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The German Business Travel Association



VDR Business Travel Report 2020

volume 18

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“A crisis is a terrible thing to waste”¹

Never before have the economy and society had to “fly by the seat of their pants” as they have this year as a result of the rapid global spread of the COVID-19 virus. Good crisis managers are required in these extraordinary times, which are affecting all areas of life and industrial sectors, and most especially the travel industry. When the financial crisis of 2008–2009 brought new challenges for business travel managers, companies realised how essential they were as multitaskers as well as strategically and operationally important bridge-builders. And this year again, they are performing a balancing act between cancellations, capacity bottlenecks and even the reorganisation of entire departments. Communications do not become less important just because business travel is down or has had come to a complete halt. Travel managers have also contributed to a new efficiency within companies that is reflected in this year’s results. The more up-to-the-minute regular VDR member surveys were used to address COVID-specific topics. The main details of these are included at the end of this study.

The climate crisis is and will remain the other primary area of focus. The main difference between it and the coronavirus crisis is that global warming is created by humans and all countries know what they have to do to become more sustainable. COVID-19 is an external, extreme disruption factor that is posing huge challenges for the scientific world. But a potentially positive connection between the two has emerged in recent months. Crisis creates opportunity: in the form of less commuting due to more people working from home; better work-life balance; and lower costs for trips to meetings, training courses and conferences, as they can now be organised either digitally or as hybrids. A positive side-effect is lower carbon emissions due to novel reorganisation of everyday life and mobility. Travel managers have the necessary knowledge, ability and often the tools for this task, and employees can focus on their actual daily work.

What are the short- and medium-term priorities for travel managers? Where do we stand regarding security and data protection? Which services do people expect to be included in airfares? The 18th VDR Business Travel Report addresses these and other questions, and offers facts, figures, trends and predictions of mood, including for the world post-COVID.

As Germany’s largest network for modern mobility management, VDR represents the interests of its members on both the national and – in partnership 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 and VDR-SpotLight think tanks, VDR tracks the relevant issues and helps travellers and travel managers navigate these uncertain times with its far-sighted forecasts. And as our readers, your input is important in helping us to pinpoint the most pressing issues of the future. We are therefore delighted to present you with the latest results and look forward to your suggestions for our work together going forward.

¹ Paul Romer, a Stanford economist, in 2004. Romer was quoted again during the financial crisis: https://ssir.org/articles/entry/a_crisis_is_a_terrible_thing_to_waste and more recently by the Japanese-German Business Association (DJW): <https://www.djw.de/de/infopool/vergeudet-niemals-eine-gute-krise>.

1 Important results at a glance

Key data 2019²:

In 2019 there were 13.0 million business travellers ³	+ 8.2%
195.4 million business trips led to expenditure in the amount of	+ 3.1%
55.3 billion euros – equivalent to	+ 3.5%
162 euros per business traveller per day.	+/- 0.0%

2018:

12.0 million business travellers
189.6 million business trips
53.5 billion euros
162 euros

More and longer business trips abroad – domestic travel more often with no overnight stay

The number of business trips reached 195.4 million in 2019, an increase of a record 3.1%. This was mainly driven by further growth in employment as well as a rise in the number of business trips abroad. 92% of public sector trips were domestic. Small and medium-sized enterprises (SMEs) also took more day trips (70%). The larger the company, the longer the trip.

(Figures 1 and 4, Page 8 ff.)

Costs are dynamic, but in moderation

Business travel spend rose to 55.3 billion euros between 2019 and 2020, thus growing slightly more strongly than travel volume once again. The increase of 3.5% was significantly higher this time than Germany's inflation rate (1.4% in 2019). Companies with more than 500 employees spent 5.6% more than in the previous year, and their travel volume grew by 6.1%. 2019 was less dynamic for smaller companies in terms of business travel; however, they did spend 2.5% more on 1.8% more business trips. In the public sector, both business trips and expenditure rose by 5.4%.

(Figure 2, Page 8)

Four stars make a comeback

After years of growth in bookings in the three-star category, four-star accommodation gained some ground again in terms of market share. A wider range, better prices and tailored service concepts contributed to this success. Overall, 86% of German business travellers stayed in the three- and four-star categories when travelling within Germany in 2019.

“Other accommodation categories” were also booked much more frequently than in previous years. Sharing economy providers and serviced apartments are on the rise.

(Figure 10, Page 13)

Sudden shift in travel management priorities

There was a change of focus when the pandemic-related lockdown started on 16 March 2020. Before lockdown, the operational and strategic priorities of travel managers focussed more on costs, efficiency and optimisation – including for the travellers themselves. After lockdown started, they shifted towards questions of how to best support business travellers. Suddenly faced with cancellation chaos, travel safety issues, furlough, working from home and the reorganisation of more or less all aspects of professional and private life, perspectives changed and new challenges emerged. There was also a huge jump in the use of existing and new online tools, meetings, conferences and training as a substitute for business trips.

(Figure 16, Page 17)

Sustainability is becoming a competitive factor

Of the companies that have a travel policy, a slight majority already integrate or plan to integrate sustainability management aspects. This trend is even clearer at companies that have an area of responsibility dedicated to travel management. Today, 73% of respondents from larger companies, 71% from the public sector and 45% from SMEs expect that sustainability will become a competitive factor in the selection of service providers. However, as a rule,

²These figures are based on data from 2019 only, i.e. they do not yet reflect the COVID-19 crisis.

³Employees of a company or a public sector organisation that take at least one business trip/official trip per year.

they are not prepared to pay more for this. Fewer trips for internal meetings, modes of transport that are more eco-friendly, compensation, accommodation with proven sustainability management, and “green meetings and events” are not yet part of daily business life.

(Figures 19–22, Page 18 ff.)

Digitalisation for more employee satisfaction

The larger the company, the more important it is to have good and efficient organisation of business travel, from planning through to downstream processes. It is helpful to business travellers to have access to digitalised, user-friendly and mobile organisational structures, leaving them to focus on their actual work tasks. For 87% of the largest companies,

employee satisfaction is therefore an important aspect of digitalisation. The public sector is more reticent in this respect: For 34% of organisations this question is not important.

(Figure 23, Page 22)

Security and data protection – still important but in a different way

2016 and 2017 were marked by a number of international terror attacks. Since then, SMEs in particular have been focussing less on security and data protection on business trips. Daily COVID-19 reports have replaced concerns about unforeseen terror attacks. As business travellers face a wide range of risks, professional and preventive action is essential here.

(Figure 27, Page 24)



Any work-related trip that is recorded on the basis of individual expense reports counts in this study as a business trip. Duration, purpose, the 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>

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.

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.

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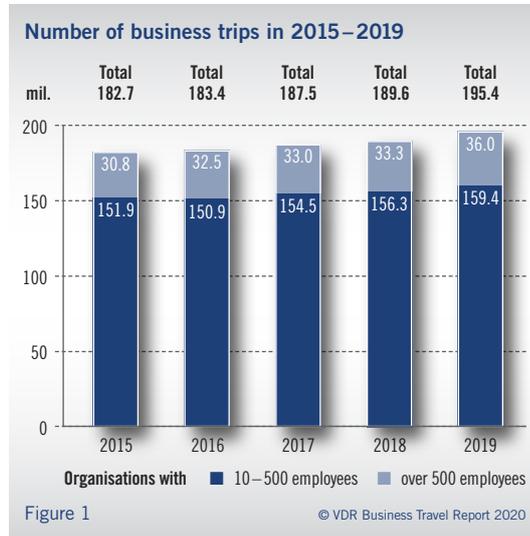
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2 Business travel: Facts and figures



Quantity

“ How many business trips were taken in 2019? ”

The price-adjusted gross domestic product (GDP) continued to show a positive performance in 2019, up 0.6% on the previous year. The German economy grew for the tenth year in succession. However, the longest growth phase in reunified German history will come to an end as of this year. Economic growth was already slowing down last year, but was shored up once again mainly by consumption. Yearly average exports continued to increase in Germany, but not as strongly as in previous years. Price-adjusted exports of goods and services in the German economy were up 0.9% on 2018.⁴

The number of business trips reached a record 195.4 million in 2019, an increase of 3.1% on the previous year. The main driver here was a rise in trips abroad, in particular in the manufacturing and construction industries: 30% of their business trips were abroad, while in the public sector 92% were domestic.



Costs

“ How high was total business travel spend in 2019? ”

Total business travel spend rose from 2018 to 2019 by 3.5% to 55.3 billion euros, thus once again growing slightly more strongly than travel volume. This time the increase was considerably higher than Germany's inflation rate (1.4% in 2019). Companies with more than 500 employees spent 5.6% more than in the previous year, while their travel volume rose by 6.1%. Business travel spend at smaller companies was less dynamic and economical in 2019: They spent 2.5% more on 1.8% more travel. In the public sector, both business trips and expenditure rose by 5.4%.

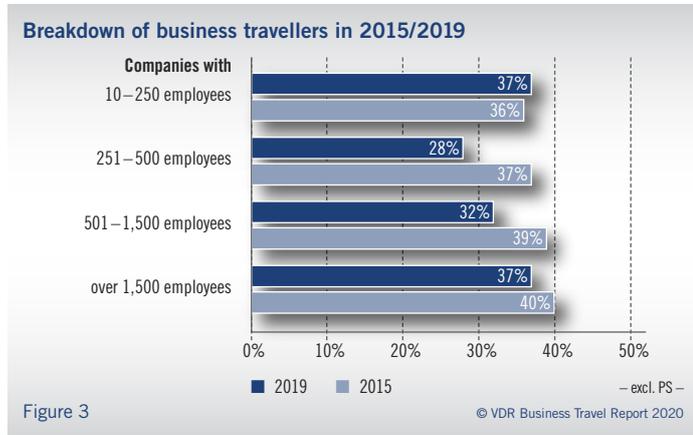
⁴ See press release no. 018 of the Federal Statistical Office, Wiesbaden, 15 January 2020.

Business travellers

“ How many business travellers were there? ”

At companies with 10 employees or more, the number of staff increased by 2.3% in 2019.⁵ As a result of the very high employment rate, the number of business travellers in Germany reached a new record high of 13 million. But after years of growth, the percentage of the workforce that goes on at least one business trip a year has decreased slightly in the current five-year comparison. At SMEs, this figure stagnated at 37%. In the public sector, half of staff took official trips in 2019.

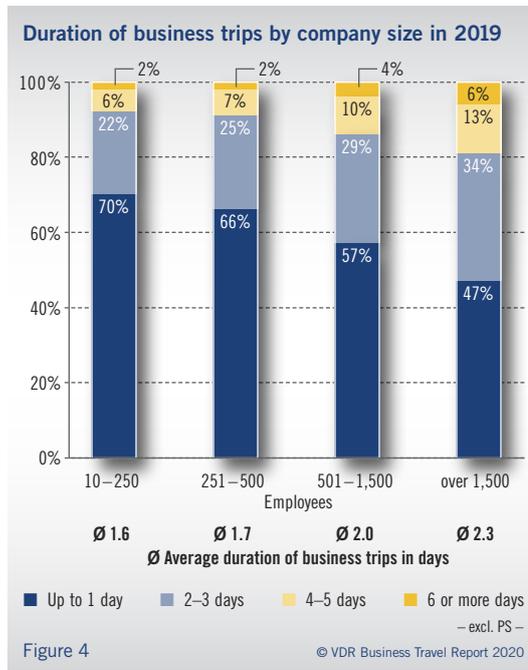
Compared to the figures 10 years ago (just after the financial crisis), the percentages are nevertheless high: In 2010, only about a quarter of employees went on business trips – so the burden was spread across fewer shoulders than today (not illustrated).



Duration

“ How long do business trips take? ”

In 2019, the trend at SMEs towards having their business travellers return on the same day continued to rise, with day trips reaching their highest level, at 70%. In line with this, 86% of the trips were taken within Germany, the average duration remaining unchanged at 1.6 days. The larger the company, the longer the trip. At the largest companies, 53% of business trips in 2019 involved at least one overnight stay. The average duration rose slightly, reaching 2.3 days, and 34% of trips were abroad. By its nature, the public sector travelled much more frequently within Germany and completed most official trips without an overnight stay (72%, not illustrated).



⁵Number of companies and employees, see Table 2, Page 28.

3 Structure of business travel costs

Average cost per business trip in 2015–2019
Daily expenditures for business vs. holiday travel in 2015–2019⁶

	Average cost per business trip	Expenditure per person per day	
		Business Travel	Holiday Travel
2019	312 €	162 €	83 €
2018	310 €	162 €	81 €
2017	307 €	157 €	83 €
2016	310 €	155 €	78 €
2015	305 €	153 €	76 €

⁶ Our own calculations, in conjunction with F.U.R. 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 costs

The average costs per business trip rose slightly to 312 euros, even though expenditure per person and day remained stable in 2019 at 162 euros. Spending for holiday travel per person and per day was 83 euros. Double the amount of spending by business travellers is creating and safeguarding regional jobs, regardless of the season. And when holiday travel abroad becomes unsafe to impossible, unavoidable business trips contribute to the survival of more than a few service providers, including those abroad.

Cost areas

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

The total costs for business travel rose from 2018 to 2019 by 1.8 billion euros (3.5%). Proportionally, the entire transport sector continued to profit the most from this, with almost every second euro being spent on transport.

In the second main block, accommodation, more was spent in 2019 – the increase in the duration of trips at large companies, in combination with more overnight stays in four-star establishments,

contributed to this rise. “Other costs” accounted for 10% of total costs.

Company reporting on transport is not seamless. Information about rail costs, use of private vehicles and rental vehicles is not always cleanly separated. The costs are therefore only separated into the categories of “Flights” and “Overland transport”. A comparison with the previous year is not possible here.

Total business travel spend broken down by cost areas in 2019

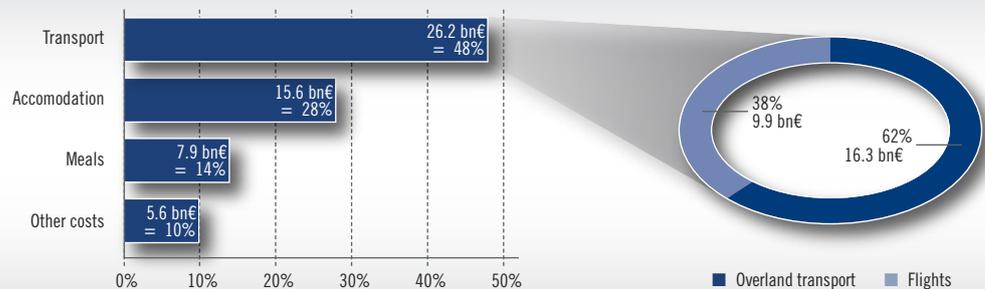


Figure 5

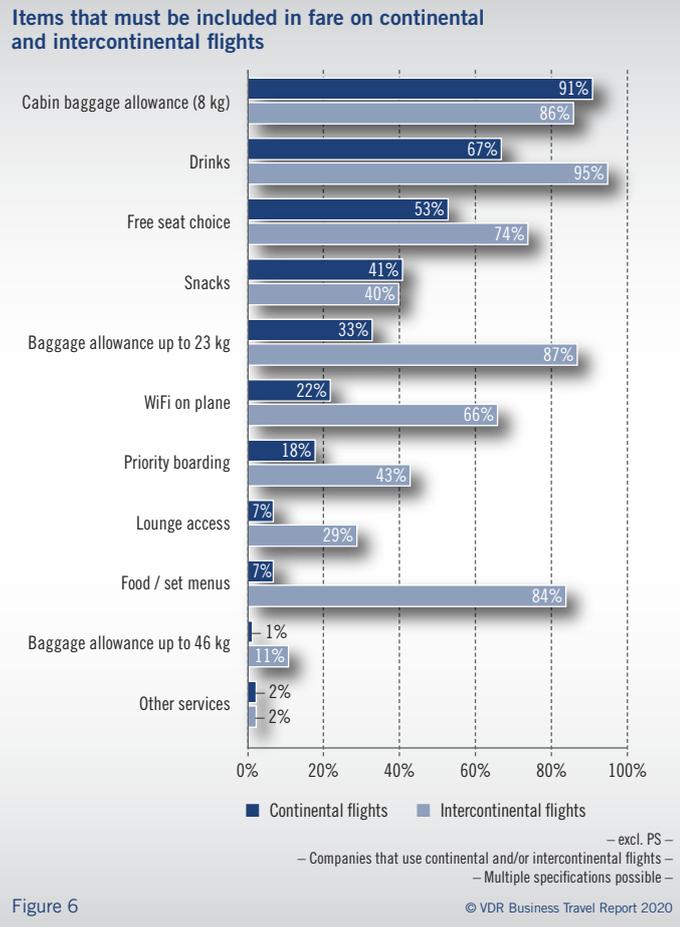
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Transport

“ What services are considered an essential part of the airfare on continental and intercontinental flights? ”

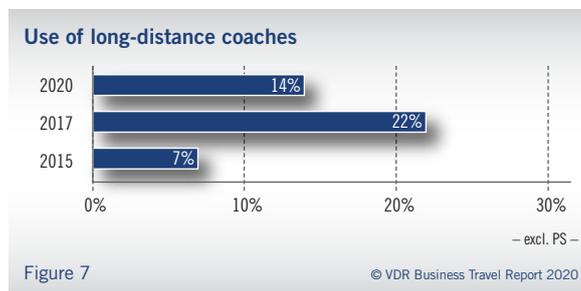
A rising number of airlines are removing services included in their fares and are now offering them as optional extras. This question investigated which services continue to be considered essential parts of the airfare by travel managers and their business travellers.

Cabin baggage allowance is essential on all flights, as business travellers often use their time on board to work. On intercontinental flights, up to 23 kg of check-in baggage should also be included free of charge. Free seat choice is important not only on intercontinental flights (74%) but also on continental flights for over half of respondents. WiFi is a decisive factor for 66% of respondents. Most respondents consider food and beverages more or less essential on intercontinental flights, while only around one-third find it important to have access to a lounge.



“ Are long-distance coaches used by business travellers in Germany? ”

The responses to this question show a typical product life-cycle pattern – from initial scepticism, when only a few people respond to a new offering by making a purchase (2015: 7%), to the next phase of more widespread use (2017: 22%) and some supply-side shifts involving rapid market entry and exit.⁷ Today, long-distance coaches are being used to a lesser extent once again. 14% of the companies surveyed still use them and 6% plan to. The public sector is behaving similarly in this regard (not illustrated): 81% of organisations do not book long-distance coaches. Advantages that private travellers benefit from, for example several stops in one city, may have proven to be a disadvantage for business travellers.



⁷ See <https://www.fww.de/biztravel/news/fernbusse-viele-farben-weniger-165399> and <http://www.fernbusse.de/>



4 Overnight stays, hotel purchasing



* Number of overnight stays = room nights.

Overall trends

“ How many overnight stays did the business trips taken by the employees in your company/organisation include? ”⁸

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

2019 was a record year for the hotel sector in Germany and abroad, with 74.3 million overnight stays worldwide by organisations with ten or more employees (2.6% up on the previous year). 74% of these were within Germany.

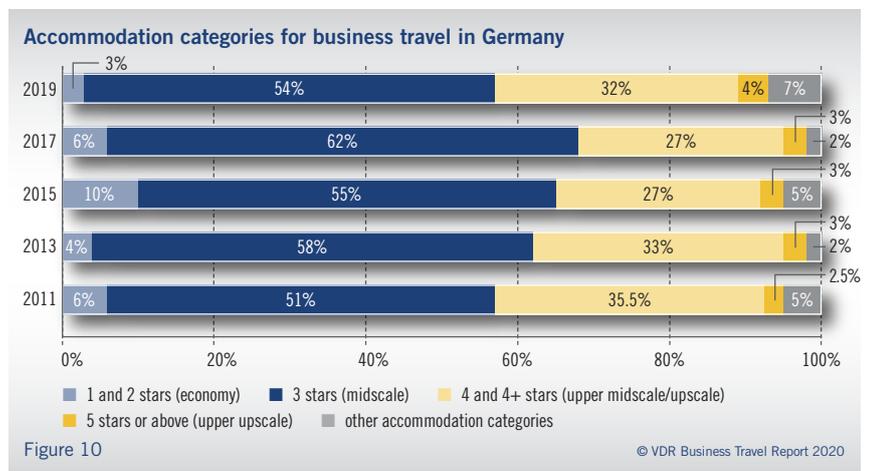
The main reason for the increase in travel abroad was longer business trips, especially by larger companies, who booked 5.9% more overnight stays. SMEs with up to 500 employees travelled more in Germany than in the previous year, leading to half a million more domestic overnight stays. The global average cost per overnight stay across all accommodation types and categories was 134 euros (previous year: 128 euros).⁹



Accommodation categories in Germany

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

After years of growth in bookings in the three-star category, four-star establishments gained some ground again in terms of market share. After a period of intensive cost-savings, many companies began to offer their business travellers more comfort again. The range of offerings also grew and improved and, as there were no great price differences between the two categories, people tended to select the higher-level option. In addition, many international hotel chains no longer classify themselves in line with DEHOGA and have moved towards defining their own service frameworks. In total, 86% of German business travellers used three and four-star accommodations on their domestic business trips in 2019. “Other accommodation categories” were also booked much more often than in previous years – sharing economy providers and serviced apartments are on the rise.



⁹When 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.

5 Events: Responsibility, types, policies

“ Who is responsible for the strategic planning of events? ”

There have been slight shifts in recent years in the organisational responsibility for strategic planning of events, i.e. the selection and management of service providers such as hotels, event locations and transport providers. At SMEs, the executive secretary's office is usually responsible today for

event planning. Across all company sizes, it is clear that top management is no longer responsible for these tasks. These days, it is mainly the heads of the functional departments and the marketing department who have been tasked with the strategic planning of events. Travel and HR managers have also gained in importance. Around one quarter of larger companies employ their own event manager.

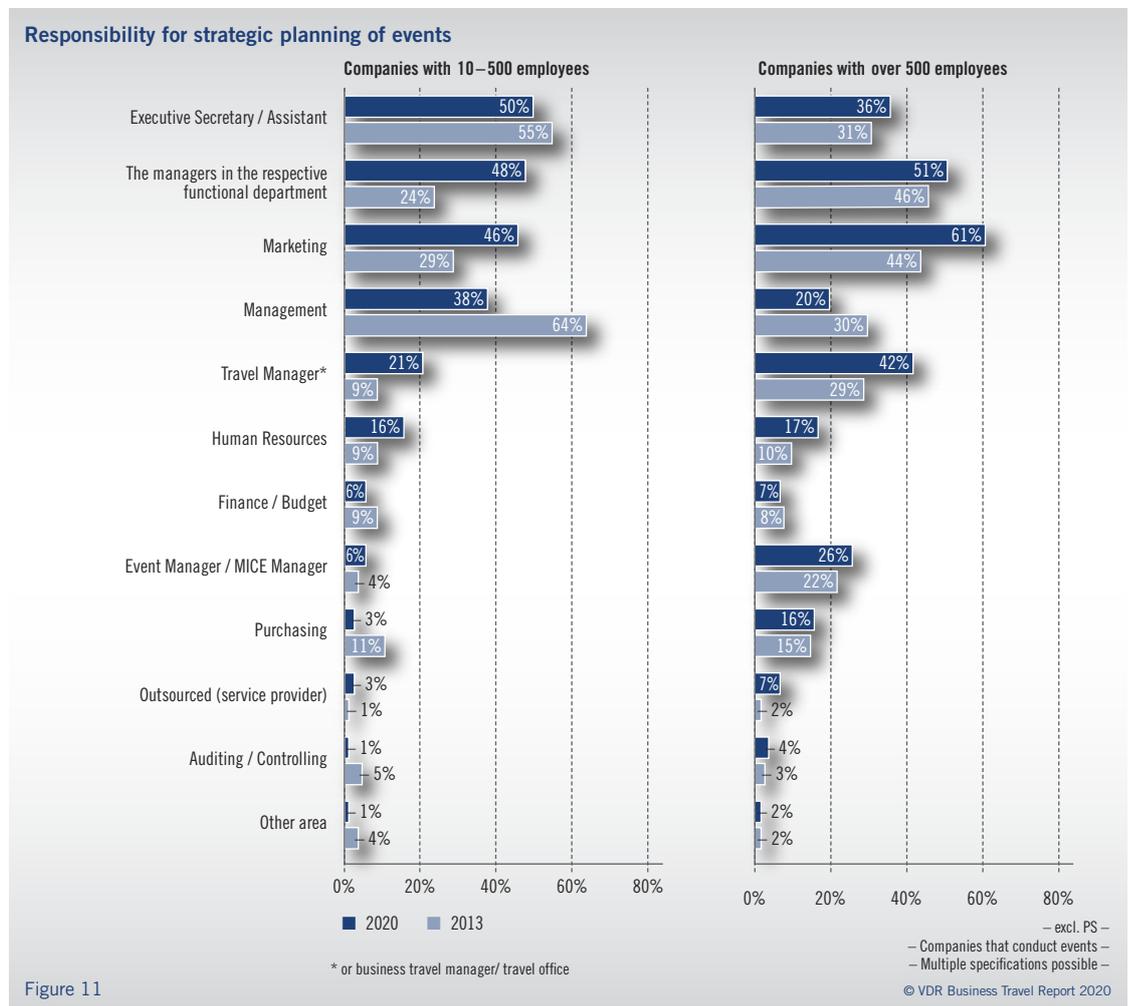


Figure 11

“ What events are carried out by your company? ”

The most important events in large companies are still talks, meetings and workshops (91%), including in the public sector (86%, not illustrated). In

second place are company celebrations and trade fairs. Fairs have gained significantly in importance at smaller companies. By contrast, conventions and press conferences are in decline across all company sizes – probably as the result of the increasing efficiency of web-based communications.

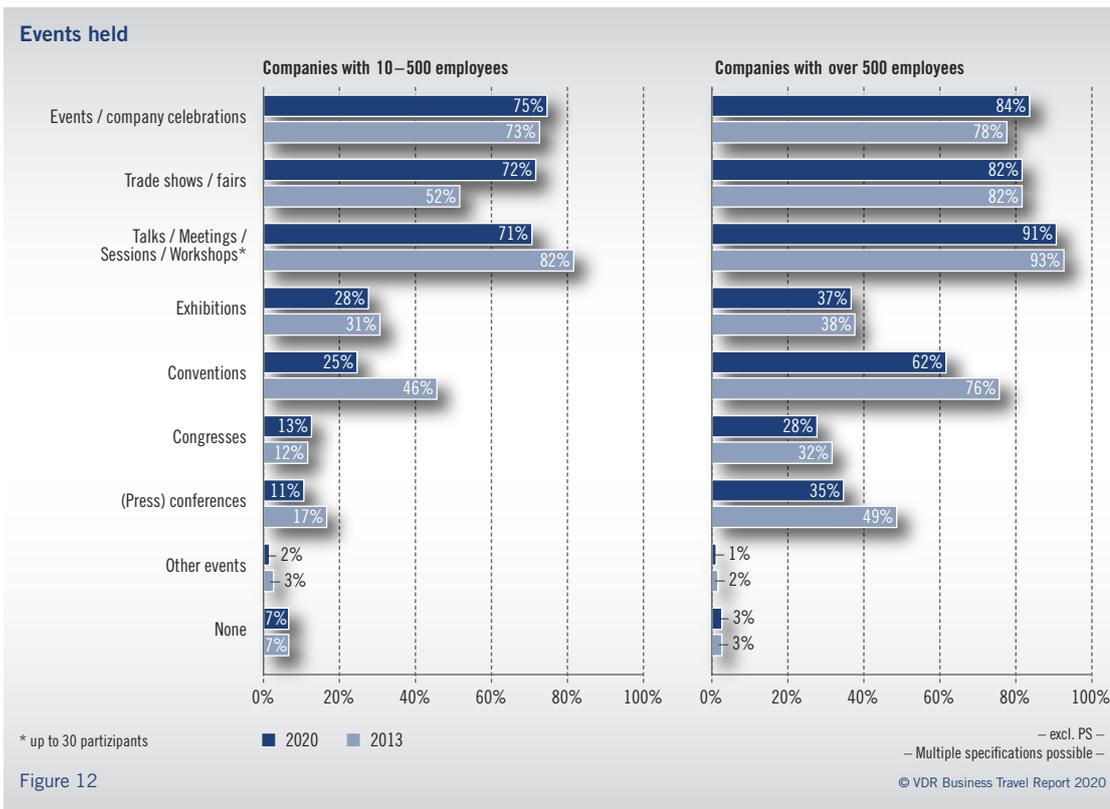


Figure 12

“ Is there a dedicated event policy at your company? ”

Larger companies in particular consider it important to have their own policy for the planning, purchasing and booking of events. It has become common for the event policy to be integrated into the travel policy (at about one-third of companies). Just under half of large companies have no special event policy and have no plans to introduce one. About 13% of SMEs have a combined travel and event policy and only 3% have one policy for each (not illustrated).

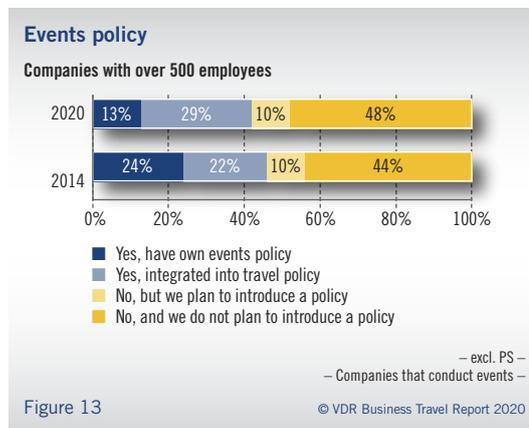
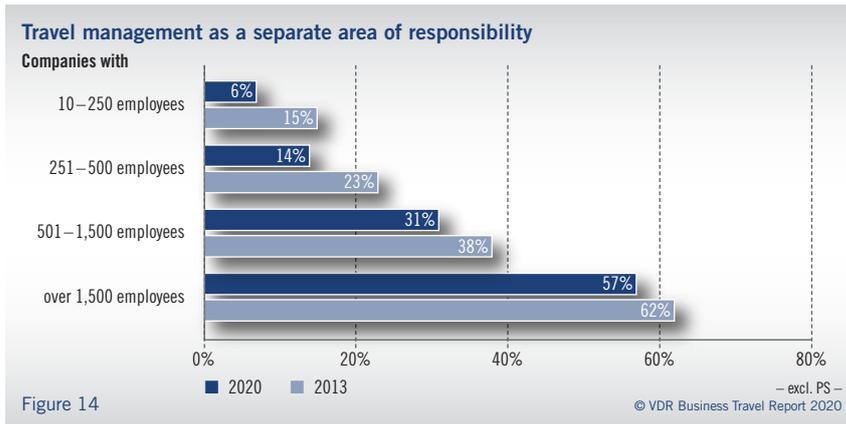


Figure 13

6 Travel management: Positioning and priorities

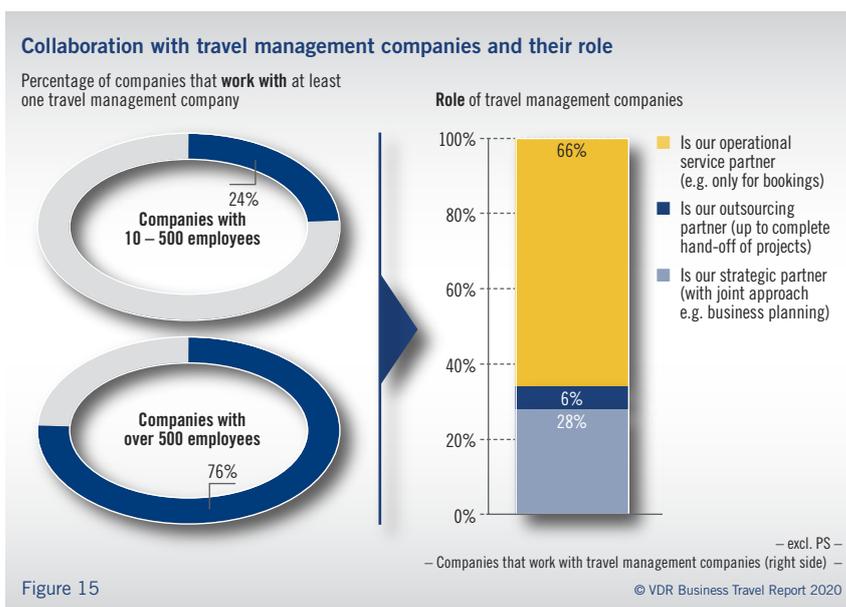
Positioning of travel management

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



The number of companies with a dedicated area of responsibility for travel management has trended downwards in the past seven years. Today, a separate area exists in 57% of the largest companies, as well as in about one-third of companies with 501 to 1,500 employees. The decline is most noticeable at SMEs.

In the years following the financial crisis (2009–2012), a dedicated area of responsibility for travel management was set up more often in companies with more than 500 employees, but in the meantime this has fallen back to the level of a decade ago. This may be explained by outsourcing and increasing independence of employees. But in times of crisis in particular, the multifunctional nature of travel managers has proven its worth in terms of cost savings, increasing efficiency, information and communications tasks, travel security matters as well as the duty of care on the part of companies.



Collaboration with travel management companies

“ Does your company work with travel management companies? ”

“ If so, how would you describe their role? ”

Working with travel management companies (TMCs) naturally makes more sense for companies with larger travel volumes. The majority of such companies (76%) indicate that they partner with at least one TMC. 9% of these companies even stated that they work with more than one partner (not illustrated). Companies see operational support as being the main value added by travel management partners (66%). Additional strategic tasks such as business planning belong to the range of services for 28%.

In companies that have no dedicated area of responsibility for travel management, a TMC more frequently carries out strategic tasks (33%). If an area of responsibility for travel management exists, it is usually the travel manager who is in charge of strat-

egy, with 21% collaborating with their TMC partner on this aspect. In the operational business, the picture is different: 76% of companies with an area of responsibility for travel management hand off strategy to their TMC (not illustrated).

Short- and medium-term priorities

“ What are your company's short- and medium-term travel management priorities? ”

This year, the date of response to this question plays an important role: Before the COVID-19 pandemic lockdown, the focus was on different topics than after. The separation date for our observations is 16 March 2020. Post-lockdown, almost all previously important areas were deprioritised across all company sizes. Whereas before lockdown the operational and strategic priorities of travel managers focussed more on costs, efficiency and optimisation (including for the travellers themselves), after lockdown a much higher number of them were dealing with questions of how to best support business travellers. Suddenly faced with cancellation chaos, travel safety issues, furlough, working from home and the reorganisation of more or less all aspects of professional and private life, perspectives changed and new challenges emerged.

Whether and how to enable business travel? How to equip and protect travellers? These were typical lockdown questions for 54% of all travel managers (not illustrated). There was also a jump in replacing business trips with existing and new online tools, meetings, conferences and training.¹⁰

The topics considered important in the medium term such as process optimisation, sustainability and cost reduction will regain significance going forward. However, exactly when this happens depends very much on how the pandemic continues to develop.

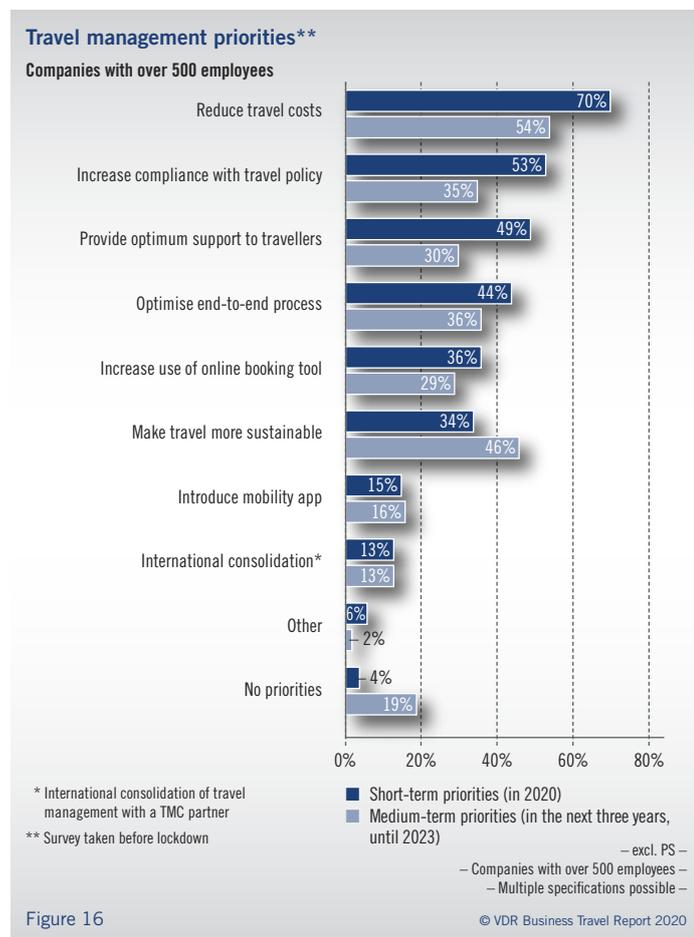


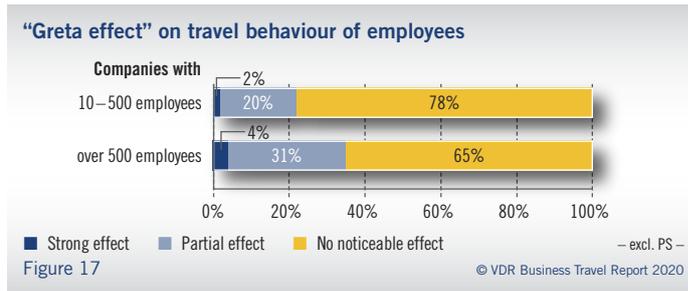
Figure 16

¹⁰ See <https://www.fortunebusinessinsights.com/web-conference-software-market-102993> and <https://www.heise.de/tipps-tricks/Videokonferenz-Tools-im-Ueberblick-4688243.html>

7 Climate protection and sustainability

General mood

“Do you notice a ‘Greta effect’ at your company with regard to the travel behaviour of your employees?”



It already seems like an age ago that young people worldwide took to the streets to demonstrate for more climate protection. Has the public pressure from the “Fridays for Future” movement had an effect on business travellers’ behaviour yet?

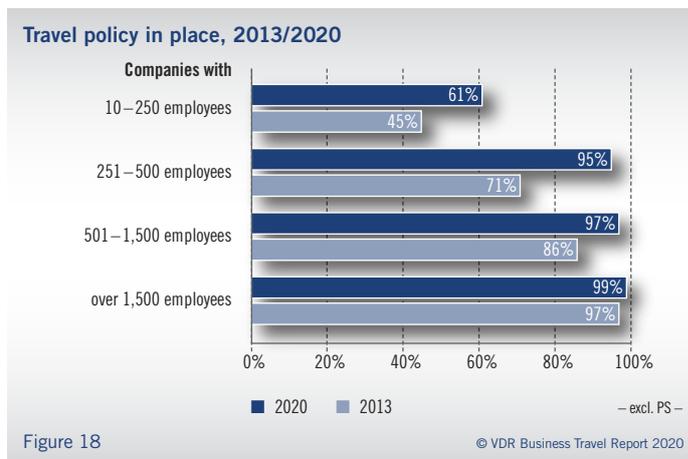
The corporate mood here is varied: The majority of travel managers have not yet noticed the “Greta effect”. However, 35% at larger companies and 22% at smaller companies report that they have. The effect is much more noticeable in the public sector, where 51% of travel managers report that the new awareness of climate issues has had an impact on how people travel (not illustrated).

Management trends

“Does your company travel policy include aspects of environmental/ climate protection and sustainability?”

At the beginning of this decade, almost 100% of larger companies already reported inclusion of these topics in their travel policies. Medium-sized and smaller companies have been catching up fast.

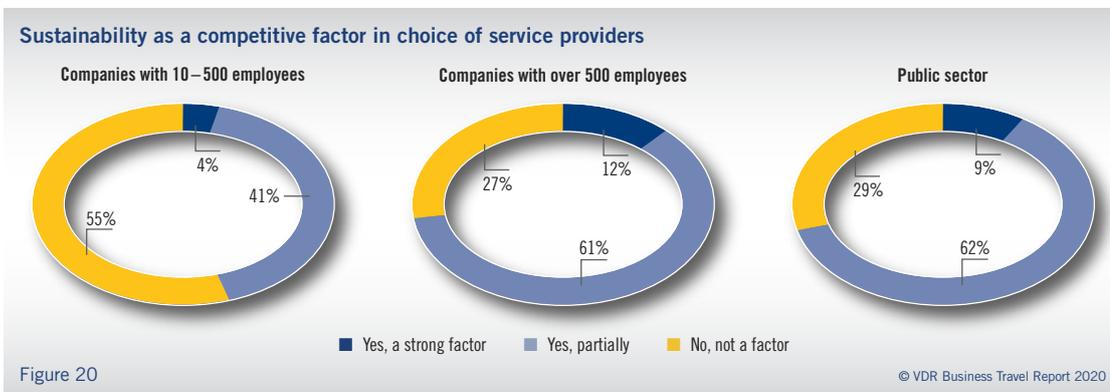
Of the companies that have a travel policy, slightly more than 50% have integrated sustainability elements or are planning to do so. As the share of medium-sized companies that have a travel policy in place has increased significantly since 2013, the climate protection effect is correspondingly strong. This trend is even more noticeable at companies where there is a dedicated area of responsibility for travel and mobility management.





“ Will sustainability become a competitive factor in the choice of service providers? ”

Travel managers are not only financially savvy buyers; they also increasingly consider it their responsibility to make a contribution towards sustainability. Today, 73% of the travel and mobility managers from larger companies surveyed, 71% from the public sector and 45% from SMEs expect that sustainability will become a competitive factor in the selection of service providers.



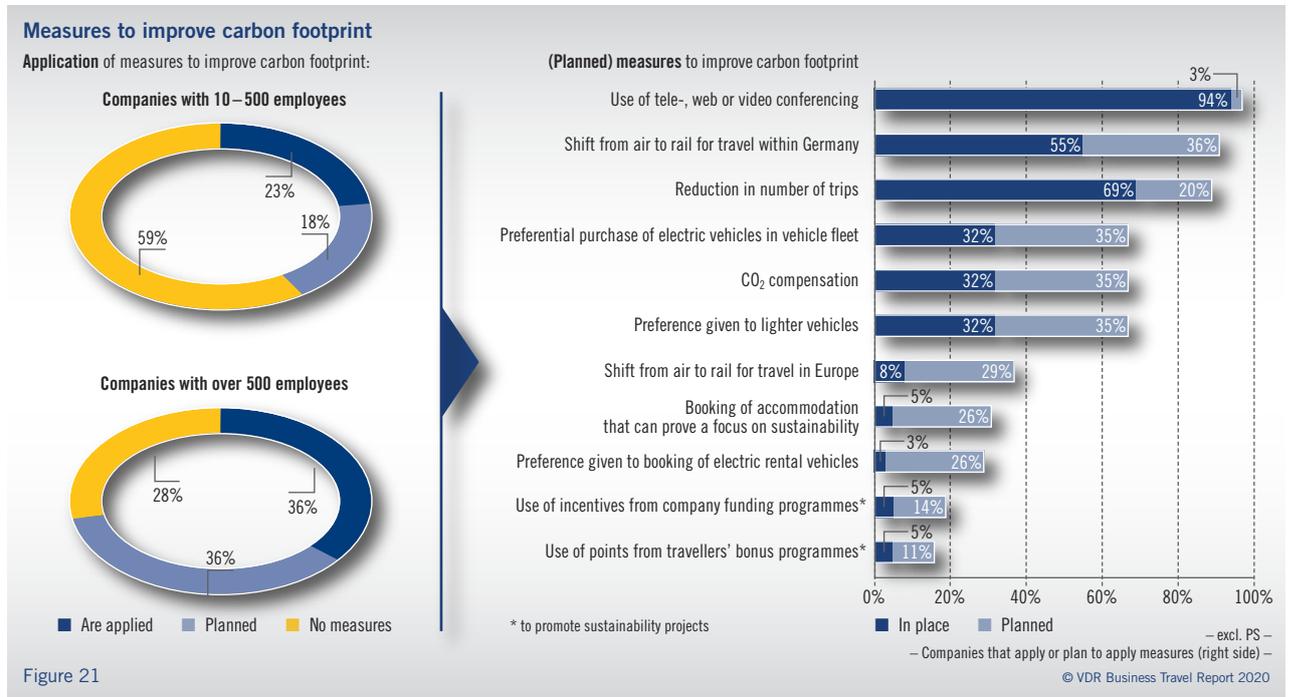


Figure 21

“ Do you implement measures in the area of business travel to improve your carbon footprint, or do you plan to do so? ”

“ If so, what measures do you (plan) to implement? ”

Overall, larger companies with more than 500 employees focus more actively on sustainability in the area of business travel. While 41% of SMEs implement or plan to implement measures to improve their carbon footprint, at larger companies this figure is 72%. Telephone/online or video conferences instead of non-essential business trips are now standard at almost all companies that implement, or plan to implement measures. 89% of travel managers are also working on decreasing the overall number of business trips. When selecting modes of transport, a shift from air travel to rail for domestic routes is on the radar for respondents: 55% already implement this measure, with a further 36% planning to do so in the future. However, as a result of the sudden change in requirements for safe and healthy travel due to the COVID pandemic, a counteracting shift towards travelling by car is expected.¹¹

Currently hardly in use at all but planned by a quarter of companies is the preferential reservation of accommodation with proven sustainability as well as booking of electric rental vehicles. 29% of respondents are considering moving from air travel to rail on European routes. The degree of use and order of the various measures are quite similar in the public sector. Respondents also mentioned company bicycles or e-bikes in addition to the options provided. In times of COVID, these modes of transport have gained in popularity, partly due to the installation of pop-up bicycle lanes in several cities.¹²

Overall, these questions were more frequently answered positively by companies with a dedicated area of responsibility for travel management (77% vs. 49% for companies without a dedicated area of responsibility). Comprehensive strategic and operational knowledge is required to plan and implement such measures with useful monitoring of results. The VDR Academy therefore offers seminars on the topic, at which participants can gain further training and engage in dialogue with their peers about sustainability.¹³

¹¹ See VDR's COVID pandemic barometer: result and updates from 10 August 2020 (calendar week 32): <https://www.vdr-service.de/nc/aktuelles/einzelnews/news/vdr-barometer-zur-corona-pandemie-ergebnisse-und-updates>

¹² See <https://www.ndr.de/nachrichten/info/FAQ-Was-sind-eigentlich-Pop-up-Radwege,popupradwege100.html>

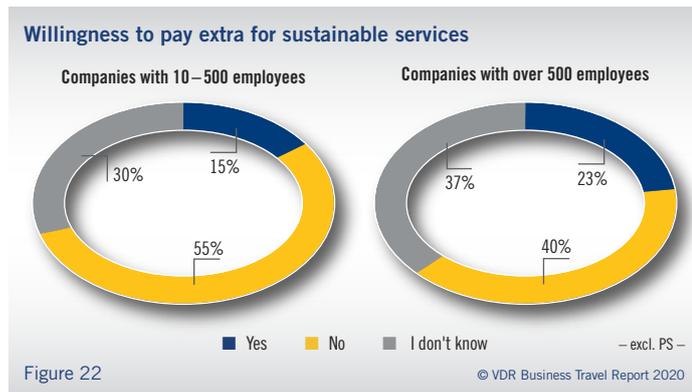
¹³ The current training courses on the topic of "Sustainability in travel management" are listed at www.vdr-akademie.de. Demand is high and the courses are quickly booked out. We therefore recommend considering in-house training.

“ Would you be willing to pay extra for more sustainable services? ”

“ If so, which ones? ”

Travel managers are reticent in this regard. Overall, around half responded that they would not spend more and one third could not or did not want to answer the question. 34% in the public sector, 23% in larger companies and 15% in SMEs responded that they would pay more for such services; willingness is slightly higher at companies with a dedicated area of responsibility for travel management.

Examples of more sustainable services are the use of green electricity and alternative fuels (for 80% of respondents who are willing to pay a higher price), CO₂ compensation by transport providers (78%) as well as accommodations with certified sustainability (59%) (not illustrated).



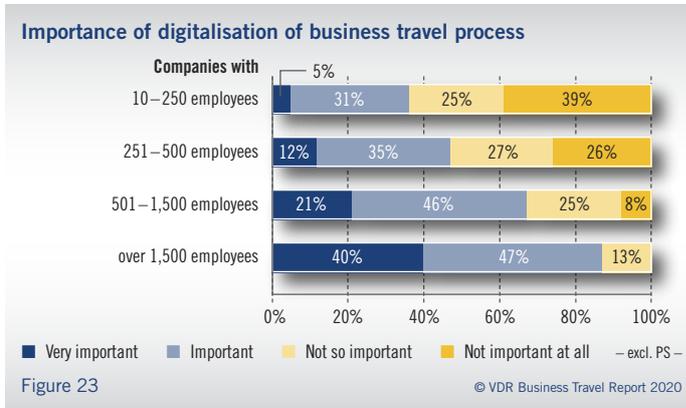
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8 Digitalisation of the business travel process

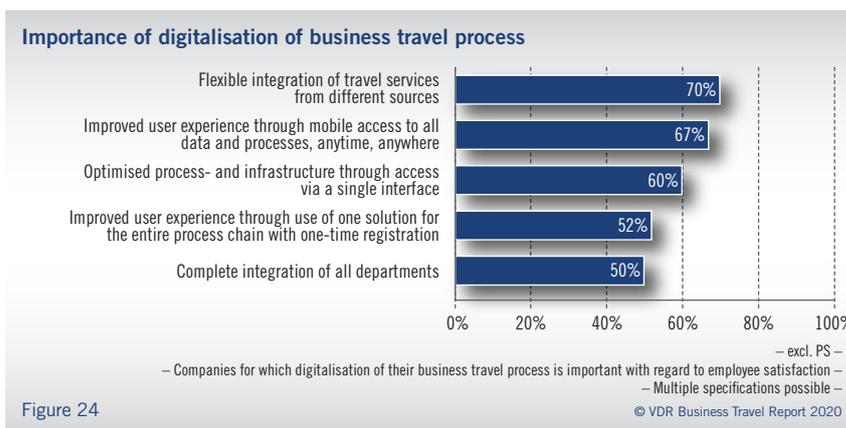


Importance

“ How important is digitalisation of the business travel process with regard to employee satisfaction? ”

The larger the company, the more important it is to have good and efficient organisation of business travel processes, from planning through to downstream processes. A digitalised, user-friendly and mobile organisational structure helps travellers focus on their actual job, i.e. to arrive relaxed at their destination and to focus on the success of the business trip.

For 87% of the largest companies, employee satisfaction is thus an important to very important aspect of digitalisation. 36% of travel managers at SMEs reported the same. And at companies that have a dedicated area of responsibility for travel management, digitalisation is rated as more important (86%) than in companies without one (50%). The public sector is more reticent here too: This question is not important for 34% of organisations (not illustrated).



“ What does digitalisation of the business travel process mean for your company? ”

Here, the benefits of digitalisation were evaluated by those companies that consider it important. Flexible integration (70%) is preferred over “single-source” solutions for the entire process chain (52%). This is followed by improved user experience, in particular when on the road (67%). Half of respondents consider it important to fully integrate all departments.

Service expectations and challenges

“ Which services should be part of an integrated business travel process? ”

Modern travel managers see themselves as fully integrated mobility managers. And an increasing number of travellers expect a seamless process, from travel approval and planning through to reimbursement of travel expenses. The corresponding technology has also advanced significantly. It is therefore understandable that full mobile availability is the highest priority in this area.

New communication modes and AI innovations are not yet important for most respondents.¹⁴ For many SMEs, process optimisation in the area of business travel may play a subordinate role, which would explain why 51% of them responded with “I don’t know”.

“ What are the greatest challenges for digitalisation of the business travel process? ”

53% of large companies see the biggest challenge as being the often complex work with external and internal stakeholders, followed by the need for considerable investment. Many companies have security concerns about using cloud solutions. A number of travel managers consider complete solutions ideal, but 38% report that they do not yet see them on the market.

Services provided by an integrated business travel process

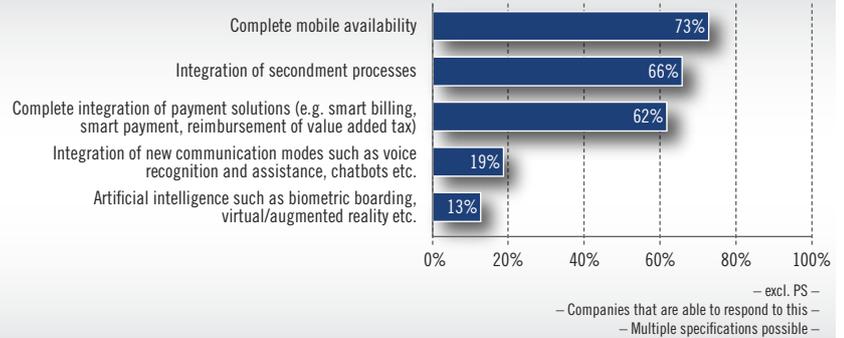


Figure 25

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Challenges involved in digitalisation of business travel process

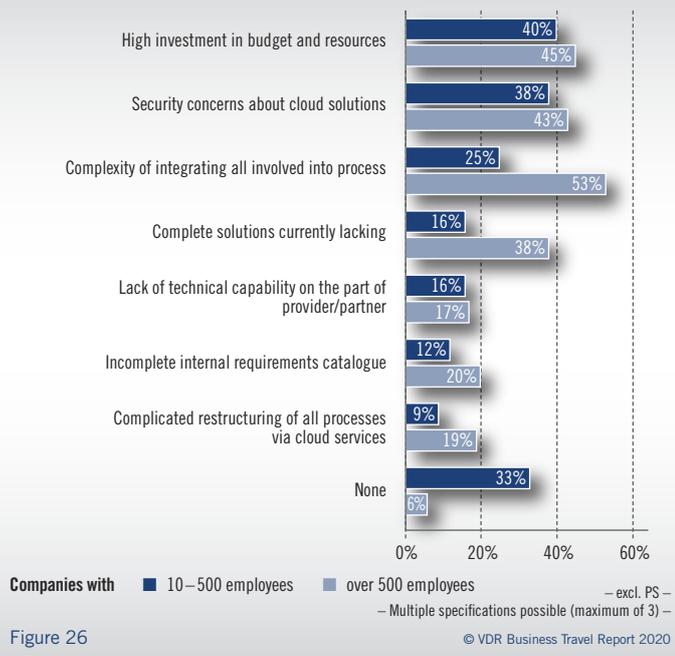


Figure 26

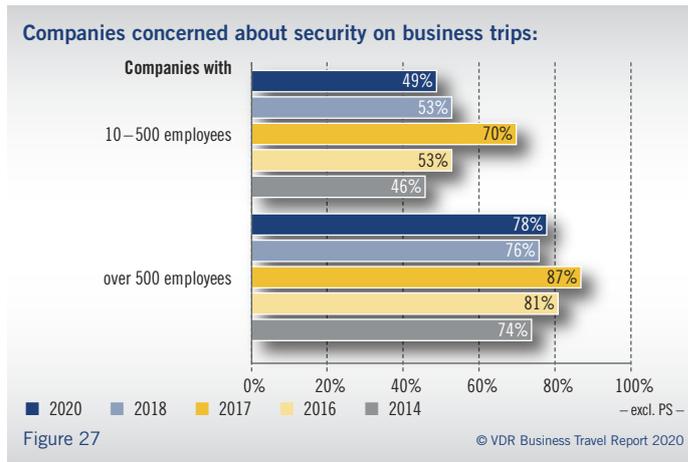
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¹⁴ See “New working methods: artificial intelligence”: VDR Business Travel Report 2019”, Chapter 6, Page 20 ff.

9 Security and data protection

“ Is your company concerned about traveller safety on business trips? ”

Travel safety was a very high-priority topic throughout society in 2016 and 2017 and was frequently reported on in the news media due to the terrorist attacks at that time.



The attacks in Nice, Brussels, Istanbul, Barcelona, Berlin, London and Stockholm resulted in more extensive travel safety measures, in particular at smaller companies. But today, this increased awareness seems to be a thing of the past at SMEs, where attention to this topic has decreased from 70% to 49%. The larger companies continue to be very concerned with travel safety (78%).

As the potential risks that travellers are exposed to are not limited to terrorism, professional preventive measures continue to be necessary. These risks include:

- Data theft
- Risks caused by political processes
- Socially related “everyday crime”
- Natural disasters (e.g. storms, earthquakes, landslides, floods)
- Industrial hazards (chemical, nuclear)
- Health risks (e.g. epidemics, pandemics)
- Transport-related risks (strikes, accidents)
- Terrorism¹⁵

In times of COVID-19, safety is now back in focus. This is clear from the VDR barometer studies carried out between March and August 2020.¹⁶

¹⁵ See VDR Business Travel Report 2017, Chapter 9 “Security and data protection”, Page 25.

¹⁶ See <https://www.vdr-service.de/nc/aktuelles/einzelnews/news/vdr-barometer-zur-corona-pandemie-ergebnisse-und-updates> and <https://www.vdr-service.de/corona>



“ What measures does your company offer travellers with regard to security on business trips? ”

For the majority of companies that are concerned with the topic of security on business trips, information and data protection is the most important topic. As larger companies engage in more global travel than smaller ones, the variation in provision of country-specific risk information is understandable. A mandatory booking procedure could certainly be implemented more frequently at smaller companies; however, only 54% of them report that they have one in place. Digitally supported traveller tracking has increased slightly at larger companies only (from 44% in 2018 to 47% today) – and it has declined at SMEs (from 34% to 21%).¹⁷

Measures relating to “security on business trips”

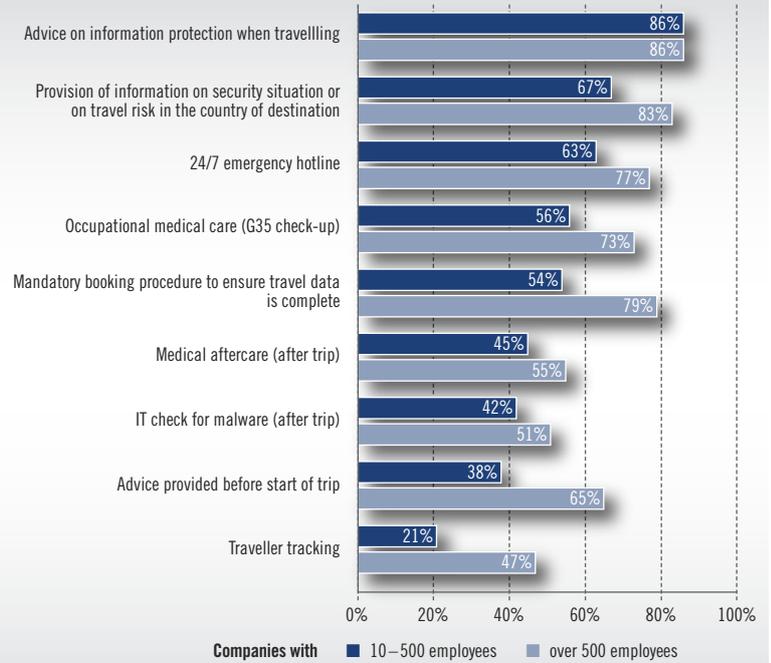


Figure 28

– excl. PS –
– Companies concerned about security on business trips –
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¹⁷ Due to modifications in response options, only the figure for traveller tracking can be compared to previous years. For more on this topic, see the VDR Business Travel Report 2017, Chapter 9 “Security and data protection”, Page 25 ff. figures 26 ff.

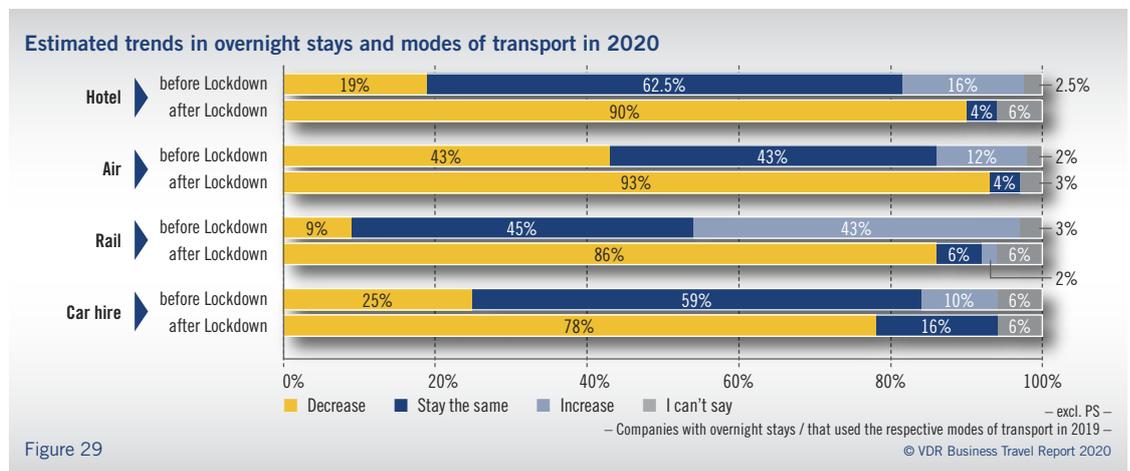


10 2020 – an exceptional year: Outlook

Business travel volumes in 2020

This is the first time ever that the responses to the question regarding expectations for business travel volumes changed fundamentally during the course of the survey. The following illustration therefore maps out two phases: responses pre- and post-lockdown. These results show a sudden change in mood due to the new situation after 16 March 2020. It should also be noted that the responses from the largest companies with 1,500 employees or more are all from the period before the end of February.

After originally stable to positive outlooks for all service providers, the images of airplanes parked on runways, trains on sidings and empty hotel rooms were the symbolic expression of the new prognoses. Car hire companies are the only providers for which the forecast is slightly less dire. This is due to the wish and necessity to maintain physical distancing when travelling. Domestic travellers in particular will more frequently be using the company car fleet, their own private vehicle or a rental car.



COVID-19: Impact analysis and the shape of the future

The coronavirus crisis has Germany and the world firmly in its grip. Like the climate crisis, the pandemic and the resulting socio-economic crisis are a global problem that can only be solved by global cooperation. The difference between the two is the following: To achieve the goals of the Paris Agreement, the global community knows in principle what needs to be done, while the virus is an external threat against which there is no comprehensively effective prevention yet.¹⁸

In addition to its own COVID-19 portal, VDR provides regular updates online about the analyses and prognoses of its member companies. For this purpose, VDR has been carrying out its barometer survey since March to monitor the mood in the German

economy with regard to business travel. A number of important results from the surveys carried out between March and August are included in the following considerations.¹⁹

The socio-economic consequences of the COVID-19 pandemic are being felt in many places. But a crisis also presents opportunities for changes in directions that could lead to new services, more efficiency, sustainability, work-life balance and better distribution in the medium and long run. Although some companies will not survive the crisis, new business models will have a chance to develop. Production locations and digital providers in Europe are gaining strength as the disadvantages of being dependent on Asia and the USA have become clear.

¹⁸ See Yuval Noah Harari: the world after coronavirus, in: Financial Times 20 March 2020.

¹⁹ See <https://www.vdr-service.de/nc/aktuelles/einzelnews/news/vdr-barometer-zur-corona-pandemie-ergebnisse-und-updates>

In addition to the economic aspects, learning, further training and teamwork can be designed more independently in terms of space and time. Web-based courses and conferences as well as innovative event concepts are relatively low-cost and accessible in the same quality, as long as the necessary internet connection and hardware are available. As a result of new services, supply chains and digitalisation, rural areas can also emerge stronger from the crisis. Germany still has some catching up to do in this regard.

Stronger EU-wide coordination of measures would, however, be crucial for preventing bureaucratic chaos due to ever new national restrictions and rules. Because, from an economic point of view, business trips are essential. According to the study “Knowledge diffusion in the network of international business travel”, they are not only important in terms of face-to-face interaction leading to a successful business transaction, but also because of the exchange of knowledge that takes place. Business travellers bring their expertise with them, use it and, in doing so, pass it on to others. This increases companies’ productivity and creates new output and jobs. Without doubt, the pandemic has proven that travel can be replaced by the use of mod-

ern technology, but the sharing of knowledge cannot. If business trips were permanently suspended, up to 17% of global economic output would be lost and the consequences of the pandemic would thus be even more severe.²⁰

Even if the volume and structure of business trips change – the vast majority of business travel experts at the VDR member companies reckon with declines in travel activity of 10 to a maximum of 30% – business trips and personal contact will continue to be an important part of the business activity of German companies after the coronavirus pandemic.

“Business trips serve a business purpose and are an economic necessity. Face-to-face communications between people and companies will also remain important and cannot be permanently replaced by virtual communication tools. Intelligently managed business trips will continue to contribute towards the solution rather than being a cause of increasing economic and climate-related problems,” said VDR president Christoph Carnier in August 2020.

²⁰ See Michele Coscia, Frank M. H. Neffke & Ricardo Hausmann: Knowledge diffusion in the network of international business travel, in: <https://www.nature.com/articles/s41562-020-0922-x>



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.

A random sample was taken from this statistical universe. Between January and July 2020, 800 computer-assisted telephone and online interviews were conducted with persons 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 2019 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).

Number of organisations in Germany and their employees according to size categories and industry sector (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	465,871	16,633,946	9,693	3,353,078	4,686	3,707,836	1,307	3,896,558	481,557	27,591,418

– As at: 2019 –
 – excluding organisations with 1 – 9 employees –
 Source: own calculations, in conjunction with statistics from the Federal Employment Agency, Data Centre, Nuremberg. Calculation based on NACE 08 (2018 and 2019) and NACE 03 (2008)

Table 2

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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 organisational 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

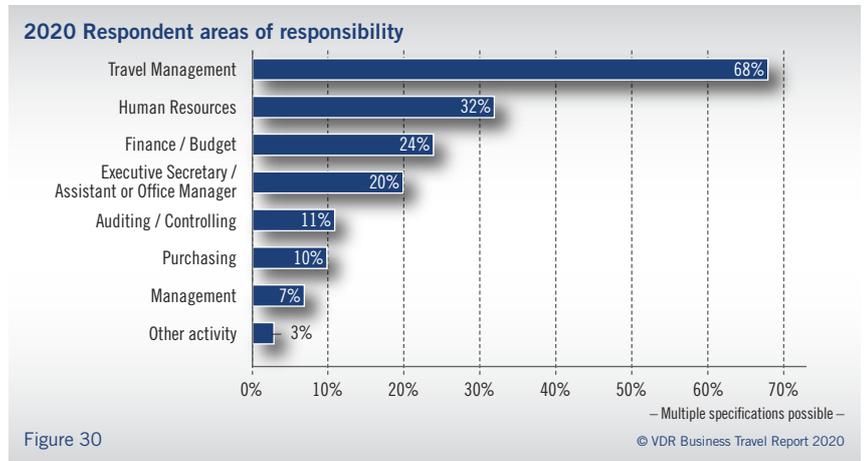


Figure 30

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. Research for Future AG (formerly 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 (Research for Future) 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 Inge Pirner and Oliver Meinicke from the Presidential Committee of VDR, and also leaders of VDR expert committees as appropriate for each specific topic.

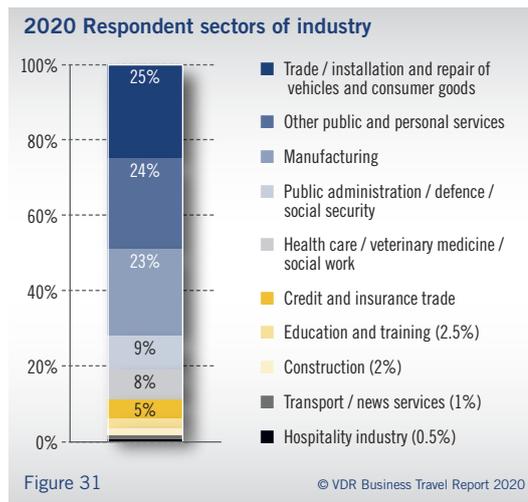


Figure 31

VDR – The German Business Travel Association

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 twelve billion euros per year.

Credits

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