

CWT Business Travel Indicator: expectations and opportunities for effective travel management

a CWT white paper

Carlson Wagonlit Travel (CWT), the world's second-largest travel management company, commissioned a survey of travel managers and business travelers in the world's top 12 business travel markets.⁽¹⁾ The survey, the *CWT Business Travel Indicator*, identified key expectations related to business travel management, examined the challenges travel managers face in managing a corporate travel program, and indicated how they evaluate their outsourced travel management services provider.

Objectives of business travel management

CWT knows from its day-to-day experience that companies around the world have three principal objectives for their managed travel programs: savings, service and security. Savings is, by far, their first priority. In the *CWT Business Travel Indicator*, when travel managers were asked what company management *most expects* from them, more than half (54 percent) cited *cost savings*. Related directly to savings is *traveler compliance with corporate travel policy*, the second-highest expectation they noted (23 percent). *Traveler safety* was mentioned next by 11 percent.

Customer service is also considered essential and is the most important measure by which travel managers evaluate their outsourced travel services provider, with 89 percent of them designating it *very important*. Other criteria that were also seen as *very important* by the majority of respondents are: *experience* (82 percent), *access to all airline inventory* (80 percent), *data reporting* (74 percent), *price* (70 percent) and *traveler tracking* (61 percent).

Business travel management savings opportunities

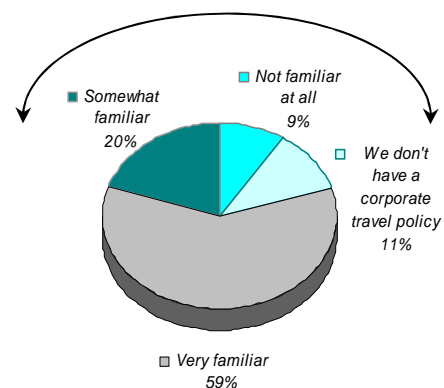
The survey revealed four opportunities for cost savings and showed some inconsistencies between the perceptions of travel managers and travelers:

1. Compliance with the travel policy

While almost all travel managers surveyed said their company has a corporate travel policy (99 percent), travelers' level of awareness and understanding of the policy is often limited, as is their knowledge of the ramifications of non-compliance:

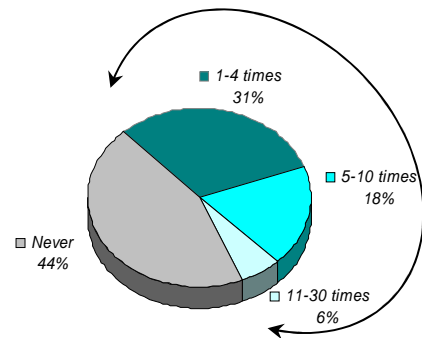
- Forty percent of business travelers believe their company does not have a corporate travel policy or they are, at best, only *somewhat familiar* with it.

How familiar would you say you are with your company's travel policy?



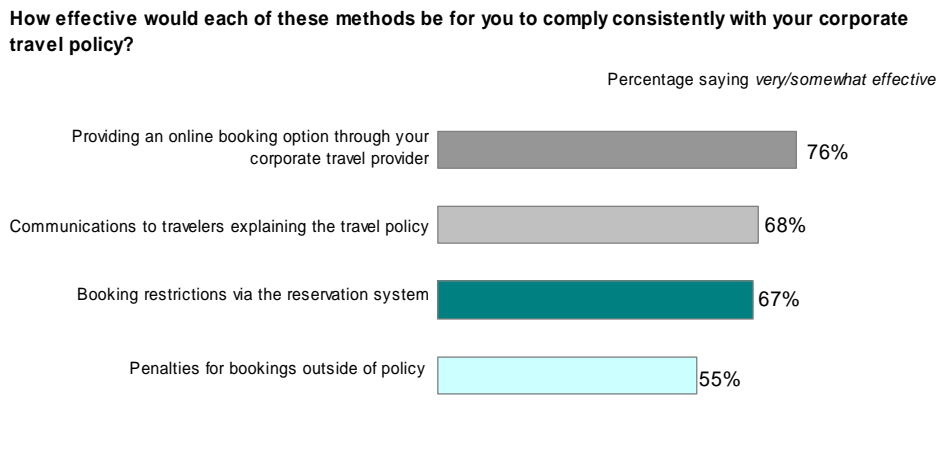
- More than half of all business travelers (56 percent) who acknowledged having a corporate travel policy view their policy as a *guideline*, while a majority of travel managers (64 percent) said it is *mandatory*.
- Furthermore, 48 percent of business travelers believe there are no ramifications for them or for their company when they book outside of the company's travel policy. Travel managers, however, are more optimistic about travelers' awareness. When they were asked if travelers understand there are ramifications for booking outside of the corporate travel policy, 82 percent responded *yes*. Only 16 percent said *no*.
- In this context, as many as 24 percent of business travelers admit they book outside of the policy five or more times per year, with another 31 percent doing so one to four times annually. Only 44 percent say they *never* book outside of the policy.

How many times per year would you estimate you book outside of your corporate travel policy for air, car or hotel?



2. Online booking

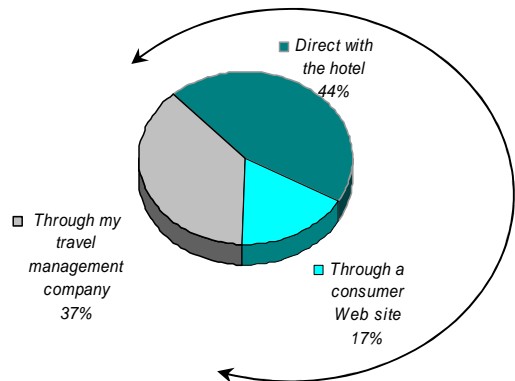
According to the survey, a significant majority of business travelers think that online booking would be the most effective way to drive consistent policy compliance. CWT has also found that driving online adoption can result in significant savings for corporations through reduced transaction fees and lower average ticket prices.



3. Hotel bookings

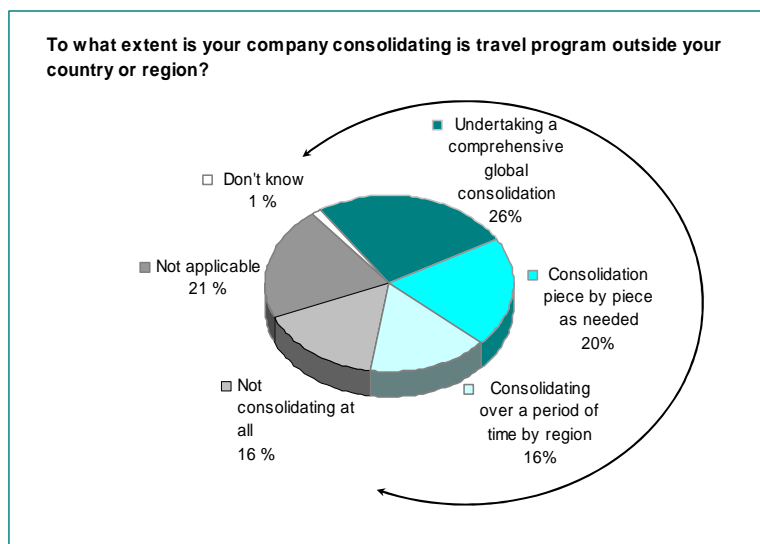
Maximizing the volume of spend booked through the managed travel program will result in savings. This is particularly important with regard to hotels, which can represent as much as air spend in a total travel budget. Here the survey reveals that of the business travelers who reserve their own hotels, 61 percent book directly with the hotel or through a consumer Web site. CWT believes that effectively addressing this issue represents a key savings opportunity for companies.

How do you normally book your hotel when travelling for business?



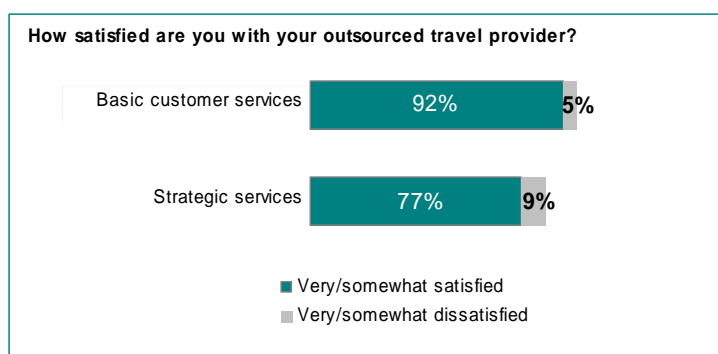
4. Program consolidation

Companies have recognized the savings potential consolidating their travel program can offer. While most companies have embarked on some form of consolidation, they are at different stages, with 26 percent of travel managers *undertaking a global consolidation* and 20 percent *consolidating piece by piece as the need arises*.



Satisfaction with outsourced travel services provider

The vast majority of travel managers are satisfied with the service they are getting from their outsourced travel services provider. Ninety-two percent indicated they are *very or somewhat satisfied* with *basic customer services* and 77 percent said the same with regard to *strategic services*, including *supplier negotiations, access to airline content and consulting services*. Compared to basic customer services, however, the performance of outsourced travel service providers is uneven in this area.



⁽¹⁾ The survey was commissioned to assess the attitudes, perceptions and practices of travel managers and business travelers in 12 countries in Asia Pacific (Australia, China, India and Japan); Europe (France, Germany, Italy, Spain and the United Kingdom); Latin America (Brazil, which represents 50 percent of the business travel market for the region); and North America (Canada and the United States). The survey was conducted by KRC Research and fielded October 27 to November 23, 2005. It included responses from 2,100 business travelers and 650 travel managers. The data files were weighted to accurately reflect the current business travel landscape. The margin of error for the total sample of travel managers surveyed is N=650 +/- 3.8 percentage points. The margin of error for the total sample of business travelers surveyed is N=2,100 +/- 2.1 percentage points. Although the survey did not target CWT clients, some were included, as randomly selected through the research process.

