



IMPROVING HOTEL PROGRAMS IN 2019

How Gaps in Understanding Can Impede Program Goals



In partnership with:



Introduction

Travel program goals can be difficult to reach when travel buyers and business travelers are not on the same page, and many travel buyers are at a loss with how to leverage cost savings, compliance, and satisfaction with traveler behavior. This research aims to understand what gaps exist between hotel program goals, hotel policy, and traveler behavior. Key questions include:

1. What are travel buyers' top goals for the next year, and how do they plan to address them?
2. Are travelers satisfied with their rate allowance, and under what circumstances would they book outside of their allowance?
3. Why do travelers book outside of policy, and what motivates them to stay within policy?
4. What do travelers want most out of their corporate booking tools?
5. What amenities do travelers most value on business travel?
6. How can hotel programs improve for the mutual benefit of travel buyers and business travelers?

Methodology

An online survey was conducted of 278 travel buyers in the United States (131) and Europe (134). The survey fielded between September 19, 2018, and October 12, 2018. An email invitation was sent to GBTA members and contacts globally, as well as members of GBTA partners¹.

Three hundred and fourteen recipients completed at least one question. Of these, 278 qualified given (1) they are based in the United States or Europe, and (2) are a travel manager or buyer. Of those who qualified, 203 completed the entire survey.

In addition, a survey was conducted of 750 business travelers in the United States (247), United Kingdom (254), and France (249) using an online panel. The survey fielded between October 5, 2018, and October 15, 2018. Respondents qualified if they (1) were employed full-time or part-time, and (2) traveled for business more than once in the past year. Quotas were set for age and gender within each country to obtain a sufficient number of respondents from each demographic and mirror the business traveler population, thereby allowing comparison between groups. However, after sampling, a few groups remained underrepresented. As a result, the data was weighted to roughly approximate the desired distribution within each country. All percentages and sample sizes reported throughout are weighted.

¹ GBTA Partners include ABTA, DBTA, FBTA, NATM, NBTA, SBTA, ITM, and VDR.



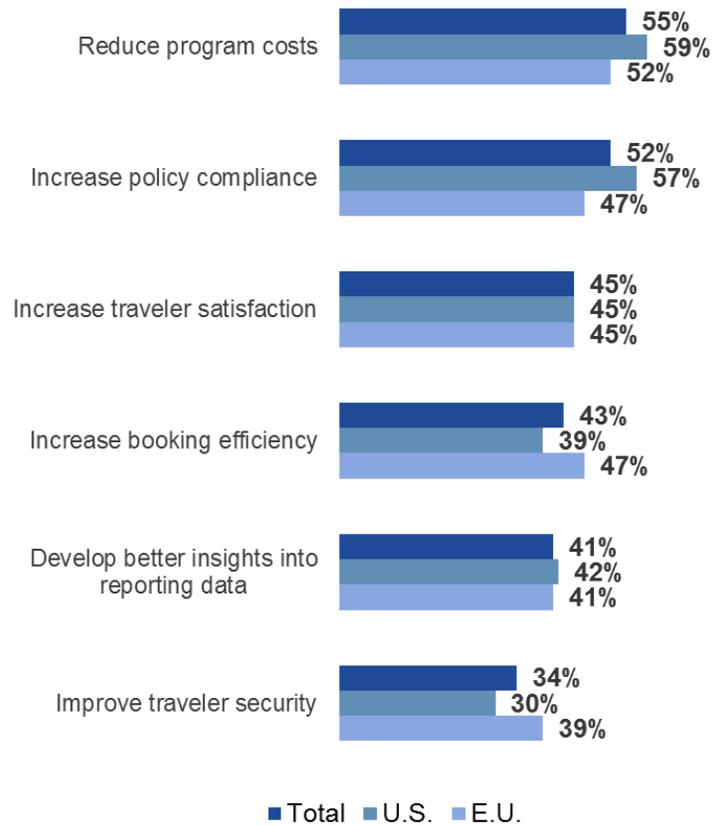
Hotel Program Goals

- **Over half of travel buyers say reducing program costs is the top goal for travel programs in 2019, but increasing policy compliance and traveler satisfaction do not fall far behind.**

Slight regional differences exist for program goals. Though reducing program costs is the top goal for both regions, more buyers in the U.S. (59%) rank it in their top 3 goals than European buyers (52%).

Similarly, more U.S. buyers prioritize increasing policy compliance (57%) than buyers in Europe (47%). One reason for this difference in priorities might be that over one-third (37%) of European buyers report having mandated policies, compared to one-quarter (27%) of U.S.-based buyers. These mandated policies might be a condition of employment or reimbursement, meaning the stakes are higher for European travelers to stay within policy.

% of travel buyers who selected the following in top 3 goals

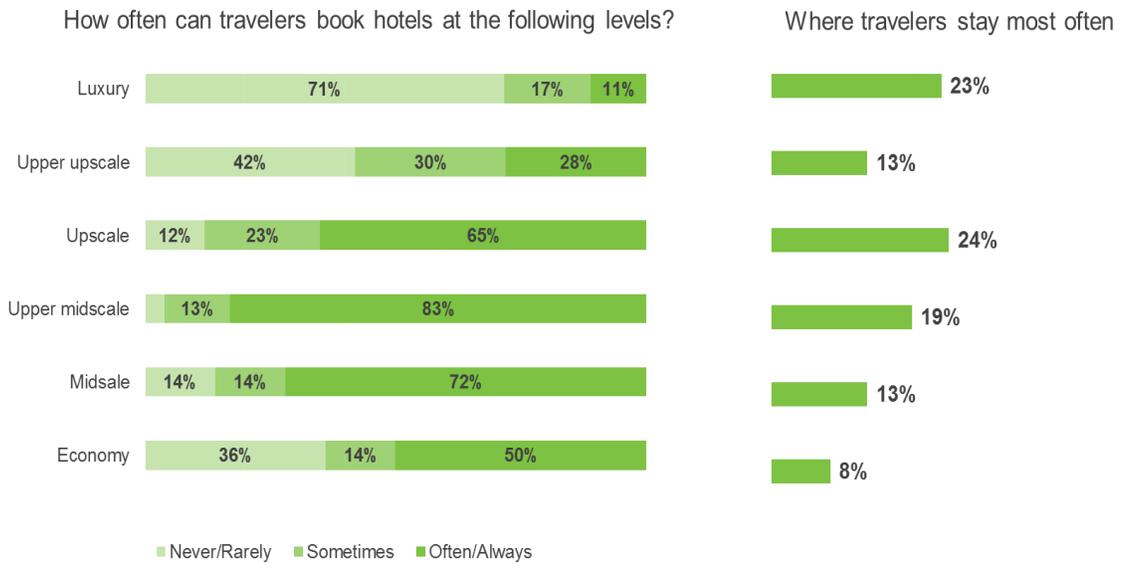




Goal 1: Reducing Costs

While both travel buyers and travelers say they want to save their companies money, they are both taking actions that could actually cost more.

- One reason travel buyers might be saving less than they hoped: Travelers stay at more luxury² properties than policies typically allow.**
 - Six in ten (60%) business travelers report they most often stay at upscale or higher properties (upscale 24%; upper upscale 13%; luxury 23%).
 - While upscale properties are typically allowed in policy (65% “often” or “always” allow), nearly half (42%) of travel buyers say they “rarely” or “never” allow travelers to book upper upscale properties, and a vast majority (71%) “rarely” or “never” allow travelers to stay at luxury properties.



² Travel buyers and business travelers were given examples of different property scales: **Luxury** (e.g., Four Seasons, JW Marriott, Ritz-Carlton, Barrière); **Upper upscale** (e.g., Affinia, Kimpton, Millennium, Omni, Renaissance); **Upscale** (e.g., Sofitel, Doubletree, Hotel Indigo, Radisson, Springhill Suites); **Upper midscale** (e.g., Drury Inn, Novotel, Fairfield Inn, Hampton Inn); **Midscale** (e.g., Candlewood Suites, La Quinta Inn & Suites, Ramada); **Economy** (e.g., Extended Stay America, Motel 6, Travelodge, Premier Inn, Ibis)



- **Travelers in the United States are more likely to book luxury properties, potentially out of policy.** 30% of U.S.-based travelers book luxury accommodations despite only 16% of travel buyers allowing them. This is compared to an average of 8% of travelers in the UK and France booking luxury, with 7% of European buyers allowing it.
- **The trend of U.S. travelers booking luxury out of policy might be related to higher dissatisfaction with rate allowance.** While numbers are high across countries, this is of particular concern for travel buyers in the U.S. Seven in ten (71%) business travelers in the U.S. say they would like their hotel rate allowance to be higher so they can stay at safer properties, compared to just over half of travelers in France (55%) and the United Kingdom (58%). Similarly, 70% of business travelers in the U.S. say they would like their hotel rate allowance to be higher so they can stay at preferred properties, compared to 59% in both France and the U.K.

Travel Manager Takeaway

Despite wanting to save the company money, if lower priced hotels are sold out, travelers would rather trade up than down, which might account for the higher rate of luxury bookings. Travel managers should explore why travelers are booking luxury hotels beyond policy parameters and act accordingly, such as educating travelers on the types of properties allowed in-policy and, in some cases, considering alternative forms of lodging like apartments if availability is an issue.



- **Travelers might also be spending more to better meet their business travel needs, particularly when traveling to high-demand cities.** One-third (32%) of business travelers say they are willing to go over their rate allowance by \$31 or more if they find a hotel that is better suited for their business travel needs.

While two-thirds (66%) of high-spend³ organizations set rate caps by city, only one-third of organizations with medium-spend and low-spend set city-specific rate caps. When travelers book hotels in cities that charge premium rates like San Francisco and London, travelers might need to book higher rates because a flat rate allowance might not capture their business travel needs. In that regard, travel buyers can be proactive in regulating traveler spend in high-demand cities by setting city-specific rate caps.

How much are travelers willing to go over their rate allowance to meet their business travel needs?



Travel Manager Takeaway

While dissatisfaction with rate might account for some out-of-policy bookings, travelers might be booking out of policy due to lack of availability of rooms that are both a) in policy and b) meet traveler needs. If not already in place, travel buyers should consider taking action such as setting city-specific rate caps, communicating to travelers why or when it is reasonable to book above rate caps, and improving property mapping in booking tools.

³ High spend categorized as an annual travel spend of \$30 million or more; medium spend \$10 million to less than \$30 million; low spend less than \$10 million



- **Most programs (77%) do not use hotel reshopping tools to secure even lower rates, mainly because they prefer for rates to be booked under their negotiated rate code.** When asked why they choose not to use these tools, nearly half (43%) say they prefer for rates to be booked under the company's negotiated rate code, and an additional one-quarter (26%) say they are unfamiliar with the benefits.

While travel buyers may be concerned about their corporate negotiated rates, they don't necessarily need to be. According to James Filsinger, CEO of Yapta, 19-28% of the time Yapta can find rates at the same hotel property that is less than the negotiated rate. Rebooked rates will often still be credited toward the corporation's room nights.

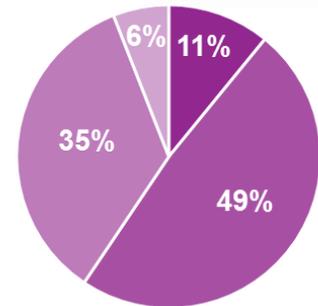
- Use of hotel reshopping tools is significantly less common in Europe – one quarter (23%) of U.S.-based travel buyers say they use hotel reshopping tools, compared to just one in ten (11%) in Europe. This might be because significantly more travel buyers in Europe say they are unclear on benefits compared to those in the United States (35% versus 18%, respectively). In that regard, travel buyers in Europe might want to ask their TMCs to provide further information about the benefits of hotel reshopping tools.

Travel Manager Takeaway

Travel buyers need to understand that rebooked rates produce significant savings while still crediting their stays. To boost program savings, travel buyers, particularly in Europe, should look into the benefits of hotel reshopping tools, and how incorporating these tools into hotel programs can offer cost savings.

- **Very few programs always allow travelers to book higher bundled rates; however, travelers believe that doing so could contribute to cost-reduction goals.** Over three-quarters (78%) of business travelers say they would prefer to book rates that included multiple amenities, even if the rate is slightly higher. However, only one in ten (11%) travel buyers say booking higher bundled rates is always allowed; one-third (35%) say this is not allowed.

Do you allow travelers to book slightly higher bundled rates?



- Yes, always
- Yes, on some occasions
- No
- Don't know

- Three-quarters (75%) of business travelers agree that purchasing a higher bundled rate would make the expense reimbursement process easier. When amenities that travelers use are included in the booking rate, travelers won't have to expense amenities purchased for reimbursement after their trip.
- Nearly seven in ten (69%) business travelers also agree that booking slightly higher bundled amenities would save their company money in the long run. Travelers might be expensing a number of amenities that are not included in their rate allowance, which they believe can add up, potentially over what is offered at a bundled rate.

Travel Manager Takeaway

Many travel buyers already include WiFi or breakfast into their negotiated rates. However, there is an opportunity to add more amenities or include bundled rates from TMCs or aggregators into their hotel programs alongside their negotiated rates.

- **Few travel programs have strict requirements surrounding cancellation, so many travelers might be booking non-refundable rooms for a significant discount with the intent to save company money.** Over one-third (35%) of business travelers say the one thing they wish their travel managers knew was that they want to help save money and hate having to book corporate rates that are higher than what they can find on their own.
- **One way travelers go about saving money is through booking non-refundable rates.** Only three in ten (31%) travel buyers say their policies require employees to book refundable rates or hotels with free cancellation; 36% recommend this process, and one-third (32%) do not address cancellation at all. With such flexibility in policy, two-thirds (67%) of business travelers say they would book a non-refundable hotel room if it was offered at a significant discount.

Travel Manager Takeaway

Non-refundable rates can provide travel buyers with significant cost savings and travelers with peace of mind, particularly if the booking is unlikely to be cancelled. Travel buyers should clearly educate travelers on when it is appropriate to book a non-refundable rate, even if it is not specifically addressed in company policy.

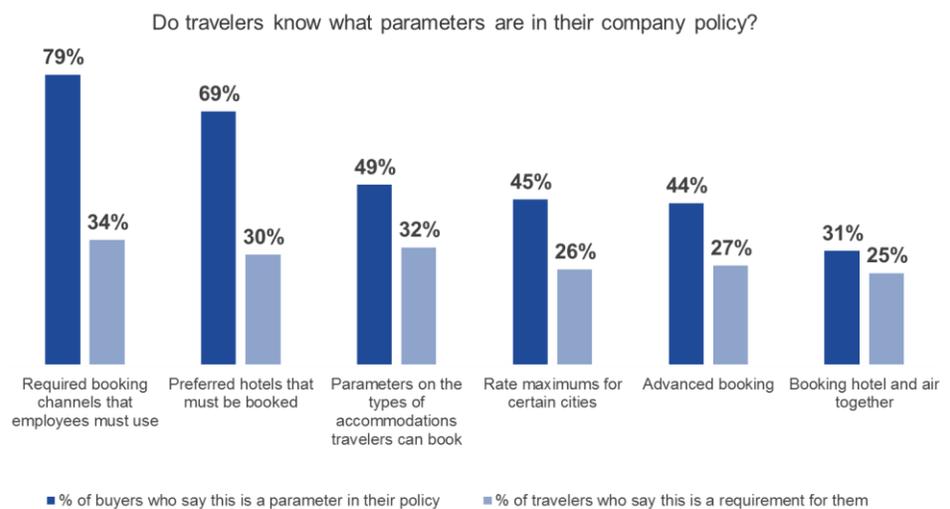


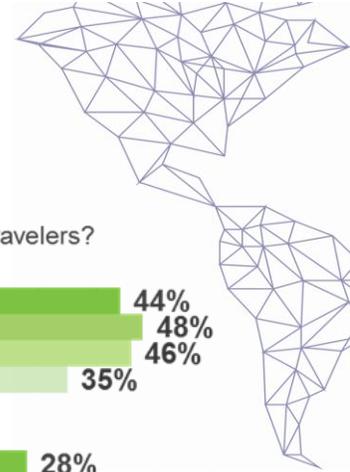
Goal 2: Increasing Policy Compliance

According to travel buyers, compliance is the most difficult challenge when managing a hotel program. Given the gap between traveler and travel buyer’s knowledge, it’s not surprising that this is a tough task.

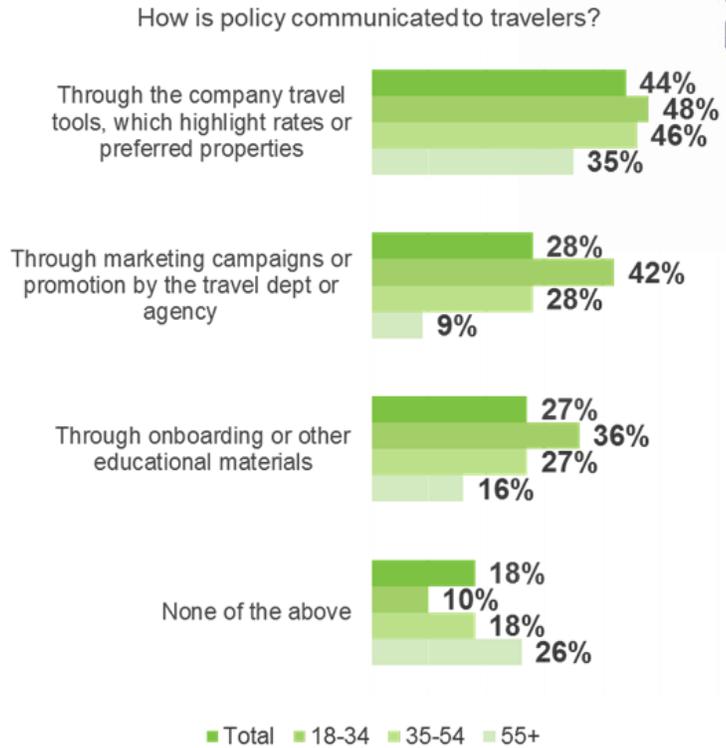
- **Nearly half of travelers book out of policy, leaving significant room for improvement when it comes to policy compliance.** Seven in ten (69%) travel buyers say that enforcing policy compliance is within their top three most challenging aspects of managing a travel program. This is compounded by the fact that only a small majority (52%) of business travelers say they “always” book a hotel that follows all company guidelines.
- **While travelers may be booking out-of-policy for preferred properties or amenities, there is also a large gap in travelers’ knowledge of their company policy.** On average, three in ten (29%) business travelers report having requirements in their travel policy such as required booking channels, preferred hotels, and parameters on the types of accommodations travelers can book. However, significantly more travel buyers report

having these kinds of requirements in place, indicating many travelers might be booking out of policy because they don’t know what is in their policy.





Gaps in travelers' policy knowledge might be related to a perceived lack of communication about travel policy. When asked how their travel policy is communicated to them, less than half of business travelers report receiving communication from any channel despite the fact that 62% of travel buyers say they provide travelers with education on travel policy.



Travel Manager Takeaway

Travelers want to book within policy, but current communication efforts might not be registering. Travel managers should consider new and creative ways to review travel policy, particularly with experienced employees, such as infographics, newsletters, or contests to keep travelers engaged and motivated to book within policy.

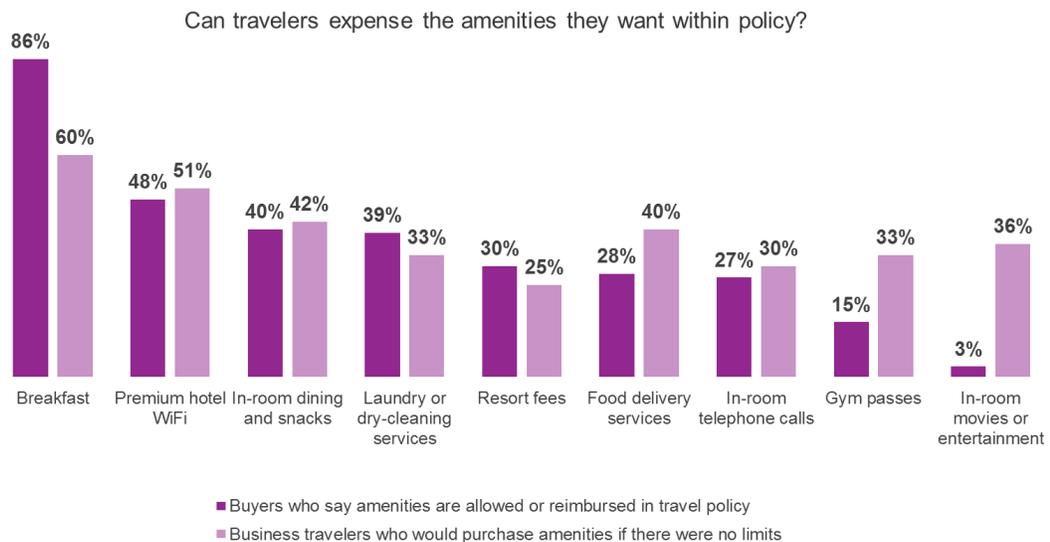




Goal 3: Increasing Traveler Satisfaction

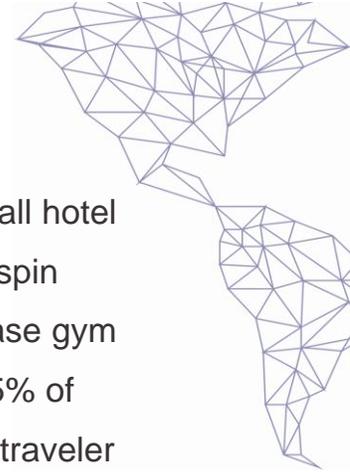
Travel buyers have opportunities to improve traveler satisfaction in the coming year by focusing on amenities and loyalty benefits. Of course, a better online booking experience would also please travelers, but those changes may take more time.

- **Travelers want to use amenities that are not always included in their travel policy, leaving room for increased satisfaction.** When asked which amenities they would purchase during business travel if they had no limits within their company’s policy:
 - 51% would purchase premium hotel WiFi, and 48% of travel buyers say premium WiFi is allowed or reimbursed in their policy. The need for premium hotel WiFi is significantly higher for travelers aged 18-34 (61%) than those aged 35-54 (49%) and over 55 (42%). With Millennials, who are now aged 22-37, expected to make up 50% of the workforce by 2020⁴, their purchasing of premium WiFi could make it a key amenity to consider including in policy in the coming years.



⁴ Millennials at Work: Reshaping the Workplace, PWC, 2017.

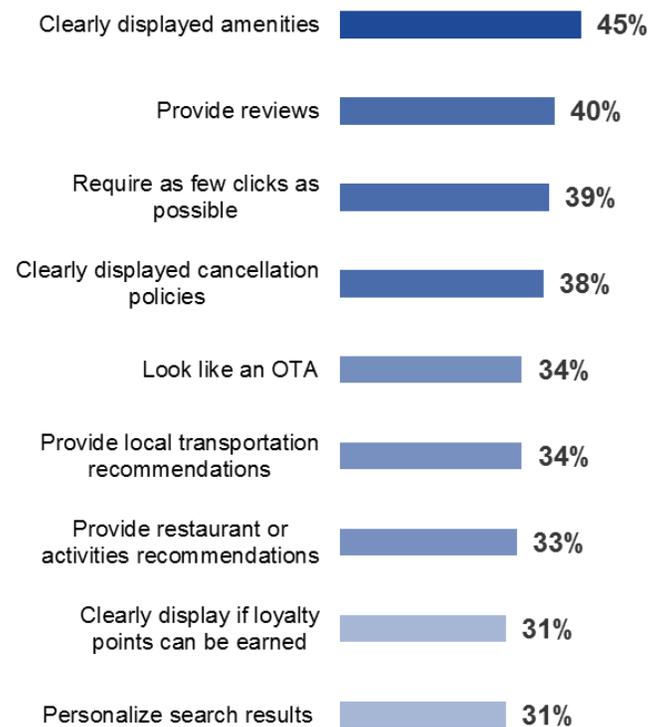




- Today’s stressed traveler can also be a particular one. Small hotel gyms may not compare to passes to their favorite yoga or spin studio. One-third (33%) of business travelers would purchase gym passes if they had no limits on company policy, but only 15% of travel buyers say travelers are allowed to expense it. With traveler well-being often being linked to traveler satisfaction, travel buyers should consider if gym passes, or other wellness programs, might be worth including in policy.
- **Increasing booking efficiency is a top goal for travel buyers, but there is more room for improvement when it comes to the user friendliness of corporate booking tools.**

Forty-four percent of travel buyers believe their booking tools have improved within the last year, and 87% believe that improved features in booking tools will continue to increase in the next three years. Nevertheless, over half (52%) of business travelers say that using their company’s preferred online booking tool or app is in the top three most challenging aspects of booking through their travel program, and want to see more features like displayed amenities, reviews, and cancellation policies.

What do travelers want out of an online booking tool?



- **The inability to earn loyalty points may cause traveler dissatisfaction and lead to out-of-policy bookings.** When asked to provide their level of agreement:
 - 71% of travelers agree that if they give up their time to travel, they should have the ability to earn loyalty points
 - 51% would risk being reprimanded for booking out-of-policy if it meant they could book a hotel where they could earn loyalty points
 - 47% would never consider booking a hotel where they could not earn loyalty points.
- **Loyalty plays a significantly bigger role in the United States.** One-quarter (25%) of U.S. business travelers say the ability to earn loyalty points is a factor in choosing where to book, and over half (52%) say they would never consider booking a hotel where they could not earn loyalty points compared to 37% in France and 31% in the UK.

While offering incentives such as loyalty points or loyalty status match to drive compliance is more common in the U.S. (34% “always” or “often”) than Europe (14%), U.S.-based travel buyers should take a closer look into loyalty’s impact of traveler satisfaction and compliance.

Travel Manager Takeaway

Travel buyers who are concerned about traveler satisfaction should consider taking actions like allowing individual loyalty accounts within policy or providing additional loyalty points as incentives for booking preferred properties. Moreover, though loyalty is not as important to Europeans today, they may become more interested in loyalty as smaller, regional chains offer their own programs and larger chains begin to partner with boutique properties.

Conclusions

Travel buyers' top goals for their travel programs are reducing costs, increasing policy compliance, and improving traveler satisfaction. However, these goals are even more difficult to accomplish when travel buyers and business travelers are not on the same page. Travel buyers should focus on continuing communication and education opportunities to engage travelers to help them meet these goals in the best interest of their companies.

- **Reducing costs:** Travel buyers want their travelers to know that an occasional lower rate does not necessarily mean overall savings. However, travelers say they do not want to book corporate rates that are higher than what they can book on their own. Despite generally staying within their rate allowance, many travelers do not think their rate cap meets their needs and are willing to book higher rates or more upscale accommodations to meet these needs. Travel buyers should ensure rate caps are reasonable by city, as a generic rate cap might not capture all business travel needs. Moreover, considering the amenities that travelers use and pulling them into contract negotiations with preferred suppliers could reduce the risk of travelers booking and expensing out of policy to better meet their needs.
- **Increasing policy compliance:** Travel buyers say approximately one-third of their bookings are non-compliant, and only a small majority of business travelers say they always book in policy. While compliance continues to be an issue, it seems that education on policy might account for some of these challenges; there is a big gap between what travel buyers say their policy includes versus what travelers know their policy includes, as well as the types of accommodations that are available in-policy and near their travel destination. The gap seems to widen over time, with experienced

travelers' knowledge being below baseline. Therefore, continuing communication surrounding what is allowed and available within policy is critical. The good news: travelers are generally motivated to stay in-policy because they want to be seen as responsible and respectful with company policy, so simple steps such as recognition when they stay within policy might boost compliance rates.

- **Improve traveler satisfaction:** Like costs and compliance, gaps exist between the travel buyer goal of traveler satisfaction and what travelers want to see out of their travel program. Booking tools are expected to be improving, yet travelers are still facing significant challenges in booking the way they want through their corporate channels.
- Moreover, while loyalty is not much of a priority on travel buyers' lists for the future, business travelers largely feel that if they are giving up their time to travel, they should have the ability to earn loyalty points.
- Finally, as mentioned before, current rate caps might not necessarily be inclusive of the amenities that travelers typically use or desire out of a business trip, many of which can improve their well-being or satisfaction on the road. In that regard, to accomplish the goal of traveler satisfaction in 2019, travel buyers should consider the efficiency and user-friendliness of their booking tools, allowing or promoting the use of hotel loyalty, and what amenities might be worth including in future contract negotiations.



About the Global Business Travel Association

The Global Business Travel Association (GBTA) is the world's premier business travel and meetings trade organisation headquartered in the Washington, D.C. area with operations on six continents. GBTA's 9,000-plus members manage more than \$345 billion of global business travel and meetings expenditures annually. GBTA delivers world-class education, events, research, advocacy and media to a growing global network of more than 28,000 travel professionals and 125,000 active contacts. To learn how business travel drives lasting business growth, visit www.gbta.org.

About RoomIt

RoomIt by CWT is a division of Carlson Wagonlit Travel, a long-standing leader in business travel.

RoomIt provides travelers with the rooms, rates, amenities, and loyalty programs they want, while helping organizations control their budget and improve travel oversight.

