

Global KDS Survey Identifies New Priorities For Business Travel Industry in The Recession

Submitted by: 80:20 Communications Limited

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Paris, France, June 12, 2009 – Business people around the world report that companies are indeed clamping down hard on travel in order to save money and that this is having a noticeable impact on their effectiveness. These findings come from a global survey by KDS, the European leader in Travel & Expense management systems (<http://www.kds.com/en>), which shows the various ways in which business travellers are feeling the pinch. According to KDS, the results highlight new traveller priorities that the industry needs to respond to in order to tough out the downturn.

In May 2009, KDS surveyed the opinions of 435 business travellers around the world to see how their travel behaviour had changed as a result of the recession. The key findings were as follows:

TRAVELLERS FORCED TO CUT TRAVEL; FEELING THE EFFECT IN THEIR WORK

- 71% said their companies had significantly reduced their business travel.
- The cutting of travel has accelerated in recent months: 37% saw cuts made over six months ago, 54% within the past two-to-six months, and a further 9% seeing cuts implemented just in the last month.
- Trips for sales and commercial relations are the likeliest to be allowed (45% of approved travel), followed by customer support trips (21%), conferences and presentation visits (20%) and intercompany meetings (10%). Perhaps inevitably, training-related trips come off worst, at just 4% of those approved in the recession.
- Almost half of respondents feel that business travel is important for their company's success: asked about their most recent five trips, 49% said all were essential for their work, 16% said that four were essential, while 26% said that between one and three of these trips were essential. (9% said that none of their last five trips were essential, an interesting confession when cost-cutting is a priority!)
- But not all travellers are complaining about reductions in travel. When asked generally if they would prefer to travel more or less, 62% said that, given the choice, they would be happy to travel less.

EMPLOYERS REQUIRE MORE SPARTAN LIVING

- 75% of respondents said they now had to work harder to justify their travel.
- Only 38% said that their companies allowed them to travel business class and, of these, 70% said that it was only for flights of five hours or more.
- 58% said that they had reduced the frequency of their hotel stays in the past six months: of these, 35% had cut one stay out of five, 30% had cut 2 stays out of five, and 22% had cut as many as three stays out of five.
- If offered a choice, 73% would choose to fly business class on a long trip – the lure of the forbidden – rather than upgrading their hotel room on their arrival.
- Happily, most companies are still avoiding the uncomfortable and embarrassing policy of room-sharing, with only 7% saying that they were asked to do this.

THE PERCEIVED VALUE OF BUSINESS TRAVEL

- Most people agree that the primary benefit of travel is that it really helped them to have a broader

understanding of local issues and challenges, improved improve cooperation between colleagues at other offices and made it possible for them to identify unknown risks.

- The work ethic remains strong in spite of everything. 32% still travel although they feel it impacts their family life, and 27% agree it has a detrimental effect on their health.
- The restaurant industry will be pleased to hear that 90% replied that a business lunch was still useful in cementing relationships and facilitating projects, while 82% said that dinners also added value. (The majority - 92% - felt that business gifts were never or rarely a useful way of aiding their business.)
- When travelling with colleagues and spending a night in a hotel, most people – 61% - would prefer to spend their free time with their colleagues, 19% wanted to stay alone and rest but the remaining 20% preferred to continue working, either with colleagues or on their own.
- When spending a weekend away, 43% chose to go sightseeing, 19% rested and 9% went shopping. However, the remaining 29% carry on working to extract maximum value from their trip.

OPPORTUNITIES FOR EMPLOYERS AND THE BUSINESS TRAVEL INDUSTRY

According to KDS, the survey findings have highlighted four opportunities that employers and the business travel industry should focus upon:

1. Travel costs are under great scrutiny, so providers need to rebalance their offerings with a focus on value. Certain airlines are expanding their economy sections at the cost of underutilised first class compartments, and other businesses should follow this lead. In this context, KDS argues that travel and expense management systems have a bright future ahead, since they also facilitate lower-cost travel choices.
2. Travellers are prepared to make concessions in how they travel, but still place greater value on certain options. As many would sacrifice a comfortable hotel room for a business class air ticket – and potentially greater time to be productively engaged at the destination – employers should consider whether more flexibility in their travel policies could yield greater benefits for the businesses.
3. Travellers experience stress as a result of their travel, in terms of impacts on health and family life. Yet, they also find solace in the tourism and shopping opportunities they can experience on a visit. To create a more enjoyable overall visit, travel service providers should aim to offer a completely packaged experience that not only offers financial value but also uses social media and other technologies to make travellers aware in advance of the nearby opportunities to unwind.
4. Lastly, the industry should take heart from the fact that travellers still recognise the irreplaceable nature of direct human contact. They concede that meeting in person allows them to develop stronger business relationships, and that encounters over lunch and dinner are of significant value. Employers and providers should focus on this fact as they devise travel policies and service offerings.

“The intensity of the recession has undoubtedly impacted attitudes towards travel,” said Stanislas Berteloot, marketing director of KDS. “However, while superficially the outlook is bleak, in fact it is simply a change in demand patterns. Travel businesses that help employers save money, but in a way that still preserves employee morale, are the ones that stand to perform strongest in this recession and emerge in an excellent position once the economy improves.”

- Ends -

About the study - More than 435 professionals from around the world took part in this online survey conducted by KDS from 12-29 May. They come from all-sized companies: 29% with 1 to 500 employees, 23% from 500 to 5,000 employees, 10% with 5,000 to 10,000 employees and 38% from companies with more than 10,000 employees. As to how often they travelled, 34% made 1-5 trips a year, 15% 5-10 trips a year, 21% from 10-20 times a year, 11% 20-30 times a year and 15% more than 30 times a year.

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About KDS

KDS on-demand travel & expense offers a completely integrated solution for travel and expense management, addressing essential needs ranging from travel policy definition and enforcement, to online travel self-booking, to automated travel expense processing and beyond. Every critical procedure can be completed through the KDS ASP offering, resulting in greater efficiencies and associated financial benefits. In addition, KDS offers the most extensive back-end connectivity to airline, car, rail and hotel providers in the industry, ensuring optimized pricing and up-to-the-minute inventory control. For more information, visit www.kds.com (<http://www.kds.com/en>).