





THE TRANSFORMATION OF BUSINESS TRAVEL

GRAEBEL REVIEWS HOW UPCOMING TRAVEL CHANGES COULD IMPACT RELOCATING EMPLOYEES.

As 2014 begins, companies across the globe are looking for predictions in everything from the economy to finance to technology and more. While this information can provide insight and clarity for the current year, it's also important to consider what changes might be in store for the next several years — or even decades — to come.

When it comes to travel, there are a number of components to consider, including airfare, accommodations, technology, expenses, and more. For businesses, these trends are expected to impact not only budgets, but also how they approach business travel and relocation for their employees.

With these ever-changing factors, people may find business travel increasingly difficult to navigate due to challenges. Yet on the other hand, there also lies opportunity. Because of this, it's important for businesses and relocating employees to have a sense of urgency regarding what's changing so they can adapt and have positive experiences. Innovation begins and ends with industry leadership. By anticipating and adapting to process changes, businesses can continually improve upon the customer experience.

Graebel has covered previous travel trends and changes in ReloTRENDSsm and Special Reports. This white paper continues the discussion by looking at the travel forecast for years to come, so companies sending employees on business travel and transferring employees can plan accordingly.

KEY TRAVEL THEMES OF THE FUTURE

The future of global travel will likely be shaped by technological and social innovations to reduce stress and lower travel costs, and to encourage collaboration among travellers and travel providers. This collaboration over the next decade will advance both how people travel and how service providers work with travellers. These new travel trends of the future will ultimately help reduce the stress, uncertainty, and chaos that are present today and caused party by the onset of mass tourism.

THE FUTURE OF TECHNOLOGY

Some significant tech "power tools" are poised to profoundly change the travel experience and the businesses that create it. Travelers are now using technology with local guides, concierges, hosts, and drivers. And in the future, technology will only become more involved in our travel plans. These tools and technologies are shaping the future of travel, and what that means for businesses with traveling or relocating employees.

Stay in the know on travelrelated trends and issues that may affect relocating employees with Graebel.

ADDITIONAL INFORMATION

- > Tax implications of business travel
- > Stay safe when traveling
- > Rising domestic travel costs could impact relocation budgets
- > The changing landscape of business travel
- > Apps that make travel easier

TAKING TRANSPORTATION TO THE NEXT LEVEL

The future of travel transportation will be derived by strong desires for independence, personal freedom, and the need to gain control. By 2040, transportation demand should increase by more than 40-percent.² Yet travel management company Carlson Wagonlit expects average 2014 U.S. airfares and car rental rates to increase as much as 1.2-percent and 1.3-percent, respectively — with continual increases in future years. Both price increases and innovation continue to push businesses and travelers toward other viable transportation options.

The resurgence of rail will continue throughout the 21st century and beyond. The rapid expansion of the global high-speed rail



(HSR) network across continents worldwide delivers fast, efficient mobility to numerous nations every day.3 The development of HSR networks will be an international initiative, with countries like Turkey, India, Spain, Italy, and France already moving into the HSR space. The U.S. and Europe are also considering transcontinental rail networks as a means of connecting increasingly urbanized populations.4 With these options, travelers are bound to experience faster, efficient, and more enjoyable transportation overall.

New forms of transportation that do not measurably improve the sense of freedom or provide travelers more control will likely fail.5 Because of this, the travel and technology industries are coming up with innovative ways to mold the future. Conventional hypersonic airliners – capable of a mere five times the speed of sound – are predicted to enter commercial service by 2033.6 David Siegel, CEO of Frontier Airlines, predicts what travel will be like in the next century: "The first flight was just 18 miles long, but now look how far we can go. Perhaps

in the future, experts will be designing futuristic propulsion systems. We could see innovations in aircraft design, local community-based air transport with smaller, higher efficiency aircraft, and maybe even pilotless commercial aircraft."7

With a decrease in travel time, travelers are exempt from time constraints, giving them more freedom. Another option that provides this sense of travel independence – especially for shorter-distance travel - is car sharing. This new alternative exemplifies a shift from ownership to collaborative consumption and transport provision-as-a-service rather than paying for a product.8

AN AUTOMATED ENVIRONMENT

Understanding what factors influence a business traveler's well-being can help corporate travel managers design travel policies that better support road warriors," said Global Business Travel Association vice president of research Joseph Bates. By improving the traveler experience, technology also helps to alleviate stress, making trips more pleasant

and productive. With an increased emphasis on well-being and changing demographics, a greater emphasis will be placed on technologies that help make travel a less stressful experience.10 The future of travel also includes increased automation from booking hotels to checking in for a flight.

Millenials prefer autonomy and speed to process in literally every aspect of their business and personal lives.11 "Millennials who have embraced self-booking for leisure expect the same easy, intuitive process for business travel," says Kyle Davis of Egencia, a global business travel company. Facilitating travel through self-service applications, like surfacing last minute hotel deals or early hotel check-in via mobile, are the way forward. For example, manual check-in security will be replaced by faster and more efficient systems that track flows of people.12

Eager to save money on labor costs, businesses are stepping up the pace of automation. A virtual assistant will soon store travelers' tickets and handle their real-time, updatable itinerary, along with boarding passes and hotel check-in information.¹³ Maurice J. Gallagher, Jr., CEO of Allegiant Travel Company, says, "The next five years will be all about increasing automation and decreasing labor cost. The industry is already implementing mobile boarding passes, bag drops, even self-boarding. These processes will become more prevalent and significantly reduce the number of employees the customer needs to interact with."14 Passenger airline industry workforce numbers have virtually returned to pre-recessionary figures; however, as a possible indication of the automation trend, passenger airline employment has declined year-over-year for 14 consecutive months ending October 2013 (based on the most recent data available from the Bureau of Transportation Statistics).15



[&]quot;Business Travel 2060." AirPlus International.

Thomas Frey. "2050 and the future of transportation." DaVinci Institute.

Scott Mayerowitz. "CEO predictions for the next 100 years of flying." January 3, 2014, News Sentinel.

[&]quot;Business Travel 2060." AirPlus International.

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[&]quot;From chaos to collaboration: How transformative technologies will herald a new era in travel." Amadeus: Your Technology Partner.

[&]quot;The Future of Travel." Egencia and Expedia.

[&]quot;From chaos to collaboration: How transformative technologies will herald a new era in travel." Amadeus: Your Technology Partner

^{13 &}quot;The Future of Travel." Egencia and Expedia

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Bureau of Transportation Statistics. "October 2013 Passenger Airline Employment Down 0.8 Percent from October 2012." U.S. Department of Transportation, December 18, 2013.



Automation will make the airport experience more enjoyable as well. Passengers with e-passports and smart visas will be able to quickly move through terminals and avoid long queues, monitored by sensors that speak to their requisite personal device. At different touch points such as immigration and security, travelers could encounter automated kiosks for biometric identification that use face, fingerprint, iris or voice ID.16

In fact, it's already happening in airports around the globe, with dozens of airports in Europe, Australia, and the U.S. employing biometrics - computers verifying identities through physical characteristics – so passengers can pass through without showing identification or talking to a person. Nearly 28-percent of the world's airports already use biometrics up from 18-percent in 2008.17 Ultimately, the technology could "get rid of the boarding pass completely," with fliers' faces serving as their tickets, said Michael Ibbitson, chief information officer of London Gatwick Airport. The airport successfully performed a trial in 2013 in which it processed 3,000 British Airways fliers without boarding passes.18

However, privacy and security concerns are still high priority, and could likely restrict the use of some of these technologies. Major security changes, particularly at checkpoints overseen by

government agencies, will take years to come to fruition.19 Additionally, countries' immigration regulatory changes and nuance complexities will need to be addressed to avoid delays or embarrassing situations for travelers, especially transferred employees and their families.

MOBILE TAKES OVER

For travellers, a collaborative, personalized, and flexible future awaits. In recent years, consumer travel technology has pulled companies in a new direction by creating demand for shinier toys to better navigate airports, hotel lobbies, foreign countries, and the like. These tools have made travel easier for employees in their personal lives and now they're insisting on similar technologies when on the road for work.20 For example, airlines such as JetBlue are beginning to introduce a business traveler "experience," that's fully equipped with touchscreen seat controls, charging stations, and free Wi-Fi.21

In addition, a mobile-centric approach is new among technology providers that recognize that end users are more likely to completely bypass web- or PC-based technology for mobile access. As reported in a Graebel Special Report, the new wave of BYOD allows for increased business on the go, with more than 88-percent of global employees using their personal devices for some sort of business. Only 18-percent of travellers ages 18 to 30 have yet to use a smartphone for travel, according to Expedia.22

Travel programs will better leverage the instant and constant communication enabled by mobile devices. AirPlus notes a concept of "asymmetric mobility" for the future, which allows travelers to independently choose between rail, road, or air in real time via an integrated transport network based upon on-demand technology.23 Instead of using one mode of transportation, travelers can choose the fastest, most efficient option for them - all in real time.

The smartphone of the future can act as a ticket for public transport, flights, vehicle keys, hotel room keys, and even payment mechanisms. For example, when it comes to hospitality, leading global hotel chain Marriot offers mobile guest services for customers conveniently from its app, providing mobile check-in, room updates. and even service requests like extra towels and wake-up calls. In addition, the NY Transit Agency plans to make the plastic and paper MetroCards obsolete as they are replaced with near-field communication or radio frequency technology. Riders will be able to use key chains, credit cards, or smartphones to tap rather than slide through subway turnstiles or dip into bus buckets — inevitably saving millions in card production costs.24

With this kind of mobile advancement also comes the issue of information security. This 360-degree mobile device use will ultimately call for stricter security measures. Travelers should ensure that all mobile devices have a remote wipe feature. That way, if the device is lost or if there's been a breach, they can guickly and remotely perform a factory reset from any computer connected to the Internet, wiping out all of the device's data and even locking it indefinitely.

The real key to the revolution, however, will be the adoption of 4G networks. Forecasts vary, but it is likely that by 2016, mainstream adoption of 4G across many Western countries will be in place. By this time, a significant proportion of the population will be using 4G mobile networks.

FIGURE 1: PLANNING AND BOOKING TRAVEL BY SMARTPHONE²⁵

	Millenials	49%
	Age 31-45	39%
	Age 46-65	26%

^{16 &}quot;The Future of Travel." Egencia and Expedia.

Jack Nicas. "Can Robots Better Spot Terrorists at Airports?" December 30, 2013, The Wall Street Journal.

¹⁸ Ibid.

²⁰ Kim Goodman. "Here's What Business Travel Will Look Like in 2014." August 16, 2013, Fast Company.

 [&]quot;The Future of Travel." Egencia and Expedia.
 "Business Travel 2060." AirPlus International.

Samantha Shankman. "NY transit agency plans to turn smartphones into bus passes." January 8, 2014, NBC News. Bureau of Transportation Statistics. "October 2013 Passenger Airline Employment Down 0.8 Percent from October 2012."





A WORK-LIFE "BLUR"

With all of these innovations at travelers' fingertips, it's becoming increasingly difficult to separate leisure and business travel. For some, travel is no longer a novelty. Delays, security checks, and congestion can make travel an unpleasant experience, combined with family needs. Employees can now conduct interviews, meetings, and presentations via remote video conferencing and mobile apps. This change can have important consequences. According to transformative travel technology partner Amadeus, people will increasingly want to be compensated for spending time away from home.²⁶

In addition, continued emphasis on work-life balance and well-being at work may mean employers encourage people to take time off on either side of a business trip. The future could be a reinvention of business travel, particularly if there is a decline in net business travel. As things become less frequent and less routine,

they often become more special and more valued. Put simply, business travel will be perceived as more of an investment than a cost.

According to a recent survey, millenials also see no reason why a business trip should not segue into one of pleasure: they are more likely to extend work trips into personal ones and twice as likely to do so when traveling alone than their counterparts.²⁷

However, there are some instances where travel is necessary, particularly when people and companies are working with each other for the first time. Other instances would include a relocation pre-assignment, where an individual tours the city and neighborhoods to assess if the country and its culture is a good fit for the assignee and family, or employer-paid trips to return home while on an international assignment.

Overall, the landscape of business travel is not only changing in 2014, but also decades beyond. Technological and social innovations

help companies ease the frustration that can sometimes be associated with business travel. Companies that stay informed about this everchanging landscape can help keep traveling and relocating employees happy and healthy along the way. Understanding these trends and innovations in the business travel industry is key to developing longer-term solutions that meet traveler needs.

GRAEBEL HELPS TRAVELERS STAY IN-THE-KNOW

Graebel has been helping clients stay abreast of travel trends that can directly impact relocation costs throughout its 64-year history. As an industry leader in global mobility, Graebel help businesses keep up with travel industry changes, including educating them on the impacts of events like the Olympics, which might affect their expatriates. Additionally, our first-in-industry apps and portals enable clients and their relocating employees to stay up-to-date and productive throughout the process. When natural disasters or political unrest require swift evacuation, clients and employees can stay in touch through the Graebel portals and around-the-clock, toll-free hotline.

With the combination of its person-to-person and tech-to-tech communications, Graebel clients and their people on the move experience world-class services.



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