



AMERICAN EXPRESS® BUSINESS TRAVEL

2004 Barometer of Business Travel Management in China

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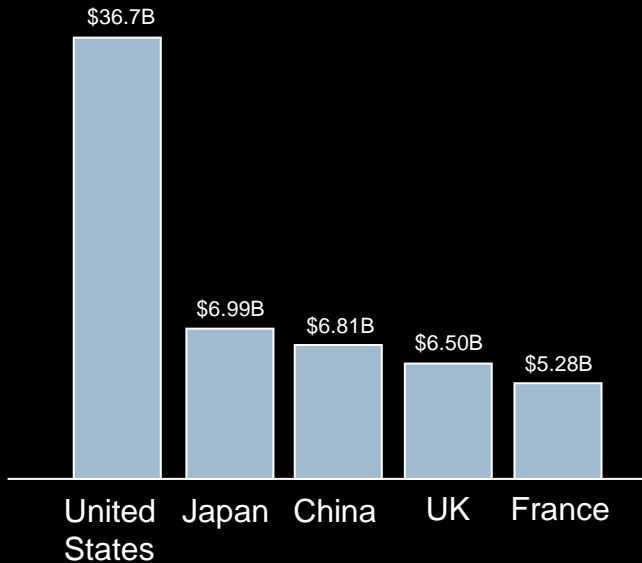


2004 Key economic indicators

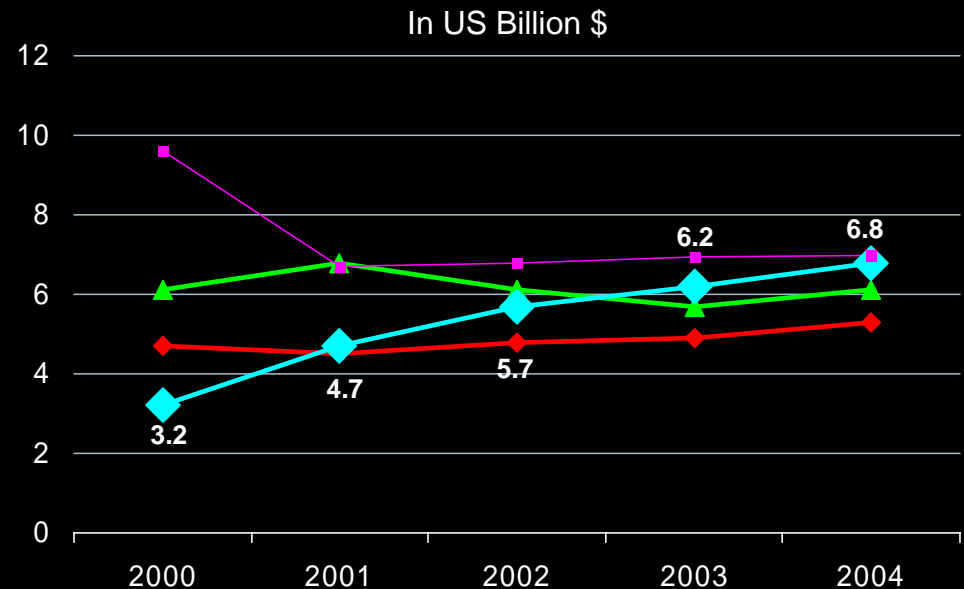
- Economic conditions generally strong
 - China GDP growth for 2004 = 8.5%
 - Very encouraging key travel industry indicators
- Market environment reached turning point
 - With China accession to the World Trade Organization
 - With China taking regulatory leadership role and first developments towards “open skies” passenger services agreement

In 5 years, China has become the 3rd largest and one of the fastest growing Business Travel Market

Corporate Travel Market Size



2004 Forecast



- France
- UK
- China
- Japan

T&E expenditure in the large market segment increased by 25% in 2004

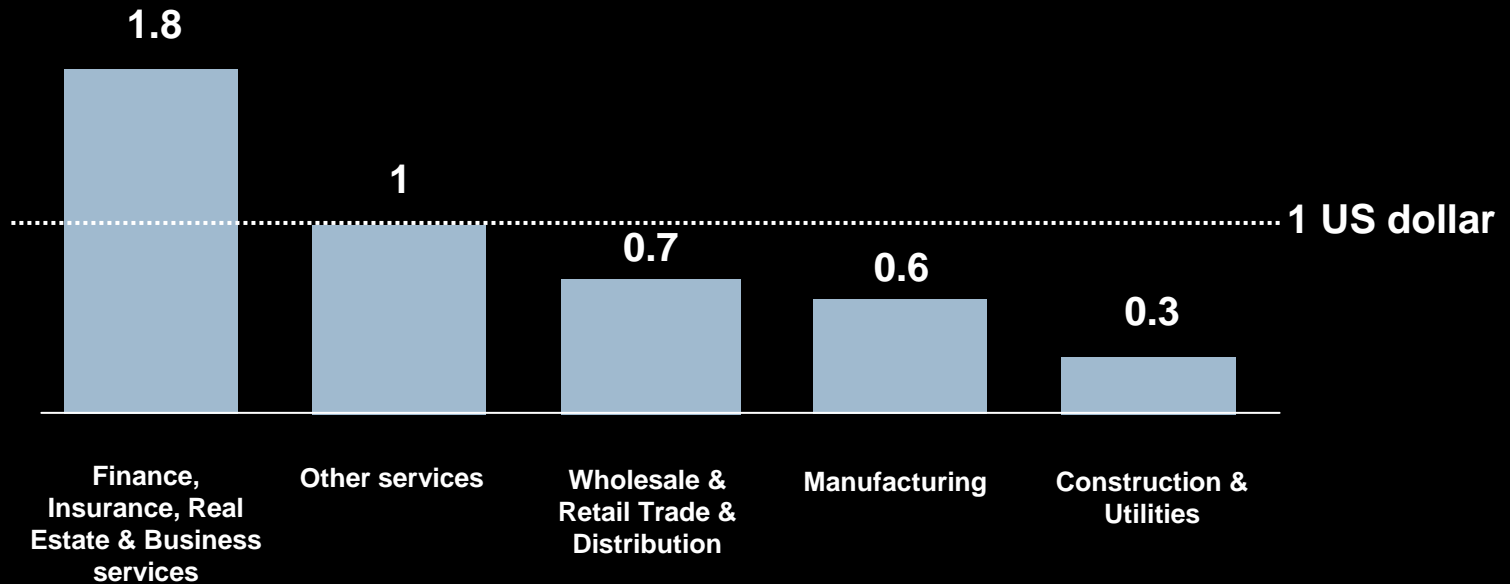
- +25% increase of T&E expenditure
- Expenditure differs depending on business type
- Role played by multinationals

Chinese Business Travel Characteristics

Global trends	China
<ul style="list-style-type: none">▪ Market Governance▪ Predominance of wholly owned travel organizations▪ Single travel policy across entire organization▪ Deregulated airline environment▪ Airline inventory managed centrally▪ Mature infrastructure for multiple GDS systems▪ Rich inventory access ▪ Mature T&E Management▪ Experienced travelers	<ul style="list-style-type: none">▪ Regional and City Governance▪ Joint Ventures and Subsidiaries ▪ Multiple policies/HQ & local ▪ Government owned▪ Airline inventories managed regionally▪ Single, regulated & no linkages ▪ Limited hotel, many airline class inventories ▪ Predominant payment by cash ▪ Supplier and travelers limited geographic experience

Business Travel spend differs greatly depending on the industry type

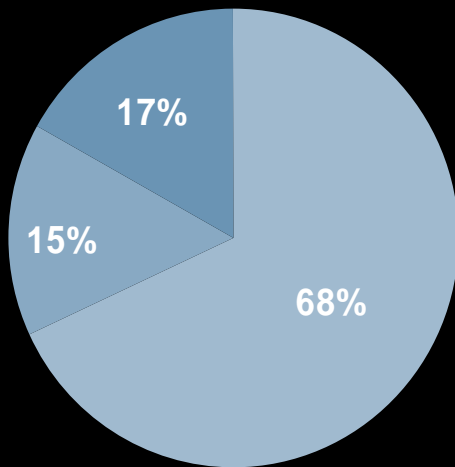
When industry spends one dollar for Business Travel



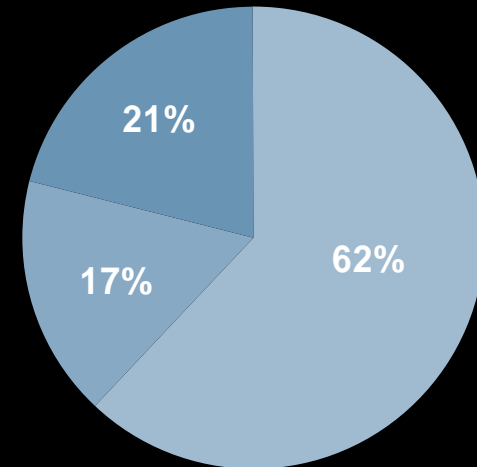
A market still driven by domestic growth but....

Average Percentage of Total T&E Expenditure

2003



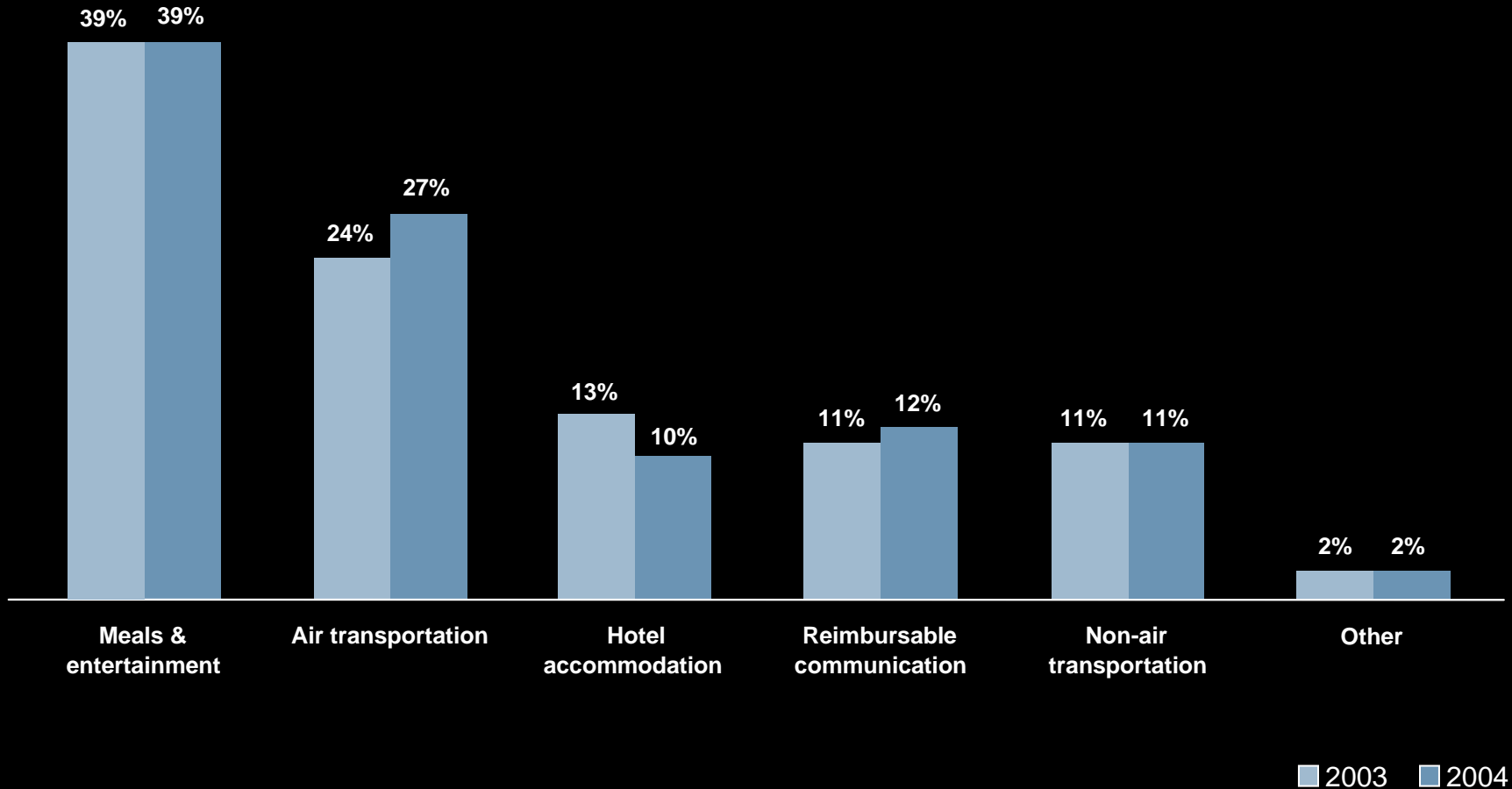
2004



- Mainland China
- Hong-Kong
- Outside China - Hong-Kong

Stability of T&E expenditure by expense category

Average Percentage of Total T&E Expenditure

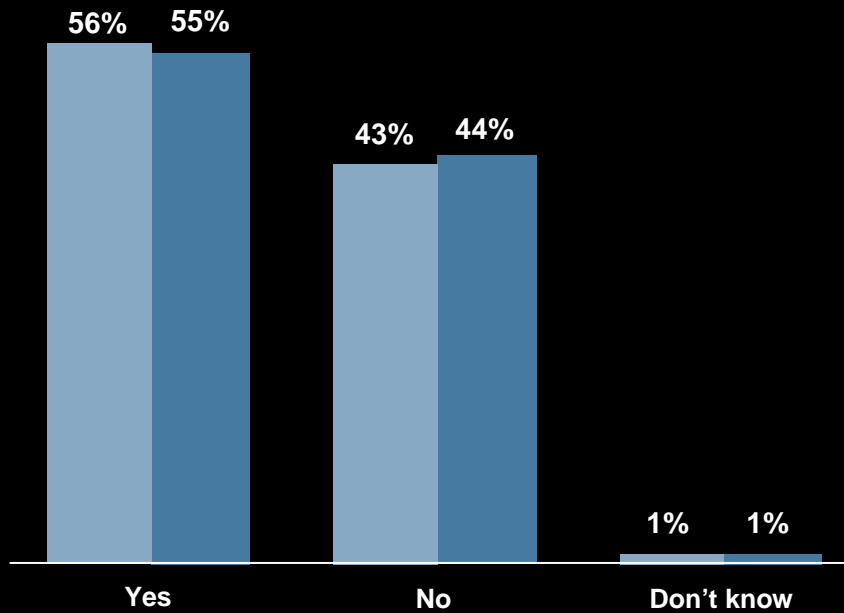


Large companies' travel management practices are becoming more structured

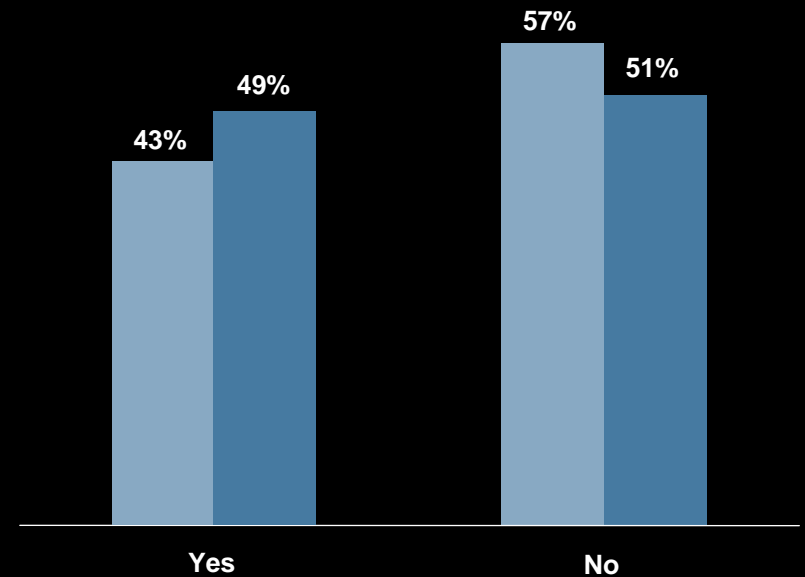
- While the number of companies with a formal written T&E policy is stable, there is increased managerial responsibility
- Travel policies, when they exist are being reviewed in a more formal manner than before
- T&E policies are increasingly communicated through new technologies
- 23% of companies declare they will implement a Self Booking Tool within 12 months
- Use of cash for payment of T&E expenses remains predominant with delayed settlement

55% of companies have finalised a formal written T&E policy with an increase in managerial responsibility

Percent of organizations



Designated managerial responsibility for T&E expenditure



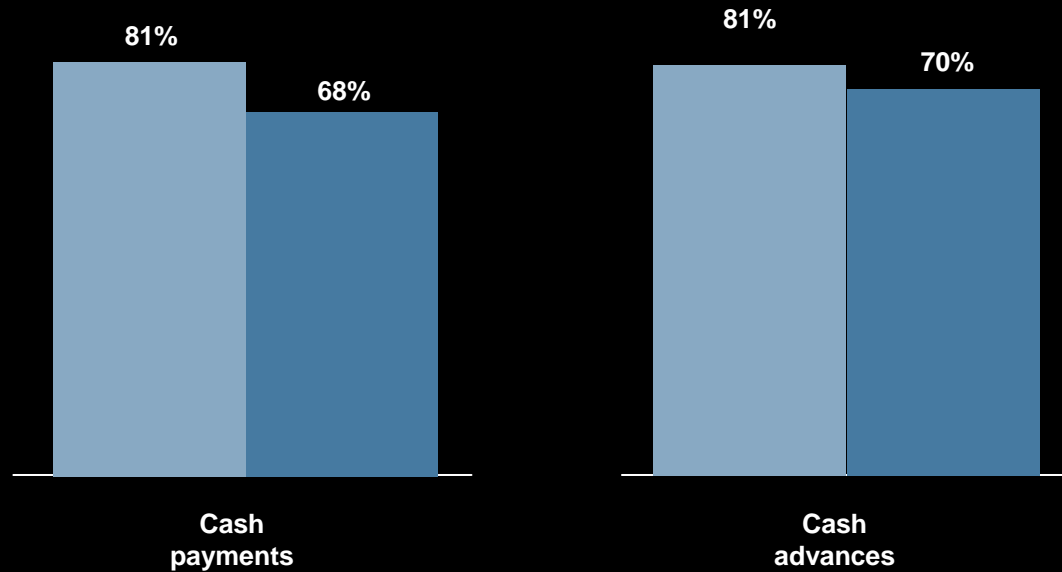
■ 2003 ■ 2004

23% of companies declare they will implement a Self Booking Tool within 12 months

- **The use of new technology is very promising**
- **Interactive booking systems are in the process of being adopted**

Use of cash for payment of T&E expenses remains predominant

Percent of organizations using payment method



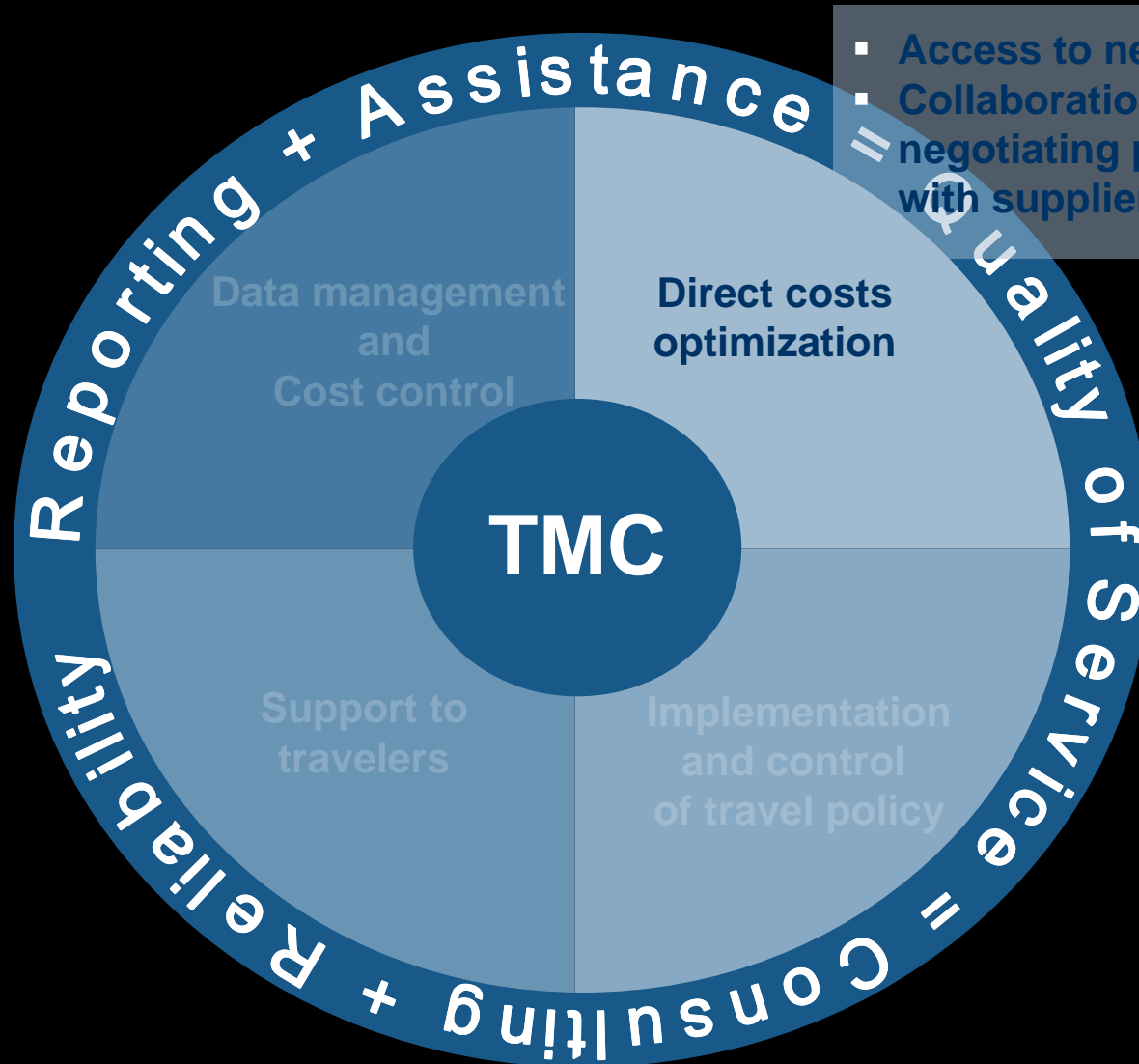
■ 2003 ■ 2004

Relationship with travel agencies are becoming more structured: The role of a Travel Management Company

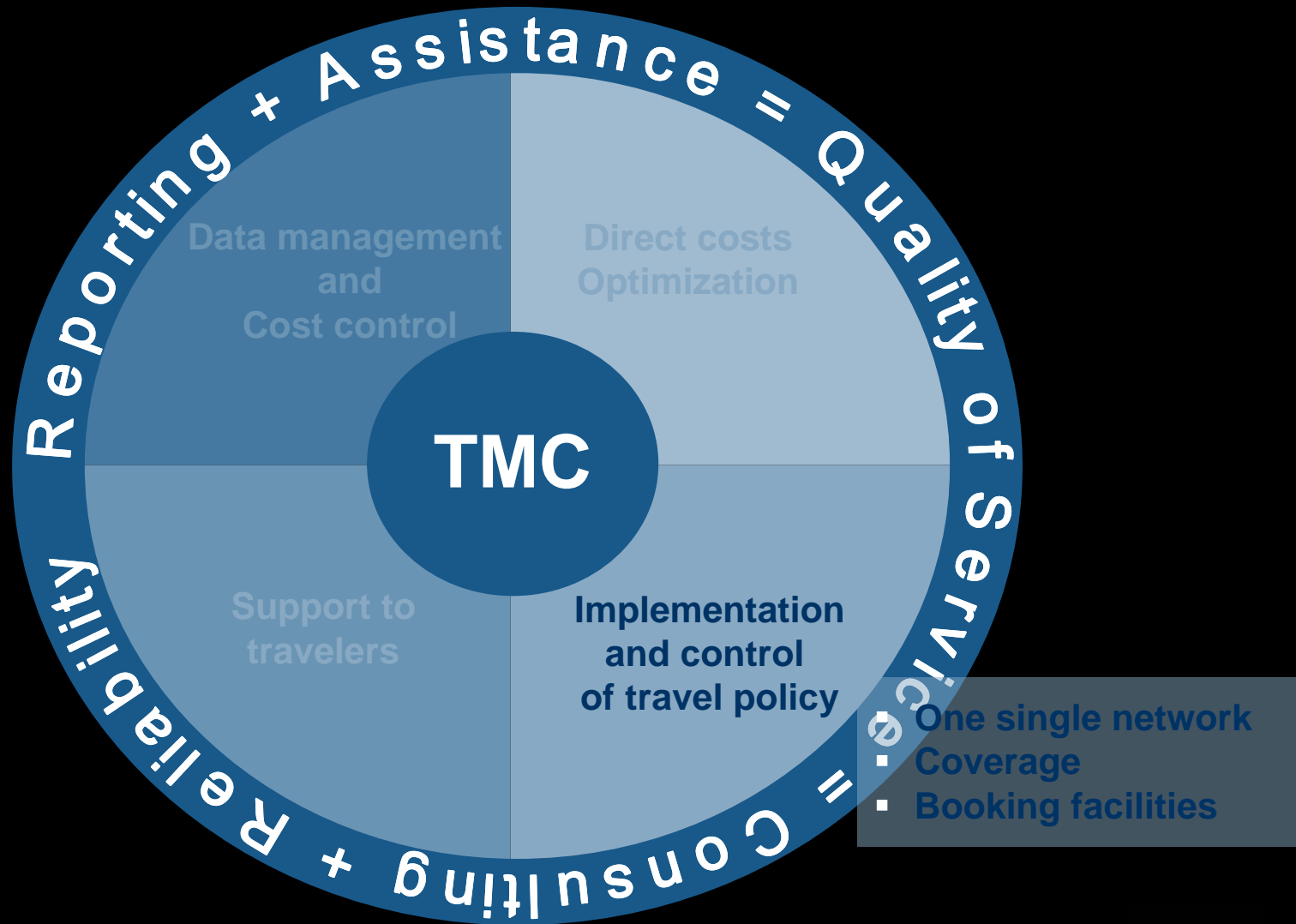
■ 4 major areas where the TMC is involved:

- Direct cost optimization – offer negotiated fares directly or in collaboration with organization
- Implementation and control of travel policy
- Service to organization (speed/quality of responses/delivery) and travelers (emergency assistance/24 hours)
- Data management & Cost control

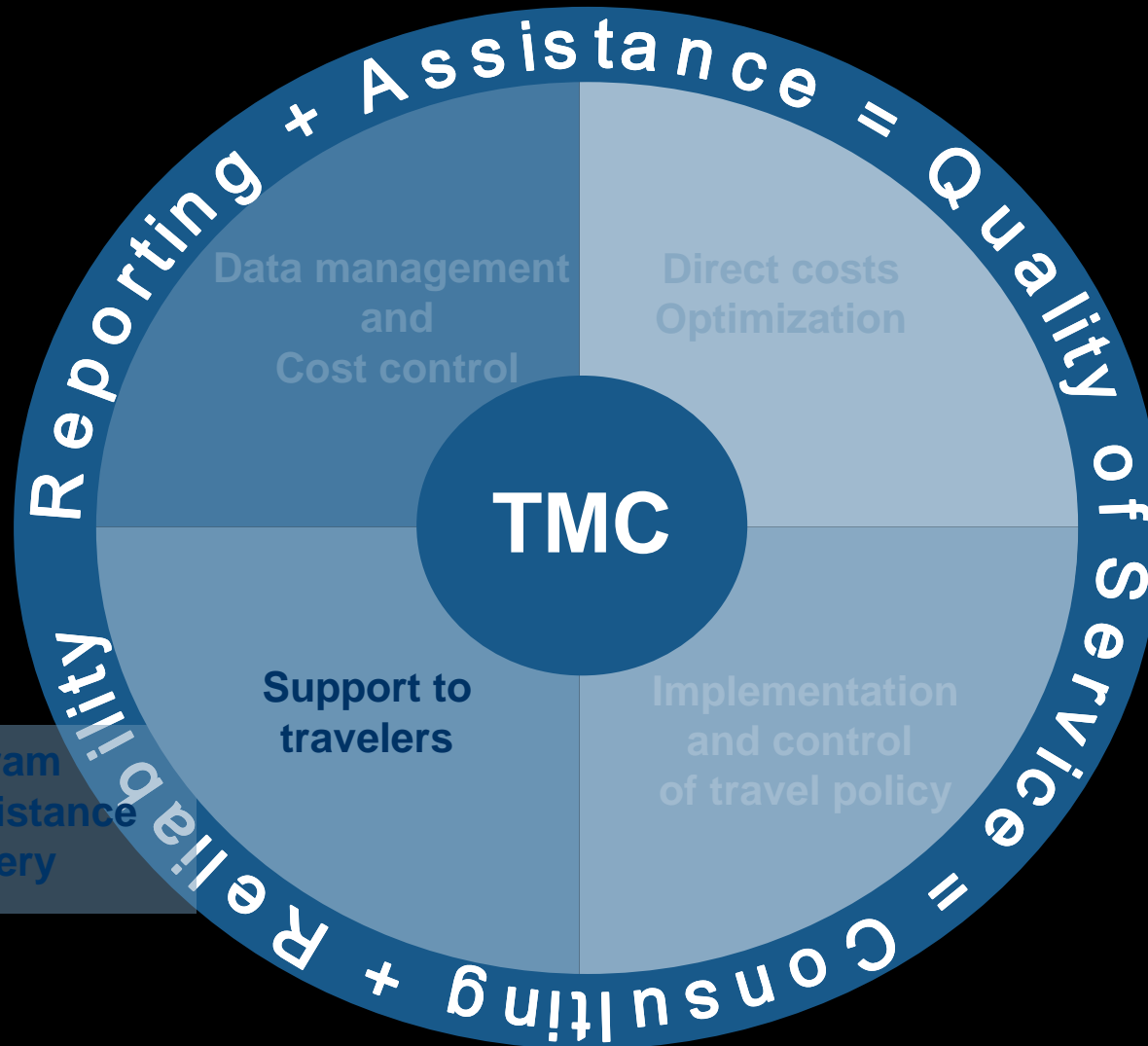
Travel Management Company added value



Travel Management Company added value



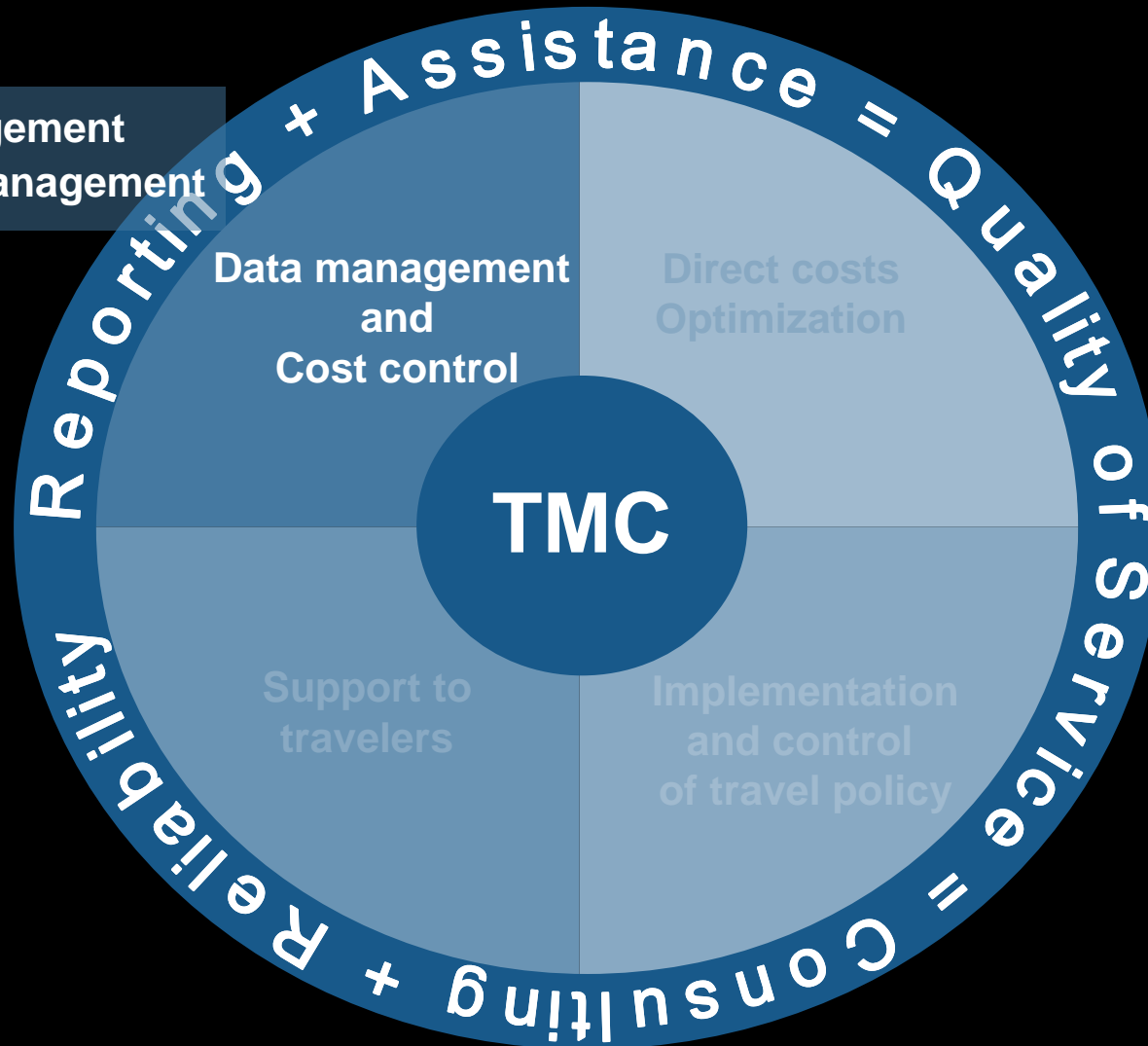
Travel Management Company added value



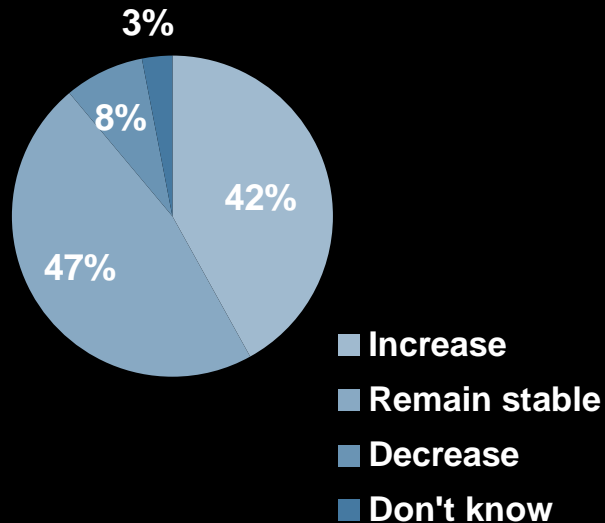
- Quality program
- 24 hours assistance
- Service delivery

Travel Management Company added value

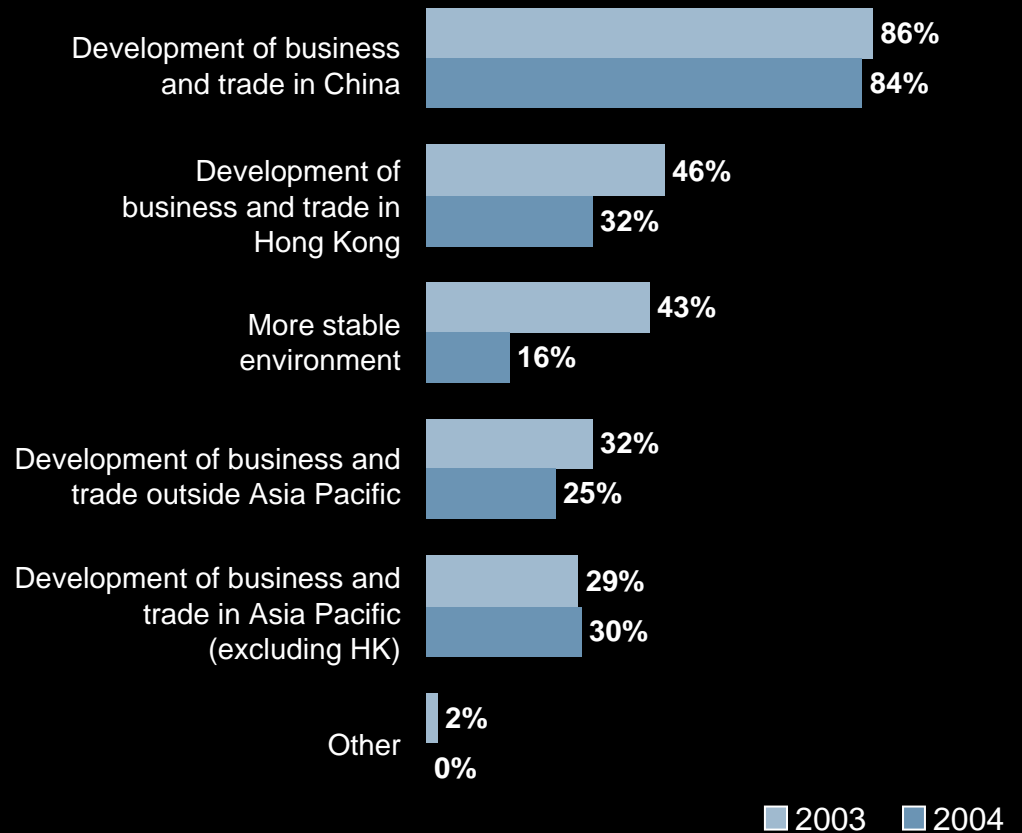
- Data management
- Expense management



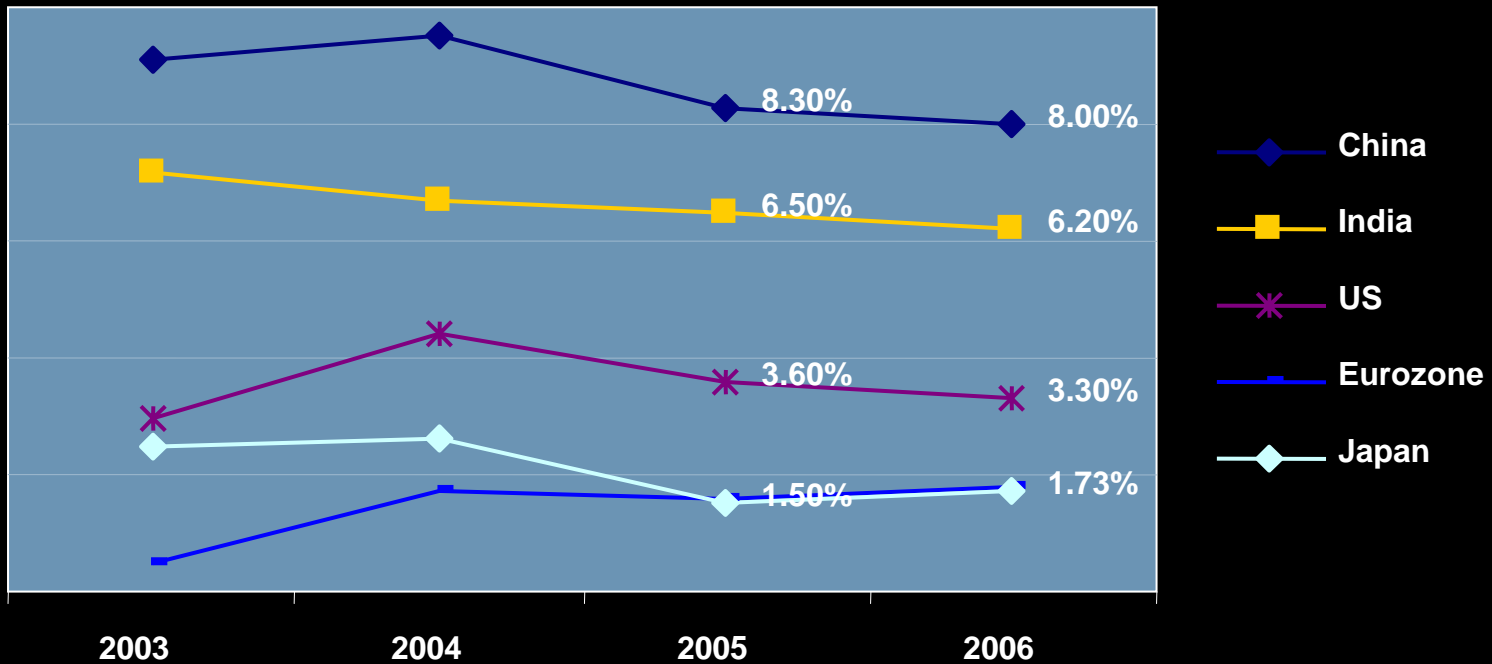
Percent of organizations



Reasons motivating the expected T&E increase



GDP forecasts for the World's major economies



Source : RSM Robson Rhodes LLP

China Airport Statistics - 2020 Plan

	2003	2020
Passengers numbers (million)	173	950
Passengers terminal space (million sqm)	3.5	9.5
Aircraft movements (million)	2.2	11.8



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