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VDR Business Travel Report 2022

volume 20



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A return but not a reset

Business travel has become possible again, even though as a society, we are still struggling with several concurrent challenges. The “epochal shift”, a term used in abundance this year, began in the business travel sector back in March 2020 and the shock of the pandemic is by no means over.

The shockwaves are still being felt in the German economy, both in a positive and in a negative sense. For instance, demands for more environmental, economic and social sustainability can be heard both globally and in companies, and in the travel management sector they have become visible: It is now a mission rather than an option for travel companies to prove that they are sustainable businesses by providing corresponding products and services. On the other hand, the travel sector is currently noticing how difficult it is to return to everyday operations.

Over the past two years, the significance of business travel as an economic factor has become abundantly clear. Many locations, regions and countries depend on business and private travellers and the money they spend. In addition, business travel is spreading more broadly across regions and in terms of time. Over the two decades of this analysis, daily spending has proven to be about twice that of holiday spending. Sustainability also includes socio-economic aspects. So it's a clear “yes”! to corporate mobility – the question for the future is “what will this look like”? In spite of all the digitalised efficiency, face-to-face meetings are still recognised as being indispensable in many cases.

And even though we are happy to be “back to business”, business travel is likely to fall in the long run for several reasons. But by how much? How will the way we work change? Might sustainability efforts lose out to economic problems after all? Who is responsible for integrated mobility management at companies? What should current and future partnerships with service providers look like? This 20th VDR Business Travel Report once again presents both facts and figures as well as a range of future-relevant topics.

As Germany's largest network for modern mobility management, VDR represents the interests of its members on both the national and international levels. To strengthen European collaboration, BT4Europe was launched on 24 February 2022¹ and the partnership with the Global Business Travel Association (GBTA) continues to work effectively.² 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 responsible and reliable orientation for the future. Every crisis can also be a valuable opportunity for positive transformation. Let's get to work! As our readers, your input is particularly important. We look forward with you to reading about what is currently happening as well as receiving your ideas for new topics.

¹ <https://bt4europe.com>

² <https://www.vdr-service.de/gbta-vdr-conference>

1 Key figures at a glance

Key data 2021:

In 2021 there were 5.5 million business travellers
41.4 million business trips led to expenditure of
13.4 billion euros translated into
147 euros per business traveller per day.

Change in %

+ 67%
+ 26%
+ 32%
– 9%

2020:

3.3 million business travellers
32.7 million business trips
10.1 billion euros
161 euros

“Back to business” but not “business as usual”

After the collapse in business travel in 2020, the situation improved slightly in 2021. This was particularly important to the survival of German service providers. As before, the majority (80%) of the 33 million business trips taken were within Germany. The mood became more positive; nevertheless all involved in the industry remained far behind the record year 2019 in terms of what was happening and how it was happening. As was the case for German economic performance as a whole in 2021, their work was still heavily impacted by the pandemic and the accompanying measures taken as well as by increasing staffing and materials bottlenecks. In total, business trips increased by 26% to 41.4 million in 2021 and expenditure was 13.4 billion euros – both still well below their pre-crisis levels.

(Figures 1–2, Page 7)

Downward trend dampened but lasting

While in 2021 over 70% of all organisations still expected a long-term decline in business trips, this year the figure was between 55 and 63%. As in the previous year, the organisations that expect a lasting reduction estimate it to be by an average of 30%.

(Figure 18, Page 22)

Longer trips: Roomnights rescued

Post-pandemic, it seems that the trend towards ever shorter business trips is turning around, the attitude being “If you’re going to travel less frequently, it might as well be for longer.” The average duration of business trips rose across all company sizes, amounting to 2.3 days overall. For accommodation providers that meant an initial recovery of 39% to a total of 24.1 million overnight stays. Smaller organisations remain the backbone of “roomnights”. And even though domestic travel naturally profited most as business travel slowly began to be possible once again, the percentage increase in overnight stays abroad was even stronger, at 49%.

(Figures 4, 10 and 11, Pages 9 and 16)

Integrated mobility management on the rise

The complexity of the tasks of business travel managers has risen in the past twenty years in terms of efficient spending, extensive duties of care for business travellers, digital transformation, safety issues, sustainability and much more. The past two years have shown that crises are the right time for networked specialists. Today, the majority of companies already pools the many different responsibilities connected to corporate mobility in one place or is planning to do so within the next one-to-two years.

Corporate bosses are generally still responsible for emphasising the importance of integrated mobility management: in smaller companies 71% of it is under the responsibility of top management,

in larger companies it is ever more common for a travel management department to cover this topic (51%).

(Figure 7, Page 13)

Spotlight on “temporary living”

Serviced apartments are an alternative for longer on-location deployments and when combining business and private trips. Today, serviced apartments are booked by 18% of smaller and 23% of larger companies. And of those business travel managers who do not yet have this kind of hotel alternative in their programme, they are willing to consider it in one fifth of companies. The requirements are many and certification is important for 80% of respondents.

(Figures 12 and 13, Page 17)

Sustainability: Accountability via reporting

With the Corporate Sustainability Reporting Directive (CSRD), the EU is extending the duty to carry out sustainability reporting on the environment, social issues and methods of corporate governance to a much larger number of companies than before. The share of companies that nevertheless responds with “we have no plans to do this” is still high (28% of companies with over 500 employees). A total of 44% of organisations in the public sector are still hesitant. Especially in the areas of employee mobility and business trips there is a lot of room for adjustments to reduce aspects such as carbon emissions. As a control instrument, most larger companies in particular integrate environmental key figures into booking tools in advance of a trip.

(Figures 14 and 16, Pages 18 and 19)

A gap between ambition and action?

Sustainable business operations are increasingly shifting from being an option to being the rule. The number of companies actively working towards more sustainability in the business travel sector has increased again in 2022. While two years ago, 72% of larger companies supported measures for a better carbon footprint, this year the figure is 89%, and 80% for organisations in the public sector. Nevertheless, the individual activities that benefit sustainability are stagnating – although partly on a high level – or are declining slightly. Only sustainable mobility budgets as well as corresponding offerings to employees are being used more frequently. 72% of business travel managers, who are generally willing to spend more to compensate for carbon emissions, see 1 to 10% additional costs as acceptable.

(Figures 15 to 17, Page 18 ff.)

Here to stay: “New Work” through digital transformation

Digital transformation in communications and in cooperation accelerated in 82% of companies due to the pandemic. An identical number of employers will continue to implement new, flexible work models going forward. Mobile work and remote work models are also gaining traction in cases where it is not necessary for employees to be present for a certain number of hours at the company's offices. Working from a desired location is permitted by 54% of companies and one in four plans to allow their employees to work from wherever they want worldwide.

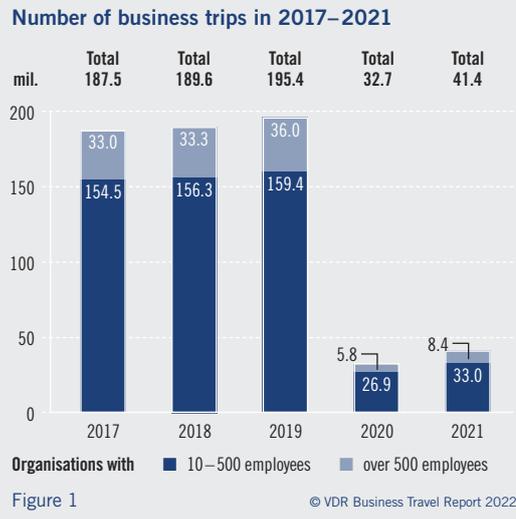
(Figures 20 and 21, Page 24)

2 Business travel: Facts and figures

Quantity

“ How many business trips were taken in 2021? ”

Economic growth remained heavily impacted by the pandemic and the measures taken as well as by increasing supply and materials bottlenecks. Nevertheless, the German economy was able to recover somewhat from the slump of the previous year. Price-adjusted gross domestic product (GDP) was up 2.7%.³ After the number of business trips had collapsed by 83% compared to the record numbers in 2019 (195.4 million), it increased again in 2021 by 26% to 41.4 million – but remained far short of the pre-crisis level. Companies with over 500 employees made an above-average contribution to this recovery, with a 39% rise in business trips. 15% of companies are still not carrying out any business trips at all. In the public sector, too, 88% of organisations returned to official travel. The majority of all business trips still take place within Germany (80% in 2021, not illustrated).



Costs

“ How high was total business travel spend in 2021? ”

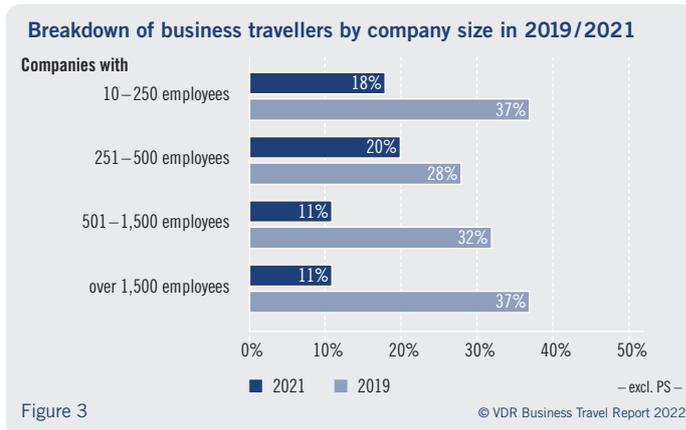
Spending on business travel also declined sharply for one year (from 55.3 billion euros in 2019 to 10.1 billion euros in 2020). This had dramatic consequences for the hospitality and transport industries in particular. 2021 was a slight improvement for the embattled service providers as travel started up again. Correspondingly, business travel spend rose by 32% at organisations. Here too, companies with over 500 employees had an above-average spend, with their costs rising by 45%.



³ See press release of the Federal Statistics Office, Wiesbaden, 14 January 2022.

Business travellers

“ How many people travelled on business? ”



After what seemed like zero in the first year of the pandemic in 2020, the number of business travellers has begun to trend upwards again, but is still far below the record 13 million in 2019. The need for face-to-face meetings was noticeable everywhere in the business world throughout 2021, with a total of 5.5 million business travellers on the road, most of them from companies with up to 500 employees.

The story was similar in the public sector, where official trips doubled; an average of 16% of public service staff were on the road again, compared to half before the pandemic. In larger companies, the increase in business trips was spread much less broadly than in 2019, since in the past two years only about one in ten employees travelled for business.

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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. Business travellers are employees of a company or public-sector organisation who take at least one business or official trip per year.

For further definitions of the terms used here, please see the VDR Glossary: www.vdr-service.de/glossar (in German only).

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, the public sector is excluded (“– excl. PS –”). When reference is made to organisations, this means both businesses and institutions in the public sector. The category SMEs = Small and medium-sized enterprises refers to companies with 10–250 employees. When we speak of “smaller businesses” in this report, we mean companies with 10–500 employees.

Duration

“ How long do business trips take? ”

While day trips without an overnight stay had been gaining in popularity in the pre-crisis period, 2021 seems to be trending in the opposite direction, in particular at SMEs. “If you’re going to travel less frequently, it might as well be for longer.” The average duration of business trips rose across all company sizes, amounting to 2.3 days overall. In companies with over 1,500 employees, every fifth business trip took four days or more. Day trips with no overnight stay accounted for half of business trips in 2021 – both in private industry and in the public sector (not illustrated).

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Duration of business trips by company size 2019–2021

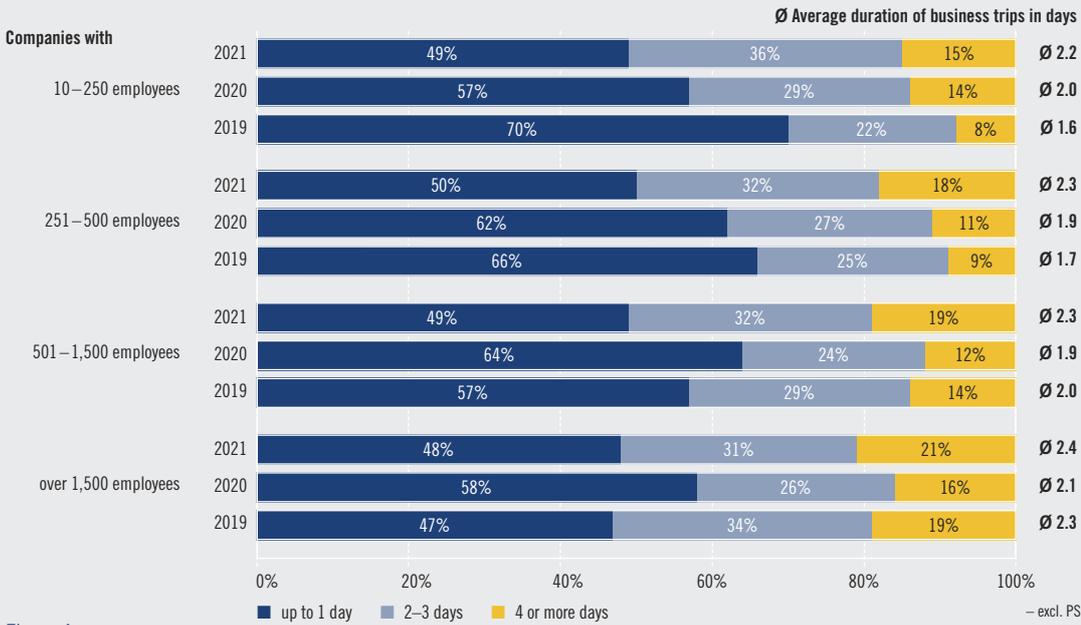


Figure 4

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3 Structure of business travel costs

Average cost per business trip in 2017–2021
Daily expenditures for business vs. holiday travel in 2017–2021⁴

	Average cost per business trip	Expenditure per person per day	
		Business travel	Holiday travel
2021	334 €	147 €	83 €
2020	323 €	161 €	82 €
2019	312 €	162 €	83 €
2018	310 €	162 €	81 €
2017	307 €	157 €	83 €

⁴Our own calculations, in conjunction with FUR, Kiel: Initial results of the 2018–2022 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

Average costs per business trip, at 334 euros, are again higher than in the previous year, mainly due to the further increase in the average duration of trips in 2021; Expenditure per person per day dropped quite significantly to 147 euros. Both average duration and expenditure rose for holiday trips, with 83 euros being spent per person per day.⁵

Not least due to the boom in digital transformation that came with the pandemic, it has become more possible to play with combinations such as bundling several business events, integrating a private weekend here and there, or taking a longer “workation”. Many countries and regions are now responding to this trend by offering attractive special rates for “digital nomads”.⁶ This results in new topics to be dealt with by all corporate mobility and HR managers.

⁵See Forschungsgemeinschaft Urlaub und Reisen e.V. (FUR), Kiel: Initial results of the 2022 travel report.

⁶An international overview: <https://www.wfa.team/digital-nomad-visas/>

Cost areas

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

The total costs for business travel rose from 2020 to 2021 by 3.3 billion euros (32%). However, the percentage spread of spending across categories remained stable. The highest rise in spending was on overnight stays (39%, from 3.1 to 4.3 billion euros), followed by transport costs (32%, from 4.6 to 6.1 billion euros).⁷ There was a shift within the category of transport costs: After air travel in particular suffered a huge decline in 2020, its share rose again from 21% to 28%.

Around 73.6 million passengers took off or landed on business or private trips at the 23 largest airports in Germany in 2021. That's 27.3% more than in the previous year, but still 67.6% less than in the record year 2019.⁸ After air travel to key destinations for business travellers had slumped in 2020 (USA -80%, China -88%)⁹, trips to the US rose again by 25.4%. Of all global destinations Asia was the only region that continued to decline in terms of air travel (-12.1%).¹⁰ When Asia became the new epicentre of the pandemic in 2021, the extreme organisational measures introduced for the Olympic Games in Japan in summer 2021¹¹ and for winter 2022 in China¹² made their mark; participants, support teams and functionaries are also counted as business travellers.

“How high do you expect your company's total travel expenditure to be in 2022?”¹³ (as at the end of the first half of the year)

“Treading carefully” became the forced motto for business travel managers last year. It was often impossible to budget precisely as reliable planning was not an option due to the many uncertainties. Over half of both companies (51%) and public sector organisations (56%) did not yet have a fixed travel budget in the first six months of 2021.¹⁴

On the interview date, a total of 67% of companies were expecting double-digit increases in overall travel costs in the current year. 29% of companies expected the same business travel costs as in 2021. 4% of companies expected a decrease in business travel costs in 2022 compared to 2021. Thus, the upward trend is likely to continue, provided that no sudden events occur that would again paralyse business travel.

⁷ See VDR Business Travel Report 2021, Section 3, “Structure of business travel costs”, Page 10, Figure 5.

⁸ See press release no. 041 of the Federal Statistics Office, Wiesbaden, 31 January 2022.

⁹ See press release no. 023 of the Federal Statistics Office, Wiesbaden, 31 March 2021.

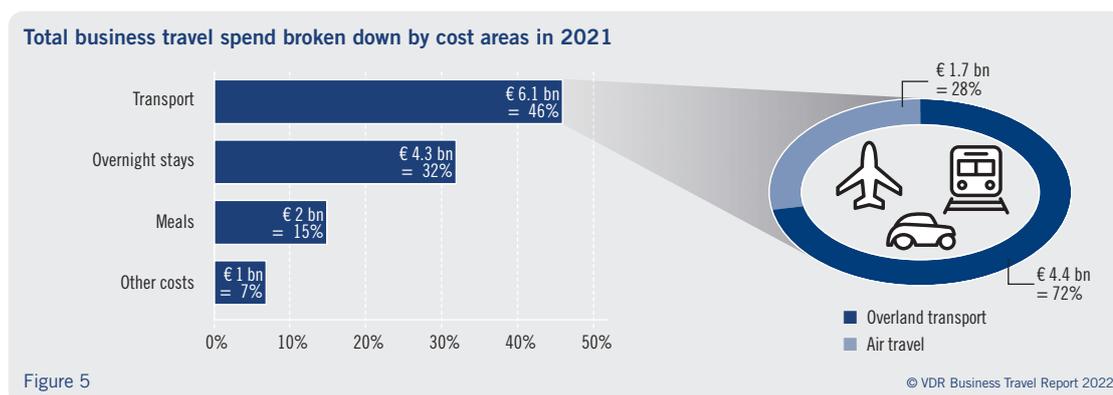
¹⁰ See press release no. 041 of the Federal Statistics Office, Wiesbaden 31 January, 2022.

¹¹ See <https://www.faz.net/aktuell/sport/olympia/sportpolitik/olympische-spiele-corona-lage-spitzt-sich-zu-17459898.html>

¹² See <https://www.businessinsider.de/politik/welt/wer-mehr-als-373-grad-koerper-temperatur-hat-fliegt-raus-die-extremen-corona-regeln-chinas-bei-den-olympischen-spielen-b/>

¹³ Note: Excluding costs for company cars, car fleet. Only costs that are reimbursed after expense reports have been submitted by the traveller, as well as all costs that are invoiced to the company directly.

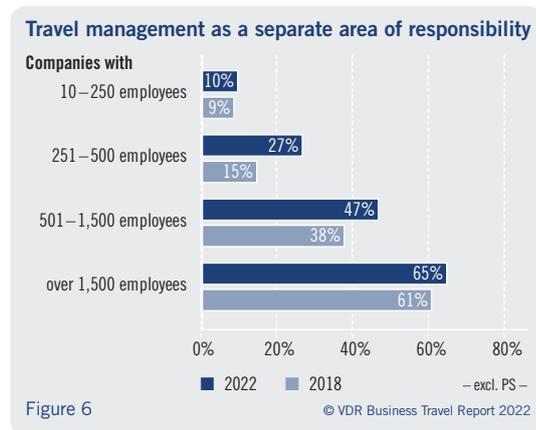
¹⁴ See VDR Business Travel Report 2021, Chapter 3, “Structure of business travel costs”, Page 11.



4 Travel Management: Positioning and partnerships

Positioning and partnerships

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



Whether travel management is defined as a separate area of responsibility depends on the size of the company and its volume of business travel. The complexity of tasks in this area has grown in the past twenty years: Spending efficiency, extensive duties of care for the business travellers, digital transformation, safety issues, sustainability and much more – the list of topics mobility managers have to deal with these days shows how important it can be to have them as a separate function within the company.¹⁵

Crises in particular are the right time for networked specialists. Most of the largest companies have a dedicated travel management department. The potential to shape business travel is being better recognised than in the past at companies with 251 to 1,500 employees; the share of companies with their own travel management unit has increased in the past five years. And about one in ten SMEs has its own dedicated travel management department. However, at most SMEs certain travel management tasks are often taken on by management and their assistants, or by the Human Resources department.

Company travel policy

“ Does your company have a travel policy? ”

Almost every larger company surveyed has a travel policy: At companies with over 1,500 employees the share is 97%. At companies with 251-500 employees two out of three responded in the affirmative (69%). By contrast, about every second SME uses a travel policy (48%), which could be due to travel management less frequently being a separate area of responsibility. So there is room for improvement at many companies in terms of efficiently and transparently regulating the planning, booking, implementation and invoicing of business trips (not illustrated).

¹⁵ See VDR Business Travel Report 2018, Chapter 7 “Travel management: Positioning and future”, Page 20, Figure 18.

Integrated mobility management

“ Does your company have integrated approaches to mobility and are you pooling them in one place? ”

“ If yes, which area of the organisation is responsible? ”

The majority of companies already pools the many responsibilities associated with corporate mobility in one place or plans to implement this in the next one to two years. In the public sector, 65% of organisations state the same (not illustrated). In addition, corporate bosses are generally still responsible for emphasising the importance of integrated mobility management¹⁶: In smaller companies 71% is under the responsibility of top management, in larger companies it is ever more common for a travel management department to cover this topic (51%). The public sector primarily relies on HR (42%), the travel management unit, or management (34% each) (not illustrated).

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¹⁶ In addition to business trips, this includes commuting, travel between subsidiaries, privately used mobility offerings subsidised by the company.

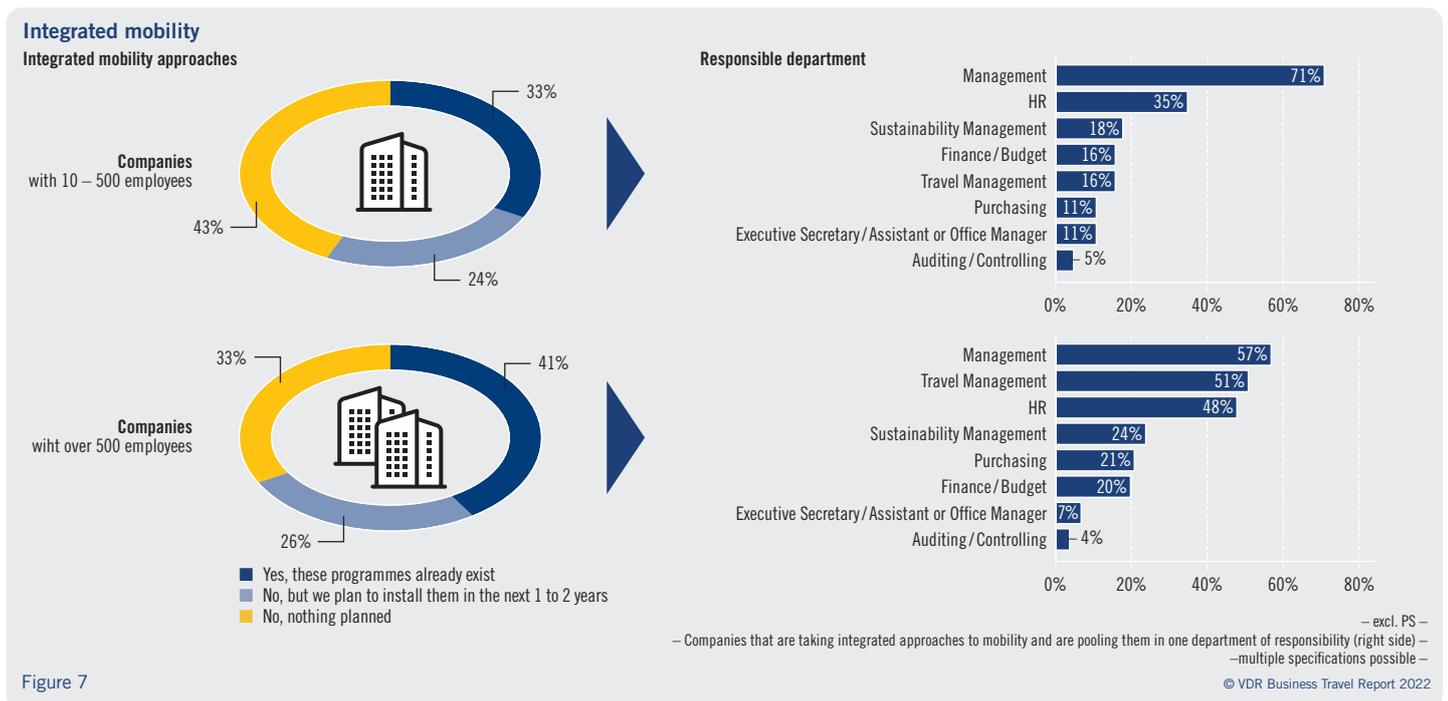


Figure 7

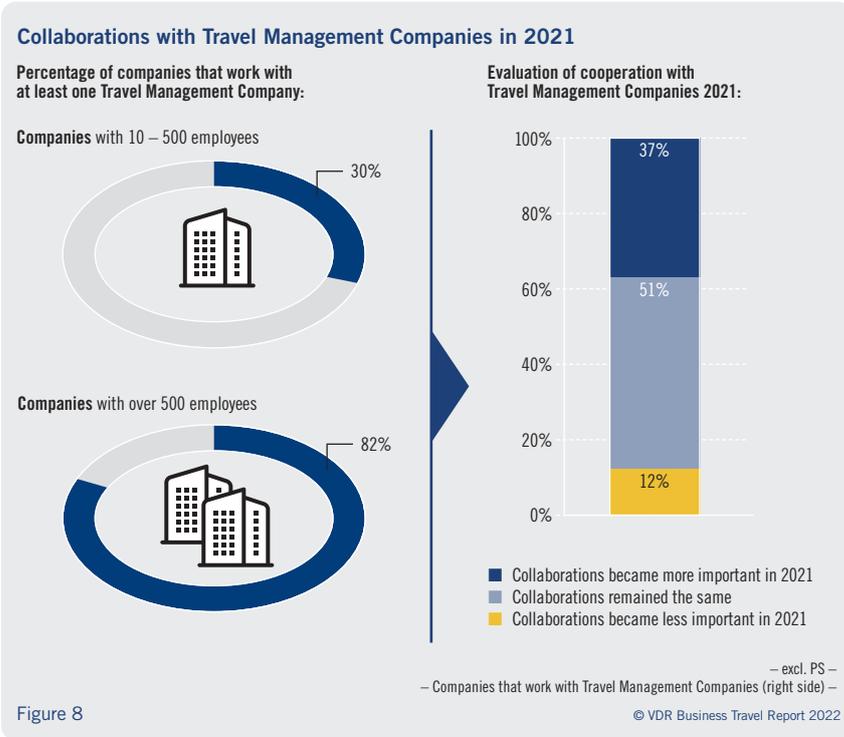


Figure 8

Collaborations with Travel Management Companies

“ Does your company work with Travel Management Companies? ”

“ If so, how do you rate the collaboration in 2021? ”

In 2021, the second year of the pandemic, the daily tasks and special challenges of the time consolidated collaboration with Travel Management Companies (TMCs) on a high level, in particular at larger companies, of whom 82% were supported by TMCs. Every fifth large company had several partnerships (not illustrated). As before, only about every third smaller company works with a TMC. In the public sector, 56% of organisations rely on their professional support (not illustrated).

For 88% of all companies that work with at least one TMC, the intensity remained the same or increased – this is more or less the same experience as in the previous year.



Figure 9

Payment methods

“ How do you pay your TMC partner(s)? ”

Most contracts continue to be based on the number of transactions (84%). The importance of this type of payment has risen compared to the previous year. Contract modifications were interesting to many companies. One new type is contact fees, which every tenth company is now making use of. The public sector chooses between the different payment methods in a very similar manner to private sector companies (not illustrated).

“ Did you outsource tasks to your TMC partners last year? ”

Very few organisations outsourced tasks in 2021. Just 8% of companies, regardless of size, and 15% of public sector travel managers that work with at least one TMC decided to do this. When outsourcing did happen, the tasks were quite varied, from designing the travel policy, to process optimisation, travel cost billing, data consolidation and reporting, online booking and payment solutions. Health and safety topics were also put into the hands of a TMC partner by some organisations (not illustrated).

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5 Overnight stays, hotel purchasing

Overall trends

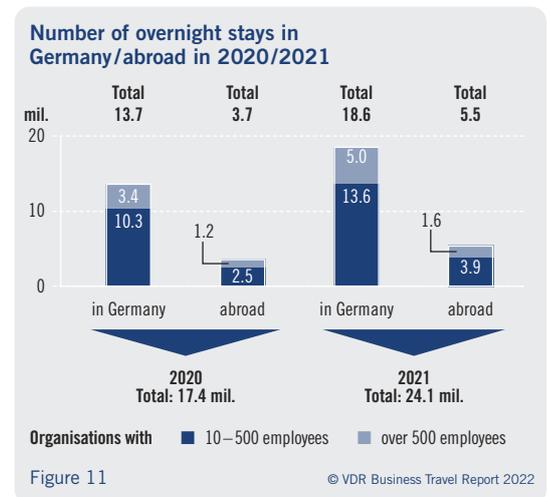
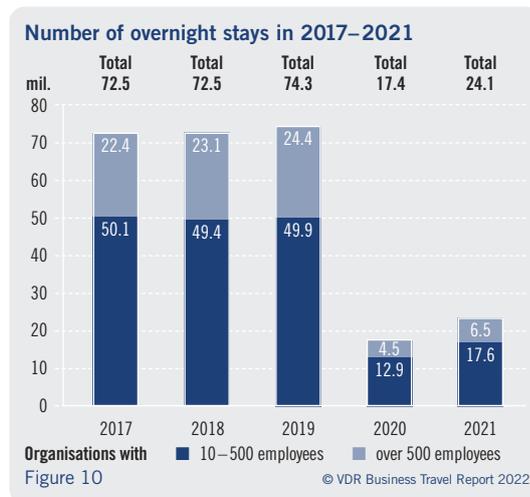
“ How often did the business trips taken by the employees in your company/ organisation include overnight stays?¹⁷ ”

“ How were overnight stays distributed between domestic and foreign accommodations? ”

After the dramatic decline in overnight stays, accommodation providers were able to welcome more business travellers again in 2021, with an initial recovery of 39% to a total of 24.1 million overnight stays. Larger companies made an above-average contribution to this trend, with an increase of 45%; this also correlates with the largest average

trip duration in companies with over 1,500 employees (2.4 days, see Figure 4, Page 9).

And even though domestic travel naturally profited most as business travel slowly began to be possible once again, the percentage increase in overnight stays abroad was even stronger, at 49% (from 3.7 to 5.5 million). In terms of pure numbers, smaller companies within Germany remained the backbone of “roomnights”; SMEs mainly work within Germany and cross borders less frequently. Their overall significance for the European economy is nevertheless huge: Two thirds of all employees in the EU’s private sector work at SMEs that contribute over 50% to industrial value creation.¹⁸ In the statistical universe of this analysis, SME employees account for 60%. (See Table 2, Page 28)



Corporate rates

“ What percentage of overnight stays are booked via corporate rates at your company? ”

The larger the company the more likely it is that corporate rates are used: While 16% of SMEs use these rates, the percentage is 43% for the largest companies with the highest travel volumes. In the

public sector an average of every third overnight stay is booked via corporate rates (not illustrated).

No analysis of the overnight categories booked was carried out for 2020 and 2021. In this edition, stronger focus is placed on serviced apartments as a possible alternative to classical hotel offerings. Longer stays have increased, but how about the willingness to use and the requirements placed on “temporary living”?

¹⁷ Number of overnight stays = roomnights

¹⁸ See <https://www.europarl.europa.eu/factsheets/de/sheet/63/kleine-und-mittlere-unternehmen>

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Serviced apartments, requirements

“ Does your company book serviced apartments as an alternative to hotels? ”

18% of smaller and 23% of larger companies currently have serviced apartments in their portfolio. And of those travel managers who do not yet use this alternative to hotels, they are willing to consider it in about one fifth of companies. Since larger companies are more likely to book longer stays and trips abroad, they are also very slightly more likely to be potential customers for serviced apartments. In the public sector, 16% of organisations are already making such bookings, for 65% the topic is not relevant (not illustrated).

“ How important are the following criteria when choosing an alternative to hotels for your business travellers? ”

This question only looked at companies that book or can imagine booking serviced apartments. For many, certification creates trust in the quality of the product offered; This aspect is “somewhat important” to “very important” for 80% of respondents. As is always the case with labels, it is essential to pay attention to the type of certification in order to ensure credibility and transparency. Self-catering services are almost as important as certification. It is very important for just under every third respondent that the business travellers can cater for themselves in the same building. Other services such as wellbeing offerings are less important, but there is some demand here all the same. Overall, the assessments of public sector travel managers do not differ to any significant degree from those of the private sector (not illustrated).

Booking of serviced apartments as an alternative to hotels

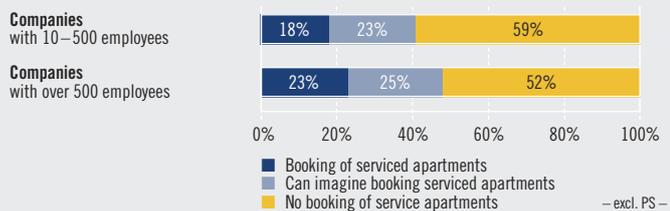


Figure 12

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Importance of criteria when choosing an alternative to a hotel

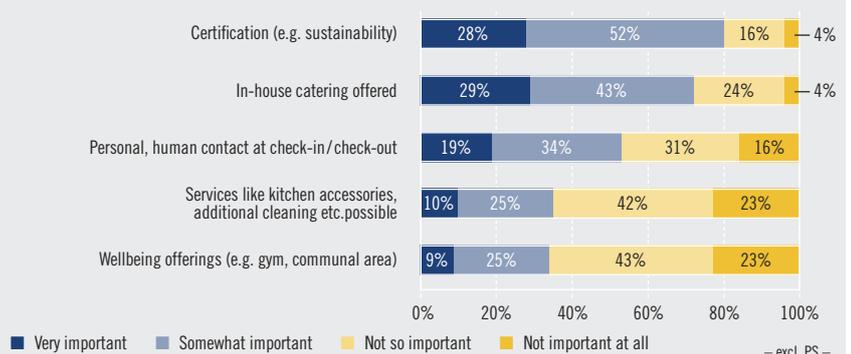


Figure 13

– Companies that book or can imagine booking serviced apartments –
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6 Climate protection and sustainability

Reporting

“ Does your company carry out reporting on the topic of sustainable mobility? ”

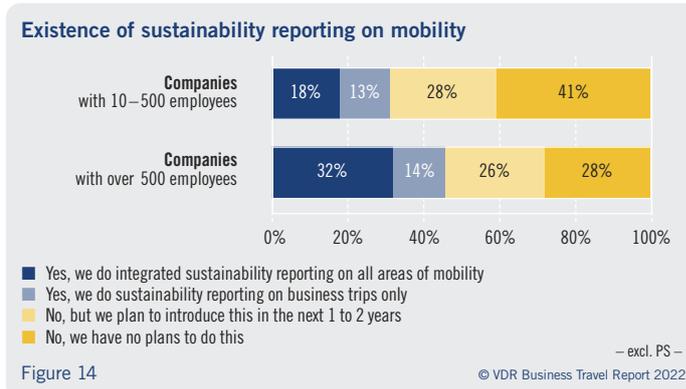


Figure 14

In the area of sustainability the motto is “you can’t manage what you can’t measure”. In 2021, the EU extended its Corporate Sustainability Reporting Directive (CSRD) with regard to the duty to carry out sustainability reporting. This directive stipulates that a much higher number of companies than before¹⁹ have to report extensively on the environment, social issues and methods of corporate governance. The impact of corporate activity on the environment and society will have to be calculated and described much more clearly than before, beginning in fiscal 2023 management reports. In spite of this, the percentage of companies that state they have no plans to introduce this is quite high (28% of companies with over 500 employees). In the areas of employee mobility and business travel, there is a lot of room for adjustments to reduce aspects such as carbon emissions. In the public sector, a total of 44% are still holding back in this area (not illustrated).

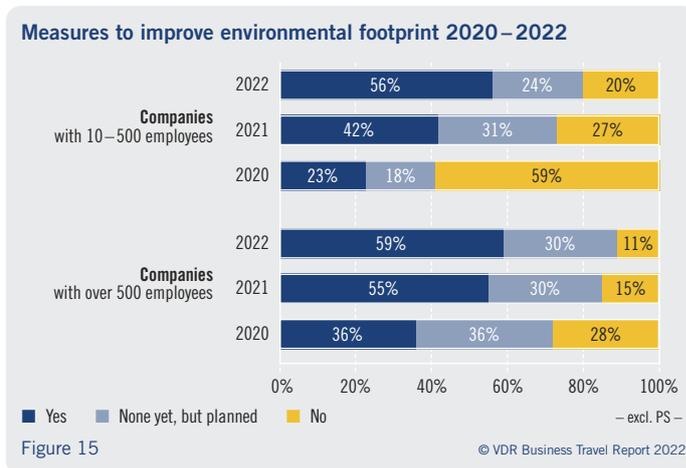


Figure 15

Improvement measures

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

“ If yes, what measures do you (plan) to implement to improve sustainability? ”

Sustainable business operations are increasingly shifting from being an option to being the rule. This year again, the percentage of companies that are actively working towards more sustainability in the area of business travel has risen. Only one-fifth of smaller companies have not yet become active. While two years ago, 72% of larger companies implemented or planned measures for a better carbon footprint, this year the figure is 89%. The public sector is similarly active (80%, not illustrated).

There seems to be a gap between ambition and action, since individual activities that benefit sustainability are stagnating – although partly on a high

¹⁹ All large companies and all companies listed on the stock markets of regulated markets (excluding very small listed companies), see https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_de

level – or are declining slightly. On the other hand, application and planning of sustainable mobility budgets (2021: 43%, 2022: 66%) as well as corresponding programmes for employees (2021: 67%, 2022: 76%) have increased in importance. Business travel volume is being reduced or will be reduced at 83% of all companies (2021: 87%). On routes within Germany, 62% of companies surveyed switched from air to train travel (2021: 73%) and 14% plan to do this in the future (figure similar to 2021). 45% of respondents implement carbon compensation and 30% plan to. The transport transition will become visible on Germany’s roads going forward as the shift to electric vehicles in car fleets and rental cars has begun: 43% of respondents give preference to electric vehicles and 40% plan to. European train transport is likely to need to improve in order to offer a good alternative for more business travellers: Approximately one-quarter of companies have made the shift (26%, 2021: 30%)²⁰ The pioneers are the 36% of companies that are already travelling on sustainable aviation fuel or plan to do so. As a control instrument, larger companies in particular integrate environmental key figures into booking tools in advance of a trip (not illustrated).

VDR has also significantly expanded its activities here since December 2021. Over 100 interested and committed members and non-members, providers and potential users were mobilised by the initiative for sustainable corporate mobility. The “VDR-Nxt-Task-force” formed five teams to address the following question: “What contribution does the business mobility sector currently make towards achieving sustainability targets and how can this be further optimised?” Implementation tools were developed as an aid. Each team’s results were made accessible to VDR members and in part also to all interested parties²¹. Once this work was completed, a VDR expert team for sustainability was created, with the aim of making further results available to VDR members and the public, as well as observing the market and taking into consideration potential relevant changes in the future. The VDR Akademie offers a range of seminars that emphasise modern methods and dialogue; these are available to anyone who wants to expand their knowledge around designing, implementing and monitoring measures for more sustainability in the area of corporate mobility.²²

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(Planned) measures to promote sustainability

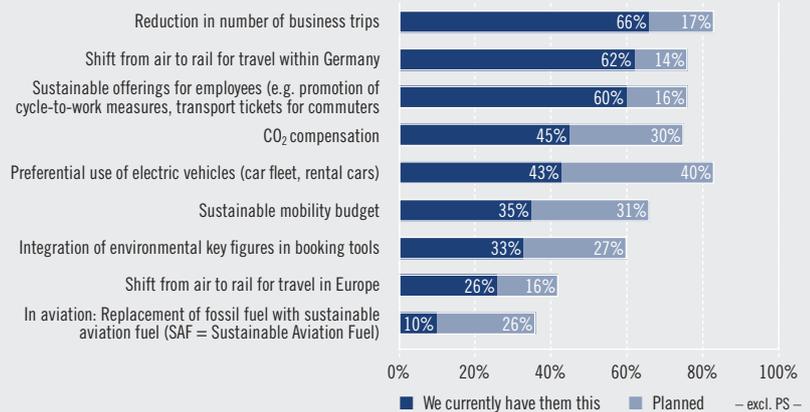


Figure 16

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²⁰ See VDR Business Travel Report 2021, Section 7 “Climate protection and sustainability”, Page 20, Figure 24.

²¹ <https://www.vdr-service.de/nachhaltigkeit>

²² The current training courses on the topic of “Sustainability in travel management” are listed at www.vdr-akademie.de/themen. Demand is high and the courses are quickly booked out.



Claudia Müller, MdB,
Federal Government Coordinator for the
Maritime Industry and Tourism,
Federal Ministry for Economic Affairs and
Climate Action:

- *Sustainable business operations are increasingly becoming the rule and corporate mobility is an important part of that. From your perspective, what are the biggest challenges to ensuring businesses in particular can make an effective contribution here?*

During the Covid lockdowns, video conferences had to replace in-person meetings and conferences. Even if virtual meetings are not a completely satisfactory substitute for business trips and face-to-face encounters, they can nevertheless complement them well. They can help avoid cost-intensive travel and large environmental footprints. Many companies are already focussing on reducing their environmental footprint around travel. Choosing a climate-friendly mode of transport or compensating for emissions are already a frequent occurrence.

However, it's very clear to me that business travel will continue in the future. I think the

challenge is to find a good balance between trips that are really necessary and being flexible and open enough to continue using virtual alternatives where possible.

- *Regarding new work models, could you sketch out your ideal workplace of the future?*

Business trips may often seem very appealing, but at the same time they are frequently an additional burden for employees, who sometimes have to deal with different time and climate zones. This puts pressure on the human organism, while at the same time the travellers have to perform well professionally. Ideally, business trips would take external conditions into consideration. Conflicts with family responsibilities also need to be considered. These are all aspects that should be factored into an ideal workplace. To my mind, finding balance on an individual level is the right path towards the workplace of the future.



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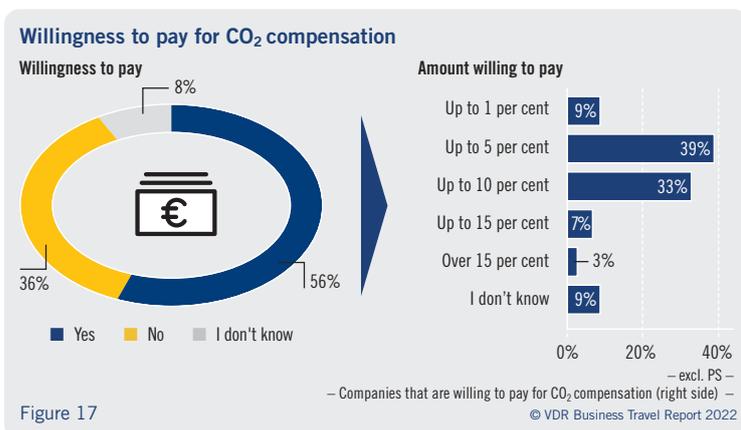
“ Would you be willing to pay extra for carbon compensation? ”

“ Assuming a business trip (including transport, overnight stays etc.) costs 1,000 euros, how much would your company pay for carbon compensation? ”

The attitude towards additional costs to contribute towards more sustainability is similar across all company size categories and in the public sector. Over half are willing to compensate monetarily for the carbon emissions they cause. The amount is also clear for most organisations: 72% of business travel managers in companies consider 1 to 10% on top acceptable. That translates into a range of 10 to 100 euros for a 1,000-euro trip.

“ Should carbon compensation offered by a service provider like an airline be directly integrated into the price or should it be possible to book it on top? ”

When it comes to the technicalities of processing this kind of compensation payment, 41% of companies would be satisfied if it was a flexible booking option on top. For about one-third of companies, both alternatives would be interesting, i.e. either integrated into the price or flexibly on top. Business travel managers in the public sector are of a similar mindset (not illustrated).



7 Changes due to and post-pandemic

Travel volume

“ What do you expect to happen: Will business travel activity decrease lastingly over the next three to five years compared to the pre-crisis year of 2019, and if yes by what percentage? ”

The shock of the pandemic is abating, not just in our everyday life but also in terms of how people predict lasting reductions in business travel volumes.

While over 70% of all organisations expected a lasting decline in 2021, this year it was between 55% and 63%. The organisations that expect a lasting reduction estimate it to be similar to the average figure estimated in the previous year (30%, not illustrated). The added value a business trip generates will be taken into consideration to a greater extent in the future: Corporate goals, customer expectations and employee needs have to be aligned.

Expected lasting reduction in travel activity compared to pre-crisis year 2019 – 2021/2022

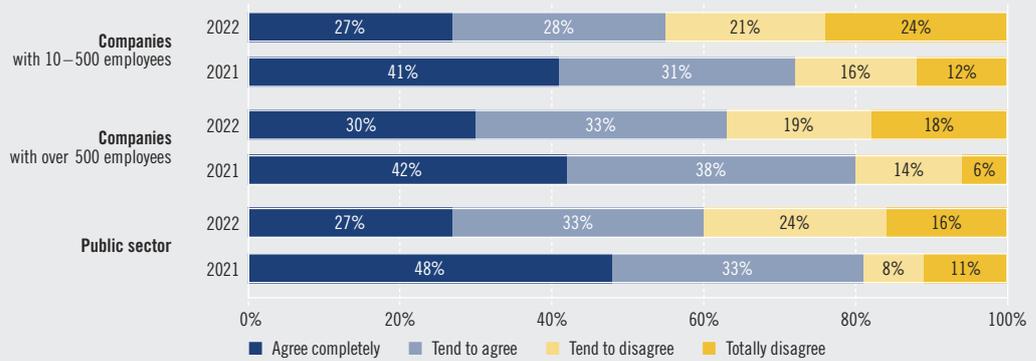


Figure 18

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Use of private cars and carsharing services

Private cars were used more in the past two years, since social distancing to keep the risk of catching Covid low meant that people switched away from air, train and bus travel. Private vehicles were given

preference over carsharing services. In about half of the larger companies and in the public sector, business travellers used their own cars more – another reason being the frequent outages of transport connections due to the pandemic. And use of carsharing services also increased at around a quarter of organisations during the pandemic.

Use of private cars and carsharing offerings on business trips during the pandemic

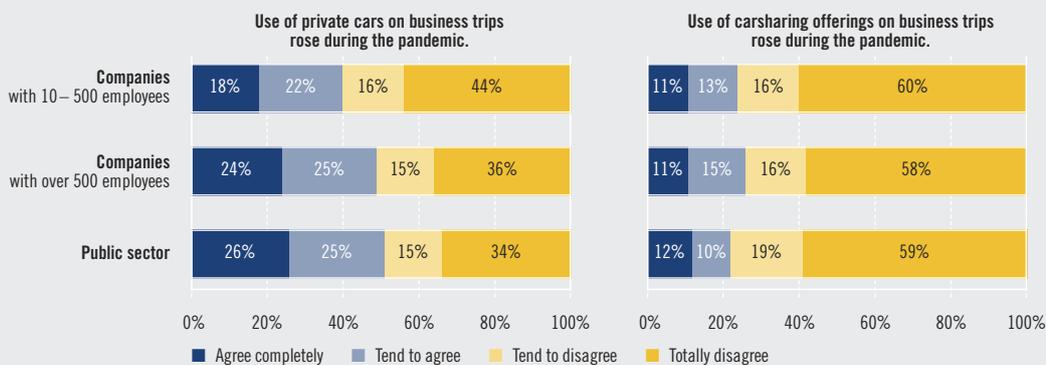


Figure 19

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Digital transformation and work models

“ Did the pandemic influence the digital transformation process in your company? ”

“ To what extent is your company looking at new and flexible work models for the post-pandemic era? ”

At first, the pandemic threw the working world into disarray, but it has had some positive impact in the longer term: Established processes had to be rethought, and new, digitally supported ways of working were given an opportunity to shine. Digital transformation in communications and teamwork experienced a boom, accelerating in 82% of companies. This was stated by companies of all sizes and the same effect is also confirmed by 83% of public sector organisations (not illustrated).

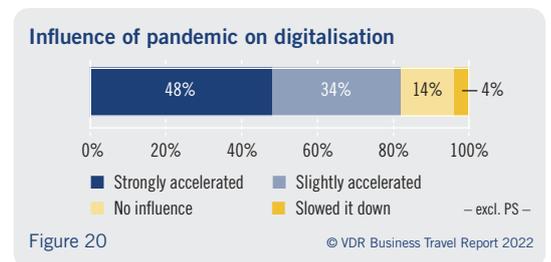
The biggest and most impactful change is in the location of work. New, flexible work time models will continue to be implemented by 82% of companies going forward. At least some people with occupations that can be carried out from anywhere online as long as they have a good internet connection will migrate to working from home.²³

Less commuting and traffic jams and more data traffic is generally good for environmental sustainability. Another benefit could be a better work/life balance. Hybrid work is here to stay – now it’s all about designing it well.²⁴

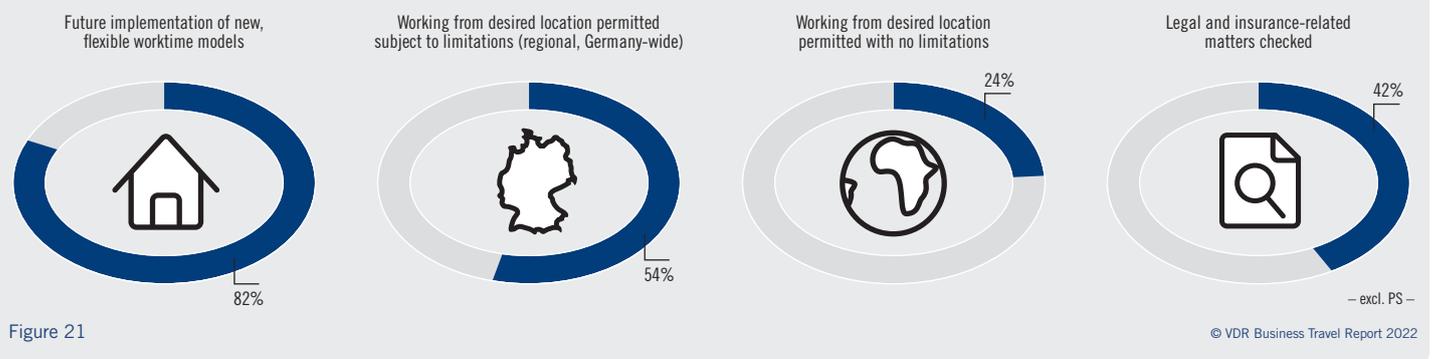
Mobile work and remote work models are also gaining traction in cases where it is not necessary for employees to be present for a certain number of hours at the company’s offices. A quarter of companies plan to grant their employees unrestricted permission to work from wherever they choose worldwide. One fifth of public sector organisations say the same (21%, not illustrated). And those who can plan a “workation” combine free-time and holidays with a longer stay at their desired location. Legal and insurance-related matters are still being reviewed at 42% of companies.

²³ A current study on urban and rural migration patterns indicates a growing interest in rural living after years of urbanisation: <https://www.berlin-institut.org/studien-analysen/detail/landlust-neu-vermessen>

²⁴ See <https://www.humanresourcesmanager.de/content/hybride-arbeitsmodelle-strategien-und-tipps/>



Topics around new work models after pandemic



“ Will new and flexible work models influence business travel at your company? To what extent do you agree with these statements? ”

Over half of all organisations, both in the private and public sector, expect that the reorganisation of work models will require more flexibility in travel planning as employees demand it more. This will also frequently entail any existing travel policies being redefined. But the over 70% of all organisations do not share the prediction that a much higher number of business travellers will become commuters.

Impact of new work models on business travel sector

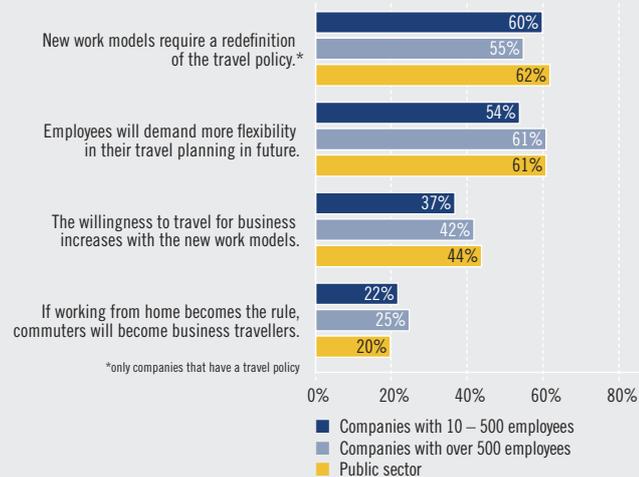


Figure 22

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Christoph Carnier,
VDR president,
Senior Director Travel,
Fleet & Events at
Merck KGaA

- *Sustainable business operations are increasingly becoming the rule and corporate mobility is an important part of that. From your perspective, what are the biggest challenges to ensuring businesses in particular can make an effective contribution here?*

First of all, transparency must be created so that business travellers know the “footprint” of a business trip, i.e. the carbon consumption of the different modes of transport, also as compared against video conferences. That way, already at the planning stage, they

can weigh up which way makes most sense. But some business trips cannot be replaced by video conferences. In such cases, the cost must be compensated for. So in future, a good balance between environment and cost aspects must be found in order to make a contribution towards sustainability.

- *Regarding new work models, could you sketch out your ideal workplace of the future?*

I think it's still too early to draw a clear picture, since the requirements are very different in different companies. Some things can be dealt with completely remotely, but many activities require physical presence in a team. And when companies want to share their corporate philosophy and culture with their employees, remote work reaches its limits very quickly. In the end, there will probably be a mix of both models in various shapes. As it's still quite new, there's not much experience to go on. Many things are also not yet clear, from defining the regular workplace location to the settlement of travel costs by the company that goes along with that.

8 Outlook

Emerging with clarity from the crisis

“Crises are generally unpredictable and uncontrollable, but they also create openness for the new. They are a turning point that can lead to a negative or a positive outcome. Crises can be a temporary phenomenon or they can lead to a fundamental questioning of established practices and institutions. Crises can hone awareness and willingness to develop new ideas and solutions.”²⁵

In view of the fact that we are dealing today with several concurrent crises that are requiring change in all areas of industry and society, it would seem very difficult to gain anything positive from them. While in 2020 humanity was struggling to agree on whether hand-washing, social distancing, masks and quarantining contributed to flattening the curves of repeated Covid-19 waves, the upcoming challenges are of a different scale altogether. Since February, we have been confronted with the additional burden of the Ukraine war and its devastating consequences.

Globally, the climate crisis and the loss of biodiversity are tidal waves that need to be not just flattened but halted. On 4 May 2022, people living in Germany had already consumed the volume of environmental resources the planet can renew per person in an entire year. Some of the reasons for this are the ongoing overconsumption of energy and the high carbon emissions caused by transport. Extrapolated to the global population, our lifestyle would require an area three times the size of the planet.

The pathways towards solutions are clear. In collaboration with government, companies can embark on many of them, such as redesigning infrastructure, decarbonising energy systems, shaping workplaces, mobility and processes more efficiently in terms of resources, redirecting the flow of finance.²⁶

The words of Bill Clinton at the Global Summit of the World Travel and Tourism Council in 2013 ring truer today than ever. He forecast that in the subsequent 20 years, the travel industry would lead the charge in rethinking policy on the energy industry. And that peace is the prerequisite and engine of everything that comes next. “Peace works better than conflict, and one of the best manifestations of it is in travel and tourism.”²⁷

We can choose to confront the crises constructively and with a will to reshape the world, or we can choose paralysis. As individuals, as companies and organisations, as those responsible for regions and countries, it helps to focus in the next 20 years on what humanity has created and can create. This can bring positive change.

²⁵ Krafft, A. (2022). Ursachen und Folgen von Krisen. In: Unsere Hoffnungen, unsere Zukunft. Springer, Berlin, Heidelberg, S. 59 ff.

²⁶ Earth Overshoot Day marks the date on which humanity's demand for environmental resources and services in a certain year exceeds what the planet can regenerate in that year. See <https://www.zeit.de/wissen/umwelt/2022-05/overshoot-day-ressourcen-verbrauch-deutschland-klimawandel-nachhaltigkeit> sowie <https://perspective-daily.de/article/2027-klimakrise-diese-6-hebel-koennen-uns-noch-retten/gqaCbWFF>

²⁷ The Telegraph 10 April 2013: <https://www.telegraph.co.uk/travel/news/Bill-Clinton-praises-tourisms-power-for-peace/>

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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 represented. The same weight is given to the four different size cate-

gories. 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, the public sector is excluded (“– excl. PS –”).
- When reference is made to organisations, this includes both companies/businesses and institutions in the public sector.

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		over 1,500		Total	
	Organisations	Employees	Organisations	Employees	Organisations	Employees	Organisations	Employees	Organisations	Employees
Total	468,256	16,742,878	9,743	3,365,895	4,428	3,759,786	1,343	4,116,862	483,770	27,985,421

Source: own calculations, in conjunction with statistics from the Federal Employment Agency, Data Centre, Nuremberg. Calculation based on NACE 08 (2020 and 2021) and NACE 03 (2008)

Table 2

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2022 Respondent areas of responsibility



Figure 23

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2022 Respondent sectors of industry

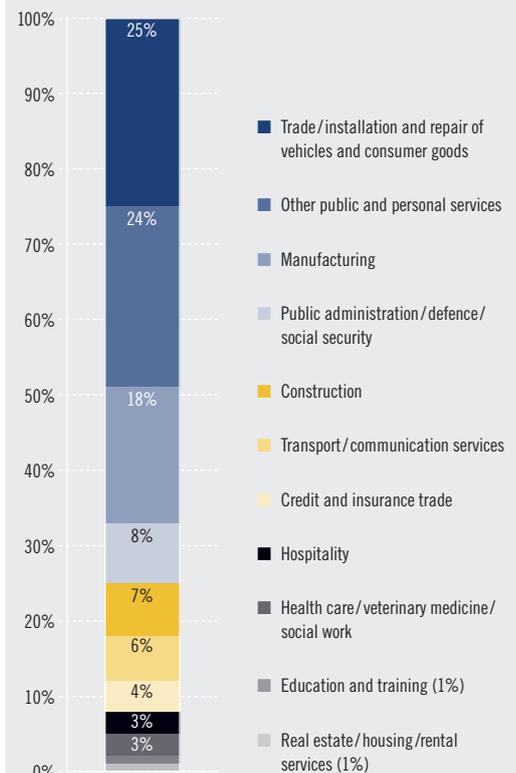


Figure 24

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A random sample was taken from this statistical universe. Between February and May 2022, 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.

The responses to qualitative questions reflect the situation at the time of the survey, while all others are based on the 2021 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).

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 slightly 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

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. 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, Sandra Waldinger (VDR) and Claudia Mock (Research for Future) work with project manager Kirsi Hyvaerinen (HYVÄ Coaching & Consulting) on the expert analysis, reporting and organisational supervision of this study. Volunteers also contribute their expert knowledge to each year's report, including Inge Pirner and Olaf Lehmann from the Presidential Committee of VDR, as well as leaders of VDR expert committees as appropriate for each specific topic.

VDR – The German Business Travel Association e.V.

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Darmstaedter Landstr. 125
D-60598 Frankfurt am Main
Phone +49 69 695229 0
Fax +49 69 695229 29

info@geschaeftsreiseanalyse.de

www.geschaeftsreiseanalyse.de

info@vdr-service.de

www.vdr-service.de

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Layout

Kugelstadt MedienDesign
Weyprechtstraße 3
D-64283 Darmstadt
Phone +49 170 1880964
kmd_da@t-online.de

Translation

Susan Ring
www.ringinterpreting.de

Photo credits:

Interview Claudia Müller: Copyright © Arne Jeschal

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VDRVerband Deutsches
Reisemanagement e.V.

Darmstaedter Landstr. 125
D-60598 Frankfurt am Main
Phone +49 69695229 0
Fax +49 69695229 29
info@geschaeftsreiseanalyse.de
www.geschaeftsreiseanalyse.de
info@vdr-service.de
www.vdr-service.de

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