

The Conference Board of Canada  
Insights You Can Count On



Report

# Canadian Business Travel Outlook

## 2010

By

The Conference Board of Canada

and the

Association of Corporate Travel Executives

**ACTE** ASSOCIATION OF  
GLOBAL CORPORATE TRAVEL  
EXECUTIVES

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# Introduction

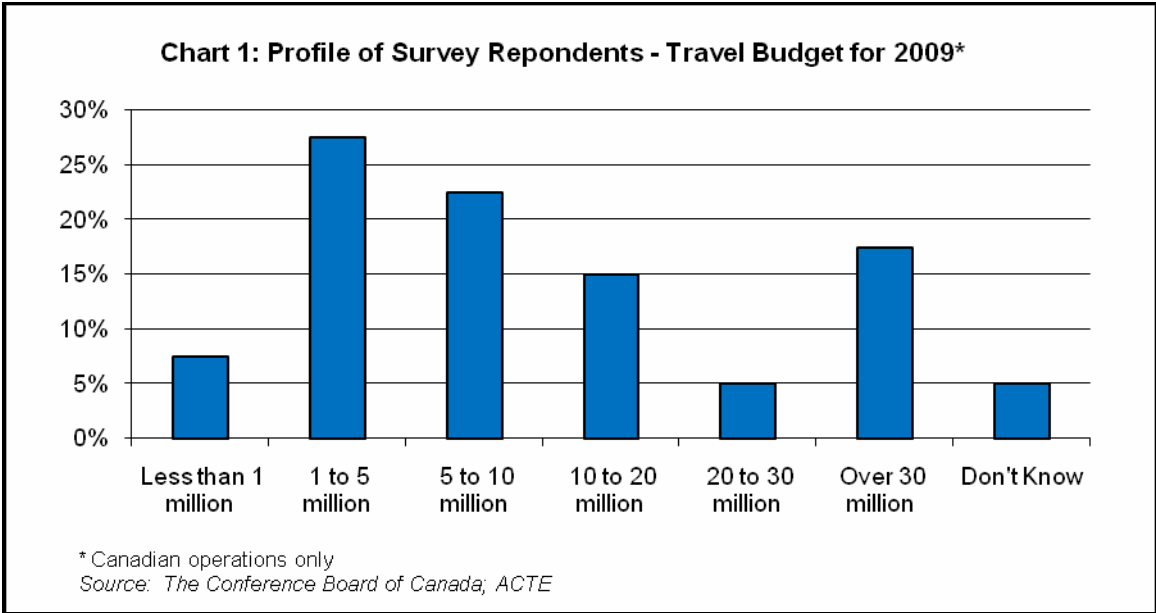
This report presents the results of the third annual Canadian Business Travel Outlook survey conducted by the Association of Corporate Travel Executives (ACTE) and The Conference Board of Canada.

The survey was developed as a benchmarking tool for the Canadian business travel market, for travel management professionals and the travel suppliers that serve them. The results provide an outlook for business travel trends over the coming year, including:

- Spend trends of key travel segments and changes in corporate travel rates
- Relationship between corporate travel and meeting management
- Status of environmental policies in Canadian travel programs

## Profile of Survey Respondents

A total of 44 Canadian organizations participated in the survey, representing a range of national public and private organizations—most with an annual travel budget of more than \$1 million. The aggregate domestic travel budgets of all responding organizations account for more than \$400 million in annual corporate travel expenditures in Canada. (See Chart 1.)



## ***Key Findings***

- Business travel demand has softened substantially since the fall of 2008, when the economy began to falter. The Canadian Business Travel Outlook suggests demand may stabilize in 2010, in the wake of an economic recovery. Some Canadian companies are still anticipating reductions in their travel volumes and spending, but many companies will maintain or increase their travel and spending next year.
- The Canadian Business Travel Outlook suggests the current “buyer’s market” will keep prices for hotel rooms and car rentals in check throughout 2010. Domestic corporate hotel rates are expected to decrease slightly next year, while car rental rates stay close to the same levels as they were in 2009. Corporate airfares, on the other hand, are expected to increase slightly in 2010.
- The research results suggest corporate domestic airfares will rise by an average of 2 per cent next year. Transborder and international airfares are expected to increase by an average of 1.3 per cent and 1.6 per cent, respectively.
- When asked about the relationship between corporate travel and meetings management within their organization, most corporate travel managers reported they have some or a great deal of influence over meetings and events activities. This suggests the line between corporate travel management and meetings/event management is blurring, and that more organizations are embracing the concept of strategic meetings management. In addition, the survey revealed corporate travel managers and meetings/event managers tend to report to the same departments: Procurement, Finance or Administration.
- Environmental issues continue to influence corporate travel policies, despite the heightened focus on reduced spending. Nearly two-thirds of companies polled (63 per cent) incorporated green travel practices into their travel program or were planning to do so, up from 59 per cent in last year’s survey. In addition, more companies indicated a willingness to pay more for low carbon travel services, such as hybrid car rentals.
- Fewer organizations reported the inclusion of voluntary carbon offset programs in their travel policies this year. There was a notable decrease in those interested in the environmental practices of preferred travel suppliers.
- When asked about the challenges facing the corporate travel industry over the coming year, many respondents cited concerns related to the cost of air travel. Uncertainty over the Canadian economy appeared to be less of a concern.
- Looking ahead, the Canadian economy is expected to begin turning around by the end of 2009. The corporate travel industry is cautiously optimistic that an economic recovery will lead to a gradual resumption of growth in business travel in 2010.

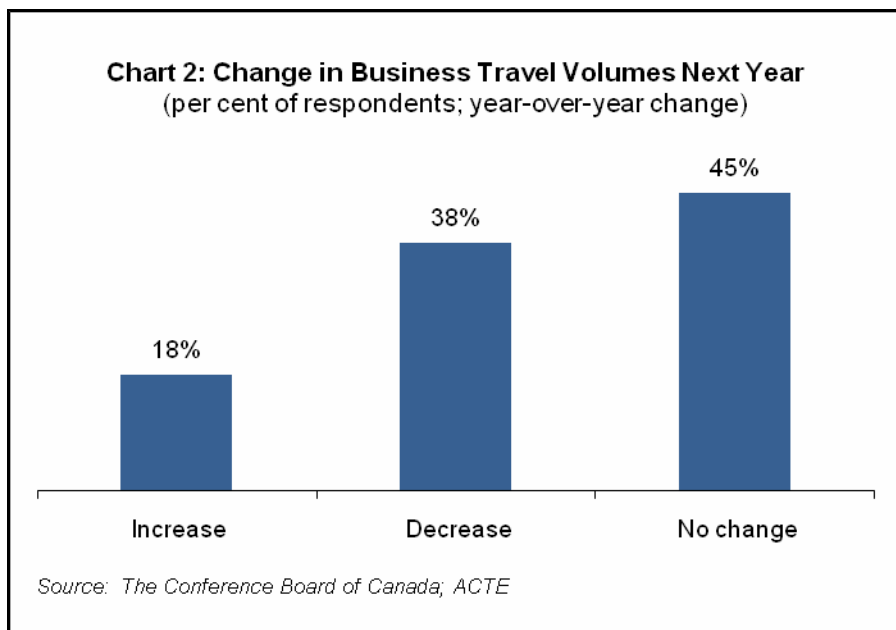
## Part 1: Business Travel Patterns

### ***Business Travel Expected to Stabilize***

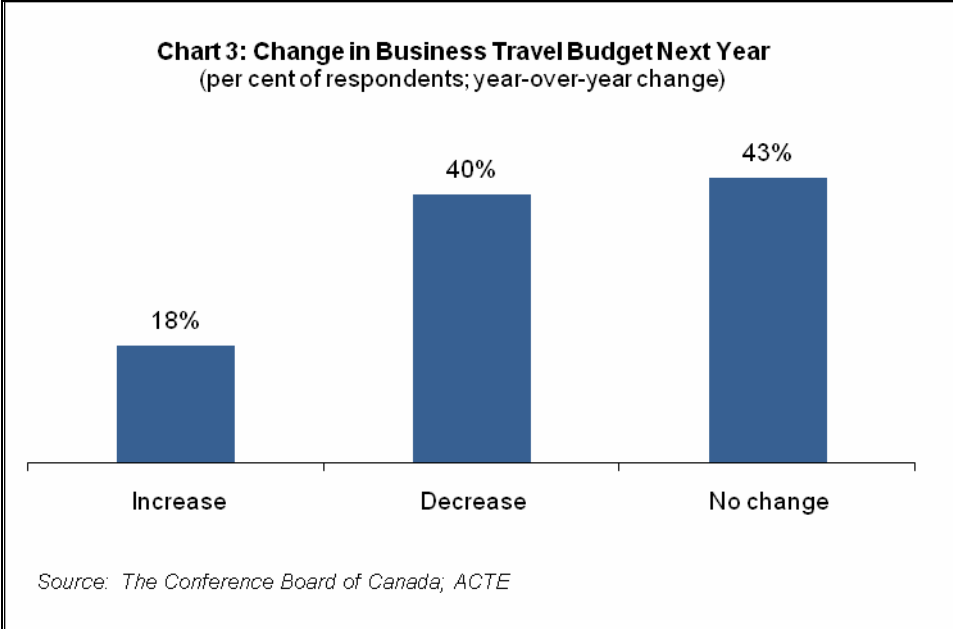
Business travel demand has softened substantially in the past year, as economic conditions weakened and Canada slipped into a recession. Still, this time of belt-tightening and budgetary constraints has provided Canadian travel managers the opportunity to strengthen travel policies and explore alternatives to travel.

Looking ahead, demand is expected to stabilize in 2010, as the economy slowly climbs out of the downturn. Some Canadian companies are still anticipating reductions in their travel volumes and spending, but many companies will maintain or increase their travel and spending next year.

According to the Canadian Business Travel Outlook, 45 percent of the Canadian organizations polled said they expected their company's business travel volumes to either stay the same (45 per cent of respondents) or increase (18 per cent) over 2009. Still, 38 per cent of companies polled expected a further reduction in business trips next year. (See Chart 2.)



Responses were similar when companies were asked about their plans for travel expenditures in 2010. Many respondents expected their travel spending to either stay the same (43 per cent) or increase (18 per cent) over 2009. Another 40 per cent of respondents are expecting a decrease in their organization's travel budgets next year. (See Chart 3.)



Of those expecting a decrease in travel expenditures, 63 per cent blamed overall budgetary restraints related to the economic downturn. More than half (56 per cent) also said they would increase their use of travel alternatives, such as tele- web- or video-conferencing. Just over one-third (38 per cent) of respondents expected to generate savings by ensuring employees adhered more closely to their company’s travel policies.

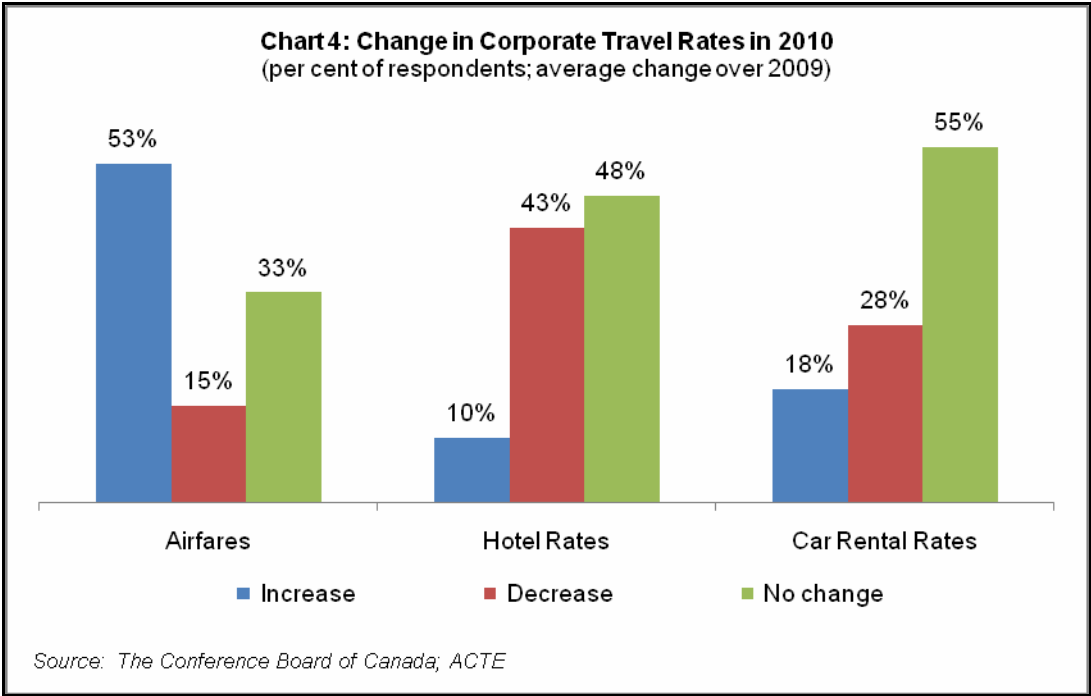
Among the companies expecting to increase their travel spending next year, 57 per cent indicated that a rise in domestic and transborder trips was the key reason for the increase. Other reasons cited included an increase in international trips, and higher travel prices (43 per cent).

# Part 2: Corporate Travel Rates

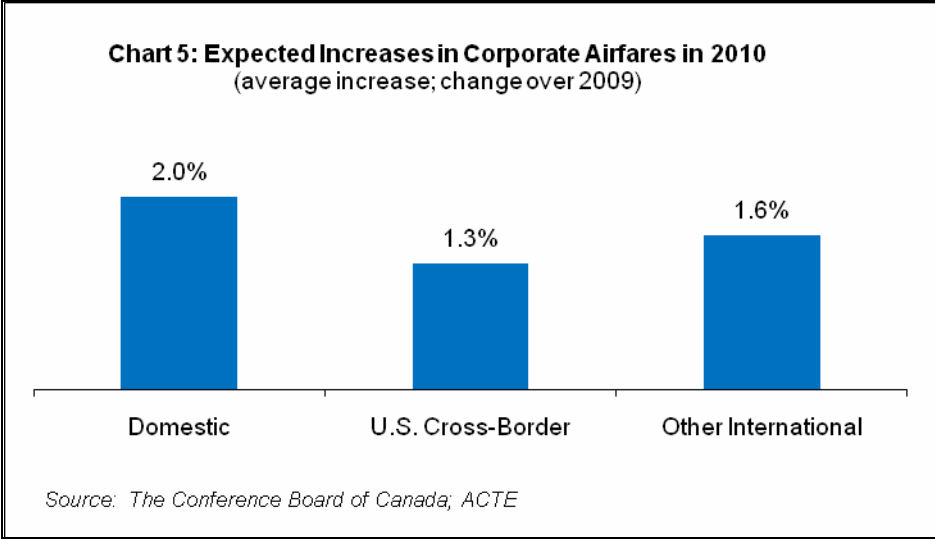
## 2010 Rates Will be Kept in Check

The Canadian Business Travel Outlook suggests the current “buyer’s market” will keep prices for hotel rooms and car rentals in check throughout 2010. Domestic corporate hotel rates are expected to decrease next year, while car rental rates stay close to the same levels as they were in 2009. Corporate airfares, on the other hand, are expected to register some growth in 2010.

Of the Canadian companies polled, nearly all expected their domestic hotel rates to either stay the same (48 per cent) or decrease (43 per cent) in 2010 compared with 2009, while many expected their car rental rates to stay about the same. In contrast, most survey respondents expected airfares to either rise (53 per cent) or stay the same (33 per cent) in 2010 as they were in 2009. (See Chart 4).



According to the survey results, domestic airfares are expected to rise by an average of 2 per cent in 2010, year-over-year. Transborder airfares to the United States are expected to climb 1.3 per cent, and international airfares are expected to increase 1.6 per cent over 2009. This analysis takes all responses into account, including those indicating no change is expected. (See Chart 5.)



Meanwhile, corporate rates for domestic lodging are expected to decrease by an average of 1.2 per cent next year, compared with 2009. This analysis takes all responses into account, including those who indicated they expect no change in their domestic hotel rates.

Car rental rates paid by Canadian firms are expected to remain relatively steady in 2010. The survey results suggest that average corporate car rental rates will dip only slightly next year, decreasing by less than 1 per cent from 2009.

# Part 3 – Corporate Travel and Meetings Management

This year, respondents were asked about the relationship between corporate travel and meetings management within their organization. Research results suggest that corporate travel managers and meetings/event managers tend to report to the same departments: Procurement, Finance or Administration.

In addition, most corporate travel managers reported they have some or a great deal of influence over meetings and events activities. (See Table 1). This suggests the line between corporate travel management and meetings/event management is blurring, and that more organizations are embracing the concept of strategic meetings management. A similar trend emerged in ACTE research conducted earlier this year in other regions of the world, including Asia-Pacific.

**Table 1: Influence Over Meeting and Events Activities**  
(per cent of respondents with a “great deal of influence” or “some influence” over select meeting and event activities)

<b>Influence Over Meeting and Events Activities</b>	
Contracting	78
Standardization of policies (e.g. RFPs)	73
Sourcing venues	72
Data consolidation and reporting	68
Payment solutions	58

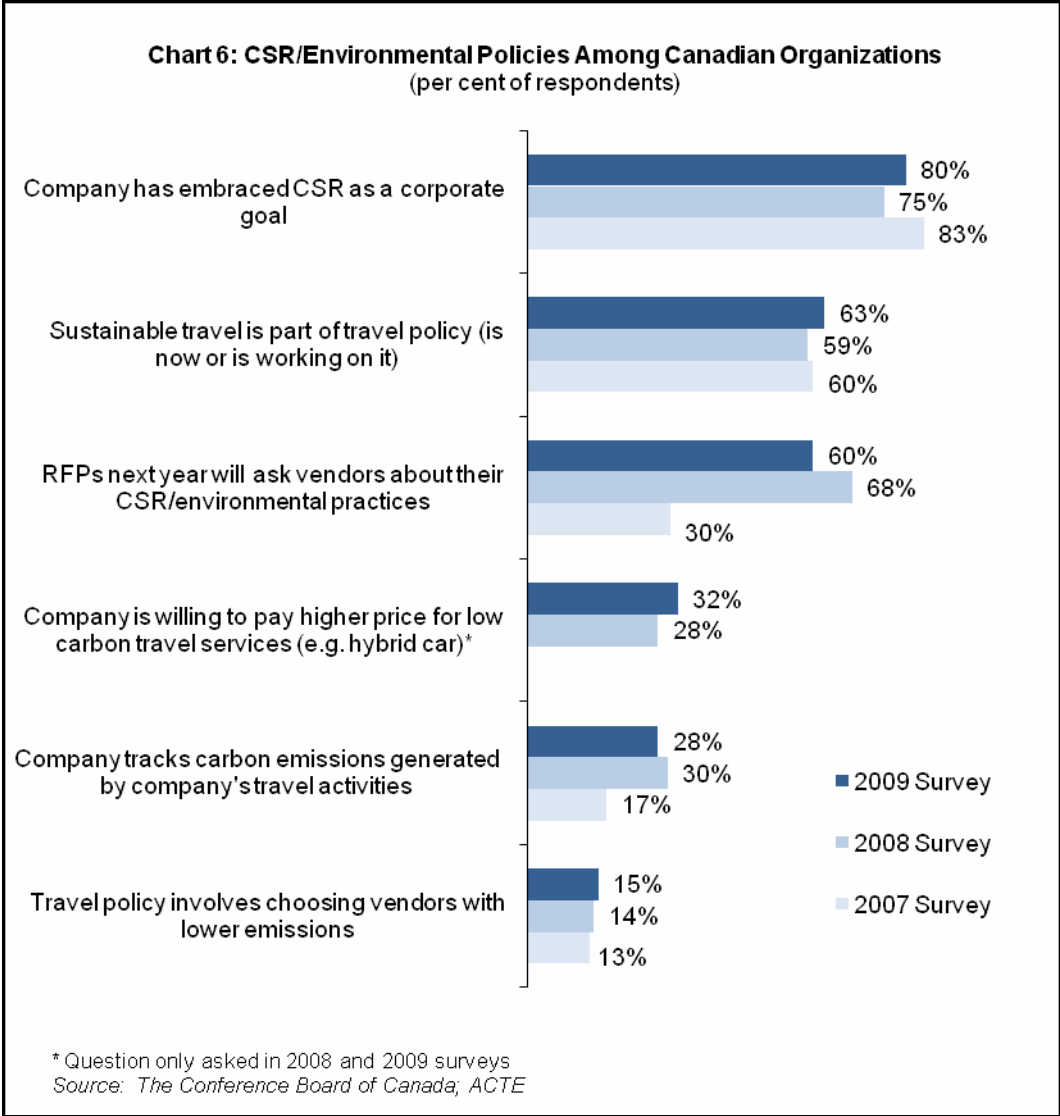
*Source: The Conference Board of Canada; ACTE*

# Part 4: Corporate Travel Policies

## Environmental Policies Show Mixed Results

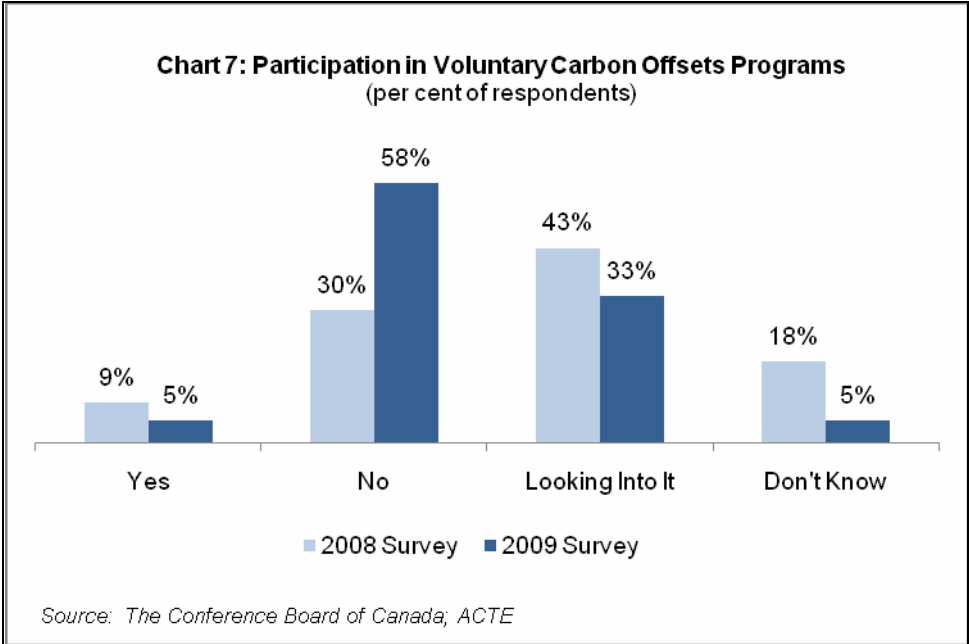
The Canadian Business Travel Outlook suggests environmental issues continue to influence corporate travel policies despite the heightened focus on travel spending reductions. When asked about the existence of sustainable travel initiatives within their organization’s travel policy, 63 per cent of respondents said they had incorporated green travel practices into their travel program, or were planning to do so. This was a slight increase from 59 per cent of respondents in the 2008 survey. (See Chart 6.)

In addition, there was an increase in the number of companies willing to pay more for low carbon travel services, such as hybrid car rentals. Nearly one-third (32 per cent) of respondents said they were willing to do so, up from 28 per cent in 2008.



When asked about the intention of asking travel vendors to disclose their own sustainability practices in future requests for proposals, 60 per cent of respondents said they planned to do so. This is down from 68 per cent who noted these intentions in last year's survey.

Fewer organizations reported the inclusion of voluntary carbon offsets programs in their travel policies this year. In the 2008 survey, 9 per cent of respondents said they were participating in voluntary carbon offset programs, while 42 per cent said they were looking into it. This year, those figures dropped to 5 per cent, and 33 per cent, respectively. (See Chart 7.)



When asked about challenges facing the corporate travel industry over the coming year, many respondents cited concerns related to the cost of air travel, including high fares for some domestic segments, as well as air ticket surcharges and fees. It is not surprising that air travel costs would be a leading concern, since corporate airfares was the one cost category slated for an increase in 2010. Interestingly, uncertainty over the Canadian economy—and the consequences of this uncertainty on corporate travel programs—was mentioned less frequently by survey respondents.

Looking ahead, the Canadian economy is beginning to show signs of turning around, and is expected to launch a full recovery by the end of this year. The corporate travel industry is cautiously optimistic that business travel will gradually pick up again in the wake of an economic recovery.

## About ACTE:

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The Association of Corporate Travel Executives (ACTE) represents the global business travel industry through its international advocacy efforts, executive level educational programs, and independent industry research. ACTE's membership consists of senior travel industry executives from 82 countries representing the €463 billion business travel industry. Our members serve more than 12 million business travellers worldwide. With the support of sponsors from every major segment of the business travel industry, ACTE develops and delivers educational programs in key business centers throughout the world. ACTE has representation in Africa, Asia-Pacific, Canada, Europe, Latin America, Middle East and the United States. For more information on ACTE, please go to [www.acte.org](http://www.acte.org).

## About The Conference Board of Canada:

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- Experts in running conferences but also at conducting, publishing and disseminating research, helping people network, developing individual leadership skills and building organizational capacity.
- Specialists in economic trends, as well as organizational performance and public policy issues.
- Not a government department or agency, although we are often hired to provide services for all levels of government.
- Independent from, but affiliated with, The Conference Board, Inc. of New York, which serves nearly 2,000 companies in 60 nations and has offices in Brussels and Hong Kong.

**Our Mission:** The Conference Board builds leadership capacity for a better Canada by creating and sharing insights on economic trends, public policy and organizational performance.

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