



Taking The Pulse of Unmanaged Business Travelers: A Marketplace Research Report

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Objective:

Best Western International commissioned a survey of the 391 members of its Diamond 100 Advisory Board* to examine recent changes in travel habits and to **determine travel intentions for the 2009 autumn business travel season among individual or “unmanaged” travelers, who account for 56 percent of all business travelers**.**

Sources:

From August 7-14, 2009, 239 of the 391 members answered a short series of online survey questions and provided additional commentary.

Key Findings:

- 80 percent of Best Western Diamond 100 (BWD100) members **plan to travel for business as much or more** than they did last fall
- 75 percent **have not been asked** to dramatically reduce business travel spending or provide more justification for trips in the last six months
- More than 80 percent **have not made any permanent changes** in their business travel habits due to the recession
- Fewer than one in five feel **virtual alternatives** such as videoconferencing are likely to replace business trips over the next six months
- While most do not foresee much change in their business travel schedules, only **one-third of BWD100 members say they are seeing signs of recovery** in their industries.

The Best Western Diamond 100 Member Represents the Average Unmanaged Business Traveler.

Here's why:

- 40 percent work for themselves or for a small company
- 29 percent work for companies with fewer than 5,000 employees
- Nearly half decide when to take trips instead of seeking permission from their bosses (*See figure 2*)
- 74 percent spend less than \$100 per night at hotels, with a similar number spending more than 11 nights every month on the road
- 63 percent drive instead of fly on nearly every business trip
- 88 percent are based in the U.S. and 11 percent in Canada

* A volunteer group of Best Western Rewards members with Diamond Elite status who travel primarily for business

**According to the Forrester Research Technographics North American Q1 2009 online travel study, 56% of U.S. business travelers are unmanaged.

FINDINGS:

Despite numerous reports of dramatic reductions in corporate travel, Best Western Diamond 100 members **expect to travel as much (68 percent) or more (11 percent) this autumn compared to the same time last year.** Twenty-one percent say that they will travel less. (See Figure 1)

Many who are planning to travel as much or more than last fall explained how **business trips are an integral part of maintaining relationships.** “In a down economy, it’s **worth the extra cost** to get in front of my customers even more. **My competitors are cutting back** and I’m there to pick up the slack,” said an employee of a Utah building products company. A BWD100 member from Seattle commented that while her business overall is down, “I still have to make the same number of trips to **maintain relationships and business.**” Another member who works for an aerospace company in California stated, “My work has not been impacted by the recession and **my travel schedule remains the same** from month to month.” Another member, speaking for many, commented, “We are watching our money, **but so far, thank goodness, I am still traveling the same amount.**”

For others, the **recession has created opportunities.** “The ice cream business is strong even during recessions. **We are still hiring and profits are strong.** My business **travel will only increase** due to the market,” said a dairy company salesperson from Yakima, Wash.

However, the economy has **taken a toll on the frequency of business travel** for about 20 percent of BWD100 members. “I was **given a directive** yesterday to cut travel expenses any way possible,” reported a sales rep for a large wholesale grocery company. Another member said, “My **project has been suspended** so I will **work part time** for the rest of 2009, which of course will mean fewer business trips.” An employee at a sprinkler manufacturer in Richmond, Va. said, “My **overnight travel has been eliminated** at this time by management.” And a management consultant from Texas stated it rather simply: “Work has slowed down.”

*“Ours is a nation built on entrepreneurs – today’s little start-up is tomorrow’s Google. That’s **why I believe unmanaged business travelers will continue to account for a noticeable majority of business travelers, and perhaps even grow.** As larger firms downsize, many business people will explore entrepreneurial opportunities. Think of this as a shift from Armani-clad corporate travelers to more people in business casual attire.” –Henry Hartevelde, Forrester Research*

Few Mandates to Reduce Costs

Three-quarters of **BWD100 members report that they have NOT been asked to dramatically reduce or freeze business travel** over the last six months for a wide variety of reasons. (See Figure 3) For many, **trip frequency remains about the same**, but several state they have **cut back on the amount spent on each trip.** A member who works for a door manufacturer wrote, “We are just traveling a lot **smarter** this year.” Another from an Oregon agricultural machinery company remarked, “We have been asked to **cut back on business meals** and conserve spending when and where we can, but no freezes.” A rep for a retail technology company complained, “They **tried to get us to share rooms** to cut back on costs, but most of us fight that!” Another member said, “So-called unnecessary travel has been stopped, but since **I cannot do my job without the travel**, I’m still on the road.” And finally, a building products salesperson stated, “We’ve not been asked to cut back. As a matter of fact, our company **has told us to ‘get out there.’**”

Among the 25 percent who report that their companies have issued mandates to dramatically reduce or freeze spending, the degree to which cutbacks occur varies. For example, an unmanaged traveler from California said, “Travel has been **reduced, but not dramatically.**” Another who works for a Pennsylvania pharmaceutical industry consulting firm said, “We have not gotten mandates from our company, but many of our clients who pay for our travel have, **so indirectly it has occurred but not through a major policy change** at my firm.” A member from Rancho Palos Verdes, Calif. wrote, “Employees at my company received a directive to cut out travel unless absolutely necessary, but the **directive is often challenged after the fact.**”

At the mention of the topic of having to **provide more justification for their business trips, the mostly independent-minded BWD100 displayed some sensitivity.** (See Figure 4) An executive from an automotive company stated, “In the past you could visit a customer just to see how things were going...now you have to

obtain prior approval and can only go if there is a specific problem with the customer.” A road warrior who works for an industrial roofing company boasted, “We justify expenses by **bringing home the bacon!**” Then there was a member from Illinois who offered, “Yes, last week I heard from my boss who said, ‘Why did you stay at an **\$80 hotel when there was a \$60 one less** than a mile away?’” Finally, a member from Pennsylvania summed up the current state of business this way: “**I recently had to justify why I needed to stay overnight instead of driving 140 miles each way**, daily, on a job.”

Changes in Travel Habits...Yes, But Not Permanent

The large majority (83%) of BWD100 members stated that they’ve **made no permanent changes in their travel habits** due to the recession. (See Figure 6) Another 83% say it’s unlikely or very **unlikely that they will replace business trips with virtual alternatives** like teleconferencing in the next six months. (See Figure 7) However, many mentioned **ways in which they’ve recently tried to reduce travel costs**. A sampling of those comments:

- “Looking for better value, quality and consistency.”
- “I’m spending more time in the office.”
- “I try to combine as many trips as possible.”
- “I’m spending a lot less on incidentals and extras when I travel.”
- “Sales territory sizes have been reduced to cut down on overnight travel.”
- “Limiting length of stay; more back-and-forth day trips.”
- “I’ve downsized from my SUV to a cross-over to gain mileage.”
- “A lot less client entertaining.”
- “I’m trying to eat out cheaper restaurants.”
- “More WebEx and teleconferencing.”
- “My company has reduced the mileage rate from 58.5 cents per mile to 50 cents per mile.”
- “I try to pack less so my vehicle mileage is better.”

*“Trying to put a number on **unmanaged travelers** is like herding cats. There are probably more unmanaged travelers out there overall, but as a group **they spend less than corporate travelers because they work for smaller companies and act a lot like leisure travelers.**” – Lorraine Sileo, PhoCusWright*

Signs of Recovery?

When asked if they are seeing any so-called “green shoots of growth” or other **positive signs that their industry may be recovering**, the majority (63 percent) said no. (See Figure 5) “I’ve seen **nothing noticeable or distinctive** as of yet in terms of a recovery,” said a member from Winnipeg, Manitoba. “**Nothing** at this time but maybe in about six to eight months,” added an Ohio trucking company employee. “In fact, it’s my observation that the **economic picture is getting gloomier**,” said an engineer from Orem, Utah.

On the other hand, the one-third of **members who HAVE seen signs of a recovery offer plenty of examples**, lending credence to recent reports that perhaps the economy really is coming back and **that unmanaged travelers could be the first to seize the moment**:

- “I’m in the telecommunications engineering business and our clients are going forward with construction of fiber optic infrastructure and fiber to the home builds. We’re also being asked to help with stimulus package studies from new clients.” –**Engineer from South Dakota**
- “The oil industry is slowly, carefully coming back.” –**Consultant from Texas**
- “I have noticed a pickup of construction activity in the Central Valley of California, Nevada and Utah.” –**Safety Consultant from Pocatello, Idaho**
- “I am a kosher food inspector. Companies are getting busier—even the high-end ones.” –**BWD100 Member from Illinois**

- “I’m in the mining industry. Commodity prices are turning around and headed slightly up.” –**BWD100 Member from Thornton, Colo.**
- “I’m in the grocery side of this; store sales are up and grocers are buying new equipment.” –**Consultant from Orem, Utah**
- “Last quarter looks a lot better in the oil patch!” –**Contractor from Casper, Wyo.**
- “I work in the high voltage transmission line business. New ‘green’ projects are popping up along with improving our nation’s grid. “ –**Engineer from Aloha, Ore.**
- “Just look at the increase in traffic of trucks on the road compared to 60 days ago. This is a long-term indicator of the economy starting to improve.” –**Trucking company exec, Spring Hill, Tenn.**
- “My company has 37 garden centers. We have seen a pickup in sales this year.” –**Small business owner from Shenandoah, Iowa**
- “In Canada, it’s coming back faster than the U.S. I have found that I am traveling more locally for the time being. There is more demand here than in the U.S.” –**BWD100 member from Red Deer, Alberta**
- “Freight for trucking companies is picking up.” –**BWD100 Member from Tucson, Ariz.**

Figure 1

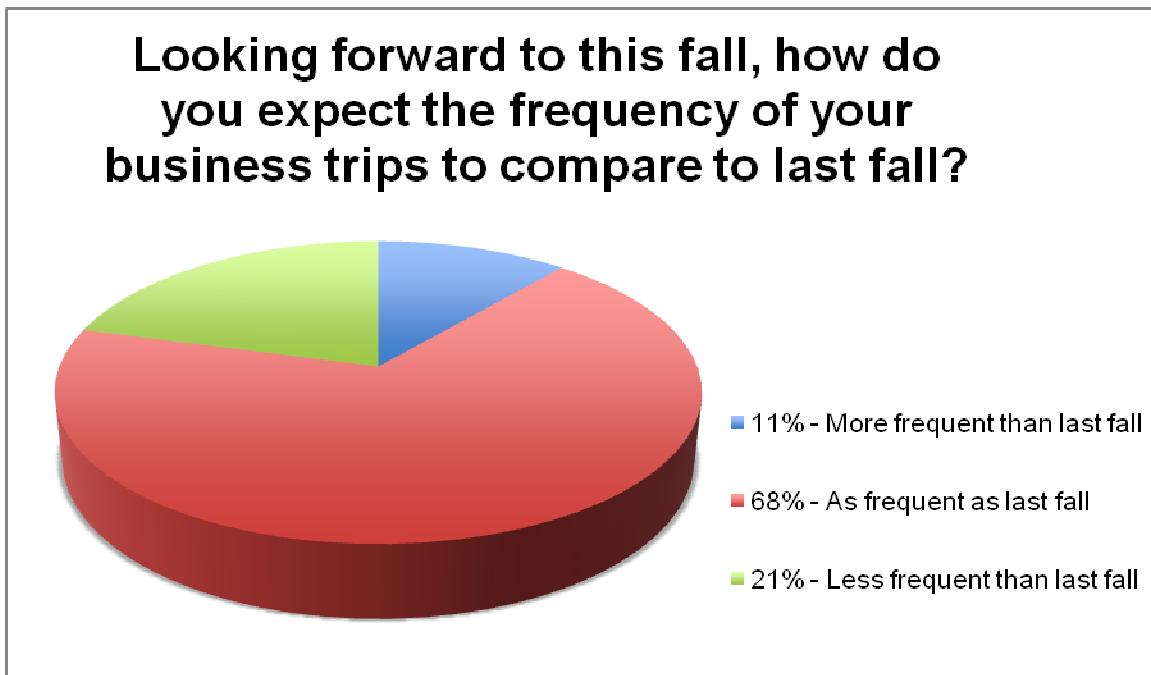


Figure 2

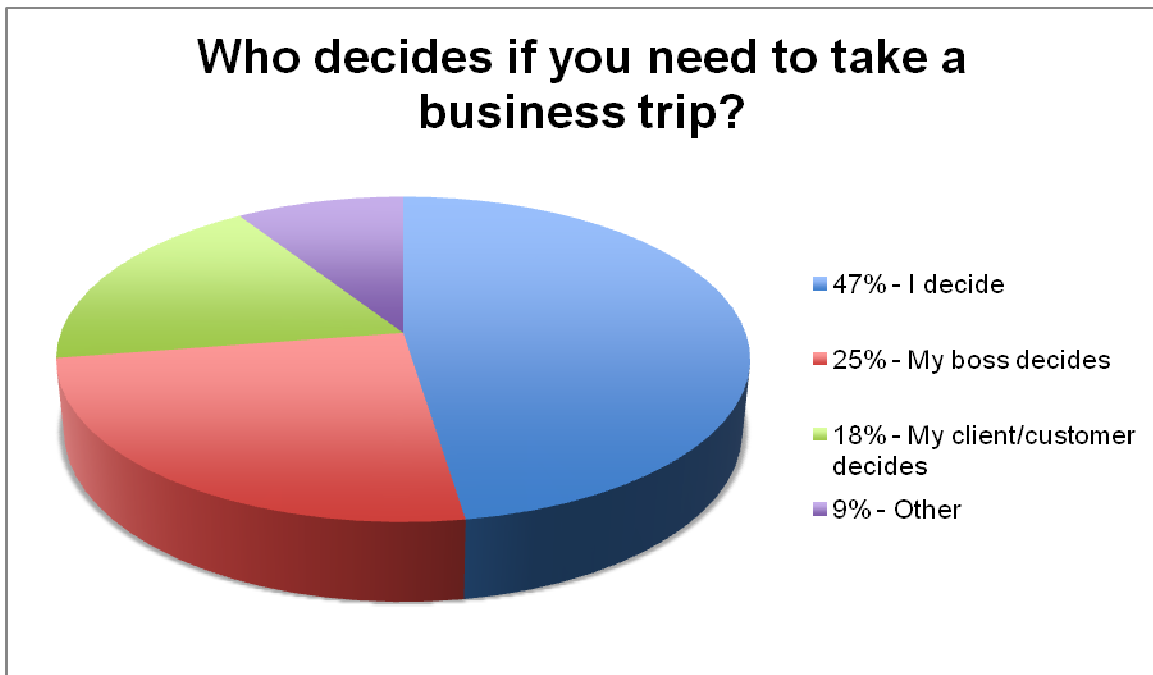


Figure 3

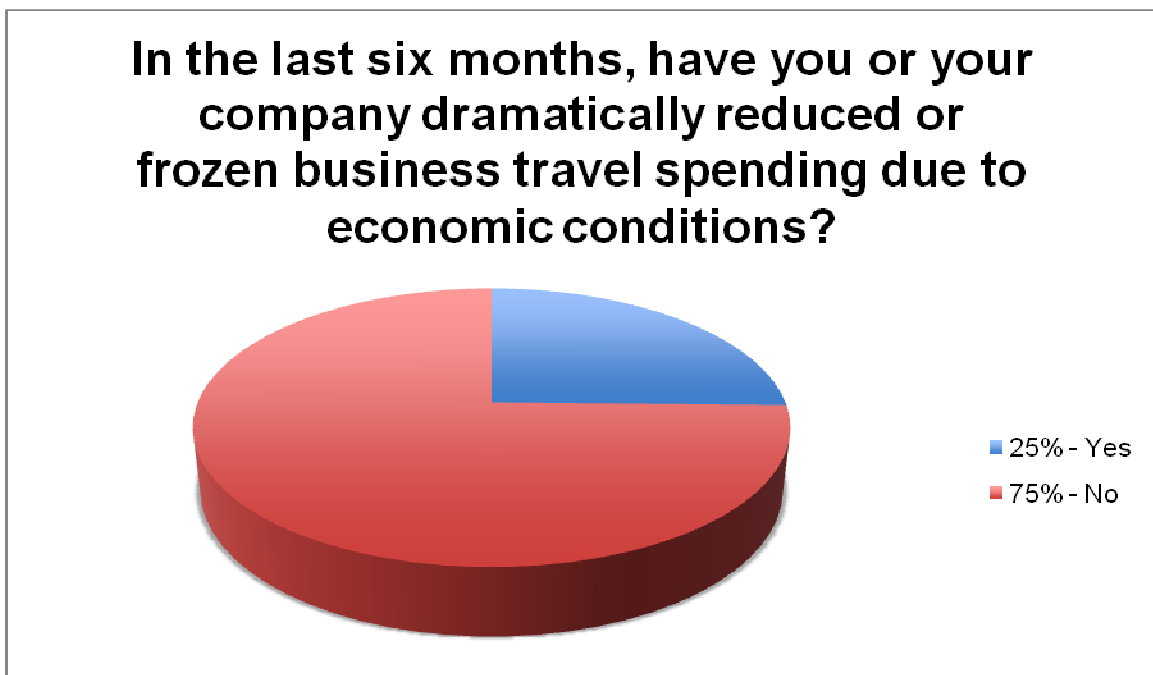


Figure 4

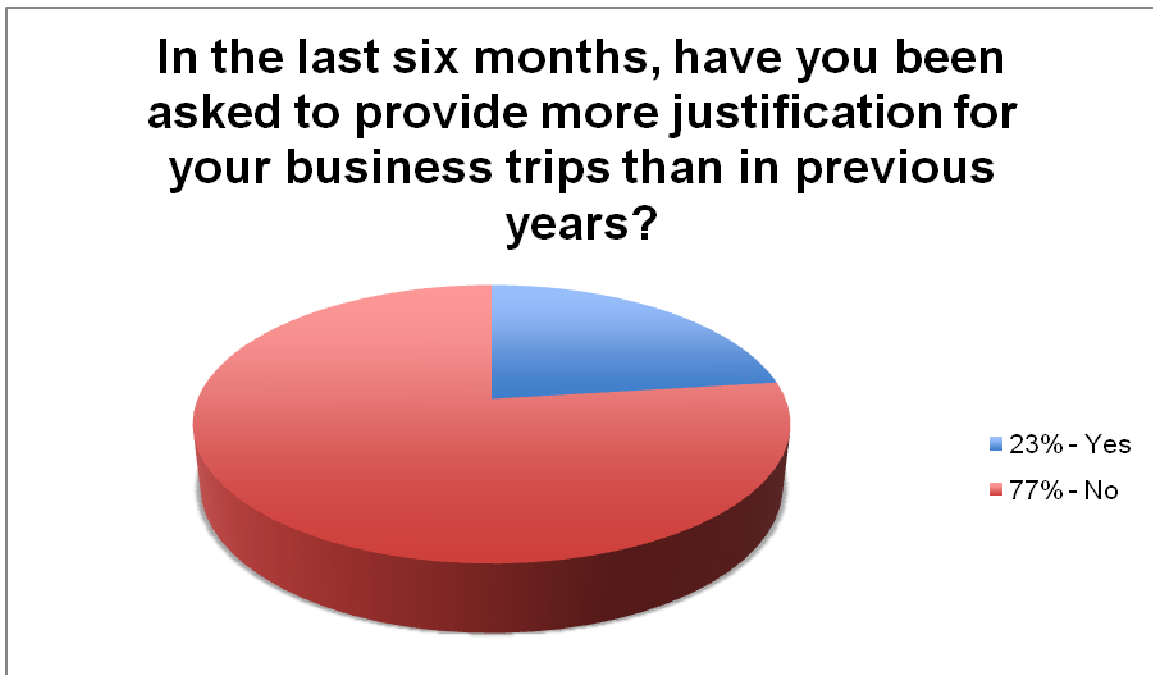


Figure 5

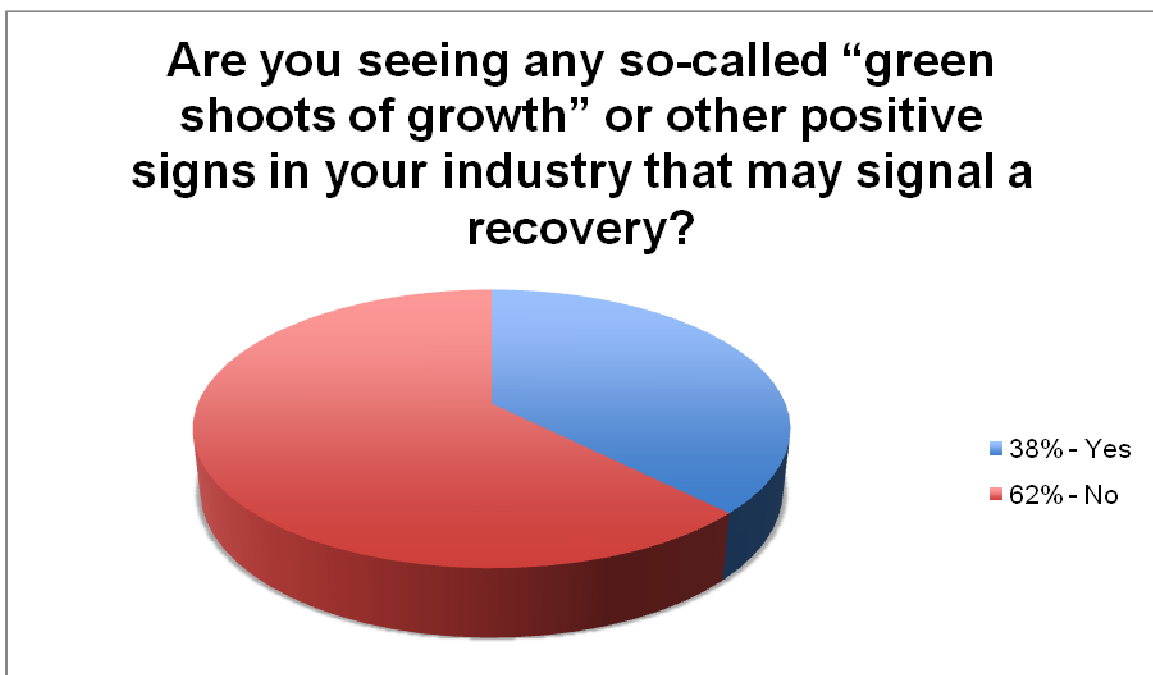


Figure 6



Figure 7

