# Smarter Business Travel To Beat The Recession

**National Business Travel Association Research, May 2009:**


## Summary

Set against the backdrop of a challenging ecomonic climate, The National Business Travel Association (www.nbta.org) – the leading organization serving the global business travel industry – commissioned research to examine the views and opinions of European business travellers. Its purpose was to understand the impact that the recession in Europe is having on business travel while also looking ahead to see what the business travel landscape could look like in 6 to 12 months time. Working with renowned research firm Vanson Bourne, the views of 600 respondents were canvassed in the three largest national markets in Western Europe: the UK, France and Germany.


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## Frequency of travel; company travel policies

***Class of travel is the most common element addressed by corporate policies***

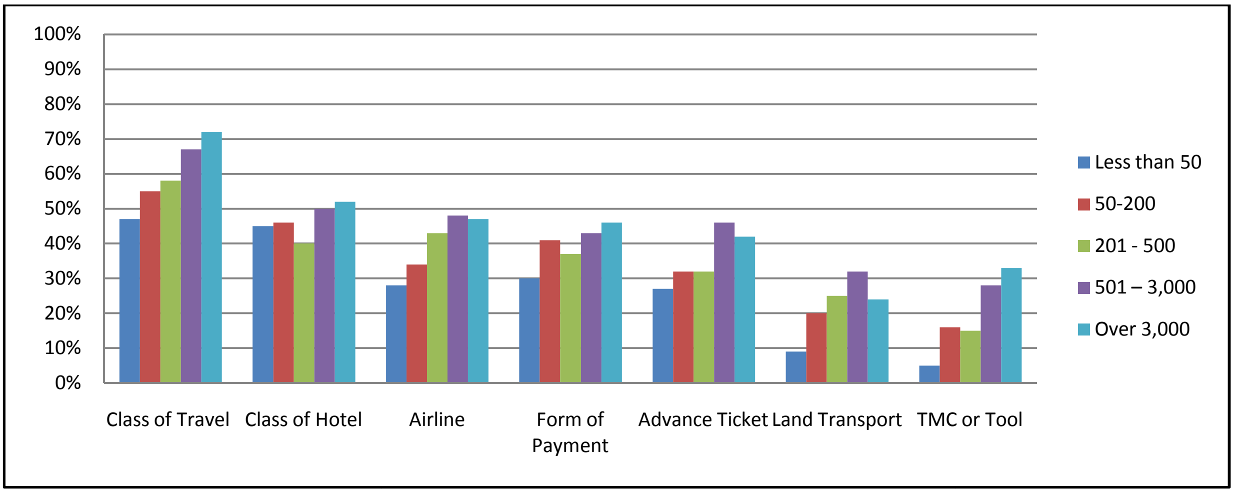
The initial questions established the frequency of business travel and means by which such trips were arranged.

- Respondents were asked "how much business travel do you do?"  On average, 50% of all respondents travelled less than ten nights per year with just over a fifth travelling more than twenty-six nights a year.  There was some variation across respondent's country and company size: companies with 501-3,000 employees were most likely to travel more often, with 95% of all respondents in that group spending between one and fifty nights travelling each year.  UK respondents were more likely to travel more often – a fifth of UK respondents said they travel 26-50 nights a year compared to an average of 17% of all respondents.

- The second question asked if respondents' companies have policies regarding certain elements of business travel, broadly encompassing use of certain companies and routines.  Figure 1 shows the average responses across the various company sizes questioned.

| | Number of Company Employees | | | | | |
|---|---|---|---|---|---|---|
| **Travel Policy Elements** | **Total** | **Less than 50** | **50-200** | **201 - 500** | **501 – 3,000** | **Over 3,000** |
| **Which class of travel to book** | **60%** | 47% | 55% | 58% | 67% | 72% |
| **What "brand" or class of hotel to use** | **47%** | 45% | 46% | 40% | 50% | 52% |
| **What airlines to use** | **40%** | 28% | 34% | 43% | 48% | 47% |
| **What forms of payment to use (i.e. corporate card)** | **39%** | 30% | 41% | 37% | 43% | 46% |
| **Advance purchase of air tickets** | **36%** | 27% | 32% | 32% | 46% | 42% |
| **Contracts with land transport (including taxis)** | **23%** | 9% | 20% | 25% | 32% | 24% |
| **Travel management company or tool** | **20%** | 5% | 16% | 15% | 28% | 33% |

*Figure 1: Average responses for travel policy elements question*




- 60% of all respondents noted that their company has policies regarding travelling in a certain class, though the average response for this element rises as the size of the respondent's company increases. Similarly, nearly half of all respondents' companies had guidelines on the use of certain brands or classes of hotels to use. The general trend from this question showed that there were more policies in place within larger organisations.

- Whilst the results from all three countries were similar, there were a few notable differences. Rules on the use of certain forms of payment were reported in a third of French and German respondents respectively compared to half of the UK respondents. 38% of both UK and German respondents reported policies on the use of certain airlines with almost half (46%) of French respondents answering the same.

- The sample was then asked whether their company provides centralised methods for booking travel. On average, 39% of all respondents reported that their companies provided no such facilities, though this figure rose to two-thirds in businesses with fewer than 50 employees. A third of all respondents reported that their company provided online booking methods, with companies of more than 3,000 employees just as likely to offer online and call centre options. Respondents from the UK had the lowest average of companies with online booking at 27% with 13% of UK companies offering a telephone-based system, much higher than the average of 8%.

## Travel policy changes over the last six months

***Larger companies are more likely to mandate policy changes***

- Respondents were firstly asked about changes in airline policy. Four in every ten respondents noted a change in policy – 36% of respondents' companies declared the use of a cheaper option than normal whilst 4% reported that airline travel was no longer available. The greater change was recorded in companies of 501-3,000 employees where nearly half of companies had a change in policy whilst two-thirds of companies of less than 50 employees had not changed their policies. 41% of French respondent's companies had indicated a move towards cheaper airline travel compared to the 36% average, whilst two-thirds of German respondents indicated that their companies had made no policy changes.

- The next factor respondents were asked about was the class of travel. Six in every ten respondents indicated no change. This figure generally decreased as the size of the company increased: employees in companies of more than 3,000 employees reported only a 31% change in policy compared to 47% in companies of 501 to 3,000 employees. There were also regional variations. Only around a quarter of German respondents indicated that their company now required the use of cheaper classes of travel compared to an average of 31%.

- Respondents were questioned about their organisation's hotel policy. A third of all respondents noted their companies now required the use of a cheaper option than before, rising to 44% in companies of 201-3,000 employees. Companies of less than 50 or more than 3,000 employees were the least likely to have a change of hotel policy.

- The use of land-based transport (taxis etc) was then examined. Of the four factors, this was the area in which there had been least change on average. Roughly a quarter of all respondents noted a move to cheaper options whilst less than one in ten declared that such transport was now no longer available. Again, both the smallest (less than 50 employees) and the largest (over 3,000 employees) companies were the least likely to have made a change.

- The survey then asked about recent changes in how business travel is booked. Three in ten respondents indicated that employers are now stricter on the use of corporate credit cards; a similar number indicated stricter policies regarding purchasing tickets in advance. Changes were more likely as the size of the respondents' company increased, although companies above 3,000 employees represented a saturation point for this trend, with 41% of organisations this size claiming there had been no policy changes. French respondents were the most likely to have experienced changes in this area with only a quarter indicating no change compared to four in ten respondents in Germany and the UK.

## Travel volumes of next 12 months

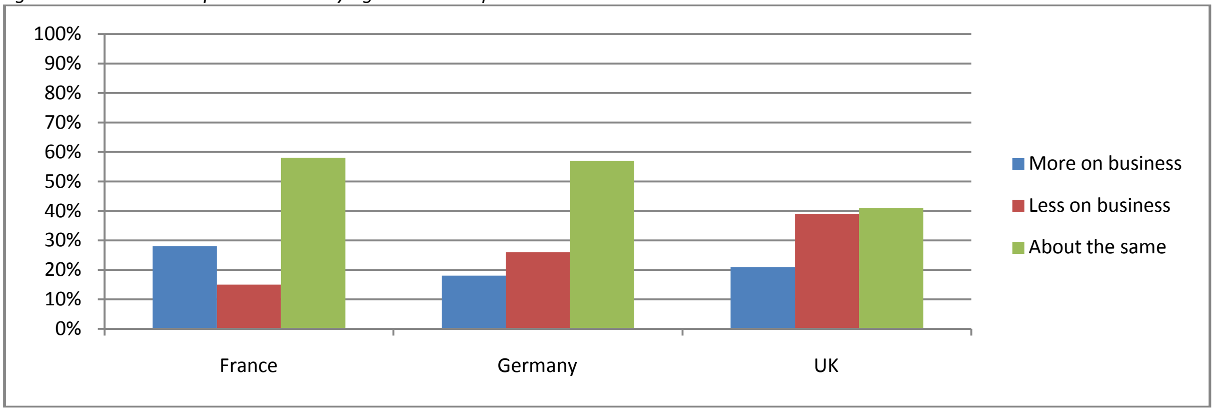
***Majority expect their levels of business travel to remain flat***
***Almost as many expect increases as decreases in their number of trips***
***Majority of those expecting to travel less anticipate it will negatively impact job performance***

Respondents were then asked about upcoming travel plans and the reasons why they travel on business.

- When asked how much they would expect to travel on business over the next 12 months, more than half of all respondents indicated that they expect to travel about the same, and over a quarter said less. Still, a full 22% expect to travel more. This expectation to travel less increases as the size of the respondents' company increases, indicating that bigger businesses are more likely to limit business travel or find alternative ways to conduct business. Significantly, this figure varied across different countries (see figure 2).

| | Total | France | Germany | UK |
|---|---|---|---|---|
| **More on business** | **22%** | 28% | 18% | 21% |
| **Less on business** | **26%** | 15% | 26% | 39% |
| **About the same** | **52%** | 58% | 57% | 41% |

*Figure 2: How much respondents in varying countries expect to travel over the next twelve months*




- **Of those who answered that they would be travelling less, over half said the change would have a negative impact on their ability to do their jobs**, with respondents in larger companies more likely to suggest that this is the case. Here, too, there were regional differences, with only a third of French respondents indicating that a decrease would be detrimental compared to 57% of those answering from the UK.

- Respondents were then asked for what reasons they travelled on business generally. The most frequent reason given was face-to-face meetings with customers and suppliers, given by seven out of every ten respondents. The least frequent reason given was training.

## Factors influencing travel decisions

***Convenience most important criteria for business travellers***
***Global economy has negatively influenced travel decisions for half of respondents***

The survey then examined what factors travellers found important in selecting from travel options.

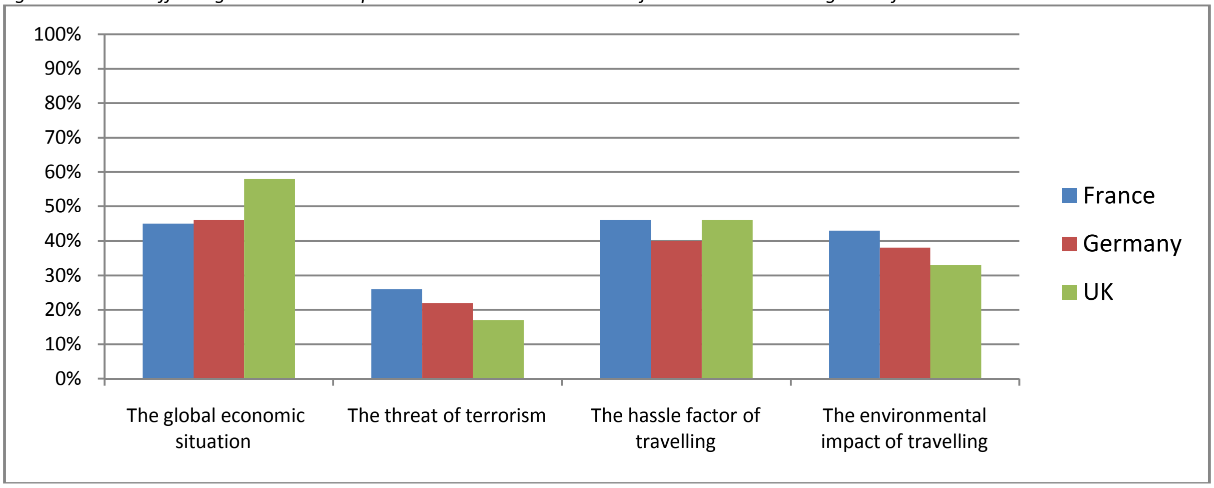
- Respondents were asked what was the most important factor when booking business travel from their perspective. Two thirds of all respondents indicated that the most convenient option was of primary importance to them whilst a quarter indicated a preference for the cheapest option. Only 8% of those polled identified comfort as a key consideration and only 5% identified a preferred supplier as an important factor.

- When asked how they would describe their company's submission and reimbursement system, only one in ten respondents rated it poorly or very poorly. Smaller companies appeared to have better systems – only 6% of respondents in companies of under 50 employees rated their systems badly compared to 15% in companies of over 3,000 employees.

- Next, the survey examined what external factors had negatively influenced business travel decisions in the previous six months. Respondents were presented with four options and asked to rank them on a one to four scale where one indicated no influence and four indicated great influence. Figure 3 shows percentage of respondents who ranked each factor as a three or four:

| | Total | France | Germany | UK |
|---|---|---|---|---|
| **The global economic situation** | **50%** | 45% | 46% | 58% |
| **The hassle factor of travelling** | **44%** | 46% | 40% | 46% |
| **The environmental impact of travelling** | **38%** | 43% | 38% | 33% |
| **The threat of terrorism** | **21%** | 26% | 22% | 17% |

*Figure 3: Factors affecting travel over the past six months – combination of answers ranked '4 - great influence' and '3'.*



- Half of all respondents noted that the global economic situation was the main cause for concern with terrorism being the lowest factor. Interestingly, the environmental impact of travelling scored highly amongst 38% of the sample, indicating the growing prevalence of green issues in businesses.

## Use of collaboration technologies

***Conferencing technologies more often compliment than replace travel***
***Conference calls far outpace video conferences, webinars and virtual meetings***

The next series of questions looked at collaboration technologies.

- Respondents were asked how often they use four popular collaboration technologies in an average month. Answers ranged from zero up to fifteen or more. Figure four shows the combined results for those who answered '14' or '15 or more'.

| | Total | < 50 | 50-200 | 201 - 500 | 501 – 3,000 | Over 3,000 | France | Germany | UK |
|---|---|---|---|---|---|---|---|---|---|
| **Conference calls** | **12%** | 7% | 9% | 9% | 13% | 21% | 5% | 13% | 18% |
| **Video conferences** | **4%** | 1% | 4% | 8% | 3% | 5% | 4% | 4% | 3% |
| **Webinars** | **3%** | 2% | 2% | 3% | 3% | 4% | 4% | 2% | 2% |
| **Virtual meetings (i.e. Second Life)** | **3%** | 2% | 3% | 4% | 3% | 3% | 4% | 2% | 3% |

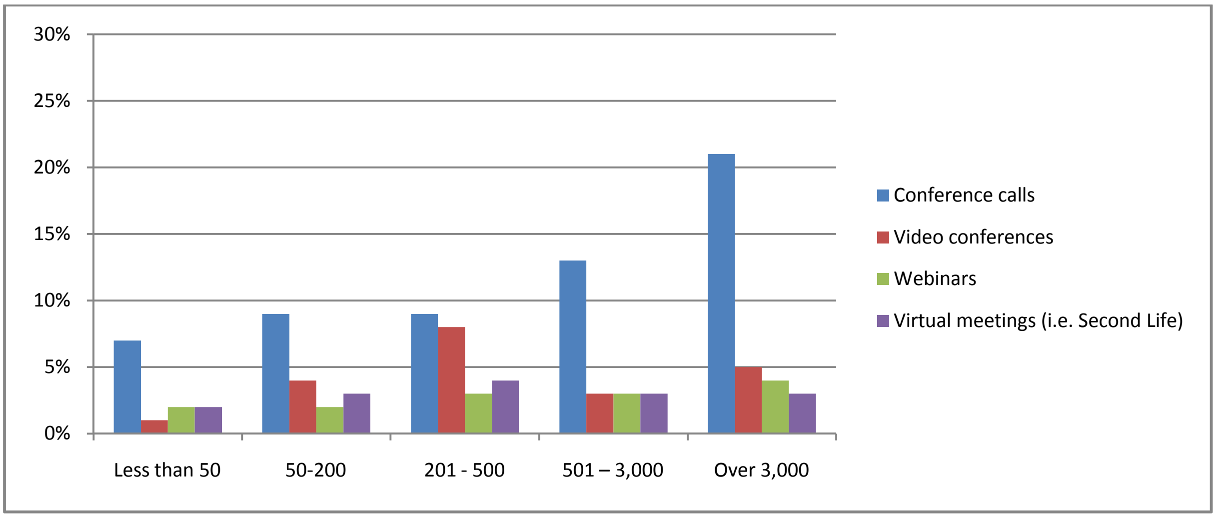
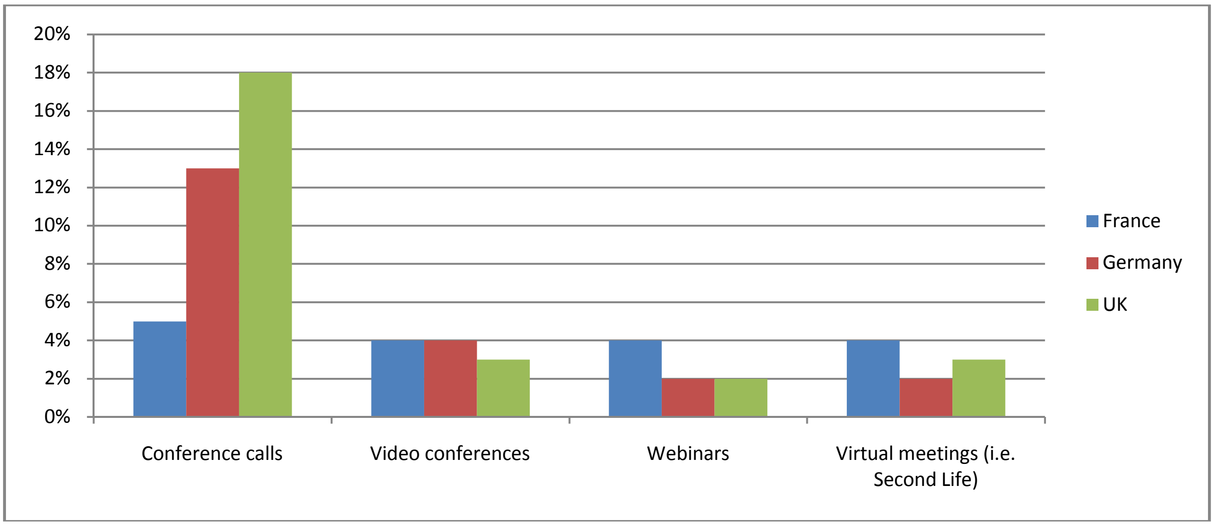



*Figure 4: frequency of use of meeting alternatives – combination of answers ranked '14' or '15 or more'*




- This showed that conference calls are the most heavily used solution, with use much higher in larger companies and in the UK.  Heavy use of meeting alternatives is significantly less common in France compared to Germany and the UK.

- Conference calls were used around six times a month on average across all respondents, making it the most popular of the conferencing technologies.  The usage increased as the size of the company increased – respondents in companies with fewer than 50 employees used conference calls five times a month on average compared to over seven times a month for companies with more than 3,000 employees.  French respondents used conference calls five times a month on average compared to almost seven times a month for German and UK respondents.

- Over a third of all respondents indicated that they do not use video conferencing at all. Although one might expect such technologies to be most prevalent at the largest companies, respondents in those with over 3,000 employees used video conferencing an average of about three times a month compared to over five times a month for respondents in companies of 201 to 500 employees.  UK respondents were the least likely to use video conferencing.  Nearly half of UK respondents indicated no use of video conferencing at all whilst average use tracked at just under three times a month, compared to over four times a month in France and Germany.

- Webinars were used three times a month on average across all respondents, though again usage of this technology peaks in companies of 201-500 employees.  Respondents in companies of over 3,000 employees were just as likely to use this technology as those in businesses of less than 50.  Again, UK respondents were the least likely to use this technology, using it only 2.6 times a month on average compared to 3.3 and 3.7 times a month in Germany and France respectively

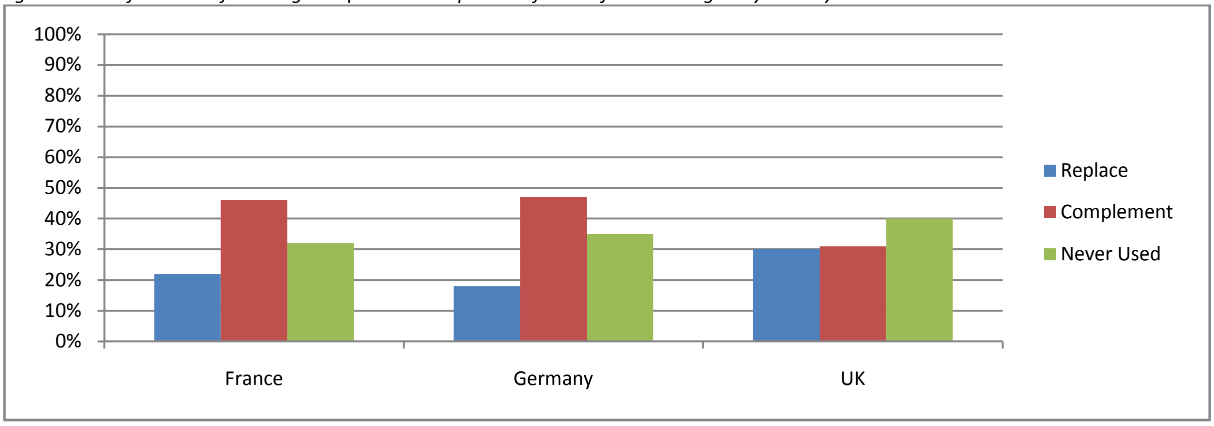
- Virtual meetings were the least used technology of the four on the list.  Over half of all respondents did not use the technology at all with the heaviest use in companies of 501 to 3,000 employees. Average use was 2.84 times a month.  French and German respondents used this technology 3.2 times a month on average with UK use much lower at around 2.2 times.

- Respondents were then asked if any of these four technologies replaced or complemented a face-to-face meeting.  Half of all respondents indicated that conference calls had been used to complement meetings, whilst less than a third of respondents had used them to replace meetings.  In larger companies (those with more than 500 employees), fewer than one in four respondents indicated that conference calls had been used to replace face-to-face meetings.  Significantly, whilst around a quarter of French and German respondents indicated that conference calls had been used as a replacement, 46% of UK respondents reported the same.

- 64% of respondents reporting usage of video conferencing, with 41% indicating the technology is used to compliment travel and only 23% saying it replaced travel. Use of video conferencing in this capacity varied across the three countries, as demonstrated in Figure 5.

| | Total | France | Germany | UK |
|---|---|---|---|---|
| **Replace** | **23%** | 22% | 18% | 30% |
| **Complement** | **41%** | 46% | 47% | 31% |
| **Never Used** | **35%** | 32% | 35% | 40% |

*Figure 5: Use of video conferencing to replace or complement face-to-face meetings – by country*




- Particularly notable here is the UK respondents' answers – although video conferencing is less common in that country than across the whole sample, a much higher percentage of those UK respondents using video conferencing used it to replace face-to-face meetings compared with France and Germany.

- Webinars were used to complement face-to-face meetings in a third of all respondent's companies, though this figure rises to four in every ten for companies between 200 and 3,000 employees in size. This technology is most heavily used by companies of 501 to 3,000 employees – only 44% of respondents in this category had never used the medium and 14% noted that webinars had replaced face-to-face meetings compared to an average of one in every ten. 17% of UK respondents noted that webinars had been used as a replacement, much higher than in Germany and France where results tracked at less than 10%.

- Ten percent of respondents had used virtual meetings to replace face-to-face. Again, respondents in the UK were the least likely to use virtual meetings in any capacity. Three-quarters of UK respondents had never used them at all compared to six of every ten in France and Germany.

## Rail usage; environmental policies

***Price, convenience of station locations, and length of trip all significant factors in choosing rail over air***

***Half say company environmental policies have not impacted travel, 2 in ten say major impact***

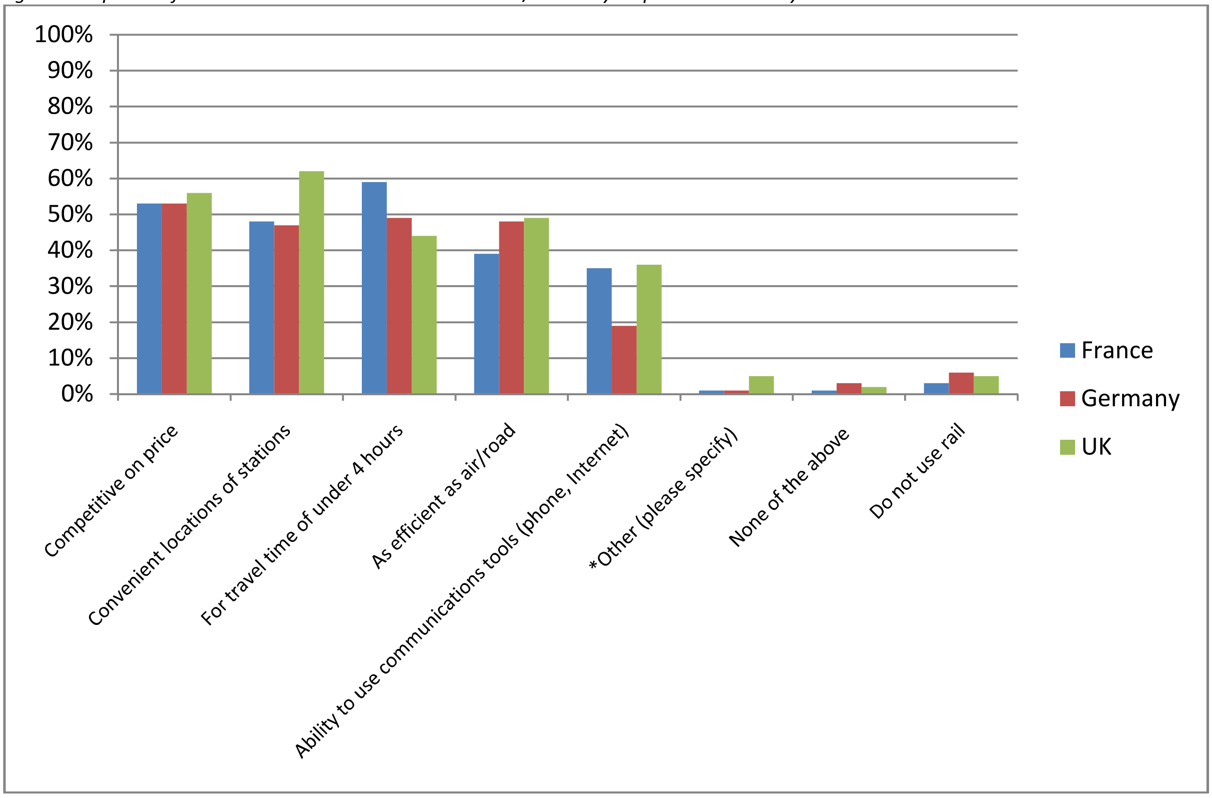
The final questions asked respondents about the use of rail and their employers' environmental policies.

- Respondents were presented with five factors and asked which of these are important with regards to using rail as an alternative to using air/land transport. The main factor chosen by respondents was that rail needs to be competitive on price – over half of all respondents selected this option, with similar numbers citing convenient location of stations and travel times of less than four hours as high priorities. The ability to use communications tools was important to only three in ten respondents. There was some significant variation in answers across the three countries surveyed. Figure six shows this in detail:

| | Total | France | Germany | UK |
|---|---|---|---|---|
| **Competitive on price** | **54%** | 53% | 53% | 56% |
| **Convenient locations of stations** | **52%** | 48% | 47% | 62% |
| **For travel time of under 4 hours** | **51%** | 59% | 49% | 44% |

| | | | | |
|---|---|---|---|---|
| **As efficient as air/road** | **45%** | 39% | 48% | 49% |
| **Ability to use communications tools (phone, Internet)** | **30%** | 35% | 19% | 36% |
| **Do not use rail** | **5%** | 3% | 6% | 5% |

*Figure 6: Important factors to use rail as an alternative to air/road – by respondent's country*




- Of particular note here is the UK response regarding location of stations which is far above the average given by French and German responses.

- All respondents were then asked how much impact their employer's environmental policies have had on their own business travel. Over half of all respondents reported no change at all with only one in twenty reporting a large impact.

- Those respondents who reported being impacted in some way were then asked in what way they had been affected. Around half of this group, reported that they were now using public transport much more than before, with a third of respondents reporting variously that they have more meetings per trip, they try to share with colleagues as much as possible and that they are asked to believe strongly in green practices.

## Conclusion

While the research was carried out within the context of extremely challenging economic conditions, overall the findings are encouraging. The value of personal interaction is clearly understood and supported by European business travellers, but there's also a need to be watchful especially around balancing the needs of travelling employees against the need to cut costs. It's clear from the research that travel managers must understand how their colleagues' travelling priorities differ.

We have seen that in comparing UK employees with their French and German equivalents, the UK professionals are more likely to travel more often. We have also seen that the larger the company, the more policies there are in place in terms of travel management. These policies, many of which are being ramped up in response to the economic downturn, need to be clearly communicated to staff to ensure they understand how smart business travel can be a driver of growth.

Large numbers reported using digital meeting solutions such as conference calling and video conferencing but as a compliment to business travel rather than to replace it.  Again, the research suggests that if companies do reduce travel too drastically, the cuts will have a detrimental impact on business success.

Finally, the environmental impact of business travel is a consideration but perhaps, unsurprisingly given the economic downturn, it’s not as major a concern as perhaps it might have been 12 months ago. Rail travel however seems to be a viable alternative to air travel in France and Germany, though the UK still has issues around convenience.

The key takeaway from the study seems to be that business travel will continue to hold up during the rest of 2009 and into 2010, but there will be cost cutting. While the majority of business travellers will understand the need to be prudent around costs, it’s vital that travel managers work with their communications colleagues to inform employees how travel changes are designed to meet both goals – cutting costs while offering convenience.