

AirPlus International Travel Management Study 2016

Part 3

Trends for travel managers and business travelers

AIRPLUS. WHAT TRAVEL PAYMENT IS ALL ABOUT.

SWITZERLAND 



82%
Costs

Sharing economy – a good option for travelers?

For quite some time it has been widely talked about: the sharing economy. Sharing economy means organized sharing of things or the provision of rooms mostly by private individuals. The idea of joint use has also found its way into travel management as an easy, quick and cost-effective way of booking for everyone. But shooting stars like Airbnb, Uber, or Lyft have proved major disruptors for established travel operators and companies' travel management.

New suppliers: Interference factor or money-making?

The sharing economy divides travel managers and business travelers into two camps. Planners of business trips have concerns regarding the duty of care; furthermore, private providers undermine the relationships with existing hotels, rental car companies, and suppliers of ground transportation.

However, business travelers are quite attracted to the opportunities offered by the sharing economy. Two thirds of the interviewees are currently allowed to use sharing economy providers by their company, and the overwhelming majority would even like to increase the use of sharing economy services.

What business travelers value about sharing providers



84%
Traveler satisfaction



78%
Safety



About the study: The survey was conducted 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 travelers were interviewed in 24 countries around the globe. Our aim: Deriving trends from the current market situation and providing a basis for important decisions.

Boon or bane for travel managers?

Companies are of two minds about what to make of sharing economy services. They are well aware of the advantages; however, they also see some risks that may arise, amongst others, from compliance requirements. Who is for example liable when an employee is victim of a car accident while sitting in an Uber car, or is injured while sharing a flat of a private individual on a business trip?

The dilemma for business trip managers

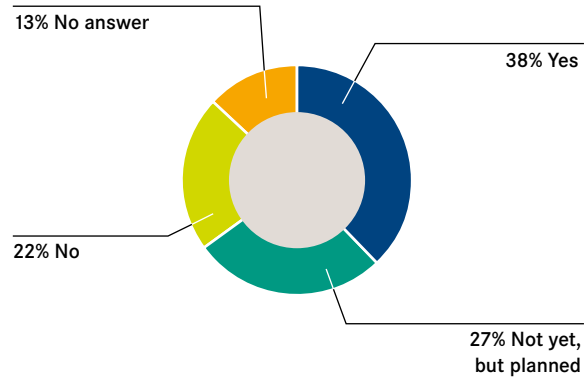
As our study shows, the number of business travelers who want to use sharing economy providers is growing constantly as they see them as cheaper, better and safer alternatives to traditional suppliers. If travel managers refuse to book via sharing suppliers, they will risk that travelers just book them themselves which will make it much harder to track costs and the travellers' whereabouts.

However, if planners of business trips include sharing supplier in their portfolio, they might come into conflict with compliance because the travelers' safety is not supported by licences or quality checks. Moreover, the travel reports are rarely compatible with the companies' digital processes.

Finding solutions together

The pie chart on the right shows that most companies are preparing for collaboration with suppliers of the sharing economy. In return, sharing economy providers adapt to companies' needs and therefore

As business traveler, are you allowed to use sharing offers?

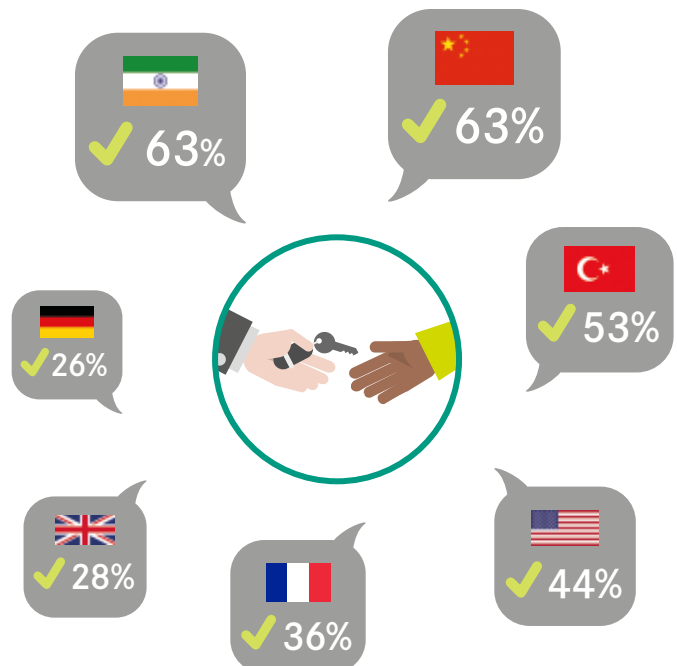


establish separate online portals for businesses. It is also worth noting that 13 percent of the interviewees did not answer the question whether they are allowed to use sharing economy providers, suggesting some companies need to communicate their position on the use of sharing economy providers more clearly to travelers.

Emerging economies are trendsetters

In China and India it is already quite common to organize business trips via sharing services. In Turkey, more than half of the interviewees are using sharing economy services. Surprisingly, the US, where the largest sharing economy providers are based, rank only somewhere in the middle.

How many companies in other countries allow the use of sharing economy services?



More sharing services for business travelers? Yes, please!

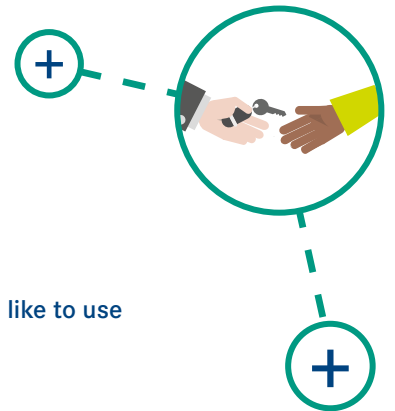
Where travel managers still have reservations, travelers have already made their decision. The overwhelming majority wants to increase use of sharing economy providers. The primary reasons for this are the ease of use (booking done quickly with smartphone) and invisibility of pay (no cash or credit card needed at time of service and proper tipping is already included). It is easy to understand why travelers have a higher comfort factor with sharing economy providers compared with traditional travel suppliers.

Chinese and Indians are most avid for sharing

Once again, the greatest enthusiasm can be found in emerging markets. Even though most travelers in these countries are already allowed to use sharing economy providers, high numbers are calling for more.

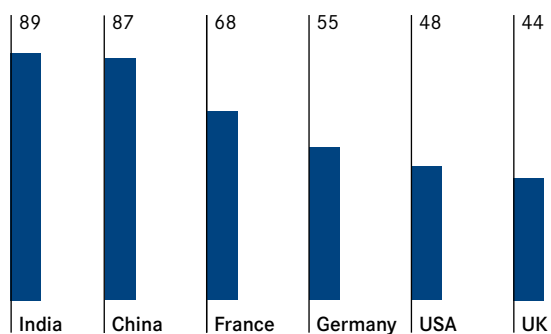
Huge advantages - small disadvantages

Most business travelers are convinced that sharing economy services are cheaper and traveling is much more comfortable with them. In contrast to travel managers, they have no concerns regarding safety and digital reporting issues. They only expect some struggles with their companies' compliance.



Emerging economies would like to use more sharing services

Yes in %



Would you like to use sharing services more often?



Pro and con of sharing economy



How Swiss travelers view the sharing economy

- Just over half of Swiss business travelers are currently not allowed to use sharing service providers, but 29 percent are allowed.
- Swiss travelers want to be permitted more access to sharing services (62 percent).
- Swiss travelers are strong believers that sharing services are advantageous in terms of cost (83 percent) and traveler satisfaction (84 percent).

Allow or block? Swiss companies undecided

A relatively low number of Swiss business travelers are currently allowed to use sharing service providers (29 percent), even by Western European standards. However, another 31 percent say it is planned for them to use sharing service providers in the near future. What is more, only 20 percent are banned completely from using sharing service providers, a figure well below the Western European average of 27 percent.

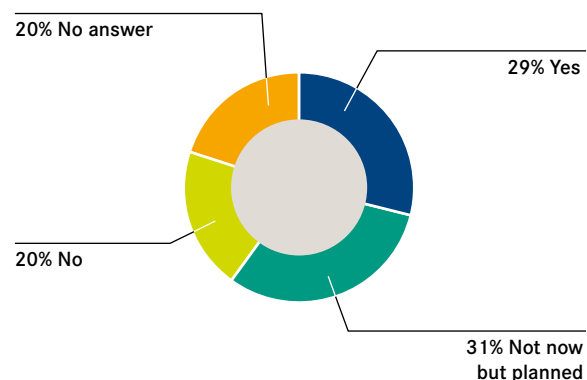
Overall, the sense is that Swiss companies remain undecided about how to handle sharing economy providers in the travel sector, an impression confirmed by a high 20 percent of travelers giving no answer. Part of the reason may be uncertainty about compliance and legality. Uber is banned in the canton of Geneva, for example.

More sharing services please!

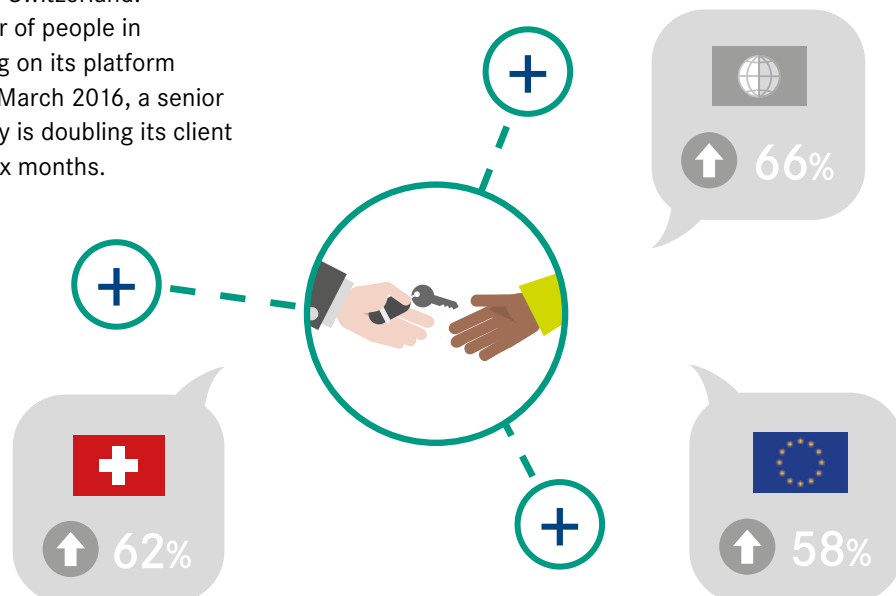
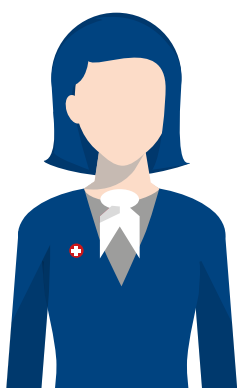
Their employers may have mixed opinions, but most Swiss business travelers (62 percent) want more sharing services – more than the average for Western Europe (58 percent). These findings corroborate evidence from the largest sharing service providers about their surging popularity in Switzerland. According to Airbnb, the number of people in Switzerland that made a booking on its platform doubled to 300,000 in 2015. In March 2016, a senior Uber executive said his company is doubling its client numbers in Switzerland every six months.



Are you as a business traveler allowed to use sharing services?



Would like to use more sharing services?



High marks for cost and satisfaction

Swiss travelers believe sharing services deliver two particularly strong benefits: 83 percent say there is a cost advantage and 84 percent say sharing service providers offer traveler satisfaction. The cost issue is important in Switzerland, where Geneva and Zurich have become two of the world's most expensive cities for accommodation over the past few years. Rising rates are thought to explain not only why the number of people checking into Swiss hotels dropped 0.8 percent in 2015, but also why the number of people checking into Airbnb-booked hotel properties has surged.

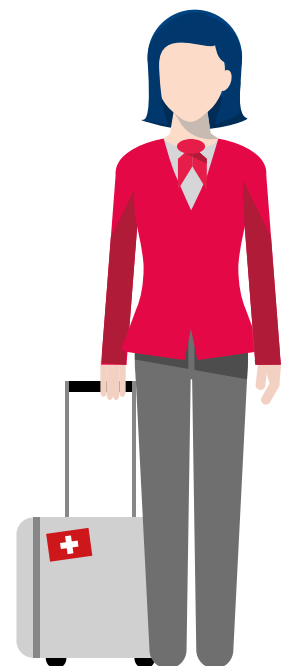
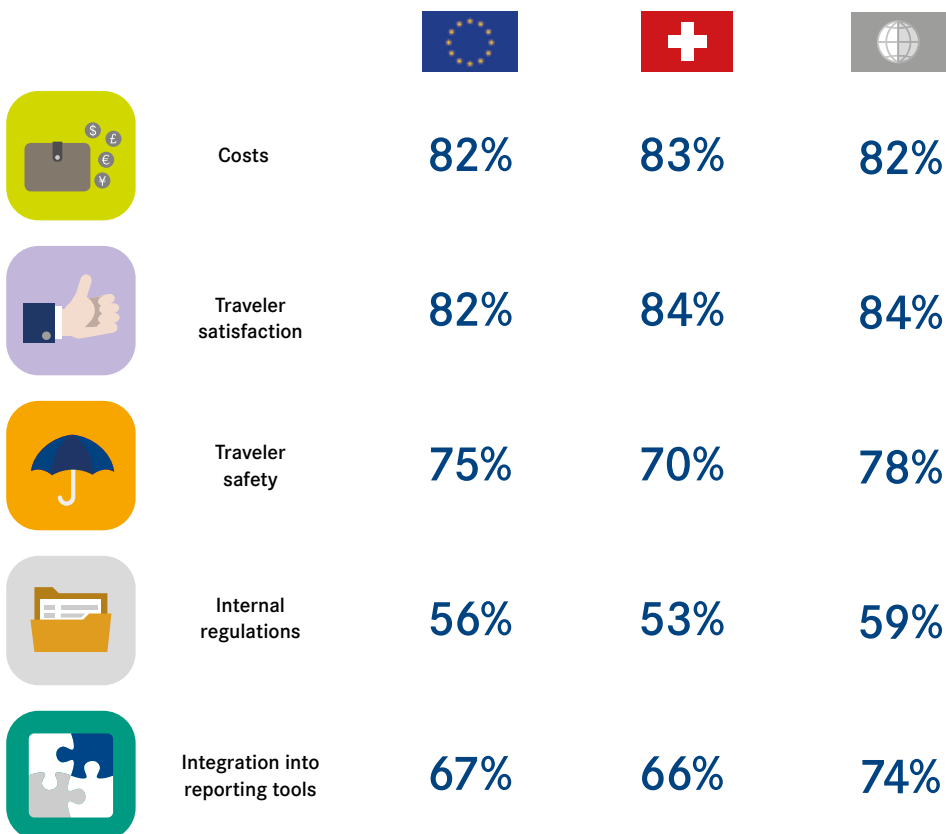
There is less certainty about safety. Seventy percent of Swiss travelers say sharing services are an advantage in this respect, a figure below not only the global average of 78 percent but also

the Western European average of 75 percent. Nevertheless, it is a commanding majority, which believes sharing service providers are the safer option.

Swiss travelers are also a little less convinced than the worldwide or global average that sharing services offer an advantage in terms of either internal regulation or integration into reporting tools.

Overall, however, there is no doubt that Swiss travelers believe sharing services offer many advantages and wish to use them more. As a result, Swiss companies are likely to have to find new ways to work with these providers.

Do you see the following aspects of sharing services as an advantage?



Sharing economy is in high demand

Business travelers demand sharing economy options

If asked, all travelers of all nations would like to use sharing services more frequently. The most compelling arguments are low costs and a high convenience.

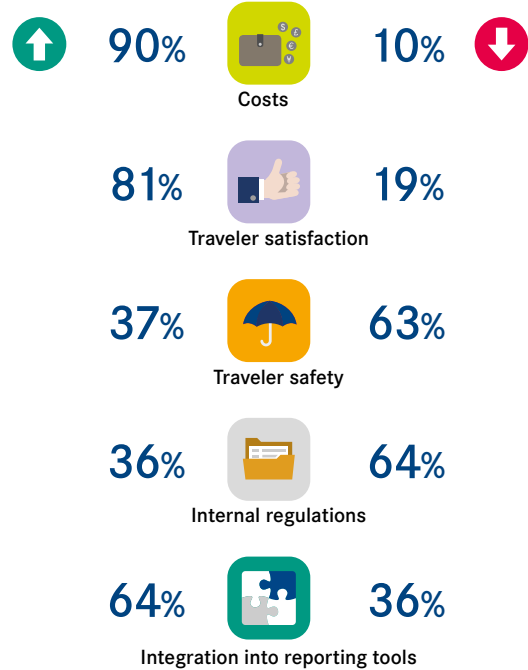
What is the opinion of travel managers with AirPlus?

To sharpen the image, we additionally asked 123 of our own travelers how they judge the development of the sharing economy.

Our experts agree with the international business travelers that sharing service are more cost-effective and have a higher comfort factor compared to established suppliers. They also see no larger problems concerning data reporting.

But they see the biggest deficit in safety matters and in the compatibility with the companies' compliances. These two aspects are the largest barrier for wider use.

How do AirPlus travelers judge the sharing economy?



AirPlus International AG

Obstgartenstrasse 27
8302 Kloten
Switzerland

T + 41 (0)43 210 37 50

F + 41 (0)43 210 37 51

zuerich@airplus.com

www.airplus.com



At a glance

- The sharing economy has quickly developed into a strong market player in the travel business
- Their services are more cost-effective and more convenient to book compared to traditional suppliers
- Due to the increasing demand – and the fact that individual booking cannot be prevented – travel managers and sharing economy suppliers have to work together to find common solutions
- Biggest barriers for wider acceptance are safety issues and policy compliance