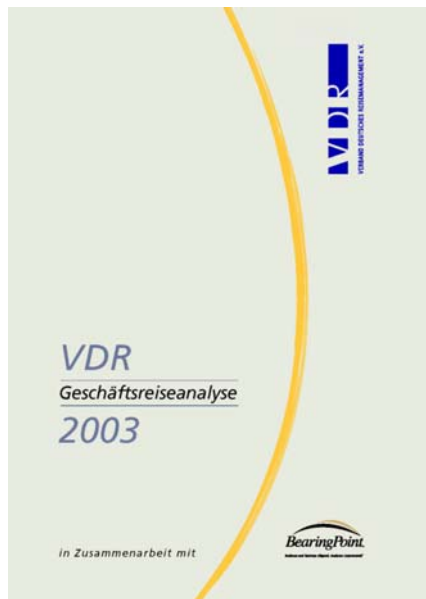

VDR Business Travel Report Germany 2003

in cooperation with BearingPoint

Management Summary



Presented by

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Management Summary

VDR Business Travel Report Germany 2003 - just another publication?

The impact of business travel on the regional economy is substantial but often underestimated. As a destination for travel to international fairs, Germany ranks number one, for travel to international congresses and meetings number three. Business travel makes a difference in filling capacities of hotels and restaurants from Mondays to Fridays and during off-seasons. Private spending during business trips pours additional money into the local economy.

In order to define effective economic structures, reliable material is needed. This is why VDR The Business Travel Association of Germany in cooperation with BearingPoint as consultant has pioneered to research, analyze and describe the German business travel market on a representative basis. A broad range of users in the economy and politics can now utilize the wealth of insight produced by the project.

Since the **VDR Business Travel Report Germany 2003** presents actual spending figures, micro and macro effects can be identified and comparisons made. It will be an indispensable tool to evaluate and re-process the often disregarded costs of business travel in specific economic structures and corporate cultures. The **VDR Business Travel Report** will be published each fall.

Highlights of the VDR Business Travel Report Germany 2003

Key figures

In 2002

- ◆ 10 million business travelers in Germany made
- ◆ 226.5 million business trips, spending a projected total of
- ◆ 48.7 billion Euro.

Business travel guarantees jobs

The monetary volume of business travel (48.7 million Euros, not counting private spending en-route) equals the volume of holiday spending of Germans in 2002. In contrast to the holiday sector, 70% of business travel expenditure is domestic. So business travel creates and guarantees jobs nationwide, which depend on these expenditures directly or indirectly.

State-of-the-art IT is the exception

When using IT support for business travel, e-mails are preferred by up to 67% of those interviewed and thus are the favorite method of communication. Online booking tools on the other hand are only used by 6% of all companies.

Cash is still around

With the majority of companies, cash travel advances is the third most popular method of payment. Companies with a staff of more than 2500 prefer cash advances over all other methods of payment (60%).

Business travel policies, often a lifeless tool

14% of companies with a staff of 501 - 2500 do without any business travel policies at all. Of those companies this size who have travel policies, passive communication is favoured with 47%, posting the policies in the Intranet.

Large public institutions have frequent travelers

Travel patterns of public institutions with a staff of more than 2500 are similar to those of companies. Of all business travelers working for large public institutions, 16% travel at least once a week. This is twice the number found in corporations.

Big business has the managers...

Typical travel management tasks such as

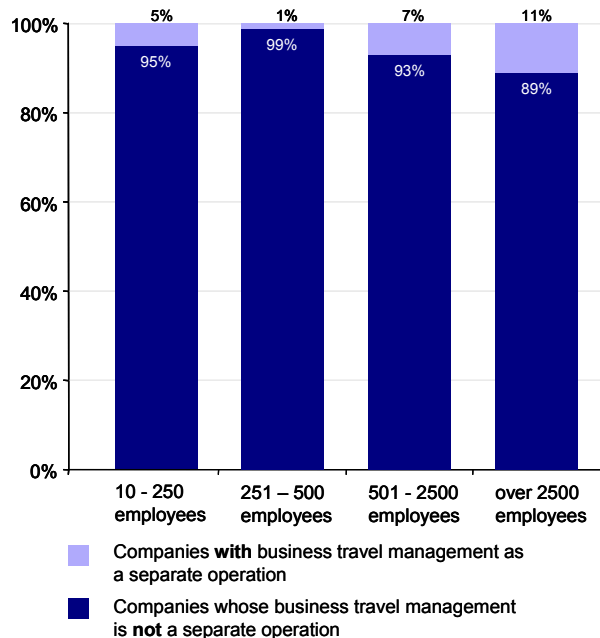
- ◆ controlling,
- ◆ definition of travel policies,
- ◆ monitoring compliance with policies,
- ◆ procurement of travel products and
- ◆ contract management

are more spread the larger the company is.

...but does without central authority

Nine out of ten companies with a staff of more than 2500 have not implemented a centrally organized business travel management (*graph*). They accept significant additional costs for defining their travel policies, arranging their work-flows and managing their contracts. They also often lack effective tools for controlling travel expenses in a timely, complete and transparent manner.

Graph: "Does business travel management work as a separate operation in your company?"



- basis: multiple choice, valid answers -

Small organizations are masters of mobility...

Companies and public institutions with a staff of 10 - 250 travel most and spend most for their mobility: 28.8 billion Euro in 2002. Adding the travel expenditures of companies and public institutions with a staff of less than 10, the total volume makes up 57.4 billion Euro.

...and medium-sized businesses do not negotiate many contracts

31% of companies with a staff of 251 - 500 spend their business travel budgets without any negotiations at all.

Further relevant results

- ◆ 20% of all travelers in companies with a staff of 251 - 500 travel at least once a week, making this group of companies the most **travel-intensive**. The "typical" top frequent traveler works for a company with a staff of more than 2500 and completes an average of 43 trips per year.
- ◆ 26% of companies with a staff of 501 - 2500 report **business travel induced costs** of between 11% and 15% **of total costs**.
- ◆ Looking at the relative significance of business travel costs in companies, those with a higher proportion tend to loosen **control over contract management** rather than centralize. 13% of companies with a share of business travel costs of 16% or more of total costs say they work totally decentralized concerning contract management, and 4% report to operate completely without contracts.

- ◆ The majority of trips **last at least two days**, causing hotel expenses which directly increase costs.
- ◆ Approval processes and central booking methods, backed by random checks, are normal pre-trip procedures to **ensure travel policy compliance**. IT-based methods, such as integrating travel policies in planning and booking processes, are the exception.

The **VDR Business Travel Report 2003** also presents representative figures spotlighting the economic impact of business travel in general, tasks and responsibilities of business travel management, booking patterns and business travel of the public sector, which mirrors 14% of the German market.

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 procuring 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 2003

The **focus** of the **VDR Business Travel Report 2003** are all Germany-based businesses, including those with foreign activities, and public institutions with a staff of at least ten. This basis was divided into four industries and four staff-size categories.

The research included **512 computer aided telephone interviews** between April and June 2003. 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, offices for human resources, senior controlling officers, procurement divisions, CEOs, secretaries and similar organizational positions in the public sector.

Business trips are defined as all business-induced travel which can be identified by **single expense reports**. Duration, destination and objective of the trip and professional position of the traveler were not taken into account. The presented results are based on final 2002 figures.

The research team

- ◆ **VDR The Business Travel Association of Germany** and its various member groups have laid the foundation of the report and defined its structures.
- ◆ The business consulting and systems integration firm **BearingPoint** is in charge of all analytical aspects, reporting and organizational control of the project.
- ◆ **Sophus Scientific Consulting** is responsible for the field research and the scientific handling of all primary data.