AirPlus International Travel Management Study.
A comparison of international trends, costs and planning of business travel.
A total of 1,500 travel managers from 15 global business travel markets were surveyed for the AirPlus International Travel Management Study.
Dear Reader,

Welcome to the fourth AirPlus International Travel Management Study, which is going global for the first time. As usual, the study offers detailed data about corporate travel cost trends and what travel managers are doing to control those costs in Europe and the USA. However, this time they are joined by travel managers from six markets in three additional continents: Africa, Asia and Latin America.

I am sure that, like me, you will find it fascinating to compare the challenges and successes of companies in countries such as Brazil, China and South Africa. I agree with the conclusion of the study: what strikes me most about their answers is not how different but how similar they are. Every market faces rising travel costs and each is making the war on costs its number one priority in travel management.

What does vary is the success of travel managers in achieving that ambition. Nor are the results what you might always expect. The UK is generally regarded as one of the more mature markets for travel management, but one-quarter of companies here still have no travel policy. This may explain why, for instance, British companies have a relatively small number of deals with airlines.

In other respects, the UK is ahead of the pack. New questions on green issues in this year’s study suggest British businesses have the highest level of awareness in Europe about the environmental impact of their travel.

But the main concern for many will be that 58 per cent in the UK expect travel costs to rise at a difficult time in the economic cycle. The need for reliable control mechanisms and good data, both of which are provided by the AirPlus business travel payment solution, is therefore greater than ever.

Yael Klein
Managing Director
AirPlus International Ltd.
January 2009

Corporate travel is becoming a global enterprise.
About the study
This survey was conducted in 2008 by the international market research company 2hm on behalf of AirPlus International. A total of over 1,500 travel managers – at least 100 in each country – were surveyed in: Germany, Austria, Switzerland, United Kingdom, France, Italy, Netherlands, Spain, United States, China, Singapore, Australia, South Africa, Mexico and Brazil. They were each asked to answer 36 questions. The categorisation into companies with low, medium and high travel volume also shows different trends according to company size.

The interviewees
The respondents in the survey comprised of travel management staff. In the study they are called “travel managers” although they often have a different official job title: the majority (49 percent) of those participating in the survey are assistants or secretaries. On average they work for senior management (40 percent), in a travel management department (13 percent) or in the human resources department (10 percent). The obvious assumption that travel management, especially in small and medium-sized companies, is something done alongside another job, was confirmed once again. Study participants were also asked how much working time they spend on average on travel management. Only 1 in 9 spends his or her full working time on it. The proportion of full-time travel managers is largest in companies that have a high volume of travel. In fact, 1 in 4 travel managers at companies with a high travel volume have that as their primary function.

What position do you hold in your company?

- 49% Personal Assistant
- 15% Managing Director
- 10% Head of Department
- 17% Consultant
- 9% Other
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Executive summary

Costs to rise again
Although companies try even harder to contain costs during tough times, the signs are not good for business travel. Only 10 per cent think they will reduce travel costs in the year ahead, while 58 per cent expect to spend more. Among countries also in last year’s study, there is no change, with 53 per cent forecasting a rise and 12 per cent a fall. Expectations of price growth are lowest in southern Europe (42 per cent).

Cost-cutting intensifies as number one priority
All 15 countries rank reducing cost as their chief priority in travel management, putting it even further ahead of other considerations than last year. The next most important priority is traveller welfare, ranked second in seven countries (but last in Mexico).

Travel policy – by no means universal
More than one-quarter of companies have no travel policy. There is considerable variation according to spend and geography. While only 58 per cent of low spenders have a policy, the figure rises to 75 per cent for medium spenders and 87 per cent for high spenders. An average 79 per cent of European businesses have one, but in Brazil the figure is only 16 per cent – far lower than any other country.

Getting tough
A very high number (88 per cent) of businesses with policies say they monitor compliance by travellers. Furthermore, the rules are likely to get harder, with 44 per cent expecting policy to tighten and only 3 per cent predicting it will relax.

Hotel negotiations prove hard work
More travel managers have deals with hotel companies than any other group of suppliers, but they are getting harder. Of those countries also in last year’s study, the proportion with hotel deals has fallen from 75 per cent to 70 per cent. Furthermore, the average corporate discount agreed with hotels has fallen from 19 per cent to 15 per cent. Large spenders stand a better chance of securing an agreement (80 per cent) than medium (65 per cent) and small spenders (61 per cent).

Optimism about savings
Travel managers believe they will find more opportunities over the next 12 months to make savings, especially for air and hotel (both 62 per cent). There is less certainty about meetings & conventions, with 45 per cent agreeing they can make savings and 45 per cent disagreeing.

Invoicing shifts from paper to electronic
Among countries also included in earlier AirPlus studies, the proportion receiving paper invoices only from suppliers has fallen from 57 per cent
Spend analysis tools remain uncommon
Although 79 per cent of travel managers say they analyse their travel spend, only 35 per cent use special tools or software to carry out this function. There has been no growth since last year.

Doubts emerge over consolidation
Among countries also included in earlier AirPlus studies, the proportion of companies which say they centralise their travel has slipped for a second year to 63 per cent. However, 83 per cent of all respondents agree or somewhat agree that travel budgets are increasingly likely to be consolidated either at company level or globally.

Companies start to offset carbon emissions
Green consciousness is rising, with 53 per cent agreeing and 18 per cent somewhat agreeing that travel management will increasingly take climate protection issues into account. Companies in all 15 countries have begun paying to offset travel-related greenhouse gas emissions. However, the numbers are small, with 15 per cent saying they do this now and 7 per cent planning to start in the next 12 months.

Safety on the agenda
Forty per cent believe safety will become a more important feature of travel programmes over the next 12 months.

Travel set to merge with meetings?
Although 45 per cent agree travel management will increasingly take over meetings & conventions management tasks and a further 21 per cent somewhat agree, a substantial minority of 25 per cent disagree.

Travel management to assume greater status
Reflecting the growing impact of travel on the bottom line, just over half of travel managers (52 per cent) believe the significance of travel management will increase in their organisation over the next one to two years. Only 4 per cent think it will fall.

Travel managers lack time
Although 80 per cent consider travel management services to be valued within their company, 42 per cent of travel managers think they are given insufficient time to do their job. Indeed, 58 per cent of respondents spend less than one-quarter of their time managing travel and only 9 per cent spend more than three-quarters of their time (a figure which rises to 25 per cent for high spenders). A significant minority also believe they have many obligations but not many rights.

Cost versus service
A major worry which emerges in the study is finding the right balance between doing the right thing for employees and the right thing for the company: 69 per cent say that supporting travellers while also managing costs is becoming more of a challenge.

Procurement and finance grow in influence
Travel managers expect both procurement (66 per cent) and finance (83 per cent) to increase their involvement in the corporate travel programme.
Summary
Most companies (58 per cent) expect their travel bills to increase, and a mere 10 per cent forecast them to go down, even though the pressure is on to find savings. Air remains the largest concern regarding travel costs, but hotel continues its disproportionately high growth.

Travel spend to rise again
Times may be harder economically, but businesses see little prospect of trimming their travel budgets. Only 10 per cent believe they will spend less on travel in the year ahead. On the contrary, well over half (58 per cent) expect to spend more, while 30 per cent forecast no change. Among the countries included in the study last year, the figures are virtually identical this time around, with 53 per cent expecting an increase in cost and 12 per cent a decrease.

Higher prices
There are various likely reasons for this pessimistic attitude towards cost. The first is that costs per trip are rising. Airlines are in crisis and have not only raised fares but also imposed additional charges, such as fuel surcharges and fees for carrying luggage.

The second is that not all businesses are reducing their levels of travel. Although global flight figures from the International Air Transport Association moved downwards for the first time in September 2008, air bookings made through the AirPlus card during the current economic downturn show a more mixed picture. Indeed, flight reservations by many companies have continued to rise. It suggests the globalisation of their operations and need to find new markets mean travel has become more important to them than ever.

Longer journeys
A final contributory factor to rising travel costs for companies based in the USA and Europe is that they are travelling greater distances. With their local markets slowing, they are increasingly chasing business in regions whose economies continue to grow substantially, such as the BRIC (Brazil, Russia, India and China) countries and the Middle East. Travel to these countries involves higher fares, more hotel nights and, usually, accommodation in higher-standard hotels because there are few mid-range options available.

Business travel spend will...
Total: 100 %

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<th></th>
<th>Flights</th>
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<th>Car rentals</th>
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<td>Stay the same</td>
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<td>30</td>
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<td>46</td>
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<td>10</td>
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Question:
How will spend in the following areas develop in your company?
Regional variations
South Africa tops the list of countries expecting cost growth, with 81 per cent believing they will spend more, followed by Asia-Pacific (71 per cent). Southern Europe has the lowest expectation (42 per cent).

There is also some variation according to size of travel expenditure. While around 57 per cent of small and medium spenders expect their travel bill to rise, that figure jumps to 64 per cent for high spenders.

Cost – air
Air remains the sub-category where fears of cost increases are greatest – 61 per cent believe they are going to pay more. Worryingly, unlike last year, only a small minority expects cost decreases. Only 8 per cent believe their air costs will fall and 30 per cent predict them to stay the same. This tallies with predictions from leading global travel management companies, which have largely forecast fare rises for 2009, in some cases by as much as 20 per cent. It also suggests the era of price deflation in markets with a heavy budget carrier presence is coming to an end.

Cost – hotel
Hotel expenditure becomes an increasing area of concern every year in the AirPlus study. Of those countries which have been in the study since it began, those expecting an increase have risen gradually from 43 per cent three years ago to 50 per cent this time around. That figure is lower than the average for all 15 countries in this year’s study of 54 per cent. The likely explanation is that previous studies were focused on Europe, a region where hotel rate growth this year is expected to be much lower than regions such as Asia-Pacific.

Paradoxically, the study shows fears of further rate growth just as the global market is cooling for the first time since 2004. However, once again it should be remembered external evidence shows that although rates are not rising as fast in many markets as a year ago, they are generally rising nonetheless. Furthermore, some parts of the world, such as the former Soviet Union and the Middle East, are showing little sign of rate deceleration.

Cost – car rental
Car rental is one area of expenditure where only a minority (30 per cent) expect their costs to rise. However, those predicting costs to fall are an even smaller minority – only 11 per cent. Instead, most respondents (52 per cent) expect to pay around the same.

Cost – rail
Overall responses to this question vary significantly according to how much each country uses rail for business. Hence Germany and France, where usage is very high, have 40 and 54 per cent of respondents respectively anticipating cost increases, while only 12 per cent in the USA fear an increase. Another country with high expectations of cost growth (38 per cent) is Spain, perhaps in large part because of the introduction of a high-speed link between Madrid and Barcelona.

A more surprising revelation is that only 5 per cent of Italian respondents expect their rail costs to rise, whereas 30 per cent expect a fall. This is one of only a handful of responses in the entire study where more people in a country think costs in a particular sub-category will go down rather than up.
**Cost – Meetings & conventions**
This sub-category shows a glimmer of hope for managers in the war on costs. Of those countries also included in last year’s survey, 31 per cent expect their meetings costs to rise, down from 34 per cent last year. This figure also compares favourably with the average for all 15 countries, which is 35 per cent. It suggests that those countries which have been focusing attention on managing meeting spend for a few years may be obtaining modestly positive results. However, the achievement should not be over-emphasised, since there is no change from last year among those expecting a cost reduction (11 per cent).

Variations in expectations of a cost rise are greater for meetings than for almost all other categories, ranging from 51 per cent (South Africa) to 17 per cent (France).

**United Kingdom – fearing the worst for higher costs**
The majority of UK respondents (58 per cent) expect their travel bills to grow, with only 14 per cent hopeful of a reduction. In fact, British managers have above-average fears of rising costs, especially for hotel spend, where the figure of 61 per cent is the highest in Europe.

**How will business travel spend in your company develop in the future?**

- 58% increase
- 23% stay the same
- 14% decrease
- 5% don't know/no answer

**Air of pessimism**
An even larger proportion (67 per cent) expect their air bills to rise. The UK has arguably benefitted more than any other country from the deflationary influence of low-cost carriers in recent years, but these figures suggest that influence may have reached its fullest limits. This is especially the case if there is a trend towards long-haul business trips because almost no budget airlines compete in the inter-continental market. Only 10 per cent of UK travel managers expect their air costs to fall.

The one exception to the trend of more travel managers thinking costs will fall than rise is car hire. In this case, 61 per cent tip costs to remain stable while 17 per cent believe they will fall and only 16 per cent expect them to rise.
02 Managing travel spend
Cost reduction is still top priority for travel managers.

Summary
Companies are prioritising reduction of costs as their number one travel management objective even more than ever, but supporting travellers is also rising up the agenda. There is great inconsistency among companies both geographically and according to size of spend on the question of whether companies have travel policies. Those without a policy are struggling to secure negotiated agreements with travel suppliers and overall the number of companies with negotiated agreements is down, as is the level of discount achieved by those which do manage to sign deals. The good news is that travel managers are increasingly optimistic they can secure better deals in future.

Cutting costs comes first...
All 15 countries in the survey rank cutting costs as their most important task in travel management, with 14 of them putting it way ahead of any other priority (the exception is China). This may not be surprising in view of the worsening global economic situation, but a similar focus on cost has also been apparent in the study during times of greater prosperity.

However, the focus on cost-containment is, if anything, even greater this year. Respondents are asked to rank five tasks in order of importance, 1 being the most important and 5 the least. This year, the average for reducing travel costs is 1.6, compared with 1.8 last time around. It ranks between 1.5 and 1.9 for all countries except China, where the average is 2.5.

Cost reduction is still top priority

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<th>All countries</th>
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<th>Austria</th>
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1 = most important / first mentioned area of travel management, 5 = least important / last mentioned area of travel management

Question: How important are the following five areas of travel management in your company? Please rank the following list in order of importance in your company.
...but traveller welfare is important too
The average rankings for the other four tasks – introduction of travel policy guidelines, reporting on costs for management, optimising internal processes and supporting the traveller – are all fairly close to each other in a range from 3.1 to 3.5. However, supporting the traveller is top of this list of also-rans. It is the second most important priority in seven countries - four of them in Western Europe where duty of care considerations are assuming greater importance. The highest priority of all is in the UK, which introduced corporate manslaughter legislation in 2008.

There has been speculation that other countries will introduce similar legislation, which may lead to traveller support rising up the travel management rankings in the years ahead. This is certainly not universally the case at present: Mexican respondents rank it fifth in their list of priorities.

Travel policy – a mixed picture
It is generally considered impossible to operate an effective travel programme and negotiate optimum supplier deals without a travel policy. The study shows that 71 per cent have a policy for some or all aspects of travel, while 28 per cent do not (the remaining 1 per cent did not respond to this question). That means more than one-quarter of all companies still do not have arguably the most basic tool of travel management at their disposal.

More surprising still is that the average proportion of companies with a policy among countries also featured in last year’s survey has dropped from 80 per cent to 73 per cent. It is difficult to explain why this may be, but the overall figure does mask some significant variations according to geography and size of travel programme. High spenders on travel are much more likely to have a policy (87 per cent), a figure that drops to 75 per cent for medium spenders and a much lower 58 per cent for low spenders.

Brazilians – little coverage
Western Europe has a good record in this respect, with 79 per cent of respondents having a policy, but Southern Europe is rather lower at 60 per cent. Meanwhile, Brazil is way lower than any other country in the study. A mere 5 per cent have a policy for all aspects of travel, with a further 11 per cent having a policy for some aspects.

Enforcement remains high
Better news is that a very high proportion of those companies which do have policies are diligent about checking whether travellers adhere to them. Overall, the figure is 88 per cent, although again it
is surprising to see that the figure among countries also in last year’s survey has fallen from 80 per cent to 73 per cent. This time, there is minimal variation according to size of travel spend, and there is also less variation geographically, the two countries that are least insistent on checking being Brazil (62 per cent) and China (71 per cent).

The tough get tougher
Responses to another question on policy suggests that the gulf is set to widen between those companies which have one and those which do not. Asked what they expect to happen to their policy in future, 44 per cent said it would get tougher and only 3 per cent said it would relax. High-spending companies are slightly more likely to tighten the belt (50 per cent) than medium and small spenders.

The results also indicate that regions where fewer companies operate a policy are also the ones whose companies with existing policies are least likely to toughen them. In Southern Europe, for example, only 26 per cent expect to get tougher, while 10 per cent think policy may be made easier.

Set alongside the importance attached by several countries to supporting travellers, the conclusion that companies are poised to toughen their policies exposes potential tensions. Can they simultaneously save costs and exercise duty of care for employees?

Reconciling these two concerns is one of the hardest parts of the travel manager’s job (see Section 5 – The Role of the Travel Manager).

Supplier contracts on the decline
As was the case last year, managers are more likely to have negotiated deals with hotels (65 per cent) than with suppliers in any other travel sub-category. More than half also have deals with airlines (51 per cent) and car rental companies (51 per cent). A promising number have agreements with meetings venues (38 per cent), but rail deals are few and far between (16 per cent).

Air negotiations hold steady
Among countries also included in last year’s study, the percentage of companies with air deals is unchanged at 55 per cent. Although there might be some expectation of this figure being higher, many businesses in recent years have adopted a policy of buying the lowest fare on the day, especially if most of their flying is short-haul. This is particularly true of smaller companies which in any case find it harder to coax worthwhile deals out of airlines. The breakdown by travel spend shows high-spending companies are far more successful, with 81 per cent having airline deals. The figure plummets to 52 per cent for medium spenders and 45 per cent for low spenders.

Once again, however, the variations are considerable. They support the conclusion that companies without policies struggle to sign corporate agreements because only 14 per cent of Brazilian companies have an airline deal.
Agreements vary regionally
Elsewhere, the regional variations suggest that the definition of a corporate agreement in one marketplace may be different in another. For instance, the regional average for the proportion of companies with an air agreement in Asia-Pacific is fairly high: 56 per cent. However, when the Asia-Pacific responses are broken down according to size of spend, there is little variation between them. This suggests airlines in that part of the world hand out corporate discounts in a more standardised and less discriminating manner than in some other regions.

The responses regarding average air agreement savings also suggest that the benchmark against which negotiated discounts are measured varies geographically. In particular, the average negotiated discount in China is 38 per cent, beyond the wildest dreams of most corporate travel managers in Europe or the USA.

Average air savings dip
In fact, among the eight European countries and the USA which also featured in last year’s study, average savings are slightly down this year from 18 per cent to 16 per cent. This will not be welcome news at a time of rising fares coinciding with increasing pressure on cost.

Across all 15 countries, high-spending companies are achieving only slightly better savings (20 per cent) than medium and low spenders (19 per cent and 17 per cent respectively), although once again this may well reflect the fact that some markets discriminate less than others in their generosity according to size of client spend.

Hotels hand out fewer agreements
More bad news for travel managers is that fewer of them have succeeded in negotiating hotel deals – down from 75 per cent last time to 70 per cent this time. This reflects the tough seller’s market that corporate clients have had to face during a boom period for the accommodation market. That said, several markets around the world – especially in the US – were beginning to show signs of rate softening as this study went to press. Preliminary reports for the 2009 corporate hotel RFP season suggest greater willingness by hotels to negotiate and it could be that next year’s study will show an increase in respondents with agreements.

As with air and indeed all other travel sub-categories, high spenders score best in terms of securing hotel agreements (80 per cent), but whereas this is almost the same as the figure for air deals, medium (65 per cent) and small spenders (61 per cent) are much more likely to achieve success with hotels than with airlines.
Small and medium spenders which do get deals find their average discount (16 and 19 per cent respectively) is little lower than that achieved by high spenders (20 per cent), but overall the news about negotiated reductions is disappointing. Among those countries also in the survey in previous years, the average hotel discount has fallen from a consistent 19 per cent to 15 per cent this time around.

Car rental and rail savings also disappoint
It is a similar story for car rental, where those countries which have featured in the study before have seen discounts slip to 14 per cent from 16-17 per cent in the three previous years. In this case, however, the variation between high spenders (19 per cent) on the one hand and medium (14 per cent) and low (13 per cent) spenders on the other is greater.

However, the smallest discounts are still for rail. The average is 11 per cent, and is not any better in big-spending markets like France (11 per cent) and Germany (8 per cent). There are thought to be two reasons for the parsimoniousness of rail providers. One is that almost all are, or were, state-owned and therefore lack experience in commercial practice. The other is that rail is generally considered a more convenient alternative to air or road, thus giving it competitive advantage without the need to discount.

Meetings – an opportunity to cut costs?
One sub-category which has not seen a decline in agreements between suppliers and corporate clients is meetings. Thirty-five per cent of respondents in countries featured in previous studies have such deals, the same as last year. This may represent a cancelling out of two opposing forces: the upward force of more companies embracing meetings management for the first time and the downward momentum of a general decline in the willingness of suppliers throughout the travel sector to negotiate deals.

However, the figure of 38 per cent for all countries suggests many travel managers are still missing an opportunity because the average figure for hotel deals is 70 per cent. Since most venue providers are hotels, there is clear potential to tie up deals with hoteliers with which travel managers already have a relationship for transient corporate business.

Unfortunately, the rewards are not as good as they were. The average discount has dropped from 15 per cent last time around to 14 per cent this time.

Travel managers still see opportunities to save
The good news is that travel managers believe there will be more opportunities in the next 12 months to find savings in travel. This is especially true for air and hotel (both 62 per cent), although deficiencies exposed elsewhere in the study, such as absence of
Travel managers still see opportunities to save.

travel policy, may need to be rectified first to make this happen. However, with the travel market softer now than at any time over the last four years, it is perhaps unsurprising that travel managers are finding grounds for optimism.

There is less confidence about making further savings in other parts of the travel programme. Opinion is evenly split (45 per cent agreeing and 45 per cent disagreeing) on whether savings will improve on meetings spend, while the balance of opinion is marginally against making gains in car hire (44 per cent agree there will be savings and 47 per cent disagree).

Bigger companies to use their spending power

Views on whether more savings can be made on air expenditure are a good example of how the mood varies according to size of spend and geography. While 57 per cent of smaller spenders think they can save more, that figure jumps to 75 per cent for larger spenders, presumably because they know they can always achieve more thanks to their superior buying power. This differential between large and small spenders is evident across all the other sub-categories of travel.

Analysed by market, answers range from 78 per cent for the UK to 32 per cent for Brazil, another reminder that the latter seems to find it difficult to get on the travel management path owing to its lack of policy implementation.

Rail savings to improve?

Another sub-category where the responses reward greater investigation is rail. The headline global figure reveals far more pessimism than for any other aspect of travel, with only 26 per cent seeing potential to make savings and 59 per cent not seeing potential. However, if analysis is restricted to those countries also in last year’s survey, hopefulness of making savings has risen from 26 per cent to 32 per cent. These countries include high-speed rail markets such as France, the UK and (increasingly) Spain, and they are generally much more optimistic about achieving savings (46 per cent, 52 per cent and 44 per cent respectively). However, Germany shows less evidence of this trend (30 per cent).

One reason for this overall optimism about rail might be that travel managers think they will eventually make savings out of the airline-style advance purchase fares which are being introduced to markets such as the UK and France. They may also be looking forward to the deregulation of the European rail market in 2010. It will be interesting to see if European travel managers show a rise in confidence next year once the likely implications of deregulation are better understood.

United Kingdom – coping with dual priorities

More than any other market in this study, UK travel managers have to reconcile the potentially conflicting objectives of reducing costs while looking after their travellers. Like every country, the UK ranks cost reduction as its number one priority, but ranks the provision of traveller support in second place more emphatically than others. This may well be because of the introduction in April 2008 of the Corporate Manslaughter and Corporate Homicide Act, which makes it a criminal rather than civil offence for companies to neglect their duty of care towards employees.

A policy wobble

Increased duty of care has the potential to increase travel costs – for example by insisting travellers break a lengthy car journey with an overnight stay in a hotel.
On the other hand, it can also play into the travel manager’s hands because policies can be introduced and tightened to ensure companies know where their personnel are and can intervene in an emergency.

The results do not necessarily show this theory of firmer policy management being put into practice. In total, only 74 per cent of UK companies operate a policy for some or all aspects of their travel programme. This is a little above the global average of 71 per cent, but below the average for Western Europe of 79 per cent.

Travel managers prepare to crack the whip
Better news is that British businesses which do have policies are serious about applying them, with 88 per cent saying they check adherence to the rules by employees. It is also notable that in spite of the commitment to traveller support, British companies are particularly bullish about toughening their policies. Sixty-three per cent think they will get tighter, the second-highest figure for any country, and well up from the 45 per cent recorded last year. What is more, not a single respondent from the UK anticipates policy softening in the year ahead.

Once again, finding a way to achieve this while ensuring support for travellers could prove challenging. However, the intent signalled on policy does square with the high number of British respondents who believe travel management will acquire more significance within their company (see Section 5 – The Role of the Travel Manager). If travel managers receive senior backing, they know they can be more aggressive in asserting policy.

Airline deals plummet...
British companies could benefit from improved policy management if the distinctly mixed state of their supplier negotiations is anything to judge by. The proportion with airline deals has fallen from 43 per cent to 36 per cent, well below the Western European average of 57 per cent and indeed the second-lowest in the entire study. This does not necessarily mean that the much larger number of companies without deals want one. The UK has an exceptionally strong low-cost carrier route network providing fierce competition for traditional airlines on short-haul schedules, and therefore companies without much long-haul travel may see little need to enter into supplier negotiations.

The fact that an above average number of British companies (70 per cent) have hotel deals lends weight to this theory; nevertheless, the fact that almost twice as many have a hotel agreement as an air agreement is remarkable.

A general trend across Western Europe in this study is that a wide gap emerges between high and low spenders when it comes to winning agreements, with the former faring much better. It may be that not only suppliers but also travel managers are missing an opportunity with the low spenders.
03 Travel management solutions and processes
Companies do analyse their travel costs, but only one in three use professional tools.

Summary
There is a continuing shift from paper to electronic format for receiving invoices from travel suppliers, with larger spenders leading the way. Australia is by far the world’s most automated marketplace in this respect but other non-Western countries are showing signs of leapfrogging more mature travel management markets. Companies everywhere continue to show reluctance to invest in special tools for analysing their travel expenditure, in spite of recognising the benefits such tools bring.

Electronic invoicing gains ground
This year’s study shows a continuing slow shift in the way corporate clients receive travel suppliers’ invoices from a paper format to an electronic format. Of the countries which have been included since the first study three years ago, the percentage of companies receiving paper invoices only has dropped from 57 per cent to 45 per cent, while those receiving electronic invoices only have risen from 8 per cent to 19 per cent. Those receiving a mixture of paper and electronic formats remain almost unchanged at 34 per cent.

Including the countries surveyed for the first time the overall results show that 41 per cent use paper-only invoices, 21 per cent use electronic-only and 37 per cent use both. This may be interpreted as either good or bad news for supporters of automation. On the one hand, it means more than half of all businesses now receive at least some invoices electronically. On the other hand, it also means more than three-quarters still rely on paper to at least some extent.

Big spenders reject paper
There is some variation in response according to how much companies spend on travel. A rather high figure of low spenders (40 per cent) and medium spenders (43 per cent) use paper-only, while only 30 per cent of large spenders use paper-only. However, this does not translate into a greater shift to electronic-only invoicing. The 23 per cent figure for high spenders is little different than for those that spend less.

Australia leads the way to automation
When analysed by national marketplace, the figures vary much more dramatically. By far the most advanced country is Australia, where 56 per cent of respondents use electronic-only invoices and a mere 14 per cent use paper-only. No other country comes close to breaking the 50 per cent barrier for electronic-only adoption, but China, South Africa and Brazil all indicate a relatively low number of paper-only respondents. This suggests that automation of travel invoicing may have become a leapfrog technology, with late adopters of travel management moving ahead of the early adopters in North America and Europe.

Indeed, the country which has been slowest to change is Germany, where just 5 per cent use electronic-only and 62 per cent remain using paper-only invoices. The reason for this is believed to be Germany’s famously complex laws relating to taxation and allowable expenses, making the need for paper documentation much stronger.

Paper or electronic invoicing – but not both
Of those countries which have been included in the study before, there has been a curious polarisation of opinion this year. The proportion of respondents which would prefer to receive electronic-only invoices in future has risen from 37 per cent to 43 per cent, but so too has the proportion preferring to receive paper-only, up from 28 per cent to 31 per cent.
However, since the study began, the long-term trend has been a significant shift in preference towards automation. Three years ago, only 26 per cent wanted to move to electronic-only, while 39 per cent wanted to stay with paper-only. What is becoming clear is that there is declining enthusiasm for mixing both. It suggests that companies are either enthusiastic about an electronic future or they know they either cannot or will not give up paper.

There is certainly more willingness to automate among large travel spenders, with 62 per cent wanting to use electronic-only, compared with 47 per cent for small spenders. Conversely, only 14 per cent of large spenders wish to remain with paper-only, but this figure doubles to 28 per cent for small spenders.

**Can’t change, won’t change?**
When all 15 countries in this year’s study are taken into account, it is clear that total victory for electronic invoicing is some way off, with 26 per cent stating they wish to remain with paper-only invoicing and another 24 per cent wanting to retain a mixture of both old and new formats. This is particularly the case in Western Europe, where 37 per cent wish to stay with paper-only, again adding evidence to the theory that invoice automation has become a leapfrog technology. Once again, the Australians are the biggest cheerleaders for electronic invoicing, with a mere 8 per cent wishing to remain with paper-only.

**Analytical tools fail to capture attention...**
The ambivalent attitude of companies towards technology is evident elsewhere in the study. An overwhelming majority of companies – 79 per cent – confirm that they analyse their travel spend. Unsurprisingly, this figure rises to 89 per cent for high spenders. Companies which do analyse are also much more likely to have a travel policy in place.

Yet in spite of these significant numbers, only 35 per cent say they use special tools or software to carry out their analysis. This figure is the same for the countries involved in the study in previous years and is also unchanged from last year, suggesting no headway is being made towards automation in this respect. Even Australia, so enthusiastic about electronic invoicing, only has 32 per cent of respondents using tools to analyse expenditure.

*...even though the benefits are appreciated*
Further questioning reveals that a higher number do recognise analytical tools provide a range of benefits, including optimising cost transparency, identifying compliance with travel policy and controlling quotas negotiated with suppliers. Full agreement with each of the seven listed benefits ranges from 50 per cent to 57 per cent, but in most cases these answers are down around 7 per cent from last year.

There may be several different reasons to explain why the number of companies which use analytical tools is considerably smaller than the number which appreciate their benefits, and also why the level of appreciation has reduced. One could be that they lack the budgets to make an investment. Another could be that they are not yet convinced of the scale of the likely return on investment. Tool providers may need to work harder to overcome such doubts.

Ironically, the detailed examination of individual responses to this study suggests that companies truly would benefit from introducing analytical tools. Those businesses which have such tools express much greater confidence about their potential for making savings.
United Kingdom – mixed feelings about technology
Just over half of all UK companies receive either all or some of their travel invoices in electronic form. In total, 17 per cent receive electronic-only, 36 per cent a mixture and 46 per cent paper-only. This means the UK has moved towards automation slightly faster than the rest of Europe, but a little slower than the average for all 15 countries worldwide.

There is a large gap between where the British are today and where they want to be in future, with exactly half of all UK respondents stating they wish their invoicing to become all-electronic. Only one other country in Europe has more respondents hoping to automate.

Analytical tools fail to impress
The UK may wish to automate its invoicing, but it is much less convinced about the benefits of technology when it comes to handling spend data. Asked whether they analyse their travel spend, 88 per cent of British companies reply yes, one of highest figures for any country. Yet only 23 per cent say they use special analytical tools or software to do the job. This is not new – the UK showed a similar lack of enthusiasm for such tools last year.

The same scepticism is evident when asked what benefits they think special tools provide. On average, 15 per cent fewer British respondents are convinced of each suggested benefit than the global average. For example, while 66 of all respondents believe the tools help negotiations with providers, the figure for the UK is 51 per cent. Even so, as is the case across all countries, this means there are considerably more British companies which acknowledge the benefits than own such tools.
04 How businesses organise their travel programmes

Green issues will increasingly influence the way companies manage their business travel.

**Summary**

Centralisation of travel programmes is standard practice and even greater consolidation is expected in future – but support for both these statements is slightly down on last year. Only 15 per cent of businesses offset their travel-related CO2 emissions. However, there is substantial expectation that environmental issues will move quickly up the agenda in travel management. Other predicted trends include more emphasis on traveller safety and a fuller merging of travel management with meetings & conventions management.

**Programme consolidation still dominant but losing ground**

Considerably more companies organise their travel management centrally (62 per cent) than locally (38 per cent), which is in line with what is generally regarded as best practice. However, for the second year running, centralisation is in decline in those countries which have previously figured in the study. Among this group, managing centrally is down from 74 per cent two years ago and 65 per cent last year to 63 per cent this time. It suggests a small but growing minority are concluding that globalising the company travel programme – for example, by selecting the same travel management company worldwide – is not worth the investment, or may even be counter-productive. In recent months, some TMCs have observed a shift by multinational clients from selecting a single TMC worldwide to choosing one per region.

However, the concept of centralisation remains considerably stronger among companies with a high travel spend (74 per cent) compared with medium (61 per cent) and low spenders (58 per cent).

**Centralisation will prevail...**

In spite of this reversal, the overwhelming belief among respondents is that there will be greater consolidation in future. Asked whether companies are increasingly likely to control travel budgets at company level/globally, 66 per cent agreed and a further 17 per cent somewhat agreed.

...or will it?

Although supporters of travel management globalisation will take comfort from the substantial endorsement of this statement, opponents can point to the fact that once again the figures are slipping within countries which participated in last year’s study. Ten per cent disagreed last year, but this year the figure has risen to 16 per cent.

The proportion of respondents in the study with international offices is 72 per cent, which means more companies have offices abroad than have centralised travel programmes (63 per cent). The biggest gap appears to be for medium spenders, where 76 per cent have international offices but only 61 per cent have centralised their travel programmes. Since such a large number believe that travel budgets will become more centralised, perhaps this gap will close over the next few years.

**Carbon offsetting a minority choice**

For the first time this year, the AirPlus study asks questions about how environmental concerns are impacting corporate travel programmes. They reveal that few companies pay to offset their travel-related carbon-dioxide emissions but that environmental considerations are expected to influence thinking on travel management far more in future.

Only 15 per cent of respondents say they attempt to offset their CO2 emissions by making donations to a climate protection organisation. Another 7 per cent plan to introduce this over the next 12 months, while 61 per cent have no plans for offsetting (17 per cent gave no answer or said they don’t know).
Latin America leads green revolution
There is little variation to this answer according to size of spend but there is huge variation geographically. In this respect, Latin America is well ahead of the rest of the world, with 45 per cent of Brazilian companies making offset donations and 32 per cent of Mexican companies. Farther north, it is a very different story. Only 7 per cent of US companies make offset donations – the lowest of all 15 countries in the study.

Environmental commitment
The countries showing most interest in offsetting are those where the green message is getting through strongest and where there has been evidence of a broader commitment to environmental action. In Brazil, for instance, many companies have launched progressive green strategies. One-third of Brazilian businesses include environmental issues in their financial reporting, higher than any other country in the world according to a survey by international recruitment agency Robert Half.

In Europe, meanwhile, the UK & Ireland’s Institute of Travel Management has launched a comprehensive programme to help its members reduce their travel-related carbon emissions. The UK has the highest combined number of respondents in Europe with offsetting in place or plans to do so.

A change is going to come
If the offsetting figures suggest little action has been taken to date, answers to another question in the study indicate the situation may change. Asked whether travel management will increasingly take climate protection issues into account, 53 per cent agree and 18 per cent somewhat agree, although a significant minority (22 per cent) disagree (the rest did not answer or do not know).

Once again, different countries have widely varying views. Only 3 per cent in Spain and Mexico disagree with the statement, but in Austria it is 50 per cent. Nevertheless, it is clear that green issues are firmly expected to rise up the agenda for travel managers. The true test will be whether this eventually translates into replacing travel with video conferencing and other more environmentally benign forms of interaction, but case-studies show that in the first instance green awareness leads to tracking of travel-related CO2 emissions and then perhaps offsetting.

Travel to risky destinations
An estimated 6 per cent of trips are made to what the AirPlus study’s respondents consider to be politically unstable countries. This figure rises to 9 per cent for higher-spending companies, presumably because their travellers journey to a wider range of destinations. With countries such as Zimbabwe on its doorstep, South Africa is among the highest scorers on this question (12 per cent). More of a surprise is a high figure for Switzerland (10 per cent), but this may be explained by the large number of multinational non-governmental organisations based there.

Safety gains in importance
Ensuring the safety of travellers has been on companies’ agendas at least as far back as 9/11, but the answer to another question on this subject suggests more is to come. Forty per cent say safety is going to become a more significant feature of travel programmes over the next 12 months, while only 4 per cent say it is going to be less important. The issue is particularly acute among large spenders, with 51 per cent of this group anticipating growing importance for safety. Possible reasons include a rising proportion of trips to developing countries or increasing emphasis in the boardroom on exercising duty of care.
Climate protection issues are increasingly taken into account.
Agreement to statement in percent

Do you pay to offset your travel-related CO2-emissions?
Total: 100 %
Travel management combines with meetings management

Another change predicted in the study is that travel management will increasingly take over over meetings & conventions management tasks. The results show that 45 per cent agree with this statement and a further 21 per cent somewhat agree. The intention of combining these duties is to bring the same discipline to meetings programmes that is already in evidence in many companies for regular transient travel.

An additional reason is that it could help to win better meetings deals with hotel companies which already act as suppliers for transient traveller room nights. However, 25 per cent disagree that travel management will take over. They represent a substantial body of thought that transient and meetings travel are too dissimilar to wrap up into a single agreement with the same supplier. The 25 per cent no vote may also reflect frustration felt by many travel managers who have found meeting programme consolidation hard to achieve. In spite of such frustrations, many travel managers perceive theoretical benefits at least in bringing the two together. Of those respondents which agree or somewhat agree that travel management will increasingly take over meetings tasks, 48 per cent believe there are often advantages in cooperation with travel. A further 37 per cent think there are sometimes advantages to be gained.

More RFPs expected

Requests for proposal are a standard tool for procuring products and services and their influence on travel management looks to be gaining. On the question of whether RFPs are set to become more important and a strategic control instrument, 53 per cent agree and 21 per cent somewhat agree. RFPs are generally regarded as a tool more appropriate for use by large spenders, and that assumption is borne out here, with 64 per cent of this segment agreeing with the statement.

United Kingdom – slow to centralise

Only 49 per cent of British companies organise their travel centrally – well below the 15-country average of 62 per cent. This may explain why they find it hard to secure negotiated supplier agreements (see Section 2). Indeed, it is likely that the British themselves perceive this as a weakness in their travel management because 65 per cent agree travel programmes are going to be managed on a more consolidated basis in future and an additional 15 per cent somewhat agree. This combined total of 80 per cent means the UK has one of the biggest gaps between where its businesses think travel management will be tomorrow in terms of consolidation and where it actually is today.
The fact that 75 per cent of UK companies in the study have international office indicates even more clearly that they may be struggling to co-ordinate travel management across their operations.

Environmental leadership
The UK emerges as one of the leaders in introducing environmental considerations into travel management. It has the highest combination of respondents outside Latin America either offsetting CO2 today or planning to do so in the next 12 months. However, numbers are still small – 15 per cent offset today and a further 11 per cent are on the point of doing it.

The way business travel affects the environment has received substantial exposure in the UK. The Institute of Travel Management has set a goal of reducing its members’ travel-related emissions by 60 per cent in line with targets set by the UK government for the country as a whole. Furthermore, several of the international pressure groups most involved in campaigning on this issue – including Friends of the Earth, Greenpeace and the Worldwide Fund for Nature (WWF) – are based in the UK.

The UK also scores highly for believing travel programmes will increasingly take climate protection into account, with 69 per cent agreeing (more than any country outside Latin America) and a further 12 per cent agreeing.

Safety – job done?
Only 35 per cent of UK companies think safety on business trips is going to become a more important issue over the next 12 months, compared with the global average of 40 per cent. Initially, this seems surprising in view of the introduction of the Corporate Manslaughter and Homicide Act in April 2008. However, the reason may well be that the new legislation has already forced businesses in the UK to undertake a thorough review of how well they meet their duty of care responsibilities and therefore an additional increase in attention is unwarranted. Certainly, only 3 per cent think it is going to become less important.

Meetings management – a destination without a map?
The British display a curiously ambivalent attitude towards combining travel management with meetings & conventions management. Although most agree or somewhat agree (55 per cent) that travel managers will increasingly take over meetings tasks, a substantial minority (35 per cent) disagree. Of those who agree or somewhat agree, 93 per cent believe advantages are often or sometimes gained by bringing the two together – the second-highest of any country. It would appear there is an appetite in the UK for travel management to take over meetings management but there is also frustration over finding a clear way to achieve this.
05 The role of the travel manager
Will companies make the investment in travel management to achieve better savings?

Summary
Half of travel managers believe travel management will become more significant in their organisations. Yet although the overwhelming majority agree that the function of travel management is valued within their company, substantial minorities consider they have neither enough time to do their job nor enough empowerment. Travel managers are also increasingly worried about how they are going to look after travellers while simultaneously attempting to cut costs, and they are convinced both procurement and finance will increase their influence over travel management.

Businesses to take travel management more seriously
Around half of all respondents (52 per cent) believe the significance of travel management will increase within their organisation over the next one to two years. Only 4 per cent think it will fall. Among those countries which participated in previous AirPlus studies, the proportion expecting travel management to increase in significance has risen noticeably from 40 per cent last year to 49 per cent this year. This is a continuing trend. Three years ago, only 34 per cent thought travel management would gain in significance.

The likely reason for these forecasts is not hard to find. As was discussed in Section 1, many companies are predicting they will have to pay more for their travel in the months ahead. They also appreciate that in the medium term globalisation means they are likely to travel more than ever once the present economic downturn finishes. Therefore, the need to control this rising cost is becoming increasingly acute. In the short term, the downturn means that the pressure is on to find additional cost savings.

Not surprisingly, this belief is strongest among high spenders on travel (61 per cent, compared with 46 per cent of low spenders). Among these companies, the annual travel bill can amount to hundreds of millions of euro.

Mixed attitudes towards travel managers
Whether the increasing importance of travel management will translate into improved respect, status and resources for the people who manage travel within an organisation is another matter. A series of questions on attitudes towards travel managers paints a mixed picture in this respect.

The good news is that 80 per cent of respondents believe travel management services are valued in their company, again presumably because travel has such an important and growing impact on the bottom line. Once again, the impression that travel management is valued is greatest among higher-spending businesses (88 per cent).

Time and rights present a problem
More worrying is that 42 per cent of respondents believe they are not given enough time to manage travel and 36 per cent consider they have obligations but not many rights. For both these questions, therefore, those who are unhappy are in the minority, but they are a very substantial minority.

The question of how much time those people given the task of managing travel actually spend is explored in more depth below, but one pertinent point to make here is that the level of complainants about lack of time is almost identical among low, medium and high spenders. As will be seen, high spenders are more likely to be full-time travel managers, but apparently this does not necessarily make them more likely to feel they have sufficient hours in the day.
More empowerment needed
The fact that 36 per cent feel they have obligations but no rights suggests a sizeable number of travel managers believe they have lower status within their organisation than the importance of their work merits. This sentiment could be dismissed as irrelevant or even petty resentment, but it may also reveal a problem in corporate power structures that is undermining efforts to manage travel programmes. The reason is that programmes can only be successful with a strong, effective policy. If travel managers are pushed too far down the hierarchy, and cannot at least exercise power by proxy through strong endorsement from senior management, then it is unlikely that policy will be respected.

Meet the stressed-out worker bees
Based on the two questions discussed above regarding demands on time and influence within the company, cross-analysis of the answers suggests there are four types of travel manager:

> Stressed-out worker bees (34 per cent) – insufficient time and insufficient rights
> Invisible employee (26 per cent) – sufficient time but insufficient rights
> Stressed out managers (19 per cent) – insufficient time but sufficient rights
> Empowered employees (21 per cent) – sufficient time and sufficient rights

Unfortunately, the stressed-out worker bees, who have the worst of both worlds, are the largest group, whereas the empowered employees, satisfied with both the time they have and their rights, amount to only 21 per cent. It is worth considering how much improvement companies might make to their travel programmes if they gave their travel managers more time and more empowerment.

Powerless policemen?
Results to other self-evaluation questions reveal some additional pressures faced by travel managers. No fewer than 85 per cent consider the monitoring of staff billing for business travel is very important. This suggests travel managers feel they have a role as policeman, yet many also feel undermined when they perform this task if, as has been discussed, they consider they have a low status within the organisation.

A servant with two masters
Furthermore, 69 per cent think that maintaining the balancing act between supporting travellers and managing costs is becoming more of a challenge. In Section 2 of this study, travel managers identified reducing travel cost as by far their most important priority, although looking after travellers emerged as the clear secondary priority. With times getting harder, the emphasis to cut costs is only going to become stronger, meaning travel managers may find themselves in more and more uncomfortable situations when trying to maintain traveller comfort as well.

Half of travel managers believe they are not given enough time to manage travel.
Time is tight
The complaint by some travel managers that they do not have enough time for their work looks justified in an analysis of how much of their working week is dedicated to this task. Across all 15 countries, 58 per cent spend less than one-quarter of their time managing travel. A further 23 per cent spend quarter to half their time on travel, while 9 per cent spend half to three-quarters of their time and 9 per cent more than three-quarters (the remaining 1 per cent does not know).

Among countries which have participated in the study before, the proportion spending less than one-quarter of their time on travel have remained almost unchanged, as have those who spend half to three-quarters of their time. However, those spending between a quarter and half their time have risen from 18 per cent to 22 per cent, while those spending more than three-quarters of their time have dropped from 14 per cent to 9 per cent. On average, therefore, the implication is that companies are devoting less rather than more time to travel.

Bigger spenders devote more time...
As one would expect, companies which spend more on travel devote more time to managing it. Therefore, while low spenders have 68 per cent of respondents dedicating less than one-quarter of their time to managing travel, this figure drops to 55 per cent for medium spenders and 43 per cent for high spenders. Conversely, only 3 per cent of low spenders have respondents devoting more than three-quarters of their time to managing travel, but the figure rises to 9 per cent for medium spenders and much higher still to 25 per cent for high spenders.

...but is it enough?
Yet, arguably, 25 per cent is still a small number. Travel is by definition a substantial cost for the high-spending companies, so once again it may be worth considering putting more resources into trying to manage it better. On the other hand, companies can point to the fact already made that even full-time travel managers often feel they lack the time to do their job as well as they would like.

Procurement will become more influential...
One possible explanation for a reduction in the number of personnel who spend more than three-quarters of their time managing travel is the growing role of procurement. In this year’s study, 66 per cent either agree or somewhat agree that procurement will increase the influence it has over travel. Procurement managers are often in charge of numerous spending categories, and in many cases they take over responsibility for travel from full time travel managers. In such instances, this may not necessarily mean less time is being spent on managing a company’s travel programme. Instead, it may be that less time is being spent in-house but more of these responsibilities are being outsourced, especially to TMCs and consultants.

Procurement tends to be a large-company function. Therefore, it is no surprise to see 84 per cent of high travel spenders expect procurement to increase its influence compared with 71 per cent of low spenders. One curious finding, however, is that respondents in Europe and the USA have less belief in this statement than those in other parts of the world. This may reflect the fact that procurement has already exerted its grip in those markets, whereas the same process is only just starting elsewhere.
The United Kingdom – travel management will become more significant.

...and so will finance

Even more travel managers (83 per cent) either agree or somewhat agree that the role of finance in travel management will increase. This may seem strange because travel managers do not often work in finance departments. However, financial directors are showing a greater interest in their company’s travel programme because of the increasing impact the expenditure has on the bottom line. In many organisations, travel represents the second-largest controllable expense after salaries. They are therefore exerting more of a dotted-line responsibility, for example by requiring travel departments to feed data into their accounting systems or to provide them with concise summaries of performance against key performance indicators.

Unlike procurement, where higher-spending companies anticipate its influence over travel to grow more than do lower-spending ones, the expected increase in involvement by finance is similar across all levels of spend. Once again, however, the expectation of growth is noticeably stronger outside Europe and the USA.

Time to work

One problem worrying travel managers in the UK less than elsewhere is lack of time. Only 30 per cent complain about insufficient time to do their job, the second-lowest for any country and way below the average for all 15 countries of 42 per cent. A possible explanation is that British companies have a reputation for outsourcing substantial elements of their travel programmes, especially to TMCs, so travel managers may feel they have adequate external help to get the job done.

This could also explain why British travel managers are relatively happy about time allocation in spite of the fact that their personnel spend less time than average managing travel. Only 7 per cent spend more than three-quarters of their time on travel, with another 7 per cent spending half to three-quarters. Instead, 32 per cent spend one-quarter to half their time on travel and the remaining 54 per cent less than one-quarter.

Empowered employees

In spite of the limited time spent, 79 per cent believe travel management services are valued within their company and only 35 per cent feel they have obligations but not many rights. It would appear therefore that the UK has fewer stressed-out worker bees and more empowered employees than most other countries.

United Kingdom – getting serious about travel management

UK travel managers tend to express optimistic hopes throughout the study, and their views on the status of travel management are no exception. No fewer than 65 per cent believe travel management will become more significant within their company in the next one to two years, way above the 15-country average of 52 per cent. This may represent wish-fulfilment, as British companies have admitted in other questions that more work needs to be done on issues such as policy adoption and supplier agreements.
Cost versus comfort

One task that seems particularly relevant to UK travel managers is acting as policeman – 93 per cent believe monitoring of staff billing for business travel is very important. Meanwhile, in common with most other countries, Brits consider balancing support for travellers with the need to manage costs as an increasing challenge. In fact, the UK is a little above average in this respect (73 per cent), perhaps reflecting the pressure of meeting duty of care obligations towards travellers following introduction of the Corporate Manslaughter and Homicide Act in April 2008.

Finding a way to keep travellers happy may become even more of a challenge in future because two anticipated developments are likely to increase still further the focus on cost control. The first is that 59 per cent of UK travel managers agree procurement will increase its influence on travel management, a figure higher than any for any other country in Europe. The second is that 74 per cent agree finance will increase its influence and another 11 per cent somewhat agree.
This is the fourth AirPlus International Travel Management Study and this year’s version differs from its predecessors in two major ways – one internal and one external. The internal change is that the research is no longer confined to travel managers in Europe and the USA. Instead, it covers 15 countries and includes every continent. The external change is that this is the first time the study has taken the pulse of the global travel management community during a period of economic downturn – indeed outright recession in some countries.

Yet in spite of these significant departures from the past, the answer to perhaps the biggest question of all remains universally the same. Asked if they think their company’s cost of travel is going to rise, the majority (58 per cent) of respondents say yes. Only 10 per cent believe their costs are going to fall.

As discussed in Section 1, there are most likely three reasons why travel managers continue to worry about growing costs in spite of some companies embarking on savage cutbacks to their travel programmes. The first is that prices are expected to rise as suppliers such as airlines and hotels respond to pressures on their own cost bases.

Second, businesses are flying greater distances to do business. Figures based on transactions made through AirPlus payment systems show quite clearly that while short-haul and transatlantic travel are stagnating, long-haul routes are booming as businesses seek new customers in more far-flung markets. The consequences are higher air fares and lengthier hotel stays, usually in upmarket properties.

Finally, although some businesses are undoubtedly reducing their travel volumes, this is by no means universally true. It is generally accepted that in the medium to long term travel will grow as economies continue to globalise - although it will be interesting to see how successfully video-conferencing takes advantage of the current downturn to prove itself a viable alternative to travel. The current economic difficulties may confirm that travel is no longer a luxury which can be cut at the first sign of difficulty. Could it be that businesses are now no more able to dispense with travel than they could throw away all their computers?

Whether this is the case or not, businesses are no longer in any doubt about their need to manage their travel programmes. This explains why half of all travel managers expect travel management to become more significant within their organisation over the next one to two years and only 4 per cent think it will become less significant. What is more, respondents across the globe identify cutting costs as their number one priority to an even greater extent than in previous years.

The bad news is that good intentions are not always being matched with good practice. There is plentiful evidence in the study of companies not applying the basic principles of a fully managed travel programme and consequently failing to leverage their spending power with optimum efficiency.

Perhaps the most telling example is policy. It is generally agreed that a business without a travel policy has little chance of controlling the behaviour of its travellers and securing meaningful negotiated deals with suppliers, yet more than a quarter of respondents still do not have one. This is the most likely explanation for why there has been no increase in the percentage of companies with negotiated supplier agreements. In fact, for some supplier groups, such as hotels, the proportion of those with deals has fallen.
Another worrying development is that average discounts have fallen for those organisations which do have supplier deals. This circles back to the question of policy. Companies which do have policies expect to make them tougher. If discounts are falling, then it is the businesses which have the most disciplined travel programmes that are going to win the good deals and those without credible evidence of their ability to control travellers will get less and less.

In many cases it is very likely that travel managers recognise these problems but are unable to solve them because of structural challenges within their company. In particular, 42 per cent of travellers say they lack enough time to do their job, which is unsurprising since 58 per cent spend less than one-quarter of their working week on travel. A substantial minority also believe they have many responsibilities but not enough rights.

Put together, the analysis suggests that too many companies have their travel managed by a group identified in the study as stressed-out worker bees. This group lack both the resources and seniority to make the changes that could really bring travel budgets under control. Perhaps the biggest question for the year ahead therefore is whether companies will make the investment in travel management to achieve better savings on an increasingly worrying bottom-line expense.

Another issue companies are increasingly having to consider is the impact their travel has on the environment. The study includes questions on this subject for the first time this year, and 71 per cent agree or somewhat agree that green issues will increasingly influence the way companies manage their business travel.

The results also show a small number of companies in all 15 countries are starting to make donations to offset their travel-related greenhouse gas emissions. That is interesting in itself but perhaps what is most fascinating about the answers to this particular question is the geographical diversity. The two countries where offsetting is far more widespread than anywhere else are Brazil and Mexico.

It is one of a handful of examples in this year’s enlarged study where countries that are newer to travel management are arguably moving ahead of more established markets. Another example is automation of invoicing from suppliers, where there is evidence of leapfrog technology in countries such as China.

That said, there is also proof that the new countries in the study have some way to go in certain aspects of their travel management evolution. Only 16 per cent of respondents in Brazil, for instance, have travel policies.

However, perhaps the most striking conclusion that arises from comparing countries new to the study against the existing ones from Europe and the USA is how many similarities there are rather than how many differences. Corporate travel is becoming a global phenomenon and so too is the increasing challenge of controlling the substantial costs it generates.