

The Wire...from AirPlus

June 2009: Travel alternatives gain footing as economy slides

AIRPLUS. WHAT TRAVEL PAYMENT IS ALL ABOUT.



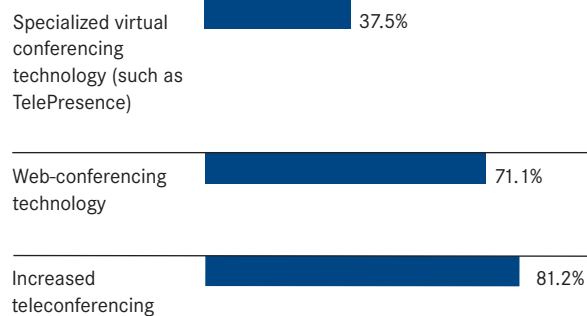
As economic woes push corporations to slash travel budgets in 2009, alternatives to travel gain higher profile.

In the most recent survey conducted by AirPlus International, more than 190 travel professionals weighed in on their company's current use of travel alternatives, from virtual conference technology to increased conference calls. While many companies have ancillary motives for offering technology solutions to reduce overall corporate travel—such as employee quality of life and CSR initiatives—the resounding message was that steep budget cuts are forcing travelers to find new modes of connecting to colleagues and clients.

When the economy began its dramatic decline in last quarter of 2008, the idea of demand management had already made headway in many corporate travel departments. An ACTE survey conducted in June 2008 indicated that corporations were already researching opportunities to reduce travel by offering technology alternatives. The current survey shows that many have implemented changes since then.

The most sophisticated approach to virtual travel had the fewest adopters in the past six months, but a significant percentage nonetheless. More than 37 percent of individuals surveyed indicated that their companies had implemented telepresence technology. These virtual conferencing systems require companies

Types of travel alternatives implemented by your company in the past six months



to dedicate a room and equip that space with lighting, cameras, screens and telecommunications features that will facilitate instant connections across the globe.

Desktop Web-conferencing capabilities were implemented by 71 percent of responding companies in the past six months, while more than 82 percent of respondents said their companies had simply encouraged more teleconferencing as a travel alternative.

When asked to rate the rationale behind their travel alternative strategies, more than 63 percent cited budget cuts. Nearly 44 percent indicated that increased travel costs were their most pressing concern. Only slightly more than 9 percent of respondents submitted employee quality of life as their top rationale for the change. In addition, corporate social responsibility—i.e. the effort to reduce the company's carbon footprint—was cited by more than 22 percent as “urgent.”

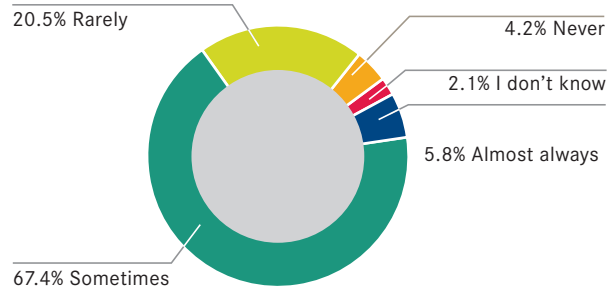
Rate the following in urgency when turning to travel alternatives (1=most urgent, 4=least urgent)

	Avg. Rating
Increased travel costs	1.82
Decreased budgets	1.59
Employee quality of life	2.67
Corporate Social Responsibility	3.05

The ultimate question, of course, is how effective virtual travel is when compared to actual face-to-face meetings, and the jury may still be out on this issue. Only about 6 percent of respondents characterized virtual travel as “almost always” as effective as meeting in person. And almost 4 times that, at nearly 25 percent of respondents wrote off travel alternatives as rarely or almost never as effective as face-to-face meetings. Over half at 67.4 percent stated only “sometimes.” This could depend on the priority status of a meeting. It may be higher priority if it’s a new business contact or where necessary to finalize a contract. Whereas video conferencing might be an alternative for meetings internally or with well-established partners. However, as the data clearly shows, these are not overall substitutes for face-to-face contact. Business travel is still relevant even in today’s economic climate.

How well the technology enables corporations to forward their business relationships, while cutting costs today, will determine its long-term viability. Ultimately, it’s the economics.

Do you feel that remote conferencing is as effective as meeting in person?



Additional Resource

Autodesk Pulling Demand Management Levers to Optimize Global Travel Program

<http://www.thetransnational.travel/news.php?cid=Autodesk-Bruce-Finch.Apr-08.03>

Survey Methodology—For this issue, AirPlus International in cooperation with ProMedia.travel surveyed 192 travel management professionals in North American and Europe, April 9-30, 2009.

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