

# Oxford Economics: The Return on Investment of Business Travel

*First-of-its-Kind Study Proves Business Travel Drives Revenue, Profit Growth*

## Key Messages

- For every dollar invested in business travel, Oxford Economics determined that businesses experience an average \$12.50 in increased revenue and \$3.80 in new profits.
- Curbing business travel has a negative impact on corporate profits. The average U.S. business would forfeit 15 percent of its profits in the first year of eliminating business travel. It would take over three years for profits to recover.
- Business travel includes sales trips, meetings, conventions and incentive trips.
- Executives cited customer meetings as having the greatest returns, in the range of \$15-\$19.99 per dollar invested.
- Executives identified the average return on conference and trade show participation to be in the range of \$4-\$5.99 per dollar invested.
- Oxford Economics set out to enable businesses to make more informed decisions, particularly during challenging economic times.

## Face-to-Face Interaction Strengthens American Business, Economy

- Both executives and business travelers estimate that 28 percent of current business would be lost without in-person meetings.
- Both executives and business travelers estimate that roughly 40 percent of their prospective customers are converted to new customers with an in-person meeting compared to 16 percent without such a meeting.
- More than half of business travelers stated that 5 to 20 percent of their company's new customers were the result of trade show participation.
- 85 percent of corporate executives perceive Web meetings and teleconferences to be less effective than in-person meetings with prospective customers, and 63 percent believe virtual meetings are less effective than in-person meetings with current customers.

## U.S. Economy Depends on Business Travel

- U.S. business travel is responsible for \$246 billion in spending and 2.3 million American jobs; \$100 billion of this spending and nearly 1 million American jobs are linked directly to meetings and events.
- In the first six months of 2009, total business travel spending is down 11.9 percent, with a 4.4 percent decline in overall volume.
- A 10 percent increase in business travel spending will increase multi-factor productivity, and therefore U.S. GDP, by between 1.5 and 2.8 percent.

## Meetings and Incentives Are Essential to Development of Human Capital

- Companies would need to increase an employee's total base compensation by 8.5 percent in order to achieve the same effect of incentive travel, according to executives.
- The majority of corporate travelers identified internal company travel as key to professional development (66 percent), job performance (58 percent) and morale (56 percent).
- Internal meetings receive the highest marks, with 73 percent of executives indicating a significant impact on employee performance and 66 percent confirming the importance of travel to employee morale.
- Nearly 80 percent of executives indicate that incentive travel has a positive impact on employee morale and job satisfaction; more than 70 percent on employee performance.

## **Methodology**

- The analysis was comprehensive, covering 14 economic sectors over a span of 13 years. Care was taken to control for other contributing factors to business growth and productivity.
- The findings were verified through a combination of three separate surveys of corporate executives and business travelers and a broad review of related research.
- The findings were also reviewed by Dr. Martin A. Asher, adjunct professor of finance at the Wharton School.
- This approach has been successfully used by Oxford Economics in previous analyses for European travel and has been documented in academic literature.

For more information on this study, visit [\*\*http://meetingsmeanbusiness.com/value-meetings\*\*](http://meetingsmeanbusiness.com/value-meetings).