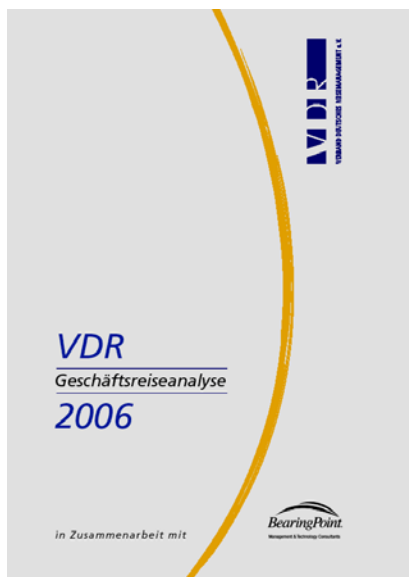

VDR Business Travel Report Germany 2006

in co-operation with BearingPoint

Management Summary



Presented by

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Support Business Travel – Promote Economic Growth

Hundreds of thousands of jobs in the German hospitality and transportation business, in travel agencies and other companies owe their existence and sustainment to business travel. In Germany, the effects of a growing European Union and worldwide business travel create a stable demand for modern **transport infrastructures** and **services**. The introduction of new **products and technologies** would be much less dynamic without demanding business travellers with money to spend. And millions of holidaymakers profit in the long term from offers which are indirectly co-financed by the business travel market.

Since 2003, the annual VDR Business Travel Report Germany demonstrates the enormous economic importance of work-related mobility. The second study quantified the total spending of companies and the public sector for mobility including events, mobile communication and vehicle fleets at over **120 billion Euros** annually. Now the fourth VDR Business Travel Report Germany is available, again presenting important key financial data, highlighting developments and also shedding light on new aspects.

This year's analysis offers **new findings** on the various motives for business travel, the most important destinations as well as on international consolidation and savings evaluation in travel management, and much more. The results provide evidence that **travel managers** operate most successfully even in demanding environments. But what do companies and their travel managers actually require in order to act even more competitively? This is another consideration these days, as the VDR Business Travel Report Germany is also intended to help create a more professional and effective framework in the future.

The hard facts of the study enhance the quality of the dialogue between all specialists involved in the business travel market. **Neutrality, periodicity** and **representativeness** are necessary requirements.

Highlights of the 2006 VDR Business Travel Report Germany

The key data

- ◆ In 2005 about 6.9 million business travellers in Germany
- ◆ undertook 150.7 million business trips
- ◆ costing 46.2 billion Euros.

2004:
7.4 million
146.4 million
44.0 billion

17,200 business trips per hour

17,200 business trips start every hour in Germany. But: time is money – there is an ongoing trend towards shorter trips. In 2005, an average business trip only took two to three days. In contrast, the percentage of business trips lasting six days or more halved during the last two years.

Every third employee goes on business trips

In Germany, every third employee undertakes at least one business trip per year.

Cost explosion in small and middle-sized companies

The average costs per business trip of small and middle-sized companies have increased significantly during the last year. Overall expenses exploded, amounting up to around 24% higher costs - while the number of business trips remained about the same.

Big companies – big saving initiatives

Companies investing in travel management are winners. These are typically larger companies, who have been able to significantly reduce their business travel expenses during the last two years.

Travel managers crack savings reserves

To ignore travel management means spending more than you have to. 38% of the travel managers have saved at least every fifth Euro in 2005.

Business travellers generate turnover...

In spite of all savings initiatives, business travellers are still the big spenders. During the last year, business travellers spent 11.3 billion Euros in hotels worldwide, which equals to an increase of 12% as compared to 2004. 75% of these accommodation expenses remained in Germany (8.6 billion Euros, i.e. 76%). Globally, German business travellers paid an average of 142 Euros per overnight stay (an increase of 10 Euros as compared to 2004).

...and fill bed capacities

Business travellers ensure a stable demand, for example in the hotel industry. The total number of overnight stays amounted up to 51.3 million (an increase of 3.4% as compared to 2004).

The most important business relationships

The USA and France are the most important business travel destinations for the German economy, closely followed by China. EU newcomer Poland is also among the top ten. Two markets will dominate travel interests in the future: the USA and China. No other countries will be as important for business trips as these two different giants.

Ballpark figures instead of precision

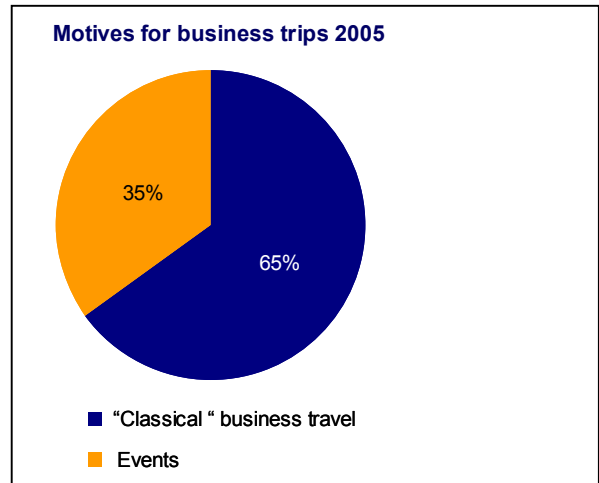
Many companies are very tolerant when it comes to measuring the savings performance. One third of the companies don't even show any interest in quantifying their managing results, while most of the remaining companies are content with ballpark figures.

Progress in the public sector

Bits and bytes instead of pen and carbon paper: An increasing number of travel approvals and travel expense statements in the public sector are supported electronically. This significant trend has continued for two years now.

Motives for business trips

With 65% the majority of business trips are made for customer-oriented classical reasons as customer visits, acquisitions and distribution. Events, like fairs, conferences, company events, training and workshops make up for 35% of the business travel reasons.



Companies 2005, without public sector

Service – the mainspring

No one chases orders like "hungry" service industry companies do. Thus, it is no surprise that their business travel expenses have increased by one third, while the travel volume of small and middle-sized service companies has even more than doubled as compared to the previous year.

A call for reducing bureaucracy

Among the companies demanding better framework conditions, 77% ask for a significant simplification of the tax system with regards to business travel, and a reduction of public bureaucracy.

Forecast: Increase of business trips

Companies expect a constant to increasing business travel activity volume in 2007. International travel will grow. The industry shows a remarkably increased willingness to make such planning forecasts.

In addition to the results presented above the **VDR Business Travel Report Germany 2006** provides further representative figures on the economic importance of business travel, organisational challenges and other pressing travel management topics.

More value for money with business travel management

Although travel management is not a strategic business area, it strategically supports companies' main business activities. Travel managers contribute to the net value chain. Apart from optimised purchasing of travel services their complex duties include above all cost control and business process reengineering. Travel service quality and safety as well as an excellent and flexible service for travellers are just as important as the measurable economic benefit.

VDR Business Travel Report Germany 2006 methodology

All companies located in Germany – including those active abroad – and public institutions with at least ten employees formed the basis for the **representative study**. The **industry** and the **size by employees** were used as differentiating characteristics and divided in four analysis categories.

Between March and April 2006, **512 computer-assisted phone interviews** were carried out with persons who are either responsible for business travel management or authorised to provide the relevant data. Apart from travel managers interviews were also carried out with managing directors, human resources specialists, senior financing and controlling officers, purchasing departments, secretaries/assistants and comparable organisational positions in the public sector.

Business trips are defined as all **business-induced travel**, which can be identified by **single travel expenses reports**. Duration, purpose, distance and destination of the trip or professional status of travellers were not taken into account. The answers to qualitative questions reflect the actual situation at the time of the interview. All further results presented are based on the 2005 figures.

The research team

- ◆ **VDR, The Business Travel Association of Germany**, and its members have defined the basic structures of the report and selected the annual topics.
- ◆ **BearingPoint**, the management and technology consulting company, is responsible for all analytical aspects, reporting and organisational control of the project.
- ◆ **United Research AG** is responsible for the field work and the scientific handling of all primary data.

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