



# Executive summary

## 2012: a shifting landscape requiring strong foundations

Travel managers who have faced market turbulence over the last few years should be steeling themselves for another challenging year that will underline the importance of an effectively managed travel program.

**Global economic recovery** may be slower than previously anticipated, according to the International Monetary Fund, which has revised its forecast for GDP growth down to 4% (stable compared to 2011).<sup>1</sup> These global figures hide considerable differences between countries, however, with weak progress in advanced economies contrasting with double-digit growth in China and India. Although oil prices may be lower than in previous years and air capacity looks set to rise slightly, higher travel costs can be expected across regions.

In **air travel**, international traffic looks set to grow in all regions, especially to and from Asia Pacific. Nevertheless, airlines will maintain a tight capacity environment, and cuts will continue on domestic routes in the United States. In all markets, buyers will need to manage ancillary fees and high fuel surcharges, while new credit booking charges and the inclusion of airlines in the European Union's Emissions Trading Scheme will add to the cost of flights to and from E.U. airports.

**Hotel occupancy** will continue to pose a challenge in many cities, making last-room availability agreements advisable to secure rooms for travelers. London in particular will require special attention during the 2012 Summer Olympic Games. Increases are likely to continue in average daily rates, ranging from negligible to double figures, depending on the city.

**Ground transportation** should bring some new good news for the travel program, with car rental prices possibly falling in some markets as consolidation and competition intensify. At the same time, high-speed rail networks will continue developing around the world, notably in China and some European countries. Buyers will have to watch for higher prices though and progress in intermodal travel remains slow.

In the **meetings and events** market, buyers can expect more scope for regional contracts in Europe but less flexibility on cancellation and contrition fees in North America. Average group size and spend will likely increase in North America but decrease in Europe, where many organizers will favor national over international destinations. Hybrid events combining physically present and remote attendees will be more common, and companies will increasingly adopt a more strategic, innovative and technology-driven approach to M&E management while seeking synergies with the transient travel program.

Finally, 2012 promises to bring improvements to the traveler experience as more dedicated **travel management apps** come onto the market and **social media** are used more commonly to share information relevant to business travel.

<sup>1</sup> *World Economic Outlook*, International Monetary Fund (September 2011)



CWT has highlighted 10 key trends likely to impact the corporate travel market in 2012, as summarized in Figure 1:

**Figure 1**  
10 key trends for 2012



## Travel managers' priorities for 2012

For the fourth year running, CWT surveyed clients to find out which areas of the travel program they intend to focus on and which key actions they plan to implement in the year to come. To best manage the challenges ahead in 2012, travel managers intend to focus above all on four key foundations of the travel program: **driving air and ground transportation savings, improving traveler compliance, optimizing hotel spend, and optimizing online adoption.** These areas represent major savings opportunities even for the most mature travel programs, given shifting market dynamics and the need for ongoing efforts to optimize performance. This explains why they come high in the rankings every year. (See Figure 2 for a comparison with 2011.)

At a regional level, some differences in results reflect the supplier offering as well as program maturity. These differences concern both the top priorities and travel managers' planned measures in these areas. For example, travel managers for **Asia Pacific** place more importance on optimizing hotel spend, no doubt due to the very high occupancy rates in some cities, which makes availability harder to secure and keeps prices high. Travel managers for **Europe** naturally place more focus on managing the trade-offs between air and rail, given the importance of rail travel in the region. In **Latin America**, the great majority of respondents say they will be driving air and transportation savings in a context where competition is being shaken up by TAM, the region's largest airline, completing its merger with LAN, another major player. In **North America**, more travel managers intend to seek synergies with meetings and events spend. Finally, **global travel managers** will make improving traveler compliance their top priority to support the efforts already made to optimize their travel policies.

**Figure 2**  
Travel managers' priorities for 2012

2012 ranking	Priority	Respondents	2012 vs. 2011 ranking	2011 ranking
1	Driving air and ground transportation savings	63%	↗	3
2	Improving traveler compliance	68%	↘	1
3	Optimizing hotel spend	60%	↗	4
4	Optimizing online adoption	56%	↘	2
5	Optimizing the travel policy	42%	↗	6
6	Enhancing the traveler experience	39%	↘	5
7	Developing key performance indicators	34%	=	7
8	Further consolidating the travel program	33%	↗	9
9	Addressing safety and security needs	27%	↘	8
10	Tackling meetings and events	22%	=	10
11	Making the program more environmentally friendly	12%	=	11

**Breakdown by scope of responsibility**

Asia Pacific	Europe, Middle East & Africa	Latin America	North America	Global
Compliance 75%	Air & ground 69%	Air & ground 83%	Compliance 73%	Compliance 79%
Hotel 66%	Hotel 67%	Hotel 73%	Air & ground 58%	Online adoption 60%
Online adoption 53%	Online adoption 60%	Compliance 43%	Online adoption 46%	Air & ground 54%
Travel policy 53%	Compliance 63%	Online adoption 43%	Travel policy 46%	Hotel 49%
Air & ground 47%	Travel policy 45%	KPIs 57%	Hotel 46%	Travel policy 39%
Traveler experience 53%	Traveler experience 34%	Consolidation 37%	Traveler experience 42%	Consolidation 42%
Safety & security 38%	KPIs 28%	Traveler experience 23%	Consolidation 36%	KPIs 38%
Consolidation 34%	Consolidation 26%	Travel policy 23%	KPIs 39%	Traveler experience 44%
KPIs 25%	M&E 23%	M&E 17%	Safety & security 27%	Safety & security 32%
Environment 25%	Safety & security 24%	Safety & security 17%	M&E 30%	M&E 24%
M&E 13%	Environment 13%	Environment 3%	Environment 12%	Environment 8%

Sample size: 32 travel managers

123 travel managers

30 travel managers

33 travel managers

72 travel managers

**Notes:**

- ▣ CWT asked travel managers to select their top five travel management priorities for 2012 and rank them in order of importance. The responses were weighted to take into account how often each priority was ranked 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> or 5<sup>th</sup>. The "Respondents" column shows the proportion of travel managers who included the priority in their top five.
- ▣ "Driving air and ground transportation savings" was identified as a priority by fewer travel managers than "Improving traveler compliance" (63% compared to 68%) but ranked higher overall because it figured higher in travel managers' top five.
- ▣ Regional results include country/regional travel managers.

Source: CWT Travel Management Institute  
Based on a survey of 290 travel managers worldwide (October – November 2011)

