

Global Warming Concerns Begin to Impact Business Travel

Third Annual ACTE - KDS Survey reveals behavioural changes in the industry

2007

INTRODUCTION

For the third consecutive year, the Association of Corporate Travel Executives (ACTE) and KDS, European leader in on-demand travel and expense, have jointly produced a study on the impact of global warming on the business travel industry.

In this exercise, ACTE and KDS share two goals: to continue to raise awareness in the business travel industry of the need to consider the environment; and to create a benchmark for executives to evaluate their Corporate Social Responsibility (CSR) programs against those of other global companies.

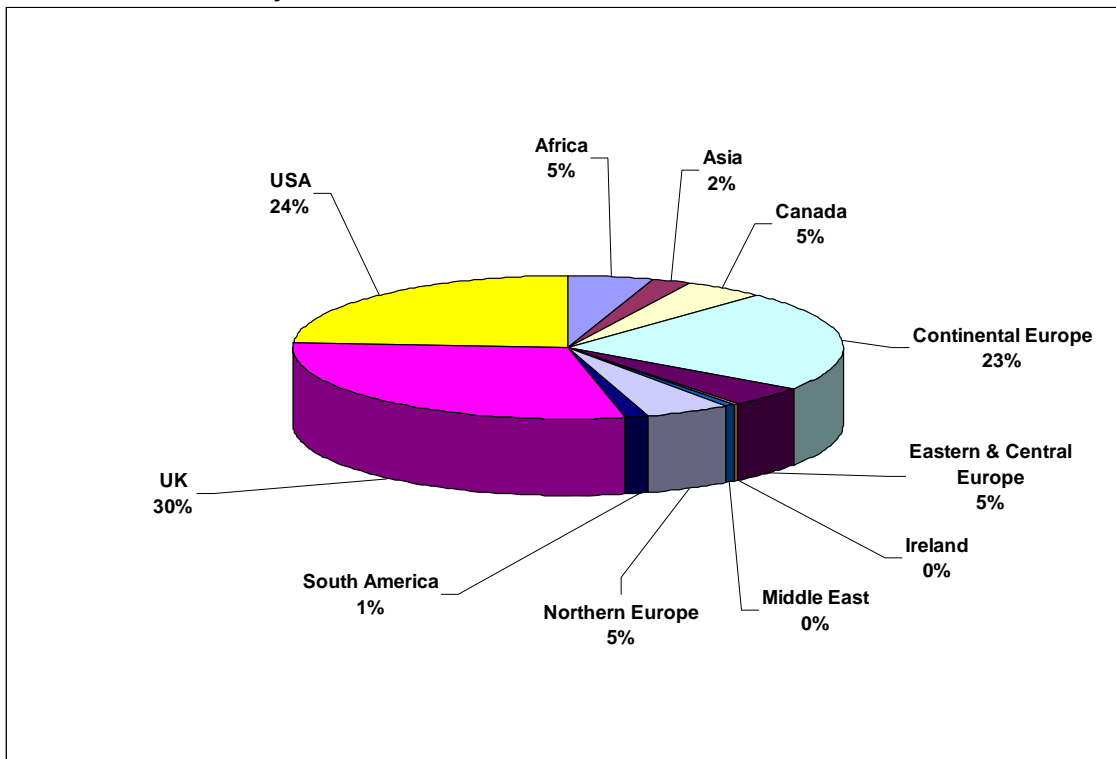
Behavior and sensibility towards the environment is something that is personal and increasingly considered an ethical and moral issue. This is why ACTE and KDS this year introduce new questions into their online survey to gauge the views of respondents regarding their personal feelings on issues such as:

- Their employer's Social Corporate Responsibility program
- Guilt associated with the impact of their travel

It is notable in this study that corporates appear to be prudently shifting toward a greener style of travel management. Respondents had to decide whether to answer the survey as travelers or traveler managers - in the latter case, replies reflected the policies of their employers. There is an interesting gap between the perception of travelers and what is reported by travel managers. People who answered as travelers seemed more inclined toward green behavior than travel managers; they also tend to believe that companies' support of sustainable travel greater than travel managers actually indicate.

RESPONDENTS

Chart 1 - Where are you based?



On a year-on-year basis, the number of respondents rose by 127 percent to 263. Fifty-three percent of those replied as travelers (i.e. referring to their own experience rather than their companies). Collectively, respondents represented a truly global picture, with 30 percent based in the United Kingdom, 24 percent in the United States and 23 percent in Continental Europe; Africa, Northern and Eastern Europe, and Canada each accounted for 5 percent: meanwhile, Asia represented 2 percent.

Forty percent were employed in corporations employing over 10 000 people. Fifteen percent of respondents said they worked in companies with 1 to 100 employees,

Respondents were frequent travelers: 31 percent made over 30 trips per year, while 42 percent travel more than 20 times a year.

TRAVEL MANAGEMENT

Sixty-eight percent of respondents (travelers and travel managers) said their company had increased its travel spend in 2007 versus 2006. This compares to the previous year's survey in which 63.4% declaring an increase in spending from 2005 levels.

This number is even greater when isolating travel managers' replies: 75 percent of those said spending has risen, whereas only 66 percent of travelers spoke of an increase.

The vast majority - 69 percent - of companies use a self booking tool to manage their travel arrangements; 42 percent still have no expense reporting tool, other than paper or Excel processes. End-to-end solutions appear to be gaining ground, with 12 percent of corporations using an integrated online travel and expense solution, compared with 8 percent in the previous year's study.

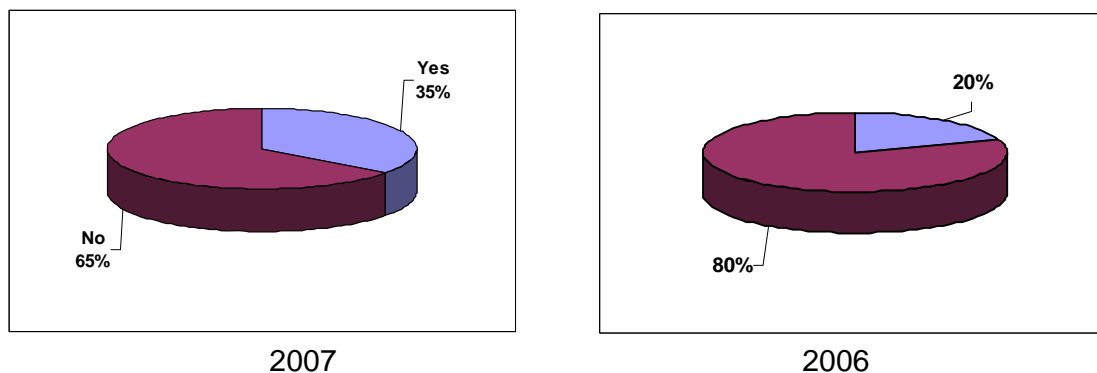
Almost every respondent reported that their company had a travel policy. However, it is interesting to note that, while 95.3 percent of travel managers say their corporations have a written travel policy, only 87.6 percent of travelers seemed aware of it.

Similarly, it is striking that 54.7 percent of traveler claimed to book journeys online, but only 43 percent of travel managers said that reservations were made in this way.

SUSTAINABLE TRAVEL

For the first time, this year's survey revealed the beginnings of an 'eco-friendly' stance in travel procurement behavior. ACTE and KDS see this as the start of what will become a major trend in how corporations manage their travel.

Chart 2 – Is your company's travel department tasked with providing reports to senior management on carbon emissions that the corporation's travel has produced?



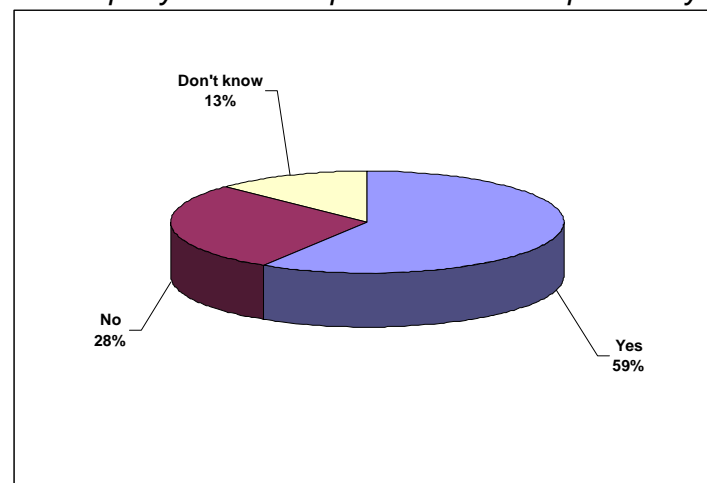
USA vs. UK & Cont. Europe

(Comparing responses from people based in the USA, the UK and Continental Europe).

USA: 26% yes UK & Cont. Europe: 46% yes

The graph above shows that travel departments are increasingly tasked with reporting on travel related carbon emissions. This year's survey showed a 15 percent increase in this behavior as compared to the previous year.

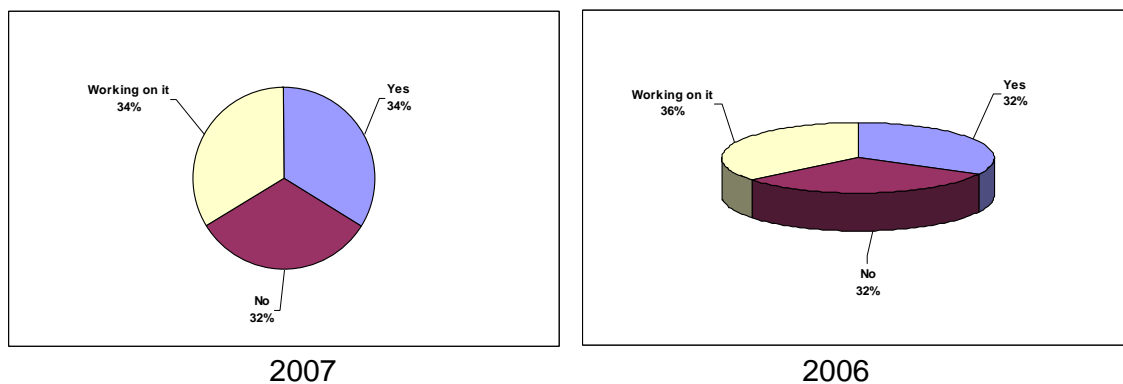
Chart 3 Does your company have a Corporate Social Responsibility charter?



USA vs. UK & Cont. Europe

USA: 55% yes UK & Cont. Europe: 63 % yes

Chart 4 Does your company's travel policy support sustainable travel?

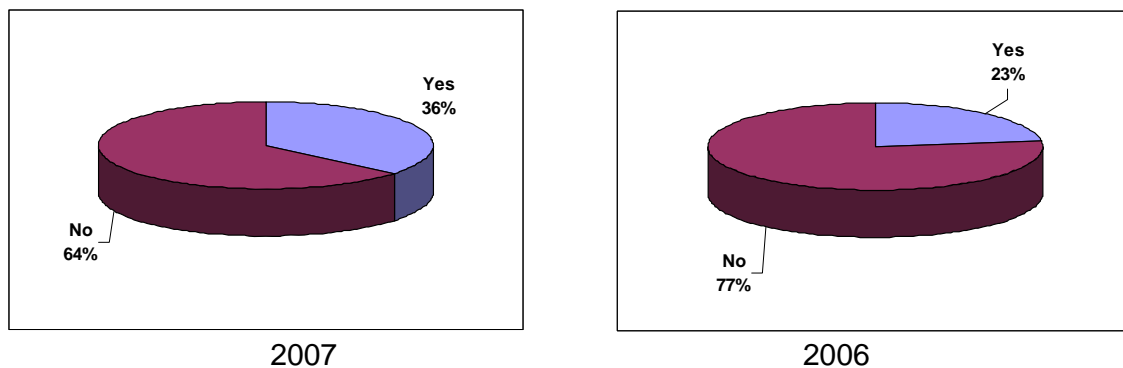


The above pie charts clearly illustrate that, although a majority of companies (59 percent) now have CSR charters, **sustainable travel is promoted by these initiatives only a third of the time (34 percent)**. These figures are consistent with last year and show that, as in 2006, many companies are still working on the creation of a sustainable travel program.

It appears that adjusting travel patterns to take full account of global warming will take years and is closely linked to the availability of environmentally-friendly options from suppliers. The following comment from a travel manager, working in Africa for a

company employing over 10,000 people, summarises the survey's findings in this regard: *"Sustainable travel is going to be an area of focus for 2008 within our operations and I am going to address it with senior management. We are sometimes restricted with regards to choice of carriers, as we have a lot of travel into Africa, but we can certainly aim to use carriers that are more focused on reducing carbon emissions."*

Chart 5 - Has your company suggested that travel should be reduced to support environmental sustainability?



USA vs. UK & Cont. Europe

USA: 20% yes UK & Cont. Europe: 44 % yes

As seen in Chart 5, there as an increase in the proportion of corporations suggesting a reduction in travel to meet their environmental goals.

Chart 6 - Do you think that because of travel related carbon emissions "travel-guilt" factors may influence individual business travelers' decisions regarding their travel patterns?

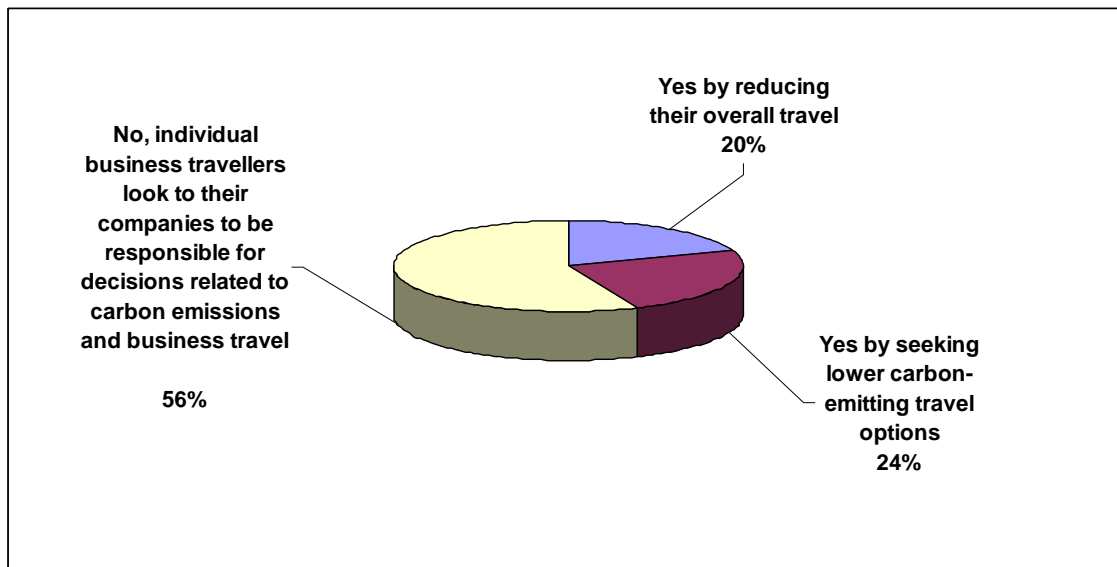


Chart 6 aggregates replies from both travelers and travel managers. Although the majority still believe the impact of business travel on the environment to be the responsibility of corporations, 44 percent of the respondents said that a sense of 'guilt' about their travel choices may influence individuals' decisions.

Chart 7 Travel Manager View on "Travel-Guilt"

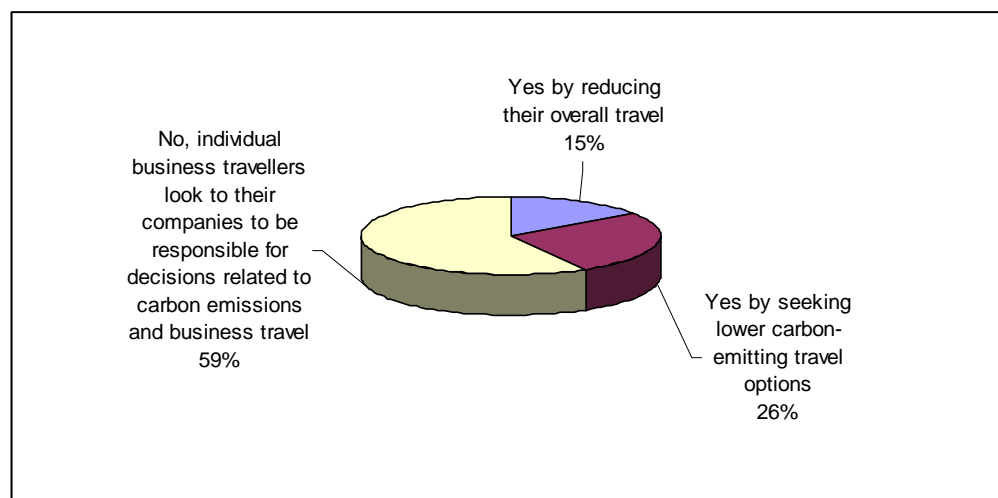
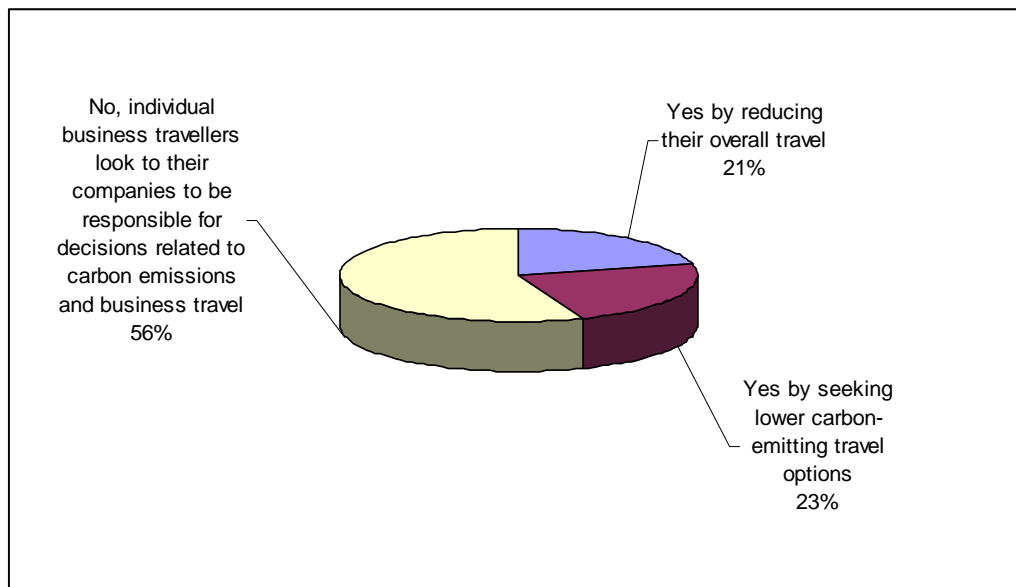
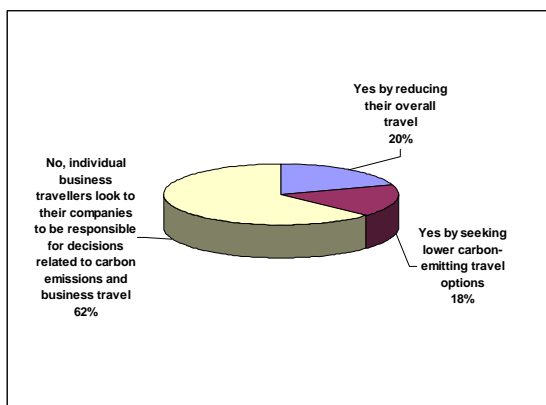


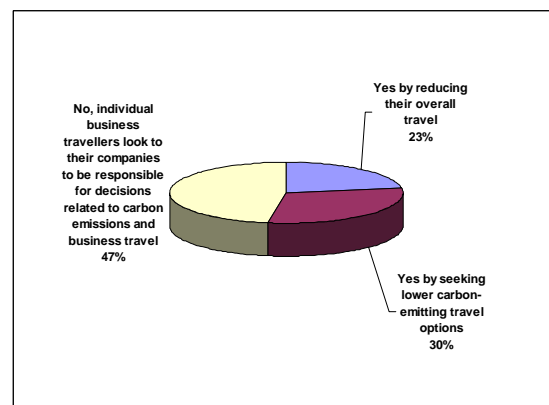
Chart 8 Traveler View on "Travel-Guilt"



USA vs. UK & Cont. Europe



USA



UK & Cont. Europe

Chart 8 shows that when replying to the ACTE – KDS survey as an individual travellers, rather than as professional travel managers, respondents seemed more inclined to express personal beliefs. Fifteen percent of travel managers thought that *"travel-guilt" factors may influence individual business travelers' decisions*, but that figure climbed to 21 percent when people answered as travelers. However, all in all, for over half of the respondents, business travel is nothing to feel bad about.

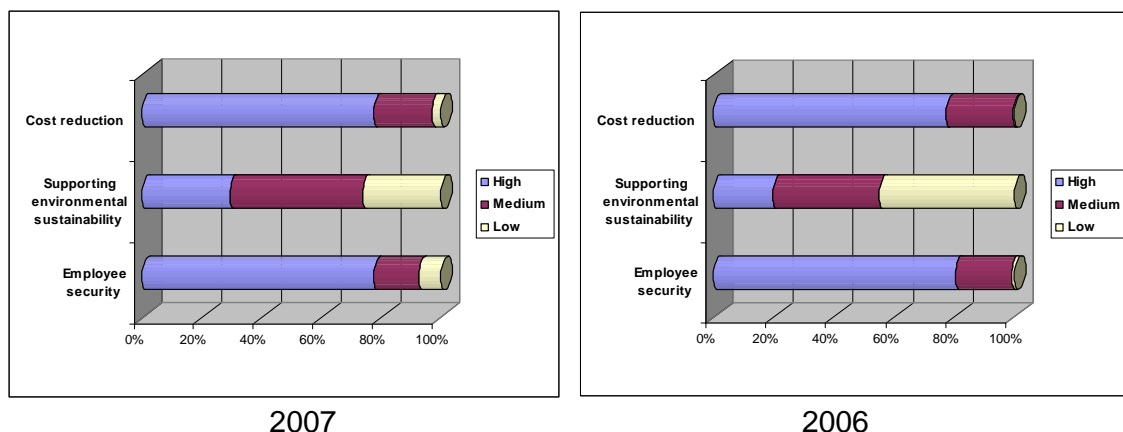
Employees, in the main, leave it to their employer to deal with travel's consequences for the environment.

Fifty-one percent of employees said their company "could be more active in the CSR area".

As a traveler working for a very large corporation in South Africa put it, *"We haven't started to think about carbon emissions"*. In Canada, a travel manager commented, *"We are now starting the process to green our building; there is a movement from among the employees to do more and it is on our action plan."*

Overall, employees tend to give credit to their employer for their commitment to CSR. Thirty-nine percent of travelers and travel managers said their companies were "doing the right things". Only 6 percent said that their company was "lots of talk but no action", while just 4 percent claimed that their company was "doing nothing".

Chart 9 Rank the priorities below that your corporation currently assigns to the following strategic areas:



Environmental sustainability is gaining support within in corporations.

Cost reduction and employee security were still top of corporation's priorities in 2007. It is encouraging to note that supporting environmental sustainability was a low strategic priority for only 26 percent of respondents in 2007, as opposed to 45 percent in 2006. Accordingly, it became a medium priority for 45 percent (versus 35 percent a year ago) and a high priority for 29 percent (20 percent in 2006).

As a consequence, travel procurement rules are increasingly governed by environment concerns. While there was no discernible increase between 2006 and 2007, 19 percent of the respondents said that when booking a trip their choices of transportation were influenced through a company travel policy that gave preference to vendors with lower carbon dioxide emissions or as proper environmental charter.

SUMMARY

The third annual ACTE - KDS survey demonstrates growing environmental concern within the business travel industry. The survey sampled the opinions of 263 business travellers (53 percent of the sample) and travel managers (47 percent) between November 2007 and January 2008. Respondents were mostly employed by large corporations based in the U.K., U.S.A. and Continental Europe.

Corporations were seen to be increasingly suggesting a reduction in travel to meet their environmental responsibilities. When breaking down the figures between respondents based in the U.S.A. and those in the U.K. and Continental Europe, the study showed a substantially higher number of respondents in favour of eco-conscious travel measures. Forty-four percent of respondents believe that a sense of "travel-guilt" may influence travel decisions. A majority of companies have a CSR charter (59 percent), but only 34 percent of these charters currently promote sustainable travel. The majority of respondents (68 percent) reported an increase in their companies' travel spend over the past year; to help manage and contain this expenditure, 69 percent of companies were using a self booking tool to manage their travel arrangements.

For further information

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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.

About ACTE

The Association of Corporate Travel Executive (ACTE) is a non-profit association established to provide executive-level global education and peer-to-peer networking opportunities. Membership spans all of business travel, from corporate buyers to agencies to suppliers, and accords all sectors equal membership. ACTE is represented in over 83 countries. For more information, visit www.acte.org