



# TRAVEL PROGRAMS: CHALLENGES, PRIORITIES AND IMPLICATIONS

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In partnership with:



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## GOALS AND METHODOLOGY

The GBTA Foundation in partnership with Concur conducted a research study in July 2016 to identify the priorities and challenges corporate travel programs are facing today. The study comprised:

- 11 in-depth interviews of travel managers in the U.S. and Europe
  - Most of the travel managers interviewed work for organizations with mature travel programs
  - The interviews were conducted in June of 2016 and lasted 30-60 minutes
  - The interviews were conducted by GBTA Foundation
  
- A supplementary survey of 84 U.S.-based travel managers conducted in July to explore the following questions:
  - What key priorities are travel managers working on with their travel program?
  - What are the top challenges travel managers face with their travel program?
  - What are the top challenges facing the travel industry today?

Interview findings are strictly qualitative and cannot be generalized to the population of travel programs in the United States or Europe. Results are presented in summary, and organizations or individuals are not identified by name. Throughout the report, past GBTA Foundation research and other sources are cited to complement the findings.

## EXECUTIVE SUMMARY

As the travel industry evolves in response to mobile technology and employee direct-booking behavior, travel managers are finding they need to modernize their travel programs not only to control costs, but also to increase overall travel and expense visibility.

While there are obstacles to overcome with implementing new processes and technology, travel managers agree that streamlined, modern travel and expense solutions should be considered. After all, direct booking is a reality that will continue to increase as users prefer the convenience, and suppliers (e.g., hotel chains) continue to incentivize employees to transact directly, outside of established channels.

This report takes a look at travel program challenges many travel managers face – and are trying to solve for – in today's workplace:

- Direct booking is a consumer behavior that continues to grow and needs to be factored into company travel plans and processes.

- Travel manager priorities can't be fully achieved without addressing direct booking as current tools don't accommodate direct booking – resulting in lack of visibility, lost supplier savings opportunities, lost value of pre-trip booking data, the inability to communicate with travelers in time of crisis, and more.
- Travel managers agree that it is critical to implement modern travel programs that accommodate direct booking while also providing big-picture expense visibility with a built-in risk-management program, despite the challenges.

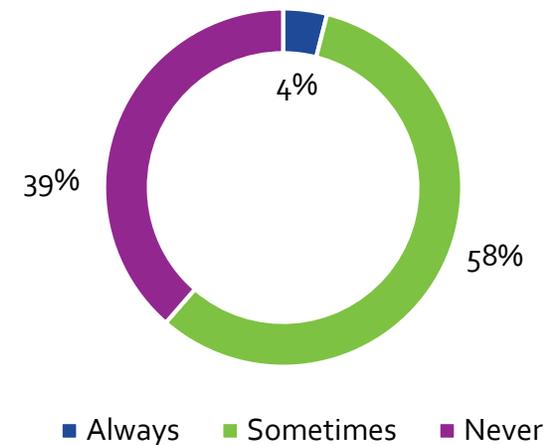
## PART 1: DIRECT BOOKING A REALITY

In interviews, travel managers provided insight into the challenges they face as they strive to improve the traveler experience and maintain their program's effectiveness. One of the primary challenges cited is the rise of business traveler direct bookings with travel suppliers.

Most interview subjects work at organizations with mature travel programs and high policy compliance, stating that the majority of their organization's reservations are made using GDS-based channels. This is consistent with a 2015 GBTA survey of more than 362 U.S.-based business travelers, which found that 82% of those who had access to corporate online booking tool (OBT) used it to book a business trip in the past year.<sup>1</sup>

At the same time, however, travel managers agree that their company's business travelers sometimes have valid reasons to book directly with a supplier, such as attending a conference or group event, which may explain why some travel programs have started to allow direct bookings at times. According to the travel managers polled in the supplementary survey, 58% of travel policies allow direct bookings "sometimes," and 4% allow direct bookings "always." Additionally, last year's survey found that business travelers are taking advantage of the opportunity; of those who *used* an OBT in the past year, 40% also booked directly with a supplier at least once in the same period.<sup>2</sup> The travel managers who allow direct bookings say travelers are finding perks, and often have a better user experience as direct booking can offer a simple and expedited process.

**Figure 1. Does your organization's travel policy allow travelers to book directly with suppliers? (n=84)**



<sup>1</sup> GBTA Foundation, TMCs Today and Tomorrow: A Survey of Business Travelers and Corporate Travel Managers, 2015

<sup>2</sup> Ibid.

## PART 2: DIRECT BOOKING WILL CONTINUE TO GROW

Although direct bookings are in the minority, they are likely to increase as a result of recent industry trends. Travel managers discussed two such trends in particular. The first is the growing preference among business travelers for a self-service approach to booking. This is consistent with another recent GBTA Foundation study<sup>3</sup> finding that 78% of business travelers in the U.S. would rather “manage (their) own business travel using self-service technology,” than “work with the company’s travel agency (or internal travel department).”

On its own, the self-service trend may not fuel a rise in direct booking. The problem, however, is that traveler satisfaction with company-preferred booking tools has not always kept pace with supplier tools. In last year’s survey of 362 U.S.-based business travelers, the GBTA Foundation found that while 54% of travelers who had booked with a supplier in the past year were very satisfied with this booking method, only 36% who had used an online booking tool were very satisfied with the process.<sup>4</sup> Travel managers often share this sentiment. The same study asked U.S.-based travel managers to rate their satisfaction with various aspects of their company’s OBT. While 53% were “satisfied” with the ease of use, only 12% were “very satisfied<sup>5</sup>” with this aspect. Even more problematic, most company-preferred mobile apps do not offer the same booking capabilities of OBTs. Some offer limited booking capabilities, while others do not include any booking capabilities at all.

The second trend likely to increase direct booking is supplier incentives to do so. More and more suppliers are relaunching their loyalty programs and adding incentives for business travelers to book directly. Many hotel chains are offering lower rates and ancillary benefits like free Wi-Fi exclusively to loyalty members for bookings made directly at the supplier site. Both are examples of incentives that resonate with business travelers. Roughly half (51%) of travel managers agree or strongly agree that these incentives will drive an increase in direct booking.

*“Corporate travel tools are lagging behind – why can’t we get the same level of sophistication? I understand there are more layers of complexity, but travelers don’t see it that way.”*

– U.S. based Travel Professional

In addition to the rise of self-service and supplier incentives, embracing mobile technology can have the consequence of making it easier for business travelers to connect with suppliers. Knowing their business travelers are already using many travel apps and prefer to communicate via text message for notifications, some travel managers are trying to bring together

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<sup>3</sup> The Digital Business Traveler, GBTA Foundation, June 2016

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

mobile technology and the corporate travel process to enhance the traveler experience while increasing or maintaining compliance. By supporting the use of mobile apps, organizations may fuel the traveler preference for self-service and direct booking by exposing them to the convenience and options available in a mobile app.

And last, travel policies continue to evolve, with some companies shifting from mandated policies to more flexible and guideline-based<sup>6</sup> policies that give business travelers greater latitude and control when planning their trips. Regardless of their concerns, travel managers interviewed say that travelers usually want to do what is right for their company and will stay within policy, but they also ask for flexibility. The shift to greater flexibility for travelers could also contribute to an increase in direct booking.

### PART 3: TRAVEL MANAGER PRIORITIES CAN'T BE ACHIEVED WITHOUT ADDRESSING DIRECT BOOKING

According to the interviews and survey, travel managers continue to prioritize traveler safety and cost savings, but if left unaddressed the rise of direct booking poses significant challenges to achieving their goals in both areas.

#### TRAVELER SAFETY AND IMPLICATIONS OF LACK OF DATA

Virtually all interview subjects mention traveler safety or risk management as a key priority for their travel program. Last year, the GBTA Foundation found that 83% of North American travel programs had at least some travel risk management protocols in place, with an overwhelming majority of these protocols covering international travel and to a lesser extent domestic travel. Concern for travelers, regardless of the destination of their trips, is becoming increasingly relevant with high-profile security incidents occurring in the common areas and transport hubs of major cities all around the world. As a result, traveler safety is a key priority as travel programs are looking for ways to help keep their travelers informed or have the ability to help them in times of need.

To locate and better serve a traveler in need, some organizations are implementing a comprehensive travel risk management program that supports direct data feeds from the OBT and TMC.

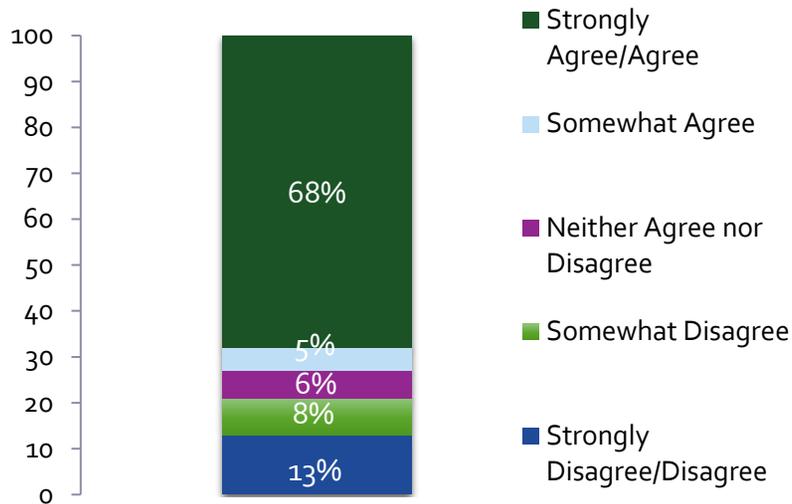
*"If a traveler books direct air and hotel, and does not share back the itinerary, which they are supposed to do, we don't know where this traveler might be, and will not be able to locate, much less communicate if there is a crisis"*

– Travel manager for consulting company.

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<sup>6</sup> Ibid

**Figure 2. Level of agreement of travel managers – In times of crisis traditional corporate travel management tools aren't able to locate travelers who have booked directly with supplier (n=84)**



Travel managers agree the lack of visibility has duty of care implications and know they must close this gap in order to account for their travelers' safety. Survey results show the majority of travel managers (68%) strongly agree/agree that in times of crisis, traditional corporate travel management tools aren't able to locate travelers who have booked directly with suppliers.

### INVISIBLE SPEND AND NON-PREFERRED RATES

Travel managers believe that employees receive better rates when they book through traditional corporate channels, like an OBT. A few of those interviewed say pilot tests they conducted comparing rates through corporate booking tools to other booking options have shown that the rates obtained through OBTs are generally better. Regardless of evidence supporting this, some business travelers still hold the notion they can find better rates. Given this perception against reality situation, travel managers should continue to educate their travelers on the benefit of booking through approved channels, whichever these might be. Travel managers face a challenge when trying to persuade business travelers—who frequently share their goal of saving their company money—to use company-preferred channels; especially when booking hotels.

Another challenge facing travel managers is the difficulty of tracking spend outside of corporate booking channels. Even though they know they can see summary spending data through expense reporting, the lack of granularity and late timing reduces its value. Travel managers know that when they cannot see this information in advance, they miss savings opportunities and can face increased costs.

Unmanaged supplier direct booking can lead travelers to unknowingly miss out on negotiated rates and amenities, and ultimately pay higher prices; not capturing the data can result in a travel program not accumulating or tracking spending data accurately over time. Timely spending data is often an integral part of the RFP and negotiation process with suppliers. Travel managers note that they often do not have access to supplier direct booking volume data to include in supplier negotiations or volume incentive calculations; some note it would be optimal if suppliers had a way to share this back. Other travel managers said they wish suppliers could apply negotiated benefits when a traveler from a specific organization books directly with them.

## PART 4: NAVIGATING THROUGH CHALLENGES

Driven by the need to control invisible spending and correct any out-of-policy behavior before it happens, travel managers are pursuing initiatives to capture direct booking, with varying degrees of success. Some travel managers are using technology to capture direct booking data by making it easier for travelers to share their trip information.

Other travel managers are using an automated data capture system but say this type of solution must expand to support a greater number of suppliers, and when not automated the burden is on the traveler to share back the travel information. Other programs rely on expense reporting data, but because it is received only after a trip is completed, this approach can cause serious Duty of Care implications.

Some travel managers interviewed say they encourage their travelers to join loyalty programs and to use them when booking direct. They instruct travelers to mention their organization's name with a preferred supplier at the time of booking. By doing so, suppliers can capture that data and share this information with the travel programs. However, many travel managers interviewed said this last step does not always happen, because the process is dependent on the traveler remembering to use their loyalty membership account number and on the supplier representative taking action when the information is received.

Another way to capture this information is to use existing technology that either triggers a message that reminds the traveler to send the itinerary information back to the travel program or that automatically captures the data and feeds it to the TMC or corporate booking system. Among those interviewed, many have adopted these types of technologies with all indicating the need for the automated process to work with a greater number of suppliers.

Through these initiatives, travel managers expect to improve the odds of receiving back direct booking information and gain visibility into the data. However, they would like to see more in a solution to address the rise of direct booking. Specifically, travel managers would like the ability to capture detailed travel information, including class, ticket number, seat assignment; real-time visibility into spending, automated expense reporting, better integration among technology systems, and a wider supplier reach for automated data capture programs.

## CONCLUSION

Travel managers interviewed recognize that direct booking is a growing reality accelerated by the use of mobile technology, user preferences and supplier incentives. As direct booking increases, it poses challenges to reaching current critical travel program goals related to cost savings and duty of care, including:

- The ability to communicate with travelers in times of crisis
- Losing value of pre-trip booking data
- Missed savings opportunities
- Negotiated rates with suppliers
- Lacking timely spending data

With rapid industry changes, travel managers realize that being prepared for future change is critical now more than ever. Many travel managers are starting to engage in initiatives to gain visibility back by using technology to capture direct booking data, working on travel risk management programs or establishing processes that allows them to capture traveler data up-front rather than on the back-end.

Those travel managers note there are still obstacles to overcome with technology and risk management, and many processes need to be fine-tuned, but feel confident the evolution of technology in these areas will continue to offer greater capabilities. They feel they are making traction in gaining back valued data that can truly help drive greater cost-savings and implement more duty of care responsibilities. They are setting themselves in a better position for growth in direct bookings and future changes that might affect their programs.

The question is no longer whether direct bookings are a reality. Travel managers and travelers want what's best for their company, and though there are challenges, there are still many opportunities.

Travel managers can reach critical program goals, recognize more cost-savings, fulfill more duty of care obligations *and* meet growing traveler preferences by implementing the following recommendations based on their program's needs:

- Initiate travel risk management program aligned to their business structure
- Use technology that brings visibility and management to supplier direct bookings. (ex. Enables travelers to automatically obtain their corporate discount and captures supplier direct booking data and applies policy controls in a timely manner)
- Set a mobile travel strategy that will enhance traveler experience and communication

- Put processes in place that support capturing traveler data up-front rather than on the back-end
- Design clear communication and training for travelers on the benefits of booking within their organization's policy and how to get the most value when booking direct with suppliers

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## ABOUT THE GBTA FOUNDATION



### About the GBTA Foundation

The GBTA Foundation is the education and research foundation of the Global Business Travel Association (GBTA), the world's premier business travel and meetings trade organization headquartered in the Washington, D.C. area with operations on six continents. Collectively, GBTA's 9,000-plus members manage more than \$345 billion of global business travel and meetings expenditures annually. GBTA provides its growing network of more than 28,000 travel professionals and 125,000 active contacts with world-class education, events, research, advocacy and media. The Foundation was established in 1997 to support GBTA's members and the industry as a whole. As the leading education and research foundation in the business travel industry, the GBTA Foundation seeks to fund initiatives to advance the business travel profession. The GBTA Foundation is a 501(c)(3) nonprofit organization. For more information, see [gbta.org](http://gbta.org) and [gbta.org/foundation](http://gbta.org/foundation).

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Concur imagines the way the world should work, offering cloud-based services that make it simple to manage travel and expenses. By connecting data, applications and people, Concur delivers an effortless experience and total transparency into spending wherever and whenever it happens, so businesses can focus on what matters most.