

China Business Travel Market Maturing

2007-12-04

American Express Business Travel announces results of 2007 China Business Travel Survey

American Express Business Travel today announced the results of its 2007 China Business Travel Survey (The Barometer) at the third American Express China Business Travel Forum (CBTF). Fifty-three percent of companies surveyed expect an increase of business travel expenses in 2008, due to an increase in the development of business and trade in China and within Asia Pacific. The China business travel market is also maturing with increased focus on Travel & Entertainment (T&E) management.

The Barometer was conducted by Research International from May to August 2007, interviewing 230 Chinese and foreign companies with 100 and more employees in six key industries in Shanghai, Beijing and Guangzhou. Findings of The Barometer provided organizations, vendors and suppliers with the latest information of the T&E management practices and outlook of the market for 2008 in China.

The Barometer shows continued growth in T&E expenses in China:

46% of companies experienced increases in their T&E budgets, compared with last year at this time when only 28% of companies had experienced growth in their T&E budgets.

The Chinese business travel market is very similar to the US market in that it is self sufficient and the majority of expenditure takes place domestically - 69% of expenditure takes place in Mainland China.

T&E expenditure remains the second largest controllable cost for companies within China. The percentage of employees going on business trips is up from 28% in 2006 to 33% in 2007, and 60% of employees are generating T&E expenditure compared to 56% in 2006. Meals & entertainment continued to be the largest portion of business travel expenses, followed by air travel and hotel/ accommodation.

The Barometer reveals that companies in China have been paying greater focus in optimizing and controlling T&E expenses, showing that business travel market in China has become more mature and structured over the last few years:

More companies have policies for controlling T&E expenditure - 81% of the companies surveyed indicated that they have a T&E policy, up from 70% last year.

Compliance rates for T&E policies are improving - this year 47% of companies have a compliance rate above 50%, up from 28% of companies last year, with similar compliance rates for both Chinese and foreign owned companies.

86% of companies surveyed measure the efficiency of their T&E policy, compared to 69% in 2006. The most common method used by companies measuring their T&E policies is measuring whether or not expenditure is in line with the T&E policy, i.e. using preferred suppliers and using negotiated fares for air travel.

Business travel is becoming more managed as more and more rates for air travel and hotel accommodation are negotiated - 93% of companies have rules for air travel compared to 87% in 2006, while 93% also have rules for hotels compared to 90% last year.

Almost half of the companies surveyed are using a travel agency for business travel, compared to 34% in 2006. However, more foreign owned companies are using travel agencies than Chinese owned companies.

'We are impressed by the strong growth momentum of business travel in China, and its rapid pace in developing into a managed business travel market,' said Mr. Gregor Lochtie, Vice President and General Manager, Greater China, Business Travel, American Express & General Manager China, CITS American Express Business Travel. 'From The Barometer, we saw that companies operating in China have paid more attention than before to look for opportunities to optimize and control their T&E expenses, an investment that can improve their bottom line. American Express is well positioned to capitalize on this growth opportunity and assist companies with world class business travel management solutions.'

The Barometer also captured opportunities for corporations in China to optimize maximum control over T&E spending:

The internet is becoming a much more important means of booking business travel because it is convenient, easy to use and fast. (61% said they use online tools, up from 37% last year.) New online tools which can provide maximum convenience, flexibility and efficiency will be welcomed by corporations.

While more companies are using a travel agency for business travel (48% this year versus 34% in 2006), only 15% of companies use a sole travel agency for business travel, with the vast majority using two or more. In such a situation, companies are not benefiting fully from using a travel agency as expenditure is spread over a number of agencies, making expenditure more difficult to control. The main selection criteria remain the competitive price for each ticket bought, with national coverage being the second most important criteria. In fact, companies should also leverage on the travel management consultancy capabilities of travel agencies, which is not yet a priority for most companies.

Cash remains the most common method of payment for companies operating in China and use of corporate cards had declined, all indicating a need for further education on the advantages of modern payment methods which enable companies to have a central billing system for all expenditure carried out by their employees.

'T&E expenditure is an important element in doing business and it continues to increase for companies in China. It is thus critical for companies to optimize maximum control and identify cost saving opportunities. American Express will capitalize on the knowledge and build on our success in the market to help companies improve their T&E practices and achieve their T&E management goals. We have the core values which corporations are looking for in a travel agency as indicated by The Barometer: global coverage, reliability and quality customer services,' said Mr. Gregor.

About the American Express China Business Travel Forum

The China Business Travel Forum (December 4 and 5) is created and hosted by American Express Business Travel and the Shanghai International Conference Management Organization, a subsidiary of Shanghai Municipal Tourism Administration Commission. It is a business-to-business educational conference, designed to showcase the business travel industry, foster business relationships and further business travel in China, both internally and externally. The Forum, which was first held in Shanghai in 2005, is the first-ever event of its kind in China and features a wide variety of exhibitors including leading airlines, hotel chains, car rental companies as well as technology companies.

About CITS American Express Business Travel

Established by American Express and China International Travel Service (CITS) in 2002, CITS American Express Business Travel is the first Sino-US business travel joint venture in the People's Republic of China. With offices in Beijing, Shanghai and Guangzhou, the joint venture provides a wide range of business travel management services to optimize business travel investments for multi-national corporations, regional and domestic companies throughout the PRC.

About American Express Business Travel

American Express Business Travel, a division of the American Express Company, is dedicated to helping its clients realize the greatest possible value from their investment in travel through increased cost savings, outstanding customer service and greater spend control. For small businesses, medium-sized enterprises and multinational corporations, American Express Business Travel provides a combination of industry-leading booking technology, travel management consulting expertise, strategic sourcing and supplier negotiation support and customer service available online and offline, around the world.

American Express operates one of the world's largest travel agency networks with over 2,200 travel service locations in over 140 countries and territories worldwide. The Company processed US\$21.8 billion in global travel sales in 2006.

This article comes from Hotel News Resource

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