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VDR Business Travel Report 2019

volume 17

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Towards new performance indicators

Taking into consideration both climate protection and capacity constraints, travel managers today often try to replace business trips with other means of communication. After all, less travel also means less stress for employees and a better work/life balance. Businesses that avoid making unnecessary trips also improve their carbon footprint and can increase their operating result and their attractiveness as an employer. But when a business trip is unavoidable despite considerations of family time, ecology or greater work efficiency, companies need reliable supplier capacities and good service along the way as well as processes that put the focus on the actual job to be done.

Business travellers can't afford to cope with a strike. And yet, they are all too often affected. Delays, infrastructure bottlenecks, gaps in the mobile phone network and not least the seemingly endless large-scale construction projects do not always put Germany's innovative capabilities and infrastructure in the best light. What's more, Europe as a whole must now work toward coordinating the future of mobility, reducing red tape, and stepping up digitalisation. This includes concepts for replacing short-haul flights, avoiding traffic congestion, harmonising regulations and following the basic principle of digital sovereignty in the use of data.¹ The future success of modern mobility management will depend on how well we can link its diverse synapses within each enterprise and on a global level.

Are we really prepared for the new era of artificial intelligence (AI)? What is happening in terms of breaking down bureaucratic hurdles? And which business models can best help tomorrow's travel managers to successfully master the broad range of tasks involved in this interdisciplinary field? Answering these and further questions is the goal of this 17th annual VDR Business Travel Report, which supplies you with the latest facts, figures and trends in the field of mobility management.

As Germany's largest network for modern mobility management, VDR 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 topics relevant to mobility management and offers far-sighted forecasts and reliable orientation in these eventful times. That's why your input, dear readers, is vital in helping us to pinpoint the relevant issues. We look forward to discovering this year's results with you.

¹ See (German):
<https://t3n.de/news/europaeischen-weg-digitalisierung-1158076/>

1 Important results at a glance

Key data 2018:

In 2018 there were 12 million business travellers ²	+ 7.0%
189.6 million business trips led to expenditure in the amount of	+ 1.1%
53.5 billion euros – equivalent to	+ 1.8%
162 euros per business traveller per day.	+ 3.2%

2017:

11.2 million business travellers
187.5 million business trips
52.5 billion euros
157 euros

More domestic business travel

Record employment numbers have boosted the ranks of business travellers. The comparatively slight growth in the number of business trips benefited the domestic market in particular: wherever the economy is doing well, business travellers will be on the move – but more and more often only on day trips.

The 1.8% increase in spending was in line with the annual inflation rate, despite a continued rise in accommodation prices. The public sector also contributed to the growth in travel, with 3.0% more official trips.
(Figures 1–4, Page 7 ff.)

Travel to internal meetings – always necessary?

Although the majority of business trips are for the purpose of visiting customers, suppliers or trade fairs and exhibitions, 37% of trips are taken for internal company meetings, training courses, work-group coordination and the like. With today's progress in web-based solutions for communication and collaboration, there should be plenty of potential to cancel one or the other of these trips.
(Figure 5, Page 9)

Three stars for foreign stays as well

Echoing the domestic trend, the share of 3-star hotels booked abroad has nearly doubled, up 58% in a five-year comparison. But what criteria do travel managers apply when choosing accommodations?

A relatively commonplace strategy that has regained popularity is to use hotel loyalty programmes to steer the selection process.

About one in three of the smaller companies and half of the larger ones take advantage of this opportunity to keep their business travellers compliant with travel policy while providing them with the desired amenities.

(Figure 9, Page 14; Figure 12, Page 17)

Sharing economy on the upswing

Sharing economy offerings are booming these days. In the meantime, 42% of companies and 41% of public-sector organisations allow their employees to book overnight stays through an apartment-sharing portal.

The acceptance of car sharing has also seen two-digit growth. In past years, mobility managers had serious concerns about the use of the sharing economy, as many questions about security and insurance remained unanswered.

(Figure 10, Page 14)

Travel managers can increase employer attractiveness

In the labour-market competition for young talent, companies must increasingly take measures to increase their attractiveness as employers.

Travel management can definitely play a part here, and 42% of the companies surveyed are actively applying corresponding ideas. The most important

² Employees of a company or public-sector organisation who take at least one business or official trip per year.

tools they cite are replacing avoidable business trips with video, web or telephone conferences; company cars as a salary component; gathering systematic feedback from business travellers; and the possibility of combining business with private travel.

(Figure 15, Page 19)

Artificial intelligence – all just hype?

No, because one thing is for certain: artificial intelligence (AI) is here to stay. In terms of mobility management, however, there is still plenty of room for innovation. AI is still not used by the majority of German companies, nor have they included it in their planning – until now. And those who can already envision useful applications will need further training. Most travel managers do not see their workplace as being threatened by AI.

(Figures 16–18, Page 20 ff.)

Digital Germany – quo vadis?

In step with the progress in digitalisation, travel managers have been trying for over a decade to map all business travel processes electronically. In 56% of the companies with more than 500 employees, travel booking is now completely digital.

However, many companies continue to do their travel planning and approvals as well as travel expense accounting on paper: in one in five medium-sized companies, these processes are still analogue. In the public sector, 41% of organisations have fully paper-based travel expense accounting, and of these 64% currently have no plans to change this practice.

(Figure 23, Page 26)

Political foresight urgently needed to reduce bureaucracy

Nearly half of German enterprises with more than 500 employees and one in three medium-sized companies suffer from too much bureaucracy in the travel field. For 81% of the larger companies, reporting requirements for business travellers to the EU and EFTA countries and the obligation to provide proof of German social security (“A1 certificate”) are currently the biggest bureaucratic hurdles in travel management.

VDR appeals to policymakers to demonstrate more foresight in future decisions and to consult the relevant experts in order to avoid impeding the economy unnecessarily through immense organisational, procedural and financial obstacles – in particular as many bureaucratic barriers also stand in the way of digitalisation.

(Figure 19, Page 22)

No Brexit yet, but consequences in sight

According to mobility managers who organise trips for employees to the UK, the Brexit will have a negative impact on business travel to the island.

Around one third anticipate a decline in business trips to the UK. 56% assume that the number of trips will remain at the current level. The rest cannot yet predict the consequences of Brexit. Companies that have close business relations with the UK should definitely involve travel management in preparing for the changes to come.

(Figure 24, Page 27)

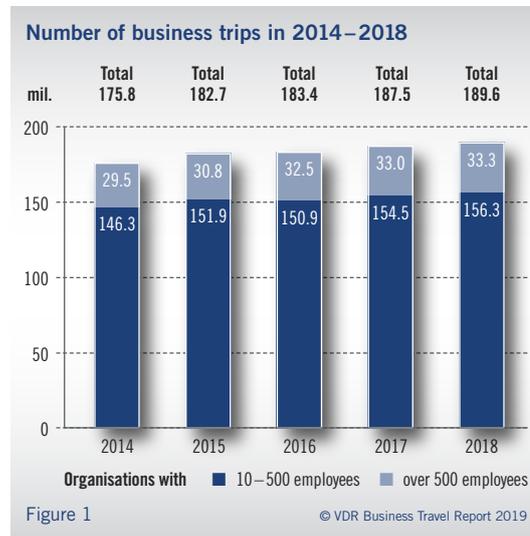
2 Business travel: Facts and figures

Quantity

“ How many business trips were taken in your company/organisation in 2018? ”

In 2018, the German economy saw growth for the ninth year in a row, but nevertheless “just escaped a slight recession”, according to reports after the announcement of the annual results.³ This was mainly due to an overall global slowdown and the trade conflict with the USA.

While the situation put a strain on exports, positive impulses once again came from domestic demand. The price-adjusted gross domestic product (GDP) was 1.5% higher than the previous year as an annual average.⁴ Likewise under some pressure, the number of business trips increased by only 1.1% in 2018. The public sector contributed to this growth with 3.0% more official trips, while business travel stagnated in the private sector (0.6%).



Costs

“ How high was total business travel spend in 2018? ”

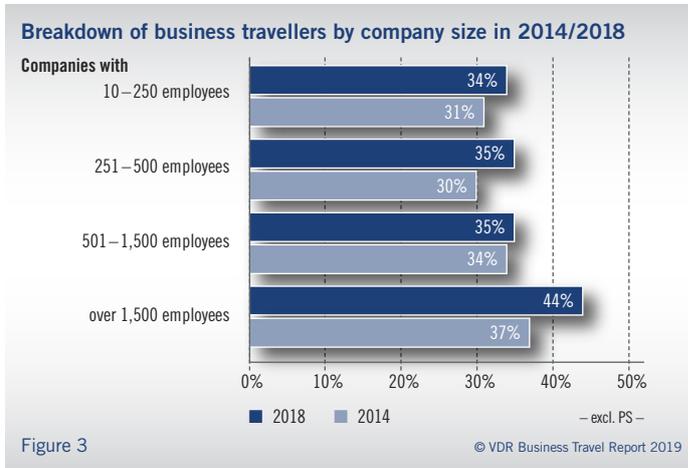
In 2018, business travel spend was up by 1.8% over the previous year, to a total of 53.5 billion euros. It thus grew more strongly than travel volume but was in keeping with the German inflation rate (1.8% in 2018). Companies with over 500 employees spent marginally more than the previous year (1.3%), while their travel volume remained nearly the same (-0.2%).

The same applies to business trips in smaller companies, which spent 1.5% more on 0.8% more travel. Expenditure in the public sector rose by 4.4% and thus more strongly than in the private sector.



³ See (German): <https://www.tagesschau.de/wirtschaft/deutsche-wirtschaft-2018-101.html> und <https://www.spiegel.de/wirtschaft/soziales/bruttoinlandsprodukt-deutsche-wirtschaft-waechst-2018-schwaecher-als-berechnet-a-1253152.html>

⁴ See (German): press release no. 018 of the Federal Statistical Office, Wiesbaden, 15 January 2019.

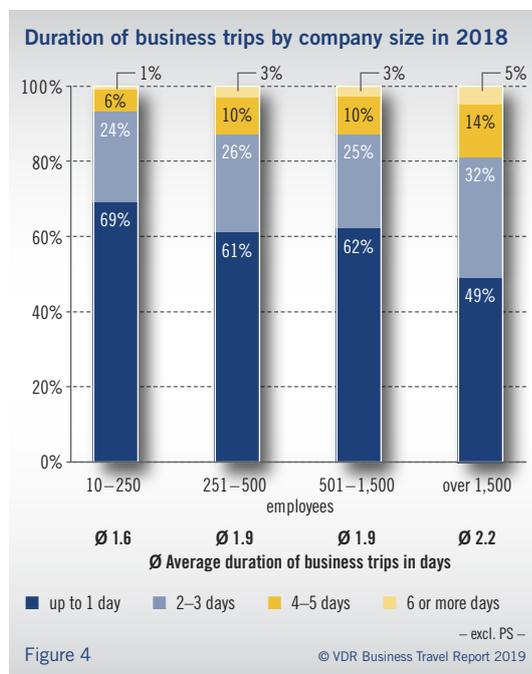


Business travellers

“ How many people travelled on business? ”

The number of business travellers in companies with ten or more employees once again went up within a single year by 2.7%. Contributing to this rise was a 1.8% increase in the number of German companies with ten or more employees.⁵

2018 was a record year not only for the number of people in employment in Germany: while the number of business travellers had stagnated in the previous year, it rose strongly in 2018 by 7.0% to reach a high of 12 million. In a five-year comparison, the number of employees who pack their bags to do business at least once a year has grown across all company sizes. In the public sector, 48% of staff took official trips.



Duration

“ How long do business trips take? ”

Business travellers in small and medium-sized enterprises (SMEs) increasingly return home the same day: more than two-thirds of their trips in 2018 did not include an overnight stay.

With the healthy business environment in Germany these days, 90% of business trips taken by SMEs are now domestic. On average, they took only 1.6 days in 2018. As in the previous year, those who travelled abroad tended to travel longer.

This was particularly the case in 2018 for the largest companies with over 1,500 employees. Nearly one in five trips taken by their employees lasted at least four days. The average length remained unchanged, however, at 2.2 days.

⁵ See Table 2, Number of organisations in Germany and their employees according to size categories, p. 28.

Reason for travel – internal or external

“ How high is the ratio of trips taken for internal versus external reasons? ”

In this question, external business trips were defined as customer and supplier visits as well as trips to, e.g., trade fairs, conferences or exhibitions. With 63% of the total volume, they make up the majority of business trips. Internal company meetings, training courses, workgroups and the like account for 37% of business travel. Small and large companies reported a similar ratio here.

With today's progress in web-based solutions for communication and collaboration, there should be plenty of potential to cancel one or the other of these trips.⁶



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 in the report, please see the VDR Business Travel Reports from 2003–2006 (German originals) as well as the VDR Glossary (German):

<https://www.vdr-service.de/services-leistungen/fachthemen/vdr-glossar>

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 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.

⁶ See also Chapter 5, section “Employer attractiveness and the role of travel management”, p. 19.

3 Structure of business travel costs

Average cost per business trip in 2014–2018
Daily expenditures for business vs. holiday travel in 2014–2018⁷

	Average cost per business trip	Expenditure per person per day	
		Business travel	Holiday travel
2018	310 €	162 €	81 €
2017	307 €	157 €	83 €
2016	310 €	155 €	78 €
2015	305 €	153 €	76 €
2014	307 €	146 €	77 €

⁷ Our own calculations, in conjunction with FUR, Kiel: Initial results of the 2015-2019 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 in 2018 was 310 euros, back to the level reached in 2016. An increase in shorter trips meant that the expenditure per person per day rose from 157 to 162 euros. Spending for holiday travel came to 81 euros per person per day. The continued rise in domestic business travel and the number of day trips place high demands on national infrastructure and the performance of mobility providers.

The hotel and restaurant industries as well as other sectors that benefit from business travel, such as communication providers and retailers, are noticing how double the amount of expenditure on business trips is creating and safeguarding jobs regionally, regardless of the season.

Total business travel spend broken down by cost areas in 2018

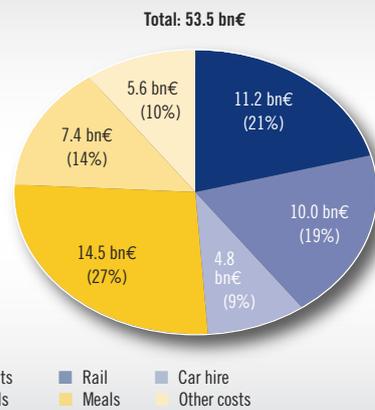


Figure 6

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Cost areas

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

The total costs for business travel rose from 2017 to 2018 by one billion euros (1.8%). Approximately half of business travel euros are still spent on transport. Efforts were made in 2018 to save on the main cost factor, overnight stays, as reflected in the high proportion of one-day trips taken by smaller businesses as well as the preference shown for three-star hotels (for more on this, see Chapter 4).

By contrast, the category “other costs” rose significantly. The 5.6 billion euros spent in this category includes transport-related costs for fuel, taxis, public transport and mileage allowances, all the way to parking fees. Additional expenses that are part of this block are travel agency service fees, hospitality, gifts, and admission to trade fairs and conferences. Communication costs are more of a factor for larger companies than for smaller ones, whose employees travel within Germany much more often.⁸

⁸ See VDR Business Travel Report 2015, Chapter 3, “Structure of business travel costs”, Figure 7, p. 10.

Savings

“ How much did your company save in 2018 through effective travel management? ”

Intelligent mobility management definitely pays off. The majority of business travellers still report savings of at least every tenth euro. In one in four

companies, savings are estimated at between 10% and 20%. The proportion of the strictest budgeters who can report savings of 20% or more has fallen from 24% to 8% over a five-year period. Possibly, the good business climate of late has meant that pressure to reduce costs is not quite as strong in many companies, or the market simply doesn't allow for as much savings as in the years 2012–2013.

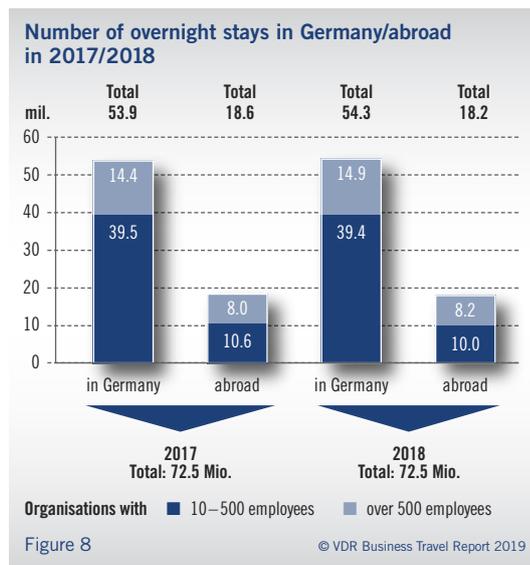
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4 Overnight stays, hotel purchasing, MICE



Overall trends

“ How many overnight stays did the business trips taken by the employees in your company/organisation include? ”⁹

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

2018 was a stable year for the accommodation sector. Organisations with ten or more employees booked 72.5 million overnight stays, the same number as the previous year, but this time 75% of their spending benefitted Germany. While the largest companies sent employees abroad roughly just as often as in 2017 – with one in three travelling outside Germany – SMEs were much more likely to book travel in their own country. The savings made by smaller companies on overnight bookings, mainly due to the many day trips, were offset by the larger companies both at home and abroad. In terms of sectors, the public sector travelled most frequently domestically, as expected (97%), while 24% of business trips in manufacturing/construction companies, 10% in the commercial area and 8% in the service industry took travellers abroad (not illustrated).

The global average cost per overnight stay across all accommodation types and categories was 128 euros.¹⁰ By global standards, hotel prices in Germany's main business destinations still tend to be lower than abroad. In 2018, the average price of a room night in Germany was 91 euros, 2.2% higher than the previous year. In the most expensive European cities – Zurich, London and Copenhagen – prices levelled off at between 160 and 177 euros. At 249 euros per room night, New York is still the most expensive destination worldwide, followed by Washington, D.C., at 207 euros, despite a double-digit decline in bookings. Room prices in Beijing have risen considerably, with an increase of 23.5% for an average of 100 euros per night.¹¹

⁹ Number of overnight stays = room nights.

¹⁰ 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, or a projection differentiating average prices in Germany and abroad, is not possible.

¹¹ See HRS Hotel Price Radar 2018 (German): <https://www.hrs.de/hotel/presse/hotelpreise-2018/>

CHECK-IN WITH SAVINGS POTENTIAL



Photo: AirPlus

Anyone traveling on business has clear goals in mind, whether it's winning new orders, maintaining the customer network or broadening their professional horizons. All of this should be done as stress-free as possible for the traveler – and, of course, as cost-effective for the company.

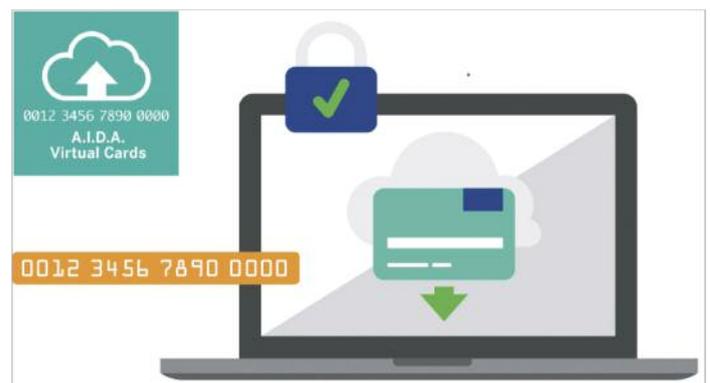
Reality, however, has other ideas. Recent studies indicate that most business travelers organize their trips themselves, – handling everything from searching, booking and traveling is not only stressful but very time-consuming. And it's often not the most affordable option for employers.

Effortless hotel bookings

Hotel booking is a classic example of why that's the case. Searching for an appropriate room takes a lot of time, while most business travelers pay up front for the hotel out of their own pockets. Once they're back home, they have to spend time not only on the check-out paperwork but the travel expense report as well.

AirPlus, Germany's leading travel management specialist, shows how much easier it could be. The AirPlus A.I.D.A. Virtual Card saves travelers and employers time, stress and above all money. The AirPlus virtual credit card minimizes employee administrative effort. You no longer have to present your own account when booking a hotel, while on-site check-out is much faster, invoices and receipts sent virtually to the company. Gone are the days of paper chaos and confusion.

The digital billing process offers many other advantages for companies. Travel managers can use the virtual account to steer and



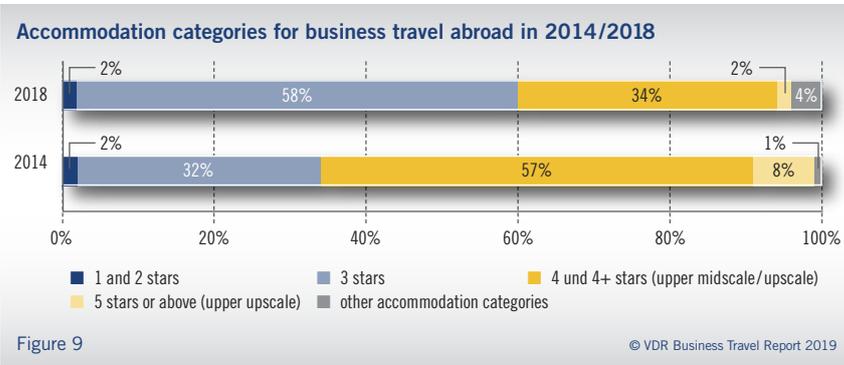
With AirPlus A.I.D.A. Virtual Card employees reduce their administrative effort to a minimum.

standardize processes, while booking and payment are fully automated. This simplifies reconciling and controlling data, laying the ground for future price negotiations. Another advantage: travelers without another credit card, such as new employees, trainees or interns, can use the AirPlus A.I.D.A. Virtual Card. It's also an ideal solution for employees who travel on business less often.

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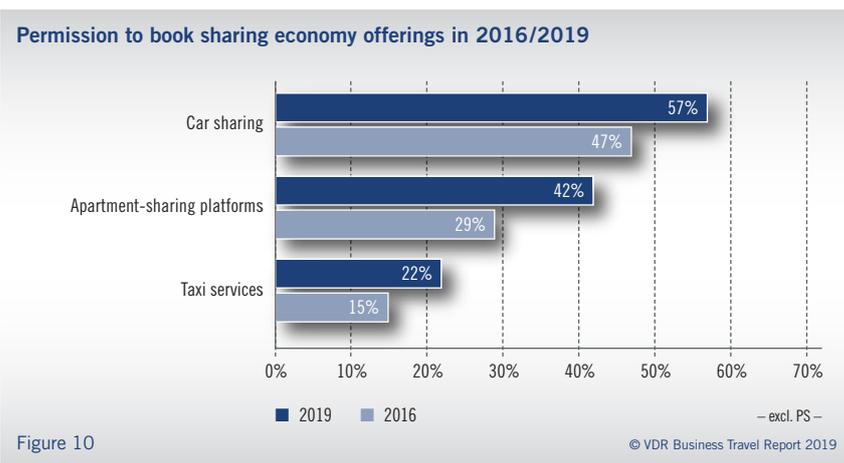
Accommodation categories abroad

“ Which accommodation categories does your company/organisation book abroad? ”

While in recent years travellers abroad tended to go for the next-higher accommodation category than in Germany, the trend has now slowly but surely shifted.

Over 90% of German business travellers now stay in 3- to 4-star hotels abroad, with booking in the 3-star category nearly doubling in a five-year comparison. The “golden mean” has increased its market share abroad to 58% by offering the quality and availability that business travellers expect.

Demand for five-star hotels is therefore waning in the business travel world while other accommodation categories are on the rise. The acceptance of apartment sharing is surely accountable in part for this change.



“ In general, which of the following sharing economy offerings are your business travellers permitted to book? ”¹²

The sharing economy is booming these days. In the meantime, 42% of companies allow their employees to book overnight stays through an apartment-sharing portal.

This is 13 percentage points more than three years ago. The acceptance of car sharing has also seen two-digit growth. While in 2016 half of the companies allowed the use of such services, the figure was up to 57% by 2018. Supply is increasing in step with demand, leading to stiffer competition. The German car sharing platform Share Now, the

¹² In 2016 this question was asked only of respondents who were aware of the respective offer. In order to ensure comparability, the assumption was made that the booking was not allowed if the respondent did not know about the offer.

result of a merger between car2go and DriveNow, has the vision of becoming “a global player for seamless and intelligently networked mobility services” in order to stand up to the competition from taxi service providers such as Google, Alibaba, Uber and Didi.¹³

In past years, mobility managers had serious concerns about the use of the sharing economy, as

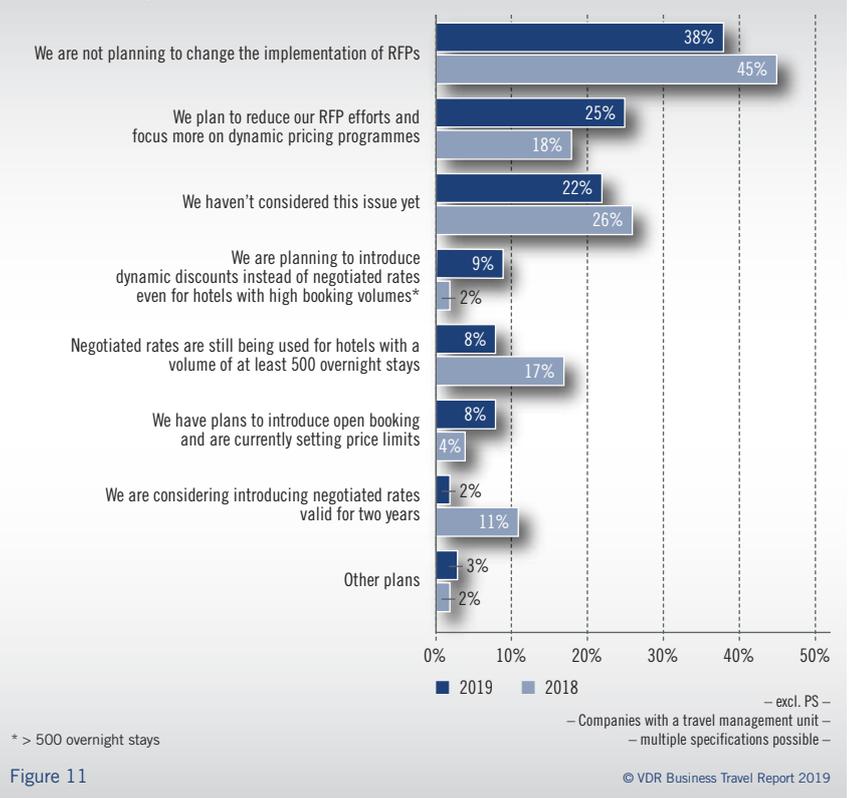
many questions about security and insurance remained unanswered. Three years ago, the public sector was still somewhat more reluctant than the businesses, but even in public authorities and administration, sharing economy bookings are permitted with much greater frequency today: the acceptance of overnight accommodation platforms has increased the most, from 26% to 41% (not illustrated).

Purchasing and management of the hotel programme

“ How do you evaluate and plan your company’s efforts for RFP processes? ”

This question was only asked of companies with a dedicated travel management unit. These companies are devoting more thought to the topic of tenders than was the case a year ago. Reducing the effort entailed for RFP processes is important today for one in four companies, and there is an increasing desire for more dynamic pricing. The possibility of open booking¹⁴ is also being considered by 8% of respondents.

Effort for RFP processes in 2018/2019



¹³ See (German): <https://www.wiwo.de/unternehmen/auto/carsharing-plattform-was-bringt-der-zusammenschluss-von-car2go-und-drivenow/24008034.html>

¹⁴ The decision of which accommodation to book and how is up to the business traveller.



“ With regard to customer loyalty programmes as a tool for steering hotel bookings, which of the following statements apply to your company? ”

On this topic, there are pronounced differences between larger and smaller companies. Where larger hotel volumes are booked and business travel activity in general is managed professionally, control tools are used to a greater extent.

A relatively commonplace strategy that has regained popularity is to use hotel loyalty programmes to steer the selection process. About

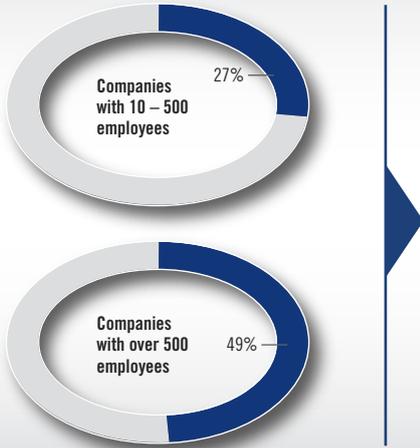
one in three of the smaller firms and half of the larger ones take advantage of this opportunity to keep their business travellers compliant with travel policy while providing them with the desired amenities. In 46% of these companies, employees are permitted to use their bonus points for business purposes only.

According to a presentation at the fifth European Business Travel Conference hosted jointly by VDR and GBTA in November 2018,¹⁵ this topic is likely to play a greater role in future, because businesses can make targeted use of loyalty programmes to boost travel policy compliance.

¹⁵ Jean-Francois Guillaud, LeClub AccorHotels, Global Customer Division: presentation "Hotel Loyalty in Europe – How Incorporating Loyalty with Policy Can Boost Compliance and Satisfaction", Berlin, 27 November 2018.

Loyalty programmes as control tool

Ratio of companies for which hotel loyalty programmes represent a control tool:



Reasons for using loyalty programmes:

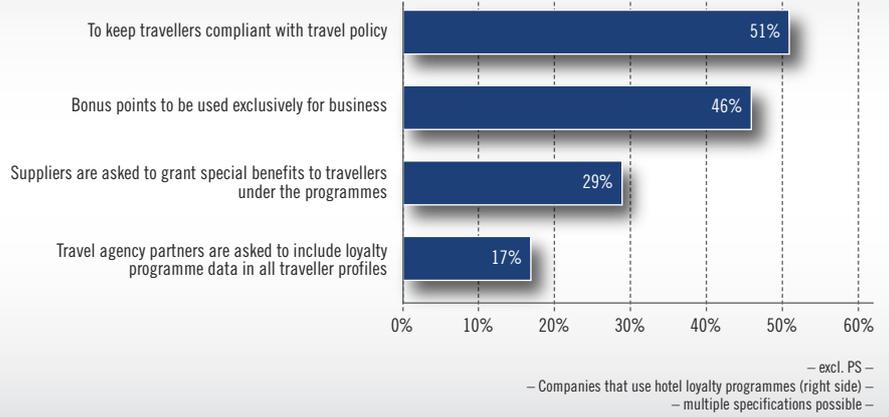


Figure 12

© VDR Business Travel Report 2019

“ In which areas of your work with the hotel industry do you use external suppliers or solutions? ”

In general, larger companies use external solutions to a greater extent and in more varied ways than smaller ones when working with the hotel industry – most often for hotel bookings. Payments, booking statistics and data analysis are other areas where

companies are already using or planning to use external suppliers. Every tenth large company with more than 500 employees relies on across-the-board support from a specialised provider, and another 6% would be interested in such support.

External solutions

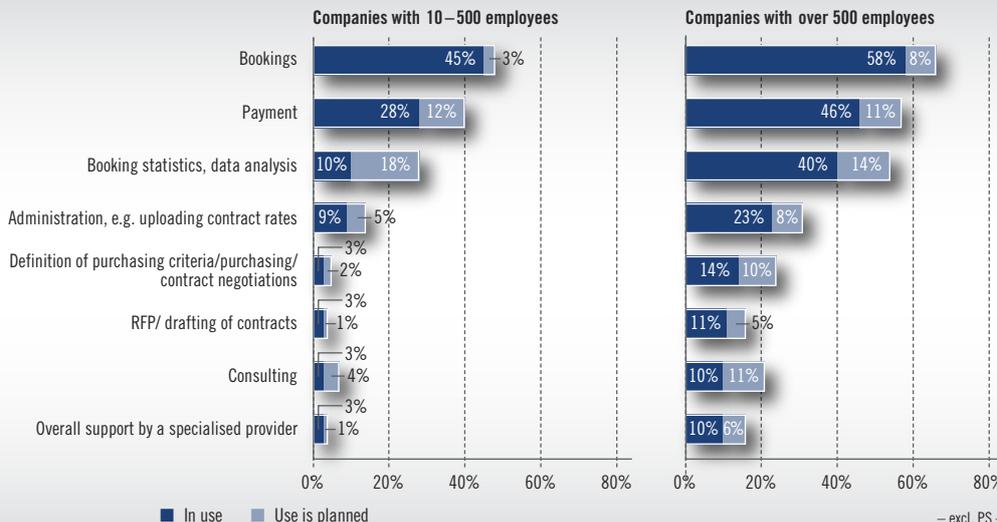
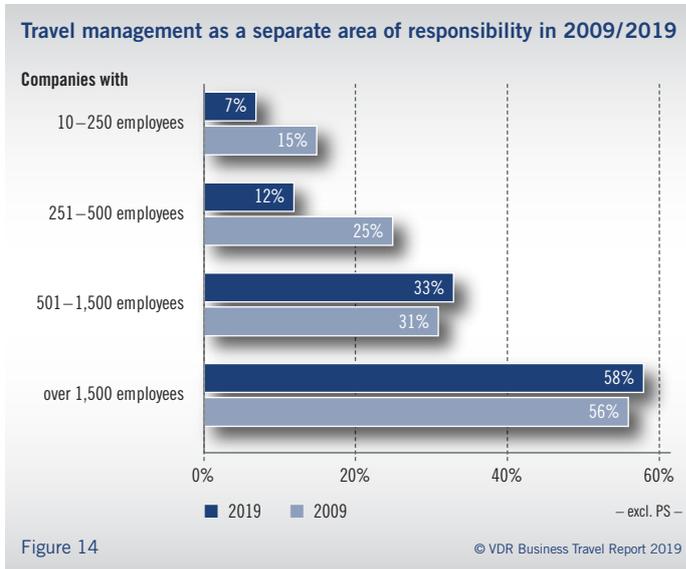


Figure 13

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5 Travel management: positioning



Company travel management

“Is travel management a separate area of responsibility at your company?”

Although business travel within and from Germany has increased steadily over the past ten years, there is a clear tendency among the country’s medium-sized enterprises to cut back on travel management as an independent area of responsibility. In smaller companies, the tasks are more likely to be outsourced to external service providers or taken on by another department as an additional duty.

Stagnation in this area can be seen in companies with over 500 employees: today, only one in three firms with 500–1,500 employees has its own travel management/mobility management unit, and this is the case in 58% of the largest companies.

In the turbulent days of the global economic crisis from 2008 to 2009, executives put a premium on professional travel management and cost control.¹⁶ In the years that followed, travel managers at larger companies in particular were then asked to take on a variety of additional tasks, such as event planning and fleet management as well as duties in the areas of insurance, security and health.¹⁷

When travel management becomes an interdisciplinary field through the addition of topics such as sustainability, work/life balance, age-appropriate travel, service quality and data protection, there is no getting around a functional and strategic adaptation of the role. For the needs-based mobility of tomorrow, it is advisable to create the requisite capabilities and to make use of interdepartmental and interdivisional synergies.

¹⁶ See VDR Business Travel Report 2012, Chapter 1, p. 6.

¹⁷ See VDR Business Travel Report 2014, Chapter 4, “Travel management strategies”, p. 11, Figure 13.

Employer attractiveness and the role of travel management

“ Does your company use special travel management measures to increase your attractiveness as an employer, or are such measures planned? If so, which ones? ”

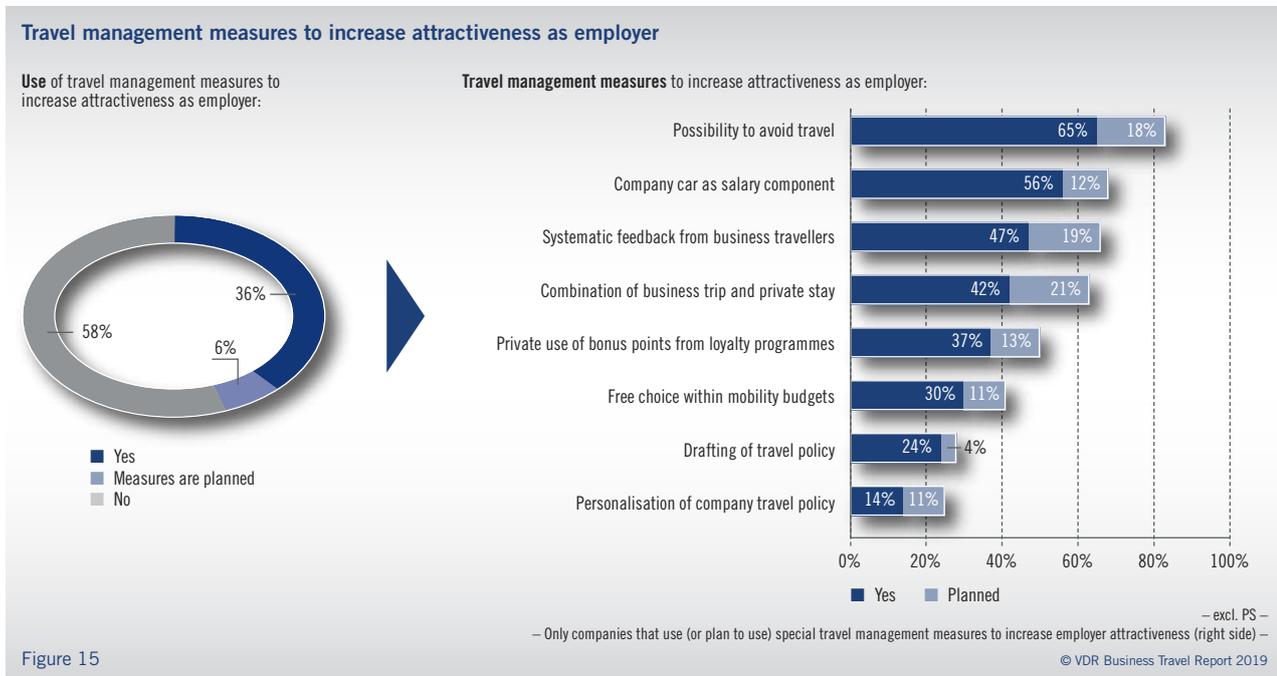
In the labour-market competition for young talent, businesses must increasingly take measures to increase their attractiveness as an employer.

Travel management can definitely make an interesting contribution here, and 42 % of the companies surveyed are actively implementing corresponding ideas. 65% of the respondents regard replacing avoidable business trips with video, web or teleconferences as the most important tool for enhancing their attractiveness, and 18% plan to do this in future.

This option is offered much more often in larger companies than in smaller ones. Over two-thirds of the firms that want to boost their appeal as an

employer through mobility aspects offer a company car as a salary component or plan to do so in future. In third place is the topic of communication: by asking for feedback from business travellers, nearly half of the companies endeavour to increase employee satisfaction.

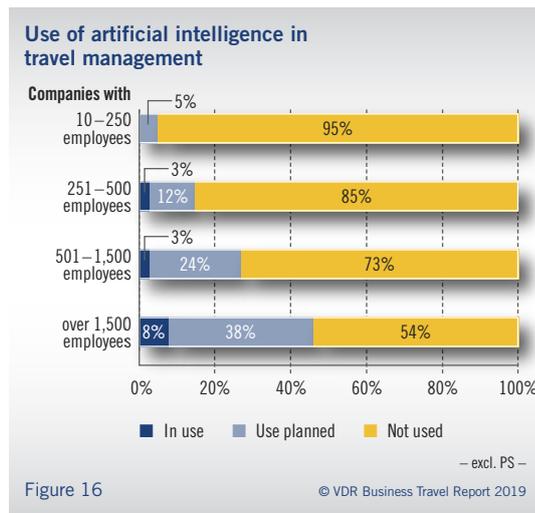
The option of combining business and leisure travel (“bleisure travel”) also plays an important role. Furthermore, wherever travel management is an area of responsibility in its own right, these and other options are made use of more often and in a more varied way. Although not part of the “core business” of travel managers, other important ways companies try to increase employee satisfaction include childcare and health-promoting offers and measures.



6 New working methods: artificial intelligence

Extent of use

“ Does your company use artificial intelligence in the field of travel management, or are you planning to use it? ”



¹⁸ See (German): <https://www.marktforschung.de/aktuelles/marktforschung/deutsche-wissen-nicht-wo-kuenstliche-intelligenz-eingesetzt-wird/>

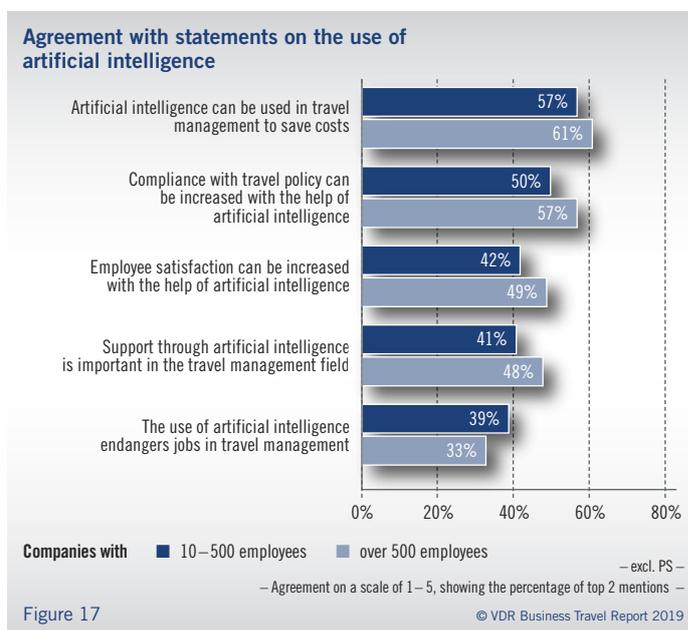
¹⁹ VDR Business Travel Report 2018, Chapter 7 “Travel management: Positioning and future”, Figure 18, p. 20.

For the majority of Germans, artificial intelligence (AI) is still a closed book. Although most have heard the term (82%), more than half (53%) have only a vague idea of what it means.¹⁸ Meanwhile, more and more virtual assistants are permeating our everyday lives, robots are taking over routine work tasks, and global competition for self-driving vehicles is heating up.

In terms of mobility management, there is still plenty of room for innovation. AI is not in use yet in the majority of German companies, nor have they included it in their planning – until now. Nor has much attention been paid to this topic to date in the public sector, with 92% of those responsible for travel management saying that nothing is planned at the moment in terms of AI (not illustrated). Taking a look back at the new responsibilities in travel management,¹⁹ we can see that digitalisation tops travel managers’ list of future tasks. Closely linked to this field are tasks in relation to data security and employee communication, all areas in which AI can prove useful.

Assessment

“ To what extent do you agree with the following statements regarding the use of artificial intelligence in the field of business travel? ”



In terms of business travel, possible applications for artificial intelligence range from designing new mobility concepts to custom services and communication. Travel managers will initially use AI to simplify their internal business processes. About three in five respondents say they see the greatest benefit in cost savings. In the opinion of 57% of the larger companies and 50% of the smaller ones, the rate of compliance with travel policy can be increased with the help of artificial intelligence. It can also facilitate many areas of business travel. The majority of respondents do not think jobs in corporate mobility management are threatened by the use of artificial intelligence. Those responsible for business travel in smaller companies are more likely to fear disadvantages for their own workplace (39%). On the provider side, AI is above all a basis for new business models.

Preparation

“ What do you need to feel well prepared for a future with artificial intelligence? ”

The limits of what will be possible in the near future in the field of AI and related areas are rapidly shifting. So it's only logical that travel managers cite further training in their own field of work as well as promoting better understanding among employees among the most important measures.

Only the responses of those interviewees who said they could imagine what working with AI would require were taken into account here. In the public

sector, the desire for further training is greatest, cited by 75% of those surveyed.

Companies with more than 500 employees view promoting cooperation across departments as the main concern, noted by 55% of respondents. In these firms, management backing for this topic is presumably already a given, while 41% of those responsible for travel management in medium-sized companies call for greater support for AI.

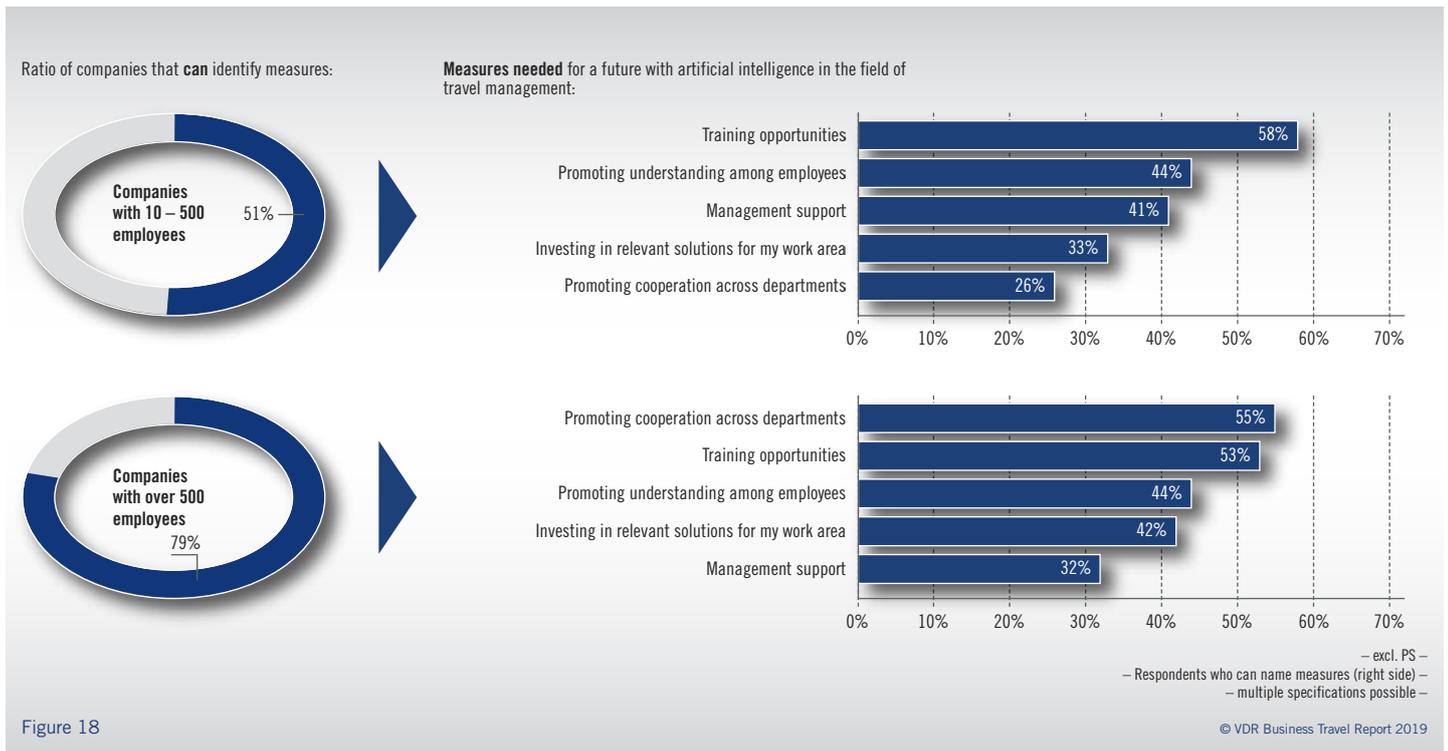


Figure 18



7 Bureaucracy reduction, Brexit

Bureaucratic barriers

“ From your point of view, what are the biggest bureaucratic barriers affecting travel management? ”

Nearly half of German enterprises with more than 500 employees and one in three of medium-sized companies suffer from too much bureaucracy in the travel field. For 81% of these larger companies, the obligation for business travellers to the EU and

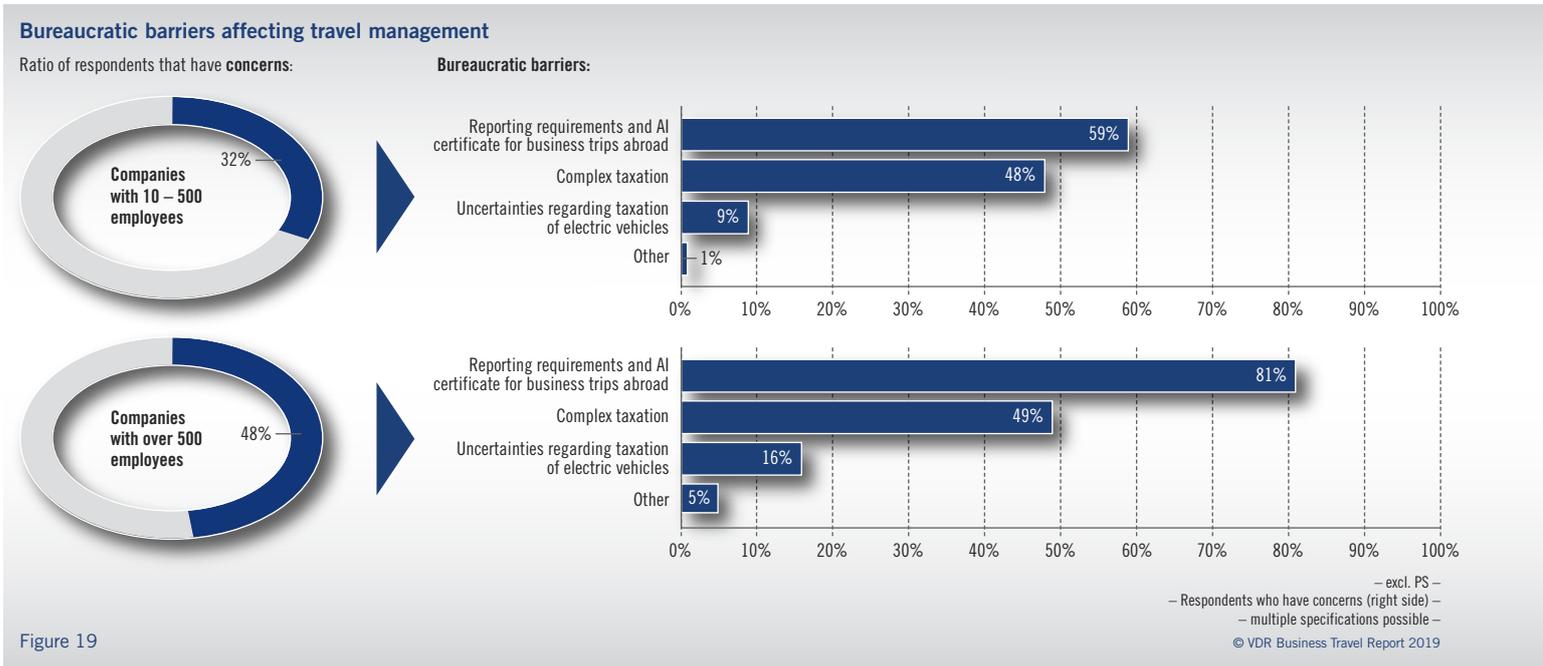


Figure 19

EFTA countries to register in advance and the need to provide proof of German social security (“A1 certificate”) are currently the biggest bureaucratic hurdles in travel management.

The stricter EU directives on posting employees pose immense organisational problems for businesses and, especially for the broad-based German

SME sector, additional costs that often exceed their capacities. Simplified rules are urgently needed.

In the public sector with its different travel habits – 56% of travellers remain in Germany – another somewhat “self-made” issue is perceived as the most obstructive: complex taxation.

Reporting requirements

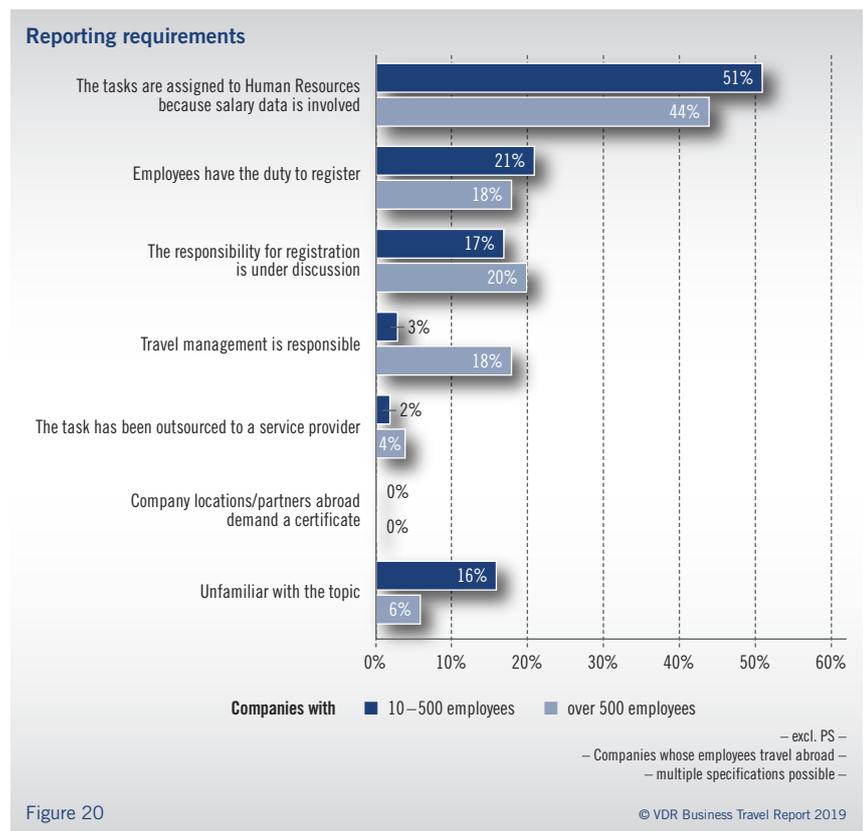
“ How does your company deal with reporting requirements for business travellers to EU and EFTA countries? ”

Since the Treaty of Rome, the issue of posting employees to different locations has been deeply rooted in the history of the EU. The directive of the European Parliament and of the Council concerning the posting of workers in the framework of the provision of services was adopted in 1996. It regulates in particular fair and safe working and employment conditions across borders.

Responsibilities for compliance with EU directives and corresponding EU regulations are assigned differently in German companies. In around half of the companies that organise business trips abroad, human resources or another department is responsible, and in around one-fifth of the firms the travellers themselves have the duty to register for travel. A further 20% of the larger firms and 17% of the smaller ones noted that they have not yet finalised the question of responsibility.

Travel management rarely takes the lead in dealing with reporting requirements. 16% of medium-sized companies admit to a complete gap in their knowledge of this area, while company locations or partners abroad rely one hundred per cent on the German side to comply with the regulations.

In order to support travel managers with up-to-date knowledge and methods, the VDR Academy regularly offers advanced training on these and other important topics.²⁰



²⁰ More information and registration: www.vdr-akademie.de

A1 certificate

“ How does your company handle the subject of the A1 certificate required for travel abroad?” ”

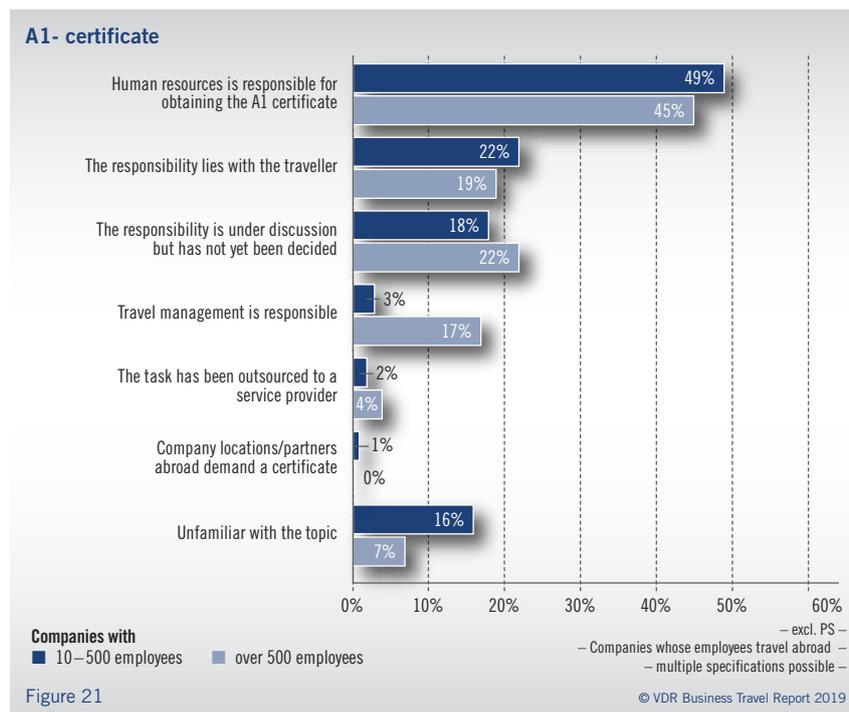
In March 2019, the European Commission presented a revision of the “Rules for the coordination of social security systems”. Among other things, the process for providing proof of German social security (A1 certificate) when travelling abroad in the EU is to be simplified substantially. So far, however, the member states have not been able to agree on a new version – and it is currently unclear when this will happen. Companies must therefore comply with the rules currently in force – their employees may travel abroad only with the appropriate certificates.

The A1 certificate confirms that the official traveller is subject to the legal regulations of his or her own country and is not required to pay social security contributions in the destination country. The certificate is issued by the health insurance fund or pension insurance institution with which the business traveller is insured. An A1 certificate is always

required, even if the actual activity is not subject to the reporting obligation in accordance with the regulations for posting employees.

For business trips taken on short notice, the certificate can generally be submitted later, but only if this does not contravene the rules in the destination country, something that must be checked ahead of time. Analogous to the EU reporting obligation, the responsibility for this certificate lies mostly in the hands of the human resources department, while around one in five business travellers have to take care of it themselves. Travel management attends to this matter in 17% of the larger companies.

VDR appeals to policymakers to demonstrate more foresight in future decisions and to consult the relevant experts in order to avoid impeding the economy unnecessarily through immense organisational, procedural and financial obstacles – in particular as many bureaucratic barriers also stand in the way of digitalisation. VDR will continue to advocate at the national and European levels for the elimination of the A1 certificate for business trips to EU countries outside Germany and will maintain its dialogue with the decision-makers.



Travel expense accounting

“ How does your company approach simplified travel expense accounting (for receipts up to 250 euros)? ”

VDR has been working for years to reduce bureaucratic obstacles in the field of mobility management. As a result, bureaucracy relief laws have been enacted, such as the regulations for simplifying travel expense accounting for receipts up to 250 euros that have been in effect since 1 January 2017. At present, almost half of the companies surveyed apply these rules.

However, one in ten travel managers is still unaware of their existence. In the public sector, 69% of the organisations are still using the old system, even though they know about the option for simplifying matters.

An invoice whose total amount does not exceed 250 euros must contain at least the following information:

- full name and address of the company providing the products/services
- date issued
- quantity and type of products supplied or extent and type of services performed
- total amount paid and the amount of tax on the delivery or other service contained in that total as well as the tax rate applied or, in the case of a tax exemption, a note that an exemption applies to the delivery or other service.²¹

This means that lower requirements are imposed for the deduction of advance tax compared to the more extensive standard requirements for invoices specified in § 14 (4) of the German Value Added Tax Act (UStG).²²

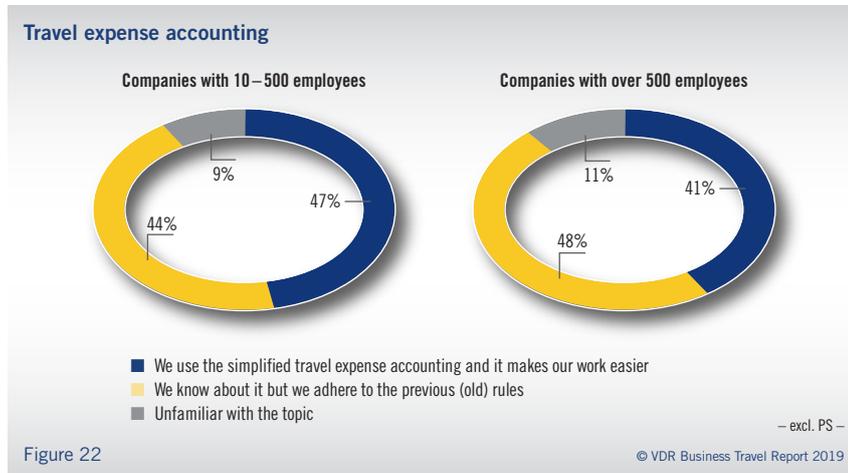


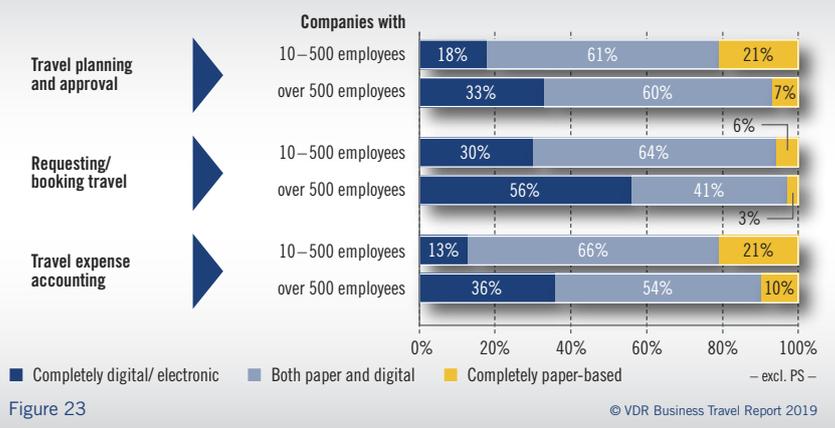
Figure 22

²¹ See (German): https://www.gesetze-im-internet.de/ustdv_1980/_33.html

²² See (German): https://www.gesetze-im-internet.de/ustg_1980/_14.html



Level of digitalisation of business travel process



Level of digitalisation of business travel process

“ How do you handle the business travel process? ”

“ Are you planning to switch to digital travel expense accounting in the next 12 months? ”

In step with the progress in digitalisation, travel managers have been trying for over a decade to map all business travel processes electronically.²³

In 56% of companies with more than 500 employees, travel booking is now completely digital. However, many companies continue to do their travel planning and approvals as well as travel expense accounting on paper: in one in five medium-sized companies, these processes are still analogue. In terms of travel expense accounting, 71% of firms of this size class are not currently planning any changes, compared to 32% of larger companies.

The public sector is likewise quite far away from the vision of Digital Germany: 41% of these organisations have fully paper-based travel expense accounting, and of these, 64% are not planning any changes to this practice (not illustrated).

²³ See VDR Business Travel Report 2009, Chapter 6 “Business travel and travel management”, p. 13 ff., and VDR Business Travel Report 2018, Chapter 8 “The latest trends and tools”, p. 23.

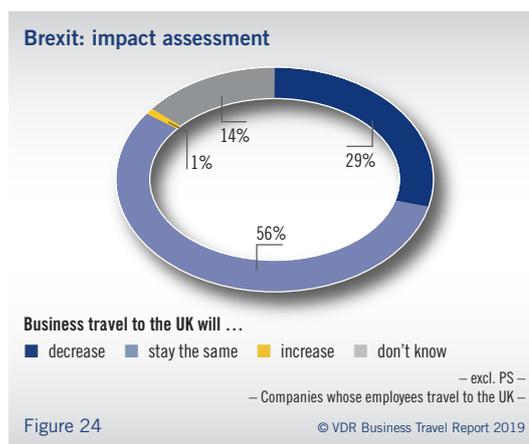


Brexit: impact assessment

“ Brexit and its consequences: How will your company’s business travel to the UK be affected? ”

While the threat loomed throughout the spring of 2018 that the UK would leave the European Union in a “no deal” Brexit, the EU opted in April for “the lesser evil” of another postponement scenario. “The economic price to pay is that in the coming months companies on both sides of the canal will continue to be up in the air with regard to how to structure their future economic and trade relations.” This paralysing uncertainty clouds the economic climate, leaving its mark on both sides of the channel.²⁴ “Insecurity remains,” noted Eric Schweitzer, president of the Association of German Chambers of Industry and Commerce (DIHK). “Exports from Germany to the United Kingdom have already fallen significantly.” By 2018 exports had decreased by four percent to 82 billion euros, after already declining over the previous two years.

Of the largest German companies with over 1,500 employees, 76% are still sending their employees off to the UK on business (not illustrated). According to mobility managers who organise trips there, Brexit will have a negative impact on business



travel. Around one third anticipate a decline in business trips to the island once the UK leaves the EU. 56% of travel managers assume that the number of trips will remain at the current level. Another 14% cannot yet estimate the consequences of Brexit.

“The figures show that Brexit will not leave the business travel market unscathed. Companies with close business relations with the United Kingdom should in any case also involve travel management in their preparations, especially when it comes to data protection and visa freedom for EU citizens,” recommends VDR President Christoph Carnier.

²⁴ Holger Bingmann, president of the Federal Association of Wholesale, Foreign Trade, Services e. V. (BGA), in (German): <https://de.reuters.com/article/brexit-wirtschaft-idDEKCN1RN0U8> 11 April 2019

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 with 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.

A random sample was taken from this statistical universe. Between January and March 2019, 800 computer-assisted telephone and online 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 2018 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).

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

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		über 1,500		Total	
	Organisations	Employees	Organisations	Employees	Organisations	Employees	Organisations	Employees	Organisations	Employees
Total	457,828	16,325,238	9,452	3,263,896	4,564	3,593,709	1,265	3,782,962	473,109	26,965,805

– Status: 2018 –
 – excluding organisations with 1–9 employees –
 Source: own calculations, in conjunction with statistics from the Federal Employment Agency, Data Centre, Nuremberg. Calculated using NACE 2008 (2017 and 2018) and NACE 2003 (2008).
 Table 2 © VDR Business Travel Report 2019

The research team

VDR, the publisher of this report, has since 2003 defined the basic structure of the 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, Viola Eggert, René Vorspohl (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 and Ralph Rettig (until 2019) from the Presidential Committee of VDR, and also leaders of VDR expert committees as appropriate for each specific topic.

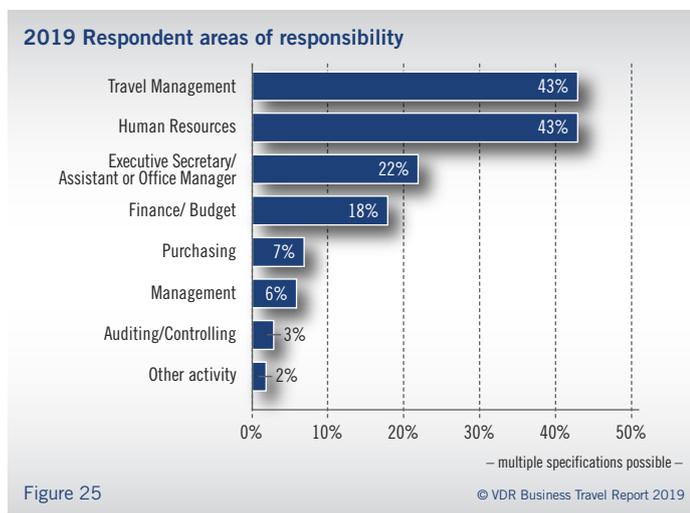


Figure 25

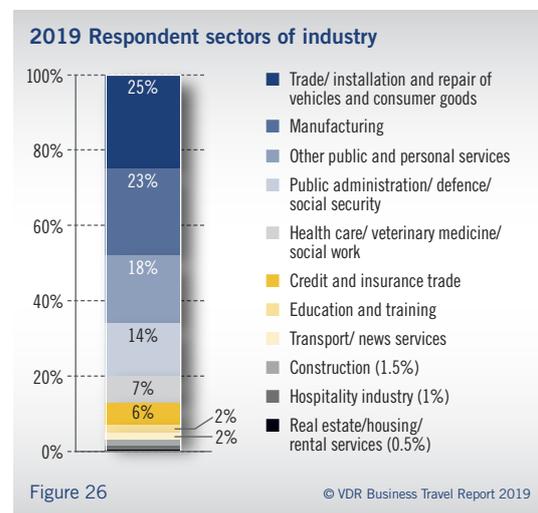


Figure 26

VDR – The German Business Travel Association e.V. (VDR)

VDR – The German Business Travel Association represents the interests of German business with respect to all aspects of business travel management. The aim is to ensure that worldwide business travel is efficient, economical, safe and unimpeded. With over 560 member companies, the German Business Travel Association represents a total business travel turnover of more than ten billion euros per year.

Credits

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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

Verband Deutsches Reisemanagement e.V. (VDR) (VDR – The German Business Travel Association)

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(VDR) 2019 All rights reserved.
Original edition 2019

Layout

Kugelstadt MedienDesign
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Werbedruck Petzold GmbH
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Printed using a carbon-neutral process on certified recycled paper.

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