VDR Verband Deutsches Reisemanagement e.V.

The German Business Travel Association

15 Years VDR Business Travel Report

VDR Business Travel Report 2017

volume 15

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Changing economy, changing world

That nothing is as constant as change is an observation already made by Heraclitus of Ephesus. Today we are experiencing sweeping changes in many areas – in world politics, in the working world due to rampant digitalisation and in how we conceive of work versus leisure time.

The mobility of German companies provides a good measure of the current economic climate and expectations for the future. When there are disruptions to travel and trade tariffs, business can no longer proceed "as usual". Business trips are becoming increasingly complex, which can have negative consequences for business mobility and the economy as a whole. Managers trying to master the demands of people and mobility in their daily work know better than anyone about the multifaceted and diverse effects of business travel. Representative figures supplied by those in charge of travel at companies and in the public sector can therefore assist in making sensible and forward-looking policy decisions for the future.

While collective awareness of the importance of travel safety and security has been heightened at the latest since 2015, what's called for today are approaches that balance security concerns with requirements for (travel) freedom, data privacy, individuality and flexibility. Innovative ideas along these lines fall on fertile ground.

VDR is Germany's largest network for modern mobility management and represents the interests of its members on both the national and – in cooperation with the Global Business Travel Association (GBTA) – international levels. In daily dialogue with its members and with the help of market research as well as the VDR-TrendsPort "think tank", VDR tracks the relevant issues and helps travellers and travel managers navigate these changing times.

We are pleased to present to you the 15th annual VDR Business Travel Report with the latest facts, figures and trends in the field of mobility management.

1 Important results at a glance

Key data 2016:		2015:
In 2016 there were 11.3 million business travellers[1]	+ 2.3%	11 million business travellers
183.4 million business trips led to expenditure in the amount of	+ 0.4%	182.7 million business trips
51.6 billion euros – equivalent to	+ 1.5%	50.9 billion euros
155 euros per business traveller per day.	+ 1.6%	153 euros

Deceleration in some areas, acceleration elsewhere

Diverging forecasts from the previous year were met at an early stage: business travel stagnated in smaller organisations in 2016, with 90% of SMEs[2] travelling in their own country and taking 63% day trips without an overnight stay. Larger organisations by contrast continued to step on the gas: travel costs rose somewhat more than travel volume due, among other things, to longer trips with more overnight stays. The average cost per business trip has increased only marginally over five years, from 308 to 310 euros.
(Figures 1, 2, 4 and 5, Page 8 ff., Table 1, Page 10)

More and more business travellers …

The personal encounter is still important even in these days of virtual meetings. 2016 saw a new record thanks to a high employment rate and more mobile workers: 11.3 million business travellers were on the road for German organisations. Back in 2010, only around one in four employees travelled for work. Today, almost half of the staff at larger companies take business trips.
(Figure 3, Page 9)

… fewer and fewer business travel agencies?

58% of smaller companies do not hire the services of travel agencies. And in larger companies with over 500 employees, the use of travel agents/travel management companies (TMCs) has plummeted over the past ten years. While in 2008, 14% of such companies did not use the services of a travel agent, the percentage is 44% today. For those that do work with a travel agency, the human-to-human factor remains vital. Despite automated support, online innovations and mobile options, companies value personal contact with competent contact persons and personalised service.

High on the list of priorities are still the proven cost savings that come from working with a travel agency.
(Figures 17 and 18, Page 18)

Air travel at good prices – for work and rest

Business travellers attach great importance to being able to work as well as relax on board. This means that laptop bans are the wrong approach for ensuring greater safety in the air. For 95% of companies that book intercontinental flights, price remains the prime criterion when selecting an airline – closely followed by the total duration of the flight.
(Figures 14 and 15, Page 16 ff.)

Long-distance coaches find acceptance

One quarter of companies in the meantime use long-distance coaches as a means of transport for business travellers. The stagnation on the long-distance coach market is therefore not related to business travel – instead, the consolidation of suppliers and the resulting rise in prices as well as competing offers by other modes of transport have slowed the growth of the sector.[3] Moreover, only 12% of travellers on behalf of the public sector ever board a long-distance coach.
(Figure 7, Page 11)

Accommodations: 3-star hotels popular – sharing viewed sceptically

With an increase from 37% of overnight stays in 2010 to 46% in 2016, midscale hotels with 3 stars are gaining more and more new customers, including those abroad. The trend for domestic travel is similar. Bookings in upper-upscale hotels abroad have by contrast been reduced by half. Sharing offerings in the accommodations area are still not viewed as appropriate by most travel managers. Last year, German companies cited security and insurance issues as the main reasons not to book such accom-

[1] Employees of a company or public-sector organisation who take at least one business or official trip per year.

[2] Small and medium-sized enterprises with 10–250 employees.

[3] Cf. https://omnibus.news/geringes-wachstum

modations.[4] Today, 35% of larger companies and 26% of smaller ones are taking advantage of such offers or plan to do so.
(Figures 10 and 11, Page 14)

Mobility management as interface

Digital networking is challenging companies to take a more interdisciplinary approach to business mobility. Travel managers are becoming managers of digital processes, acting on behalf of their companies as a sensitive interface between the interrelated areas of safety and security, sustainability, data protection, compliance and revenue management. Moreover, they now have better ways of gauging the benefits of their efforts. Main focus topics for the future are digitalisation and the support provided by new technologies as well as tasks related to risk mitigation and travel safety.
(Page 20)

A closer look at priorities and changes

Cost savings continue to be of paramount importance for mobility management. Any new concepts are therefore first subjected to close scrutiny: What are the advantages for company finances, the organisation as a whole, the business travellers? Today, for example, nearly one-third of businesses advocate greater personalisation of company travel policy. The topic of "bleisure" is also being examined: most companies are amenable to business travellers adding a few private days onto their business trip. Others are hesitant due to compliance rules, tax issues or their legal duty of care.
(Figures 20–22, Page 20 ff.)

Economy meets ecology

From 2009 to 2012, the number of organisations actively engaging with environmental and social concerns relating to business travel rose only moderately from around 45,000 to about 60,000. Today, some 140,000 organisations pursue these principles. Sustainability is increasingly important as a strategic approach ensuring competitiveness, because economic and environmental objectives can be combined: for example, by choosing certain means of transport or by avoiding business trips or replacing them with virtual meetings to cut down not only on carbon emissions but also on direct costs.
(Figures 23 and 24, Page 23 ff.)

Security and traveller tracking

The "meta-requirement" of the past two years remains just as pertinent: 70% of midsize companies[5] are today concerned about safety and security on business trips. Larger companies in particular carefully follow the movements of their travellers: so-called "traveller tracking" is now in use at 38% of the largest companies with over 1,500 employees. But this is not always easy, because whether the company is trying to keep track of accommodations, rail travel, flights or car hires – the booking data is hardly ever available in full while the traveller is away. One in four respondents from the larger firms cites data protection as the reason why they do not always know where their travellers are at any given time.
(Figures 25–29, Page 25 ff.)

Outlook for 2018

While last year travel managers focused in their planning on consolidation and restraint on certain fronts, the mood in some areas is apparently swinging back in a more positive direction: most of them predict that travel activities will stay the same or increase in 2018. Domestic trips remain the backbone of German business travel. As a result of the global political and economic climate, statements on how travel will develop in the near future have become somewhat more difficult to make. The proportion of those who would prefer not to make any predictions has gone up in particular among smaller companies.
(Figure 30, Page 28)

[4] VDR Business Travel Report 2016, Chapter 9 "Trends", Figure 28, Page 23.

[5] When this report refers to "midsize companies", this means companies with 10–500 employees.

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2 Business travel: Facts and figures

Quantity

"How many business trips were taken in your company/organisation in 2016?"

The German economy continued to enjoy steady growth in 2016. The price-adjusted gross domestic product (GDP) was 1.9% higher than the previous year as an annual average.[6] After years of forecasts that business travel would continue to grow, last year a consolidation was predicted instead: despite a positive general mood, company plans included the possibility of a stagnation or decline in travel activity. Depending on the size of the company, either "more" or "less" business travel was expected.[7] These diverging expectations for the current year are already reflected in the results for 2016. The solid business travel volume was maintained in 2016 with a minimal increase of 0.4%. The public sector contributed 2.3% more official trips, while in the private sector there was a significant difference between the travel behaviour of bigger (+5.2%) and smaller companies (-1.1%).

Number of business trips in 2012–2016

Figure 1

Costs

"How high was total business travel spend in 2016?"

Business travel spend in organisations with ten or more employees rose marginally from 2015 to 2016 in proportion to the increase in travel volume – by 1.5% to 51.6 billion euros. Companies with over 500 employees, by contrast, spent 7.4% more, a similar increase to the previous year, but with a rise in travel volume by only 5.2%. More overnight stays as well as higher expenses for meals due to longer trips are probably behind this disparity. Travellers for smaller companies in turn took more domestic day trips, incurring about the same costs as the previous year (-0.1%). In the public sector, costs were curbed somewhat (1.8%) compared to travel volume (2.3%).

Total cost of business travel in 2012–2016

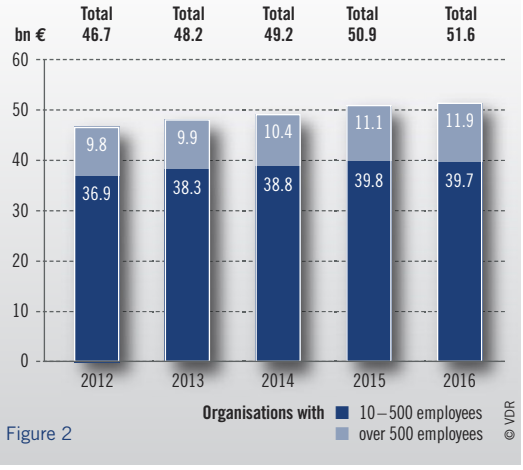

Figure 2

[6] See press release no. 010 of the Federal Statistical Office, Wiesbaden, 12 January 2017.

[7] VDR Business Travel Report 2016, Chapter 10 "Outlook for 2017", Figure 29, Page 24.

Number of business travellers

"How many business travellers were there in 2016?"

The number of business travellers increased by 2.3% to 11.3 million as companies continued to send a higher proportion of their employees on trips. Mobility and personal encounters thus remain a must even in times of technologically assisted online meetings. In 2010, following crisis-related cuts in both the workforce and business travel, only around one in every four employees went on the road. By 2012, the ratio was around 30%. Today, nearly half of the staff at larger companies take business trips. This growth is in keeping with the increase in the employment rate in Germany, which is enjoying the highest level since 1991.[8]

Breakdown of business travellers by company size in 2012/2016

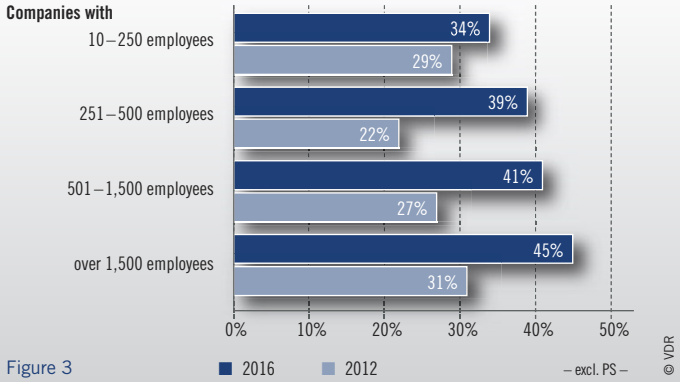

Figure 3

Any work-related trip that is recorded on the basis of individual expense reports counts in this study as a business trip. The duration, purpose, distance and destination of the journey and the professional status of the travellers are insignificant here. As soon as expenditures are charged to the company or organisation as business travel expenses, they are counted in these figures. For further definitions of the terms used here, please see the VDR Business Travel Reports from 2003–2006 (German originals) as well as the VDR Glossary: *www.vdr-service.de/der-verband/fachthemen/vdr-glossar* (in German only).

Results from companies and from the public sector are usually shown separately due to the differences between the sectors. The corresponding data basis is indicated in the each case: The terms "businesses/companies/firms" exclude the public sector ("– excl. PS –"). "Organisations" covers both companies and public-sector institutions.

Exact figures are used when calculating percentage changes (for example total annual expenditure on business trips). This explains why calculations using the rounded figures shown in the texts and charts sometimes lead to different results after the decimal point.

Duration

"How long do business trips last?"

In 2016, 45% of business trips took the traveller away from the office for more than one day (no illustration) and there were fewer day trips overall. This change is also reflected in the increased number of overnight stays and the declining transport costs we will examine later in this report. Among SMEs, 63% of business trips were day trips without an overnight stay, while over half of the largest companies dispatched employees on longer trips, making the most of their time away. A business trip for an SME thus lasted an average of 1.8 days in 2016 and a trip for the largest companies 2.3 days.

Duration of business trips by company size in 2016

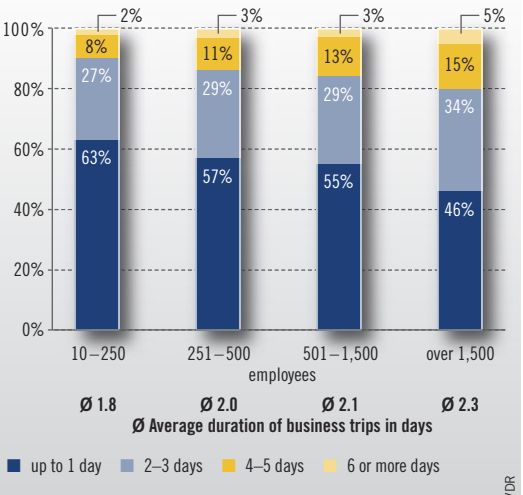

Figure 4

[8] See press release no. 010 of the Federal Statistical Office, Wiesbaden, 12 January 2017.

Domestic and foreign business trips in 2015/2016

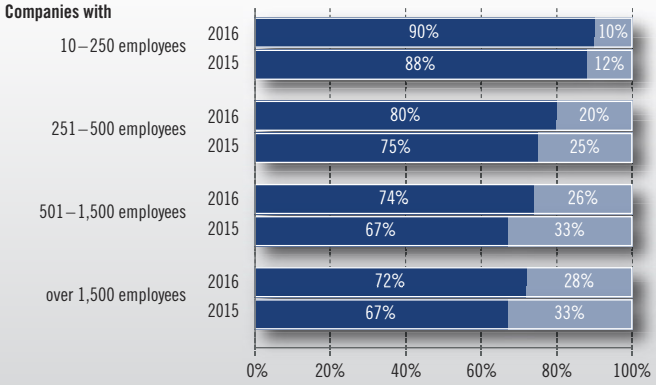

Figure 5 – excl. PS –

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Domestic vs. foreign travel

"Where do business travellers go?"

Most business travel in Germany has always been domestic. And across companies of all sizes domestic travel took on even greater weight last year, with 90% of all trips taken by SMEs remaining within German borders.

Germany as a prime business location benefits from this travel volume in many ways: for example, the high utilisation of accommodation and transport capacities as well as travel-related services secures jobs year-round and nationwide. And regions all over Germany remain attractive destinations thanks to business travel: high-quality infrastructure and services can also be offered to leisure travellers both from home and abroad at internationally competitive prices.

3 Structure of business travel costs

Average cost per business trip in 2012–2016
Daily expenditures for business vs. holiday travel in 2012–2016*

	Average cost per business trip	Expenditure per person per day	
		Business travel	Holiday travel
2016	**310 €**	**155 €**	**78 €**
2015	305 €	153 €	76 €
2014	307 €	146 €	77 €
2013	310 €	148 €	73 €
2012	308 €	140 €	73 €

* Our own calculations, in conjunction with FUR Kiel: Initial results of the 2013-2017 travel reports. Business travel expenditure per person and per day: companies only, not the public sector. Holiday trips of 5 days or longer.

Table 1

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Average cost per business trip

The average cost of a business trip has increased only marginally over the past five years, from 308 to 310 euros. Expenditure per person per day averages 155 euros. Spending for holiday travel also saw a slight upward trend in 2016, to 78 euros per person per day. Business travellers thus still spend about twice as much as holiday travellers on services such as accommodations, transport and meals.

Cost areas

"What were the totals for the different cost areas in your company/organisation?"

The cost of accommodations and meals on business trips went up in 2016. Of 100 euros spent in total per day, 43 went toward these two areas. Although hotel prices in Germany have scarcely changed in the period under review, the number of overnight stays has increased sharply (see next chapter).

Business travellers are also taking longer trips, meaning that more is being spent on accommodations and meals and less for transport. And wherever food prices make a major impact on price trends, as has been the case in Germany since 2012,[9] the cost of business trips is also affected.

Despite the continued low price of oil, international airfares have not gone down significantly overall. Domestic German flights did however get cheaper in 2016,[10] due among other things to steeper competition as well as the double-digit reduction in 2016 of the fees charged by the Deutsche Flugsicherung air traffic control organisation.[11] Thanks to the rise in domestic business travel coupled with fewer trips abroad, flights thus shrank as a cost area. The ratio made up of rail and car hire as transport alternatives remained proportionately stable.

Other costs, such as communication, ancillary fees for air travel, parking, taxis and public transport contribute 10% to total business travel spend. Among the indirect costs, they cause a disproportionate amount of work in terms of travel expense accounting and receipt management.

Total business travel spend broken down by cost areas in 2015/2016

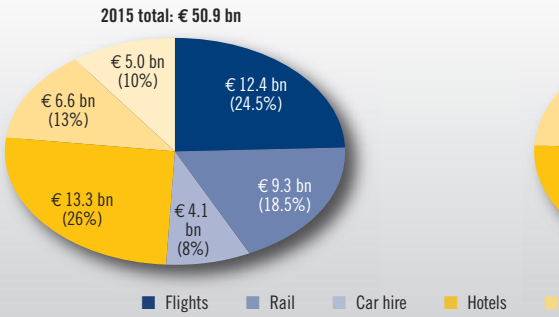

Figure 6

© VDR

Use of long-distance coaches

"Does your company use long-distance coaches for travel in Germany?"

This travel alternative was already recognised in 2010[12] and was not always taken seriously in subsequent years but is today widely accepted: long-distance coaches are in the meantime used by a quarter of German companies as a means of transport for business travellers. The stagnation on the long-distance coach market is therefore not related to business travel – instead, the consolidation of suppliers and the resulting rise in prices as well as competing offers by other modes of transport have slowed the growth of the sector.[13] Moreover, only 12% of travellers on behalf of the public sector ever board a long-distance coach.

Use of long-distance coaches in 2015/2017

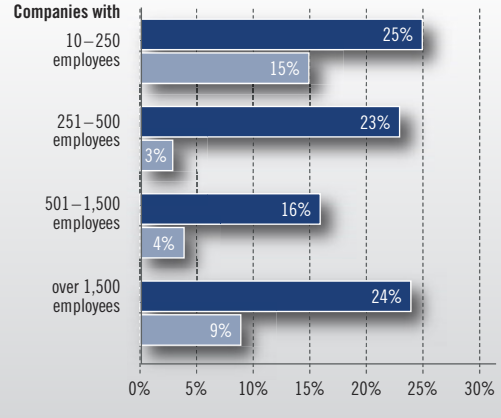

Figure 7

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[9] See Federal Statistical Office (Destatis): Consumer Price Index 2016, Wiesbaden, February 2017.

[10] See Swoodoo airfare monitor – analysis of airfare development from 2014 to 2016.

[11] See http://www.airliners.de/jahresbilanz-abgesenkte-fluggebuehren-dfs/41252

[12] See http://biztravel.fvw.de/neue-alternativen-geschaeftsreisen-im-fernbus/1/19009/4076

[13] See https://omnibus.news/geringes-wachstum

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4 Overnight stays

Overall trends

"How many overnight stays did the business trips taken by the employees in your company/organisation include?"[14]

"What was the distribution of overnight stays between domestic and foreign accommodations?"

One record-breaking year after another: 2016 was a banner year for the hotel industry, with 74.3 million business bookings by German companies, a jump of 9.9% over the previous year. Business travellers from organisations of all sizes spent more nights away from home. And especially those working for larger companies often took to the road for several days at a time.

Domestic accommodations benefitted disproportionately from this growth: while the number of domestic overnight stays by travellers for German organisations rose in 2016 to 56.3 million, foreign stays remained at the same level as the previous year. A strong growth factor is Germany's worldwide reputation as a trade fair and conference location. The number of participants in such events is rising more steeply than the events on offer, which is a boon to the hospitality industry in the respective locations.[15]

The average cost of accommodations across all types and categories of establishment was 119 euros (compared to 134 euros in 2011).[16] This lower figure reflects the fact that more business travellers stayed overnight in Germany than abroad.[17] On the other hand, there are substantial differences between the hotel prices in major cities on other continents and those in German business travel strongholds.[18] A hotel room in Munich costs less than half on average than one in New York. Also not to be forgotten: the preferred hotel categories have been shifting downward for several years and the range of accommodations has become more diversified.

Number of overnight stays in 2012–2016

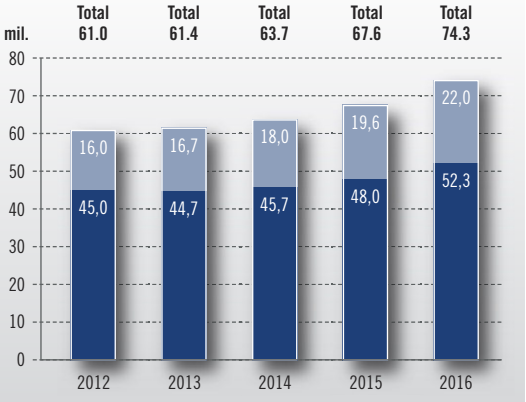


Figure 8

Number of overnight stays in Germany vs. abroad in 2015/2016

Figure 9

Accommodation categories

"Which accommodation categories does your company/organisation book?"

For trips in Germany, the 3-star category remains far and away the most popular among business travellers, with nearly three out of five overnight stays. This category is booked today with equal frequency by smaller and larger companies. The market share of these hotels has increased significantly since the financial crisis – from 47% in 2010 to 58% in 2016 (not illustrated). Only about one quarter of business travellers today book accommodations with 4 stars. And the 1- and 2-star hotels have retained their new fans from the previous year: 10% of business travellers from midsize companies book rooms with "no frills" concepts.

[14] Number of overnight stays = room nights.

[15] See German National Tourist Board (GNTB), Europäischer Verband der Veranstaltungs-Centren e.V. (EVVC – European Association of Event Centres) and German Convention Bureau (GCB): Meeting & Event Barometer Germany 2016/17.

[16] When respondents provided information both on the number of nights as well as the costs, this information was used for the calculations.
A calculation on the basis of total room nights and turnover, as well as a projection differentiating average prices in Germany and abroad is not possible.

[17] See http://hrs.de/presse/news/hotelpreise-2016-entwicklung-in-deutschland-stabil.html

[18] See HRS Hotel Price Radar 2016.

Outside of Germany, midscale and upscale hotels are more likely to compete for business travellers, because the higher category is slightly more popular on trips abroad than it is at home.

For the past two years, however, a similar trend has been taking shape as in Germany: with an increase from 37% of overnight stays in 2010 to 46% in 2016, midscale hotels are attracting new customers (not illustrated). And these customers come from companies of all sizes, although generally one category higher tends to be booked for stays outside Germany. Bookings in upper-upscale hotels abroad have by contrast been cut in half (from 13% to 6%).

Accommodation categories for business travel in Germany and abroad in 2016

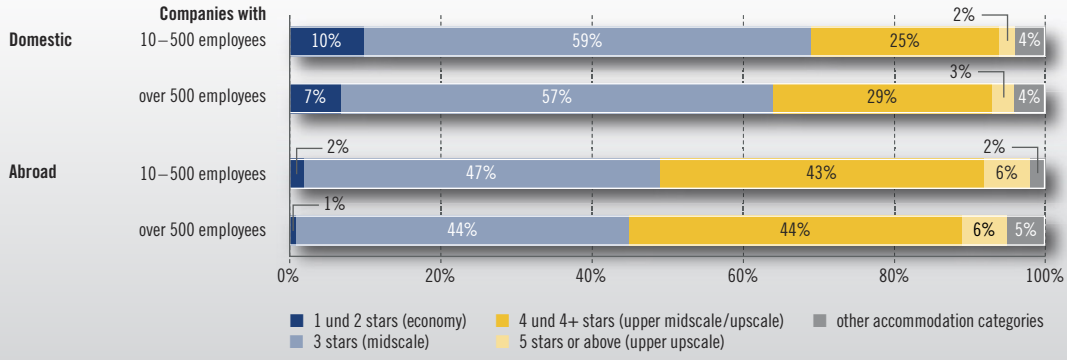


Figure 10

– excl. PS –

Accommodations in the sharing economy

"Do you currently use sharing economy accommodations (such as Airbnb) or are you planning to do so in future?"

Acceptance of sharing economy accommodations in 2017

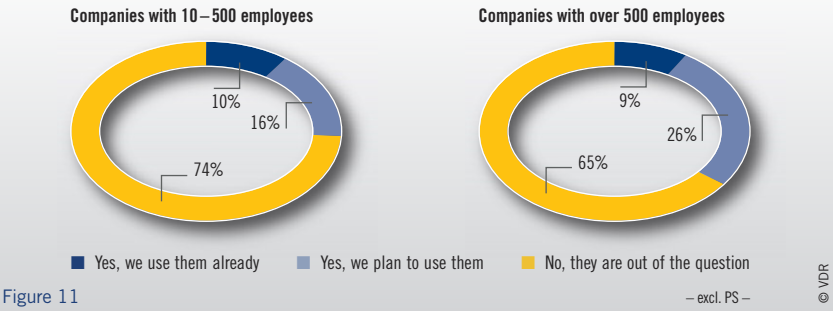


Figure 11

– excl. PS –

Today, 35% of larger companies and 26% of smaller ones are taking advantage of sharing economy offerings or are preparing to do so. The providers of such offerings report growth in this segment, with the ratio of business travellers on Airbnb tripling worldwide in 2016. One in 10 bookings is today business-related.[19]

The majority of the German companies surveyed nonetheless remain opposed to the use of sharing economy accommodations by their travellers. This reluctance is even more pronounced in the public sector, where 91% of organisations say that using Airbnb or similar as a hotel alternative is out of the question. Last year, German companies cited security and insurance concerns as the main reasons not to book accommodations in the sharing economy.[20]

With increased awareness of global travel risks, the corporate duty of care now looms larger. A general risk assessment of accommodation suppliers includes criteria such as safety standards, traveller tracking possibilities and access by travellers to assistance in case of a crisis as well as a safety review of the supplier. The VDR Academy offers seminars informing employers on what they need to do to fulfil their duty of care.[21]

[19] See Airbnb press release, 28 April 2017 – https://press.atairbnb.com/business-travel-announcement/

[20] VDR Business Travel Report 2016, Chapter 9 "Trends", Figure 28, Page 23.

[21] Prof. Dr. Tobias Ehlen: Sharing economy: legal issues for the travel manager, VDR Academy webinar, 16 March 2017 (in German). Further dates: www.vdr-akademie.de

Booking channels of the future

"In general, which booking channel will you favour in future when it comes to getting the best room rate, maximum availability and the widest range of offers (e.g. seasonal promotions)?"

We asked travel managers which booking channel they think they will favour in future based on several criteria. About one third of smaller companies tend to favour a direct relationship with the supplier. Online platforms (such as online travel agencies and hotel portals) and online booking tools[22] are favoured by larger companies. Similar to last year, only a minority of travel managers rely on so-called "open booking" – leaving it up to the traveller to decide what to book with which provider and how.

Preferred hotel booking channels of the future, 2016/2017

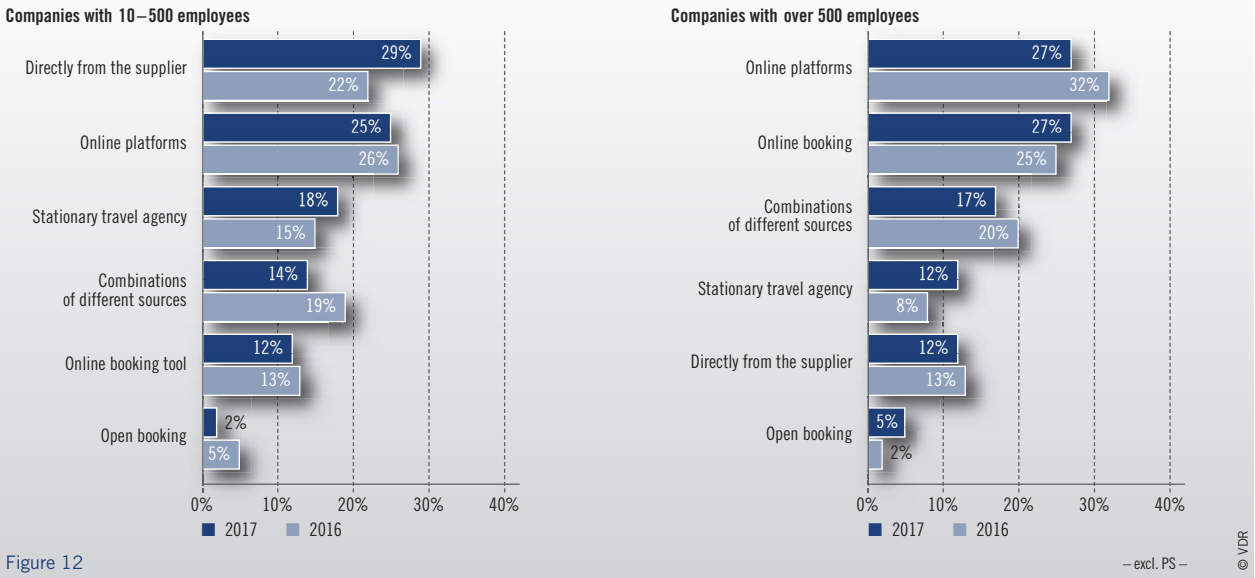


Figure 12

"The variety on offer, the infrastructure, and the service and value for money make Germany the strongest business travel market in Europe. The importance of online booking is growing, making it vital to ensure the effectiveness of the company website as a sales channel – particularly in the business travel segment."

Guido Zöllick, President of the German Hotel and Restaurant Association (DEHOGA Bundesverband)

[22] E.g., Amadeus e-Travel Management, BookIt, Concur, Cytric, Onesto, SAP TM.

5 Air travel

Flight routes: domestic, European, intercontinental

"What percentage of domestic, European and intercontinental flights did your company book in 2016?"

Long-haul flights were booked by 50% of larger companies with over 500 employees but also by nearly a quarter of midsize German firms with 10–500 employees. The trend here reflects the importance of international trade relations: China and the USA were among Germany's three main trading partners in 2016.[23] And they already counted among the top business travel destinations in 2015.[24]

Percentage of domestic, European and intercontinental flights in 2016

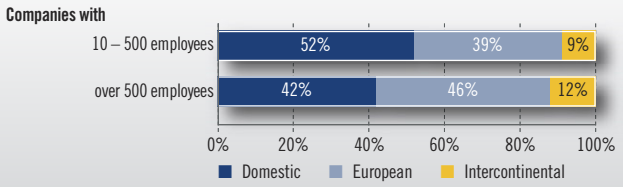


Figure 13

Midsize companies in Germany book mostly domestic flights, while other European destinations were visited by travellers at larger companies, accounting for 46% of all flights. Factors such as the UK's planned exit from the European Union, restrictions on entry into the US as well as a potential rise in protectionism in international trade may well cause travel patterns to change in the near future. If business travel proves increasingly complicated and expensive for German managers, this will have negative consequences for business mobility – and travel to certain countries might diminish noticeably.

"Air travel connects German companies and their employees with international markets and global flows of goods. That's why it is so essential for the Federal Transport Minister to implement air traffic policy that sets the course for strengthening the competitiveness of German air transport."

Dr. Stefan Schulte, President of the German Aviation Association (BDL)

Criteria for airline selection (intercontinental)

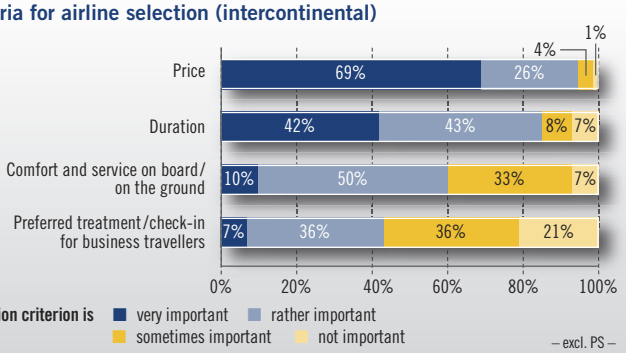


Figure 14

Selection criteria

"How important are the following criteria when selecting an airline for intercontinental flights?"

Travel managers cite cost as the first factor considered, and secondly reducing travel stress through shorter flight times, followed by the criteria of comfort and service quality.

For 95% of companies that book intercontinental flights, price is an important criterion when selecting an airline, closely followed by the total duration of the flight, meaning that direct connections always win out over flights with stopovers. As regards the price/comfort ratio, we already saw last year that there is a trend toward more bookings in "cattle class" on long-haul flights.[25]

In future, new transport services for passengers arriving on long-haul flights, such as e-VTOLs ("electric vertical take off and landing") may make for a more pleasant and efficient trip to their destination.[26]

[23] According to turnover + imports. See Federal Statistical Office (Destatis): Ranking of Germany's foreign trading partners in 2016, Wiesbaden 2017.

[24] VDR Business Travel Report 2014, Chapter 8 "Destination countries in 2015", Figure 24, Page 22.

[25] VDR Business Travel Report 2016, Chapter 4 "Air travel", Figure 7, Page 10.

[26] See http://nypost.com/2017/04/01/soon-youll-be-able-to-go-to-work-in-a-flying-taxi/

Service aspects on intercontinental flights

"Which comfort and service aspects are important to travellers on intercontinental flights?"

Business travellers value most the opportunity to both work and relax on board. Regardless of company size, nine in ten travel managers who book intercontinental flights named that aspect as paramount. The laptop ban instituted by the USA and UK in March 2017 is not only a major burden on businesses but also cancels out one of these key service components. Since security on business trips has top priority, intelligent safety systems on the ground are needed instead to already identify possible sources of danger when hand luggage is checked.[27] When laptops and other devices with lithium batteries are transported in the cabin, staff can respond faster in the event of a problem than if the devices are stowed in the cargo area – this is also the view of the highest European aviation safety authority, EASA.[28]

Service aspects on intercontinental flights

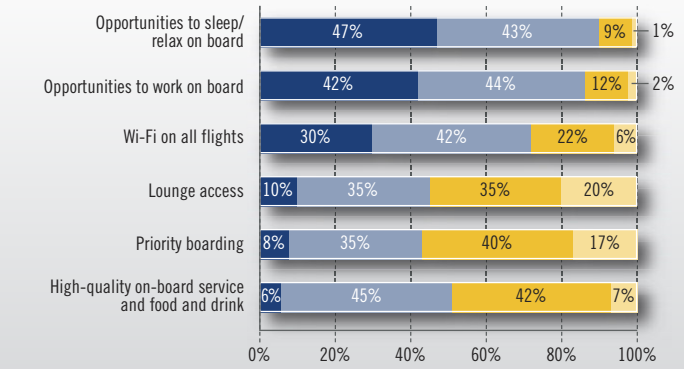


Figure 15

Opinion barometer: Use of booking data

"Do you agree with the following statement?:
Airlines use booking data only to fulfil the booking contract."

The opinions of travel managers from companies that book flights are divided on this count: 45% have the impression that booking data is also used for other purposes than fulfilling the contract. 42% say they are "not sure". And a minority of travel manager have full or nearly full confidence in the integrity of data usage.

When booking a trip, business travellers are forced to disclose a great deal of information about themselves and their company. This becomes problematic if, for example, movement and communication data entered for the booking can then be traced. Linking this data to personal loyalty programmes can also be a problem because the traveller is then tempted to bypass company travel policy. Companies are faced with the question of how to protect the personal data of their travellers from misuse and prevent industrial espionage that tracks the travellers' movements. In addition, businesses must make sure when dealing with booking and payment details that this data cannot be used by suppliers to analyse market behaviour or spy on competitors. International data miners also take advantage of information that must be disclosed for booking and payment processes related to business travel. They aggregate and process information obtained from the customer data collected by mobility services providers for detailed market and competitor analyses.

Opinion barometer: Use of booking data

"Airlines use booking data only to fulfil the contract."

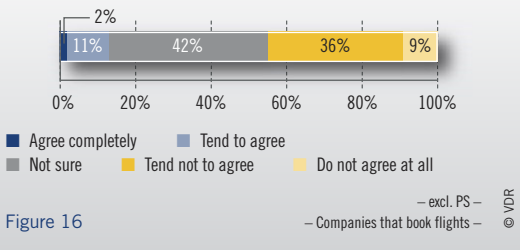


Figure 16

VDR thus calls for complete transparency in all data mining processes using company and employee data. Moreover, the principles of earmarking the data for a specific purpose, data minimisation and deletion deadlines must be observed when dealing with business data.

[27] See www.vdr-service.de/service/pressemitteilungen/news/laptop-verbot-auf-usa-fluegen-schraenkt-arbeitsmobilitaet-von-geschaeftsreisenden-ein/

[28] See www.easa.europa.eu/newsroom-and-events/press-releases/easa-issues-safety-recommendations-transport-portable-electronic

6 Working with travel agencies/TMCs

Compensation models

"How are travel agency services billed?"

For 58% of smaller businesses, travel agency services are not relevant. And among the larger companies with over 500 employees, the use of travel agents/ travel management companies (TMCs) has declined considerably in the last ten years. 44% of them no longer use travel agencies today – compared to 14% in 2008 (no illustration).[29] The structure of the preferred compensation models has however not changed much –– companies that work with a travel agent still usually pay a fee per transaction.

Compensation models for travel agent/TMC services

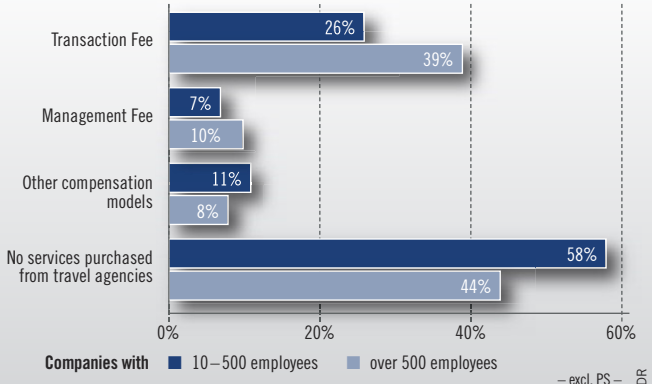


Figure 17

Quality criteria

"What does your company look for in a travel agency?"

The human factor remains crucial. Despite automated support, online innovations and mobile options, companies value personal contact with competent contact persons and personalised service. After going from B2B and B2C to automated chatbot services,[30] future demand might end up returning to the roots of service, the "human to human" element – or in internet jargon, "H2H". Companies will always expect their travel agency partner to demonstrate direct cost savings. Larger companies are naturally more likely to realise indirect savings through technical solutions than smaller ones, because large transaction volumes mean more and higher savings potential in all areas of the travel process.

Quality criteria for the working relationship

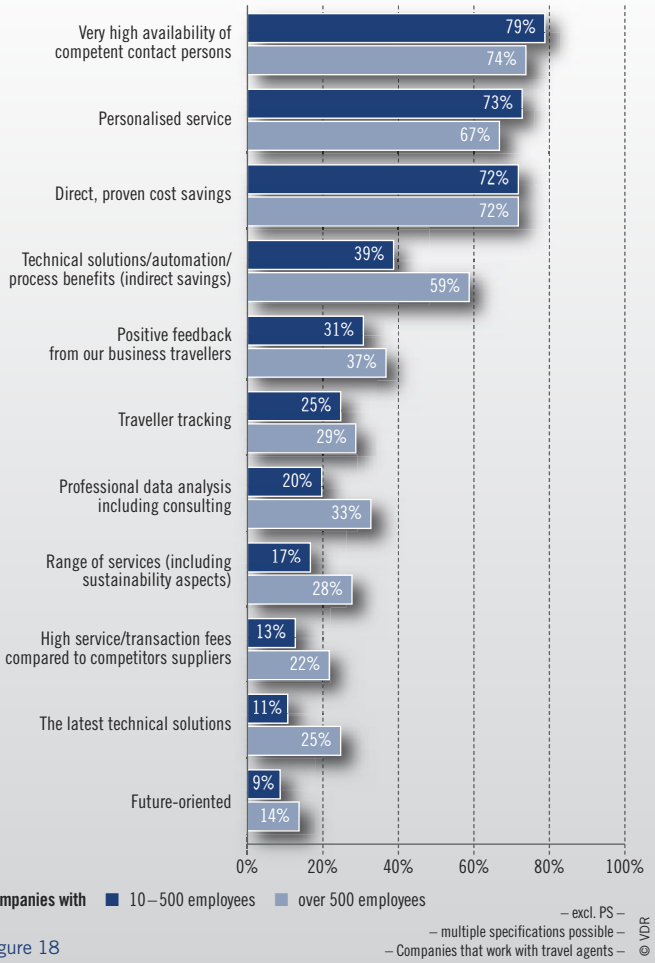


Figure 18

[29] The number of business travel agencies fell in 2015-2016 from 790 to 757. See German Travel Association (DRV): The German travel market – facts and for 2016.

[30] A chatbot is "a technology that uses artificial intelligence to simulate conversations with human users". For more information see: http://www.internetworld.de/technik/bots/5-dinge-unternehmen-chatbots-wissen-1134601.html

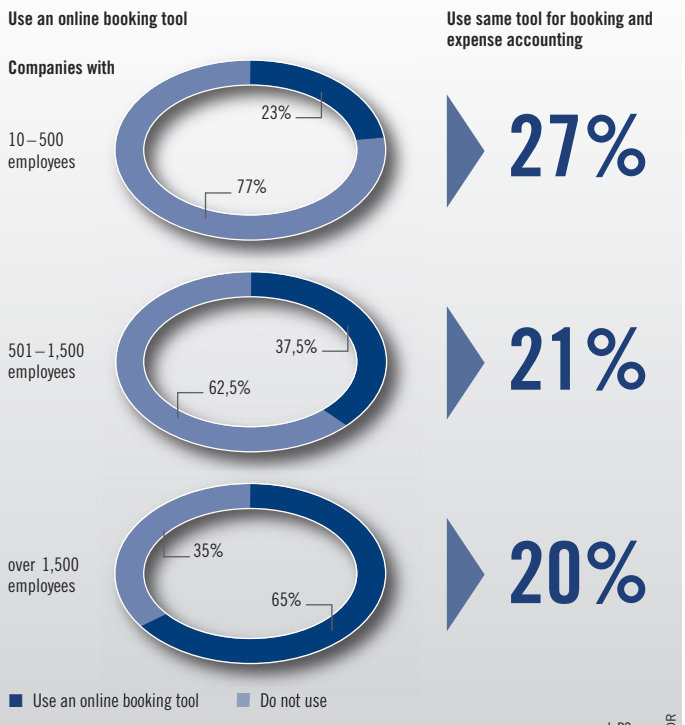
Booking and expense tools

"Do you use an online booking tool?"

"If so, do you use the same tool for booking travel and for travel expense accounting?"

Of the midsize companies that use an online booking tool, 27% use the same tool for travel expense accounting. 65% of the largest firms use online booking tools. And five of them make use of the same tool for travel expenses.

Online booking and expense tools



– excl. PS –
– Companies that use an online booking tool (right side) –

© VDR

Figure 19

7 Changing values in business & travel

Benefits of travel management

"How do you think your company benefits from travel management with regard to the following areas?"

Ten years ago, nearly one in five companies was unable to gauge the benefits of travel management in response to this question. Today, these benefits are seen more clearly. Only 4% of the respondents are still undecided.

Benefits of travel management in 2006/2017

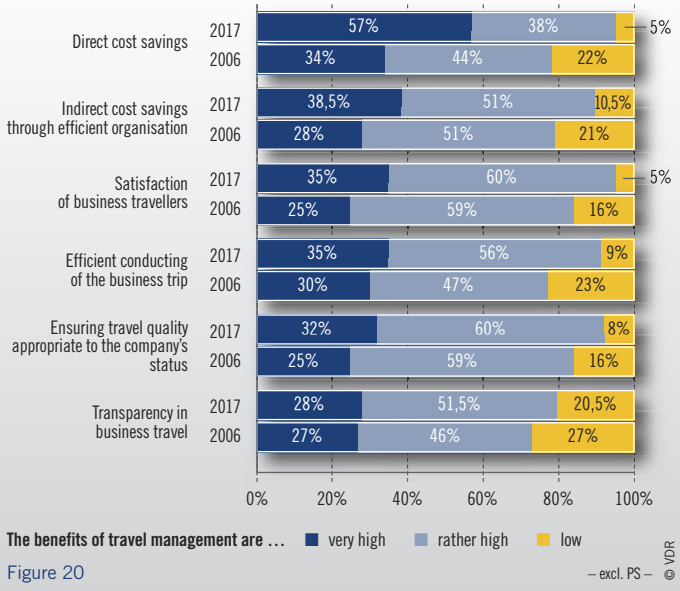


Figure 20

Digital networking is challenging companies to take a more interdisciplinary approach to business mobility. This includes the need for different corporate divisions to collaborate closely on developing the ideal business travel process that also takes into account the traveller's personal needs as an employee and human being.

Travel/mobility managers are increasingly able to gauge the benefits of their efforts. They are more and more becoming managers of digital processes, acting on behalf of their companies as a sensitive and vital interface between the interrelated areas of safety and security, sustainability, data protection, compliance and revenue management. Modern mobility management is clearly crucial for balancing the competing goals of the company, suppliers and employees.

Asked what will be important in the future, most respondents answered: digitalisation and an easing of the workload through new technologies (e.g., paperless office, e-Government, intelligent travel avoidance, and improvements in efficiency, orientation and information). Another main focus for the future is on tasks related to risk mitigation and travel safety.

"15 years of the VDR Business Travel Report: never before have the rapid advances in technology and digitalisation as well as the global political situation had more lasting effects on business mobility – and thus directly on the individual business traveller – than in the past five years. Ensuring security, risk mitigation and personalisation are gaining importance in corporate travel policy – for each and every business traveller – finally!"

Michael Kirnberger, Honorary President of VDR – The German Business Travel Association

Personalisation of company travel policy

"Do you advocate greater personalisation of corporate travel policies?"

"How do you rate the likelihood of more personalised concepts being integrated into the area of travel and mobility at your company in future?"

Many companies have gone through years of demographic change and new records before arriving today at nearly full employment on the German labour market and the resulting "war for talent". The fight for skilled workers is particularly heated outside major metropolitan areas as well as among mid-size companies. Numerous studies describe the expectations of the younger generation. The 20- to mid-30-year-olds wish for greater freedom and flexibility on the job, with the lines between work and leisure increasingly blurred.[31] Personalised concepts in corporate travel policies could in future serve as an incentive for candidates to choose a specific company. Travel policy could contribute in this way to an employer's attractiveness and hence to business success.

How can companies then focus more attention on traveller needs in the future? Personalised travel concepts or a flexible travel policy would go toward making this happen. Parameters such as age, travel patterns, body size, marital status, job profile, travel budget, etc. could be taken into account and dynamically linked.

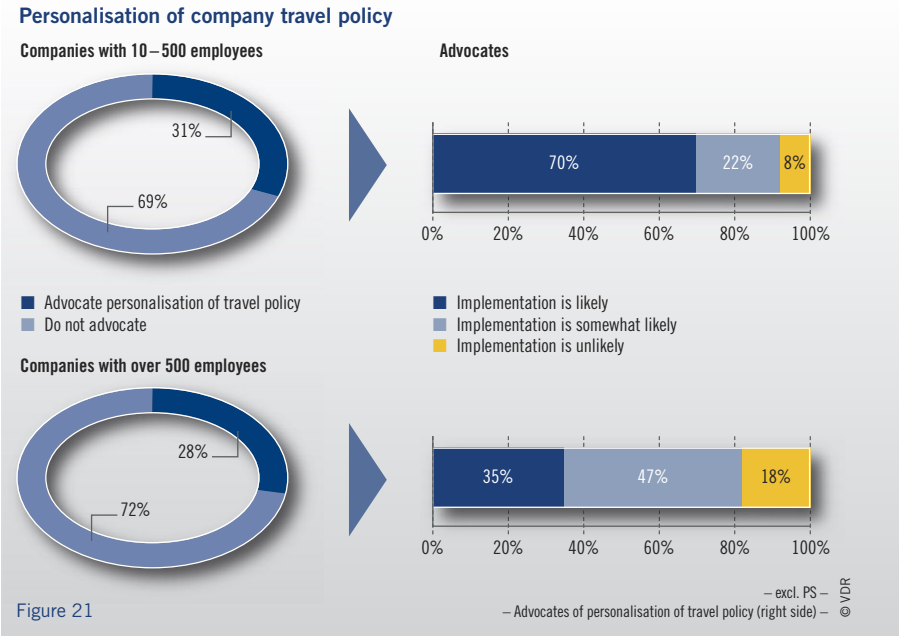


Figure 21

Nearly one in three companies and only one in five organisations in the public sector today endorse stronger personalisation. And even among the proponents, some remain sceptical of the feasibility of its realisation. In smaller firms, 70% of the advocates think it is likely that personalised concepts will be implemented in the area of travel and mobility in future. In companies with more than 500 employees by contrast, only 35% are optimistic on this count.

[31] See www.welt.de/wirtschaft/karriere/bildung/article152993066/Was-Generation-Z-vom-Berufsleben-erwartet.html

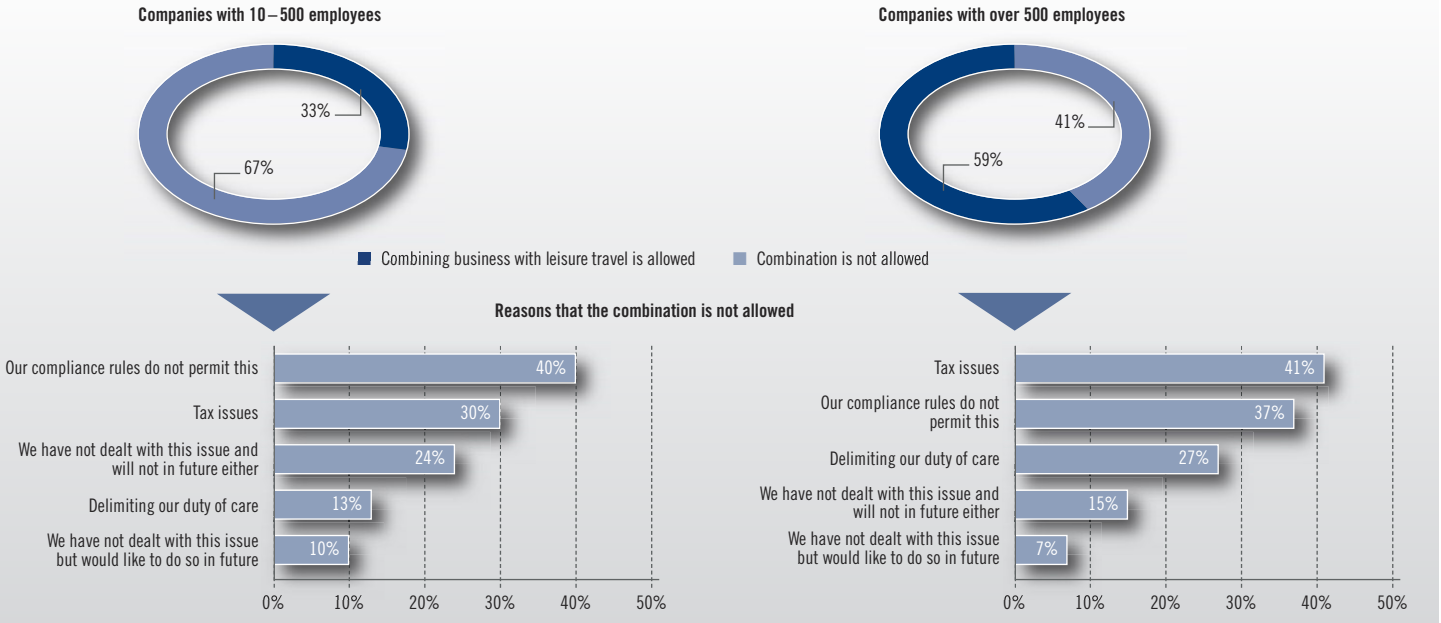
Combining business and leisure travel – “bleisure”

“Does your company allow travellers to take private days on business trips?"

“Why does your company not support the option of combining business with leisure travel?”

Combining business and leisure travel, also known as “bleisure”, describes the option of adding some private days onto a business trip.[32] The majority of companies today allow their travellers to do so, for example to explore a new city over the weekend or visit friends and family. Smaller employers are somewhat more flexible here (67%) than larger ones (59%). “Bleisure” is indeed already making a mark on booking patterns: for example, over 50% of business-related bookings with Airbnb in 2016 included an overnight stay from Saturday to Sunday.[33] Companies that (still) deny their travellers this option say that their compliance rules do not allow for it or that there are issues relating to taxes or duty of care. For employees abroad, who usually have fewer holidays per year than their German colleagues, the option of combining professional with private travel is even more relevant.[34]

Combining business and leisure travel – “bleisure”



– excl. PS –
– multiple specifications possible –
– Companies in which the combination is not permitted (below) –

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Figure 22

[32] See www.zukunftsinstitut.de/artikel/leadership/bleisure-die-verschmelzung-von-arbeit-und-freizeit/

[33] See https://press.atairbnb.com/business-travel-announcement/

[34] See www.forbes.com/sites/raquelbaldelomar/2016/12/28/bleisure-good-for-you-good-for-your-career/#65670d473bab

8 Sustainability, corporate social responsibility

Penetration rate

"Does your company pursue sustainable approaches or CSR in the area of business travel?"

Corporate social responsibility (CSR) has been a watchword for many businesses for the past 15 years, defined by the EU as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". CSR thus includes "actions by companies over and above their legal obligations towards society and the environment."[35]

Penetration rate in 2012/2017

Number of companies focusing on sustainability and/or CSR

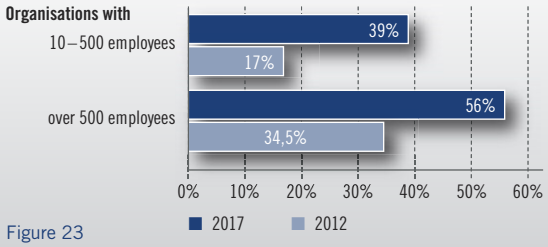

Figure 23

In 2012, the number of environmentally and socially active companies rose only moderately from around 45,000 to approximately 60,000. Today, some 140,000 companies pursue greater sustainability and corporate social responsibility. The upsurge demonstrates the increasing importance of sustainability as a strategy for ensuring competitiveness. In the business travel sector, it can bring cost savings, improve innovation capacities, and promote better customer relations and human resources management.[36]

While just five years ago only one third of the larger companies with over 500 employees were active in the area of CSR for business travel, today the ratio is more than half. Smaller companies pursue these approaches more than twice as often today as they did back in 2012.

[35] See http://eur-lex.europa.eu/legal-content/DE/TXT/?uri=CELEX%3A52011DC0681

[36] See ibid.

CONVERGENCE

VDR Verband Deutsches Reisemanagement e.V.

GBTA Conference 2017
Frankfurt in Partnership with VDR
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Sustainability strategies in 2017

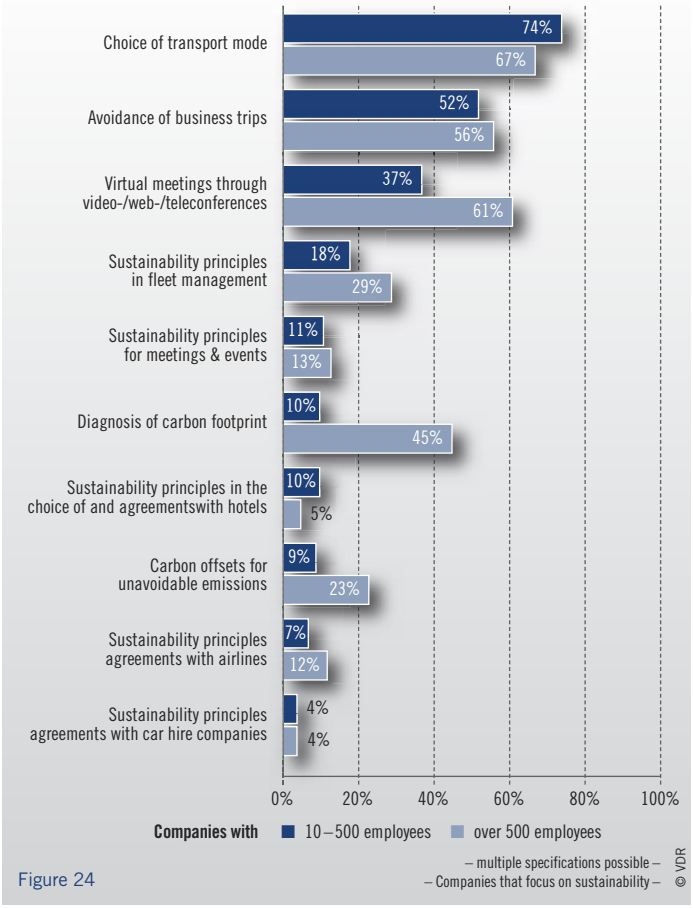

Figure 24

Sustainability strategies

"Which approaches to sustainability and/or CSR does your company pursue in the area of business travel?"

The choice of mode of transport is still the prime sustainability measure. In second and third place are the avoidance or replacement of business trips, mostly with virtual meetings on the internet, via video transmission or conventionally by phone. In addition to reducing CO_2, these choices also help save direct costs.

In terms of EU policies for combatting climate change, the EU emissions trading scheme has been a core element since 2005 and the key tool for cost-efficient reduction of greenhouse gas emissions.[37] Many more of the larger firms in Germany (with over 500 employees) now map their carbon footprint than did just five years ago – 45% of those that pursue CSR approaches, compared to 7% in 2012. Carbon offsets through certified projects have nearly quadrupled (not illustrated).

The VDR expert committee on sustainability has over the past years developed and published the following standard tools for the business travel sector:

- VDR recommendations for green elements in corporate travel policy
- VDR standard CO_2 calculator for business trips
- RFP on sustainability
- VDR guide to sustainability

In meetings & events management, the commitment to sustainability on the part of larger companies has gained five percentage points over the past five years. Many synergies between travel and event management can be sensibly harnessed to optimise processes, reduce costs and make environmentally friendly decisions, for example with regard to the event location, hotel partners, logistics, conference technology, electricity suppliers and consumption, support for local catering companies, avoiding waste, and much, much more.[38]

[37] See https://ec.europa.eu/clima/policies/ets_de

[38] See www.umweltdialog.de/de/csr-management/Gastbeitrag/2016/Wie-geht-gruenes-Eventmanagement.php

9 Security and data protection

Awareness

"Is your company taking measures to increase security on business trips?"

Over the past few years, the subject of security has become a major ongoing concern for society, business and politics. In 2014, only 46% of small to midsize companies with up to 500 employees devoted attention to the issue security on business trips.

Travellers today subject themselves to a whole range of risks – whether they are travelling for business or pleasure:

- Risks caused by political processes
- Socially related "everyday crime"
- Natural disasters (e.g., storms, earthquakes, landslides, floods)
- Industrial hazards (chemical, nuclear)
- Health risks (for example epidemics)
- Transport-related risks (strikes, accidents)
- Terrorism[39]

The frequency of terrorist attacks and their corresponding visibility in the media has increased significantly since 2015. Islamist terrorism has now arrived in Germany as well.

Awareness

Percentage of companies concerned with the security of business travellers in 2014/2016/2017

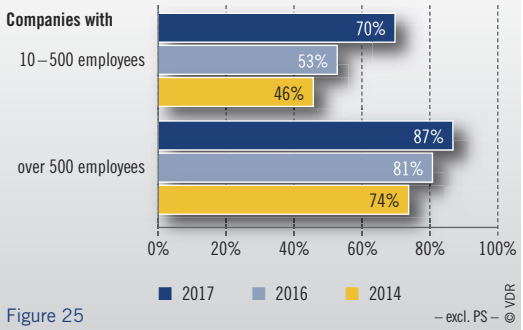

Figure 25

The German Federal Intelligence Agency confirms a continuing high level of danger in Germany, one of the countries targeted by the IS.[40]

All of these risks have an impact on companies as well: 70% of midsize companies are today concerned about the safety and security of their travellers. At larger companies, the ratio has reached 87%. Greater awareness of these dangers can also be found in the public sector, where 62% of organisations are today taking measures to ensure the safety of their travellers.

Measures

"What measures are offered to travellers to increase their safety on business trips?"

As already noted last year, control over business trips based on company travel policy is being geared more strongly toward acknowledging the increased need for safety.[41] In concrete terms, this can affect for example the travel frequency and destinations chosen, the selection of suppliers and the preferred modes of communication. With growing awareness comes a broader spectrum and greater technical sophistication in the measures that can be taken before, during and after business trips to increase security. The top three measures offered to travellers are still "Information on data protection on business trips", "Communication with travellers in dangerous situations" and "Health and prevention programmes". Safety training for domestic and foreign travel also continues to be offered.

[39] See http://rcm.unwto.org/es/node/23162

[40] See www.verfassungsschutz.de/de/aktuelles/zur-sache/zs-2017-002-o-ton-maassen-islamistischer-terrorismus

[41] VDR Business Travel Report 2016, Chapter 7 "Travel management strategies", Figure 16, Page 16.

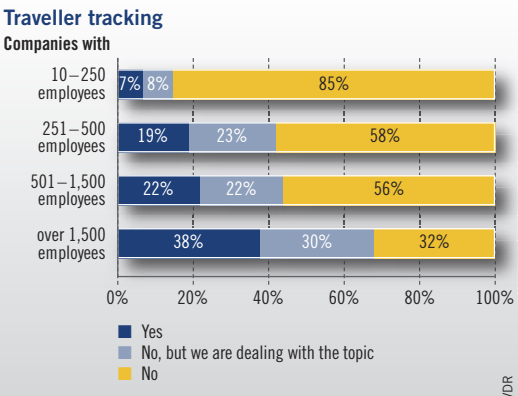

Figure 26

Traveller tracking

"Does your company track its travellers?"

Among the risk management measures available today are tools that enable companies to locate their travelling employees at any time and to track the course of their trip so that they can adequately respond to any threat situations and thus fulfil their duty of care. The larger the company, the more likely it is to use traveller tracking, which is practised today by 38% of the largest companies with over 1,500 employees, while a further 30% are considering its implementation. In the public sector, not much attention has been paid to this topic yet, with 94% of organisations not tracking their travellers.

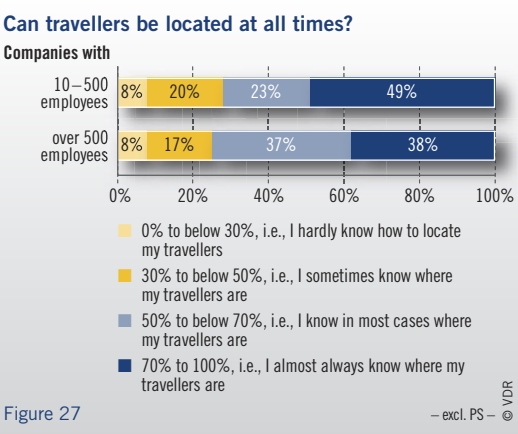

Figure 27

"What percentage of the time do you know exactly where your travellers are?"

Almost half of those in charge at smaller companies almost always know where employees are on their business trips. The larger firms are certain somewhat less often (38%). And in companies that practise traveller tracking, the percentage is naturally higher at 83%.

"What are the reasons why you don't always know where your travellers are?"

Some companies have simply not dealt with the issue of traveller tracking yet (36%), or the travel managers are not held accountable for this issue (22%) – this is the more likely to be the case at smaller companies. At companies with more than 500 employees, direct bookings are the most frequently mentioned factor making it difficult to track travellers (35%); every system is only as good as the data fed into it. Data privacy is cited by one in four respondents.

Travellers' whereabouts uncertain – why?

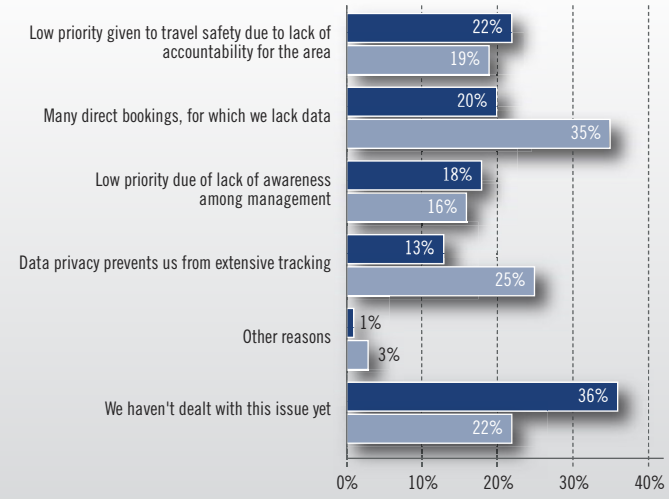

Figure 28

"Which booking data is available to you in full and in real time?"

There is obvious room for improvement in the interfaces with suppliers: whether hotel, rail, flight or hire car – in none of these areas is booking data available to the company in full when the traveller is away. At 81%, air travel has the highest transparency in larger companies.

Taxi rides by contrast are generally arranged on short notice and without any contractual relationship, so it is hardly surprising that travellers then disappear from view for a time. As already indicated last year,[42] the greatest shortcoming of sharing economy services – security concerns – becomes evident here: the proportion of travel managers who have a complete overview of their travellers' whereabouts is only marginal when they use car sharing.

Real-time availability booking data

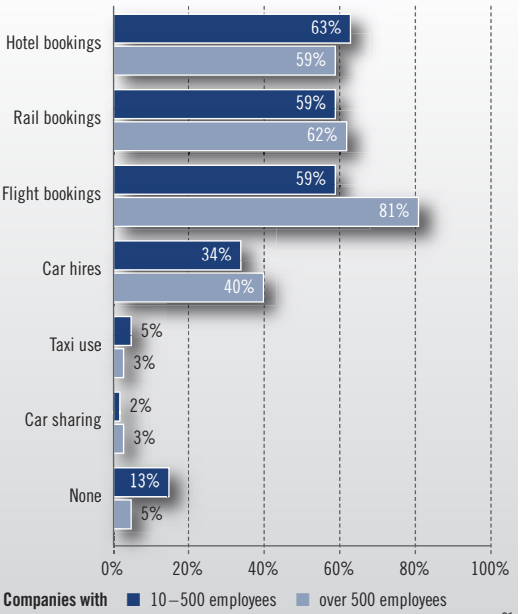

Figure 29

[42] VDR Business Travel Report 2016, Chapter 9 "Trends", Figure 28, Page 23.

10 Outlook for 2018

Trends in business travel volume

"How will the number of trips made by your company change in 2018 compared to 2017?"

While travel managers focused last year in their planning on consolidation and cutting back on the frequency of some trips, the pendulum has now swung back in the other direction: most companies predict the same volume of travel or an increase in 2018, which will probably be felt most in the hotel and air travel sectors. The forecasts for rail travel are the most stable of all – because domestic trips are still the backbone of German business travel. Predictions on how travel will develop as a whole in the near future have become somewhat more difficult, though, in today's global political and economic climate. The proportion of those who are unable to foresee the future has gone up in particular among smaller companies.

Global economic growth in the coming year is expected to reach 3.6%, slightly outstripping the 3.3% projected for 2017. However, the OECD and others also foresee risks brought by growing protectionism as well as the divide separating market valuations from real activities.[43] In its annual projection for 2018, the German government forecasts real growth of 1.6%, with domestic economic development still the main driving force. Average growth of 1.5% per year in the gross domestic product is expected until 2021.[44]

Eyes firmly on the future: As a trade association and the largest network for business mobility in Germany, VDR intends to harness the innovative power of its members to find solutions for the pressing issues of our time and to set standards with the help of competent and experienced experts from the member companies. Active mobility management can in many ways shape the future – it's worth it.

Estimated trends in overnight stays and modes of transport in 2017/2018

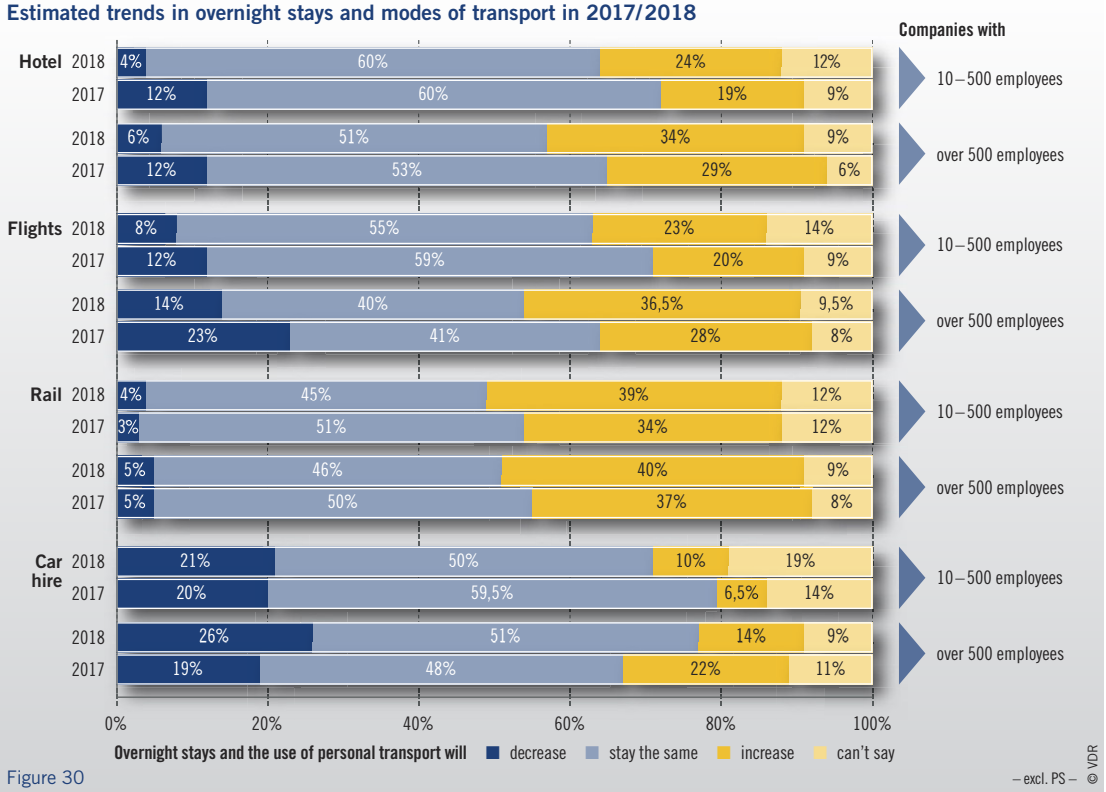

Figure 30

[43] Vgl. OECD: Interim Economic Outlook, 07.03.2017.
[44] See Federal Ministry of Finance: Benchmark figures decision by the German Federal Government on the government draft of the federal budget for 2018 and the financial plan for 2017 to 2021, 15 March 2017.

Methodology and credits

Methodology

As in previous years, the statistical universe for the study is constituted by all businesses that have their headquarters in Germany – including those that have operations abroad – and organisations in the public sector with ten or more employees. On the basis of these features, the four different sectors – manufacturing/construction, services, trade and the public sector (PS) – are equally well represented. The same weight is given to the four different size categories. Due to the differences between the private sector ("businesses/companies") and the public sector, most results are presented separately. The corresponding data basis is made clear in the respective passages:

- When reference is made to businesses or companies/ firms, the public sector is excluded ("– excl. PS –").
- When reference is made to organisations, this includes both companies/ businesses and institutions in the public sector.

Number of organisations in Germany and their employees according to size categories (NACE 2003)

	Organisational size categories (organisations with ... employees)									
	10–250		251–500		501–1,500		over 1,500		Total	
	Organisations	Employees	Organisations	Employees	Organisations	Employees	Organisations	Employees	Organisations	Employees
Total	439,175	15,554,619	9,072	3,119,914	4,242	3,354,194	1,205	3,550,814	453,694	25,579,541

– Status: 2016 –
– excluding organisations with 1–9 employees –

Table 2 Source: own calculations, in conjunction with statistics from the Federal Employment Agency, Data Centre, Nuremberg, Calculated using NACE 2008 (2015 and 2016) and NACE 2003 (2008) © VDR

A random sample was taken from this statistical universe. Between January and March 2017, 800 computer-assisted telephone interviews were conducted with persons who are responsible for managing business travel and who are authorised by their organisations to provide the relevant data.

The responses to qualitative questions reflect the situation at the time of the survey, while all others are based on the 2016 figures. All extrapolations without reference to secondary sources are based on a special evaluation of statistics from the German Federal Employment Agency (see Table 2 above).

Exact figures are used when calculating percentage changes (for example total annual expenditure on business trips). This explains why calculations using the rounded figures shown in the texts and charts sometimes lead to different results after the decimal point.

The following organisation size categories have been defined for this analysis:

- organisations with 10–250 employees
- organisations with 251–500 employees
- organisations with 501–1,500 employees
- organisations with over 1,500 employees

2017 Respondent areas of responsibility

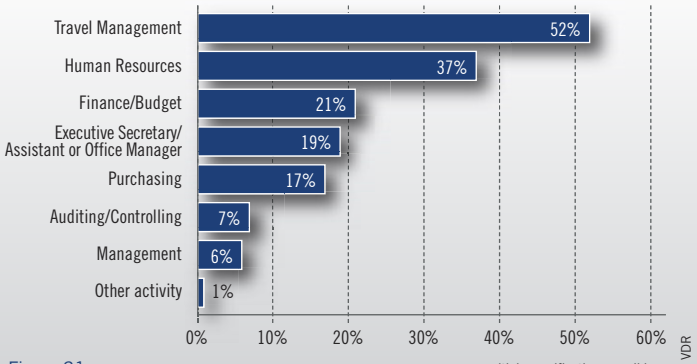

Figure 31 – multiple specifications possible – © VDR

2017 Respondent sectors of industry

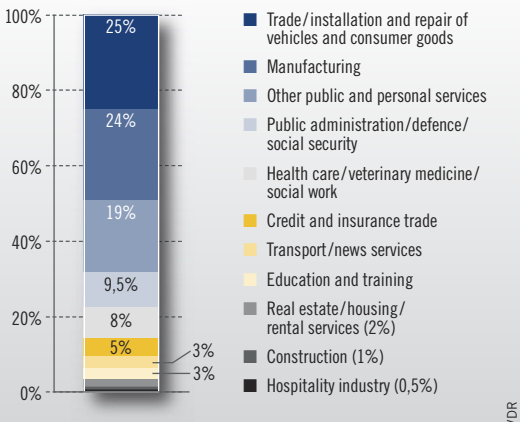

Figure 32 © VDR

The research team

VDR, the publisher of this report, has since 2003 defined the basic structure of this analysis in consultation with its members and each year selects topical questions to be examined, some of them suggested by readers. United Research AG is responsible for the field work and scientific evaluation of the primary data, which is gathered by the Research Factory. Antje Adam, René Vorspohl, Viola Eggert (VDR) and Claudia Mock (United Research) work together with project manager Kirsi Hyvaerinen (PRÁTTO Consulting) on the expert analysis, reporting and organisational supervision of this study project. Volunteers also contribute their expert knowledge to each year's report, including Daniela Schade, Ralph Rettig and Christoph Carnier from the Presidential Committee of VDR, and also the leaders of expert committees as appropriate for each specific topic.

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Where the male pronoun form is used in the text, this has been done for the sake of simplicity. This is meant to signify both men and women.

Published by:

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