



MAXIMISING OPPORTUNITIES FOR BUSINESS TRAVEL GROWTH

EXECUTIVE SUMMARY

In 2016, US\$1.2 trillion was spent around the world on business travel. The spending on these trips, undertaken by employees on behalf of their companies or organisations, represented nearly one quarter (23%) of total Travel & Tourism spending.

Travel & Tourism is an important and often overlooked export sector that makes a significant direct contribution to jobs and global trade, spreading its value widely across the world. In 2016, the sector contributed 6.6% of total global export earnings and 30% of service sector exports. As a leading job creator, Travel & Tourism directly employs 109 million people representing 3.6% of all employment. When indirect and induced impacts are included, the sector contributes one in every 10 jobs worldwide.

Business travel, which supports wider trade flows stemming from new sales generation, customer retention, partnership development, innovation, exports and FDI improves global corporate productivity at a return on investment rate of ten to one.

BUSINESS TRAVEL IN 2016

It is not surprising that those countries with the largest business travel spend are those with both the largest economies and largest Travel & Tourism economies, with the USA, China, United Kingdom, Germany and Japan leading the world.

Within developing economies, business travel often plays the leading role in driving exports and growing the country's wider Travel & Tourism sector by generating valuable spinoff benefits by providing infrastructure that other industries can use, and by boosting trade, skills, and investments. Fourteen of the top 20 countries where business travel represents the highest proportion of total Travel & Tourism GDP in 2016, are those classified as Least Developed Countries (LDCs) by the UN¹.

GROWTH, PAST FIVE YEARS AND NEXT TEN YEARS

Over the past five years, at a global level, business travel spend has grown at an annual average of 3.6% and is forecast to grow at 3.7% per year for each of the next 10 years. Regionally, South Asia has led the way, averaging growth of 11.3% per year (albeit still with business travel representing a relatively small share) and in most regions, business travel growth over the past 5 years outperformed the direct Travel & Tourism GDP growth overall. Business travel growth in Asia will continue to lead the world regions in the years ahead.

At an individual country level, many of the countries that have experienced the highest levels of growth in business travel over the past five years are those in developing and emerging markets. Countries emerging from conflict such as Sudan, Sri Lanka, Angola and Rwanda also feature highly on this list, quite clearly emphasising the clear link between peace and economic development.

WTTC forecasts show that driven by trade, by 2027, corporate travel spending in Asia-Pacific will more than double to \$645 billion from the current \$334 billion. The region will make up half of the global total, easily out-performing the Americas, the current region with the largest business travel spend.

¹ http://www.un.org/en/development/desa/policy/cdp/lcd/lcd_list.pdf

MACRO TRENDS

As the nature of work changes with more contract or flexible labour, advances in automation and robotics moving people out of jobs, increases in geopolitical volatility and strengthening protectionist and localisation policies bring a slowdown to global trade, the future landscape for business travel while growing, is faced with flat-lining of its relative importance as leisure travel gains ground.

The trends and issues that influence business today are often fast evolving and unpredictable, creating a **less-safe world**. Terrorist attacks, political instability and unrest around the world, together with disease outbreaks and natural disasters, have all helped to push safety and security to the forefront of concerns when it comes to business travel, and requiring companies to reassess their risk strategies and travel policies.

Changing technologies and pervasive consumer behaviours have fundamentally altered how people socialise, communicate and do business. These advances have opened up myriad new opportunities for brands to support, engage and empower their customers via sophisticated apps and mobile services- particularly those that improve the efficiency of their travel experience, by saving them time in check-in and check-out, making their way to necessary airport facilities, and giving them details of itinerary updates or disruptions.

This new digital world has created consumers who are in pursuit of immediate **gratification, personalisation and control**. The challenge for companies is not just to be fast and responsive and to anticipate personal preferences, but also to ensure that alongside this technology, their brands also have a personal 'face' and understand the boundaries of control.

It is here that the corporate travel policies which regulate allowable business travel expenditure can be seen to lag behind employee expectations particularly when excluding peer-to-peer services, or allowing for business trips to blend into leisure. The growing **importance of well-being** is a key trend that when embraced by organisations, can significantly improve employee productivity, saving costs over the longer term.

Technology is changing every aspect of how people travel and its use and development is only going to accelerate in the coming years. The challenges of incorporating data-driven insights into day-to-day business processes and attracting and retaining the right talent are particular challenges that will need constant attention over the months ahead.

TECHNOLOGY AND BUSINESS TRAVEL: WHAT ARE THE OPPORTUNITIES?

Digital innovations can bring benefits for both business travellers and their employees. Travellers can gain from services that offer greater personalisation and are tailored to their own needs and preferences and those that offer significant time savings. For employers, less human interaction may bring about significant financial savings, more efficient management of the burden of travel administration, and the mitigation of risk through technologies that track employees or new financial systems that reduce fraud.

Artificial intelligence (AI) can be a way to engage with travellers before and during their trips - not just to sell, but importantly also for service. A 'mobile assistant' to help travellers with every part of their end-to-end journey is set to be the next huge leap for business travel. Saved profiles with passport numbers and frequent flyer details are just the start of this process which will lead to the delivery of an individual, tailored and contextual experience.

The Internet of Things (IoT), refers to the growing number of physical devices connected by electronics that can communicate with each other - in travel, this spans all types of services from airport terminals to hotel accommodation throughout of a journey and is an area being taken very seriously by the travel industry. Innovations such as 'smart' airline seats which track bio-rhythms, baggage tracking and mapping, sensory and temperature controls in hotels are some of the recent examples.

Mobile payment options along side the use of Virtual Account Numbers (VANs) do away with both the need to obtain local currencies and complete expense reports have great potential for business travellers. Being more secure than traditional credit cards, their value in reducing fraud also makes their future much more certain.

THE CHALLENGES TO BUSINESS TRAVEL GROWTH

Across the world, there are barriers that currently hold up potential growth from both technology and regulatory standpoints. For the benefit of business travellers, for companies looking to do business and build trade, and for the destinations that can do far more to maximise experience (and thereby increase spending), they need to be broken down.

Reducing the restrictive visa regimes, upgrading lagging technological infrastructure, and making improvements in data security, are three of the most pressing issues that need collective industry action, better communication and improved coordination between companies and governments to enable the further growth of business travel.

Existing WTTC data shows that there can be a link between **visa facilitation** and growth in travel – including business travel. Eight of the top twenty fastest growing business travel destinations introduced visa improvements for at least 41 countries. In countries where visas are an obstacle for travellers – including business travellers – measures to facilitate these visas can play a role supporting growth.

Both public and private Travel & Tourism **investment** is essential in supporting the ongoing growth and development of the sector. Investment is needed to build structures and facilities to expand capacity, to maintain, enhance and upgrade current infrastructure to account for the evolution in consumer tastes over time and new regulations and environmental standards, and also to stimulate demand.

For business travel, at a company level, the focus is clearly on a need for increased investment in digital technologies. On a practical level, the success of mobile as the key tool for business travellers also relies on a strong telecommunications infrastructure and widespread accessibility to both Wi-Fi and mobile networks to ensure regular, reliable and cheap access to key online apps and platforms.

There are also some widespread concerns about the advance of technology, particularly around **data security** issues. Both cyber criminals and workforce complacency need to be addressed to deal with complex data challenges.

Travel & Tourism has been seen by some as dragging its feet on the issue of cyber security. With costs of cybercrime the global economy reaching half a trillion dollars in 2015, addressing cybercrime needs much stronger and focused attention on communication, co-ordination, and on planning and response.

RECOMMENDATIONS

This research has identified five ways in which companies that facilitate and provide services for business travel need to work together with destinations and governments and with their travelling customers to fully maximise the value and opportunity of the industry for wider economic and social development.

INVEST IN TECHNOLOGY

With mobile phones now a main source of communication, reference and digital assistance for travellers, efficient, reliable and free wifi technology can maximise the opportunities within economies and greatly enhance the experience that a business traveller can have of a destination and of the ‘process’ of travel i.e. check-in, baggage, managing disruptions etc. The future will require smarter and less obtrusive technology that provides linked-up and personal solutions that greatly enhance a business trip.

REDUCE VISA BURDENS

Research from WTTC based on case studies show substantial and in some cases, very significant increases in visitation when visa-related policies and processes are improved. While no visas are optimum, the balance of security versus being open for business through initiatives such as Global Entry in the USA is to be welcomed. Ensuring a smooth process for entering and conducting business in a country will help to drive trade and support growth of a country’s overall economy.

INVEST IN INFRASTRUCTURE

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TAKE CYBER SECURITY SERIOUSLY

As the increased desirability of greater personalisation for business travellers is matched with enabling technology, so too is there a greater need for companies to ensure that they are planning the right levels of cyber security and crisis response. Consumers need to be confident that those holding their personal data and preferences are protected from hacking and other cyber crimes, while at the same time, they fully understand the steps they can take themselves to minimise risks.

MEET THE NEEDS OF THE BUSINESS TRAVELLER

Connecting experiences throughout an entire business trip, filtering choices based on personal preferences, facilitating quick and easy access to itineraries and other travel information, allowing the functionality to make changes where necessary, making suggestions based on itinerary and current location and contacting agents speedily, round-the-clock, within one single app is the “experience-first” strategy that will be the future of travel management companies.



The World Travel & Tourism Council is the global authority on the economic and social contribution of Travel & Tourism.

The World Travel & Tourism Council (WTTC) is the global authority on the economic and social contribution of Travel & Tourism. It promotes sustainable growth for the sector, working with governments and international institutions to create jobs, to drive exports and to generate prosperity.

Members are the Chairs, Presidents and Chief Executives of the world's leading, private sector Travel & Tourism businesses. These Members bring specialist knowledge to guide government policy and decision-making, raising awareness of the importance of the sector as an economic generator of wealth.



Travelport is a travel commerce platform, providing distribution, technology, payment and other solutions for the global Travel & Tourism sector.

Travelport facilitates travel commerce by connecting the world's leading travel providers with online and offline travel buyers in a proprietary business-to-business (B2B) travel marketplace. Travelport has a leadership position in airline merchandising, hotel content and rate distribution, mobile travel commerce and a pioneering B2B payment solution that addresses the needs of travel intermediaries to efficiently and securely settle travel transactions.

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