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The AIRBNB business travel vertical in asia: the way forward

Professors Nitin Pangarkar and Yuan Kay Chung wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In March 2017, Airbnb needed to make some important decisions regarding its strategy for the Airbnb Business Travel Vertical (ABTV) in Asia. Despite a short history of less than three years since the formal announcement of its launch, the ABTV had exhibited promising performance.

The business travel market offered many attractive characteristics, including its large size (expected at US$1.6 trillion[[1]](#endnote-1) by 2020),[[2]](#endnote-2) of which spending on hotels accounted for a good portion, between 13 and 24 per cent (see Exhibit 1).[[3]](#endnote-3) Although business travel provided a good return on investments,[[4]](#endnote-4) corporate clients around the world were looking for opportunities to reduce their costs of business travel. This trend would help the competitiveness of the ABTV versus business hotels, especially in locations where the ABTV offered significantly lower prices than hotels. Targeting business travellers thus represented an untapped area with large market potential for Airbnb, especially since more than 30 per cent of hotel bookings were for business travellers, whereas only 10 per cent of Airbnb guests in 2015 were business travellers.[[5]](#endnote-5) In contrast to the consumer side of the business, the ABTV, which involved renting out whole apartments, was less likely to attract criticisms of cultural dilution or violation of laws, which had restricted renting out parts of dwellings for short-term accommodations.

Despite the attractiveness of the business travel segment and the ABTV’s promising performance, albeit over a short window, several issues remained to be addressed for the ABTV in Asia. Two issues related to the choice of countries and the choice of segments. Another key issue related to identifying the specific corporate clients to approach—whether to leverage existing relationships with multinational customers or to approach Asian corporate clients directly.

History

Airbnb’s inception exemplified the well-known phrase “necessity is the mother of invention.” Brian Chesky and Joe Gebbia, two graduates of the Rhode Island School of Design, had rented a loft apartment in a trendy area in San Francisco, but they found it difficult to pay the rent. In 2007, they saw an opportunity to earn some extra money by letting attendees of a San Francisco design conference stay in their apartment. A small decision they made at the time turned out to be a master stroke. Instead of putting up a listing on Craiglist, which would have been the typical method of renting their apartment at the time, Chesky and Gebbia built their own website and included pictures of the apartment. The apartment was listed under the name “Airbed and Breakfast.” In contrast to their expectation that price-sensitive students would be the main takers for their listing, the listing attracted interest from a diverse group of three renters, who paid $80 each for the privilege of sleeping on an air mattress and being served a hot breakfast. More surprises followed after the event was over. Chesky and Gebbia began receiving emails from other cities around the world asking when the service would be available in their locales. In 2008, Chesky and Gebbia recruited Nathan Blecharczyk, an engineer friend, to join the fledgling company.[[6]](#endnote-6) By 2009, the company had attracted support from Paul Graham, founder of the well-known California-based incubator Y Combinator, and changed its name to Airbnb.[[7]](#endnote-7)

In 2010, in another master stroke (at least in hindsight), Airbnb managed to achieve integration with Craiglist by implementing a software solution.[[8]](#endnote-8) Essentially, any property listed on Airbnb would automatically be listed on Craiglist. Because of the greater visual attractiveness of Airbnb’s listings versus Craiglist’s simpler-looking listings, Airbnb users received better responses, inducing them to choose Airbnb for their next listing and triggering a virtuous cycle.[[9]](#endnote-9)

Airbnb’s timing could not have been better. Battered by the global financial crisis of 2007–2008, which had wiped out a good chunk of their accumulated wealth, many people from the baby boomer generation were looking to earn some money by renting out their homes (or, for that matter, anything that could generate income, including cars).[[10]](#endnote-10) On the other hand, the younger generation (specifically, “millennials”—i.e., those born between the early 1980s and the early 2000s) exhibited a tremendous openness to renting instead of outright ownership of assets. They were also open to renting cars or houses from other people instead of businesses like rental car companies or business hotels.[[11]](#endnote-11) By 2016, Airbnb had exceeded its founders’ wildest expectations. By June 2016, it had achieved the milestone of 2 million listings in 191 countries and 80 million guest arrivals.[[12]](#endnote-12) In New York City alone, Airbnb could boast of 48,000 listings by October 2016.[[13]](#endnote-13) It had raised several hundred million dollars from investors and sported a market capitalization of $25 billion,[[14]](#endnote-14) greater than large and established hotel chains such as Wyndham and Hyatt.[[15]](#endnote-15)

Airbnb’s ride had not been without challenges, however. The company had faced regulatory scrutiny and challenges in several locations. In San Francisco, it was waging a court battle with the city authorities.[[16]](#endnote-16) New York’s governor, Andrew Cuomo, passed a law in October 2016, banning the rental of properties in New York for less than 30 days, effectively pre-empting most Airbnb hosts from listing their properties there.[[17]](#endnote-17) There were also a few instances of significant damage to hosts’ properties.[[18]](#endnote-18) Other than the legal challenge, which was ongoing, Airbnb had performed admirably in terms of handling these challenges. After the incidents of extensive damage to hosts’ homes, Airbnb had offered insurance coverage of up to $1 million.[[19]](#endnote-19) It also went to extra lengths to ensure that the guests’ interests were protected as well. Airbnb believed that trust and safety were critical for the community to function effectively. To this end, the firm offered 24/7 customer support to Airbnb guests in cities around the world.

THE ABTV’s Strategy: Positioning versus alternatives such as business hotels

The ABTV had initially been launched as a corporate travel platform in July 2015. At this time, despite not yet setting up the requisite information technology (IT) and other systems, and having only a skeleton group to run its corporate travel platform, the company enjoyed patronage from employees of 250 corporate customers, mostly from the technology industry, including employees of Google and Salesforce.com.[[20]](#endnote-20) The formalized “Business Travel Ready” program, which aimed to help hosts make their properties more attractive to corporate travel managers and employees travelling on business, was launched at the annual Airbnb Open 2015 conference in Paris in November 2015.[[21]](#endnote-21)

With regard to positioning versus business hotels, the ABTV had identified several distinctive aspects of its service offering. Its managers believed that the ABTV helped corporate teams to work better together, in a home-like setting.[[22]](#endnote-22) The notion of working better and together was especially important for events such as company retreats, and could lead to strengthening bonds by having groups spend more time together in an informal setting. A comment made by Eric Caruthers, a business unit coordinator at Simple Global in Delaware, was particularly instructive: “Waking up and cooking breakfast together and setting up office in the dining room for a work day were just a few of the things we did that we would not have been able to do in a hotel.”[[23]](#endnote-23)

The ABTV also offered a different, home-like experience compared with staying in a hotel room. Kitchen and laundry facilities were key features that distinguished an ABTV experience from that of a hotel. Further, Jonathan Leibtag, a business development lead at Airbnb, suggested that people on business travel were lonely because they were alone at night while away from family and friends, and they were often with people and places they were not entirely comfortable with. He added, “It’s all about the sense of care, purpose, and belonging that business travellers don’t really get at hotels. . . . There’s a higher level of hospitality with Airbnb.”[[24]](#endnote-24)

Unlike business hotels, which were often clustered in a city’s central business district, the ABTV claimed to offer the convenience of booking accommodation in any part of a city, so that corporate managers could stay near their office, factory, warehouse, or other facility, or any other part of town they wished.[[25]](#endnote-25) In this regard, Darragh Ormsby, a global travel manager at Google, commented, “Our employees appreciate the choice and flexibility that Airbnb listings provide them when they’re on the road—whether for conferences, meetings, or team off-sites.”[[26]](#endnote-26)

Using its considerable IT expertise, the ABTV offered corporate clients a dashboard that provided information on a variety of aspects, including the number of nights booked through the ABTV, total price, and average daily rate, in addition to details of individual trips. On top of facilitating the management of travel expenses, the dashboard also offered complete visibility in the form of details of active trips and upcoming trips. Finally, the dashboard provided the option of centralized billing, whereby either corporate clients were sent a periodic invoice for their employees’ stays at the ABTV properties, or corporate credit cards were linked for direct expensing, thus saving employees effort in terms of submitting claims.[[27]](#endnote-27)

In terms of costs, corporate clients could save (according to Airbnb) as much as 30 per cent, though the extent of savings depended on the location and other factors, such as the season and the length of stay (Airbnb’s competitiveness improved for lengthier stays).[[28]](#endnote-28) According to a study of 22 U.S. cities by bus travel booking website Busbud, hotels were cheaper in southern cities, and Airbnb offered varying savings in northern cities. The savings offered by Airbnb were far more substantial in European cities (see Exhibit 2).[[29]](#endnote-29) According to another study by Rocketrip, a platform for saving business travel costs, booking on Airbnb versus hotels saved, on average, $116 per night.[[30]](#endnote-30)

An added attraction of Airbnb’s platform was a review system that received contributions from more than 80 per cent of Airbnb hosts and users, as compared with approximately 30 per cent contribution to the review system for hotels.[[31]](#endnote-31) The ABTV also offered great convenience when business travellers wished to combine business with leisure (i.e., “bleisure”)—e.g., by extending their business trips or bringing their family members along. A recent survey by the Global Business Travel Association and American Express had noted that during the fourth quarter of 2015, 36 per cent of business travellers had extended a business trip for leisure travel, and 67 per cent believed that having that option was important.[[32]](#endnote-32) According to Katharine Williams of Goldspring Consulting, millennials were even more comfortable than other generations about bleisure, and so were their employers because bleisure sometimes saved them costs (i.e., employees travelled during off-peak hours) and boosted motivation levels.[[33]](#endnote-33)

THE ABTV strategy: Supply-side policies

To be included in Airbnb’s Business Travel Ready (BTR) listing, homeowners were required to meet a rigorous set of requirements: the listing needed to include the entire eligible property type (i.e., a house, apartment, bed and breakfast, townhouse, loft, or condo), and it needed to be both smoke free and pet free. If the host had a pet that would not be present during the guest’s stay, the apartment needed to be cleaned before the guest’s arrival.

The listing also needed to provide the following BTR amenities: wireless Internet, a laptop-friendly workspace, self-check-ins (i.e., a key lockbox, door personnel, keypad, or smart lock) so that guests could check in whenever they wished to, a smoke detector, a carbon monoxide detector, essentials (e.g., toilet paper, clean towels, and fresh linens), an iron, clothes hangers, and a hair dryer. With regard to reviews, listings needed to have achieved at least three-star-rated reviews before they could be eligible for BTR status. To maintain BTR status, listings had to achieve five stars for at least 60 per cent of their primary reviews, cleanliness reviews, and accuracy reviews.[[34]](#endnote-34)

Two additional conditions were imposed on hosts: they needed to respond to 90 per cent of the booking requests within 24 hours, and they could not cancel a reservation within seven days of the arrival date. If a listing had a cancellation within seven days of a confirmed check-in date, it would not be considered for a BTR listing for one year from the cancellation date.[[35]](#endnote-35)

Airbnb also recommended that, to make their listings more attractive, BTR hosts consider offering other facilities, such as charging stations with smartphone and iPhone cables, high-speed Wi-Fi, wireless printer/scanner, high-pressure shower and adequate shaving facilities, shoe polish, clothes steamer, mini sewing kit, work desk, chair and lamps, white board, and coffee machine, and possibly airport transfers and laundry (the last two for additional fees).[[36]](#endnote-36)

Airbnb pointed out several benefits to hosts of joining the BTR program, including longer lengths of stays (two times longer than leisure stays), higher pricing, lower seasonality, greater occupancy rates, and lower likelihood of property damage.[[37]](#endnote-37) The company also offered BTR hosts support in several areas in exchange for conforming to the strict requirements of the program. Its assistance in terms of smart pricing (which varied the price of the listing within a band specified by the host) was particularly useful for guests who lacked the information or analytical skills to deploy smart pricing themselves. A dashboard provided hosts with, among other features, a better view of pending requests and reviews. They could also access advice from super guests in the community section.[[38]](#endnote-38)

The ABTV: Key customer wins and partnerships

The ABTV had already enjoyed some success with companies such as Google and Morgan Stanley. In fact, Morgan Stanley had included Airbnb accommodations as a travel option after some of its younger employees had expressed interest in staying in Airbnb business accommodations.[[39]](#endnote-39) Google was another high-profile company whose employees were allowed (and chose) to stay in Airbnb accommodations. As early as 2014 (even before Airbnb’s corporate travel platform was launched), one estimate put the Airbnb spending by Google employees at approximately $2 million for the preceding 12 months.[[40]](#endnote-40) According to a study conducted by Concur, a U.S.-based expense management company, corporate spending on Airbnb properties grew 42 per cent year-on-year in the second quarter of 2016 to $77 million, well ahead of the growth for hotel chains. However, this spending was concentrated in a few major cities, such as London, New York, and San Francisco. Tim MacDonald, executive vice-president of global products at Concur, also noted that the momentum for spending on Airbnb was strongest among small and mid-sized businesses, and in the tech and higher-education sectors.[[41]](#endnote-41)

With regard to partnerships, in July 2016, Airbnb announced that American Express Global Business Travel, BCD Travel, and Carlson Wagonlit Travel would integrate Airbnb for business into their platforms, and allow employees and travel managers to book stays with Airbnb. By September 2016, Airbnb had managed to convince several thousand companies to allow their employees to use Airbnb for corporate travel.[[42]](#endnote-42) In November 2016, Airplus International and Airbnb said that they would introduce a new integrated solution for the booking, billing, and payment of business-related travel.[[43]](#endnote-43)

Internally, Airbnb operated a sophisticated customer relationship management system, where all information about customer approaches, wins, key contacts, and other relevant information was available to different parts of Airbnb, including across geographies. This functionality would enable the Asian operation, for instance, to approach a multinational client with the information that the client was also using Airbnb business travel services in another country.[[44]](#endnote-44)

The Asian Business Traveller: Country-level differences and archetypeS

Asian travellers exhibited important similarities and differences when compared with their U.S. and European counterparts. Like travellers in the United States and Europe, Asian travellers seemed to be curious about the experience offered by Airbnb. This curiosity had led to explosive growth for Airbnb’s leisure business in Asia—estimated at 400 per cent between 2015 and 2016. Airbnb for business travel also seemed to have gained some traction within Asia. Julian Persaud, regional director for Airbnb Asia Pacific, claimed that one in 10 bookings in Asia was for business travel.[[45]](#endnote-45)

In October 2015, the Singapore Tourism Board (STB) released the results of a McKinsey survey of business travellers in five countries: Singapore, India, Indonesia, Japan, and China.[[46]](#endnote-46) The primary data gathered from travellers, which represented 78.8 per cent of Asia’s business travel spend, was supplemented with booking and spending data from Amadeus and Visa, providing further insights into Asian business travellers’ behavioural patterns. While releasing the results of the survey, the STB noted the significance of the Asian business traveller market, which was the largest in the world, accounting for 38 per cent of the total business travel spend of $1 trillion. This spending had doubled between 2000 and 2014, and was expected to grow four times faster than the North American business travel market and 2.5 times faster than the European market, leading to a further market share gain of 5 per cent. Asian business travellers were also two times more likely than Europeans to include weekend extensions to their business travel; in other words, bleisure was of interest to Asian travellers, particularly Chinese and Indian business travellers.

Several key conclusions arrived at by the STB’s analysis were interesting and relevant for the ABTV. The survey revealed that 69 per cent of Asian business travellers had flexibility in terms of choosing their carrier (i.e., their airline). The percentage of Asian business travellers who enjoyed flexibility for booking hotel travel was even greater—74 per cent. Second, similar to their peers in other countries, when choosing their accommodations, Asian business travellers placed great value on convenience—valuing proximity to work and features that promoted efficiency, such as hi-speed Wi-Fi. Third, 56 per cent of those surveyed viewed travel as a perk of their jobs rather than an unwelcome demand. This sentiment was particularly strong among Indonesians, more so than for Indian and Chinese business travellers. A majority of Asian business travellers (70 per cent) were familiar with sharing-economy accommodations, and 40 per cent would consider it for business travel. The survey results also confirmed that the diversity of Asian countries—in terms of affluence, culture, and other factors—translated into differences in preferences and behaviours (see Exhibits 3 and 4).

The ABTV Strategy in Asia

Some of the key aspects of the ABTV strategy were the same for Asia as for the rest of the world, including the requirements placed on the hosts and the emphasis on partnerships. For instance, in October 2016, Citibank and Airbnb launched an alliance in Singapore under which Citi cardholders would receive a S$50 discount on their first booking (business or leisure) on a minimum spend of at least S$250.[[47]](#endnote-47) The companies planned to launch similar partnerships in Australia, Indonesia, Taiwan, Thailand, and the Philippines.[[48]](#endnote-48)

The ABTV Asian expansion was at an early stage of development, and it needed to make several important choices to advance strategically in Asia. A broad choice related to the countries to focus on. As revealed by the McKinsey survey, key Asian countries differed in terms of their affluence and size, consumer preferences, and behaviour. In addition to the five countries covered in the survey, there were many other potential markets, including middle-income countries such as Malaysia, Thailand, and Taiwan, and frontier countries, such as Myanmar, Laos, and Cambodia. The ABTV’s strategic choices needed to address both demand-side aspects (e.g., getting corporate clients and/or business travellers to use Airbnb) and supply-side aspects (e.g., the availability of BTR accommodations).

The ABTV would also need to work out which Asian business traveller archetypes (identified in the McKinsey survey) to target and in which countries. One possibility was to create a matrix based on countries and archetypes, and to adopt a varied approach across various countries.

Other considerations for determining the ABTV’s future strategy in Asia included the success enjoyed by Airbnb in individual countries, which could serve as a proxy for both the strength of brand and the openness of a country’s people to using shared accommodations in general, and reactions from the local travel industry. In Japan, for instance, as many as 10 per cent of inbound tourists were estimated to be using Airbnb, which suggested a good supply of accommodations for leisure travel and might also imply an openness to shared accommodations and a high supply of accommodation for business travel.

China provided a contrasting example, at least in terms of success enjoyed by Airbnb. One article pointed out that less than 1.5 per cent of Airbnb’s more than 2 million listings worldwide were in China. The same article also noted that Airbnb’s presence beyond Tier 1 Chinese cities was minimal, and that Airbnb faced stiff competition from local rivals such as Tujia, which was 10 per cent owned by Expedia and had started four years earlier than Airbnb (i.e., in 2011 versus 2015). Tujia had tweaked its strategies for the cultural context (e.g., Tujia allowed guests to contact the hosts, whereas for Airbnb, the guests needed to use the Airbnb site) and local regulatory issues (e.g., in terms of taxation) that were either not completely clear because of either the early stage of the industry’s development or security concerns (e.g., terrorism threats).[[49]](#endnote-49) With regard to local reactions, in Thailand, hotel associations had lobbied the government to require that Airbnb hosts obtain licences.[[50]](#endnote-50) Persaud acknowledged that much work remained to be done in overcoming cultural obstacles (e.g., among Chinese customers) for further growing Airbnb’s presence in Asia.[[51]](#endnote-51) By November 2016, Airbnb had created a separate organization for China.[[52]](#endnote-52)

Airbnb’s 2016 numbers suggested that it continued to do well with outbound travellers from China, with growth in these tourists coming in at 142 per cent (versus 500 per cent in 2015), and the total cumulative bookings by Chinese travellers reaching 5.3 million. Inside China, Airbnb increased its listings to 80,000, and it reached nearly 1.6 million cumulative guest arrivals. One encouraging aspect was the demographic profile: more than 80 per cent of Airbnb users in China were under the age of 35, a higher proportion than any other country.

In March 2017, Airbnb announced several initiatives to boost its lagging performance in China: a name change to Aibiying, which was greeted with skepticism from a few quarters,[[53]](#endnote-53) the doubling of investments, and the launch of a service called “Trips,” under which users could get closer to the local culture and have an experience beyond staying with the host. For instance, in Singapore, the experiences offered under Trips ranged from learning how to cook local dishes to making pottery using traditional dragon kilns.[[54]](#endnote-54) The company also started cultivating relationships with Chinese industry and government officials, integrated local payment methods such as Alipay, offered sign-up options using WeChat, and provided 24/7 customer support in Mandarin.[[55]](#endnote-55) Despite the new initiatives, Travis Katz, founder and chief executive officer of U.S.-based Trip.com, who had prior experience leading multinational companies in China, observed, “I don’t see this as a quick win here. It will take a lot of time and investment to really serve this market well. Even then, if you’re essentially going up against . . . the Chinese market, I think it’s going to be a tough run.”[[56]](#endnote-56)

The ABTV also needed to decide whether/how to leverage its existing corporate relationships that had been established in other parts of the world (e.g., with Google and Morgan Stanley). One challenge in this regard was that some of these global companies might not have a strong presence in Asia. For example, Google had a limited presence in China.

Another, more challenging approach—because of the absence of any relationships that could be leveraged—involved targeting Asian corporate clients. This approach had become more attractive with the increasing prominence of Asian firms, including the globalization of many Asian firms, such as Lenovo and the Tata Group. For this approach to work, the ABTV would need to gain a deeper understanding of customer behaviour, including any concerns about the value offered by the ABTV, and devise a proposition that it could offer to Asian corporate clients.

In summary, Asia offered exciting opportunities and numerous challenges to the ABTV. However, the platform’s success depended on making the correct strategic choices and overcoming the challenges posed by significant environmental differences, including issues related to national culture.

Exhibit 1: size and growth of the business travel market in selected countries, 2015 (In US$ BILLIONS)

Note: Global total = US$1,236 billion; global growth = 5% over the previous year

Source: Global Business Travel Association Foundation, “Global Business Travel Spend Topped Record-Breaking $1.2 Trillion USD in 2015, Will Reach $1.6 Trillion USD in 2016,” press release, July 11, 2016, accessed July 24, 2017, www.gbta.org/foundation/pressreleases/Pages/rls\_0711162.aspx.

Exhibit 2: pricing of airbnb accommodation versus business hotels: selected cities, 2015

|  |  |  |
| --- | --- | --- |
| **City** | **Hotel Price** | **Airbnb Price** |
| Austin | 160 | 286 |
| Boston | 213 | 181 |
| Chicago | 179 | 150 |
| Los Angeles | 175 | 170 |
| Nashville | 178 | 201 |
| New Orleans | 191 | 201 |
| New York City | 245 | 164 |
| Portland | 149 | 118 |
| San Diego | 152 | 214 |
| San Francisco | 217 | 221 |
| Seattle | 195 | 145 |
| Toronto | 148 | 89 |
| Washington, DC | 173 | 149 |
|  |  |  |
| Amsterdam | 191 | 146 |
| Barcelona | 172 | 312 |
| Berlin | 128 | 65 |
| London | 252 | 144 |
| Madrid | 132 | 73 |
| Paris | 214 | 110 |
| Sydney | 185 | 140 |
| Venice | 233 | 147 |
| Vienna | 147 | 75 |
|  |  |  |

Source: Talia Avakian, “Here’s Where It’s Cheaper to Book an Airbnb over a Hotel Room,” *Business Insider*, February 18, 2016, accessed July 24, 2017, www.businessinsider.sg/is-it-cheaper-to-airbnb-or-get-a-hotel-2016-2/#kvP6OgKpdZVlfswc.97.

Exhibit 3: profiles of Business Travellers from five asian countries

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Criteria** | **India** | **Singapore** | **China** | **Indonesia** | **Japan** |
| Business travel is considered a job perk | 61% | – | 59% | 76% | – |
| Top three criteria  for hotel selection (in order of importance) | 1) Facilities that allow me to work effectively  2) Location near work  3) Value for money | 1) Location near work  1) Value for money  2) Facilities that allow me to work effectively  3) Value for money | 1) Location near work  2) Award-winning service 3) Value for money | 1) Facilities that allow me to work effectively  2) Location near work  3) Value for money | 1) Value for money  2) Location near work  3) Facilities that allow me to work effectively |
| Others |  Strong appetite for digital processes   Willingness to spend on ancillary services and digital processes (even personally) |  Make premium bookings (52%)   Not willing to pay personally for premium services   Prefer face-to-face (rather than digital) processes |  Price less important   Preference for award-winning service   Mobile savvy |  Enthusiastic about business travel (a perk for 76%)   Interested in “bleisure”   “Being valued” is important   Willing to pay for luxe services such as spa or in-room massages in hotels   Brand important |  Policy conscious   Loyal to local brands   Either budget conscious or collecting loyalty points   Unwilling to pay for additional services   Value for money important |

Notes: In terms of the top three criteria for hotel selection, the overall three priorities were “Location near work,” then “Facilities that allow me to work effectively,” then “Value for money.” In Singapore, two priorities tied for first priority. In terms of percentage of business trips including a weekend, the overall percentage was 12%, versus 6.5%for Europe and 12.2% for North America; “bleisure” refers to the mix of business travel with leisure travel. The percentage of business trips including a weekend varied across the five countries: India (17%), Singapore (7%), China (19%), Indonesia (14%), and Japan (12%). Similarly, the percentage of business travellers who did not always strict to the company policy, varied across the five countries: India (41%), Singapore (32%), China (33%), Indonesia (35%), and Japan (32%).

Source: Singapore Tourism Board, *Asian Business Travellers: Five Things You Need to Know*, 9, 12, 13, 16, 17, and 18, report commissioned by the Singapore Tourism Board, 2015, accessed August 14, 2017, http://capturingconversations.economist.com/stb-singapore-asian-business-travellers/.

Exhibit 4: asian business traveller archetypes

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Archetype | % of total | Characteristics | Singapore  (%) | India  (%) | China  (%) | Indonesia  (%) | Japan  (%) |
| Stereotypical suit | 32 | * Prizes convenience * 61% over the age of 35 * Key preferences: direct flights, convenient arrival/ departure times, convenient hotel location | 34 | 38 | 32 | 29 | 28 |
| Service seeker | 34 | * Values service, brand, and facilities * 52% under the age of 35 * 59% are Indonesian or Chinese * 94% willing to pay ancillary services or hotel * Key preferences: Award-winning services, work and leisure facilities, feeling valued as a customer | 21 | 31 | 47 | 52 | 17 |
| Belt tightener | 17 | * Acutely price sensitive and value seeking * 55% in junior positions * 53% are from small and medium-sized enterprises * 73% travel mostly domestically * Key preferences: lowest fare, value seeker | 17 | 20 | 11 | 13 | 24 |
| Points maximizer | 17 | * 25% willing to fly low-cost airlines * 67% are Singaporean or Japanese * 65% are frequent travellers * Key preferences: loyalty and reward programs, comfortable seats, luxurious rooms | 27 | 11 | 11 | 6 | 31 |

Source: Singapore Tourism Board, *Asian Business Travellers: Five Things You Need to Know*, 22, report commissioned by the Singapore Tourism Board, 2015, accessed August 14, 2017, http://capturingconversations.economist.com/stb-singapore-asian-business-travellers/.

ENDNOTES

1. All currency amounts are in US$ unless otherwise specified; All currency amounts are in USD unless otherwise specified; US$1 = SG$1.40 on March 31, 2017. [↑](#endnote-ref-1)
2. Global Business Travel Foundation, “Global Business Travel Spend Topped Record-Breaking $1.2 Trillion USD in 2015, Will Reach $1.6 Trillion USD in 2016,” press release, July 11, 2016, accessed July 24, 2017, www.gbta.org/foundation/pressreleases/Pages/rls\_0711162.aspx. [↑](#endnote-ref-2)
3. In its survey of corporate travel and entertainment (T&E) spending, JP Morgan estimated the spend on hotels to range from 20–24%, depending on the size of the company Certify, Inc., “Understanding the Average Cost of Business Travel,” n.d., accessed July 24, 2017, https://www.certify.com/Infographic-TheAverageCostOfBusinessTravel.aspx; JP Morgan, *Corporate T&E Spend Benchmarks*, 2010, accessed July 24, 2017, https://www.jpmorgan.com/cm/BlobServer/Corporate\_T\_E\_Spend\_Benchmarks.pdf

   ?blobkey=id&blobwhere=1320626471111&blobheader=application/pdf&blobheadername1=Cache-Control&blobheadervalue1

   =private&blobcol=urldata&blobtable=MungoBlobs. [↑](#endnote-ref-3)
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