



As Amex Reports Corporate Sales, CWT Claims To Have Surpassed Them

JANUARY 31, 2008 -- American Express Business Travel earlier this week reported \$20.5 billion in global corporate travel sales in 2007, an 11 percent increase over \$18.5 billion in 2006. Meanwhile, Amex competitor Carlson Wagonlit Travel claims it has surpassed Amex as the largest travel management company in the world by handling \$21.3 billion in sales from the fourth quarter of 2006 through the third quarter of 2007 and CEO Hubert Joly told *BTN* this month that he expects the company to report \$22 billion in global corporate sales for 2007.

"Since Q4 2006, our sales volume has exceeded American Express' and for four consecutive quarters we have been ahead of Amex," Joly said prior to the release of Amex's most recent earnings report. "This is not a goal in and of itself, but it does confirm the very strong momentum that CWT has accomplished over the last several years, so we are indeed the largest travel management company in the world."

Amex officials were unavailable for comment, but a spokesperson said the company disagrees with Carlson's numbers. "We do not support Carlson's claims that they are larger than us in 2007. When you factor in joint ventures and small business travel that is managed through the consumer business, we are significantly north of \$22 billion," said the spokesperson.

The spokesperson noted that some business travel sales from small clients are processed through its U.S. and international consumer travel segments. Like CWT, Amex does not include partner or joint venture travel sales in its report.

According to CWT, its sales claim only includes travel sales of booked travel from wholly owned locations and excludes transaction and service fees. In 2006, CWT claimed \$20.5 billion in travel sales, which includes its joint ventures.

Amex financial reports historically have not broken out global corporate travel sales from international consumer sales, but began the accounting practice in third quarter of 2007. According to its third-quarter earnings report, the company processed \$4.9 billion in sales. During the same period, CWT claims it had \$5.4 billion in sales. In Amex's fourth-quarter report for 2007, which ended Dec. 31, the company reported \$5.5 billion in corporate travel sales, an increase of 20 percent compared with the same period in 2006.

While there are certainly numerous questions raised about how travel management companies count sales in a global accounting environment, especially with constantly fluctuating exchange rates and currency differences in locations where one agency may be more dominant than another, CWT's claim "upsets the paradigm that has been existing since agencies started releasing any numbers at all, in which Amex was always much more massive than anyone else," said travel management consultant [Tom Wilkinson](#), president of Pennington, N.J.-based TRW Travel Consulting.

Although accounting of TMC travel sales vary, CWT undoubtedly has closed the gap between it and Amex when it acquired Navigant International in 2006. According to [BTN's 2007 Business Travel Survey](#), combined 2006 ARC sales for CWT and Navigant were \$7 billion, while CWT's 2005 ARC sales were \$3.4 billion. Amex did not participate in the survey, but *BTN* estimates that the TMC booked \$8.8 billion in ARC sales in 2006.

Meanwhile, Amex today announced that in 2007 it garnered \$6.3 billion in new and renewed corporate contracts, which includes a global retention rate of 98 percent and sales from new clients in its global business segment increasing 55 percent. The company attributed the growth to strong regional new business sales, especially in Japan, Asia/Pacific and Australia, penetration of the Rearden Commerce-

based online travel procurement platform Axiom, which has almost 1,000 clients signed up, and the launch of AX Hotel Hub and the Axis @Work information management platform.

Along with more than doubling new business sales in the Japan, Asia/Pacific and Australia region, the TMC said new sales in the North American midmarket increased 25 percent compared with 2006, and Europe's new business sales increased nearly 20 percent.

In 2008, the company has begun a three-year growth plan, which the company's senior management is finalizing this week. "This year, we will be exploring new opportunities and innovations that provide the next generation of end-to-end total travel and expense management solutions for our clients, including continued expansion and upgrading of our Axiom Web-based solution, the introduction of a Web-based meetings management solution, and more," said Amex president of global travel services Charles Petruccelli in a prepared statement.