
VDR Business Travel Report Germany 2004

in cooperation with BearingPoint

Management Summary



Presented by

Verband Deutsches Reisemanagement e.V. (VDR)
VDR The Business Travel Association of Germany
Darmstädter Landstrasse 110
D-60598 Frankfurt/Main
Telephone +49 (0)69 69 52 29 0
Telefax +49 (0)69 69 52 29 29
info@vdr-service.de
www.vdr-service.de
info@geschaeftsreiseanalyse.de
www.geschaeftsreiseanalyse.de

The complete English-language version
VDR Business Travel Report Germany 2004
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info@geschaeftsreiseanalyse.de
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The complete German-language version
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Business Travel Report – in the picture!

For many years the economic significance of the market for business travel has been underestimated or at least considered to lack transparency. Both of these attitudes have changed since the publication of the first VDR Business Travel Report Germany in September 2003: primarily due to the fact that these were the first **representative figures** concerning the enormous significance of business travel for Germany as a business location and secondly because of the profound insight that the report gave into how business travel is organised in both the private and the public sector.

With an expenditure of more than € 50 billion each year, most of this remaining in the domestic economy, **business travel creates and secures jobs** throughout the whole of Germany all through the year. Businesses and the public sector spend more than € 120 billion every year on **job-induced mobility as a whole**. The fact that they also "squander" a lot of money became apparent in the VDR Business Travel Report Germany 2003, for example being the usual payment methods. This and other insights are intended to be of assistance in finding ways and means of adopting an alternative approach.

Figures are an important tool as they form a basis for the professional shaping of the **general conditions of the future business environment**. This is why VDR The Business Travel Association of Germany, in cooperation with BearingPoint, has once again analysed and described the market for business travel in Germany on a representative basis.

Aiming for **neutrality, continuity and topicality**, the VDR Business Travel Report is published on a regular basis. It remains an important goal for the results to be of value for practical application – for example in the economy, in politics and in education.

Highlights of the VDR Business Travel Report Germany 2004

Key figures 2003

- ◆ 8.1 million business travellers in Germany made
- ◆ 147.4 million business trips, spending a projected total of
- ◆ 54.1 billion Euro.

The total cost of mobility

At € 54.1 billion the total cost of business travel (not including incidental private expenditure) remains on a par with the amount that Germans spend on when going away on organised holiday. If the costs of micro-enterprises and expenditure on company cars, business functions (necessitating travelling) and mobile telephony are added to this, the costs of job-induced mobility are in excess of € 120 billion. This corresponds to about half the expenditure in the German Budget for 2003.

Holiday trips are getting shorter, business trips are getting longer

While holiday trips are getting shorter, business trips involve more overnight stays than in 2002. Although there is a tendency for fewer business trips, business travellers are away more frequently and for longer periods of time.

An increase in foreign travel

The proportion of business trips involving foreign travel has increased considerably. It was found that the number has doubled in the case of intercontinental destinations. In comparison with the previous year the pull of other European countries has increased above average among companies with more than 2,500 employees.

Focus on company cars

German businesses pay out € 26.6 billion to finance roughly 3.6 million company cars. Businesses usually have their fleets managed by full-time staff.

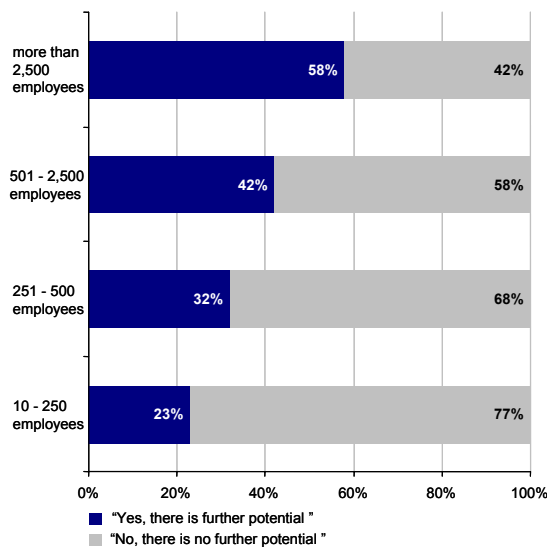
Stumped for ideas when it comes to saving money

The notion that business travel expenses can be reduced through professional travel management is still not particularly widespread. The "silver bullets" are "less travelling" and "lower quality travelling". Only one in every ten organisations aims to save money by negotiating contract terms.

Untapped potential for cutting costs

Nearly a fifth of all respondents take no action to cut the cost of business travel. The bigger the business, the greater the (perceived) potential for cutting costs.

Figure: "Do you see any further potential for cutting costs?"



Online and direct bookings are on the increase

Businesses are planning on booking more travel services online. One in every ten businesses with more than 2,500 staff uses travel management systems. The zero commission is also intensifying this trend toward direct booking, the use of internet portals/online travel agencies and travel management systems.

Zero commission: confusion concerning the cost driver

Two out of five companies reckon with rising costs as a result of the net price model in aviation. One in every four companies finds it impossible to make a forecast.

No means of saving in the public sector?

There is a clear distinction between the public sector and the private sector as far as saving measures are concerned. Apart from the biggest organisations, which demonstrate attitudes similar to those of businesses in this matter, there is hardly any awareness in the public sector of further potential for saving. And even when potential is seen, additional savings could be achieved through "fewer business trips".

What does the future have in store?

Two out of five businesses anticipate rising business travel expenses by the end of 2005. Roughly the same proportion reckon with stable business travel expenses. The bigger the business, the more frequent is the forecast: travelling expenses are on the rise.

Further relevant results

- ◆ In total there are some 3.6 million company cars in Germany. The majority of these (63%) belong to smaller fleets with up to nine company cars. On the other hand about 18% originate from fleets comprising 50 or more cars.¹ The average proportion of leased cars in businesses with more than 500 employees is 60%.
- ◆ A business trip costs **€ 347 on average** (without taking account of duration and destination). Businesses with 251 - 500 employees spend an average of € 496 per trip.

¹ Dataforce/Federal Motor Transport Authority: Special evaluation for the VDR Business Report Germany 2004, status: 1 January 2004.

- ◆ The use of **electronic support** for managing the business travel process is in its early stages. For example, in 34% of the businesses with more than 2,500 employees approval procedures for travel applications are based on the telephone, paper and e-mails.
- ◆ In the general ranking of the **payment methods** corporate cards reach position one. Very widespread, and thus occupying position two, is payment against an invoice. Company accounts are most important for businesses with more than 2,500 employees, but cash (including EC card and advances) is still used in these businesses as well.

The **VDR Business Travel Report 2004** also delivers representative figures spotlighting the economic impact of business travel in general, organisational questions and crucial issues in travel management.

More value for money with business travel management

Although travel management is not a strategic business task itself, it strategically supports the key business efforts. Travel Managers serve in the net value chain. Their demanding job requires intelligent purchasing of travel products, controlling expenditure patterns and managing process engineering. While focusing on productivity, they must ensure quality and safety in travel as well as deliver excellent and flexible operational services.

Methodology of the VDR Business Travel Report 2004

The **focus** of the **VDR Business Travel Report 2004** are all Germany-based businesses, including those with foreign activities, and public institutions with at least ten employees. This basis was divided into four industries and four staff-size categories.

The research included **512 computer aided telephone interviews** between April and June 2004. The persons interviewed were those responsible for business travel management respectively who had the authority to communicate the required data. The **target group** thus included Travel Managers, CEOs, offices for Human Resources, Senior Finance and Controlling Officers, Purchasing Departments, Secretaries and similar organisational positions in the public sector. Fleet Managers made a contribution whenever possible by answering the questions about company cars.

Business trips are defined as all business-induced travel which can be identified by **single expense reports**. Duration, destination, distance and objective of the trip and professional position of the traveller were not taken into account. The presented results are based on final 2003 figures.

The research team

- ◆ **VDR The Business Travel Association of Germany** and its various member groups have laid the foundation of the report, defined its structures and selected topical questions.
- ◆ **BearingPoint**, the business consulting and systems integration firm, is in charge of all analytical aspects, reporting and organisational control of the project.
- ◆ **United Research**, Hamburg, is responsible for the field work and the scientific handling of all primary data.