

AirPlus International Travel Management Study 2016

Part 2

Trends for travel managers and business travelers.

AIRPLUS. WHAT TRAVEL PAYMENT IS ALL ABOUT.

Overview

Travel managers trail behind their travelers

Business travelers are ahead of travel managers when it comes to recognizing key general and business travel trends. That is one of the main findings from the survey of 847 travel managers and 1,158 business travelers in 24 countries worldwide for the eleventh annual AirPlus International Travel Management Study.

Major trends

We asked respondents about six key general trends:

- > Data security
- > Globalization
- > Social media
- > Big data
- > Sharing economy
- > Eco-friendly travel

In all cases, more travel managers saw these as emerging trends (43 percent) rather than steady trends that already exist. In contrast, more travelers saw all but one of them – eco-friendly travel – as trends that already exist.

Next, we asked them about four specific business travel trends:

- > Use of virtual payments
- > Use of mobile payments
- > Use of business travel apps
- > The new generation's travel behavior

More business travelers (75 percent) than travel managers (62 percent) saw an effect on corporate travel for all four of these trends.



Why it's important to close the gap

Of course, these are subjective questions, which travel managers and travelers may have different opinions about. Even so, the consistent contrast between the two groups should flash a warning signal for travel managers. Are they slower than their travelers to recognize change, especially change led by technology?

This is not a trivial question. A major challenge in corporate travel today is giving travelers not only booking but also payment, communication and other approved trip management tools that will keep them inside official company travel programs. Travel managers need to know what the latest trends are. If not, the worry is that travelers may turn to the consumer marketplace for tech tools that suit their fast-evolving needs better. It may be necessary for travel managers to bridge the awareness gap.

Business travel trends

Digital payments on the rise

Virtual and mobile are relatively recent payment technologies, yet these results suggest both are gaining wider recognition. Around three-fifths of travel managers and three-quarters of business travelers think virtual and mobile are already having at least some effect on business travel. Only small numbers believe there will be no effect at all.

Virtual payments are used today mainly to pay hotel bills for business travelers who do not have a corporate credit card from their employer. With the ability to apply unique controls to each virtual card number, experts predict the technology will be used to pay for a much wider range of travel expenses in future.

Meanwhile, mobile payments are taking off in the consumer world, thanks to launches by companies like Apple, Google and Samsung. This may explain why significantly more business travelers (76 percent) acknowledge the effect of mobile payments than do travel managers (61 percent).

Young travelers – a case for special treatment?

A relatively high 37 percent of travel managers recognize that mobile apps are having a major effect on business travel. Yet only 27 percent consider younger travelers in the workforce are having a major effect, even though it can be argued heavy use of apps is exactly what causes their behavior to be different. The low figure reflects a continuing debate among travel managers. Some believe younger travelers need to be treated differently, for example, by allowing them more flexibility in what they book and how they book it. Others say young travelers should comply with policy in just the same way as their older colleagues.

New Distribution Capability – more education needed

Travel managers were also asked about the impact of the International Air Transport Association's New Distribution Capability, which could change the way air tickets are sold through indirect channels, such as travel management companies. Although 13 percent believe NDC is having a major effect and 20 percent some effect, the most telling figure is that 47 percent gave no answer. It suggests more communication is needed to raise travel manager awareness of this potentially significant development.

Trends in the business travel market

Effect on business travel environment – Overview



Major trends

Both travel managers and business travelers (especially the travelers) strongly acknowledge six key general trends that point to an increasingly IT-driven, inter-connected world. A large majority consider data security, globalization, social media and eco-friendly travel to be growing or steady trends. A smaller majority also thinks big data and the sharing economy are growing or steady trends. Only very small numbers believe these trends are in decline or not even trends at all.

Recognition of all these issues is important, because they exert a crucial influence on corporate travel today:

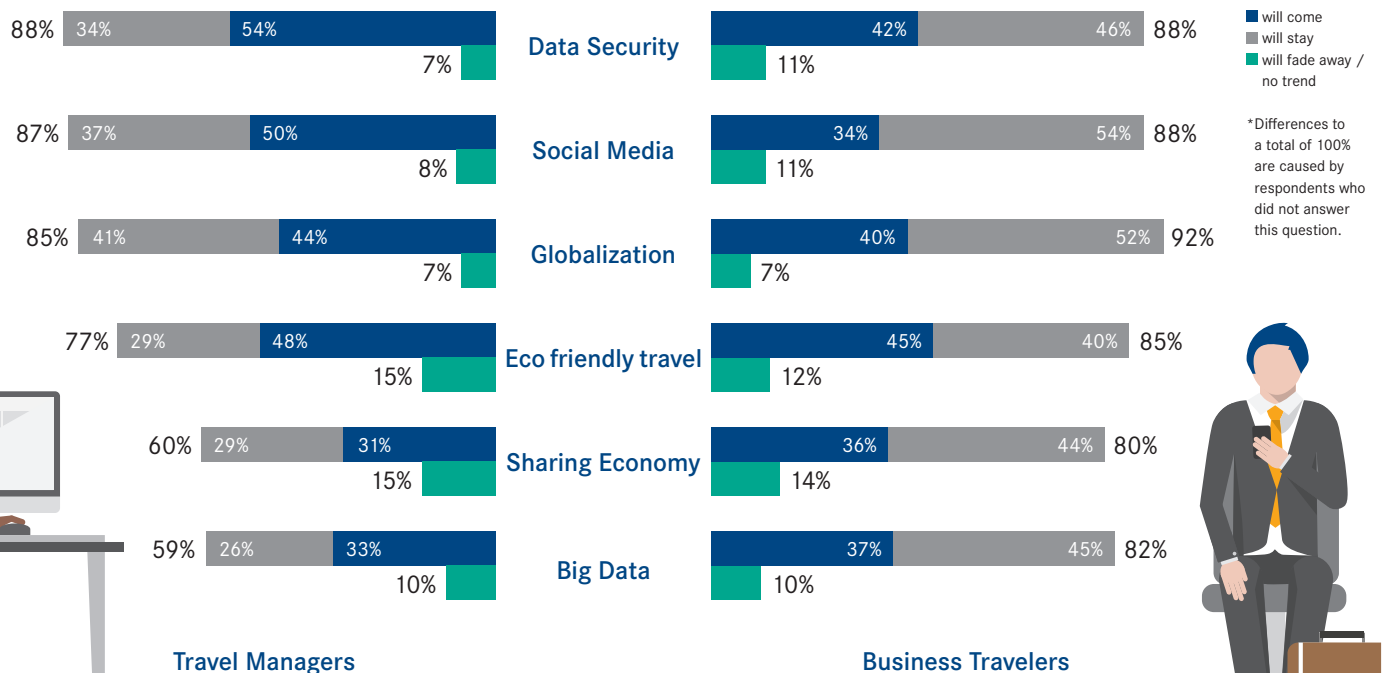
- > **Data security**
Employees need to carry confidential company data securely while traveling; employers need to ensure travelers' personal data is handled securely by service providers.
- > **Globalization**
Leads to greater demand for travel.
- > **Social media**
Travelers share their experiences with each other. Potentially a good way for travel managers to communicate with their travelers.
- > **Big Data**
Travel managers can learn more about their travelers; but so too can suppliers aiming to sell to travelers directly.

- > **Sharing economy**
The biggest sharing economy suppliers are in the travel business. Travel managers are unsure whether to allow or reject them.
- > **Eco-friendly travel**
Companies are under pressure to reduce emissions, including the amount they fly.

For travel managers, the fastest-growing major trend is data security (54 percent). This topic has received growing attention in business travel over the last couple of years for various reasons, including concerns about corporate espionage and state-sponsored surveillance and the collapse of the Safe Harbor agreement between the European Union and the USA. Travel managers' biggest existing trend is globalization (52 percent), which partly explains why Part 1 of this year's International Travel Management Study revealed that many travel managers expect more trips and therefore higher costs.

For travelers, the fastest-growing major trend is eco-friendly travel (45 percent). Could this green awareness make them more reluctant to travel on business in future, in spite of globalization? Travelers' biggest existing trend is social media (41 percent), suggesting they are tech-savvy individuals – especially compared to travel managers, of whom only 37 percent consider social media an existing trend.

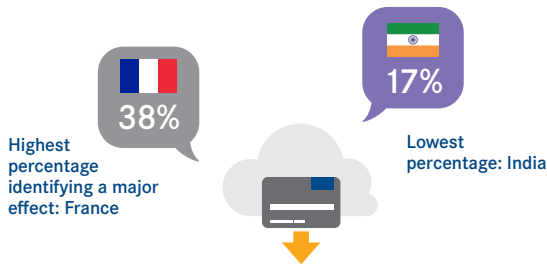
Six key general trends*



Attitudes vary by country

Travel manager attitudes towards the same business travel trends vary across a selected “basket” of markets: USA, UK, Germany, Switzerland, Austria, Netherlands, France, Belgium, Scandinavia, China, India, Singapore and Australia.

Virtual payments



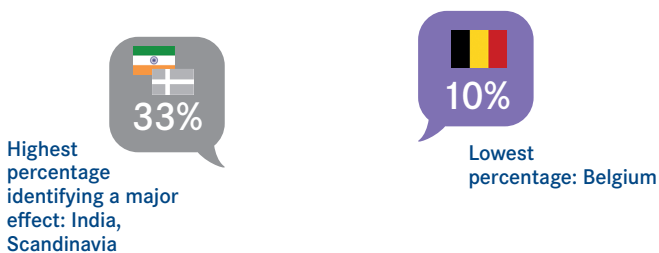
Mobile payments



Business travel apps



Behavior of new generation of travelers

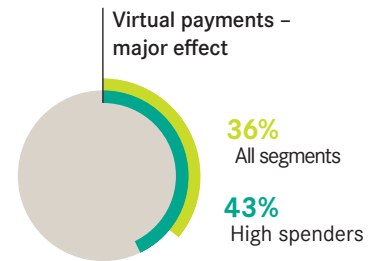


Contrasting opinions in India

India is the most striking country as far as these figures are concerned. Its economic boom has been created partly by a new wave of techno-centric Millennial and Gen Y employees entering the workforce. This may explain why so many Indian travel managers consider young travelers a major effect (as is also the case in Scandinavia, which has many young hi-tech businesses). Yet at the same time commercial payments are in their early stages of development in what has long been a cash-based society, explaining why virtual and mobile payments register so low in India.

Size matters

There are also some interesting findings, when the data is analyzed according to respondents' size of travel spend. In particular, travel managers at high-spending companies are the biggest believers that mobile payments, virtual payments and new-generation behavior significantly affect corporate travel.



Data security is a hot topic in Germany

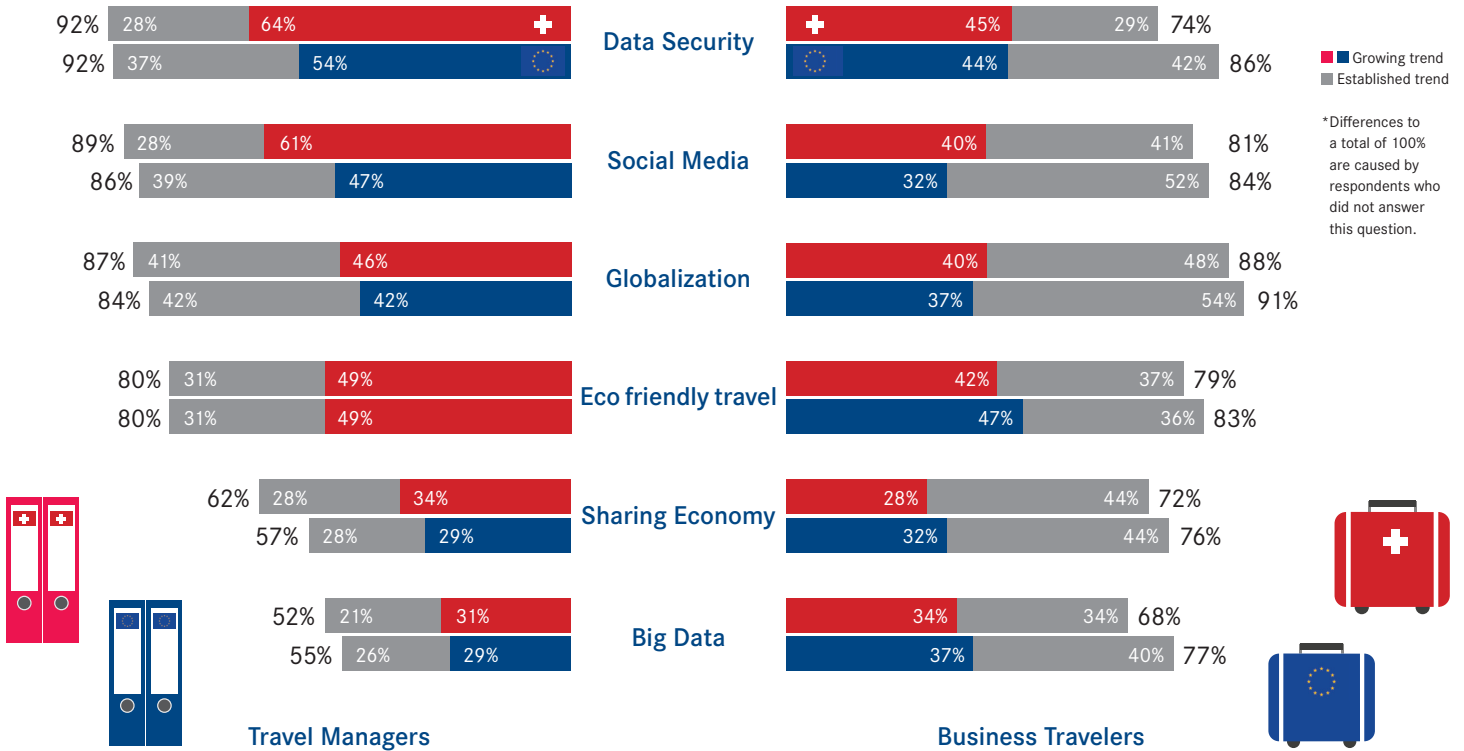
National variations emerge in the major trends data too. For example, Germany has by far the most travel managers (87 percent) and also the most business travelers (54 percent) identifying data security as a growing trend. This is no surprise: Germany has consistently emerged as a strong defender of data privacy rights in recent years.

Data Security - a growing trend



How Swiss Travel Managers and Business Travelers see the big Trends

Six key general trends*



Data security is number one

Data security is the fastest-growing general trend in the eyes of Swiss travel managers, which is perhaps not surprising for a country with a strong culture of privacy and some of the toughest data protection laws in the world. No fewer than 64 percent of Swiss travel managers consider data privacy a growing issue, compared with the Western European average of 54 percent.

Over the past couple of years, Swiss companies have reportedly been asking their travel managers to investigate where their travelers' data is stored and what steps are taken to protect the information. In some cases, Swiss companies have even told travel service providers they will no longer be used if they continue to store client data outside Switzerland or the European Union. Data security is also the fastest-growing trend for Swiss business travelers, although not to the same extent (45 percent).

The power of social media

The second-fastest growing general trend for Swiss travel managers is social media (61 percent – considerably higher than the Western European average of 47 percent). With high levels of smartphone usage, it is unsurprising social media are big news in Switzerland. The question for travel managers is how to harness the power of social media, which are used mainly by individuals in their private lives, for the corporate goal of driving compliant travel programs.

As might be expected in a country that is home to many multinational organizations, 87 percent of Swiss travel managers also recognize globalization as either a growing or established trend.

How Swiss Travel Managers and Business Travelers see Travel-Related Trends

Differences of opinion over payments

There are some intriguing differences between Swiss travel managers and business travelers when it comes to identifying emerging travel-related trends. Only 18 percent of Swiss travel managers expect virtual payments to have a major effect on business travel, the lowest figure for any country in Western Europe. Similarly, only 23 percent expect mobile payments to have a major effect, which is well below the Western European average of 32 percent.

Those lower figures make sense if one considers Switzerland's reputation as a country which still likes to pay with cash. Yet how does one explain the fact that 44 percent of Swiss business travelers expect both virtual and mobile payments to have a major effect? In both cases, these are the highest figures for any country in Western Europe. Do travelers' answers indicate that the old "cash is king" mentality is beginning to change among Swiss people as individuals, and perhaps travel managers no longer need assume their travelers are as conservative as they once were?

Swiss travelers set the pace

A similar dichotomy between business travelers and travel managers is evident in the answers to the question about use of business travel apps. No fewer than 38 percent of travelers expect apps to have a major effect, once again the highest figure for any Western European country. However, at 30 percent the figure for travel managers is below the Western European average of 36 percent.

Instead, 25 percent of Swiss travel managers expect the effect of apps to be felt in one to two years, and this too is the highest figure in Western Europe. Even more strikingly, 20 percent believe mobile apps will have no effect on business travel – the highest figure for any of the 24 countries worldwide in the study.

The figures suggest that a strong minority of Swiss travel managers are far from convinced that apps are either widely used today for mobile travel or will be used in future. This attitude is not shared by their travelers, of whom only 10 percent expect apps to have no effect.

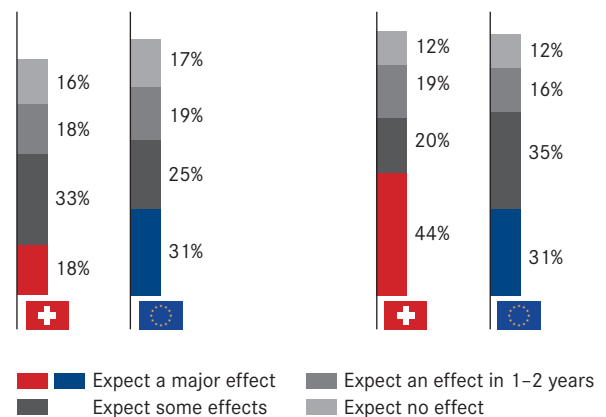


Travel Managers

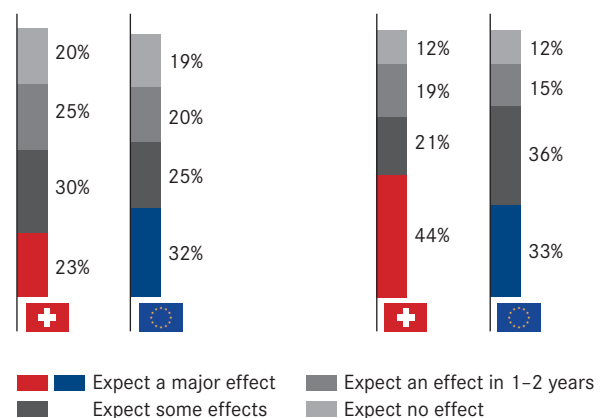


Business Travelers

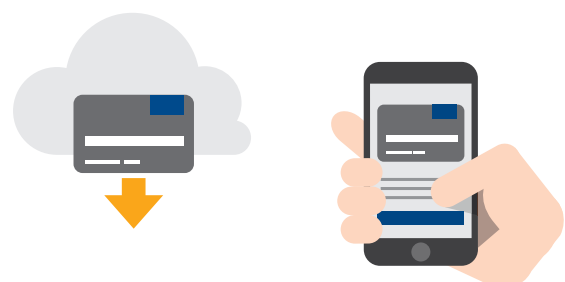
Virtual payments*



Mobile payments*



*Differences to a total of 100% are caused by respondents who did not answer this question.



A generation gap?

Another topic on which Swiss travel managers take a cautious position is Millennial travelers. A significant 28 percent expect the behavior of the new generation of travelers to have no effect on business travel – the joint-highest figure for all 24 countries. Once again, the travelers themselves do not appear to agree: only 9 percent expect no effect from the younger generation.

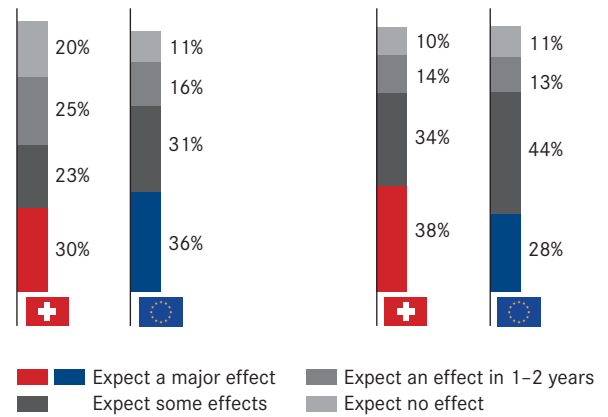


Travel Managers

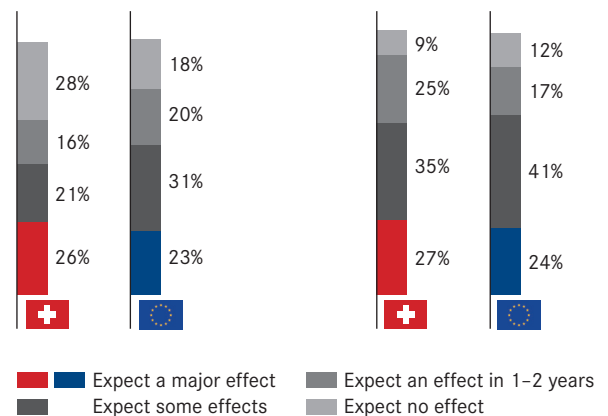


Business Travelers

Business Travel Apps*



Behavior of new Generation of Travelers*



*Differences to a total of 100% are caused by respondents who did not answer this question.



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About the Study: The survey was conducted from between September and October 2015 by the international market research company 2hm on behalf of AirPlus International. A total of 847 individuals responsible for travel management within their company and 1,158 business traveler were surveyed in 24 countries around the globe.