



VDR

Business Travel Report Germany

2010

VDR

VERBAND DEUTSCHES REISEMANAGEMENT e.V.

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SAFETY AT THE WHEEL OF BUSINESS MOBILITY – RELYING ON EXPERT PARTNERS

With today's storm-tossed global business cycles, occupational mobility has proven in many ways to be an extremely sensitive barometer of the economic climate. Travel managers able to help the captain by taking on the role of navigator steering the course of business travel have become indispensable in the past few years. This is only one of the findings made in VDR's eighth annual report on business travel in Germany. Regular, neutral, representative: the report takes an analytical view back, but also keeps an alert eye on the compass going forward.

Back in 2008, there were already signs of the impending drop in business travel volume and in expenditures on occupational mobility that would be experienced in 2009. But what does a five-year comparison tell us? Which countries have become more important as destinations for business travellers? Is Business Class air travel soon to be a thing of the past? How long can the savings measures that have been introduced be expected to last? And which direction is the economy headed in 2011? In this study you'll find answers and information on these and other pertinent topics of interest to our readers, along with year-to-year comparisons and key figures.

VDR's ongoing contribution as a reliable and competent partner for all aspects of business travel is valued not only by its members. More and more market participants are also taking advantage of the diverse and modern possibilities offered by VDR – "From dialogue to meta-log". VDR's business travel network benefits every single day from the synergies created by the shared knowledge and experience of its many members. Whether in expert committees, regional meetings, online discussion forums, at seminars or practical training events – the opportunities are as manifold and the forms they take as open as the participants.

With their far-sightedness, planning skills and cost control, travel managers play an important role in the competitiveness of German business. A good framework and competitive conditions are prerequisites for working effectively on both the demand and supply sides. VDR helps to shape the current discourse while providing active support to all those involved in business travel: as a network for partnerships and the exchange of news and views with the goal of creating and preserving business mobility.

The key data:

- ◆ In 2009 there were 8.7 million business travellers¹ (2005: 6.9 million)
- ◆ 145.1 million business trips led to spending in the amount of – 11.0%
- ◆ 41.1 billion Euros – translated into – 11.9%
- ◆ 142 Euros per business traveller per day. + 4.9%

2008:

8.5 million business travellers
163.1 million business trips
46.6 billion Euros
135 Euros

Economy drags business trips under

Both the number of business trips and overall spending saw double-digit declines in 2009 compared to 2008. The development was just the opposite in the public sector, though, where travel spend was up by 12%, with 8% more trips (Figures 1 and 2, page 5).

Plenty of opportunities, not enough time

Occupational mobility is still far from being under firm control everywhere. Are staffing cutbacks robbing those responsible for business travel of the time they need to deal with important matters? It would only be logical to free up time from routine travel expense accounting and administrative tasks to be devoted instead to the intelligent mastering of billion-Euro cost blocks (Figures 12 and 13, pages 13 and 14).

"Other costs" – Who is in control of this huge factor?

5.5 billion Euros are parked under the category "miscellaneous": behind three of the five most-cited cost categories here is the use of automobiles. But money spent on telephone, WLAN and Internet access is also begging to be managed. For many travel managers, though, this area is disappearing from their roster of duties (Figures 5, 6 and 13, pages 8 and 14).

The sun's rising in the East

The USA is still the number one destination for German companies. But the "Go East" trend predicted five years ago has now come true: China has become the most important trade partner and foreign destination for smaller businesses. India scored high as well, and not only in foreign trade. As business travel destination the boom country jumped from 25th to 13th place (Table 4, page 12).

In cattle class through the volcanic ash

Occupational air travel has not only become more complicated, or even impossible, due to natural phenomena beyond our control, but for many is simply less comfortable today as a consequence of cost pressure and the shift from Business to Economy. On European flights nine out of ten business travellers (91%) now sit

in "cattle class", and on longhaul flights 62% (Figure 7, page 9).

Less is more

On trips both within Germany and abroad, German business travellers usually stay overnight at 3- and 4-star hotels. But with the big savings drive in 2009, other accommodation categories such as guesthouses and bed & breakfasts in Germany as well as offers of "more value for less money" abroad gained market share (Figures 10 and 11, page 11).

VAT cut: All's well that ends well?

The Federal Government's well-meaning support measure had a high price in terms of tarnishing the formerly trusting relationship between hotels and businesses. Travel managers took up the challenge by renegotiating hotel contracts and searching for discounts, special rates and best buy alternatives. Now that the initial chaos has died down, the future of corporate rates lies in net pricing (Figure 14, page 15).

Smart spenders are here to stay

60% of those affected by the economic and financial crisis indicated that restrictive measures introduced due to the crunch would continue to pertain even once the economy revives. Travel managers now have a chance to prove their worth by coming up with creative concepts and strategies for cutting costs. Only with professional travel management will it be possible to master the balancing act between corporate interests – business success and cost efficiency – and the needs of on-the-job travellers (Figures 16 and 17, pages 16 and 17).

Growth in sight, but not at any cost

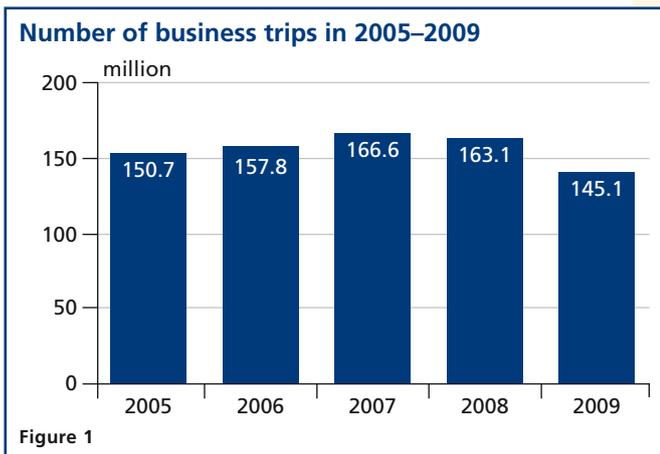
The slump seems to be coming to an end – the estimated development of business travel for 2011 is showing a clear upward trend. Around twice as many respondents as in 2009 expect to see travel volume rise in future. Nevertheless, many travel managers have vowed to resist any automatic price increases that may result (Figure 18, page 18).

¹ Employees of a company or public-sector organisation who take at least one business trip a year.

Volume

The business travel market remains a reliable indicator of the economic situation and at the same time exerts a stabilising effect. It is not subject to seasonal fluctuations and is less susceptible to a crisis than other areas because employee mobility is simply essential in this era of globalisation. When, despite all these factors, the business travel market does collapse, then we know that the financial crisis has really arrived in the corporate world.

The German economy shrank in 2009 for the first time in six years. The decline in gross domestic product (GDP) adjusted for prices was – 5%, steeper than ever before in the post-war era.²



“How many business trips were undertaken in your business/your organisation in 2009?”

In keeping with this development, the number of business trips in companies with ten or more employees dropped dramatically from 2008 to 2009, by 11%. Even before the first reports of the crisis in 2008, travel managers had already begun to initiate restrictive measures. As the economy continued to falter, many business trips were no longer necessary or were simply cancelled to save costs.

Looking at organisations outside the public sector, the decline in business travel was even as high as 14.7%. Affected most were trips made by smaller businesses³:

companies with 251–500 employees reduced their travel volume by 22%, and small- to medium-sized enterprises (SMEs) by 15%. In the public sector by contrast, nearly 8% more trips were taken. One reason for the increase in travel volume was the funding available from the German Federal Government’s economic stimulus package. Projects made possible by these funds led to more travel. It was already evident in 2009 that the public sector was affected less by the crisis because about two out of three respondents were confident at the time that travel volume would remain stable.

Costs

Together with travel volume, total costs for business trips also went down, by 11.9% to 41.1 billion Euros. Declining demand and lower prices in 2008 made it more difficult to conduct volume-based price negotiations in 2009. This situation was exacerbated by the fact that airlines, for example, also reduced their capacities.

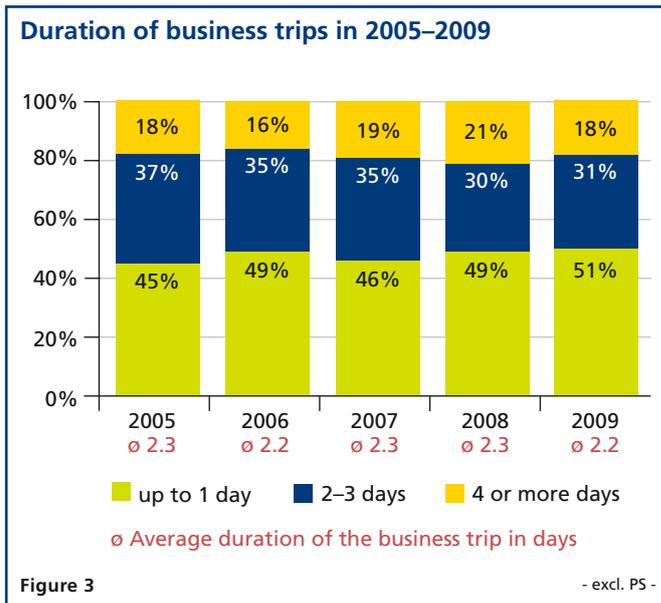


“How high were the total business trip expenses in 2009?”

Note: Any journey undertaken for purposes of business that is recorded on the basis of 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 as business travel expenses, they are counted in these figures. For further definitions of the terms used here, please see the VDR Business Travel Reports from 2003–2006 (German originals).

²See press release published by The Federal Statistical Office, Wiesbaden, 13 January 2010.

³Small- to medium-sized enterprises (SMEs) are companies with 10 to 250 employees. When we speak of “smaller businesses” in this analysis, we mean companies with 10–500 employees. See VDR Business Travel Report 2006, p. 40 “Begriffserläuterungen A-Z” (German original).



“How long do business trips last?”

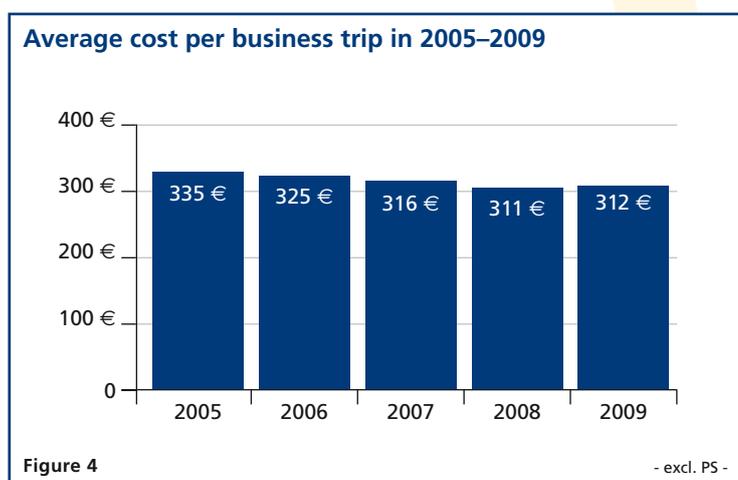
Business trips were marginally shorter in 2009, dropping to an average 2.2 days. Trips without overnight stay have once again become more common, now accounting for just over half of all business trips. This shows that the red pencil was taken to hotel costs. But longer trips, over four days in length, were also curtailed. In the public sector the share of trips without overnight stay rose by four percentage points to 72%.

3 STRUCTURE OF BUSINESS TRAVEL COSTS

Average cost of business travel

The average cost of a business trip has been consistently reduced since 2005. By 2009, though, the possibilities were exhausted, and average costs stagnated. This might be attributable as well to the strict cutbacks in business travel volume: the scope for negotiation had in many cases already been stretched to the limit, and suppliers found themselves unable to push the boundaries of what is economically feasible any further.

“What is the average cost of a business trip?”



**“What did companies spend on average for business travel?”
“What influence does travel management have on travel spend?”**

Average business travel spend in 2007/2009

Companies with	Average business travel costs		Change...		Share of companies with travel managers in 2009
	2007	2009	in average business travel costs	in average business travel volume	
10–500 employees	121,000 €	96,000 €	-21%	-20%	19%
over 500 employees	2,614,000 €	2,250,000 €	-14%	-9%	62%

Table 1

- excl. P5 -

Companies with travel managers were able to economise more effectively in the crisis than those without. In particular the figures for firms with over 500 employees speak volumes, where in two out of three companies a travel manager or travel department steers business travel. In the space of two years, these businesses had to considerably curtail travel volume, but were still successful at cutting the costs of the average business trip even further. By contrast, only one in five smaller businesses has a travel manager at the helm. In companies in this size category costs were reduced on average by the same factor as travel volume, but no further.

A comparison between business and holiday travel⁴: total costs and daily expenditures in 2005–2009

Key figure		Business travel	Holiday travel
Total costs per year	2009	41.1 bn. €	53.1 bn. €
	2008	46.6 bn. €	53.3 bn. €
	2007	48.7 bn. €	50.9 bn. €
	2006	47.4 bn. €	53.9 bn. €
	2005	46.2 bn. €	53.3 bn. €
Daily expenditure per person per day	2009	142 €	67 €
	2008	135 €	67 €
	2007	137 €	65 €
	2006	148 €	66 €
	2005	146 €	67 €

Table 2

A business traveller spent an average of 142 Euros per day in 2009, still twice as much as a holidaymaker. The impact of the recession on the holiday travel market in 2009 depended on people’s income. Holidays were slightly shorter on average in 2009, at 12.2 days. Many chose to take their holiday in Germany, helping to boost a hotel industry reeling from the drop in business bookings.

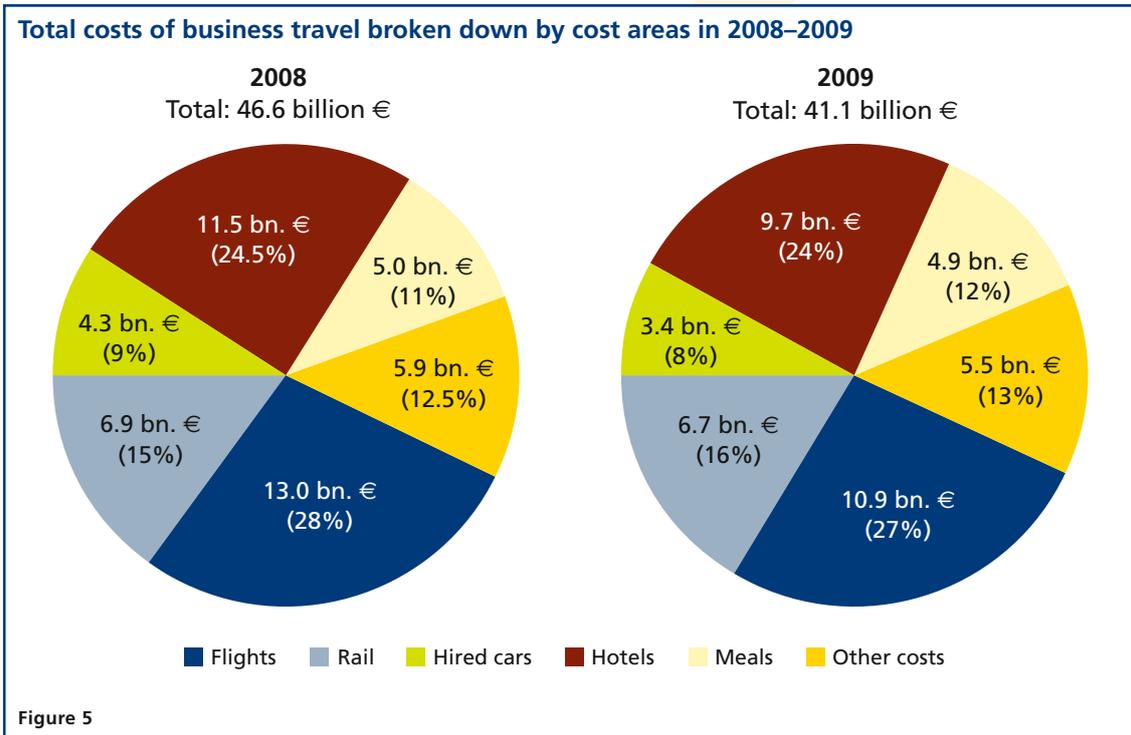
Cost areas

In 2009 the overall structure of expenditures remained stable. It’s only upon closer scrutiny that the impact of the economic crisis becomes evident: two billion Euros less was spent on flights in 2009. Behind this figure are not only fewer tickets purchased, but also the channelling of business travellers to the Economy and Premium Economy classes for intercontinental flights. Car hire companies for their part suffered a nearly one-billion-Euro drop in income. Despite a strong slump in demand and discounted prices for accommodations, one in every four Euros spent on business travel continues to go toward hotel stays. After spending on meals had already been cut back considerably in 2008 (1.1 billion Euros less than in 2007), no further savings could be realised here in 2009. Restaurants and caterers dependent on business travellers continued to feel the impact of the recession, however.⁵ (Figure 5).

⁴Own calculations based on F.U.R, Hamburg/Kiel: Reiseanalysen 2006–2010. Business trip expenditure per person per day: only businesses, excluding public sector. Holiday trips lasting 5 days or longer.

⁵See seasonal tourism survey conducted by the Deutscher Industrie- und Handelskammertag (DIHK): “Erwartungen an die Sommersaison 2009 – Bilanz der Wintersaison 2008/09”.

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



This year we asked in more detail about what costs are classified under the category “Meals”. Most organisations (88%) include here lump sums for meal expenses. Catering or employee meals within the scope of events (trade fairs, conferences, corporate events, meetings, training courses, seminars) are cited by every second respondent. Half of all companies count treating guests to a meal under the cost block “Meals”. In the public sector this cost item is included by only 12% of the organisations.

“Which other costs are included in expense accounting?”

Along with spending on transport, accommodations and meals, there is also an expense account category called “other costs”. The share of these miscellaneous costs in overall travel spend is higher than that for car hire or for meals and shows a steady percentage rise. But what exactly is this 5.5 billion Euros being spent on? Three of the five most-cited cost categories involve automobile-related costs: parking, the use of a private car for business purposes and fuel. This cost area also includes telephone, Internet and WLAN. The travel agency service fees so hotly contested in the “zero commission” debate in 2004 were listed by only one in four respondents to this question.⁶

Costs that fall under “other costs” in 2009

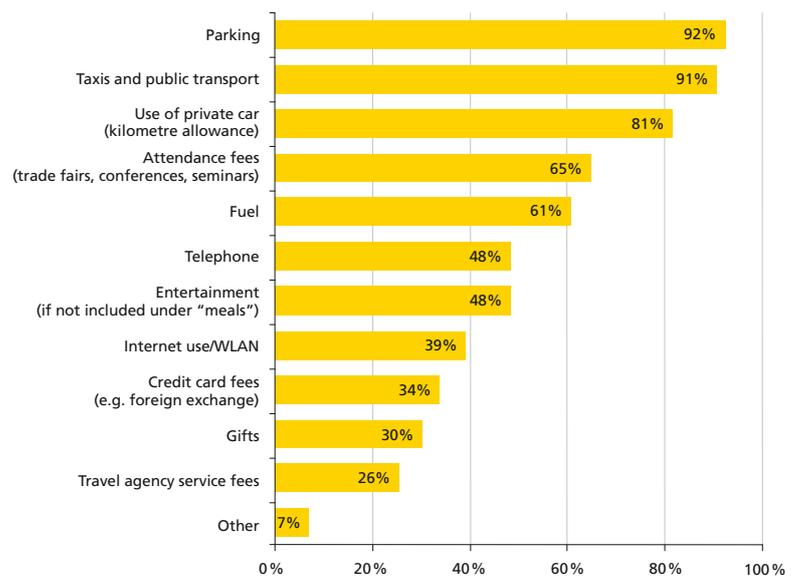


Figure 6

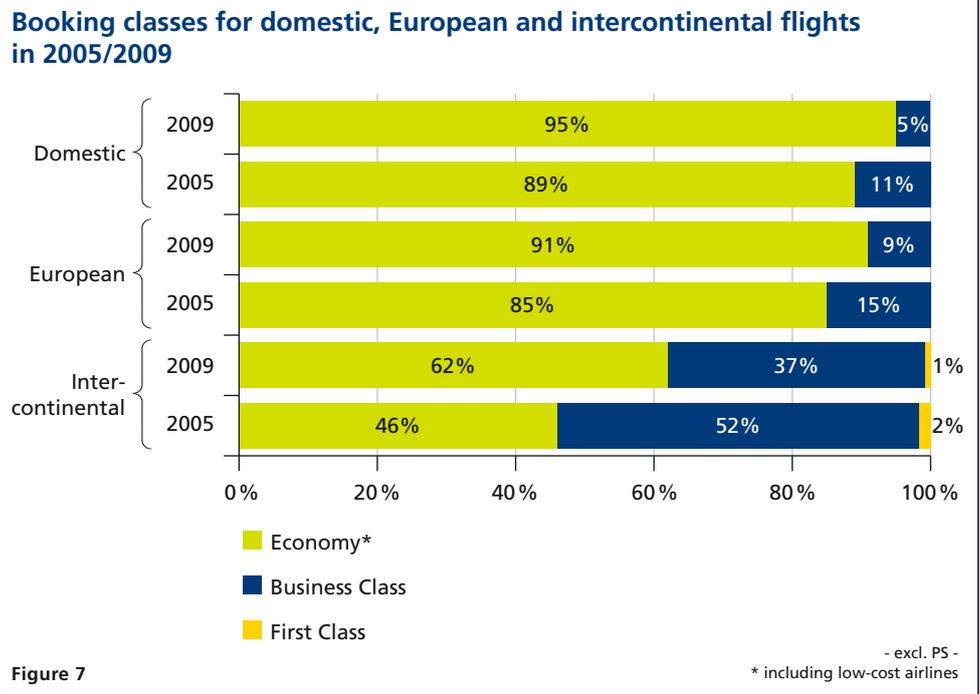
- multiple choices possible -
- organisations where “other costs” are listed in travel expense accounts -

⁶See VDR Business Travel Report Germany 2005, Section 4.6.2 “Travel agent service fees” (German original).

Air travel booking classes

“Which classes were booked for domestic, European and intercontinental flights?”

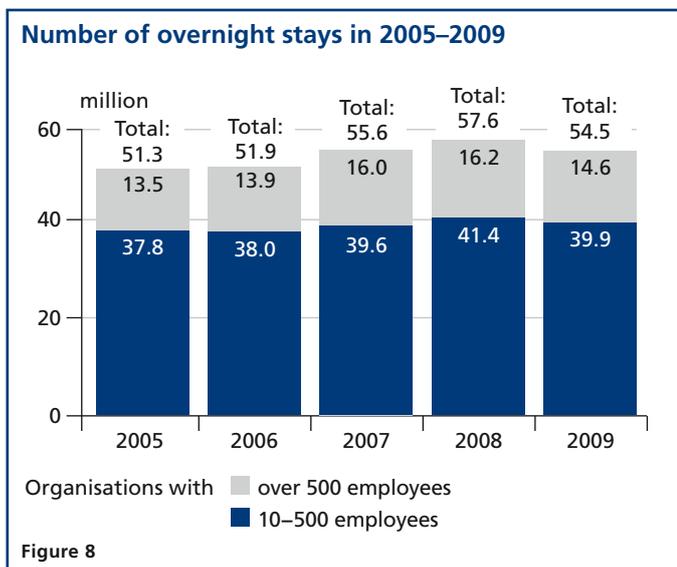
Ever since the rise of low-cost airlines in the first years of the 21st century, this fundamental structural change has also been reflected in demand: Economy is now the dominant booking class, almost regardless of destination. In a five-year comparison, travellers faced the most downgrades on intercontinental flights: 62% of longhaul tickets were booked in Economy Class in 2009. Only suppliers offering so-called Premium Economy Class were able to stem the migration of travellers to the rear section of the aircraft.



4 OVERNIGHT STAYS

Development of overnight stays and turnover

“How many overnight stays⁷ did the business trips taken for your company/your organisation include?”

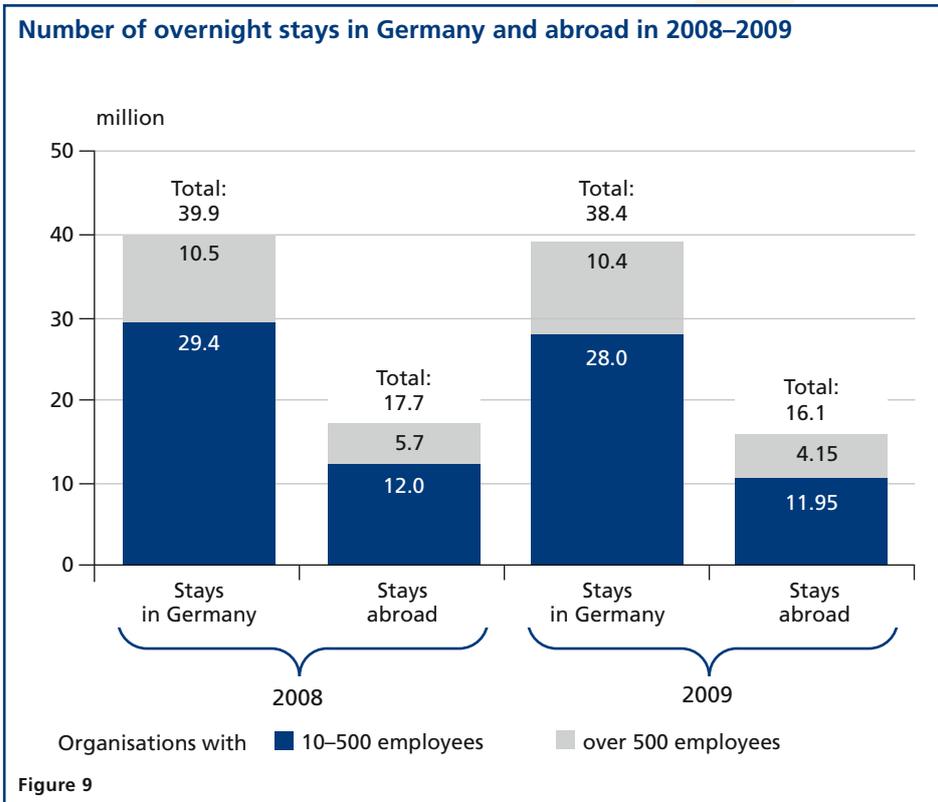


In 2009 business travellers for German organisations made 5.4% fewer overnight stays than in the previous year. The overall number sank to 54.5 million. Travel managers already predicted this decline last year, when about one third of the companies said they would cut down on overnight stays in 2009.⁸ Shorter trips and day trips gained in importance.

⁷Number of overnight stays = room nights.

⁸VDR Business Travel Report Germany 2009, Section 7 “Impact of the financial crisis and outlook”.

“How is the number of overnight stays distributed between domestic and foreign accommodations?”



Two out of three overnight stays by employees of German companies took place within the country. German business travellers spent a total of 38.4 million nights in domestic accommodations in 2009. Hotels thus faced a decline for the second year in a row, with 1.5 million fewer room nights than 2008. Missing were in particular travellers for smaller businesses with less than 500 employees.

Meanwhile, big companies in particular cut back rigorously on foreign travel. While hotels abroad enjoyed double-digit growth in overnight stays by German travellers in 2007 and 2008, in 2009 there was a 10% downturn instead.

Turnover dropped along with guest volume: about 2.85 billion Euros were spent in foreign hotels – 18% less than the previous year. At home in Germany hotel turnover also fell drastically, by 1.15 billion Euros (–14%).

The average worldwide cost of an overnight stay, taking into account all types and categories of accommodations, went down 10 Euros in 2009 to 121 Euros (–7.9%), a record low since this analysis has been conducted.⁹

“What turnover was generated by overnight stays?”

Turnover for overnight stays (room nights) by business travellers in Germany and abroad in 2007–2009

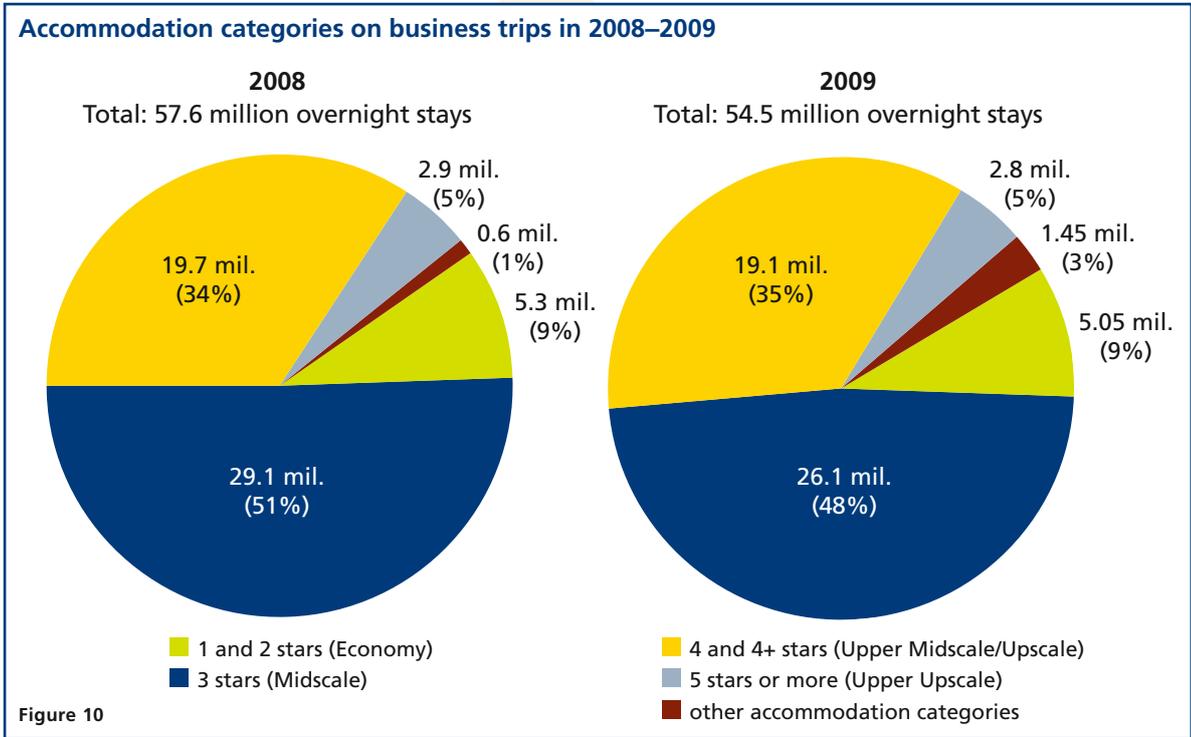
Turnover	2007	2008	2009
Germany	8.6 bn. €	8.0 bn. €	6.85 bn. €
abroad	3.1 bn. €	3.5 bn. €	2.85 bn. €

Table 3

⁹Wherever data on the number of overnight stays as well as the costs could be provided, this was used for the calculations. A calculation based on total overnight stays and turnover as well as a forecast of differentiated average prices between Germany and abroad is not possible.

Accommodation categories

“Which accommodation categories are booked by your business?”

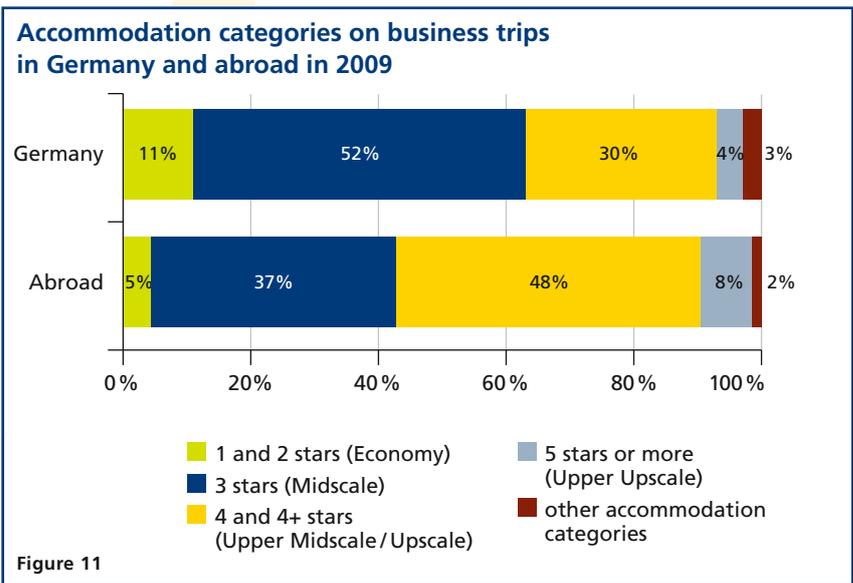


The pattern of accommodation categories booked changed very little in 2009. Low demand for hotel rooms led to substantial discounts. Travel managers hence did not have to steer travellers to lower categories to save costs. With three million fewer room nights, 3-star hotels were particularly hard hit by the drop in demand. In 2008 more stays in the 1- to 2-star category already attested to a distinct savings trend. Bookings in accommodation categories other than hotels were up both in Germany and abroad.

Business travellers in the public sector continue to book most in the categories with 3 stars or fewer (76%). This value is much higher than that for companies because 94% of public-sector travel takes place within Germany.

German business travellers on the whole usually stay overnight both in Germany and abroad in 3- and 4-star hotels. In Germany the year of savings 2009 also saw a slight shift away from 3-star hotels to other accommodation categories. It seems to be easier to book guesthouses or bed & breakfasts in Germany as alternative to a hotel.

When on foreign ground by contrast, more than half of German business travellers stayed in a 4- or 5-star hotel in 2009, as was the case last year. Here as well, the 3-star category lost market share. Travellers were taking advantage here of “more value for less money”, with two-digit percentage discounts offered by international hotels.



“Which countries outside Germany were the most important business destinations back in 2005? Which will be most important in 2010?”

The USA is still the number one destination for German companies. But the “Go East” trend discerned in 2005 is also growing stronger. China has moved up one rung and is even at the top of the destination list for smaller businesses. That country is also more prominent in German foreign trade statistics for 2009: imports from China have risen from fourth to second place. In exports, China was not even among the top ten back in 2005 – but in 2009 is already in eighth place. In the ranking of trade partners Russia is still in 13th place and hence does not appear in this overview. But it has taken on greater importance as a business destination. As forecast in 2006, there’s also another boom country in the East:¹⁰ India has taken a major leap in the foreign trade ranking, from number 36 to number 19. In parallel, the country has risen in popularity for business trips from 25th to 13th place during the past six years.

The public sector has less occasion to travel afar – the USA is the only remote destination in the Top Ten, in fourth place. Germany’s membership in the European Union has a clear impact on travel patterns: the top destinations for public-sector employees are France, Belgium and Austria.

“Key” foreign business destinations in 2005/2010

	Destination country in 2005	Destination country in 2010
1.	USA	USA
2.	France	China
3.	China	France
4.	United Kingdom	Austria
5.	Italy	Switzerland
6.	Austria	United Kingdom
7.	Switzerland	Italy
8.	Spain	Netherlands
9.	Poland	Russia
10.	Netherlands	Spain

Table 4

- excl. PS -
Basis: points assigned
1st place: 3 points
2nd place: 2 points
3rd place: 1 point

A comparison of foreign trade in 2009			
Imports		Exports	
Country	mil. €	Country	mil. €
Netherlands	58,044.2	France	81,941.1
China	55,447.5	Netherlands	54,142.2
France	54,559.5	USA	53,834.6
USA	39,914.8	United Kingdom	53,156.2
Italy	39,683.5	Italy	51,050.1
United Kingdom	33,174.2	Austria	48,235.0
Belgium	29,242.3	Belgium	42,155.8
Austria	29,083.7	China	36,459.9
Switzerland	28,071.4	Switzerland	35,323.6
Czech Republic	24,908.8	Poland	31,626.0

Table 5

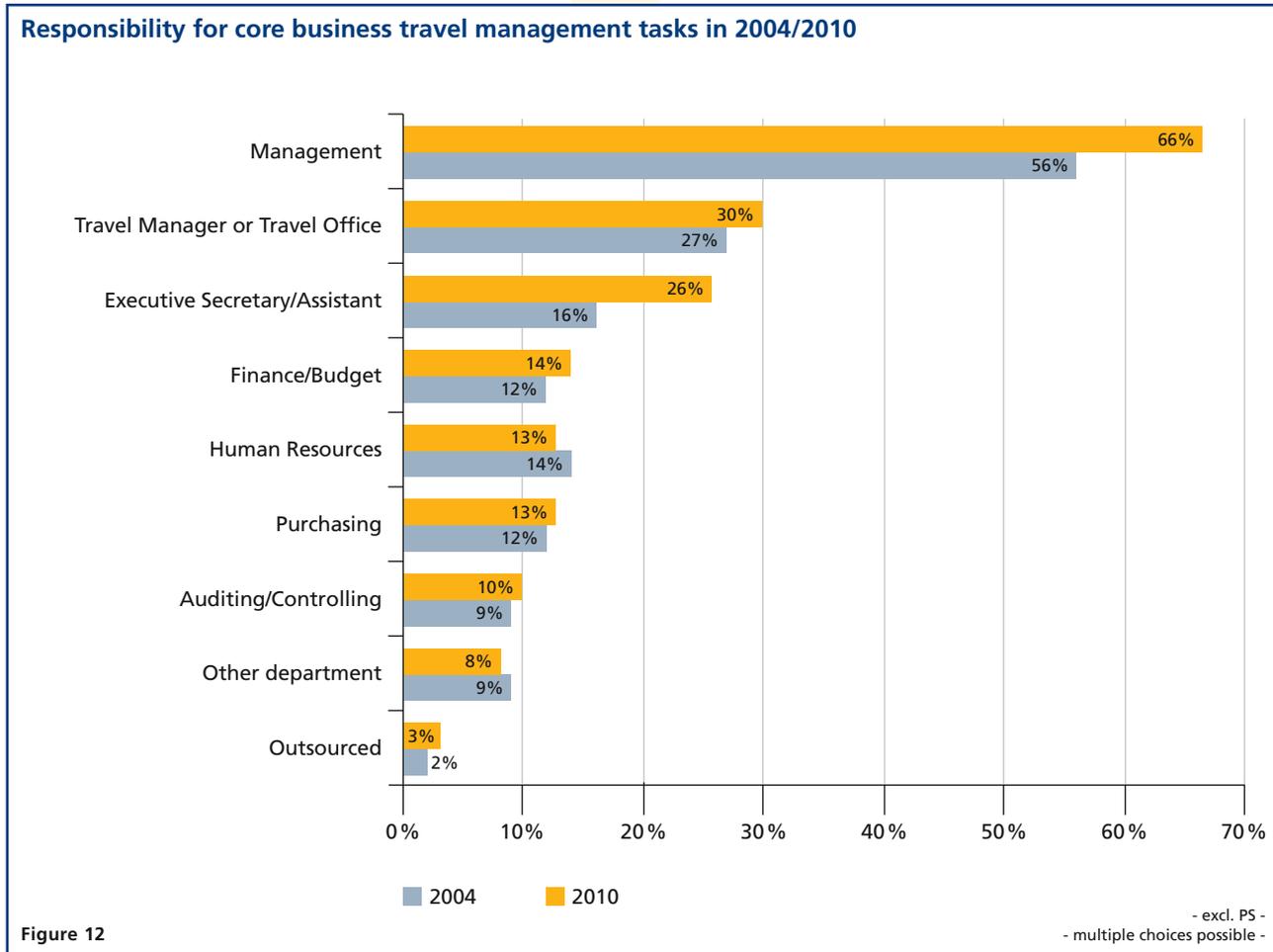
Source: German Federal Statistical Office (Destatis): Fachserie 7, Reihe 1

Note: Table 4 shows the individual significance of the countries for the business activities of companies in 2005 and 2010. It does not however allow any inferences to be made about the actual travel volume in these countries or expenditures for the business trips.

¹⁰ See VDR Business Travel Report Germany 2006, Sections 3.1.2 “Destination regions and countries” and 6.1 “Number and destinations of business trips – what is the economy planning?” (German original).

Deployment of travel management

“Who establishes travel policy in your company, negotiates with travel agencies and suppliers, steers and controls travel spend?”



At the latest since the economic crisis, business travel has become a matter for close management attention. Compared to seven years ago, management control over business trips has increased by ten percentage points.

Executive secretaries are today much more closely involved in travel issues. One reason for this is presumably their growing expertise through qualification offerings for SMEs. Larger companies often rely on full-time travel managers (52%), while only 10% of smaller businesses do so. In order to save costs efficiently and at the same time make sure business travellers are satisfied, a company needs someone in control who has plenty of experience and proper training. Unfortunately, despite the major economic impact made by business travel spend, there are still no suitable and freely accessible training courses designed to equip staff to manage occupational mobility. One of the aims of the training offensive launched by VDR – The German Business Travel Association is therefore to give the occupation of travel manager a higher profile through a state-certified degree.

“Which other tasks fall under your area of responsibility?”

Travel managers are increasingly occupied with routine operational tasks and general administration. Travel expense accounting and administrative duties land on their desks much more often than they did last year. This might be due partly to cutbacks in staff. The travel managers then have little time left over to devote to neglected areas of travel management with cost steering potential. Companies seem to be cutting corners in the wrong place here – after all, an intelligent bundling of all areas relevant to business travel can lead to comprehensive mobility management. The areas of event management and travel insurance have taken on slightly greater importance for travel managers, with one in three, respectively one in ten, overseeing these fields.

Further tasks covered by travel managers in 2009–2010

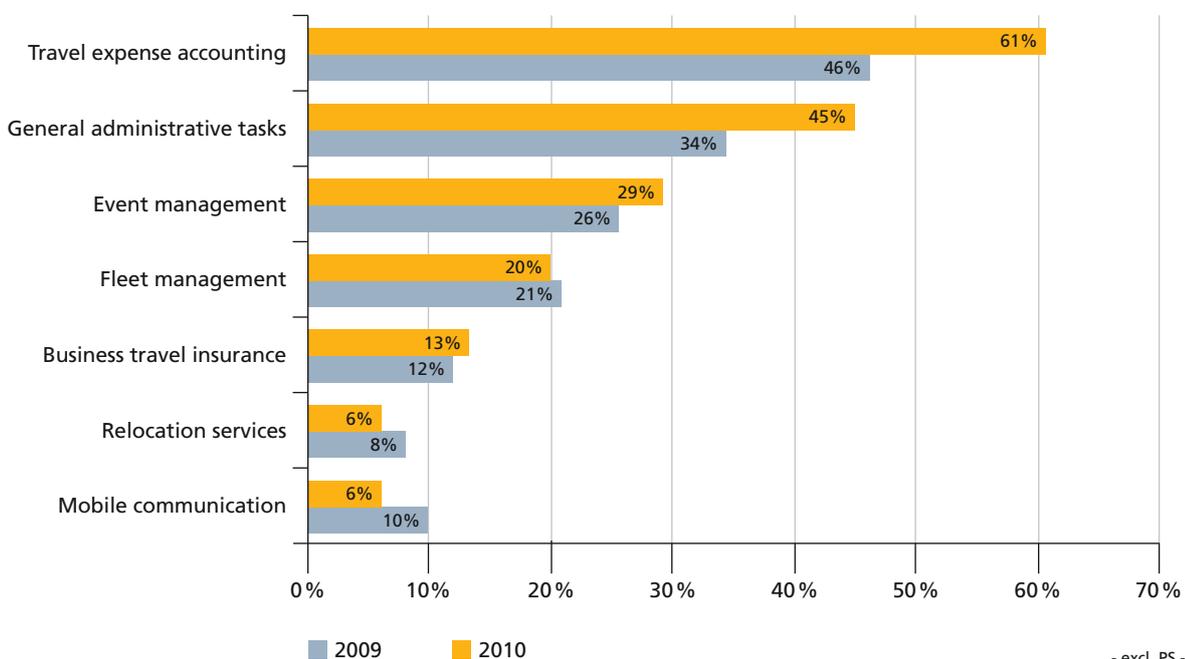


Figure 13

- excl. PS -
- multiple choices possible -
- Travel Manager -

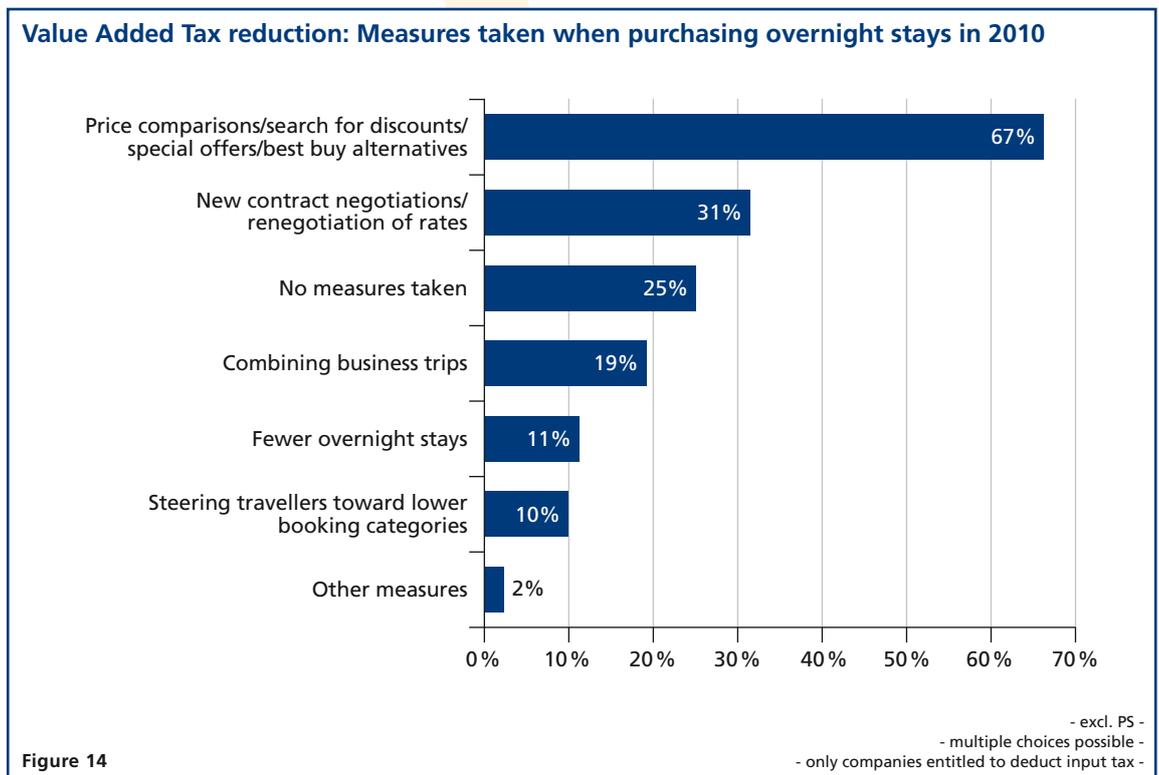
VAT cut: Implications for purchasing

Except for Denmark, all of Germany's neighbours applied discounted VAT rates between three and ten per cent to accommodations in 2009. After the German hotel business had demanded a level European playing field for years, the Federal Government finally lowered VAT for hotel stays from 19% to 7% in January 2010.

Travel managers did not welcome this move. Instead of promising better prices, it threatened to make much more work for them due to lower input tax deductions coupled with the elimination of tax-free reimbursement of breakfast expenses at a flat rate of 4.80 Euros per overnight booking and invoice. The ostensible problems in the daily handling of the reduced tax were alleviated by a regulation issued by the Federal Ministry of Finance on 5 March 2010 on the treatment of sales and payroll taxes. The proposals made by VDR and other business associations were taken into account here.

Even before the tax reduction was introduced, VDR had demanded from the hotel industry an intelligent treatment of the “money saved”, either by improving their price/performance ratio – for example by investing in the hotels and in employee qualifications – or by passing the savings on to customers in the form of lower gross prices. In order to avert any disadvantages in purchasing, three quarters of those in charge of corporate business travel reacted immediately and initiated a corresponding bundle of measures, which they now continue to apply.

“What measures are planned, or have already been introduced, in your company for purchasing overnight stays?”



7 DEVELOPMENT OF BUSINESS TRAVEL VOLUME

Impact of the economic crisis and measures

“Has the weakening of the economic environment since 2008 had any consequences for the management of business travel in your company / your organisation?”

By the time this survey was taken (February–April 2010), the global recession had impacted travel management in some 89,000 German companies. The number of companies that report “major consequences” has risen steeply: from 26,000 to 43,000. Most of these companies are smaller businesses with 500 employees or less. In larger companies, control measures were already introduced in the second half of 2008.¹¹ These measures then unfolded their full effect during 2009.

¹¹See VDR Business Travel Report Germany 2009, Section 7 “Implications of the financial crisis and outlook”.

Consequences of the financial crisis for business travel management in* 2009–2010

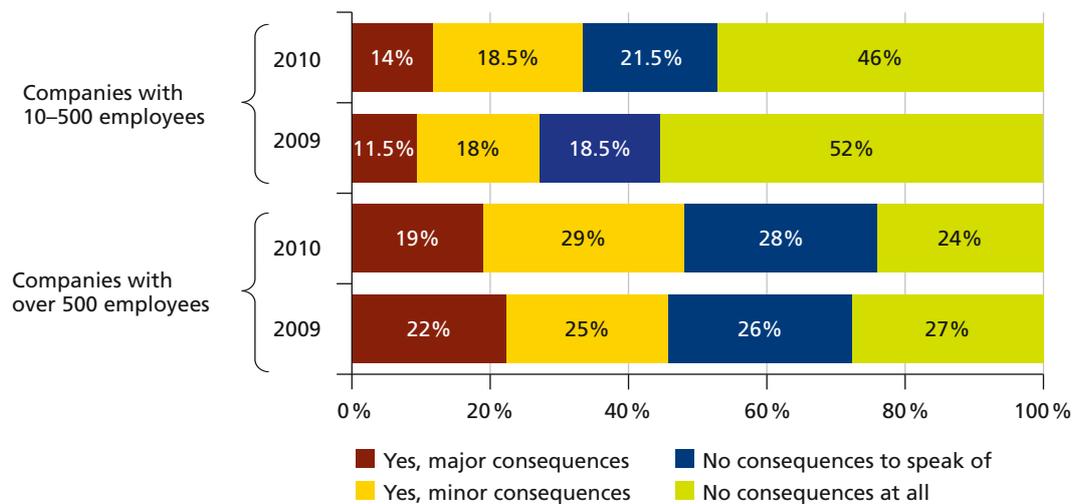


Figure 15

- excl. PS -
*survey period: February–April 2010 and March–April 2009

“Which measures are most important for your company/your organisation?”

In eight out of ten companies in which the weak economy affected the management of business travel, the reaction was to reduce travel volume. Alternatives to business trips have become routine. More and more meetings, training courses and product presentations are taking place using modern communications technology. In the second year of the economic downturn the Events area has suffered considerably. Half of the companies have been reducing their outside appearances.

Most important measures implemented in the area of business travel since 2008*

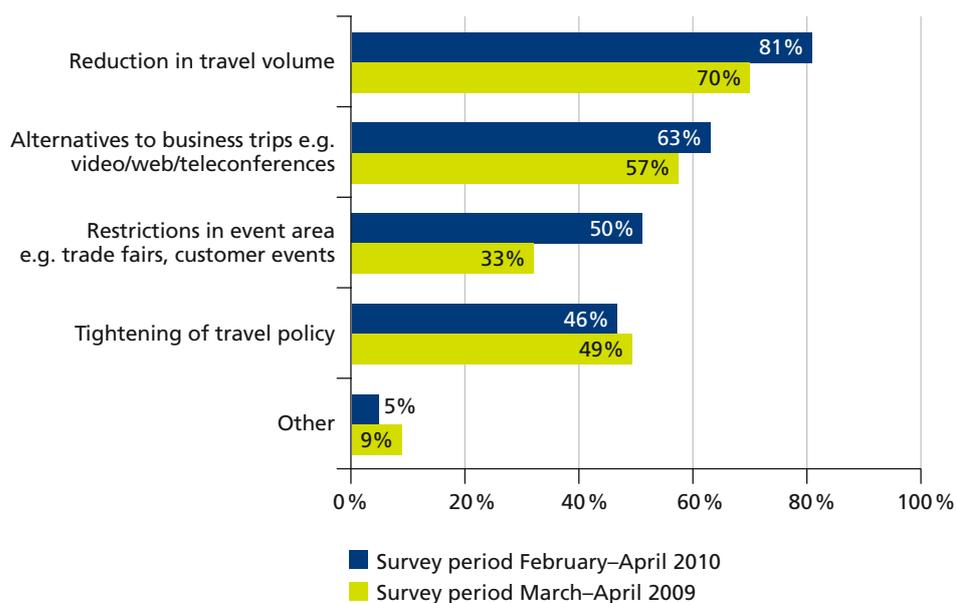
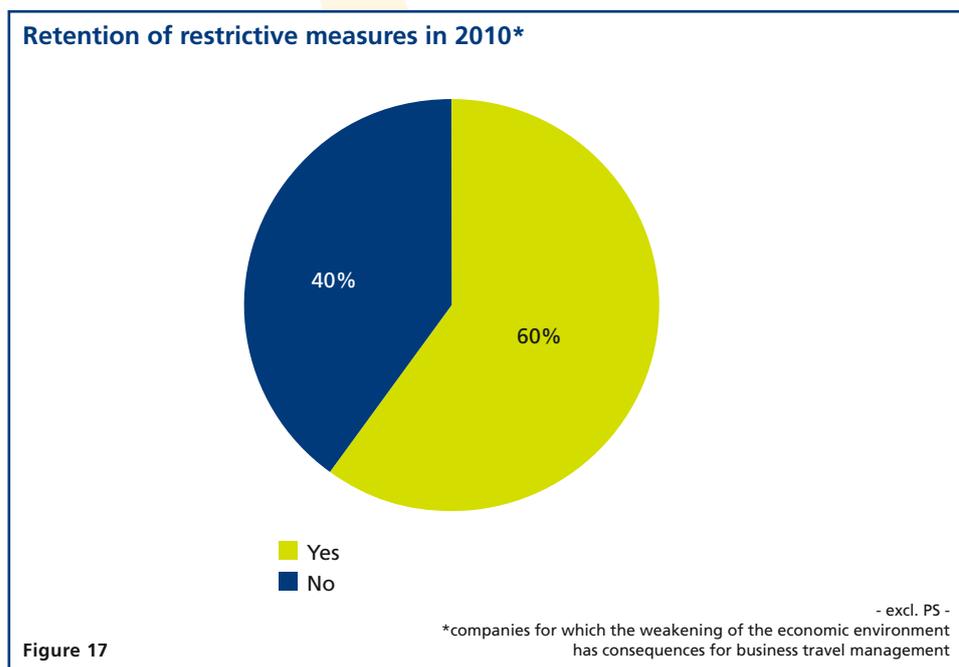


Figure 16

- excl. PS -
- multiple choices possible -
*companies for which the weakening of the economic environment has consequences for business travel management

Travel managers took action in time to cushion the impact of the downswing by cutting down on travel, overnight stays, flights, internal meetings, customer events and trade fair visits. They changed course by looking for better prices and using bonus miles to benefit the company, and by booking their travellers in lower categories, having them fly Economy Class or travel by rail. What will the near future bring?

“Will restrictions be retained even if the economy recovers?”



60% of those affected by the economic and financial crisis think that the restrictive measures will be long-term. As already suspected in last year's analysis, "a boost in demand cannot, and will not, help all areas of business travel to resume their former significance in proportion and in synchrony with the economic upturn".¹² This hypothesis is proving true: we are now facing such major economic challenges (including sociodemographic developments, climate change, the stability of the economies of Europe) that an end to the restrictions in company travel is nowhere in sight. What's important is the proper "top down" communication of the tightened travel conditions – when the executives set a good example, the staff will show greater understanding. Business trips nevertheless remain an important component in achieving corporate goals. They play an essential role in developing and maintaining business relationships, and in indirectly increasing revenues.

¹²See VDR Business Travel Report Germany 2009, Section 7 "Implications of the financial crisis and outlook".

“How will the number of business trips change in your company in 2011 compared to 2010?”

Survey period February–April 2010:

Estimated development of overnight stays and modes of transport in 2011

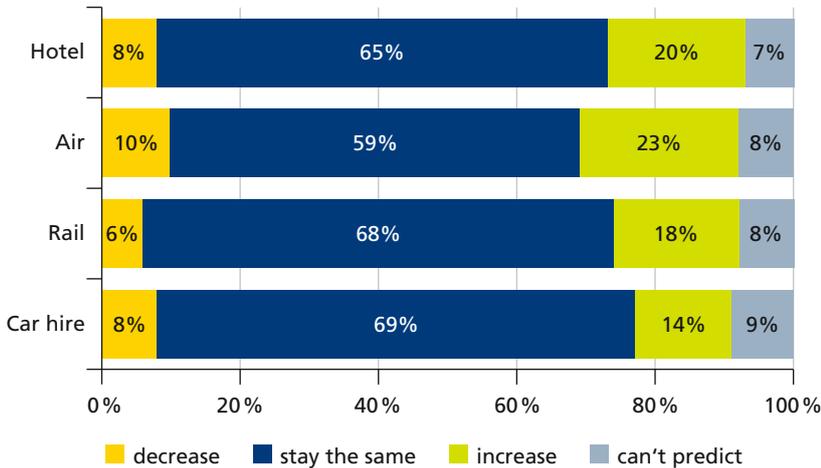


Figure 18

- excl. PS -

Companies seem to have made it through the lowest point of the crisis – the gentle positive signals being sent out by the economy as a whole are reflected distinctly in the development predicted for 2011. Compared to last year, twice as many respondents now expect to see a rise in travel volume. Only every tenth company is planning on booking fewer transport services and overnight stays.

The fact that the German economy is still extremely competitive in the European arena can be attributed in part to years of successful cost control. As shown by Figure 17, the expected growth in volume will not allow for any automatic price increases – meaning that the situation will remain extremely delicate for many travel managers and suppliers.

With economic conditions still quite fragile, the need for conventional business trips, as pure cost drivers, will be called into question. Each business trip or company event will be expected to produce a tangible return on investment. “Intelligent travel avoidance” and the increasing deployment of modern communications technology remain at the top of the agenda: alternatives to travel are booming. Profiting from this trend are the areas of environmental protection and sustainability – even before the upswing and the return of business mindsets from crisis management to Corporate Social Responsibility.

The widespread availability of digital media is also leading to new business models. The dwindling half-times of innovations are massively changing the structures of business travel. New market participants are coming to the fore and communication structures are becoming less linear. Strategic partnerships and networks play an increasingly dominant role. Cooperating, building alliances, buying or being bought are the alternatives – and rapid and demonstrable efficiency gain the only grounds on which decisions are based.

THE RESEARCH TEAM FOR THE VDR BUSINESS TRAVEL REPORT GERMANY 2010

VDR – The German Business Travel Association, the publisher of this report, has defined the basic structure of the analysis and selected topical questions in consultation with its members. United Research AG is responsible for the fieldwork and the scientific evaluation of the primary data, which is gathered by the 3wPhone company. The VDR core team of Kathrin Wilger and Andrea Bonell has been working together with the project manager Kirsi Hyvärinen since 2003 for the expert analysis, reporting and organisational supervision of this study project.

VDR – THE GERMAN BUSINESS TRAVEL ASSOCIATION

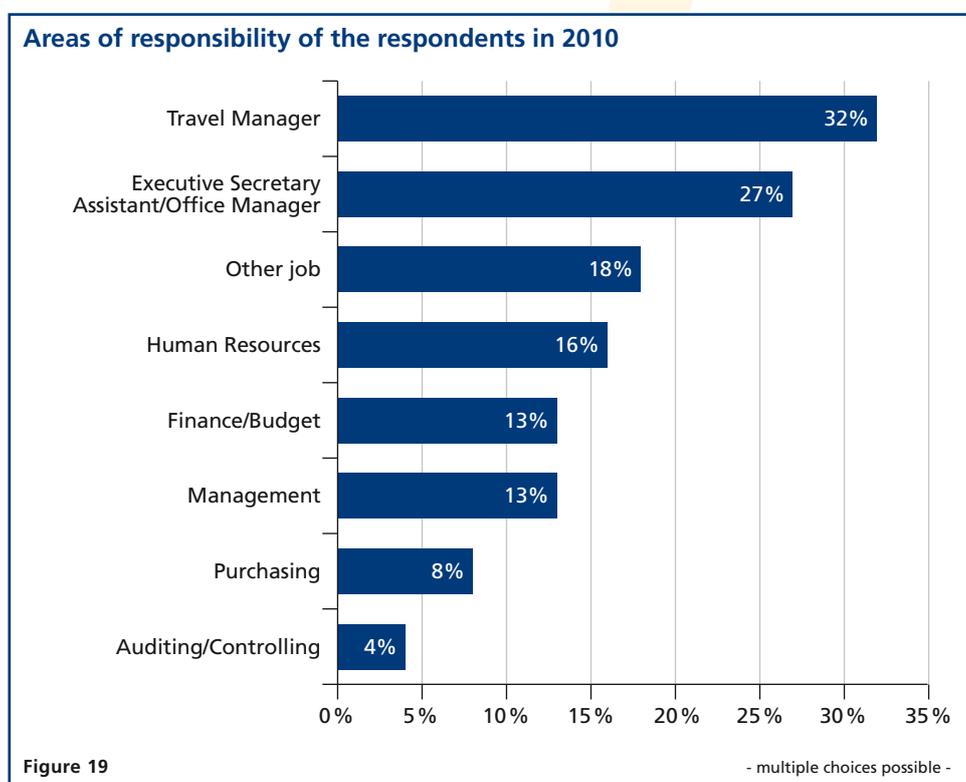
VDR represents the interests of German business with respect to all aspects of business travel management. The aim is to ensure that worldwide business travel is efficient, economical, safe and unimpeded. With some 500 member companies, the German Business Travel Association represents a total business travel turnover of more than ten billion Euros per year.

METHODOLOGY

The statistical universe for the VDR Business Travel Report is constituted by all businesses that have their principal place of business 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) – were equally well represented. Equal weight was given to the four different size categories. Due to the differences between the private sector (“businesses”) 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, this excludes the public sector (- excl. PS -).
- ◆ When reference is made to organisations, this means both businesses and institutions in the public sector.

A random sample was taken from this statistical universe. Between February and April 2010, 800 computer-assisted telephone interviews were conducted with persons who are responsible for managing business travel or 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 2009 figures. All extrapolations without reference to secondary sources are based on a special evaluation of the statistics of the German Federal Employment Agency (see Table 6, page 21).

The following organisational size categories have been defined for this analysis:

- ◆ organisations with 10–250 employees
- ◆ organisations with 251–500 employees
- ◆ organisations with 501–1500 employees
- ◆ organisations with more than 1,500 employees

Number of organisations in Germany and their employees according to size categories and business sectors (change in economic sector WZ 03)

	Organisational size category (organisations with employees)									
	10–250		251–500		501–1500		over 1500		Total	
	Organi- sations	Employees	Organi- sations	Employees	Organi- sations	Employees	Organi- sations	Employees	Organi- sations	Employees
Total	385,286	13,722,784	8,110	2,791,160	3,973	3,116,512	1,069	3,036,340	398,438	22,666,796

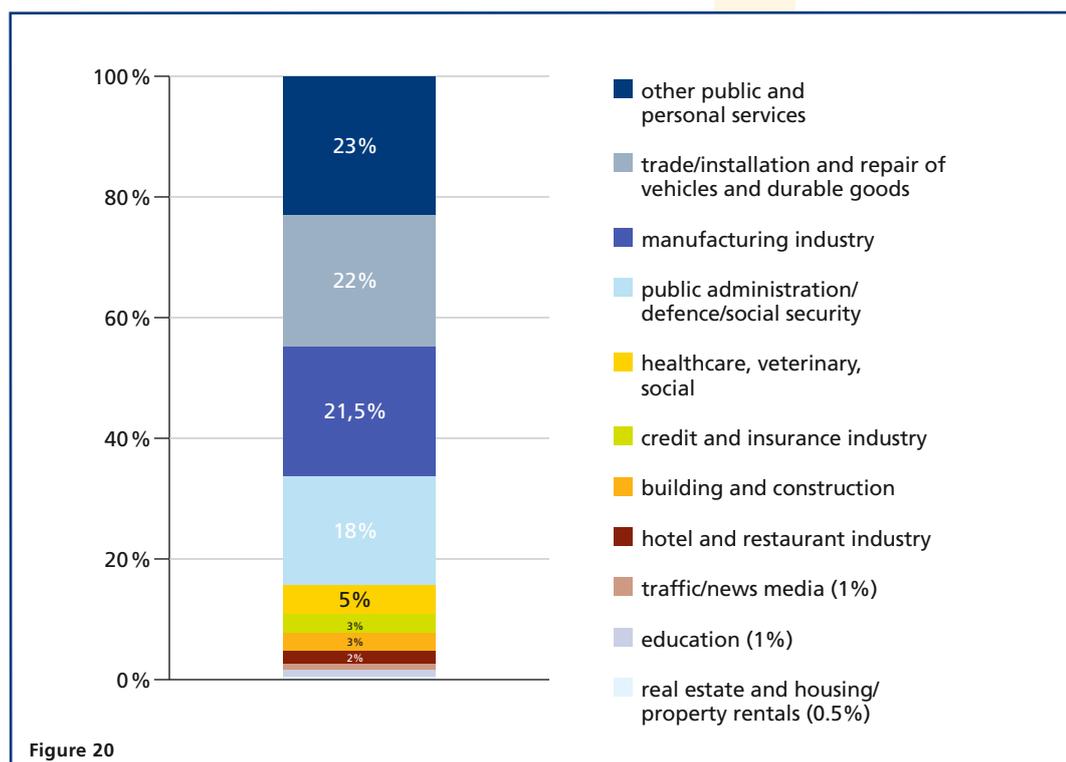
Table 6

- as of: 2009 -
- not including organisations with 1–9 employees -

Source: own calculations, based on statistics from the Federal Employment Agency, Data Centre, Nuremberg, 2009.
Calculated according to the economic sectors WZ08 (2008 and 2009) and WZ03 (2008)

Note: The amendment of the “Statistical Classification of Economic Activities in the European Community” (NACE) has resulted in the list of economic sectors put together in 2003 (Revision 1.1) being replaced in 2008 by NACE Revision 2. Starting with reporting year 2009, indicators are no longer available for the formerly used classification according to Rev. 1.1. As the two systems are not identical, there are some systematic differences with regard to the number of organisations included. The extrapolations formerly made in the VDR Business Travel Report were based on the organisations as classified in Rev. 1.1, meaning that no direct comparison can be made with the organisations as listed in Rev. 2. The extrapolations for the year 2009 are therefore based on the figures last recorded in reporting year 2008 for Rev. 1.1. Changes with regard to the number of organisations for the period from 2008 to 2009 were taken into account in consultation with the statistical services of the Federal Employment Agency by applying the changes in Rev. 2 for this period to comparable economic sectors in Rev. 1.1.

Sectors of the respondents in 2010



IMPRINT

This study in German and English (published in 2007–2010), together with Management Summaries in German and English for the years 2003–2006, are available free of charge at: www.geschaeftsreiseanalyse.de

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Where the male pronoun form is used in the text, this was done for the sake of simplicity. This is meant to signify both men and women.

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