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The German Business Travel Association



VDR Business Travel Report 2014

Volume 12



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Individual mobility management in focus

Key resources in the economy are devoted to business mobility and its management: not just finances but also the appropriate use of time and the individuals behind the figures are right at the heart of modern mobility management. What strategic information do organisations need to target today to ensure that they can continue to be successfully mobile tomorrow, whilst making effective use of resources? Just how much will the air traffic tax cost German companies? Are there gaps in provisions for security/safety and data protection for business travel? What is important when negotiating and booking events?

The subjects covered by the twelfth VDR Business Travel Report are as varied as the tasks faced on a day-to-day basis by a mobility manager. Travel, fleets and seminars/conferences (MICE) are no longer strictly separate aspects. “Mobility management” is the future. The individual sectors will remain, as the specialist expertise in these areas is still indispensable. However, synergies will increasingly be exploited in order to streamline processes and save costs.

This integrated view of business mobility guarantees that it is fit for purpose. The challenge is to combine processes and attitudes so that the mobility manager can add value for travellers, the company and the environment. The VDR supports this trend by focusing on synergies in managing business trips, vehicle fleets and MICE, and thus acting as a go-to partner for the whole wide-ranging field of business mobility, both now and in the future.

2012 Key data

9.4 million business travellers	In 2013 there were 10 million business travellers ¹ taking	+ 6.4%
166.3 million business trips	171.1 million business trips amounting to expenditures of	+ 2.9%
46.7 billion euros	48.2 billion euros – equivalent to	+ 3.1%
140 euros	148 euros per business traveller per day.	+ 5.4%



All business trips covered by individual travel expense claims are regarded as business travel in the context of this report. The duration, purpose, distance and destination of trips or the professional standing of the traveller are not taken into account in this assessment. As soon as expenditures are charged as a business travel expense, they are included in the figures. Further term definitions are provided in the VDR Business Travel Reports for 2003 – 2006 and in the VDR glossary: www.vdr-service.de/info-center/vdr-glossar/

Results from companies and from the public sector are usually shown separately due to the differences between the individual sectors. The corresponding data basis is shown quite clearly in each case: The terms “businesses” or “companies/firms” exclude the public sector (“– excl. PS –”). “Organisations” covers both companies and public sector institutions.

¹Employees of a company or organisation in the public sector who undertake at least one business trip or official journey a year.

Important results at a glance

Slowly but surely

According to analyses conducted by the Global Business Travel Association, Germany is the largest business travel market in Europe.² It has grown further during the year under report, but in a rather subdued fashion, just like the economy as a whole. The number of business trips rose by 2.9% between 2012 and 2013. The pre-crisis level has thus been exceeded despite ongoing challenges in the market. Shorter trips and fewer flights and overnight stays abroad suggest that German companies³ travelled more within Germany (Figures 1, 4, 7 and 9, Pages 4 ff.).

Travel management is well worthwhile

The majority of travel management departments were able to save at least one euro in ten over the past year. When looking at a five-year comparison, the travel volume in larger companies has increased by 17% – although their average business travel costs only rose by 10%. The travel managers employed in three-quarters of these firms deserve the credit for this achievement (Table 2, Figure 6, Pages 6 and 7).

Air traffic as a cash cow?

Air travel is involved in approximately every fourth trip. However, compared with 2012, its share of the market has fallen by 4.5%. To what extent is this due to the air traffic tax, we wonder? The figures certainly pose quite a deterrent in any event: German organisations spend an estimated 400 to 550 million euros on this tax every year (Figure 7, Page 7).

Three-star success

58% of larger firms saw scope for savings in the accommodation sector last year. The continued growth in the three-star category in Germany is evidence of just how successful these savings measures have been. As in the case of air travel, demand in the accommodation sector has undergone a fundamental change: “Domestic travel is the new trend” (Figures 10 – 11, Pages 9 and 10).

Mobility has to be managed

Travel expense accounting, event management, mobile communication and security, insurance and travellers' health all form part of a travel manager's brief in an ever-increasing number of companies. This confirms the trend towards mobility management as an integrated concept (Figure 13, Page 11).

Bonuses for all

Only two out of five firms with their own Travel Management department and one in three organisations in the public sector require the points and miles earned on business trips to be used for future business bookings. 93% of the companies that allow their employees to keep these bonuses intend to keep doing so in the future (Figure 18, Page 15).

What about security and safety?

Over half of small to medium-sized businesses are still not specifically concerned about security, safety and data protection in connection with business travel. However, the greater the volume of travel, the greater the understanding and knowledge of the statutory obligations. Every second travel manager is now in charge of travellers' welfare (Figures 13 and 22, Pages 11 and 19).

Tiptoeing into the future

Not unlike predictions for the economy as a whole, the majority of German business travel managers are anticipating similar or higher travel volumes for the coming year. Even if the eurozone has managed to withstand the financial crisis more or less intact, forecasts are subdued because of uncertainties outside Europe. Travel plans give an inkling of potential business developments. The USA, China and France are still the top destinations for 2015 (Figures 23 and 24, Pages 21 and 22).

² See GBTA BTI™ Outlook Western Europe H1 2014.

³ See the information box on Pages 2 and 23 for the distinction between companies/firms and organisations.

1. Facts and figures

⁴ See press release by the Federal Statistics Office, Wiesbaden, 15 January 2014.

⁵ When this report refers to "medium-sized businesses", it is referring to companies with 10 – 500 employees. Small and medium-sized enterprises (SME) are companies with 10 - 250 employees. See VDR Business Travel Report 2006, "Term definitions A – Z", Page 40.

⁶ Percentage of employees in the organisation who undertake at least one business trip a year.

⁷ See result documentation, VDR-TrendsPort 2013: In order to keep their "human capital", employers explicitly extend their duty of care to the older age group. This includes "age-appropriate" travel, which is becoming a clear trend, not least due to the emphasis on the individual requirements of business travellers.

Quantity

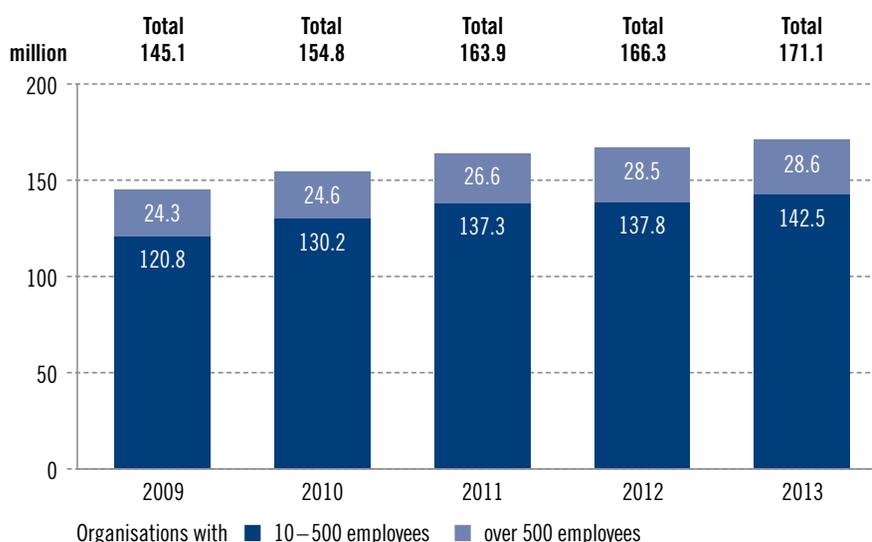
"How many business trips were undertaken in your business/organisation in 2013?"

Once again, the German economy only saw modest growth in 2013. The ongoing recession in a number of European countries and limited global economic development have tended to slow down the growth process. Price-adjusted gross domestic product (GDP) rose by 0.4%.⁴

Growth in the business travel market was likewise subdued: the number of business trips in organisations with ten or more employees rose by 2.9% between 2012 and 2013. However, this figure still managed to exceed the pre-crisis level. Whilst larger companies were more likely to undertake business travel last year, in 2013 the number of business trips amongst firms with over 500 employees fell slightly, whereas this figure rose by 3.1% in medium-sized companies⁵. The public sector was also more likely to travel (up 4.4%).

Number of business trips in 2009–2013

Figure 1



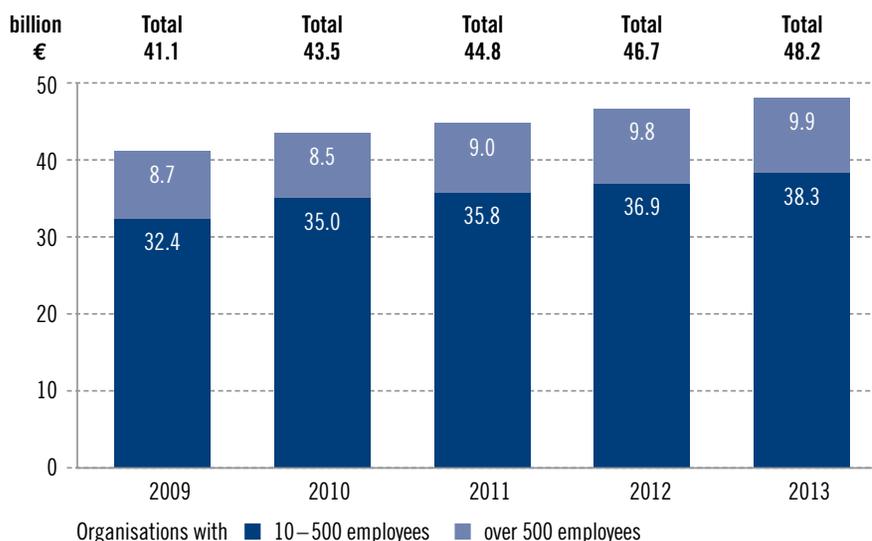
Business travellers

"How many business travellers are there?"⁶

The number of business travellers increased by 6.4% to 10 million – on average, one in three employees took at least one business trip last year. The largest companies are considerate in their dealings with their employees: they shared the responsibilities over more employees on a rolling basis (2011: 24%, to 2013: 34%) and thus laid more emphasis on the human requirements of the traveller.⁷

Total cost of business travel in 2009–2013

Figure 2



Costs

"How high were total business travel expenses in 2013?"

With a figure of 48.2 billion euros, the cost of business travel reached the level last seen in 2007, the year before the crisis. Costs grew at approximately the same rate as the quantity of business trips (3.1%). The public sector budgeted particularly well (costs increased by 1.5% with 4.4% more official trips). There is a reduction overall, this being especially evident in companies with over 1,500 employees: the number of business trips in such companies has fallen by 0.8%, with a corresponding cost reduction of 2.3%.

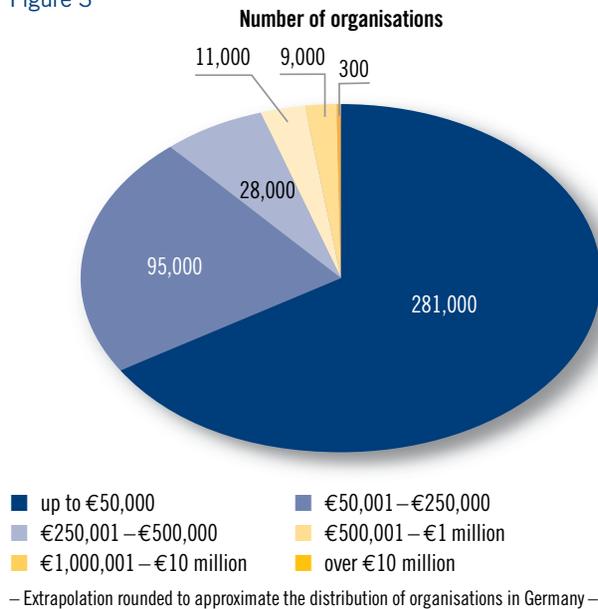
“How were business travel budgets distributed in 2013 based on the size of the establishment?”

The budget for business mobility has risen in the years following the crisis. Around 48,300 organisations now have a mobility budget of a quarter of a million euros or more in some cases.

Nevertheless, small and medium-sized organisations with a lower budget of up to 250,000 euros still form the bedrock of the German business travel market.

Breakdown of business travel budgets in 2013

Figure 3



Duration

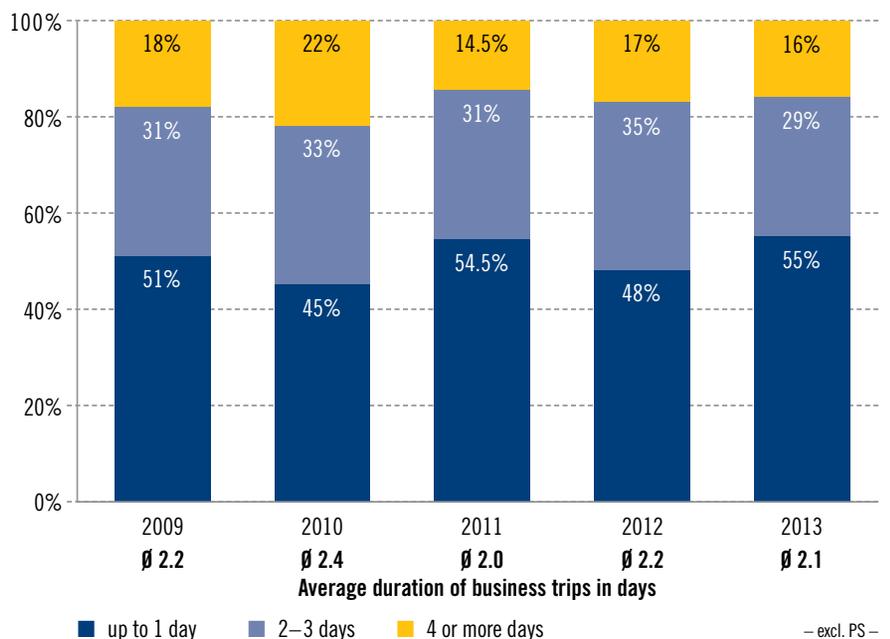
The number of business trips without an overnight stay rose yet again. This trend confirms the predictions made in the 2013 VDR Business Travel Report which maintained that “a heightened sensitivity would remain in the planning and purchasing of travel services” in the aftermath of the financial and economic crisis.⁸

And yet: the larger the company, the longer the business trips undertaken. In large companies, business trips last on average 0.4 days longer than in small companies. Whilst every second trip in larger companies lasted for two days or longer, 61 % of business trips in small and medium-sized businesses were one-day trips.

This was already the situation last year in the public sector. 73 % of employees were also involved in short business trips in 2013.

Duration of business trips in 2009–2013

Figure 4

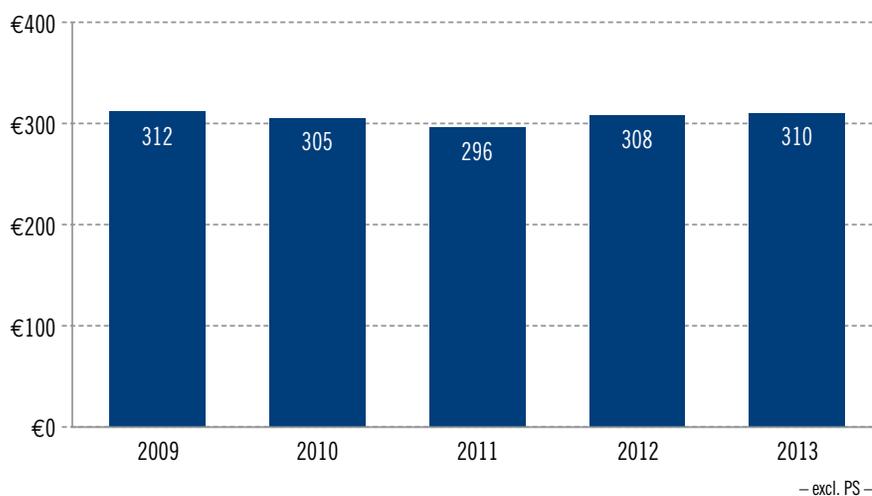


⁸ VDR Business Travel Report 2013, Section 8 “Trends in business travel volume”, Figure 21, Page 19.

2. Structure of business travel costs

Average cost per business trip in 2009–2013

Figure 5



Comparison of business travel and holiday travel*: Daily expenditures in 2009–2013

Table 1

Expenditure per person per day	Business travel	Holiday travel
2013	€148	€73
2012	€140	€73
2011	€148	€70
2010	€127	€70
2009	€142	€67

* Our own calculations, in conjunction with F.U.R., Hamburg/Kiel: Travel reports 2010 – 2014. Business travel expenditure per person and per day: companies only, not the public sector. Holiday travel for over 5 days.

⁹ See F.U.R., Hamburg/Kiel: Travel reports 2010 – 2014.

¹⁰ VDR Business Travel Report 2012, Section 1, "Ten years of VDR Business Travel Reports", Page 5.

¹¹ Travel management is not necessarily an area of responsibility in its own right, see Fig. 12, Page 11.

¹² There is considerable potential for savings, especially in connection with indirect costs. Typical starting points include reviewing laborious approval procedures, complex booking channels and outdated advance payments. Travel and travel choices can be guided specifically by corresponding travel management tools. This makes maximum use of savings potential and leads to a significant improvement in the resulting processes.

Average costs per year

Travel management is well worthwhile. Three-quarters of larger companies with over 500 employees employ a travel manager¹¹. It's quite a success story: the travel volume within these companies has risen by 17% over the past five

Average costs

Longer journeys had led to an increase in average costs per trip of 3.8% in 2012, whereas last year this rise was only 0.7% due to the many one-day trips and tougher price competition.

Daily expenditures

Increased average costs and shorter trips have meant that business travellers on average spent more money per day in 2013 (2012: 140 euros, 2013: 148 euros), whilst the average spend per holiday trip (2013: 73 euros) and holiday duration (2013: 12.4 days) stayed more or less the same.⁹ These expenditures remained within Germany for the most part¹⁰ and thus boosted the economy across the regions, generating and maintaining jobs regardless of seasonal influences. Business travellers are tied to fixed deadlines and as such are relatively inflexible. They lead to high turnover during the week and during the conference and trade fair seasons. They thus indirectly subsidise hotel and airline pricing, making them cheaper for holidaymakers at the weekends.

years, yet their average business travel costs have only increased by 10%. We see higher cost savings in companies with a travel manager than those without.¹²

Average business travel costs in 2009/2013

Table 2

Companies with	Average business travel costs		Change		Share of companies with travel managers 2013
	2009	2013	in average business travel costs	in average business travel volume	
10–500 employees	€96,000	€107,000	+ 12%	+ 11%	26%
over 500 employees	€2,250,000	€2,470,000	+ 10%	+ 17%	73%

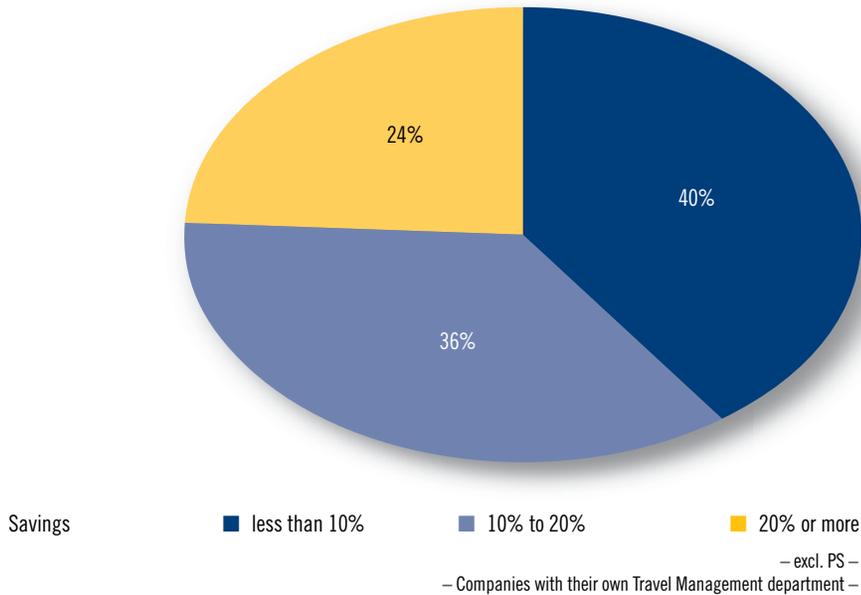
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“What savings have travel managers achieved?”

The majority of travel management departments are able to save at least one euro in ten every year. Despite the discouraging predictions for further cost reductions two years ago¹³, resourceful business travel managers are continuing to come up with strategies in which intelligent mobility management pays off. The potential for optimisation is undoubtedly there.

Savings due to travel management between 2012 and 2013

Figure 6



Air travel

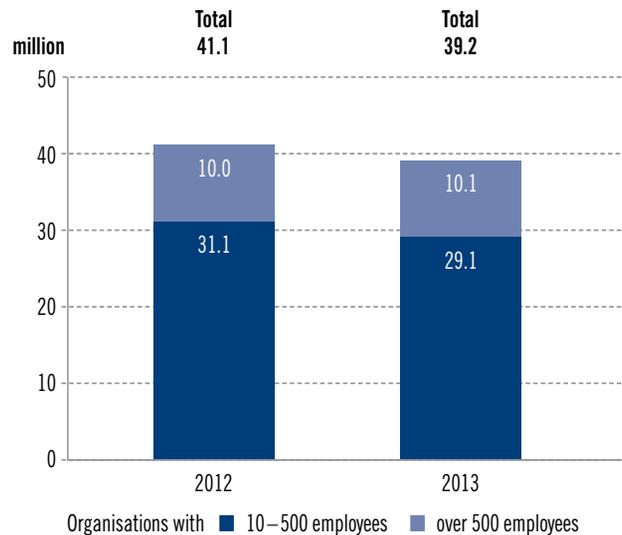
Inefficiencies in travel processes such as queues at security and delays, along with ambiguous travel expenses rules and additional taxes and charges also lead to increased costs for companies.

One example is the air traffic tax, which applies to around 40 million business trips each year. The number of business trips involving a flight fell by 4.5% compared with the previous year.

In view of the distribution of domestic, European and inter-continental flights, the current rates of air traffic tax mean estimated annual extra charges for German organisations ranging from 400 to 550 million euros.¹⁴

Number of business trips involving flights in 2012–2013

Figure 7



¹³“Nine out of ten people interviewed feel that we’ve reached the end of the road for cost reductions.”, VDR Business Travel Report 2012, Section 6, “Potential cost savings”, Figure 15, Page 20.

¹⁴Calculated using current tax rates and ticket numbers from German companies – National-Continental-Intercontinental Database, with the generous assistance of AirPlus International.

Cost areas

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

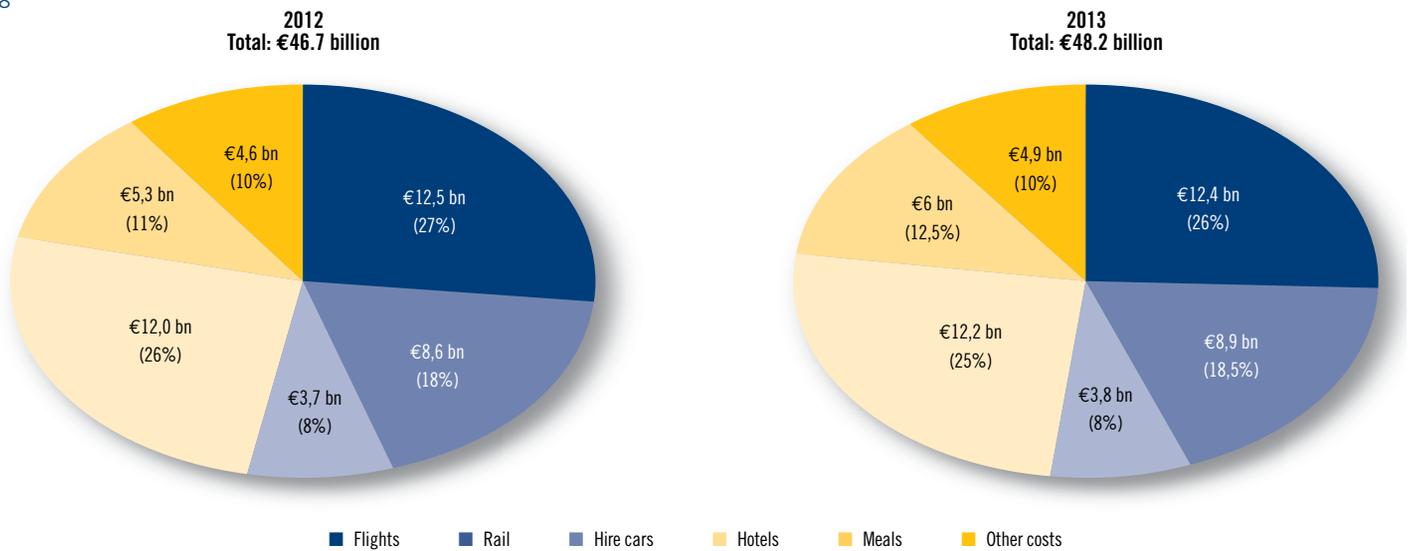
Like last year, there are very few surprises in the distribution of costs over the main areas of expenditure. The most noticeable rise was in the cost of meals.

One euro in four went for overnight accommodation or air transport. Rail was often chosen rather than air travel for shorter journeys.

“Other costs” rose by 0.3 billion euros – there may well be potential savings here, but these are possibly the hardest kind to tap due to their wide-ranging nature. “Other costs” include parking charges, taxi fares, public transport, mileage rates for private use of company cars, event attendance fees, fuel, telephone calls, hospitality (if not included under “Meals”), internet/WLAN use, credit card charges (e.g. foreign use), gifts/considerations and travel agency service charges.¹⁵

Total costs for business trips broken down by cost areas in 2012/2013

Figure 8



¹⁵ See VDR Business Travel Report 2010 for the distribution of other costs, Figure 6, Page 8.

3. Overnight stays

Overall trends

“How many overnight stays did the business trips undertaken by employees in your company/ organisation include and what was the distribution of the number of overnight stays in domestic and foreign accommodations?”

The number of overnight stays by German organisations rose only marginally by 0.5% in 2013. More short trips and savings efforts by business travel managers played a part in this overall stagnating growth picture, reflected in turn by the reduced number of trips involving air travel.

In 2012 all organisations booked more hotel accommodations, irrespective of their size and the destination. In 2013 smaller organisations with up to 500 employees booked more accommodation within Germany, and correspondingly less abroad. Employees of larger establishments tended to travel abroad more.

Accommodation categories

“What overnight categories does your organisation tend to book?”

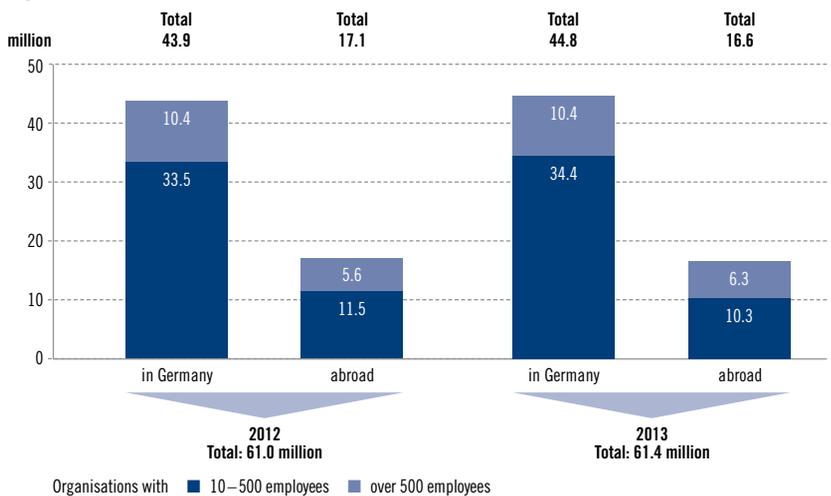
Over 90% of business travellers in Germany stay in 3 and 4-star hotels. The 3-star category once again gained market share this past year. These establishments have earned a good reputation recently, offering good quality in line with the needs of business travellers. Demand has clearly altered over the years¹⁶ – as with airlines that target business travellers with intermediate classes such as “Premium Economy”. 58% of business travellers on trips within Germany stayed in accommodation regarded as the “golden mean”. 1 and 2-star hotels have definitely lost ground – even in the public sector. In 2009, every fifth government employee stayed in economy accommodation, but this figure fell to just 8.5% in 2013.

When travelling abroad, people tend to prefer the next-highest category. This is also more readily available online, thus conveying a similarly positive profile for 4-star establishments.

¹⁶ The requirements of specific target groups are not related to the star category, see VDR Business Travel Report 2012, Section 1: “The old star categories have not been adequate for the various user requirements for some time now.” VDR hotel certificates are therefore available for hotels of all categories. Further information: www.certified.de

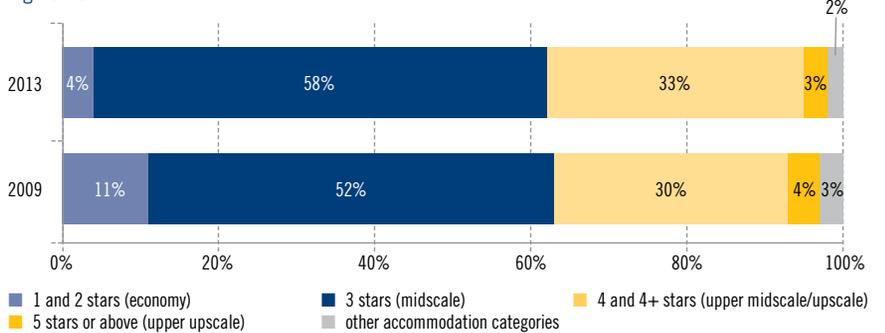
Number of overnight stays in Germany and abroad 2012/2013

Figure 9



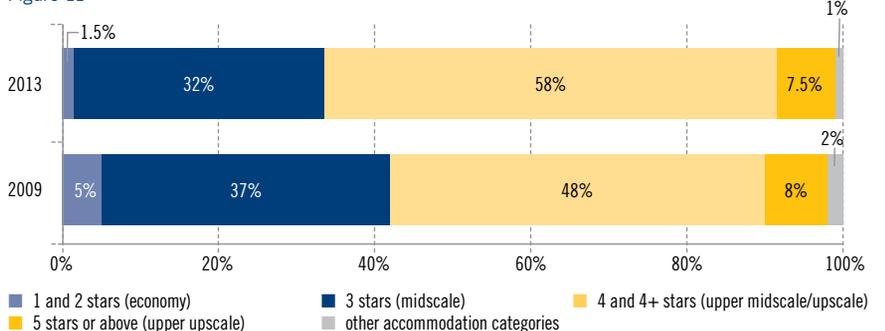
Accommodation categories on business trips and official travel in Germany in 2009/2013

Figure 10



Accommodation categories on business trips and official travel abroad in 2009/2013

Figure 11



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4. Travel management strategies

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

Larger companies with more to manage in terms of both quantity and quality are particularly aware of the benefits of professional business travel management: the proportion of companies with an individual area of responsibility for business mobility has increased once again. The minimal changes in medium-sized businesses are presumably due to the availability to travel agency services and online suppliers with price comparisons and best-price guarantees.

Nowadays the task of “budgeting to cover costs” and increasingly stringent financial and employment law requirements mean that even medium-sized businesses no longer feel able to manage business mobility as a secondary activity. The complex international market requires qualified specialist and managerial staff on both the users' and the suppliers' side to cover the wide range of needs. In other words, it is hardly surprising that more and more large companies are taking their own travel management to an even higher professional level.

“What additional duties do you assume as a travel manager?”

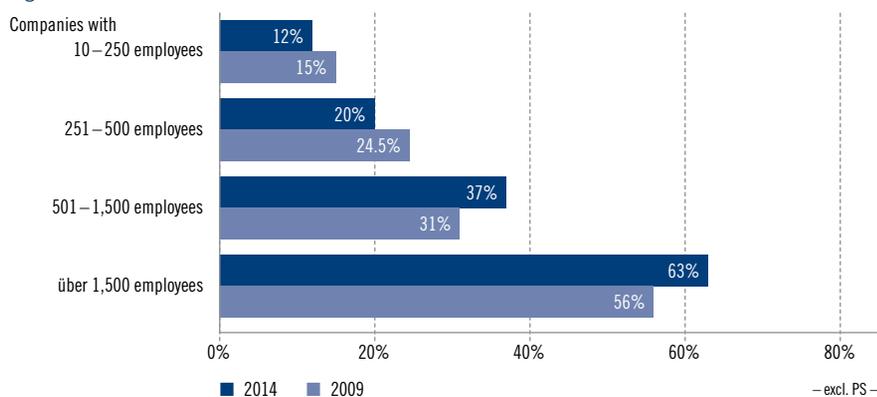
The position of travel manager is becoming more and more widely accepted. The surveys conducted by the VDR Business Travel Report have also played their part, highlighting the efficiency gains to be made by professional travel management year in, year out. However, those primarily responsible for business travel management may also carry out other roles depending on their position in the company.

In the future, travellers will be given a much more central role in the plans of business trip organisers and service providers in the business travel market. Although the business travel sector has become a cross-disciplinary affair thanks to concerns such as age-appropriate and safe travel as well as sustainability, service quality and data protection, it needs to adapt to a functional and strategic change in its role.¹⁷ Travel expense accounting, event management and insurance/health & safety/security often come under the core travel heading. In other words, we need to create expertise in travel management today so that we are prepared for the challenges of fit-for-purpose mobility tomorrow. The first recommendation is to use synergies in the travel, fleet and event management sectors to apply strategies for optimum business mobility across all departments and fields.

¹⁷ See result documentation, VDR-TrendsPort 2013.

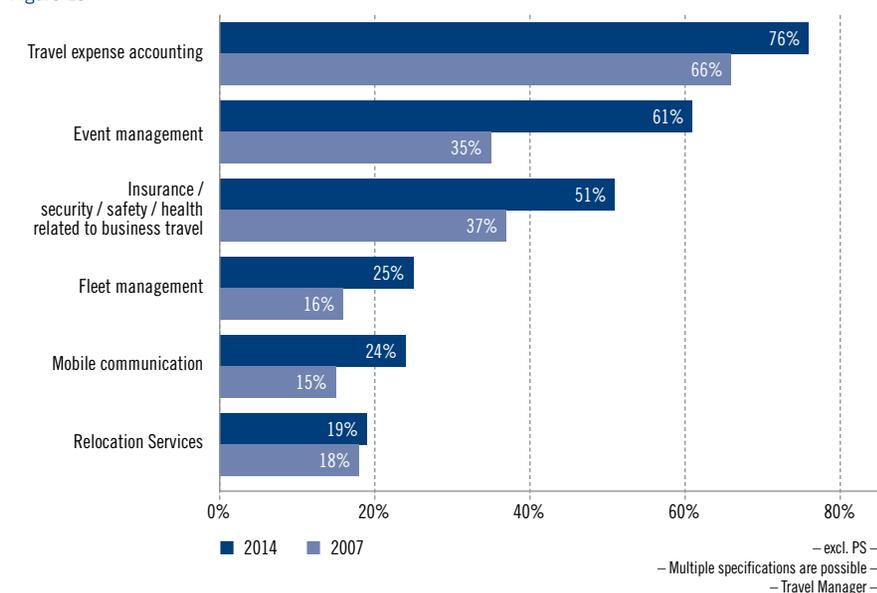
Travel management as a separate area of responsibility in companies in 2009/2014

Figure 12



Travel management tasks in 2007/2014

Figure 13



Policy

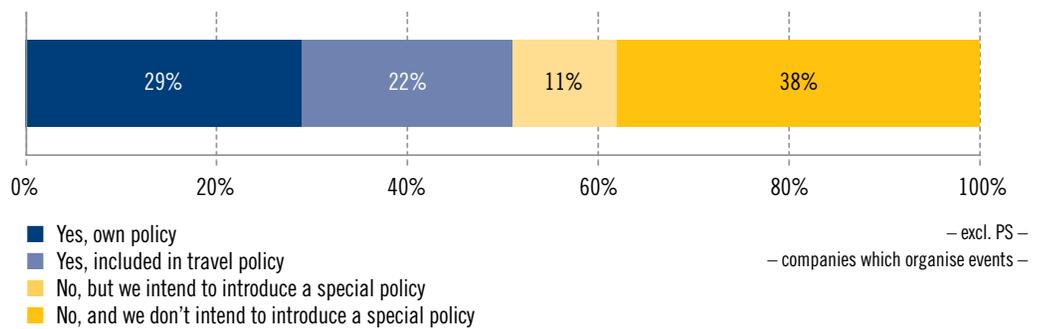
“Does your company have a travel policy?”

We reckon that around every second German company with more than ten employees has a travel policy. This is exemplary, yet in the light of the many advantages of an active travel policy, this figure of 49.7 % still seems far too low. The travel policy forms the basis for control and ultimately reduces direct and indirect costs. Companies with more than 1,500 employees are well aware of these facts: there is almost complete coverage in their ranks (99%).

Use of event policy

Figure 14

Travel management as a separate area of responsibility in companies



“Does your company have an events policy?”

Events¹⁸ are complex processes, with divided responsibilities, and generally involve a large number of in-house staff and external service providers. This makes it all the more important to have an events policy to ensure that all those involved have a clear and uniform understanding of how the processes work, the tasks associated with such processes and any other procedures applied.

Nevertheless, only just under half (46%) of firms with more than 500 employees which hold events actually have an events policy.¹⁹ These are mainly to be found in those companies where travel management is an area of responsibility in its own right.

¹⁸ Events, as referred to in this report, refer to discussions/meetings/seminars, workshops, events, company celebrations, conferences, conventions, press conferences, exhibitions, trade fairs and/or hosting stands at trade fairs. Section 6 of the VDR Business Travel Report 2013 provides a comparative overview in “Event management”, Figure 17, Page 15.

¹⁹ The VDR MICE committee is currently drafting a policy for compiling event guidelines.

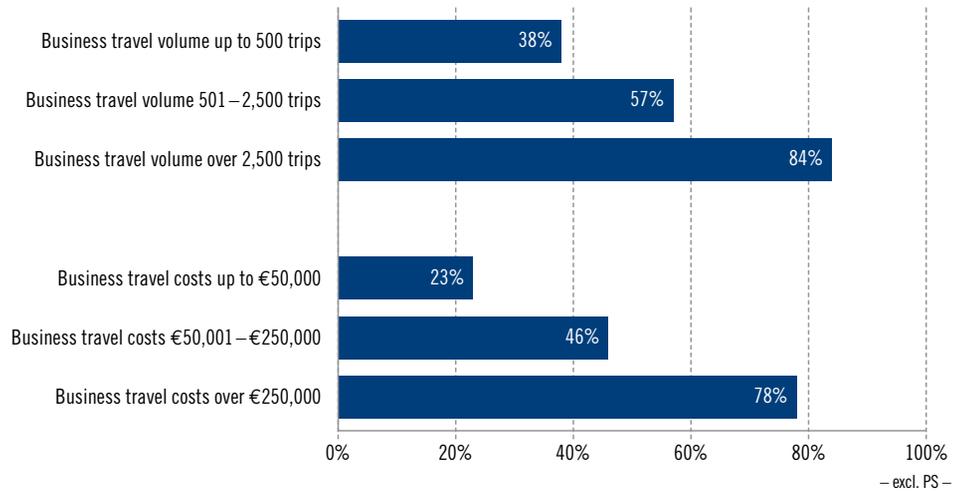
Efficient business travel organisation

A travel manager always has two main goals at the forefront of his mind: saving costs and ensuring traveller satisfaction. These are well covered if the services are purchased professionally, booking and accounting processes are organised smoothly, and business travellers are well looked after during their trip.

Three-quarters of larger firms with over 500 employees thus implement strategies to ensure efficient business travel organisation, whilst only 42 % of smaller companies make a similar claim. However, firms' business travel and cost volumes play a crucial role in deciding whether this is relevant. By reducing the duration of travel, planning appropriate transfer times, balancing costs and comfort, and combining journeys, travel

Companies implementing strategies to ensure efficient business travel organisation

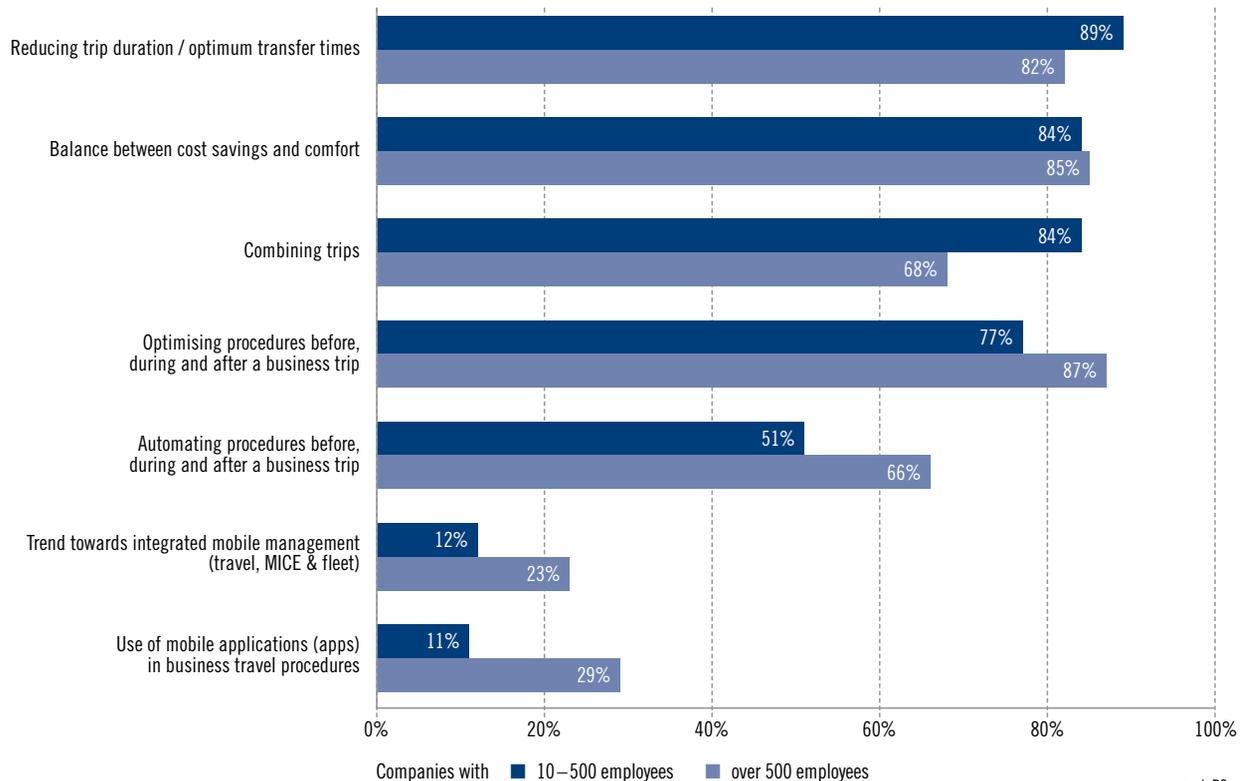
Figure 15



managers in smaller businesses with up to 500 employees are able to optimise business travel. Larger businesses are more likely to optimise and automate processes, make use of mobile applications in the business travel procedure and change over to mobility management as an integrated concept.

Strategies for efficient business travel organisation

Figure 16



– excl. PS –
– Multiple specifications are possible –
– Companies which implement strategies –



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Measuring success

“Do you measure the success of travel management in your company and if so, on what basis?”

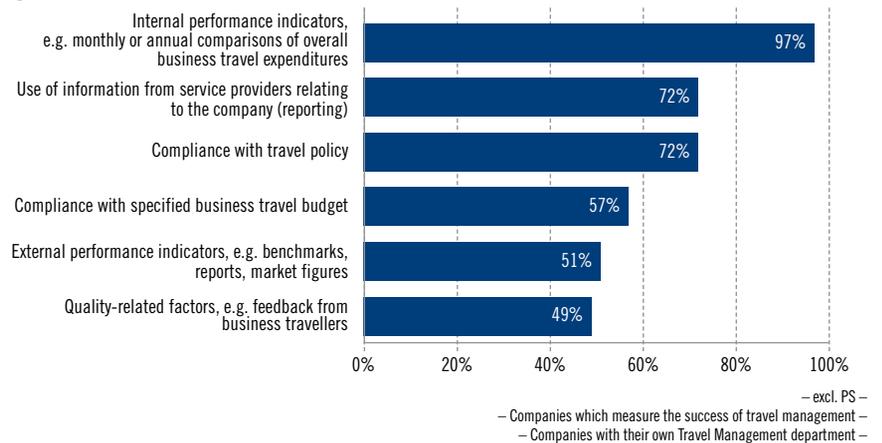
Approximately two out of three companies in which business mobility is an area of responsibility in its own right are also interested in the success of travel management. Every second company with a cost volume of around 100,000 euros is keen to see results. There's no doubt that meaningful controlling is a critical part of a professional purchasing policy and successful travel management.

It is useful to establish business travel behaviour and the associated direct and indirect costs and to assess the situation, with a view to making changes if appropriate.

Internal performance indicators are usually used when measuring the success of travel management. Larger firms in particular make use of service providers' reports and check to ensure that the travel policy is being observed. It is essential to find the right data source for each question and, if necessary, combine the different information strategically in order to work out the performance indicators.

Basis for measuring the success of travel management

Figure 17



²⁰ The VDR “Performance indicator overview” tool can be used when creating a performance indicator system. It describes the most important performance indicators in business travel management, covering applicability, derivation and sources of performance indicators, and also offers recommendations for use and provides guidelines for interpreting the results. See www.vdr-service.de for more information.

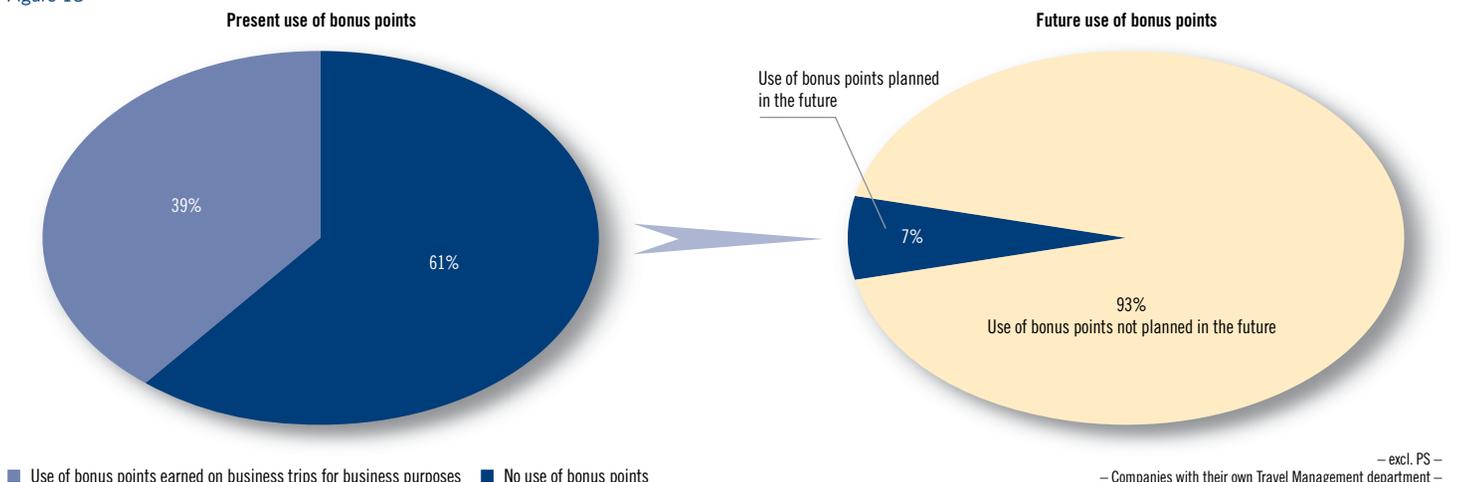
“Are the employees in your company obliged to use bonus points earned on business trips for business purposes? If not, does your company intend to change this policy in the future?”

Only two out of five firms with travel management as an area of responsibility in its own right require the points and miles earned on business trips to be used for future business bookings. Bonus points can be used to reduce costs or even to pay for upgrades. The majority of companies that allow their employees to keep these bonuses²¹ intend to keep doing so in the future (93%). This might be due to the shortage of skilled workers and to employees having different expectations of their employers, causing companies to create incentives for travellers, even in the context of business mobility.

²¹ Employees may use rewards for their own personal use without any tax liability, provided that they do not exceed a maximum of 1,080 euros per calendar year (Section 3, No. 38, EStG (German Income Tax Law) or if they are taxed by the company at a flat rate according to Section 37a EStG.

Present and future use of bonus points earned on business trips for business purposes

Figure 18



5. Event management

Event types

Events are an important means of providing information, motivation and encouragement and also serve to control the activities of customers and staff. They promote good relations and strengthen the company brand. Overall, irrespective of their size, companies held rather more events last year than in 2012. The most important are still discussions, meetings and workshops, followed by company celebrations in smaller companies and attending trade fairs in larger companies. Only 3% of larger companies with over 500 employees and 5% of smaller companies organise no events whatsoever.

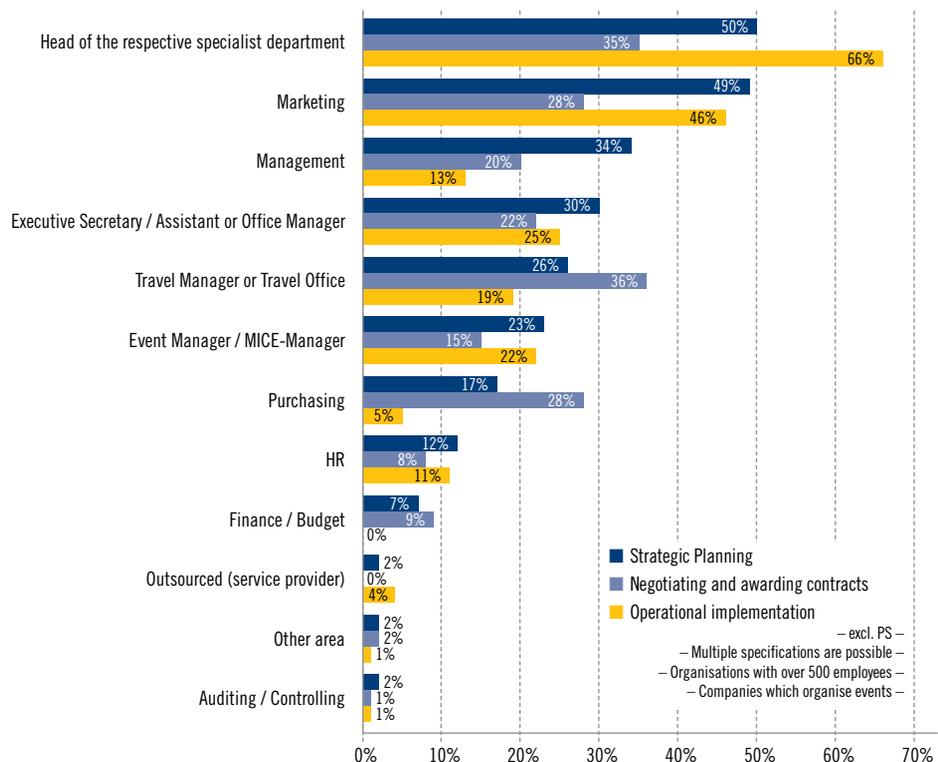
Responsibilities

“Who in your company is responsible for ...strategic planning of events²² ...negotiating and awarding contracts, ...and operational implementation^{23?}”

Yet again, there has been little change as far as responsibilities are concerned: in larger companies that organise events, the management team, the specialist department and the marketing section are faced with an increased set of responsibilities overall. Nearly one in four companies even has their own event manager nowadays. 61% of travel managers also take on event management duties.²⁴

Event management responsibilities in companies with over 500 employees

Figure 19



Negotiating framework agreements

Respondents in companies with over 500 employees currently place most emphasis on General Business Terms & Conditions (79%) and company-specific service packages (62%)

when negotiating framework agreements. Compared with 2013, specific business contract rates have increased in importance (57%, up from 44% in 2013).

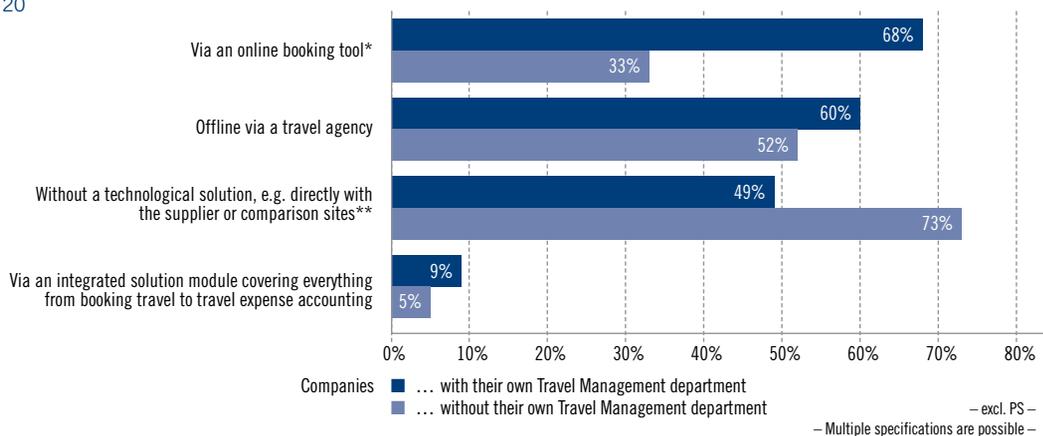
6. Booking and accounting

Booking business travel

Most companies book their business travel via a variety of channels – depending on the contractual position, the complexity of the proposed business trip, price availability and the need for flexibility. The travel policy guidelines have a considerable influence on the booking channels used, especially in companies with a travel manager.²⁵ The proportion of bookings made via an online booking tool is significantly higher in these cases (68%) than in businesses without a travel manager (33%). 73% of bookings in “unmanaged” companies are made without using a technological solution, e.g. directly with the supplier. The majority of firms use both online and offline options when not taking up complete packages.

Booking business travel

Figure 20



* e.g. Amadeus e-Travel Management, BookIt, Concur, Cytric, Onesto, SAP TM.
** Suppliers, e.g. airline, hotel or comparison websites such as Expedia, Opodo, HRS.

Hotel portals

“Do you use hotel portals²⁶ as a booking platform?”

The majority of German organisations make use of hotel portals, i.e. 84% of businesses and 73% of institutions in the public sector. The portals are thus here to stay in the current business travel market. In line with present-day trends, they are expanding their range of services by including not only the overall hotel sourcing management process, but also conference packages, special best-price guarantees and additional services for business travellers.

Travel expense accounting

Experience has shown that approximately half of all indirect costs are due to inefficient travel expense accounting as a result of long processing times and high error rates. These costs could be avoided by many companies. And yet, to ensure a professional approach to travel expense accounting, we need look no further than booking processes: 57.5% of companies without their own travel management department still do manual accounts for business travel.

Booking events

“How do you book events?”

In event management, direct personal contact with service providers is still a priority. The use of online offers and agencies has decreased overall compared with the previous year. Agencies and online offerings are used primarily in larger companies, along with booking direct with the service provider.

Companies with travel managers take a rather more professional line: in 83% of these firms, there is either a specific software solution, an ERP system²⁷ or an integrated solution covering everything from the travel booking right up to travel expense accounting.

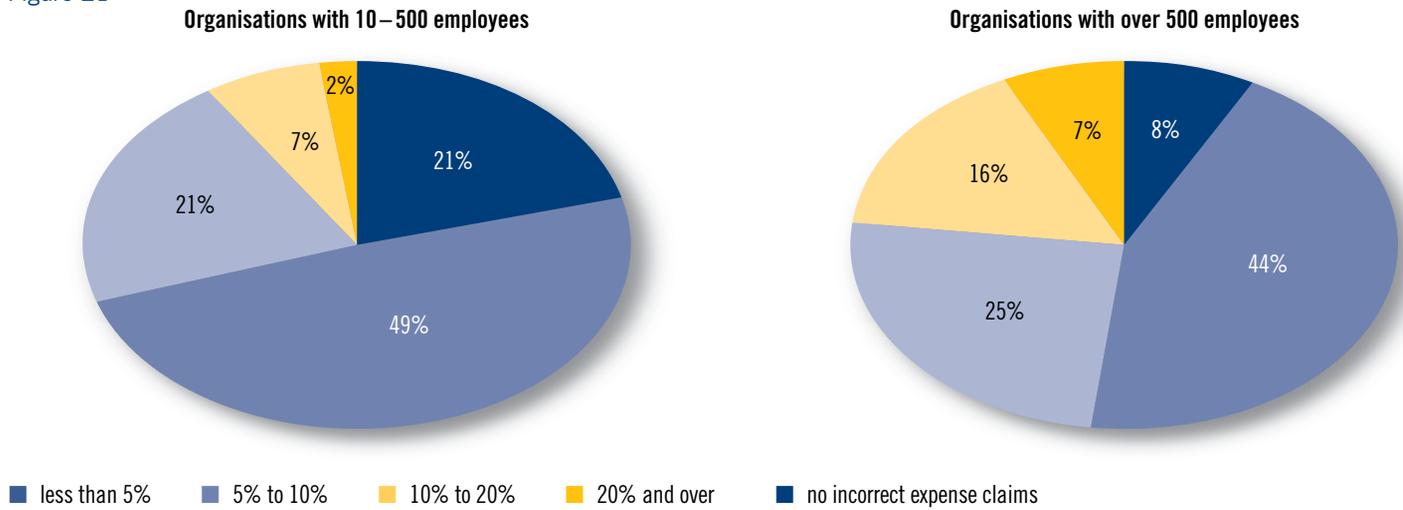
²⁵ VDR Business Travel Report 2011, Section 6 “Booking channels”, Figure 21, Page 17.

²⁶ For example, HRS.de, hotel.de, ehotel.de.

²⁷ Enterprise Resource Planning System = complex application software to support business resource planning.

Proportion of incorrect travel expense claims in organisations

Figure 21



“What percentage of travel expense claims in your company are wrong?”

Incorrect documents, amounts charged twice, errors in tax-related information: in 79% of small and 92% of larger businesses, travel expense accounting is subject to errors. The government's complicated administrative requirements are presumably one reason for this state of affairs.

7. Security and data protection

Relevance

The list of hazards facing business travellers and ex-pats is a long one: kidnapping, blackmail, natural disasters and espionage. Global business brings with it global risks. Business travel managers thus have to deal with new security/safety-related challenges. Anyone who travels a great deal requires special protection.

The statutory duty of care means that businesses are required to undertake risk management for their business travellers and any employees working in other countries. This officially means creating working conditions for employees in which they are protected from risks to their health or even lives. Even when they are travelling.

“Is your business concerned about security/safety on business trips?”

Businesses are much more aware of security/safety-related issues for business travellers nowadays. The focus is definitely more on the individual as a result of demographic changes. Businesses need to keep their employees mobile for as long as possible by offering prevention programmes and taking an even closer look at security/safety when travelling. This also helps to improve their image, which is in turn an important factor in the recruitment process.

Three-quarters of large companies are concerned about such matters. One in two travel managers already has this duty of care in their portfolio of responsibilities.²⁸ The subject is also being taken up in small and medium-sized firms, although only in half of them. The higher the travel volume, the greater the likelihood that a company will be aware of its statutory duty to take “precautions to protect the health and life of employees during business operations”²⁹.

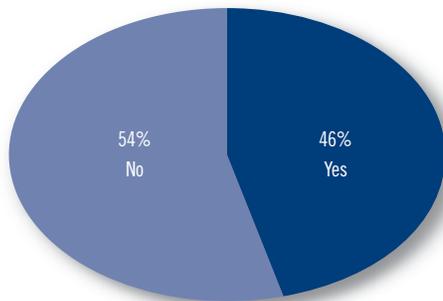
²⁸ See Figure 13, Page 11.
²⁹ www.verdi-bub.de/service/praxistipps/archiv/fuersorgepflicht_im_arbeitsverhaeltnis/#c8546.

Security/safety of business travellers and security/safety-related measures

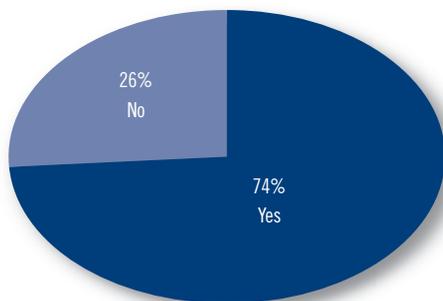
Figure 22

Security/safety concerns:

Organisations with 10–500 employees



Organisations with over 500 employees



Measures:



Responsibility

“Who in your company is responsible for the safety and security of business travellers?”

In large firms with over 1,500 employees, the Travel Management department is responsible for the security/safety of business travellers (48%), whilst in 46% of firms there is a separate “Security” section and the HR Department is responsible in 46% of instances – they may work alongside each other or have shared responsibilities in some cases. Senior managers only cover this aspect themselves in 17% of these companies. In small and medium-sized companies, on the other hand, security/safety is a management issue (41%), backed up by the executive secretary (31%) and a separate “Security” section (29%). A small minority outsource the problem (3%).

Measures

“What measures does your company offer in connection with the safety and security of business travellers?”

Business travel data is as sensitive as companies' economic information. Data protection is therefore the most important aspect. The travel manager may also have to deal with illness, accidents, kidnapping, theft/assaults on travelling colleagues, to say nothing of epidemics, terrorism or natural disasters.

Risk management isn't merely a case of locating and evacuating employees – prevention is the watchword. It covers a very broad range of activities from comprehensive information to healthcare and behavioural training. Businesses make commitments over and above these basic measures by ensuring communication with their travellers in hazardous situations, and offering security/safety training and health and prevention programmes.



8. Outlook for 2015

Trends in business travel volume

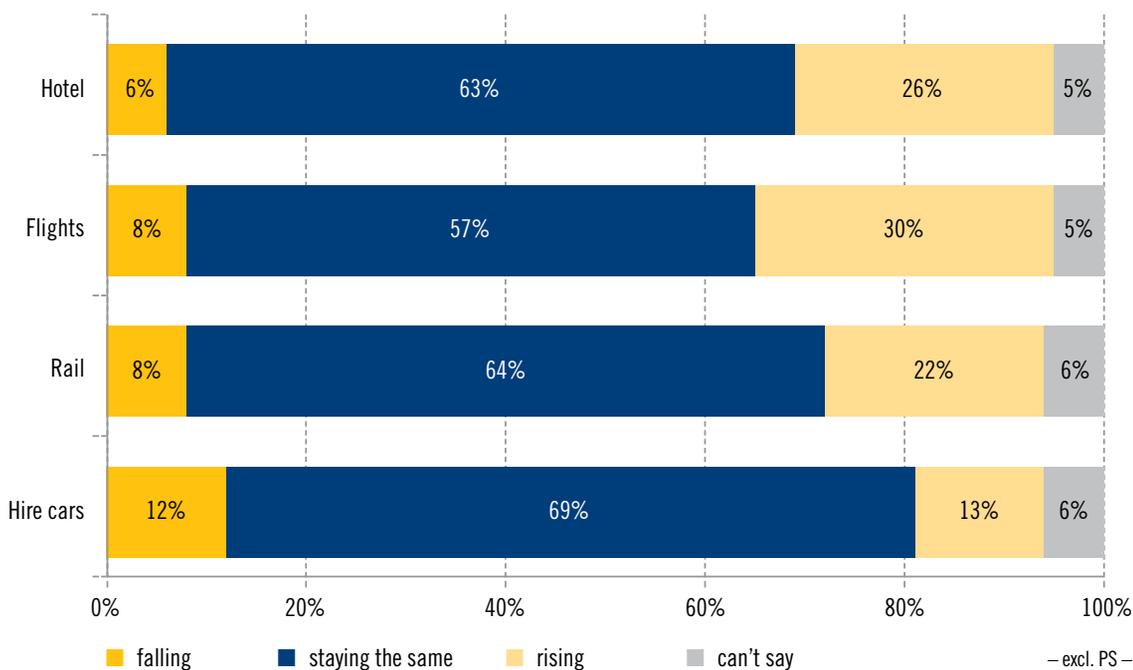
“How will the number of business trips made by your company change in 2015 compared with 2014?”

Whereas German companies already had lowered expectations for 2014, the forecasts for 2015 are certainly stable, although by no means cause for rejoicing. Even if the eurozone has managed to withstand the financial crisis virtually intact, forecasts are subdued because of uncertainties outside Europe. Travel plans give an inkling of potential business developments. The majority of German business travel managers report steady or rising travel volumes.

Increased bookings in all service sectors are expected in 2015, mainly in companies with over 500 employees. Moribund growth in the hotel accommodation sector could pick up again in the coming year.

Estimated trends in overnight stays and modes of transport in 2015

Figure 23



³⁰ Figure 24 shows the individual significance of the countries for the companies' business activities in 2015. However, it doesn't allow us to draw any conclusions as to concrete travel volumes in these countries or expenditure on the trips undertaken.

³¹ See Federal Office of Statistics: Special series 7, Series 1, 2013, Page 45, Wiesbaden 2014.

Destination countries in 2015

“Which countries outside Germany will be the most important destinations for business trips in 2015?”³⁰

France, the Netherlands, China, the USA and the UK are still Germany's top 5 trading partners³¹ and are amongst the top 8 travel destinations for 2015 along with three of Germany's other neighbouring countries.

In the public sector, China has now reached No. 12 in the list of most important official travel destinations. It remains to be seen whether Russia will remain in tenth place in the business sector due to the current sanctions.



Methodology and Credits

The research team

VDR, the publisher of this report, has since 2003 defined the basic structure of this analysis in consultation with its members and each year selects topical questions to be examined, some of them suggested by readers. United Research AG is responsible for the fieldwork and scientific evaluation of the primary data, which is gathered by the Research Factory company.

Julia Anna Eckert (VDR) and Claudia Schwager-Wehming (United Research) work together with project manager Kirsi Hyvaerinen (PRÁTTO Consulting) on the expert analysis, reporting and organisational supervision of this study project. Volunteers also contribute their expert knowledge to each year's report, including Daniela Schade and Ralph Rettig from the Presidential Committee of VDR, and also expert committee leaders as appropriate for each specific topic.

Methodology

As in previous years, the statistical universe for the study is constituted by all businesses that have their headquarters in Germany – including those that have operations abroad – and organisations in the public sector with ten or more employees. On the basis of these features, the four different sectors – manufacturing/construction, services, trade and the public sector (PS) – are equally well represented. The same weight is given to the four different size categories.

Due to the differences between the private sector (“businesses”) and the public sector, most results are presented separately.

The corresponding data basis is made clear in the respective passages:

- When reference is made to businesses or companies/firms, this excludes the public sector (“– excl. PS –”).
- When reference is made to organisations, this means both companies/businesses and institutions in the public sector.

A random sample was taken from this statistical universe. Between January and April 2014, 800 computer-assisted telephone interviews were conducted with persons who are responsible for managing business travel or are authorised by their organisations to provide the relevant data. The responses to quality questions reflect the situation at the time of the survey, while all others are based on the 2013 figures.

All extrapolations without reference to secondary sources are based on a special evaluation of statistics from the German Federal Employment Agency (see table below). Exact figures are used when calculating percentage changes (e.g. total annual expenditures on business travel).

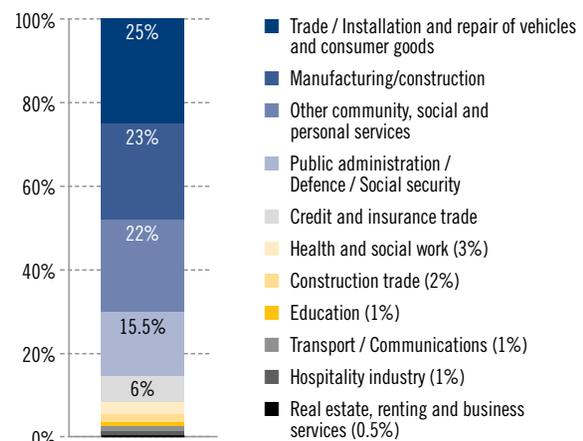
2014 Respondent areas of responsibility

Figure 25



2014 Respondent sectors of industry

Figure 26



This explains why calculations using the rounded figures shown in the texts and figures sometimes lead to different results after the decimal point.

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

- organisations with 10 – 250 employees
- organisations with 251 – 500 employees
- organisations with 501 – 1,500 employees
- organisations with over 1,500 employees

Note:

The amendment of the "Statistical Classification of Economic Activities in the European Community" (NACE) resulted in the list of economic sectors put together in 2003 (NACE 2003) being replaced in 2008 by NACE 2008. Starting with reporting year 2009, indicators have no longer been available for the NACE 2003 classification used previously. As the two systems (NACE 2008 and NACE 2003) 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 NACE 2003, meaning that no direct comparison can be made with the organisations as listed in NACE 2008. The extrapolations for 2013 are therefore based on the company figures last recorded in reporting year 2008 for NACE 2003. Changes with regard to the number of companies for the period from 2010 to 2013 were taken into account by applying changes in NACE 2008 for this period to comparable economic sectors in NACE 2003.

Number of organisations in Germany and their employees according to size categories and economic segments (NACE 2003)

Table 3

	Organisation 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	411,121	14,576,466	8,506	2,932,321	4,082	3,224,576	1,174	3,361,276	424,883	24,094,639

– Status: 2013 –

– excluding organisations with 1–9 employees –

Source: own calculations, in conjunction with statistics from the German Federal Employment Agency, Data Centre, Nuremberg, calculated using NACE 2008 (2012 and 2013) and NACE 2003 (2008)

Credits

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