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Business on the move

How globalisation is changing the travel plans of European executives

Written by
The Economist Intelligence Unit

Contents

A message from Brendan Walsh

Some of Europe's leading business executives surveyed by the Economist Intelligence Unit have identified business travel as a catalyst for economic growth, as well as a profitability generator for their respective organisations.

That said, the subdued economic environment has led the companies surveyed to express caution over their investments. The number of business trips has clearly increased across Europe, but for the most part business travel expenditure has remained the same, proving that companies surveyed are under increased pressure to 'do more with less'.

The globalisation of the economy has led companies to become more focused on travelling to pick up overseas trade, which represents something of a reversal of a paradox as historically weaker economic environments have met with a lesser propensity amongst companies to travel. While countries within Western Europe are still the most frequent destination for companies based in the region, change is clearly underway, as businesses reveal a growing appetite for pushing into new markets in search of higher growth.

American Express Global Corporate Payments provides expense management and other business-to-business solutions to mid-size companies and large corporations worldwide. This survey is part of an ongoing effort to provide insight into the complex issues facing senior executives and to share these insights with our clients and the broader business community.

Brendan Walsh

Brendan Walsh
Senior Vice President and General Manager, Europe
Global Corporate Payments
American Express

About This Report

Business on the move: How globalisation is changing the travel plans of European executives is a report written by the Economist Intelligence Unit.[1] It looks at how the economic downturn has affected corporate travel at businesses headquartered in Western Europe, and how global business and economic trends are set to transform business travel in the future.

This report draws on two main sources for its research and findings: (i) a survey of 318 European executives; and (ii) a supplementary series of in-depth interviews with senior executives and analysts.

The Economist Intelligence Unit (EIU) surveyed 318 senior executives in Western Europe from a wide of range of industries in December 2012. All respondents either travel on business themselves or approve business trips for other employees. Close to half (48%) of respondents were CEOs, CFOs and other C-level executives. A near even split of respondents came from companies with annual revenue below €250m (about £210m) and annual revenue above €250m. Two-thirds (65%) of respondents were based in the UK, France and Germany, with the remaining respondents from other Western European countries.

To supplement the survey, the EIU conducted a series of in-depth interviews with senior executives and analysts from a number of organisations, listed below.

- **Eric Olsen**, Executive Vice President, Organisation and Human Resources, Lafarge, France;
- **Paul Robinson**, Head of Global Mobility, Arup, UK;
- **Jörg Staff**, Senior Vice-President, Human Resources, SAP, Germany;
- **Jérôme Drevon-Barreaux**, Group Category Manager, Travel and Events, AXA, France;
- **Joachim Hamburger,** Corporate Travel Manager, Electrolux, Sweden;
- **Colin Stroud**, Managing Director, Contractors Machinery, UK;
- **Liz Ireland**, Director, Bigjigs Toys Ltd, UK;
- **Keith Mason**, Director, Business Travel Research Centre, Cranfield University, UK;
- **Paul Tilstone**, Managing Director, Europe, Global Business Travel Association (GBTA), UK;
- **Hans-Ingo Biehl**, Executive Director, German Business Travel Association (VDR);
- **Michel Dieleman**, President of the Association Française de Travel Managers (AFTM).

We would like to thank all interviewees and survey respondents for their time and insight.

[1] The views expressed by the Economist Intelligence Unit do not necessarily reflect those of American Express

Executive Summary

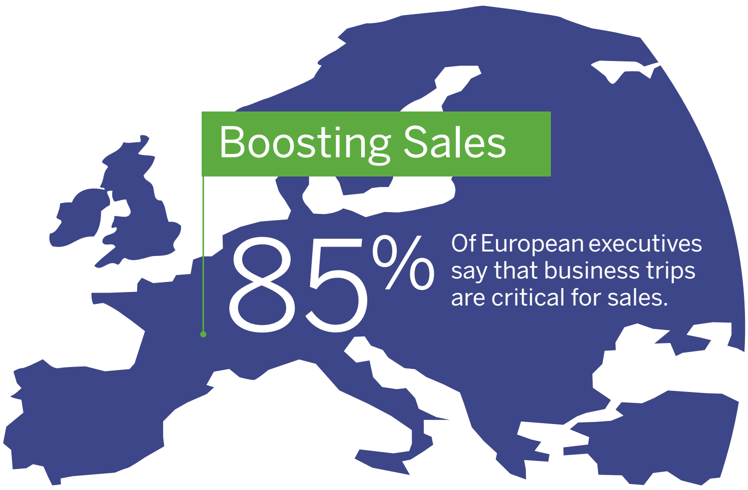
In today's faltering European economy, business travel managers face increasing pressure to clamp down on their travel expenditure. The survey of European executives conducted for this report suggests that travel budgets are down at over half of companies in Western Europe.

Yet this survey also reveals that the volume of business trips is on the rise, as most companies still regard business travel as indispensable, in spite of restrained budgets. This is because the vast majority of executives understand the critical link between business travel and customer relationships, sales and company competitiveness, particularly in a low growth economy.

Countries within Western Europe are still the most frequent destination for companies based in the region, but change is already underway, as European businesses continue to push into new markets in search of higher growth. New technology is making business travel more efficient but by no means obsolete. Against this shifting backdrop, the environment is set to be the main loser, as corporate concerns about staying green give way to keeping balance sheets in the black.

Set in this context, the key findings of the report include:

- **European business turns to budget travel to achieve more with less**
  European corporate travel budgets have been reduced, but the level of overall travel today compared with three years ago has actually increased for half of executives surveyed—rising to almost three quarters (74%) when including those respondents whose travel levels have remained unchanged. Only one in four respondents undertake less travel today than three years ago (26%), almost the same number (22%) that report levels of travel up by more than 20% during that period. For European businesses, travelling on a shoestring is preferable to not travelling at all.



- **Business travel is critical to boosting sales, cementing customers relationships and maintaining competitiveness, particularly in a downturn**
  There is widespread awareness among European executives that a "stay at home" mentality can lead to lost business, forsaken sales leads, and eventually smaller market share. An overwhelming majority of respondents say that business trips are critical for sales (85%) and customer retention (84%). An even higher proportion of executives (88%) believe that travel has a crucial influence on their company's competitiveness. The principal reasons for business travel (meeting new and potential customers) remain the same today as they were three years ago. The other popular reasons for travel, such as managing overseas employees and operations, have remained equally robust, as European business leaders also appreciate the significance of internal travel.

- **It is becoming harder for European firms to either achieve or clearly identify their return on investment from business trips**
  Only one in five business trips (20%) are certain to achieve their objectives in the current business environment. This points to a seemingly high level of speculative business trips, at a time when budgetary constraints have otherwise focussed minds on being efficient. In part, this perception is an indication of the difficult trading conditions, where new business is hard to come by, but that overlooks the many other reasons for business travel, such as internal meetings, which are less dependent on the economy. To bring down wasteful expenditure, managers and travel planners overseeing tighter budgets have to be more certain about the trip's objectives before authorising travel and prioritise those trips that have a reasonable prospect of delivering a return.

- **European executives mainly travel short haul for now, but this is all set to change**
For now, Western Europe (including domestic travel) is the most visited travel destination for two-thirds of European businesses. Meanwhile, BRIC countries (Brazil, Russia, India, China) topped the list of the most frequent travel destinations for only 10% of European businesses. This is not, however, a holding pattern. Travel within Western Europe is trending downwards and travel to BRIC countries—already slightly more popular than North America—is becoming ever more common, particularly in relation to China. Indeed, the number of respondents citing China as the destination of most travel has tripled in the past three years, albeit from a low base. A similar upward trajectory is likely to follow over the next decade for Brazil, India and to a lesser extent Russia—particularly as internal approval for European business travel to developing markets such as these is reportedly becoming easier than travel to developed markets, such as Western Europe.

- **Executives see advances in communications technology as a helpful aide but not an alternative to business travel**

  A large majority (83%) of respondents believe advances in technology and communications have made their company's business travel more efficient. However, the threat that technology will significantly reduce the need for business travel altogether, is less immediate. In time, advanced technology such as telepresence—currently being rolled out by some large companies to reduce the need for travel to internal meetings—will see wider adoption, especially once the high initial costs decrease. Yet organisations of all sizes restate the paramount importance of "in person" contact – not only for customer relationships and sales generation, but also to meet and manage employees. According to respondents, travel for internal management and oversight has remained consistent for the last three years.

- **European companies are less focused on the environmental impact of travel**
European executives are quite clear about their priorities: when it comes to authorising corporate trips it is all about business. A startlingly low number of respondents (15%) say that their company's carbon footprint or commitment to sustainability features prominently in travel planning (falling to one in ten in France).

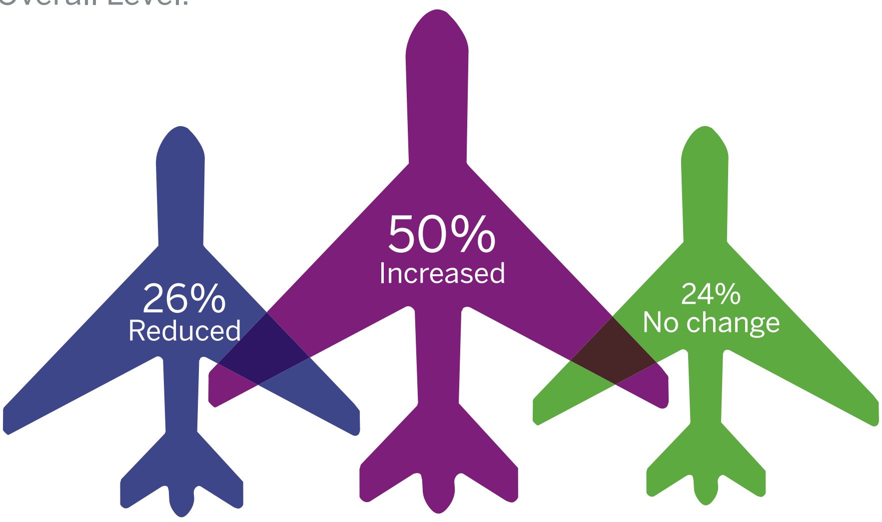
1 in 5 business trips (20%) are certain to achieve their objectives in the current business environment.

The Age of the Budget Business Traveller

As the economic crisis in Europe endures, it is little surprise that European businesses are trimming budgets for business travel. Over half (52%) of the 318 European executives surveyed for this report agree that their company travel budget has shrunk in recent times, with only one in five (21%) holding the opposite opinion.

Chart 1:
Level of travel today compared to three years ago (% respondents)

Overall Level:



Country	Reduced	Increased	No change
Germany	24%	54%	22%
UK	31%	48%	21%
France	24%	44%	32%
Overall	**26%**	**50%**	**24%**

This overall reduction in European travel budgets has not, however, contributed to a drop in overall business travel. Revealing a more complex business travel landscape across Europe, half of all respondents say that the number of trips has increased at their company over the past three years, while only one-quarter (26%) report a reduction. More than half of German respondents (54%) say that they are travelling more than three years ago (see Chart 1), which is higher than respondents from the UK (48%) and France (44%).

Business travel is a monthly endeavour for nearly nine in ten (88%) executives surveyed for this report (for 45% it is a weekly occurrence). To increase existing levels of travel on slimmer budgets has forced business passengers to fly economy class, stay at three-star hotels, and pack itineraries with back-to-back meetings to minimise lengths of stay and maximise the trip's value. This epitomises the "more with less" mantra that has come to define the economic crisis. French companies increasingly rely on high-speed trains to cut costs on international trips within Europe, says Michel Dieleman, the President of the Association Française de Travel Managers (AFTM). "In the past, a company in Paris would have sent executives by plane to London, but these days it's more likely they'll take the Eurostar train," says Mr Dieleman, who is also the Head of Travel Management at Orange, a French telecommunications group.

Yet as this example shows, the trips must go ahead, because European businesses appreciate the importance of corporate travel. Meeting existing and new customers are the top two reasons for business travel, according to European executives (see chart 2). This continues to be the case today as much as it was three years ago. Whether or not there is an economic crisis, maintaining business relationships remains the paramount reason for corporate trips and this is best done in person. "If it's only a question of checking the numbers on a contract, then you don't need to go on the road," says Hans-Ingo Biehl, the Executive Director of the German Business Travel Association. "But it's very hard to do business with someone you don't know personally."

Colin Stroud is the Founder and Managing Director of Contractors Machinery, a company from Cambridge, UK, specialising in supplying equipment and parts to oil, energy and water companies, mostly in the Middle East and Asia. At the start of 2012 Mr Stroud spent six weeks on a trip meeting clients in Oman, Qatar, Iran and Kazakhstan. "If you sit in front of a customer, he'll tell you things he's not going to tell you on the phone," says Mr Stroud, who describes conference calls with distant clients as useless for winning contracts.

The underlying fear for companies is that if they don't travel, a competitor will poach their business. More than four in five respondents believe that business travel is critical to customer retention (84%), sales (85%) and competiveness (88%). Of course, the flip side of defensive travelling means that it provides those companies maintaining a travel programme with plenty of opportunities to win new business. As Paul Tilstone, the Managing Director for Global Business Travel Association (GBTA) Europe, observes, "the really smart companies build client relationships during a downturn".

Nonetheless, meeting customers and generating sales are not the only reasons for business travel. Beyond meeting customers, the most frequent reason for making a trip, according to executives, is managing local operations, followed by attending a conference, then meeting with employees. The percentage of business trips for these reasons has remained largely at the same level as three years ago, as chart 2 shows, suggesting that companies appreciate the importance of internal relationships, networking and employee development as much as the top line (see *How the French do it* p8).

It is particularly telling that trips for conferences have been a remarkably resilient travel item during the downturn. Almost one-fifth of all respondents (19%) say that attending conferences is the most frequent reason for international business trips, rising to almost one-quarter (24%) in the UK. Only the Germans have cut back significantly on conference travel in the past three years, with the proportion dropping from 19% to 13%.

Chart 2:
Most frequent reasons for international business trips (% respondents)

The Age of the Budget Business Traveller

How the French do it

At AXA, a French insurance group, internal travel is frowned upon. Jérôme Drevon-Barreaux, AXA's Global Travel Manager, says that journeys by employees between two AXA offices are "out of policy" if a virtual meeting can be held via the company's video-conferencing network.

On the other side of the French capital, Paris, bosses at Lafarge, a French industrial company, take a different approach to internal travel. It employs about 68,000 people in 64 countries. Yet the proportion of international trips from the company's Paris head office to win business is low, because Lafarge normally delegates responsibility for customer relations to the heads of its country units. There is, nonetheless, plenty of international travel by Lafarge executives on internal company business.

Last September, for example, Lafarge flew its top managers in the field to a corporate retreat in Spain. These team-building exercises are essential, says Eric Olsen, the Vice-President for Human Resources and Development. Without regular face-to-face contact between executives in different countries, Lafarge risks becoming just a conglomerate of small and medium-size enterprises, he suggests. Mr Olsen himself exemplifies this attitude. "When I walk through a Lafarge plant with someone, I can get a feel for how they react with their team, which just isn't possible on a video conference," he says.

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>
> **Eric Olsen**
> Vice-President for Human Resources and Development, Lafarge

Return trips

Even in budget conscious times, it would seem that European business travellers are still embarking on highly speculative trips. In the current business environment, only one in five business trips are certain to achieve their goals, according to executives (see chart 3). While it is true that some 44% of trips are more likely to achieve their goals, that still leaves more than one-third (36%) of trips that are more likely to fail.

This lack of success points to the difficulty of winning new business in today's volatile economic climate, since at least one-third of business travel is primarily sales and customer related. That being so, there are still many more reasons for business travel that are not directly influenced by the depressed European economy, such as meeting suppliers, market research and visiting outsourced operations (in addition to the internal business travel mentioned above).

This is underlined by the broad number of metrics that businesses use to measure the return on investment (ROI) from corporate travel. These range from customer satisfaction and new sales leads—an important metric for more than three-quarters (82%) of respondents—to the impact on market knowledge and growth strategy (80%); improvement in workforce skills and building strong company culture (67%); and cost savings and improved efficiency (64%). All in all, each of the seven proposed metrics for business travel in the survey was deemed important by at least half of all respondents. Sending employees out on the road in a downturn with no assured prospect of a return is unacceptable, argues Keith Mason, Director of the Business Travel Research Centre at Cranfield University in the UK. "Even a small organisation should want to know what it will get out of a business trip and whether the benefits accrued outweigh the costs incurred," he says.

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> **Keith Mason**
> Director of the Business Travel Research Centre, Cranfield University

Firm travel plans

Joachim Hamburger, Director of Corporate Travel at Electrolux, a Swedish domestic appliance multinational, shares this calculated rather than speculative approach to business travel. Mr Hamburger manages the movements of about 7,000 employees worldwide who travel on business, for anything from a takeover negotiation to fixing a faulty vacuum cleaner model. He rejects the notion that the value of individual trips can be measured in isolation from other functions such as marketing and research and development (R&D).

At the same time, he frequently reminds colleagues that individual trips can cost as much as €10,000. "The manager who authorises the trip needs to have an absolutely clear understanding of the purpose of the journey," he says.

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> Director of Corporate Travel, Electrolux

Alas, requiring managers to be clearer about the objectives of travel and cancel trips that are highly speculative may not always be easily achievable. As Mr Mason observes, much business travel for internal company purposes may be impossible to cancel, because such trips are typically undertaken by senior executives. "It may be difficult for travel arrangers to question whether the journey is likely to lead to a positive ROI," he contends.

To put these budgets to best use, managers across Western Europe should pay special attention to speculative and potentially wasteful business travel plans—no matter what level of the organisation the travel request comes from. This is particularly important when the growth outlook for European business travel budgets in 2013 is mixed. "We are looking at a steady or slight rise in the market in northern Europe, but much more challenging times in southern European countries, which have the most exposure to the sovereign debt crisis. It's no surprise that the strongest growth in Europe will be in Germany, which has Europe's strongest economy," explains Mr Tilstone."

Big business or small, travel matters

Several times a year, Colin Stroud, the Managing Director of Contractors Machinery, a small UK oil services equipment supplier, sets off on extended trips that in 2012 took him from the Libyan desert to central Asian steppes. Mr Stroud, whose most important clients include state-owned oil firms, knows exactly what would happen if he stayed at home.

"In a lot of overseas markets, if you don't sit in front of someone for three months, they forget you," he remarks. "The first thing you've got to do is export yourself".

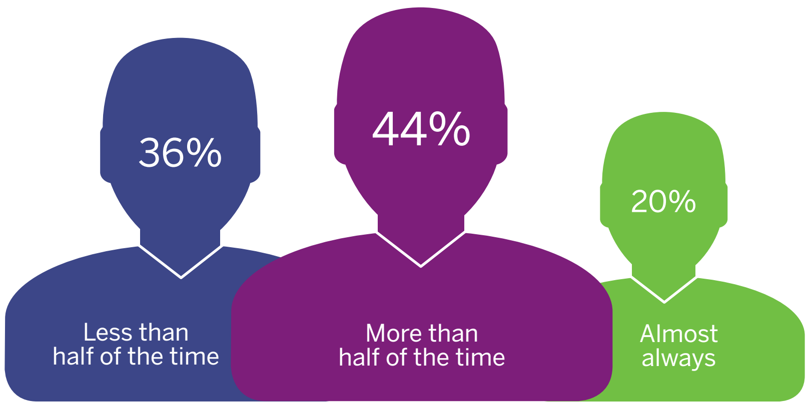
While Mr Stroud treks around central Asia, Liz Ireland visits small factories in China and south-east Asia. Ms Ireland is co-founder of Bigjigs Toys, a family business also based in the UK. She undertakes two extended tours every year to the company's Far East suppliers, and is certain that without the visits the quality of Bigjigs' products would fall. "Every time we open a container with our toys, I see the return on investment," says Ms Ireland of her trips. "Meeting suppliers helps ensure that we can keep tabs on the manufacturing process".

The indispensable nature of travel to small enterprises such as Contractors Machinery and Bigjigs Toys underlines a clear divide in the survey between the priorities of the smallest and largest companies in Europe. Over half (57%) of respondents at small businesses —those with less than €250m in annual revenue—say that business travel has increased compared with three years ago.

The equivalent figure for larger companies, with annual revenue above €250m, is 42%. Even more compelling is the contrasting approach to travel budgets: a minority of small companies (38%) report lower budgets, compared with a significant majority of large companies (67%).

Chart 3:
Likelihood of business trips achieving objectives (% respondents)

Overall Level:



Country	Less than half of the time	More than half of the time	Almost always
Germany	31%	43%	26%
UK	28%	54%	18%
France	40%	46%	14%
Overall	**36%**	**44%**	**20%**

Travelling out of the Downturn

European businesses are taking a far-sighted approach to business travel, by building and maintaining customer, supplier and employee relationships in the downturn, with a view to reaping the dividend this investment should pay once the economic recovery is complete.

However, this long-term view of business travel is not yet translating into long-haul flights to regions where growth is easier to come by: the level of business trips from Western Europe to the BRICs and the rest of the developing world remain low (see chart 4).

Take China, for example. The EIU forecasts that the world's second-largest economy will grow by an annual average of 7.6% between 2013 and 2017, yet only 7% of all respondents name China as their most frequent travel destination. Even fewer respondents name Brazil (2%) and India (1%), while Russia receives no mention whatsoever. Travel by these 10% of respondents to the BRICs compares with the two-thirds who travel mostly to Western Europe, split between domestic travel and trips to other Western European countries.

Staying close to home in the current downturn makes sound commercial sense (and not simply because it is cheaper). Germany, for example, sells about 60% of its exports to the rest of Europe, so it is understandable that more than one-third (36%) of German respondents travel most often to other western European countries. "Even if a company is making a big push into the BRICs, its overall pattern of travel won't change much if 90% of its business is still in Europe and North America," says Mr Mason.

"

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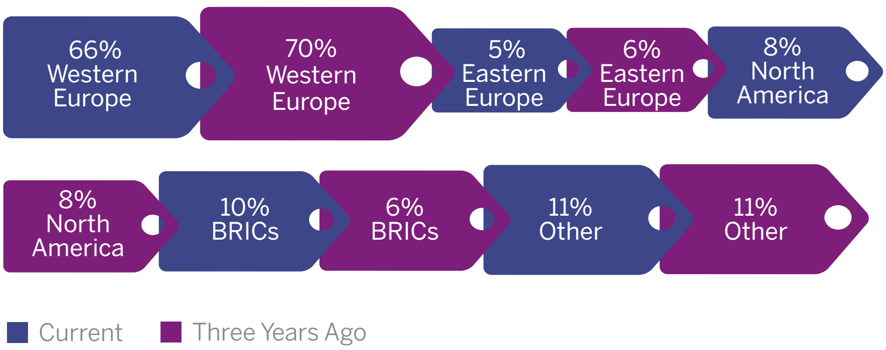
Keith Mason
Director of the Business Travel Research Centre, Cranfield University

Chart 4:
Regions accounting for most business travel (% respondents)

Overall Level:



Germany					
	Western Europe	Eastern Europe	North America	BRICs	Other
Current	76%	3%	10%	6%	5%
3 Years Ago	72%	3%	13%	9%	3%

UK					
	Western Europe	Eastern Europe	North America	BRICs	Other
Current	59%	3%	11%	7%	20%
3 Years Ago	73%	4%	10%	0%	13%

France					
	Western Europe	Eastern Europe	North America	BRICs	Other
Current	60%	3%	6%	18%	13%
3 Years Ago	59%	10%	8%	8%	15%

Still, Mr Mason, along with other business travel experts, predict that this pattern will change over the next 10-15 years. Western Europe's dominance as the most frequent destination for corporate trips is slightly down compared with three years ago. Business traffic from Europe to China, moreover, is already rising fast, with the proportion of respondents naming China as their main travel destination tripling in the past three years, admittedly from a low base. Other BRIC countries look set to follow in China's slipstream. Already executives report it being easier to obtain approval for international travel to developing markets such as India or Brazil, than the developed markets of, say, Western Europe (see chart 5).

Opening up operations in these regions will only mean more travel. Last September, for instance, Arup, a civil engineering and design partnership, opened new offices in the Brazilian cities of Rio de Janeiro and São Paulo. "As we build up our expertise and business there, I expect our pattern of travel to Brazil will increase," says Paul Robinson, Arup's London-based Global Head of Mobility.

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>
> **Paul Robinson**
> Global Head of Mobility, Arup

Who's in the frequent flying C-suite?

Willie Walsh, the CEO of International Airlines Group, a multinational airline holding company, spent 112 business days in 2012 away from head office in London, according to the company.

When he was not in the UK or Spain, Mr Walsh's most frequent destinations last year were the US and China. Criss-crossing the world in this way is probably an occupational hazard for Mr Walsh, as the chief of an Anglo-Spanish airline company that owns two major airlines, British Airways and Iberia.

The same is true for Elmar Degenhart, the CEO of a German tyre-maker, Continental. who spent over 150 days travelling last year—visiting customers, employees, investors, research and development facilities and new and existing plants worldwide.

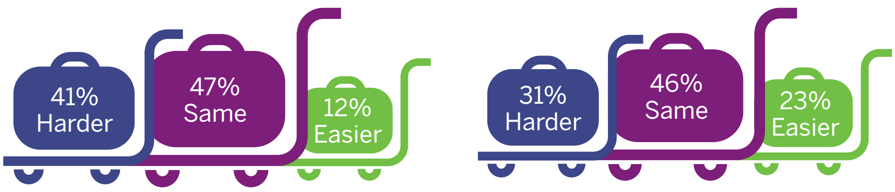
But frequent travel is not just a necessity for the top executives of companies in the transport sector. Rather, spending more than 100 days away from head office is a fact of working life for CEOs of blue-chip companies across Europe— from London and Hanover to Madrid and Rome. Antonio Brufau Niubó, the chairman and CEO of a Spanish oil and gas company, Repsol, spent 112 days away from Madrid in 2012.

Conti Fulvio, the CEO of an Italian utility company, Enel, spent 140 days on the road.

The most frequent destination for these CEOs is the USA and China. As such, the travel plans of these C-level executives confirm the results of the survey for this report: the CEOs and other C-level executives who took part in the survey, amounting to almost half of respondents, spent an above average amount of time travelling to China and the US and less time on domestic travel.

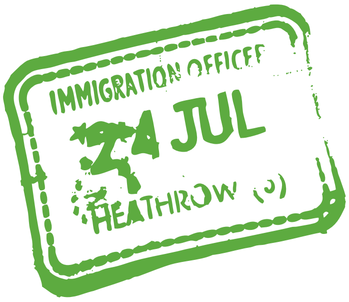
Chart 5:
Approval process for international travel today compared with three years ago (% respondents)

Overall Mature Market: Overall Emerging Markets:



Germany	Mature	Emerging market
Harder	26%	26%
Easier	17%	23%
Same	57%	51%
UK	**Mature**	**Emerging market**
Harder	48%	31%
Easier	7%	25%
Same	45%	44%
France	**Mature**	**Emerging market**
Harder	38%	27%
Easier	10%	21%
Same	52%	52%

Travelling out of the Downturn



Staying connected

At the beginning of this year a US airline, United Airlines, announced that it had equipped one of its aeroplanes with satellite Wi-Fi, claiming to become the first US-based international carrier to offer customers the ability to stay connected while travelling on long-haul overseas routes. A European low-cost airline, Norwegian, began offering this service to travellers in mid-2012. For European business travellers, many travelling once a month—and once a week for over half of German respondents to the survey—advances in mobile technology and devices means less work disruption and constant communication with head office (for better and for worse).

A large majority (83%) agree that advances in technology and communications have made business travel more productive at their company, while only 4% disagree (see chart 6). However, this number drops to half when respondents are asked if their businesses use technological tools and data analytics to increase travel efficiency, suggesting that a sizeable number could be making better use of technology to improve the return on business travel.

Looking 10 to 15 years ahead, as European businesses send more and more employees to the BRICs and elsewhere, some would argue that technology will push on to replace the need for travel altogether, but the picture at this stage is mixed. Consider the example of SAP, a German business software multinational, where holding video conferences is now a routine part of life for its 65,000 employees.

Since 2007 SAP has installed about 500 video-conference facilities at offices around the world, in part to help reduce travel costs. More recently, SAP has rolled out 40 telepresence systems—an advanced form of video communication that creates the illusion that participants are in the same room. “It feels like a personal meeting, with everyone ‘sitting’ around the same table,” says Jörg Staff, SAP’s Senior Vice-President for Human Resources.

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>
> **Jörg Staff**
> Senior Vice-President for
> Human Resources, SAP

Unilever, an Anglo-Dutch food and household products multinational, is another global firm that has benefited from this technology. By 2011 Unilever had installed a video-conferencing network in the 54 countries where it operates. The company calculates that it eliminated the need for around 14,500 short-haul and 23,500 long-haul flights in 2011, thus saving the company €39.5m in air tickets.

So does video-conferencing and telepresence signal the imminent demise of European business travel? First and foremost, this technology is being used by companies such as SAP and Unilever to reduce the need for travel on internal company business. However, even here the need to travel is not eliminated entirely. At SAP, Mr Staff says that while employees travel to meet colleagues less than before, they still do so to strengthen internal project teams.

So even at SAP, a technology company through and through, telepresence cannot always replace the productive exchanges that come from employees actually being together in the same location. Mr Staff—himself a frequent “telepresencer”— still believes that he spends between 20% and 30% of his time on the road.

The continued need for internal travel is backed up by the survey. Managing and appraising local operations is cited as the third reason for European business travel nowadays, behind meeting with existing and new customers, and ahead of attending conferences. This figure has remained consistent compared with three years ago, and perhaps has even marginally increased. Meeting and training employees completes the top five list of reasons for travel and has also remained consistent. Globalisation and the international expansion of European businesses clearly means that there will continue to be a strong need for travel between head office and nascent overseas operations.

Of course, this may all change as this expensive technology becomes more accessible to other companies outside the ranks of European blue-chip companies such as Unilever and SAP. But for the time being, new communications technology has not erased the importance of a sensitive human touch, particularly as European business travellers push into new markets.

Business travel environment

Protecting the environment is now a responsibility for most European businesses, partly because of European regulation and legislation, but mostly because it is necessary in order to build the brand and keep customers happy. For large European companies such as Unilever, the adoption of new technology is primarily used as a means to reduce its carbon footprint, which helps it to meet the strong green commitments set out in its sustainable living plan and championed publicly by its CEO. The company calculates that it saved 113,500 tonnes of carbon dioxide emissions in 2011 by cutting the number of air miles flown by its staff (with the added benefit of reducing the expense of business travel). At AXA, a French insurance group, the Group Travel Manager, Jérôme Drevon-Barreaux, says that the company recommends that its managers take trains rather than planes wherever possible, in order to comply with the insurance group's environmental guidelines. "But we have to be pragmatic" he adds.

> It makes no sense to go by train if it takes six hours, while the same plane journey only takes one hour."
>
> **Jérôme Drevon-Barreaux**
> Group Travel Manager, AXA

This pragmatic approach to business travel chimes with the overall outlook set out in this report: budgets may have been cut, but European businesses are still keeping up travel commitments. Cutting one's carbon footprint costs money, as any air traveller will know, so economising on business travel naturally means economising on environmental commitments as well. For the overwhelming majority of respondents, some 85%, their company's carbon footprint is not a major consideration when booking business travel (see chart 6). Among their peers in Europe, French executives are the least likely to take environmental concerns into account when planning their business trips, with only 10% in agreement, barely half the equivalent proportion among German and UK respondents.

The A to B of business travel

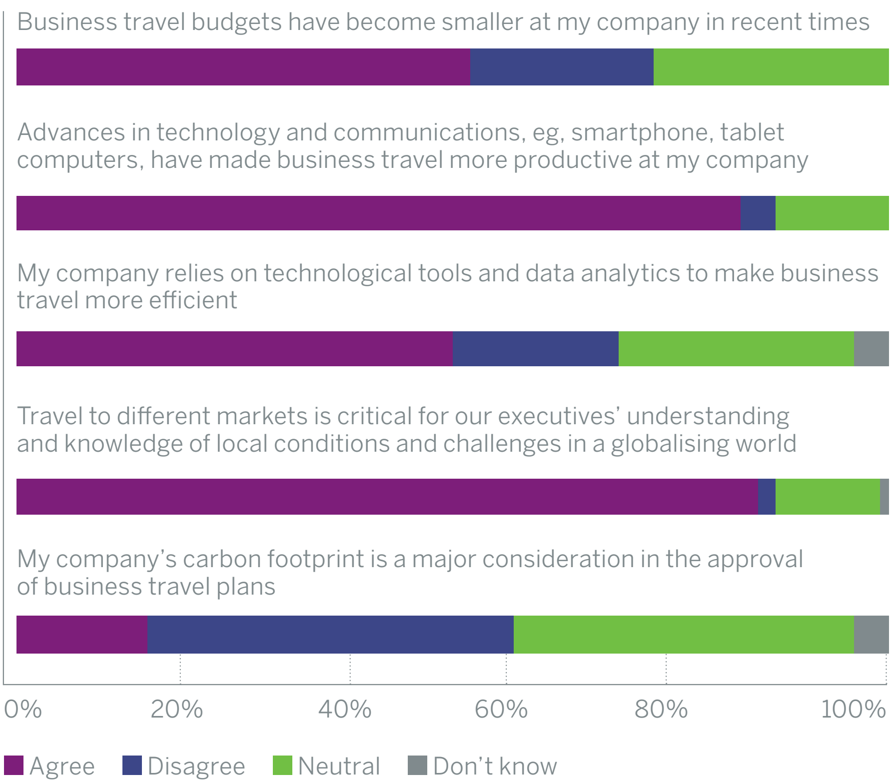
Locations for travel may be shifting, technology could be about to revolutionise travel and green commitments look to be in flux, but some elements of business travel never change. Getting from A to B on schedule is of principal importance for almost nine out of ten (89%) executives surveyed, which is the most conclusive finding of the survey (this is higher still for C-level respondents).

Next to travelling without incurring unexpected delays, executives selected good hotel facilities as the second most important aspect of travel. Good airport facilities, such as Wi-Fi, are also deemed important, as well as online check-in, fast-track immigration and adequate hand luggage.

Good leisure and cultural options in travel destinations are obviously an attraction for the business traveller, but according to the survey for this report, they are not a deciding factor. They are deemed important by less than one-quarter of respondents, placing it bottom of the list of travel priorities mentioned above. As the tough times continue, business travel today is becoming all about business. For European travellers on a constrained budget, unwinding at the end of the day with a good meal or indulging in a bit of sightseeing seems to be less and less of an attraction.

Chart 6:

Agree or disagree with following statements (% respondents)



Conclusion

A decade from now, flights originating from Europe will be taking substantially more business travellers—from Frankfurt to São Paulo, London to Delhi, Paris to Shanghai, or Rome and Madrid to other emerging markets.

However, it will be an incremental process, with most trips still taken to home markets or other Western European countries. Fewer trips for internal meetings will be undertaken, thanks to new video communications technology.

Yet such trips will still take place, even at companies with the resources to install equipment that puts distant colleagues in the same "virtual" room. One constant theme runs through this report: business travel will always be essential because of the premium companies place on personal contact—with customers, suppliers, staff, competitors, investors and many other individuals.

Even so, travelling executives face mounting pressure to prove that their trips are worth the cost. At many Europe-based companies, the missing link in travel management continues to be the absence of quantifiable, but broad-based analysis of the return on investment for corporate trips. This is not a subject best left to economists or business schools. Rather, in the present downturn, the key objectives should be specified, the chances of success investigated before approval, and then returns measured on a flexible basis (taking into account the benefits that may accrue over the long term).

Some journeys may have delivered a new contract, a better supply chain, a sales lead or even a repaired machinery part, but the survey results suggest that for at least a sizeable proportion of trips, the benefits are not immediately obvious.

With European business travel budgets unlikely to change much in 2013, the challenge for managers as the next batch of travel request forms lands on their desks is clear: how to be prudent yet pragmatic.

Appendix
Ups and Downs of Global Business Travel

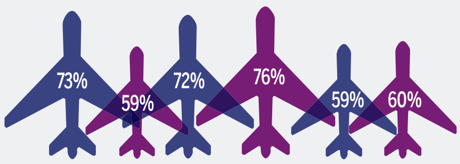
The Economist Intelligence Unit surveyed over 300 frequent flying executives from across Western Europe about their global business travel

Returns on travel

Yet only **1** in **5** business trips are certain to achieve objectives

Local travel falling

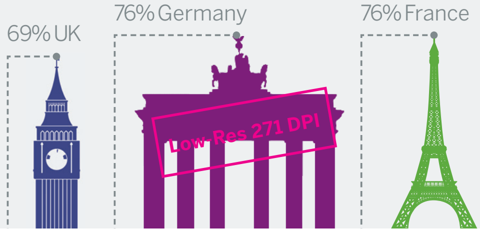
Western Europe is the **most frequent destination** for nearly two thirds of Western European business executives – yet this level is down compared with three years ago (70%)



Western Europe accounts for most travel – by origin (% of respondents)
● Three years ago ● Today

Seeing more with less

Three quarters of business travellers are travelling more or at least the same as three years ago...



Level of business travel is up or unchanged – by origin (% of respondents)

...yet half of executives report lower travel budgets in recent times

Travel budgets are smaller in recent times – by origin (% of respondents)

Emerging markets mature

Business travel to China has tripled in the last three years, making BRIC countries the most frequent destination for one in ten Western European executives...

Departures ✈ BRICs		
Origin	3 Years Ago	Today
UK	0%	7%
Germany	9%	6%
France	8%	18%

BRICs countries are most frequent destination (% of respondents) ● Three years ago ● Today

... pushing travel to the BRICs above North America, which has remained steady as the most frequent destination for 8% of Western European executives

Departures ✈ North America		
Origin	3 Years Ago	Today
UK	10%	11%
Germany	13%	10%
France	8%	6%

North America is most frequent destination (% of respondents) ● Three years ago ● Today

More information

If you would like to learn more about these findings, please contact your American Express representative.
To register for future insights and download this Report, go to business.americanexpress.co.uk/insights

Written by

The Economist Intelligence Unit

The Economist Intelligence Unit conducted a survey of 318 senior executives based in Western Europe between October and December 2012.

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