

VDR

Verband Deutsches
Reisemanagement e.V.

The German Business Travel Association

VDR Business Travel Report 2021

Management Summary



A new start with new coordinates

It has become clear since 2020 that there will be a “back to business” but that it won’t be “business as usual”. How will we look back on the era of the COVID-19 pandemic? It certainly won’t be seen as one of many “dips” in a curve that seemed to promise endless growth despite clear warning signs – which included first and foremost the climate crisis. It is more likely to be considered a period that forced and enabled people to find many new ways of living and doing business.

The months that started with the first large-scale events being cancelled in 2020 and the introduction of never-before-seen lockdowns did more than just bring the world to a standstill – this communal experience will actually change it. What is also important is what we learn from the crisis and whether we see the glass as half-full or half-empty when the world starts up again.

The past year and a half have made painfully clear how important business travel is as an economic driver. Much of the ever-increasing income from business travel, spread well over time and across regions in industries that profited both directly and indirectly, disappeared. Jobs were lost worldwide¹ or had to be fundamentally reorganised. In this second “anything but usual” year of our survey, top managers increasingly became our direct point of contact, since skilled workers were furloughed, dealing with ongoing crisis management or were for other reasons not as available as usual.

If the principle of “building back better” is implemented well, we will be better prepared for the next pandemic. A holistic consideration of humans and mobility is the compass for the future. To what extent will business travel be permanently reduced? What other coordinates will shift as a result of the pandemic? What kinds of meeting formats will there be in the future and how will business travel partnerships be organised? Where are we at with regard to sustainability? And what measures will help maintain a balance between future work and private lives and business travel, which will continue to be both desired and necessary? These and other questions were answered in the 19th VDR Business Travel Report.

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 stakeholders and with the help of market research as well as events, VDR tracks the topics relevant to mobility management and offers far-sighted and reliable orientation for the future. And as our readers, your input is particularly important. We are therefore delighted to present you with the insightful results and your suggestions for a new beginning.

Key takeaways from the VDR Business Travel Report 2021

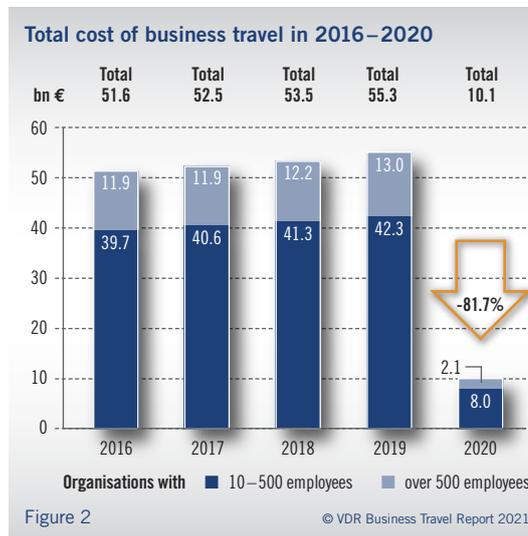
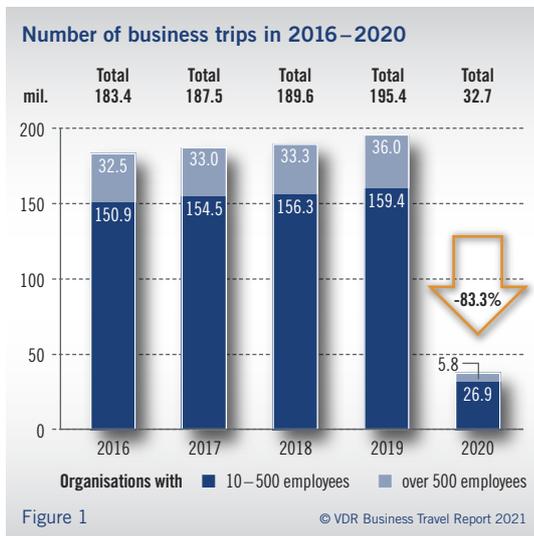
Key data 2020	Change in %	2019:
In 2020 there were 3.3 million business travellers. ²	– 74.9 %	13.0 million business trav.
32.7 million business trips led to expenditure of	– 83.3 %	195.4 million business trips
10.1 billion euros translated into	– 81.7 %	55.3 billion euros
161 euros per business traveller per day.	– 0.2 %	162 euros

¹ According to the International Labour Organization (ILO), 33 million people worldwide became unemployed and 81 million were in furlough or similar arrangements in 2020. Cf. ILO Monitor: “COVID-19 and the world of work. Seventh edition. Updated estimates and analysis”, 25 January 2021.

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

No travellers, no business...

Collapse came after record years in business travel volume and expenditure. Around four-fifths of the turnover business travellers otherwise generate in hospitality and transport in particular fell away in 2020. German service providers were particularly badly hit as most business travel has always taken place within the country; in 2020 it was 83% (27.3 million). That means around every tenth company employee and 7% in the public sector still travelled at least once.



...but “more of less” is the future

Mobility managers can contribute to reducing costs and environmental impact by cleverly combining travel, decreasing the number of routine trips, and playing with new ways of working together. 80% of larger, 72% of smaller companies and 81% of respondents from the public sector expect a long-term reduction in business travel. The actual extent of this decline remains to be seen, but if these forecasts are correct it will be an average of 30%.

And it went “Zoom”?

In the question on expected and actually desired future meeting formats there was a tendency towards online fatigue. Only 3-5% of companies would prefer purely online events. Although zoom-fatigue has not completely taken over, the majority would prefer more face-to-face meetings or at least hybrid concepts going forward.

Changes in hotel procurement in sight

In the coming one-to-two years, most companies plan to make changes to or fundamentally transform their hotel procurement. Dual rate loading is the preference of almost every second larger company (46%) and 27% of smaller and medium-sized enterprises (SMEs). Flexibility by way of needs-based evaluation is the next most popular alternative. In the public sector, it is less straightforward to redesign processes. For example, only 4% of travel managers in this sector can imagine introducing “open booking” – far fewer than in the private sector.

Red-tape nightmares vs. “pay as you check-in”

VDR’s proposal to pay for flights on check-in gained headwind when flight cancellations unfortunately became the norm, refunding processes became a nightmare and money was often not reimbursed for months. The majority of the respondents is, however, not prepared to pay to avoid unfair conditions, or if they are, it would be a maximum of 5%. The process costs for what has happened so far are likely to be a lot higher than that.

Farewell to cash?

Mobile telephony and smart solutions when travelling, whether for business or privately, have long since become the norm. So virtual payment solutions that can be used when travelling are highly prized. Today they are important to essential for companies (81%) and public sector organisations (77%) alike. Acceptance by business travellers is also estimated to be high to very high by 71% of all respondents.

Sustainability – from “nice to have” to the norm

Whether in the selection of modes of transport, hotels or even in the organisation of events – travel managers are key disseminators who can make an important contribution towards sustainability. Today, over 90% of respondent travel managers from companies and 97% from the public sector say that sustainability will become a competitive factor in the selection of service providers – a significant rise compared to last year. Specifically: Among smaller companies, 73% plan or are already implementing measures to ensure a better environmental footprint, among larger companies this figure is 85%. Business travel volume is being reduced or will be reduced at 87% of all companies for environmental reasons. For travel within Germany, 73% of respondent companies have shifted from air to rail travel. The European railway system will also profit from this shift.

Sustainability as a competitive factor in selecting service providers 2020/2021

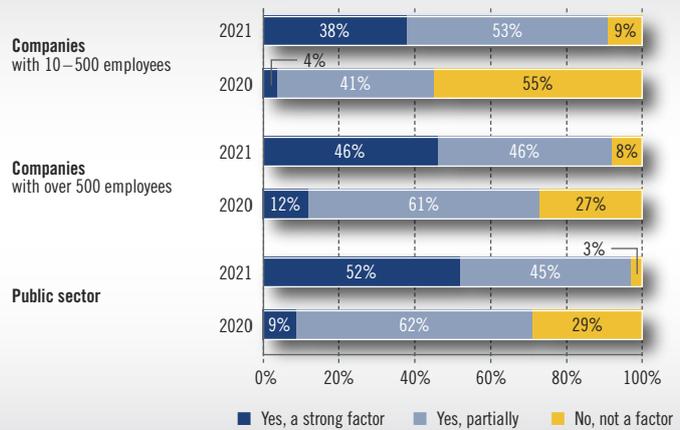


Figure 3

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Advice and support in higher demand again

Last year, firms that worked with Travel Management Companies (TMCs) saw the greatest added value in operational support (66%). And although there was less or no business travel at all during the pandemic, the demand for advice increased. Smaller companies in particular – often without full-time travel managers – sought such services. For 86% of all companies that work with at least one TMC, the intensity remained the same or even increased.

Work/life balance

More and more companies aim to facilitate their employees' work/life balance. When it comes to business travel, the focus here is on health and social matters. 69% of public sector organisations and just under half of companies say that work/travel-life balance is important to very important and implement a range of measures with this in mind; in practice, the focus is on flexibility and supporting tools. Cost pressure is seen as the greatest barrier.

Please consider the next three to five years: To what extent do the following statements apply to your company?

Expected general changes in the next three to five years

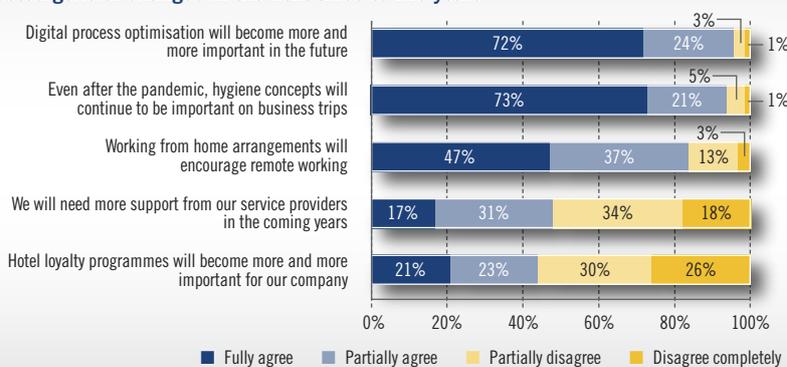


Figure 4

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Outlook

The journey towards new ways of working has just begun

As already seen last year, crisis also brings opportunities. The economic recovery will be defined by new opportunities to shape the future, and this will also be seen and experienced in the realm of corporate mobility. The backlog of business and private travel will initially trigger a boom, while the period after that will be shaped even more deliberately than in the past; this will be based on new models of working that are already on their way.³ We have all learned one thing during this period of restricted contact: Face-to-face meetings will not be replaced by online meetings anytime soon. It will be all about situation-dependent alternatives.

Mobility managers will contribute their experience and thus a new quality to the working world; our ways of working and tools as well as the willingness to use them have changed and developed very fast. Some positive effects will be less traffic congestions due to commuting and more working from home. Work/travel-life balance can take on entirely new forms. Younger employees in particular will tend towards “bleisure”⁴ (combining business and leisure) and “workcations”. We will see more digital nomads,⁵ and sometimes choose 100% remote working with occasional and therefore exceptional team building events. Travelling for business may become more of a privilege and motivation again.

Entirely new ideas of what (global) citizenship means are also foreseeable. Although national regulations made cross-border travel an administrative nightmare once again this summer, the EU has already laid plenty of fundamental groundwork. Standardisation, reliability, transparency and digital services in international cooperation are key here.⁶

In addition to huge cost savings on superfluous mobility, greenhouse gases can also be reduced in the medium term. We know this as a fact now since the pandemic acted as a “global magnifying glass” to show that the air in big cities around the world became visibly and measurably cleaner. However, this improvement was caused by the overall reduction in activity of people and industries during lockdown.⁷

New formats for training events and meetings of all kinds have been created. Although they are often less than ideal, they are globally democratising knowledge dissemination above and beyond e-learning and are opening up new opportunities for diversifying business, very much in the sense of the Sustainable Development Goals.⁸ Rural regions and the Global South can be strengthened as a result. More than ever before, plans and decisions are being discussed with researchers. All in all, as a consequence of this crisis we are better prepared than ever for a socially, economically and environmentally more sustainable, humane and mobile future.

Methodology

The statistical universe for the representative study is constituted by all businesses that have their headquarters in Germany – including those that have operations abroad – as well as organisations in the public sector with ten or more employees. The variable characteristics chosen were industry and size according to number of employees and they were allocated to four study categories.

Between January and June 2021, 800 computer-assisted telephone and online interviews were conducted with persons who are responsible for managing business travel or who are authorised by their organisations to provide the relevant data.

³Cf. Jena McGregor, Washington Post: “Six ways your office will be different in 2021, assuming you ever go back to it”, 30 December 2020, <https://www.washingtonpost.com/road-to-recovery/2021/01/03/tr-officetrends>

⁴Cf. Anna Kofoed, Amadeus: “A guide to the four trends sparking new life into travel, for both travel buyers and sellers”, 17 June 2021, <https://amadeus.com/en/insights/blog/travel-sellers-guide-to-4-trends-sparking-new-life-into-travel>

⁵Pieter Levels: “There will be 1 billion digital nomads by 2035”, 25 October 2015, <https://levels.io/future-of-digital-nomads/>

⁶With the restart in mind, VDR compiled a guide back in June 2020 – “Back to the future of business travel”: https://www.vdr-service.de/fileadmin/der-verband/politische-arbeit/vdr-positionen/2020-06_VDR-Whitepaper_Back-to-the-future-of-business-travel.pdf

⁷Cf. Gope, S., Dawn, S. & Das, S.S.: “Effect of COVID-19 pandemic on air quality: a study based on Air Quality Index.” Environ Sci Pollut Res (2021), 25 May 2021, <https://doi.org/10.1007/s11356-021-14462-9> as well as <https://www.umweltbundesamt.de/presse/pressemitteilungen/luftqualitaet-2020-nur-noch-wenige-staedte-ueber>

⁸17 United Nations 2030 Sustainable Development Goals: <https://sdgs.un.org/goals>

In addition to travel managers as a professional category, interviewees were recruited from management, HR, controlling, finance and purchasing officers, personal assistants as well as comparable organisational departments in the public sector.

The responses to qualitative questions reflect the situation at the time of the survey, while all others are based on the 2020 figures. Any business trip that is recorded on the basis of individual expense reports counts in this study as business travel. The duration, purpose, distance and destination of the journey and the professional status of the travellers are insignificant here.

The research team

- Verband Deutsches Reisemanagement e.V. (VDR – The German Business Travel Association), 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 is responsible for the field work and scientific evaluation of the primary data, which is gathered by ARIS UMFRAGEFORSCHUNG Markt-, Media- und Sozialforschungsges. mbH.
- Antje Adam, René Vorspohl (VDR) and Claudia Mock (Research for Future) collaborate 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: In this edition these were Inge Pirner and Oliver Meinicke from the Presidential Committee of VDR, as well as the heads of the VDR expert committee as appropriate for each specific topic.

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