps streamline payment processes and considerably enhances spending data.

Throwing out paper invoices

Another (related) example is to automate travel supplier billing. Respondents were asked how they would prefer to receive their travel invoices in future. Among companies in countries also surveyed last year, there has been steady progress toward automation, with 63 percent saying they would like to receive electronic invoices only. That figure is up from 59 percent last time and 54 percent three years ago. The shift results from a slight decline in travel managers saying they want both paper and electronic invoices (down from 24 percent last year to 21 percent) and those wanting paper only (down from 15 percent to 13 percent).



Relentless globalization leads to continuing growth in travel to and within the emerging markets.



New challenges and opportunities in travel management.

Summary

There are early signs of interest in mobile payment. Asia-Pacific leads the way, with 19 percent of travel managers saying some or all travellers have tried it. Nearly one-third of companies which that spend heavily on travel (32 percent) say they include environmental considerations in travel policy.

Mobile payment – the dawn of a new opportunity

The first tentative steps towards introducing mobile payments for corporate travel have been taken in the recent months. Mobile payment is the use of a telephone or other mobile device to make payments, including using a phone in place of a plastic card for contactless payments.

Although these are very early days, the first signs are emerging of travel managers beginning to take note of mobile payments, with 4 percent saying all their travellers pay by mobile phone and another 8 percent saying at least some of their travellers are using this option.

Asia-Pacific leads the way

One particularly interesting insight is that experience of mobile payment so far is greatest in Asia-Pacific, with 19 percent of travel managers saying some or all travellers have used it. That compares with 13 percent in North America and 9 percent in both Western Europe and Latin America. The answers correspond very closely with a forecast by Gartner that by 2016

the region with the highest number of mobile payment users will be Asia-Pacific, followed by (in order) Africa, North America, Europe, Latin America and the Middle East. The evidence from both sources suggests mobile payment will to some extent be a leapfrog technology, not developing fastest in North America and Western Europe as is traditionally the case for new technologies.

Understanding the benefits

In 2012, AirPlus International published the first ever white paper on the likely implications of mobile payment for corporate travel. The report predicted that the technology will generate numerous benefits, including improved flexibility and security for travellers and considerably enhanced payment data for travel managers.

The answers provided to a question in the International Travel Management Study indicate travel managers are beginning to understand how mobile payment will help them, with 19 percent saying they believe it will simplify travel expense accounting and another 13 percent that it will add more details to travel expense reports. In addition, 12 percent think mobile payment will improve monitoring of travel policy and 11 percent that it will help travel managers to manage their travellers' corporate card payments. However, 62 percent do not yet see any advantages to mobile payment, suggesting much more education is needed on this subject.

Green travel management – more common among big spenders

Another leading travel management topic is the impact of environmental sustainability on corporate travel programs. This year's study shows that 20 percent of companies make financial offsets for their greenhouse gas emissions caused by travel. The trend is much more common among high spenders on travel – 28 percent, compared with 17 percent of low spenders and 19 percent of medium spenders. One reason could simply be that high spenders feel greater responsibility to offset their travel-related emissions, but another likely factor is that as larger companies they face more statutory requirements to report on their environmental record.

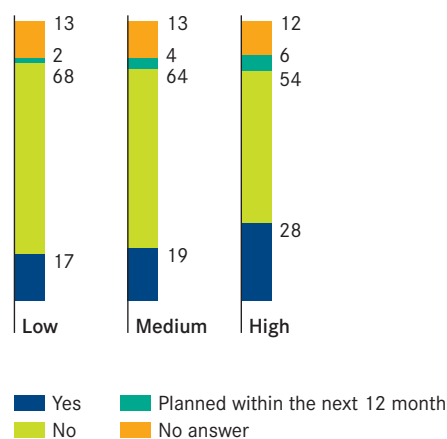
Travel managers were also asked if their companies factored in environmental issues in to their travel policies, for example by encouraging video-conferencing or prioritizing rail in preference to air. Once again, high spenders are the most enthusiastic, with 32 percent saying they do cover sustainability in their policies, and another 7 percent saying they plan to do so in the next 12 months. Exactly one-quarter of medium spenders address the topic, with another 6 percent planning to do so; while 20 percent of low spenders' policies address green issues, with 8 percent planning to do so in future.

Senior travellers – no special treatment

This year's study also asked respondents for the first time about the treatment of older travellers within their organization. On average, travel managers estimate 14 percent of their travellers are aged over 55. It would appear that the average age is higher in Western countries. Broken down by national market, the answers range from 6 percent in China and 8 percent in Turkey to 20 percent in the United Kingdom and 21 percent in Canada.

19 Donation to a climate protection organization by travel budget

Total: 100 %



Globally, only 29 percent of travel managers believe the average age of their travellers is increasing. The issue does not appear to be high on their agenda, with only 9 percent of companies creating special policy guidelines (such as allowing more comfortable travelling conditions) for senior travellers. The one major exception to this trend is India, where 33 percent of companies make special allowances in policy.



Status of travel management and travel managers.

Summary

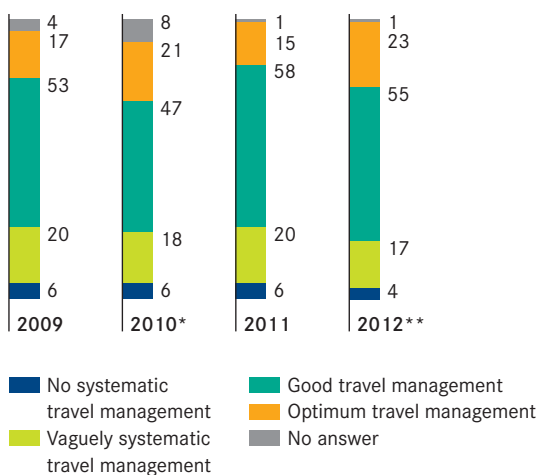
Most travel managers (58 percent) find it hard to balance the needs of travellers with pressure to control costs. An overwhelming majority (91 percent) of respondents say they enjoy travel management but the number, who complain that they lack time for their work, has surged from 34 percent to 44 percent.

Travel management makes steady progress

There is both good news and bad news in the study about the evolution of travel programs and attitudes towards travel management. The good news includes modest progress in respondents' self-appraisal of the effectiveness of their programs. Asked to give a rating between 0 (no systematic travel management) and 10 (optimal travel management), the average score was 7.5, compared with an average of 7.2-7.3 for the previous three years.

20 Current positioning of travel management

Total: 100 %



* Since 2010 with BE, SKN

** Without CA, TR, RU, IN

Balancing the needs of employer and employee

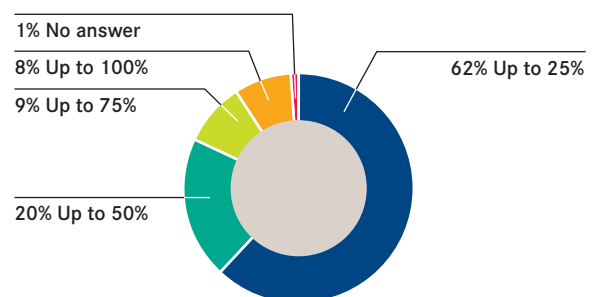
Respondents were also asked whether it is becoming harder to balance the needs of the traveller and the company in a managed travel program. Although the majority (58 percent) consider finding this balance is indeed becoming harder, the figure is lower than for the previous two years (both 62 percent) and substantially beneath the 69 percent recorded at the height of the recession three years ago.

Asian travel managers feel the pressure

More good news is that the proportion of travel managers, who feel they have substantial obligations but not many rights, remains low – 37 percent, up slightly from 35 percent last year. The biggest deviation from the average is in Asia, where 70 percent of Chinese travel managers and 61 percent of Singaporean travel managers say they have obligations but not rights.

21 Working time for travel management

Total: 100 %



Enjoyable work – but time is a problem

The most positive finding of all is that 91 percent of respondents say they enjoy their travel management tasks, a slight improvement on last year (89 percent). However, one escalating problem also emerges: the number of respondents, who say they lack sufficient time for travel management tasks, has jumped from 34 percent last year to 44 percent this year. Once again, the frustration is particularly noticeable in Asia, with 64 percent of travel managers in China and 56 percent in Singapore saying they lack sufficient time for their work.

Analysis of the proportion of respondents' working week spent on travel reveals why a significant minority believe they need more time. Only 8 percent spend more than three-quarters of their week managing travel, while 62 percent spend less than one-quarter of their week on travel. In China, not a single respondent spends more than three-quarters of their time on travel, while 86 percent spend less than one-quarter of their time.

Big spenders dedicate more hours

As might be expected, there is significant variation in time spent on travel according to level of spend. Only 2 percent of travel managers at low-spending companies dedicate more than three-quarters of their week to travel, but the figure rises to 8 percent for medium spenders and then jumps to 23 percent for high spenders.



Travel managers enjoy their job,
but they still lack sufficient time
for travel management tasks.



Conclusion.

A shifting relationship between travel and GDP?

This year's AirPlus International Travel Management Study provides another reminder that travel is increasingly key to corporate success. Although these are tough times, only 13 percent of the 2,101 travel managers interviewed for the study worldwide expect a decline in business trips. On the contrary, 32 percent think there will be more corporate travel.

The figures suggest a historic shift may be taking place. Traditionally, there has been a very clear link between GDP growth and business travel growth. Yet even in regions that have struggled economically over the past couple of years, especially Europe, there are still significantly more companies expecting travel to grow than those who think it will decline. Perhaps the protracted period of economic hardship is shifting travel's link with GDP growth. The forecasts by the study's respondents imply that companies now understand they must continue travelling regardless of the business outlook.

Focus on cost control

However, even if companies are committed to travel, the pressure to control costs remains relentless. Given their anticipation of more trips, plus the reality in the market that suppliers have done a very good job of matching supply to demand, it is unsurprising that 39 percent of respondents expect travel costs to rise. In spite of this concern, there is also some good news, with 59 percent identifying opportunities to save on hotel costs and 58 percent on air costs.

Two-track travel management

If travel managers are going to meet their employers' goals of containing costs while travelling at the same or even increased levels, then they will need to control their travel programs more effectively. Can they achieve this target? The verdict, based on what the travel managers themselves tell us, is mixed. Generally the story emerging is that those companies, which already manage their travel, are introducing more best-practise methods, whereas those companies, which manage travel with a light touch or not at all, have made little progress.

Policy is an excellent example of this trend. The total number of companies that have a travel policy is unchanged this year, but the proportion that implements a policy covering all aspects of their travel programs, instead of only some aspects of their program, has increased. Likewise, among companies with a travel policy, the number that check compliance has climbed from 89 percent to 93 percent.

The same applies to data management. There is almost no change from last year in how many companies analyse their travel expenses, but there has been a big rise in companies extracting more value from their data by using specialized analytical tools – up from 42 percent to 52 percent.

The picture the study paints is of an increasingly double-tracked world. On the inside track are those companies which manage their travel with increasing expertise. On the outside track are those companies that hardly manage their travel at all and struggle to manage their costs. Companies need to get themselves on the inside track or they could find their travel costs spiralling rapidly out of control.

Acknowledgements

AirPlus International would like to thank all travel managers in the 24 different countries, who contributed their time and responses to this study. Without their support we could not have provided this report to enable the travel management industry to optimize travel managers' and business travellers' day-to-day business experience around the world.

Credits: Xinhua/images.de (p. 1), plainpicture/OJO/Robert Daly (p. 4), Martin Barraud/ Getty Images (p. 6),Hybrid Images/cultura/ Corbis (p. 8/9), gettyimages/German (p. 12), Ocean/Corbis (p. 17), Ocean/Corbis (p. 18), plainpicture/Image Source (p. 24/25), Bloomimage/Corbis (p. 28), istockphoto/Clerkenwell_Images (p. 31), plainpicture/Fancy Images/Heide Benser (p. 32)

AirPlus International

Dornhofstraße 10
63263 Neu-Isenburg
Deutschland

T + 49 (0)6102 204444

F + 49 (0)6102 204349

btm@airplus.com

www.airplus.com