AirPlus International Travel Management Study 2014
A comparison of global trends, costs, and business travel management.
Dear Reader,

Welcome to the ninth AirPlus International Travel Management Study, the annual snapshot of how travel managers view corporate travel trends in 24 countries around the world.

The results reveal that travel managers who expect trip numbers to increase in 2014 outnumber those believing they will fall by more than two to one. The figures are about the same as last year, suggesting a sustained recovery in business travel is under way. One warning light, however, is an increase in travel managers who expect travel costs to rise. It tells us that the need to control travel expenses is going to be more critical than ever in 2014.

For the first time this year we have also asked respondents how seven mega-trends are affecting travel management. Their answers make it clear these mega-trends are beginning to have a profound impact on our day-to-day business. Some are related to corporate social responsibility issues, such as traveler well-being and the environment. Others relate to technology, including the “outernet” (movement of the internet to a mobile platform) and data management. The world is quickly changing, and travel must keep up.

What particularly fascinates me is that the results show some evidence of “leapfrog” technologies influencing corporate travel in certain markets. For example, countries like Brazil and India appear to be moving directly towards mobile booking and payment even though they have yet to embrace these processes on PC platforms.

Wherever you are based, and whatever your interest in travel management, you will find many interesting details to pick out of the survey. Happy reading, and we look forward to updating you again on our tenth anniversary next year.

Michiel Verhaagen
Executive Director Sales
AirPlus International

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This survey was conducted from September to November 2013 by the international market research company 2hm on behalf of AirPlus International. A total of 958 individuals responsible for travel management within their company were surveyed in 24 countries around the globe.
Will there be more business travel in 2014?

The global trend shows no significant changes in expected business travel volumes, but in some of the world’s countries the predicted growth rate for 2014 is much higher than the global average. See the map below for more country details.

Back on the road again
Nearly one-third of businesses expect more corporate travel in 2014 than in 2013, according to the ninth annual AirPlus International Travel Management Study of 958 travel managers in 24 countries. The figures are almost identical to last year, with 31 percent predicting travel growth (32 percent in 2013), 13 percent predicting a contraction (13 percent) and 53 percent anticipating no change (54 percent). In fact, these figures have remained almost the same for four consecutive years.

Both bulls and bears can find evidence in these numbers to support their outlook. Bulls will point out that more than twice as many travel managers forecast increased travel, as compared with those who forecast less; a big improvement on the height of the economic crisis when 35 percent were forecasting less travel. The optimism could be linked to global economic growth, predicted to rise to 3.6 percent in 2014, up from an estimated 2.9 percent in 2013 (source: World Economic Outlook October 2013, International Monetary Fund). However, bears will point to the stubborn refusal of the International Travel Management Study volume forecast to move for the last four years, even though several travel industry sources have talked up the prospects of a major recovery in 2014.

Growth strongest in emerging economies
Optimism about travel growth in the International Travel Management Study is generally much stronger in emerging market economies. Turkey has the highest expectations, with 73 percent of travel managers saying they expect to see more business travel in 2014 (up from 50 percent last year). Others with high expectations, with 73 percent of travel managers saying they expect to see more business travel in 2014 (up from 50 percent last year). Others with high expectations of growth are Brazil (60 percent), up from 48 percent last time) and India (53 percent). The major exception to this trend is Russia, where only 20 percent of respondents forecast an increase.

* Differences to a total of 100% are caused by respondents who did not answer this question.
Trip volumes to fall in Spain and Belgium? Predictions by countries in Western Europe and North America are closer to the global average. For example, 36 percent of US respondents forecast travel growth (up from 27 percent last year), while the figures for Germany and the United Kingdom are 31 percent and 33 percent respectively. However, two countries have more travel managers forecasting less travel than those predicting an increase. Unsurprisingly, one of those markets is Spain, with only 7 percent forecasting a rise and 17 percent a fall. The other, perhaps a little more surprisingly, is Belgium, although it too is facing difficult economic times, with GDP growth forecast to hit only 0.1 percent in 2013 and 1.0 percent in 2014. While 15 percent of Belgian respondents expect trip numbers to grow in 2014, 23 percent believe they will fall.

Two other markets have exactly the same number predicting increases and decreases in travel. One is Mexico (20 percent forecasting a rise and 20 percent a fall), and the other is Singapore (27 percent forecasting a rise and 27 percent a fall – more than any other country, which is curious for a country where economic growth remains healthy).

Will the cost of travel rise in 2014? Greatest concerns about cost increases for five years Travel managers fear the cost of business travel will rise in 2014. No fewer than 42 percent of all respondents expect an increase, the highest figure for five years. Exactly three times fewer (14 percent) think travel costs will fall, while an equal amount (42 percent) expect no change. For the previous five years, there were more travel managers who expected no change than those who predicted an increase.

Cost per trip to increase as well Perhaps the most striking finding is that many more travel managers expect costs to rise (42 percent) than those expecting trip numbers to rise (31 percent). Some companies, therefore, believe they will pay more in 2014 for reasons other than a simple increase in volume of travel. The figures suggest companies will also pay more per trip. Prices are indeed rising in many markets as demand hardens. Air and hotel capacity increases have been limited in Western Europe and North America over the past few years, while in many other markets supply has grown but struggled to keep up with accelerating demand.

Emerging economies top the list again Once again, it is emerging markets which lead the numbers, with 77 percent of Indian respondents forecasting higher costs, followed by South Africa (70 percent) and then both Brazil and Turkey (67 percent). Among advanced economies, Germany has the most respondents expecting higher costs (59 percent), followed by Canada (57 percent) and the United Kingdom (54 percent).

Countries with the fewest travel managers expecting costs to fall are Brazil and Russia (3 percent) followed by the US (6 percent). Three countries have fewer travel managers expecting a cost rise than those expecting a fall. These are: Belgium (25 percent expecting higher costs and 30 percent lower), Spain (17 percent higher and 24 percent lower), and Italy (14 percent higher and 19 percent lower).

In order to correctly interpret these statistics, it is important to establish exactly how travel behavior is developing. Turkey, Brazil, India and South Africa are now in the top 4, and although the forecasts of travel managers in Belgium, Spain and Italy are lagging far behind, this shows that the expected additional expenditure is mainly due to an increase in travel activity.

Air is number one worry When it comes to specific sectors of travel expenditure, air travel is the category for which most businesses believe they will pay more next year (39 percent). It is followed by 34 percent for hotels, 24 percent for meetings and conferences and 22 percent for car rentals. Last year’s figures: Air travel 44 percent, hotels 37 percent, car rentals 24 percent, and meetings and conferences 29 percent. An extraordinary 73 percent of Indian companies expect to pay more for meetings, almost double the number in the next country (Canada, 37 percent). With 67 percent of Indian travel managers expecting growth in the area of meetings, India now also holds a top position.
Preparing for the future – seven mega-trends and their effects on business travel management.

For the first time, this year’s International Travel Management Study asked travel managers how mega-trends shaping the world today are affecting business travel. The seven mega-trends can be divided into two categories:

- **Technology**
  - Third place working – Flexible working concepts, including a sharp rise in home-working and more flexible hours.
  - Outernet – Taking the internet on to the streets through mobile apps and cloud computing.
  - Data era – The increasing power of data, including smart analysis, real-time information and social media analytics, but also increased concern about data protection.
- **Corporate social responsibility (caring for people and the environment)**
  - The aging society – The rising average age of the working population (especially in mature economies).
  - Women’s empowerment – The growing presence and influence of women in the workplace, especially in management positions.
  - Environmental awareness – Growing green consciousness of our responsibility for the planet.
  - Health and well-being – Increased responsibility for employee health and welfare, and a better work/life balance.

We asked travel managers whether these mega-trends are affecting travel management today or will likely have an impact in the next one to two years. Two of the CSR mega-trends topped the list, while the other two were at the bottom. Meanwhile, the three data mega-trends were in the middle.

Today’s most impactful mega-trend is **health and well-being** (50 percent), just ahead of **environmental awareness** (49 percent), followed by **outernet** and **data era** (both 47 percent) and the third technology category, **third place working** (41 percent). Exerting a less clear influence on travel management are **women’s empowerment** (30 percent) and the **aging society** (28 percent).

All seven categories fall within a narrow band of 22-30 percent of travel managers expecting them to have an impact in the next one to two years. This time, the technology categories dominate, with 30 percent identifying the impending influence of the outernet within 12-24 months, followed by third place working and the data era, each at 28 percent. Once again, the lowest figures are for women’s empowerment (23 percent) and the aging society (22 percent).

Women’s empowerment (42 percent) and the aging society (43 percent) are the two categories where by far the most travel managers expect no effect in the next one to two years. In the case of the aging society, this suggests many travel managers see no need to distinguish between the way in which they treat different demographic groups within their workforce. However, do older travelers within the workforce need better aircraft seating or accommodation? Questions like this may be debated more often in the near future.

At the other end of the scale, the categories for which fewest respondents anticipate no effect are technology-related: outernet (19 percent) and data era (18 percent).

Mega-trends under the microscope

- **Health and well-being**
  - Half of all travel managers see health and well-being considerations affecting travel management today, more than any other mega-trend. It proves travel management is not only about controlling cost – but another question in the International Travel Management Study reveals that 66 percent find it increasingly hard to balance cost management and traveler support priorities.

  Travel managers concerned about their staff members’ health and well-being can monitor the stress levels of frequent travelers more closely. In addition, the trend may result in more health education and healthcare being provided and in a review of travel policies to ensure they are traveler-friendly.

- **Environmental awareness**
  - There are signs of green issues starting to receive more attention in emerging markets, with 37 percent in India and 33 percent in South Africa anticipating more of an impact over the next one to two years. Spain (59 percent) is the country where most travel managers anticipate no effect, perhaps indicating the environment has assumed lower priority during its financial crisis.

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Travel managers can benefit from the trend towards environmental awareness, for example, by being able to consider travel-related CO₂ emissions in their reports. In addition, means of transportation will increasingly be selected based on environmental considerations.

**Data era**

While only 18 percent believe the data era will not affect travel management, fewer than half (47 percent) believe it is having an impact now. Instead, 28 percent think it will happen in the next one to two years.

One of the consequences of the increased relevance of the outernet to the business travel industry may be the growing use of mobile payment solutions. This will open up new opportunities including the development of apps for corporate travel programs or the improvement of two-way communication with travelers.

**Third place working**

This mega-trend is influenced by the spread of home-working and empowerment for employees. Scandinavia is where most travel managers believe third place working is presently having an impact. Countries with more centrally controlled business cultures have more travel managers foreseeing no impact, including China (59 percent), Brazil (50 percent) and Russia (47 percent).

**Outernet**

Brazil (77 percent) and Mexico (70 percent) are the two countries where most travel managers say the outernet affects corporate travel today. These figures suggest mobile could prove a leapfrog technology in some emerging markets, for example going straight to mobile booking and payment without introducing the same functions on personal computers. Leapfrogging may also be imminent in India. Only 10 percent of Indians says the outernet affects travel management today, fewer than any other country, but 57 percent expect to do so in the next one to two years, more than any other country.

The growing percentage of women in management positions may result in more anticipatory planning of business travel.

**Aging population**

Only 28 percent of all respondents foresee an immediate impact of this mega-trend on travel management. An exception to the average result is Italy, where 61 percent of travel managers agree that it is already having an effect. Italian travel managers may feel that travel is more of a challenge for older employees.

With more and more work being accomplished through mobile devices, business trips will not necessarily start from the company premises – a development that may result in extended service hours and higher reporting costs.

**Women’s empowerment**

The figure of 42 percent foreseeing no impact suggests many travel managers see no need to change their policies despite more women in management positions. Two fast-growing economies, Brazil (60 percent) and Turkey (50 percent), have the highest number foreseeing an impact, although two-thirds of Brazilian women work outside the home compared with only one-quarter of Turkish women. Australia is again the country with most respondents expecting no impact (47 percent).

The increase in the number of seniors traveling may lead to travel managers adjusting their travel policies specifically to target this group, and to insurance fees having to be raised.

**Acknowledgement**

AirPlus International would like to thank all travel managers in the 24 different countries who contributed their time and responses to this study. Their support enabled us to create this report and to optimize travel managers’ and business travelers’ day-to-day business experience around the world.

**Credits**

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