

News Release



CWT Research Shows Companies Can Save on Average 20% of Total Travel Spend Through Improved Travel Policy and Compliance

Potential savings lie in five main areas: advance air booking, restricted airfares, preferred suppliers, traveler comfort and preferred booking channels

PARIS, May 27, 2008 — Companies can save on average 20 percent of their total travel spend by optimizing travel policy and increasing traveler compliance, according to the latest in-depth research from Carlson Wagonlit Travel (CWT), the leading travel management company. To generate these savings, they can improve their policy and reinforce compliance in five main areas.¹ The research also identifies best practices that drive success. These findings are presented in an 80-page report, *Playing by the Rules: Optimizing Travel Policy and Compliance*, published by the CWT Travel Management Institute and available on www.carlsonwagonlit.ch.

Twenty percent savings from five main areas

A well-defined travel policy with clear mandates can save companies as much as 8 percent of their total travel spend. Best practices in traveler compliance, which begin with a precise understanding of traveler behavior, can result in an additional 12 percent savings. (See Figure 1 in annex.) CWT calculated this savings potential by comparing average market performance with best-in-class performance in five main areas:

- **Advance air booking**, best defined as reservations made at least two weeks before departure, represents the greatest opportunity for savings, as discounts sometimes exceed 50 percent of the ticket price.
- **Restricted airfares** can bring average savings of 24 percent on total air spend, even when the cost of changing or cancelling negotiated flexible fares is taken into account.
- **Preferred suppliers**, when used consistently, deliver lower overall costs than a mix of suppliers used on a “best price” basis. Companies pay on average 23 percent less for flights with preferred suppliers and 5-14 percent less per room night, depending on the hotel category.
- **Traveler comfort (authorized air class/hotel category)** is well covered in most travel policies and compliance is usually high. Additional savings can be realized by aligning a company’ travel policy with standards in its particular business sector. This could mean raising the minimum flight duration for business class flights or selecting preferred hotels in a lower category, as the price difference between each category is approximately 20 percent.
- **Preferred booking channels** (on- and offline booking through the travel management company) bring tangible benefits, including lower prices², increased use of preferred suppliers, more productive use of travelers’ time, and enhanced service and security. CWT found that although a vast majority of company travel policies mandate bookings through the travel management company, only 40 percent of those who have a corporate online booking tool even refer to it in their travel policy. Of those that do, only 26 percent mandate their use for point-to-point air travel and 2 percent for hotels.

¹ See Figure 1 in annex.

² See Figure 2 in annex for a comparison of hotel room rates.

Eight keys to success

CWT has observed several best practices for designing a travel policy and boosting traveler compliance. They are:

- **Engaging management** throughout the organization to endorse and communicate the travel policy, promote compliance through pre-trip approvals or post-trip audits, and provide feedback on areas for policy improvement.
- **Providing travelers with clear, comprehensive guidelines** in a user-friendly format that sets mandates in each of the five main areas for savings—rather than simply making recommendations—and provides specific guidelines for exceptional circumstances (e.g., a preferred hotel is unavailable).
- **Standardizing the policy** regionally or globally to reduce costs and share best practices.
- **Promoting compliance through communications and training** that generate awareness for the policy, dispel travelers' misperceptions, increase their understanding of booking processes and tools, and convey progress.
- **Driving compliance through point-of-sale measures** that integrate the policy into the on- and offline booking process and direct travelers toward compliant options.
- **Tracking progress and taking corrective action** via key performance indicators and separate performance reports for each business unit or division, individually targeted measures to boost compliance, as well as non-compliance reports to indicate areas of the policy that need adjustment.
- **Benchmarking industry performance** in terms of policy design and traveler behavior to ensure the company's program remains competitive.
- **Leveraging travel management company expertise**, technology and data to facilitate policy design and implementation, reinforce compliance, and monitor and improve performance.

According to Christophe Renard, senior director of the CWT Travel Management, "Many of the best practices observed by CWT are within the reach of all companies. By working closely with their travel management company, as well as senior management within their organization, travel managers can better articulate their travel policy and reinforce compliance. This results not only in reduced costs, but enhanced traveler safety and well-being." Looking to the near future, he added, "More and more travel policies will address demand management to eliminate unnecessary travel. Travel policies will also contain measures to protect the environment. And travel managers will increasingly integrate meetings and events into their policy to exploit synergies with their travel program. All of this will further drive change in the right direction."

Research methodology

CWT used a range of research techniques. They included a benchmark study of 87 CWT client travel policies and a benchmark of hotel pricing via eight booking channels. A variety of surveys were also used: 57 travel managers from CWT client companies were polled on travel policy and compliance; nearly 6,500 travelers and travel arrangers completed a questionnaire on policy awareness and compliance; and a point-of-sale telephone survey of 324 travelers making non-compliant bookings was conducted. Transaction analyses took into account several million transactions made by CWT clients worldwide. Special focus was placed on 22 companies whose travel policies and patterns were of particular interest. In-depth case studies of four companies that have recently improved their travel policy and compliance were also made. Finally, a review of credit card data for air and hotel transactions was provided by seven companies and matched with CWT transaction data.

The research was carried out in 2007 and involved a wide sample of companies in terms of industry, travel spend (starting at US\$5 million) and region of headquarters. Surveyed travelers and travel arrangers were in Europe, North America and Asia Pacific.

About the CWT Travel Management Institute

The CWT Travel Management Institute conducts in-depth research into effective travel management practices to help clients worldwide derive the greatest value from their travel program. Drawing on the global resources of Carlson Wagonlit Travel (CWT), the institute aims to provide a regular flow of business intelligence and best practices, offering actionable insights into what CWT has identified as the eight key levers to effective travel management.³ To this end, the CWT Travel Management Institute publishes original research, white papers and case studies, as well as the periodical *CWT Vision*, published three times a year. Recent research publications include *Global Horizons: Consolidating a Travel Program* (2007), *Toward Excellence in Online Booking* (2006) and *Effective Travel Management: Key Planning Priorities in Today's Dynamic Environment* (2005).

About Carlson Wagonlit Travel

Carlson Wagonlit Travel (CWT) is a global leader specializing in business travel management. Present in more than 150 countries, CWT serves companies of all sizes, as well as government institutions and non-governmental organizations. By leveraging both the expertise of its people and leading-edge technology, CWT helps clients derive the greatest value from their travel program in terms of savings, service and security, and provides best-in-class service and assistance to travelers. CWT services and solutions comprise four lines of business: Traveler & Transaction Services, Program Optimization, Safety & Security, and Meetings & Events. CWT has 22,000 employees worldwide. In 2007, sales volume for wholly owned operations and joint ventures totaled US\$25.5 billion. For more information, please visit www.carlsonwagonlit.ch.

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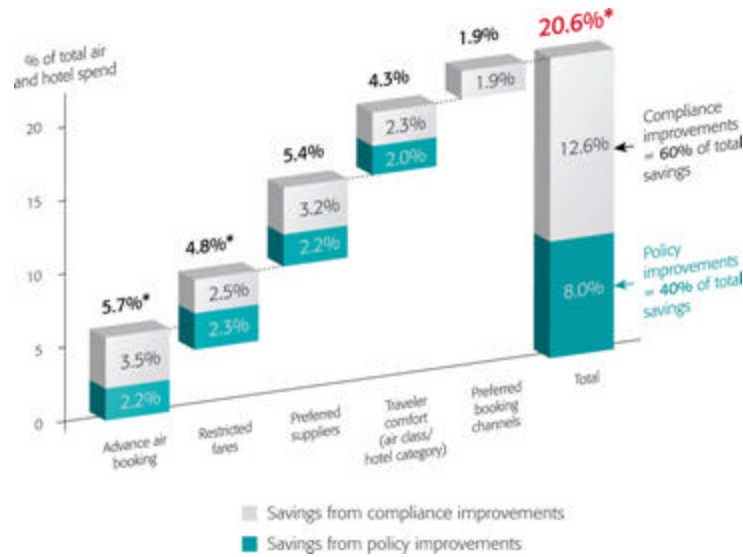
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³ Provide the right services and assistance to travelers and optimize transaction processing; tackle hotel spend in a disciplined and professional manner; continue to drive air and ground transportation savings; increase policy compliance and optimize demand management; further consolidate travel programs; address security needs and corporate social responsibility; integrate meetings and events in the travel program to control and optimize the related spend; develop executive dashboards and actionable performance measures

Annex

Figure 1

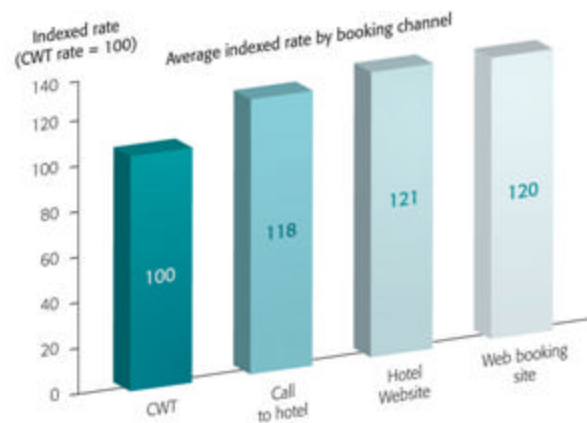
Companies can save on average 20% of total travel spend by improving policy and compliance in 5 main areas



*As restricted fares are typically available in advance, CWT calculates a 1.5% overlap in savings from improved performance in these two areas. This figure is deducted from the total savings, which become 20.6% instead of 22.1%.

Figure 2

Hotel room rates are 18-21% lower when booked through the travel management company



Based on a CWT hotel price benchmark (262 price samples), June 2007
 Web booking sites sampled: Expedia.com, Travelocity.com, HRS.com, Hotels.com and Kayak.com