Global Business Travel Builds Sales and Stress

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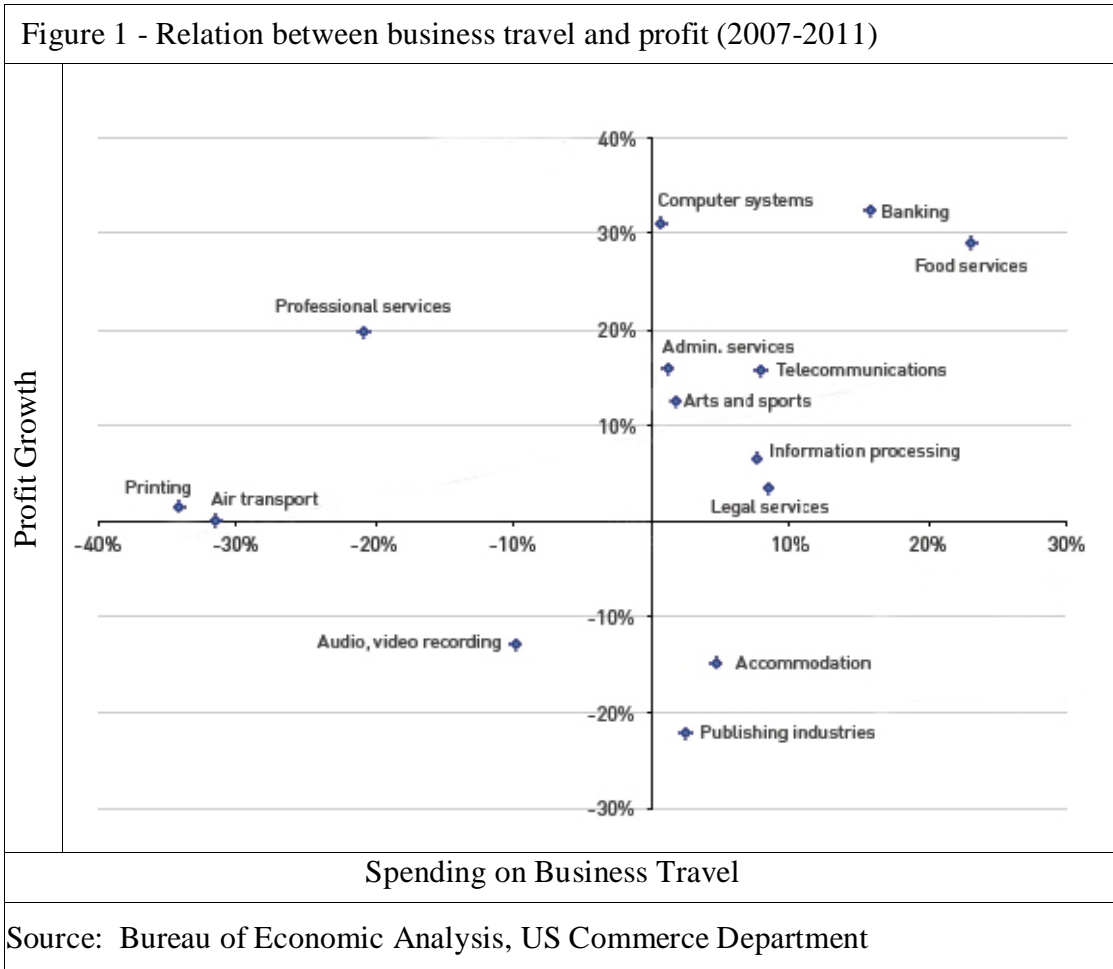vlebunetel@carlsonwagonlit.fr

ABSTRACT
Business travel generates considerable stress. Despite this stress, business travel is essential to firms for a number of reasons. A high quality relationship with clients is extremely important and often established by physical presence. Because of its importance, firms generally try to control the costs or other conditions of business travel rather than reduce it. These cost-cutting policies can add heavy psychological, physical, and emotional burdens on business travelers. To explore these personal costs we surveyed over seven thousand business travelers and documented their stress levels across thirty-three known stressors. We learned that hierarchy, gender, and geographical location are important determinants of travel stress. We make recommendations concerning how firms can manage and diminish the stress levels of their business travelers.

Keyword: Business travel, travel stress, travel cost, salespeople, gender stress.

IMPORTANCE OF TRAVEL FOR SALES

The difference between a sales contract and sales contact is often a face-to-face meeting. According to an Oxford Economics survey, 25% of current customers and 28% of revenue would be lost to competitors without face-to-face meetings (Mullich, 2009). Conversion rates of prospective customers more than double with a face-to-face visit (Oxford Economics, 2009). People prefer personal visits to help establish a relationship. Voice, email, and social media can help maintain relationships but eye contact and handshakes still make it all happen.

Each dollar invested in business travel generates many multiples of return. From

Figure 1 - Relation between business travel and profit (2007-2011)

Spending on Business Travel

Source: Bureau of Economic Analysis, US Commerce Department

1995 to 2007, one dollar spent on business travel generated revenue of $12.50 and new profits of $3.80. This dropped slightly to $9.50 and $2.90 respectively during the recession period up to 2011 (Oxford Economics, 2013). Customer meetings, which typically account for a third of all business travel, bring the highest ROI ($15 to $20) but even fun "incentive trips" generate an ROI of up to four dollars for each one spent. These are returns of between 400% and 2,000%! Narrowing in on the recessionary period from 2007 to 2011 reveals that business travel spending offers positive returns in most industries. (Figure 1).

Much of this return probably stems from the relationship built between the sales person and the customer. According to the Oxford Economics survey, 81% of executives believe that economic slowdowns require more, not less, contact with clients. It is unsurprising therefore, to learn that 34% of the surveyed firms will

increase total volume of business travel over the next few years. Only 15% of firms expect it to decrease.

Reducing Travel to Save Costs

With the strong ROI generated by in-person customer visits the projected increase in business travel is good news for shareholders but bad news for managers and sales executives. Why? Because 43% of companies will become tougher on travel compliance policies in an attempt to reduce costs. One executive at Salesforce.com recently received much industry attention because of his stricter, cost saving, managed travel procedures. He cracked down on non-compliance travel spending and was able to reduce average travel transaction costs by 28% (McNulty, 2013). This was a considerable success in terms of cost savings metrics. However, the

Table 1 - Modern version of "Let them eat cake"

% of flights booked by class in 2013	First Class	Business	Premium Economy	Economy
Domestic	1%	3%	0%	96%
Continental	0%	6%	0%	94%
Intercontinental	1%	32%	3%	65%

Source: Carlson Wagonlit Travel, Inc. based on nearly 10 million flights booked world-wide in first part of 2013.

psychological and physical costs to business travelers might trump financial savings. Account managers, sales teams, and service reps may be required to take more trips at less cost. Cheaper plane seats, hotels, rental cars, meal allowances, and entertainment budgets will certainly add a lot of physical and psychological stress to the mobile workforce.

A good example is the apparent lack of upgrade options while booking airline tickets for important sales calls. According to global booking data, firms rarely authorize business class travel. (Table 1) Only a privileged 4% of business travelers travel in business or first class on domestic flights. The numbers jump for international (6%) and intercontinental (33%) but the vast majority of traveling managers simply get packed into ever decreasing "travelling spaces" called economy seating in the name of cost savings.

Another cost saving tactic for business travel is to pack more customer contact into each trip. Tacking a day or two extra on the trip spreads the transportation costs over more customer visits while only marginally raising hotel and food costs. An interesting statistic uncovered in our data is what we call the 1:1000 rule. Each trip has one extra night added for every additional 1000 miles of distance. What is remarkable about this relationship, which uses data mined from over 15 million business trips booked worldwide in 2012 by CWT, is its consistency and tight distribution around the trend line. (Figure 2)

The Sales Costs of Reducing Costs

More trips, longer trips, and the strong efforts by firms to decrease travel costs are all going to put lots of pressure on travelling managers. The great looking returns measured by the Oxford Economics study do not mention any accounting for employee stress or travel fatigue. Sales people, who make up a large part of all

business travel, are likely to be much less effective as the stress of travel increases. They are primarily relationship managers who need to be at their peak performance because they play a crucial role in the firm's success. However, stress is a hard condition to define and measure. To learn more about travel stress we surveyed and analyzed the opinions of over 7,400 business travelers in 2012 (Ciobanu et al., 2012). The results are troubling, especially for female travelers.

Identifying Travel Stress Factors

We distributed an electronic survey to business travelers employed by a range of large international firms from a variety of industrial sectors. In the survey, we asked respondents to evaluate the intensity of thirty-three common stressors, like lost luggage, missed connections, or long flights, and even post trip expense reporting. We sorted the results in five classes based on the amount of stress each caused. (Figure 3) We interpret these scores as representing a low stress situation if they are below 50. A score between 50 and 60 represents a medium stress factor. Scores above 60 represent high and very high stress situations. By far the most important

Figure 2 - The 1:1000 Rule

Distance vs length of stay
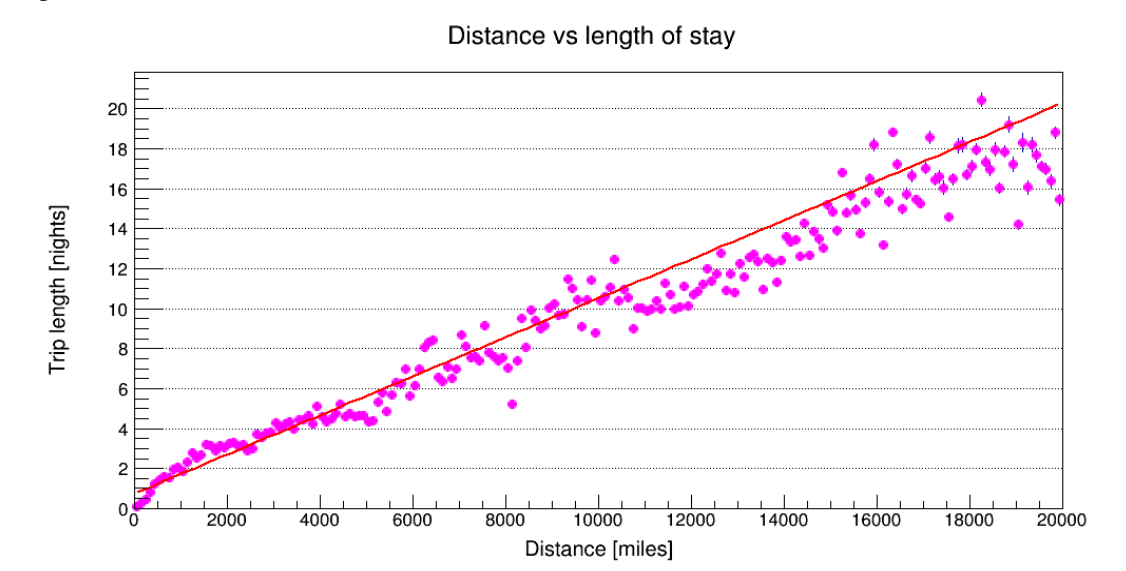
sources of travel stress are four events clustered between 72 and 80 points. These are: delayed or lost bags [79]; poor internet connections [77]; medium and long haul economy flights [73]; airport delays or layovers [72].

DRILLING INTO THE DATA

Drilling into the data offers interesting insights. For example, we identify three basic stress categories from the list of 33 stressors presented in Figure 3. These are:
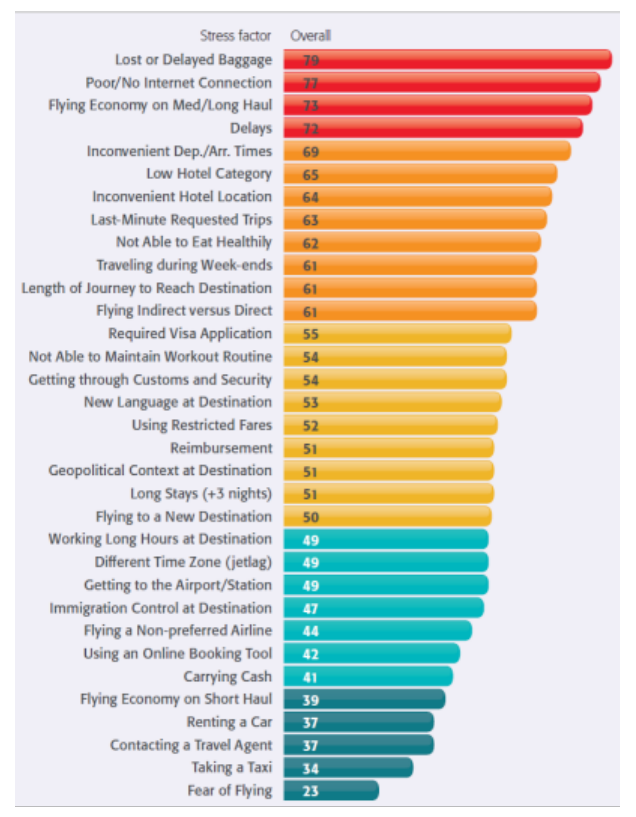
Lost time: Stress occurs when travelers are in a situation in which it is difficult or impossible to work (e.g., lack of ability to use laptop, lack of internet access, etc.). When travelers are on the road, day-to-day office work tends to accumulate, and thus additional time will be required to "catch-up". If addressing this extra work is not possible during the trip (either in the airport, plane or at the hotel), then the additional workload will generate stress upon return. An international survey of email management behaviour found that some managers, faced with a week or more of accumulated email, would simple delete it all upon returning to their office (Segalla,

2005). The same study however found that 62% of the managers felt the need to read an email as soon as it arrives.

Anything destroying useful time for travelers will cause stress. The inability to work while travelling means that business travelers are losing important preparation time where they could be reviewing their client's data or preparing for an important sales negotiation. Stress occurs when travelers are in a situation in which it is difficult or impossible to focus on work. Examples of lost-time stress factors: flying coach on long haul flights (where there is less space to use a laptop or view confidential data), or difficulty connecting to the internet at the airport or hotel. In this category, the biggest inconveniences are poor internet connections and airplane seating class. Information is usually generally critical to selling and negotiating so easy access is critical to a sales manager's success. Similarly, squeezing a sales executive into an economy seat will make working effectively much more difficult.

Surprises: Stress can arise when "surprises", or unforeseen events, take place during the trip. For example, losing one's baggage requires replacing the lost content, often in a short space of time with limited selection. This presents multiple uncertainties under tight deadlines, which can produce considerable stress when it happens.

Routine breakers: These events disrupt the traveler's habits or routines. Most of these factors are in the top-ten stressor group and focused on quality of life factors. These events, while expected from time to time, interrupt the traveler's daily activities. For example, not being able to maintain a healthy diet or workout routine at the destination may be stressful, even though often anticipated before departure. Very early or late departure or arrival times, unhealthy meals or traveling during a weekend can have significant negative effects on business travelers and their families. About 80% of the respondents reported that they had a partner and among them, there was a significantly heightened level of stress intensity associated with weekend travel. Travelers with partners also reported much more stress associated with trips over three days.

Figure 3 - Rank Order of Travel Stressors

Stress factor	Overall
Lost or Delayed Baggage	79
Poor/No Internet Connection	77
Flying Economy on Med/Long Haul	73
Delays	72
Inconvenient Dep./Arr. Times	69
Low Hotel Category	65
Inconvenient Hotel Location	64
Last-Minute Requested Trips	63
Not Able to Eat Healthily	62
Traveling during Week-ends	61
Length of Journey to Reach Destination	61
Flying Indirect versus Direct	61
Required Visa Application	55
Not Able to Maintain Workout Routine	54
Getting through Customs and Security	54
New Language at Destination	53
Using Restricted Fares	52
Reimbursement	51
Geopolitical Context at Destination	51
Long Stays (+3 nights)	51
Flying to a New Destination	50
Working Long Hours at Destination	49
Different Time Zone (jetlag)	49
Getting to the Airport/Station	49
Immigration Control at Destination	47
Flying a Non-preferred Airline	44
Using an Online Booking Tool	42
Carrying Cash	41
Flying Economy on Short Haul	39
Renting a Car	37
Contacting a Travel Agent	37
Taking a Taxi	34
Fear of Flying	23

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The Demographics of Travel Stress

Not all travelers experience stress in the same way. We examined the demographic data (gender, hierarchical level, frequency of travel, nationality, etc.) to find significant differences in travel stress experience among our respondents. For example, we found interesting differences concerning how gender influences travel stress intensity. Women perceive significantly more stress intensity than men on almost every factor. (Figure 4) This is consistent with previous research, published by the FAA, which found women suffering more than men do from air travel anxiety (Bricker, 2008).

The most stressful event for female business travelers is lost or delayed luggage, probably because business attire is less standardized for women than for men so replacing a women's wardrobe on short notice is difficult, time consuming, and possibly expensive. Poor internet connections are the second most stressful factor for women, perhaps because women are much more likely to use social networking sites than are men (Brenner, 2013). Interestingly, women perceived less stress intensity

Figure 4 - Women Business Travelers More Stressed than Men
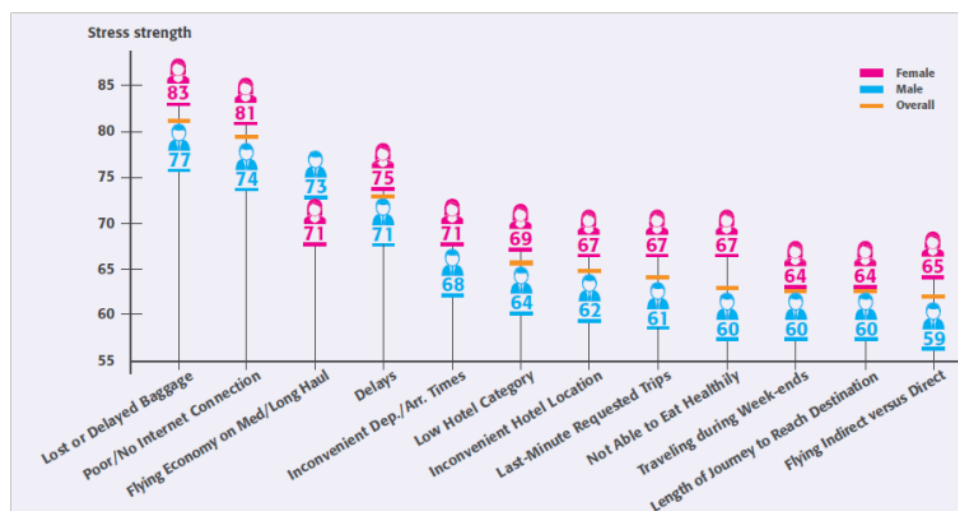
flying economy class on medium or long haul flights. We surmise that their generally smaller physiques make the confined seating space less uncomfortable. To learn more about why women executives experience more stress we designed a short questionnaire designed to me answered by women and their partners. [Click here to participate in this short survey of female travel stress factors.]

We also examined the role of hierarchy and travel stress. The relative stress intensity of flying economy class or taking a non-direct flight is displayed in Figure 5. Senior executives find economy class and indirect flights much more stressful than do lower level managers. These stressors, both part of the Lost Time category, provide evidence of the premium senior executives place on being able to work anywhere, anytime. Interestingly the most senior executives are much less stressed by flying in economy class seats. After interviewing several GMs and CEOs, we suggest the reason for this is that they are the ones who create the "economy class priority" as a way of driving down costs and therefore wear their economy class membership as an

emblem of shareholder value. Lower ranking managers, whose salaries are less often tied to stock performance, are less enthusiastic.

Two other demographics offer interesting information, the region of travel and the frequency of travel. The majority of the respondents were principally located in North America (56%) or EMEA (33%). We found that respondents working in the Asia-Pacific region (APAC) reported the highest levels of travel stress while those working in Europe/Middle East/Africa reported the least amount. (Figure 6) North American respondents reported much more stress associated with new languages at destination (62 vs. 40 points) and a +9 point difference regarding flying to a new destination. Interestingly, North American business travelers report more stress about not being able to maintain an exercise routine at destination (56 stress points in

Figure 5 - Travel Stress Increases with Responsibility Level
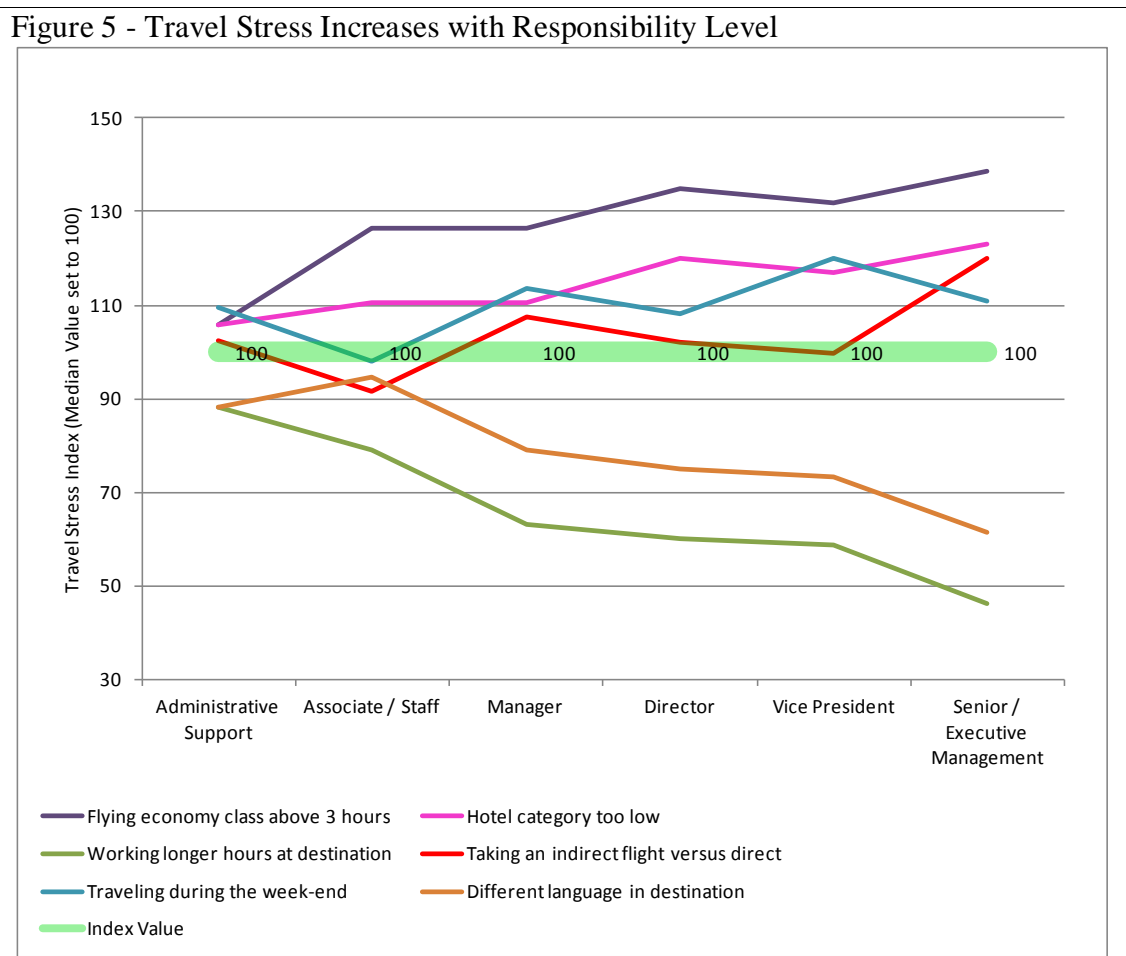
NORAM versus 49 in EMEA.) North American hotel chains are doing well by creating a secure, Anglophone environment in their foreign markets.

Travel Frequency and Stress

The respondent's frequency of travel offered interesting differences. One might easily surmise that frequent travelers find it attractive or orient their lives around travel. Therefore, they should experience less travel stress. We found the opposite however. There is much less travel stress among lower frequency travelers. According to the GMs and CEOs interviewed for this study, low frequency travelers are generally excited about the chance to make a trip for their company. We found that stress continues to rise with travel frequency, especially concerning flying economy, using

lower class hotels, and traveling on weekends. Travelers can easily tolerate a few business trips a year (≤ 5) but stress increases rapidly when 6-10 trips are required. Some attribute this to the "spoiled frequent flyer" syndrome. Frequent travel evidently increases the traveler's irritation for the inevitable problems that arise. However, the increase in stress after 10 trips a year is limited. (Figure 7) This probably signifies that high frequency business travelers have truly built their social and professional lives around their travel schedules.

Most Stressful Air Routes

Our survey identified sitting in an economy class seat on a long voyage as one of the top stressors that plague business travelers. What is a long voyage? This is of course a highly perceptual issue. For a very tall person a long voyage in a space restricted economy seat might be anything over one hour. For shorter people it might be anything over a couple hours. For someone who needs to prepare an important

Figure 6 - Regional Stress Levels
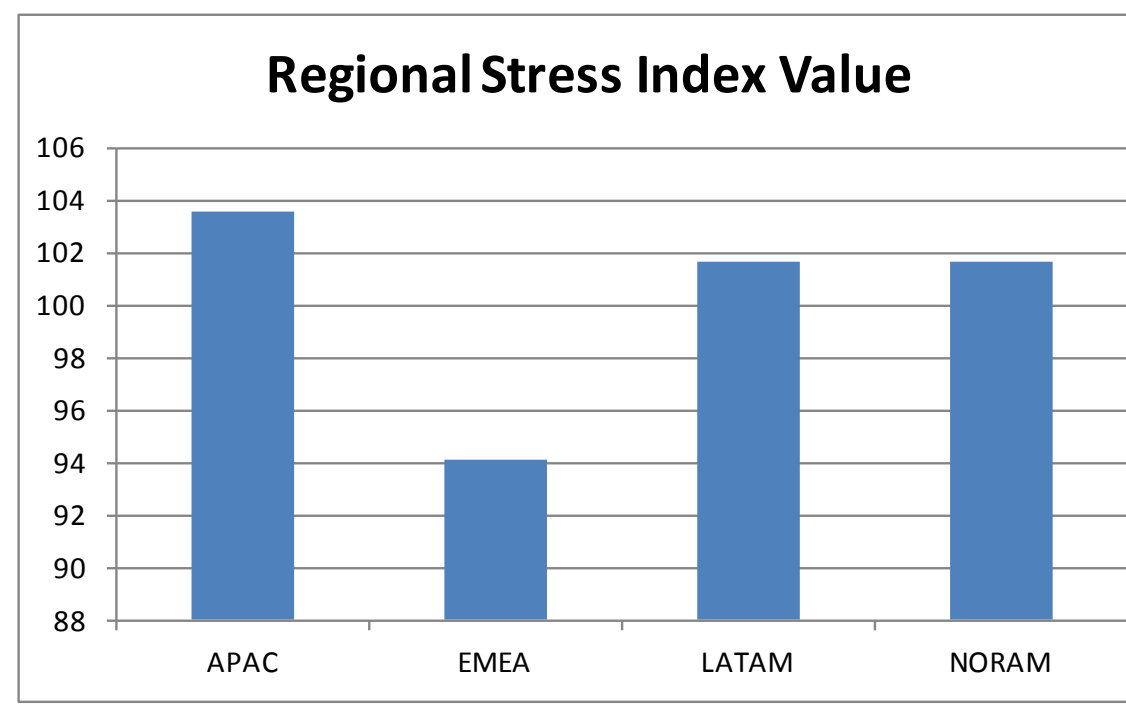
presentation on a laptop computer that barely fits on the fold down tray it could be mere minutes. Many companies arbitrarily set travel policies that allow a class upgrade only for trips longer than six hours.

The European Union developed objective, detailed distance and time projections of the ground / sea travel times between over 8,000 city pairs and plotted these on a global map (Nelson, 2008). It can take up to 10 days to travel between major cities in some parts of the world. (Figure 8) With air travel, we might expect faster trip times. Unfortunately, this is not always the case. While North American and European business travelers enjoy much more flexibility given the concentration of population, business centers, and well developed infrastructure, trips from and to Africa, Asia, and South America are generally much longer.
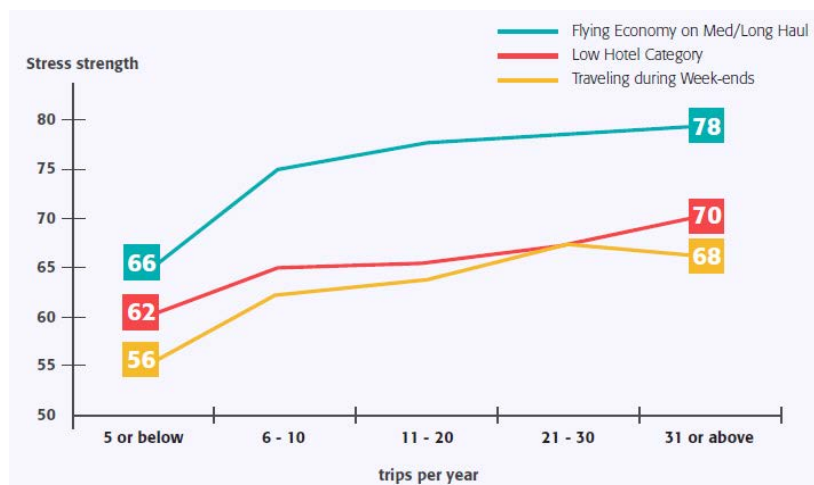
Analyzing our 2012 booked flights database, we searched for the voyages with the longest total travel time, including connection times between flights. The worst case

was traveling round trip from Santiago to Ho Chi Minh City, which took nearly 113 hours and six stops to complete. Other marathon trips to or from city pairs included Pune, Edinburgh, Brisbane, Guangzhou, and Jakarta. Market forces should eventually pull airlines to offer direct flights between these emerging business destinations. Until demand reaches the necessary threshold, however business travelers will suffer.

We also identified the worst-case regional trips for North American zone flights. There are some truly long flights between cities pairs not well served by commercial passenger service. There are also many examples of flights between the same city pairs that are markedly different in time and cost. For example, a flight from Houston to Calgary (two important oil towns) can range from a direct flight of 3 hours 55 minutes to a two stop, 13 hours 11 minutes flight.[1] Imagine being a member of the sales team of General Mills, located near Minneapolis, MN when they travel to Wal-Mart's HQ, located in Bentonville, AR. The longest flight is 6 hours 40 minutes. The fastest flight is a direct, 1 hour 55 minutes trip.

However, these are not comparable to our all-star, worst-case North American zone city pairs. The most distant points of the continental USA are very, very far apart.

Figure 7 - Travel Stress Increased with Trip Frequency

Hawaii and Alaska anchor its extreme west and north while the east and south are cornered by the Puerto Rico and the Virgin Islands. Analyzing our 2012 booked flights database we found the worst North American trip originated in Port of Spain (Trinidad and Tobago) and terminated 29 hours later in Anchorage. As daunting as this may seem, it is dwarfed by the 48 hours necessary if the travel is booked on the cheapest fare ticket. The worst-case trip, in terms of plane changes or stops, is from Lafayette, LA to Deadhorse, AK. The forty-hour round trip flight stops eight times.

Some of the destinations appear so exotic that one wonders if there is any business reason to travel to them. Dutch Harbor, Alaska seems that it may be more suited for a vacation of bird watching but in fact, it is the largest fishing center in the USA. Seafood companies and supermarkets regularly send their executives there to buy, sell, and manage the seafood packaging plants. It is also the home of American television shows so it regularly receives visits for film and television production

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[1] Flight information comes from popular travel websites requesting an economy ticket five days before the flight departing on a Saturday and returning on a Wednesday.

crews. Another unusual Alaskan town, Deadhorse, is the entry point to Prudhoe Bay and therefore receives regular traffic from the oil towns of Lafayette and Midland/Odessa.

While travel policies are different at every firm, it is clear from the booking data in

Figure 8 - Land / Sea Travel Times Between Major City Pairs

Land/Sea Travel Times between Major Cities in Hours or Days

0 1 2 3 4 5 6 8 12 18 24 36 2d 3d 4d 5d 10d
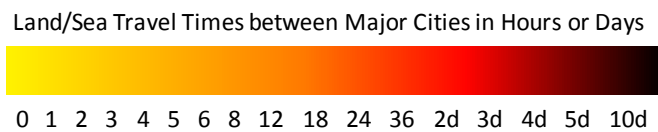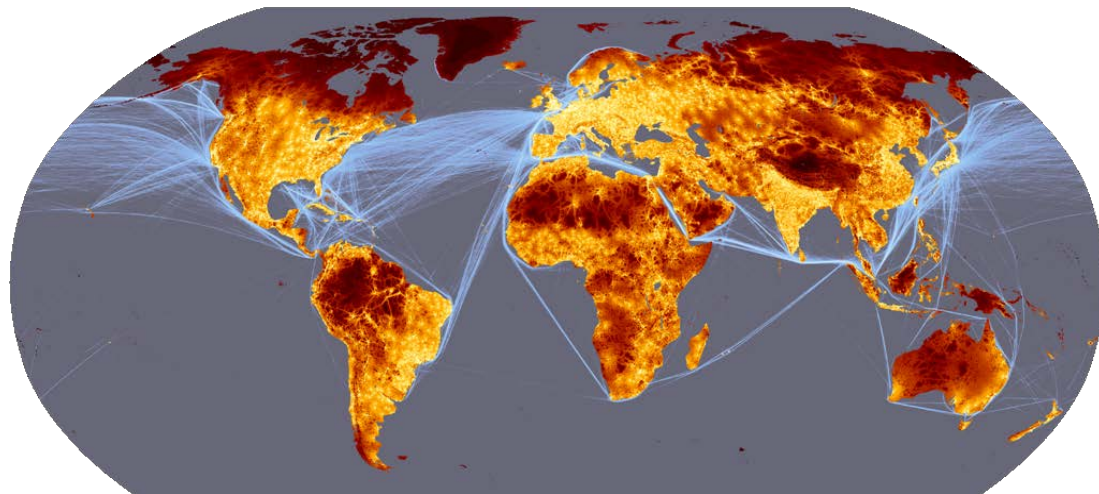
Source: European Commission Joint Research Centre, Land Resource Management Unit. (2008, 2009)

Table 1 that most only authorize economy class travel. Industry experts concede that most companies require travelers to book the lowest available fare. The length, number of stops or connections, and pressure to take cheaper flights (often very early or very late in the day) certainly increases the travel stress of mobile executives. Reduced travel costs make company travel managers very happy. We believe however, that these cost savings are essentially a "local optimal" favoring the travel department but not a local optimal for the sales and marketing departments.

Reducing the Level of Travel Stress

Although stress is sometimes beneficial, especially for urgent, short-term problems, it is usually very costly for firms, both in human and financial terms. When an executive on the payroll is not working, or working at much less than optimal efficiency, firms lose money. Every technological change and business era brings new bottlenecks that must be identified and eliminated. The current era is characterized by national and international business clients all needing the "high touch" of in-person contact to gain and retain their business.

While individuals might develop techniques to reduce or recover from travel stress, companies can also help. There may be few ways to avoid the inevitable flight delay, poor internet connections, or lost bag. However, in the case of flight delays or

cancellations, business travelers could avoid completely wasting this time by having the flexibility to hop on another flight or perhaps have access to internet-equipped business class lounges while waiting. Authorizing employees to buy a new wardrobe on their corporate credit cards without requiring restitution could deal with lost luggage more effectively. Airline personnel such as pilots and flight attendants have legal restrictions on how much flying they can do between rest periods. (AFL-CIO, 2012) Other techniques to minimize travel stress include:

- upgrading tickets to the new Premium Economy seating class,
- requiring mandatory recuperation days where employees are expected to stay home after a trip (Stricker et al, 1999),
- allowing a spouse to occasionally accompany the traveler on weekend trips (something many hotels are specifically marketing to business travelers (Yu, 2010),
- upgrading the destination hotel,
- increasing the food/entertainment expense budget,
- set realistic workload expectations, and
- eliminate cost limits for specific components (hotel, food, etc.) replacing theses with a global budget limit.

While travel stress cannot be reduced to zero, it can be managed and firms can improve the bottom line. In part two of our study we will estimate the cost of business travel stress and provide guidance for executives wanting to keep their talent in great shape while adding substantially to the firm's bottom line.

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Data Sources and Sample Characteristics

Carlson Wagonlit Travel (CWT) 2012 booked flight database: The dataset contains over 15 million individual trips extracted from the total CWT flight bookings in 2012.

CWT Business Travelers Stress Survey: This dataset contains nearly 7,400 responses from business travelers collected in 2012 using an online customer survey.

8th Annual Travel Management Study (AirPlus International): This dataset surveyed 2,100 travel managers located in 24 countries in 2012.

The Return on Investment of US Business Travel study by Oxford Economics (USA): This study is based principally on two surveys. The Executive Survey interviewed 300 senior executives in May 2009. The Business Travelers Survey used a prescreened panel of employed business travelers and collected 500 online responses.

2012 Earnings Management Practices in Sales and Strategic Accounts Survey: This survey was conducted by the University of Houston Bauer Business School Sales Excellence Institute in cooperation with researchers from Harvard Business School and Northwestern University. It includes the responses of 1,638 individuals from 537 companies based in 39 countries. Of these, 668 completed the full survey.