WHEN DO WEB- & VIDEO-CONFERENCING REDUCE TRAVEL SPEND?

An Enterprise Best Practices Study
May 2012

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Executive Summary

While interest in video- and web-conferencing as travel alternatives continues to grow, only 30% of corporate travel departments report actually reducing travel expense in the year following a major conferencing technology deployment. This was the finding of a global survey of 200 corporate travel managers conducted in early 2012 by ACTE in collaboration with Kotler Marketing Group.

The survey found interest and investment in conferencing technologies both remain strong:
* Penetration of all conferencing technologies – from web-conferencing to video-conferencing, and web-cams to telepresence – has increased since 2009, the study found.
* Furthermore, travel managers are still attracted to the cost-saving potential of these technologies. To hit their 2012 cost-containment targets, 54% will rely more on the use of electronic travel alternatives.

Yet when asked about their largest deployment of electronic travel alternatives to-date, less than a third of travel managers said they were able to reduce overall travel spend in the first year of deployment.

The results are only marginally better for internal travel. This category of travel includes team meetings and internal trainings, and is often the primary target for substituting with electronic travel alternatives. Yet only half (51%) of travel managers reported reducing annual internal travel spend following their conferencing deployments.

So what accounts for this widespread failure to realize travel savings? The study looked at more than 20 company characteristics including conferencing technologies deployed, travel patterns, and managerial practices. While some factors, such as company growth, are out of the control of travel and IT managers, the study found that the biggest impacts came from factors well within managerial control. It found that the biggest drivers of travel spend reduction following conferencing deployment lie in three areas:
* Demand-management policies;
* Organizational and leadership issues; and
* User training approaches.

But these success factors are often neglected. For example, the study found a pervasive lack of coordination between IT and travel departments. This is illustrated by the fact that most travel managers have no involvement in managing conferencing technology's use as a replacement for travel.

On the other hand, the study data is compelling that conferencing technology can and does meet expectations for reducing corporate travel spend when it is introduced in tandem with managerial best practices.

Among those seeing reductions, savings of 20% were not uncommon. With corporate travel budgets often running into the tens of millions of dollars, the payoff is huge for firms that figure out how to effectively deploy and use conferencing technologies as travel alternatives.
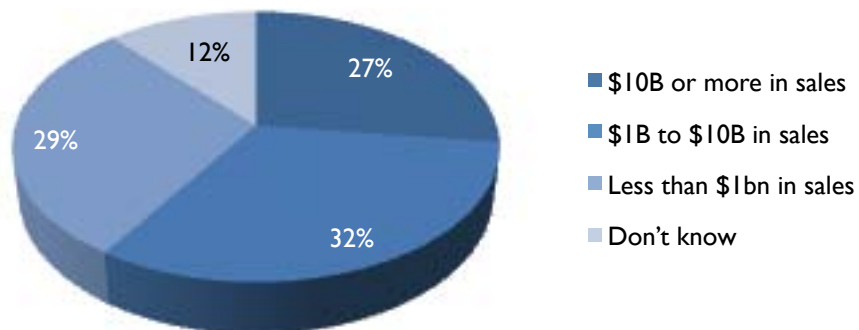
VII. Methodology

The study was undertaken in partnership with the Association of Corporate Travel Executives (ACTE). ACTE is a global association with members representing both corporate travel buyers and suppliers. The survey was fielded to the travel buyer members only. Responses from vendors and travel consultants were omitted, as were responses from suppliers of electronic travel alternatives such as video-conferencing.
Preliminary interviews were conducted with travel managers representing a broad cross-section of regions and industries. Survey data was gathered via an online instrument in November 2011 resulting in 201 qualified complete responses.

Respondent Profile

By its nature the ACTE membership represents mostly large global enterprises. Since smaller companies often do not have a dedicated travel function, responding companies' size represented firms with larger sales revenues than a random sampling of corporate responses.

Figure 7.1: Respondent Profile by Company Size (Total Revenue)

Pie chart segments:
- 27% — $10B or more in sales
- 32% — $1B to $10B in sales
- 29% — Less than $1bn in sales
- 12% — Don't know

Respondents were asked to provide the most recent annual T & E spend for the travel program in the region they would base their response on.

Figure 7.2: Respondent Profile by Annual T&E (Respondent's Region)

- >$100mm regional travel spend
- $50-100mm regional travel spend
- $25-50mm regional travel spend
- $10-25mm regional travel spend
- <$10mm travel spend
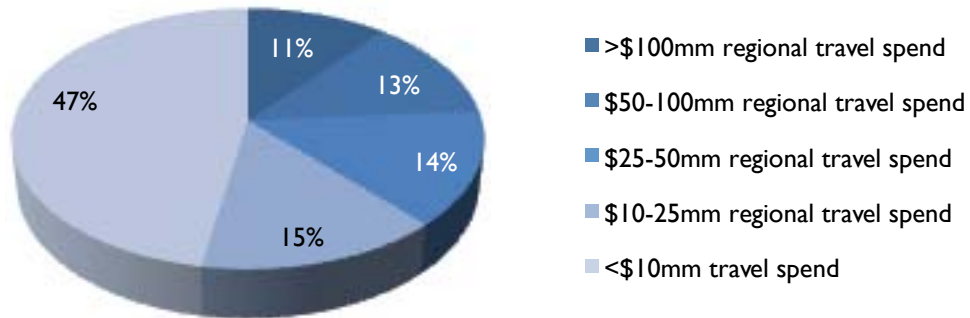
The survey was conducted globally with strong response from the US, Europe and Asia-Pacific:

Figure 7.3: Regional Representation

- United States or North America
- Canada
- Europe
- Middle East/Africa
- Asia-Pacific
- Latin America
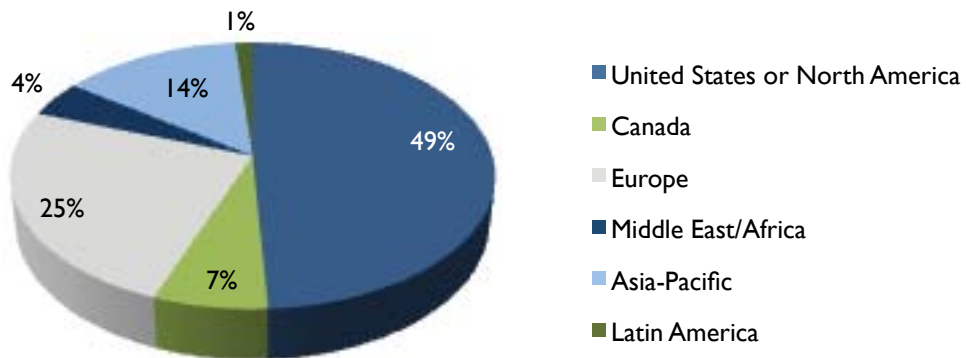
VIII. About the Authors

About ACTE

The Association of Corporate Travel Executives (ACTE), founded in 1988, is a leading non-profit organization that serves and advances the global business travel industry in 102 different countries. For more than 20 years, ACTE has continued to fulfill its vision of uniting travel executives around the world, providing them with up-to-date news, knowledge, beneficial research findings and networking opportunities. The education of ACTE members infiltrates to more than 12 million business travellers worldwide. From corporate buyers to agencies and suppliers, all sectors of the industry are granted equal membership. ACTE has representatives in Africa, Asia Pacific, Canada, Europe, Latin America, Mexico, Middle East and the United States. To join ACTE, or for more information, visit www.acte.org

About Kotler Marketing Group

Kotler Marketing Group is a global consulting, research and training firm, specializing in solving sales and marketing challenges. Our philosophy is based on the work of Dr. Philip Kotler of the Northwestern University Kellogg School of Management. Dr. Kotler is widely regarded as one of the world's leading strategic marketers. For more on Kotler Marketing Group, please go to www.kotlermarketing.com