Welcome to the tenth annual AirPlus International Travel Management Study, the essential guide to how travel managers worldwide view the state of business travel today. As usual, we asked two fundamental questions: over the next 12 months, will there be more, the same number or fewer business trips; and will spend rise, stay unchanged or fall?

The answers reveal that 2015 is going to be a year of more travel, and companies spending more on travel. The ratio of those expecting more trips to those anticipating fewer is 2:1. For spend, the gap is even bigger: three times as many expect higher costs as those who expect lower costs. The number of travel managers predicting greater costs is 45 percent – the highest figure for seven years (the last time it reached that level was just before the global recession started).

But an additional, new question in the study provides a striking revelation. Only 18 percent of respondents believe the global economy is having a positive effect on the number of trips they take. A much greater number, 28 percent, say the economy is having a negative effect.

So the conclusion is that travel is booming in spite of the performance of the global economy, not because of it. If trip numbers are rising even when times remain challenging, does that mean business travel growth will be explosive when economies fully shrug off the downturn of 2008-09 and really start to accelerate?

Yet there are always global geopolitical or environmental concerns that threaten to dampen demand for business travel. With the issue of risk in mind, another new question we asked this year was how much do companies travel to crisis regions? The answer: a significant amount, with 39 percent saying some or most of their travel is to those higher-risk parts of the world.

Another clear finding in this year’s study is that companies that spend the most on travel (millions of euros or dollars) are the ones most affected by the big trends. For example, 60 percent think their air spend is likely to rise, compared with 43 percent of small spenders. A higher proportion of large spenders also send travelers to crisis regions than do lower spenders.
Canada
UK
Russia
Germany
Netherlands
Austria
Scandinavia (Denmark, Finland, Norway, Sweden)
USA
Mexico
France
Spain
Brazil
Belgium
Switzerland
Italy
Turkey
India
China
Singapore
South Africa
Australia

More business trips ahead
More than one-third of travel managers (35 percent) globally expect there will be more business trips in 2015. That is just over double the number who anticipate fewer trips (17 percent). However, the largest group of respondents is those who expect no change (41 percent).

So a paradox is evident: although more travel managers think the economy is negatively affecting business trips than those who identify a positive effect, these concerns are not harming the growth of corporate travel. The figures suggest companies understand they need to travel regardless of the economic situation, especially as most opportunities for growth can be found in other parts of the world. Perhaps these figures show tough times are exactly the right moment to increase travel, not cut back.

But watch out for polarization
When comparing total figures with last year, the picture starts to change. The number of travel managers expecting more trips has climbed from 31 percent to 35 percent, but the number expecting fewer trips has also risen – up from 13 percent to 17 percent. The number expecting travel levels to remain unchanged has fallen from 53 percent to 41 percent. It could be that these findings show a widening gap between companies that are thriving in the current economic climate and those that are struggling.

Watch out for national variations
There are also variations from country to country. For example, as we have already seen, economic problems are affecting Turkish attitudes to business travel, perhaps because a strong currency is making foreign trips very expensive. However, although the number of Turkish businesses expecting more trips is down significantly from 71 percent last year to 40 percent this time, that is still one of the highest figures of any country in the study. The explanation may be that the Turkish government has said it wants to rebalance its economy by boosting exports, which inevitably means more foreign trips.

India leads the way
This year, only two countries have 20 percent or fewer travel managers who expect business trips to increase. These are Russia (10 percent) and France (20 percent). Last year, there were four countries in this group. The country with far the highest number predicting trip numbers will grow is India (77 percent). Other big changes from last year include Canada (up from 24 percent to 57 percent), Austria (up from 25 percent to 43 percent) and Turkey (down from 71 percent to 40 percent).

Different dynamics in different markets
There are different stories in each country to explain this trend. Within the US and UK, for example, there is the same trend of polarization, suggesting some sectors in those markets are performing much better whereas others are doing worse. Elsewhere, whole countries are doing either better or worse. For example, the number of Indian companies forecasting more travel has leaped from 67 percent to 77 percent, but in Turkey those forecasting less have jumped from 2 percent to 13 percent.

Global trends in business travel volumes

Proportion went up compared with 2014
Proportion remained almost the same compared with 2014
Proportion went down compared with 2014

* Differences to a total of 100% are caused by respondents who did not answer this question.
Prepare to pay more for your travel

Travel costs are set to rise in 2015
2015 looks like being a more expensive year for many companies. Exactly three times as many travel managers (45 percent) forecast their company’s cost of travel will rise as those who think it will fall (15 percent). One-third (33 percent) expect costs to remain unchanged.

Only few countries expect lower spend
Unsurprisingly, Indian companies have the greatest expectation of more spend (77 percent think their costs will rise), while others notably fearing higher costs are Australia (63 percent), the UK (60 percent), Canada (57 percent) and USA (56 percent). The markets where most travel managers think costs will fall are France (33 percent) and Scandinavia (34 percent) – both the only countries where more respondents expect lower spend than those expecting higher.

Both costs per trip and amount of travel will rise
Only 35 percent expect the number of trips to increase (see right). Therefore, spend will grow faster than volume, suggesting at least some respondents believe costs per trip will rise as well as their travel frequency.

Higher budgets for business travel expected

Big spenders fear increases the most
Larger companies in particular fear cost acceleration next year: no fewer than 56 percent of high travel spenders are worried costs will increase in 2015, compared with 45 percent of low spenders and 43 percent of medium spenders.

Air travel is the major concern
In December 2014, the International Air Transport Association predicted average air fares would fall by 5.1 percent in 2015. Yet that has not stopped travel managers worrying their air costs will rise over the next 12 months. Almost half (46 percent) think they will pay more for flights, more than for any other travel category. Next highest is hotels (44 percent), followed by meetings and conventions (26 percent), car rental (25 percent) and rail (24 percent). Companies with large travel spend are particularly worried: 60 percent expect higher air costs, compared with 46 percent of medium spenders and 43 percent of low spenders.

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Global average of travel managers expecting cost increase in 2015

This is the first time in seven years that more travel managers have predicted a cost rise than those who have predicted no change.

10 20 30 40 50 60 2009 2010 2011 2012 2013 2014 2015

Increase Same Decrease

45% expect travel costs generally to rise.

33% expect travel costs to remain unchanged.

15% percent forecast a fall in travel costs.

Increase

Same

Decrease

Expected cost increases by travel categories

46% Flights

44% Hotels

26% Meetings and conventions

25% Car rental

24% Train trips

Global average of travel managers expecting cost increase in 2015

45%

Development of travel spend by company size

45% low

43% medium

56% high
Many travel managers think the current economic situation is suppressing demand for business travel. While 18 percent globally say the economy is having a positive effect on their business trips, 28 percent say it is having a negative effect.

The majority (52 percent) of the 941 respondents to the 2015 AirPlus International Travel Management Study see no difference one way or the other. Yet the answers to this new question reveal fascinating correlations with macroeconomic trends in some of the 24 countries covered by the research.

**Economic challenges are having an influence**

Problems in Turkey and Spain
In contrast, other markets are experiencing more difficult times. For example, only 5 percent of Turkish companies say the economy is having a positive effect on their business trips. After average annual economic growth of 5.5 percent for a decade, 2014 proved a much tougher year, including rising inflation, an over-strong currency and a weak stock market, not helped by internal political problems and security issues across Turkey’s borders.

The country with by far the most travel managers saying the economy is having a negative effect is Spain (73 percent). Its performance has improved recently, but this is a recovery from a very low point, with unemployment remaining worryingly high. Other countries where the negative effect is strong are South Africa (50 percent), which has faced mounting problems, Mexico (50 percent) and France, where business performance has also been weak (43 percent).

Similarly, Scandinavia has the highest number of travel managers in any industrialized market to identify a positive economic effect on travel (29 percent). Economic growth in Sweden has been 2.1 percent. Although not spectacular, that is certainly better than most of Europe. Sweden’s current success has been attributed to strong public finances and good performance by a small number of globally important companies.

**Crisis regions and travel risk management**

This year, we asked travel managers about travel to dangerous destinations. Most respondents (59 percent) said none of their travel is to higher-risk locations, but a large minority (34 percent) said some of their travel is to those regions and 5 percent said that this involves most of their travel.

Spreading the risk
The country with the most travel managers saying some or most travel is to higher-risk destinations is Brazil (64 percent), followed by Spain (56 percent), Italy (46 percent) and South Africa (also 46 percent). At the other end of the scale, no travel managers from Singapore say most of their travel is to crisis regions, and only 23 percent say some of their travel is to those regions.

A bigger challenge for large spenders
30 percent of small travel spenders make some trips to crisis regions, and the figure for medium spenders is 34 percent, but it rises sharply to 47 percent for large companies. This result is logical: companies that spend more on travel are more likely to send employees to a wider variety of destinations. Risk management is therefore likely to be an even more important consideration at large multinationals than smaller companies, although it is important to remember all travel (even domestic) carries some level of risk that needs to be assessed and mitigated.

Employee security gains importance
The answers suggest travel risk management is a very important issue for many companies, which need to show proper duty of care regarding their employees’ safety and security. Of course travelers may face emergencies anywhere in the world, and all companies therefore need to think about health, safety and security even at low-risk destinations. Is your company taking enough precautions?
Swiss companies continue to travel in spite of higher costs

Expected business travel numbers in 2015
Twenty-nine percent of Swiss travel managers expect more business trips in the general marketplace over the next 12 months, up from 27 percent last year, while 53 percent believe there will be no change. However, those forecasting fewer trips have also increased slightly from 11 percent to 13 percent.

Get ready to spend more
A major challenge for Swiss companies in 2015 will be higher costs. No fewer than 44 percent of Swiss travel managers say business travel spend will rise over the next 12 months, a much higher figure than last year, when 34 percent predicted higher costs. Only 9 percent think costs will fall for their companies.

The main cost concern is flights, with 49 percent of Swiss travel managers expecting their air spend to rise (only 9 percent believe air costs will fall). A smaller number, 34 percent, expect higher hotel spend. For meetings and conventions the figure is 26 percent, while for car rental it is 23 percent and rail 20 percent.

The anticipated growth in trip numbers will explain some of the cost increase, but not all of it. Other reasons may include anticipation of less favourable exchange rates for travelers if the Swiss government succeeds in weakening the franc. But perhaps, even more simply, travel managers may be worrying about rising prices. Zurich and Geneva have experienced higher hotel rate rises over the past couple of years than almost anywhere else in Europe. One-third (34 percent) of Swiss travel managers expect their accommodation costs to increase and 26 percent higher meetings and conventions costs. However, the biggest fear surrounds air costs, with 49 percent expecting they will have to pay more.

Road warriors fight for more business
As a result, most Swiss travel managers (53 percent) say there will be the same number of business trips in the marketplace over the next 12 months, although 29 percent expect more travel – more than double the number predicting fewer trips (13 percent). It is a reminder that businesses understand the need to get out and find new customers, especially if the strength of their currency is not helping their sales.

Travel to crisis regions
Two-thirds of Swiss companies (67 percent) say they have no travel to the world’s crisis regions. That figure is higher than both the global average of 59 percent and Western European average of 62 percent.

Even so, 29 percent of Swiss companies book some of their travel to crisis regions and for 4 percent trips to crisis regions represent most of their travel program. So even though Swiss businesses are more cautious than most about sending their employees to higher-risk destinations, it is still a significant issue for one-third of them.

Heightened duty of care
Employers need to exercise duty of care for all their travelers but these figures are a reminder that companies need to take special precautions for the minority visiting more difficult destinations. Examples include automated pre-trip routing of bookings for managerial approval, pre-trip briefings on traveler safety, crisis management contingency planning and ensuring the ability to track travelers in the event of an emergency.

Bigger spenders face bigger risks
Almost by definition, companies which spend more on travel are likely to travel to a wider range of destinations. Therefore it is no surprise that 47 percent of them book trips to crisis regions, whereas the figure for low travel spenders is much lower at 30 percent.

A strong economy can be both good and bad news
The Swiss economy has continued to prosper, and growth is expected to accelerate in 2015, according to official government forecasts. Therefore, it initially appears surprising only 14 percent of Swiss travel managers believe the economy is having a positive effect on business trips within their company. After all, Switzerland is one of the few industrialized nations worldwide to have achieved a continuous fiscal surplus in recent years.

Perhaps renowned Swiss caution explains why 26 percent think the economy is having a negative effect, while 59 percent see no impact one way or the other. However, these figures are almost identical to the European average, and that correspondence might prove the explanation for this conservative outlook: although Switzerland is performing well, its EU neighbors are struggling against significant economic headwinds. This vulnerability threatens exports (which is why the Swiss government has been trying to weaken the franc) and that in turn could affect travel levels.
This is the first of three parts to the 2015 International Travel Management Study. For this study, the international market research agency 2hm interviewed 941 managers in 24 countries between September and October 2014.