

## news release

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### **Corporate travel management programs could help Chinese companies save up to 15% on their travel expenses**

**August 18, 2005, Hong Kong** – Carlson Wagonlit Travel (CWT), a world leader in business travel management, today released findings of the first ever Chinese-business-focused travel survey, which it recently conducted.

The survey shows that while a few Chinese organizations have started moving towards a company-wide travel management program, they have yet to implement the more rigorous policies and controls that could make a significant difference to their travel and entertainment costs. According to Berthold Trenkel, CWT's Chief Operating Officer for the Asia Pacific region, companies can reduce their travel expenses by up to 15% by streamlining their travel booking processes through structured and comprehensive travel policies and travel management programs.

“The Chinese market has great potential for growth; however, managing the cost of this growth will also become increasingly important, as business gets more and more competitive. A disciplined approach to managing business travel will certainly reap significant rewards for companies.”

The purpose of the survey was to give CWT insight to the corporate travel spending patterns in China, so that the company can tailor its corporate travel management programs to better serve the Chinese market through its joint-venture company with China Air Services.

Some of the other key findings are:

- The majority of companies and government entities spend between 100,000 to 1 million RMB per annum on Travel and Entertainment (T&E);
- Only 8 percent of companies surveyed use the Internet for airline ticket bookings, while government entities surveyed do not employ this medium at all. Travel agents and direct purchases from the airlines are the highly preferred options;
- Corporate credit cards are the least developed payment method with regard to airline ticket purchases, with just two percent of the companies and none of the government entities utilizing them;
- Only 24 percent of the companies and 15 percent of the government entities have a negotiated hotel program in place.
- 72 percent and 62 percent of companies and government entities employ the direct booking channel when it comes to hotel bookings;
- Credit card payments are less rare in hotel room purchases, but cash reimbursements are still widely used, supported by 40 percent and 62 percent of the companies and government entities.

In general, the survey results show that many Chinese organizations have yet to embrace the more stringent travel management concepts which have proven to be successful in trimming costs.

This is evident in the procurement of T&E in these organizations, which is controlled by individual departments rather than by a centralized process. This decentralized management implies that most Chinese organizations do not achieve the necessary critical mass for them to negotiate for corporate programs with airlines and hotels, which give them more competitive rates.

While over 90 percent of companies and 85 percent of government entities indicate that they have travel policies, the survey results reveal that few of them are detailed enough in terms of type of air fare or a nominated travel agent for all employees. This lack of clear corporate travel guidelines makes travelers more inclined to use their personal travel agents when making travel related purchases and bookings. By contrast, organizations with clear guidelines tend to have a designated travel management company which employees must transact with. This enables businesses to capture travel expenses comprehensively and thus better manage their travel spending. It also puts them in a better position to negotiate corporate deals with hotels, airlines and other travel providers.

Although payments by credit cards play a minor role in airline ticket purchases, they make up a larger percentage when it comes to the purchase of hotel rooms. CWT expects this trend to pick up as more travelers start to own personal credit cards and organizations realize the benefits associated with a corporate card program through which cumbersome administrative and cash handling processes can be eliminated for the company.

The fact remains that China is attractive both as a labor and consumer market, posting more than seven percent growth per annum in its GDP for the past 15 years. As the Chinese economy continues to open up with the full implementation of WTO requirements by 2007, the travel industry is expected to grow as well.

According to Trenkel, "CWT believes that there is much potential for savings in travel spend in the Chinese market. CWT is committed to helping Chinese organizations - private, state-owned or government - optimize their travel expenditure through our extensive industry experience and the implementation of sound and efficient travel management programs."

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#### **About the survey**

The survey saw in-depth face to face interviews conducted with key travel decision makers from 75 large organizations, with over 1,000 employees, across all sectors, from government entities to private and public companies for the corporate findings. Another 600 interviews were conducted with individuals to collate business traveler data to support the organization data.



**About Carlson Wagonlit Travel**

Carlson Wagonlit Travel is a world leader in business travel management partnering with large corporations, small- and medium-sized companies, and government institutions. CWT designs and implements superior travel management programs for clients based upon its recognized consulting expertise, strong purchasing power, technological prowess, and consistent delivery of high-quality service. CWT has operations in more than 140 countries and services 60 of the world's largest companies. Annual sales of \$19 USD billion are generated under the Carlson Wagonlit Travel brand. The company is co-owned by Paris-based Accor group and Minneapolis-based Carlson Companies.

For more information, visit [www.carlsonwagonlit.com](http://www.carlsonwagonlit.com)

**Media Contacts:**

Jacque Lindsay,  
Carlson Wagonlit Travel  
+65 6511 9216

[jlindsay@carlsonwagonlit.com](mailto:jlindsay@carlsonwagonlit.com)

Nina Kaur  
Weber Shandwick  
+ 65 6825 8043

[nkaur@webershandwick.com](mailto:nkaur@webershandwick.com)