

Travel Procurement

February 2021

PROJECTING
DEMAND REVIVAL
THROUGH 2025

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SHIELDING
SUPPLIERS FROM
COVID-19 SUITS

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ASSESSING HOTEL
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THE TICKET TO GOOD WORKS

Faced with an excess of unused air tickets thanks to Covid-19, the Bill and Melinda Gates Foundation works with suppliers to use them to fund charitable organizations. **page 17**

Bill and Melinda Gates
Foundation senior
manager of global travel
Stephen Gheerow

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20 Opinion: Tips and Takeaways for Virtual Events in 2021

By Cvent SVP and CMO Patrick Smith

Like them or not, virtual events aren't going away anytime soon, so here are some tips to make the most of them.

Working Toward Change

If 2020 was the year we spent waiting for the grip of Covid-19 to loosen, 2021 may be the year we need to meet our reality where it is. Business travel continues to be stymied even as vaccine efforts get underway. Level heads predict we are looking at the third quarter of 2021 before business travel can gain significant traction. To keep a bead on that progress, Travel Procurement editors have reformatted our regular By the Numbers feature on page 8 to track business travel sentiment and transaction levels going into 2021. We look forward to rising numbers as the year progresses. In the meantime, there is work to prepare travel programs for a robust return and to ensure business travel partnerships remain strong.

Our cover story this issue is all about strong partnerships. Bill & Melinda Gates Foundation senior manager of global travel Stephen Gheerow worked with domestic airline partners in 2020 to donate the organization's \$140,000 of unused ticket credits to non-profit organizations that aligned with the mutual values of the foundation and its partners. Executive editor Michael Baker documented how Gheerow did it, from getting internal permissions to working with UATP and the airlines themselves to maximize the value and impact of the donations. See page 17 for the full story.

The Gates Foundation wasn't the only travel program using airline credits for good works in 2020. Corporate travel giant Deloitte, which has topped BTN's Corporate Travel 100 for the last three years, donated \$1 million in unused ticket credits to social causes and Covid-19 first responders last year. When we approached the Gates Foundation about their work, one of the major messages the travel team put forth was that buyers don't have to have a huge program or a huge credit to make a difference. As more organizations review their social responsibility efforts, donating travel dollars can have a big impact, even in smaller amounts. The strategy also supports supplier partners as they look to ramp revenue out of the gate in 2021.

Donating travel dollars takes a real change in mindset, but so many other challenges presented by Covid-19 have required us all to think differently about our work and our industry.

On page 16, check out Tripbarn's data on how a shift in hotel tiers has allowed Hilton to overtake competitor Marriott in capturing business travel share. On page 14, GBTA is looking to 2025 for a full business travel recovery to 2019 levels, but a shift in fortune for China will do the heavy lifting, with its faster and more robust recovery than any other major market.

On page 10, Frosch CEO Bryan Leibman talks with me about the travel management company's new private equity partnership, but also about the significant changes underway in the TMC market, which may precipitate some fundamental changes in TMC commercial models.

Our opinion contributor, Cvent SVP and chief marketing officer Patrick Smith, tackles the new reality of virtual meetings on page 20.

Here's to driving change in 2021! Travel Procurement will be with you along the way.



Stay well,

Editorial Director, BTN Group

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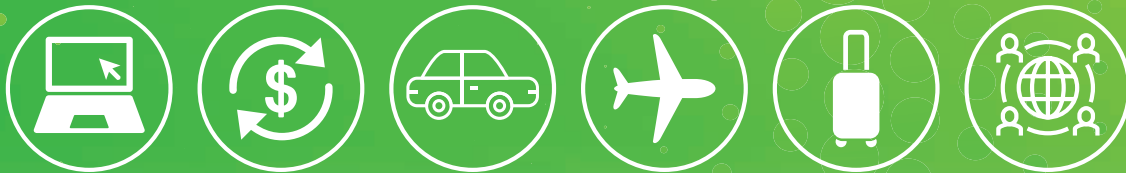
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Travel Procurement

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The Beat

AIR TRAVEL

Delta Cites Corporate Customer Sentiment for Recovery Optimism. Delta Air Lines expects to reach a breakeven point by the spring, with corporate travel recovery following after that, executives said last month. A recent survey of Delta's corporate customers indicated that most plan to return to offices and restart travel by the third quarter, and 40 percent of large customers expect their travel volumes to be back to 2019 levels by 2022, CEO Ed Bastian said. Eleven percent said it would take until 2023 to return to 2019 volumes, and 7 percent said they never would get back to pre-Covid volumes, he said. Delta also said it would continue to block middle seats through April 30. For the fourth quarter, Delta's passenger revenue was down 74 percent year over year to \$2.7 billion. Delta reported a net loss of \$755 million for the fourth quarter and \$12.4 billion for full-year 2020.

American Airlines Sees Latin America as 'Standout' While Awaiting Recovery. American Airlines executives expect demand in the first quarter will look like the fourth quarter, with revenue down between 60 percent and 65 percent year over year and capacity down 45 percent year over year. Meanwhile, American president Robert Isom noted that American's Latin America network has been a "standout," and he expects travel to Latin America to recover more quickly than to the rest of the global regions. American expects to see corporate demand begin its recovery closer to the end of 2021. In the meantime, American has been winning some new corporate contracts by leveraging its new partnerships with Alaska Airlines and JetBlue, Isom said. American reported a net loss of \$2.2 billion for the fourth quarter, and its loss for the full year was \$8.9 billion.

Southwest Needs 'Substantial' Demand Recovery to End Cash Burn in 2021. Southwest Airlines hopes to reach a breakeven point by the end of the year, but that will require a "substantial rebound" in revenue including a recovery in business travel, executives said in an earnings call last month. For now, booking trends "do not indicate significant improvement through March 2021," according to Kelly. Southwest's corporate managed travel demand in the fourth quarter was "very weak," down 87 percent year over year—which actually was a slight improvement over the third quarter—and Southwest expects business travel levels still will be down between 50 percent and 60 percent by the end of the year, Southwest president Tom Nealon said. Southwest reported a net loss of \$908 million for the fourth quarter. For the full year, Southwest reported a net loss of \$3.1 billion.

United Expects Quick Revenue Recovery Pending Vaccination Success. United Airlines executives are confident that demand recovery will be quick, but they are less confident when it will start. CEO Scott Kirby said that would depend on an "inflection point" of a successful vaccination rollout. Once that happens, which EVP and CCO Andrew Nocella said could be in the summer or "possibly sooner if vaccine distribution improves," executives expect a quick, S-shaped recovery. From there, they expect a "steady increase in demand" to between 85 percent and 90 percent of 2019 levels and within a "matter of months moving from being cash-negative to quite a bit cash-positive," Kirby said. United reported a net loss of \$1.9 billion for Q4. For full-year 2020, the carrier's net loss was \$7.1 billion.

TRAVEL MANAGEMENT COS.

Amex GBT Lands Ovation Travel Group. American Express Global Business Travel has acquired New York-based Ovation Travel Group, the parent company of Ovation Travel, Lawyers Travel and Chartwell Travel. The purchase by GBT is a major move in what could well be an active mergers and acquisitions environment in 2021 for travel management companies. Financial terms of the deal were not disclosed. Ovation Travel Group and its employees will become a division of GBT's global customer partnerships organization and will continue to be led by Ovation chairman and CEO Paul Metselaar and the current executive team.

TripActions CEO Says \$155M Funding Signals Industrywide Recovery. TripActions has landed yet another major round of investment financing, securing \$155 million in Series E funding to bring the travel management and expense provider's overall valuation to \$5 billion. TripActions CEO Ariel Cohen sees the latest infusion of investment dollars as a positive sign for the prognosis of corporate travel as a whole as the industry awaits recovery from the devastating effects of the Covid-19 pandemic. Cohen said the infusion of cash will be leveraged to continue research and development activity, accelerate TripActions' go-to-market efforts and further expand the company's global footprint, among other uses. Cohen wouldn't specifically address TripActions' acquisition strategy, but he said, "we are always looking at the market and growth opportunities."

L ODGING

Marriott CEO Sorenson, 62, Dies After Battle with Cancer. Marriott International president and CEO Arne Sorenson “unexpectedly” died Feb. 15, the company announced. He was 62. Marriott first shared the news in May 2019 that Sorenson had been diagnosed with pancreatic cancer. On Feb. 2, the company announced that he would temporarily reduce his schedule as he was to undergo more demanding treatment for the disease. At that time, Marriott appointed two executives to oversee the company’s operations: group president of consumer operations, technology and emerging businesses Stephanie Linnartz, and group president of global development, design and operations services Tony Capuano. Both will continue in this capacity in addition to maintaining their current responsibilities until the Marriott board appoints a new CEO, which the company said it expected to do by March 2.

Sonesta Agrees to Acquire Red Lion Hotels.

Sonesta International Hotels has entered into an agreement to acquire Red Lion Hotels’ parent company, RLH Corp., in an all-cash transaction valued at approximately \$90 million. The deal completes an exceptional year for Sonesta, which during 2020 added 103 properties formerly managed by InterContinental Hotels Group and 122 properties that were under Marriott International flags. Both IHG and Marriott had gone into default on the hotels with owner Service Properties Trust, which also owns about 34 percent of Sonesta.

Wyndham Shows Q4 Monthly Improvement as ‘Everyday’ Business Grows.

Despite monthly sequential improvements in performance metrics, Wyndham Hotels & Resorts reported a \$7 million net loss for the fourth quarter and a \$132 million loss for full-year 2020. President and CEO Geoffrey Ballotti noted that demand from the company’s “everyday business travelers” has continued to improve, driving weekday booking and weekday ADR, especially in Wyndham’s economy hotels. Global fourth-quarter revenue per available room, in constant currency and including closed hotels, declined 35 percent year over year.

P AYMENT & TECH

Amex Corporate Cards Show Continued Spend Recovery in Q4.

Spending on American Express corporate cards continued to slowly recover during the fourth quarter of 2020. Amex’s Global Commercial Services division reported \$109.1 billion in Q4 billed business, up from \$98.5 billion in the previous quarter and continuing a bounce-back from the Covid-19-ravaged Q2, which saw just \$82.8 billion in GCS billed business. T&E spending on all Amex cards—while still down significantly from pre-pandemic levels—also showed steady improvement. Global T&E spend was down 65 percent year-over-year during the most recent quarter, compared to 69 percent in Q3 2020 and 87 percent drop in Q2. Amex’s GCS division reported fourth-quarter net income of \$538 million, down only slightly from \$550 million a year ago.

TravelPerk Acquires NexTravel to Grow U.S. Footprint.

In a move that significantly expands its presence in the U.S. market, Barcelona-based TravelPerk has acquired corporate travel booking and management provider NexTravel, bringing what it says is more than 700 new U.S. client organizations under TravelPerk’s umbrella, along with NexTravel’s technology platform and workforce. Terms of the deal were not disclosed.



For TravelPerk, the acquisition is intended to serve as an anchor point for further growth in the U.S., according to company CEO Avi Meir.

Wex to Buy eNett at Lower Price, Lawsuit Settled.

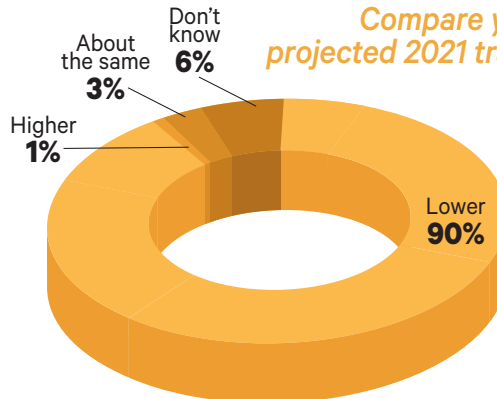
Payment solutions provider Wex Inc. has finalized the purchase of virtual travel payments providers eNett and Optal at a price far lower than it agreed to in 2020, and has settled a U.K. court case brought by former eNett majority owner Travelport, according to Wex. Wex has agreed to pay \$577.5 million in cash to purchase eNett and Optal, much lower than the agreed-upon January purchase price of \$1.7 billion, from Travelport and Optal—the latter a minority investor in eNett; Wex agreed to acquire both. Wex in May backed out of the original deal, citing the effects of the Covid-19 pandemic, but Travelport and other parties sued Wex in U.K. court to hold the parties to the original deal. That case was on going, but the court in October sided with Wex on a preliminary issue, ruling eNett and Optal should be considered part of the broader business-to-business payments industry and not a separate travel-specific sector. The case now has been settled.

BUSINESS TRAVEL BY THE NUMBERS

SPENDING

TRAVEL BUYERS SEE 2021 SPENDING HALF OF 2019

Compare your organization's projected 2021 travel spend to 2019



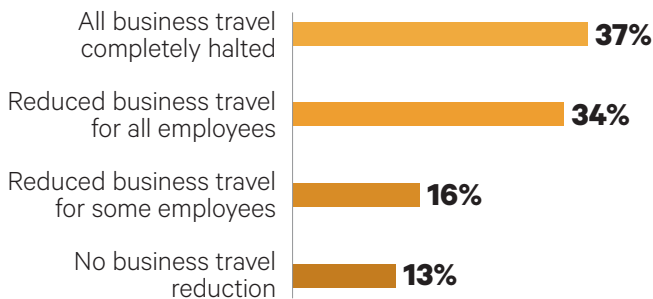
52%

Mean decline in projected 2021 travel budgets vs. 2019 levels.

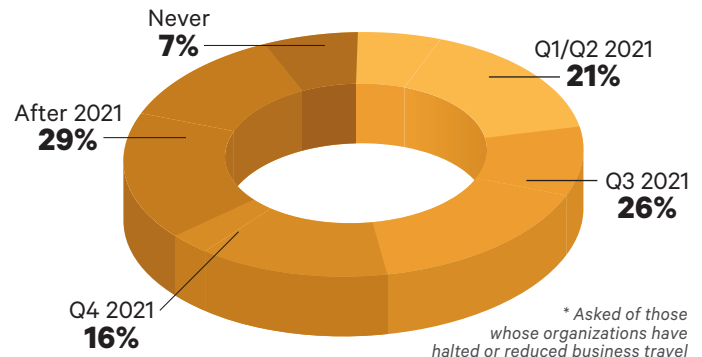
Any return to business travel in the United States in 2021 for now looks rather tentative, according to travel buyers and business travelers themselves. The vast majority of buyers don't project their organizations' spending levels this year to reach 2019 levels; in fact, on average they don't see it reaching even half that level. Travelers are perhaps more optimistic they'll hit the road this year, but they haven't really started yet, according to ARC air sales.

Source: Global Business Travel Association Jan. 11-18 survey of 374 member travel managers and procurement professionals

FREQUENT BUSINESS TRAVELERS' CURRENT STATUS



WHEN WILL BUSINESS TRAVEL RETURN TO PRE-PANDEMIC LEVELS?*



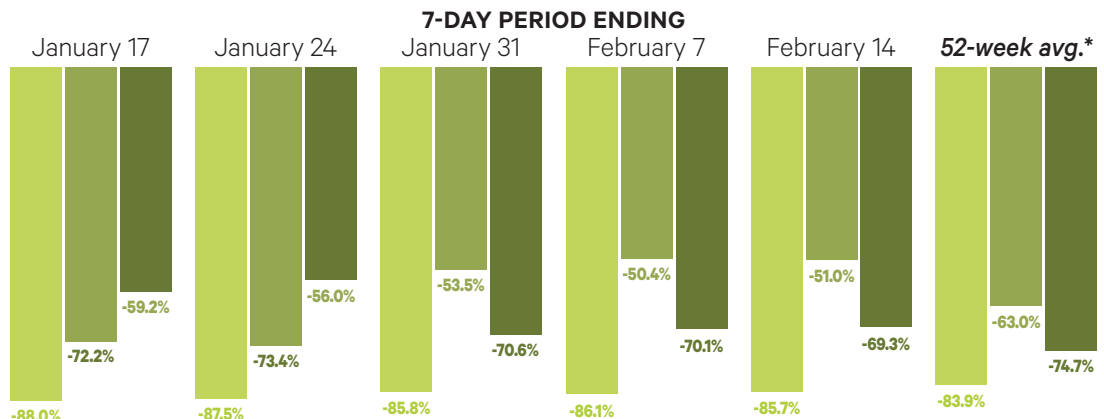
Source: American Hotel & Lodging Association/Morning Consult Jan. 7-12 of 400 U.S. business travelers who traveled at least five nights for business in 2019

TMCs

ARC: U.S. CORP. AGENCIES' AIR TICKET SALES STILL SLOW

AGENCY TYPE:
■ Corporate
■ Online
■ Leisure/Other

YOY CHANGE:



* Rolling average of prior 52 weeks vs. full-year 2019 Source: ARC

After what STR called the worst year on record for U.S. hotel performance, recovery should begin in 2021, but fully restoring 2019 levels of occupancy and revenue still is projected to be a multi-year process. Meanwhile, even as corporate air travel spending remains low, booking windows have narrowed considerably, likely due to the pandemic-caused updated booking policies airlines and hotels implemented to ease cancellation and rebooking.

STR 2020 U.S. HOTEL PERFORMANCE

	OVERALL		GROUP	
	2020	YOY	ADR	REVPAR
Occupancy	44%	-33.3%	7.4%	-66.9%
Average daily rate	\$103.25	-21.3%	\$189.32	-7.4%
Revenue per available room	\$45.48	-47.5%	\$14	-69.3%

Source: STR

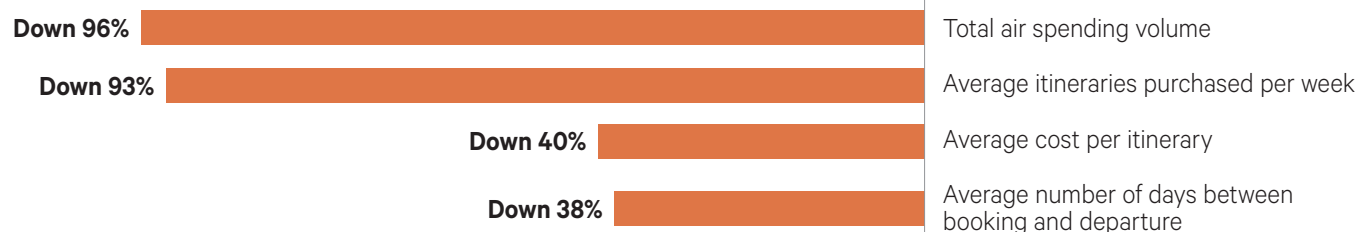
CBRE U.S. HOTEL PERFORMANCE FORECAST

YEAR	OCCUPANCY	ADR	REVPAR	REVPAR YOY CHANGE
2020	41.8%	\$102.94	\$43.06	-50.9%
2021	50.1%	\$101.65	\$50.89	18.2%
2022	57.3%	\$111.06	\$63.60	25.0%
2023	63.8%	\$121.35	\$77.40	21.7%
2024	67.1%	\$134.07	\$90.01	16.3%

Sources: CBRE Hotels Research, Kalibri Labs

AIR

Q4 2020 YOY CORP. AIR BUYING METRICS



Source: Coupa's Business Spend Index

After New Investment, Frosch Seeks Opportunities

New York- and Houston-based Frosch International Travel in February announced that EagleTree Capital had taken an undisclosed minority stake in the agency. EagleTree owns Northstar Travel Media, parent company of The BTN Group and Travel Procurement. Frosch CEO Bryan Leibman spoke to BTN's Elizabeth West about the investment and the company's plans amid the industry downturn and recovery. The following is an edited excerpt of that conversation.

Let's talk about what led to the EagleTree deal. Why did you take the money?

Frosch has been growing for the last 20 or 21 years. We've always been committed to that, and we have always been well-capitalized and had a strong balance sheet. We wanted a financial partner, and we looked for a partner that would align with our core values: respect, integrity, commitment, excellence and delivering the unexpected. Those were important in EagleTree choosing us; they invest in leaders in the industry. They [were] super to work with through this process, and I expect that to continue as we work together—there is so much opportunity in these times for companies with the right capital.

Does that mean we can expect Frosch to continue to be active in mergers and acquisitions?

We are and we always have

been. We've had several acquisitions in the past 12 months. We took a majority stake in Plaza Travel. We bought CorpTrav in the middle of the pandemic. We are always looking for companies that align with our core values. The market has been decimated by this pandemic. There will be more consolidation, and we want to partner with the best independent remaining companies. We have an outstanding team to integrate with them and bring them onto our platform.

Tell me about that platform and what makes it different.

Aside from the platform, actually, we've been unique. We have historically played in the small-to-midmarket segment and [have been] a flexible, creative partner that comes up with solutions tailored to our customers' requirements. We really believe in a long-term relationship and ... we aren't focused on short-term financial goals.

In terms of the platform, we are ticketing in over 60 countries but all with a single team. Some clients are really cost-sensitive, and we can staff people in very low-cost locations, but other customers need that local team and we do that as well. We have people in Sydney or London or wherever they need them, and we have full control over all the operations on a single global distribution system contract. If we don't have our own offices in a location, for example, we will have

FROSCH'S BRYAN LEIBMAN DISCUSSES:

- Frosch's plans for its new investment
- M&A trends in corporate travel
- Finding the right commercial model for TMC clients



an agent sitting in Colombia [who] can issue a ticket from anywhere in Latin America. We may actually [fulfill] the ticket through a partner in Bolivia or Peru, but it's our agent doing [the booking] and everything shows up as Frosch interactions, Frosch invoice—everything consistent but meeting all local requirements to taxes, etc. That single platform [gives clients] real-time data, and it gives them the ability to manage policy easily in one place. It also allows them to cross-border purchase very effectively to meet agreements or achieve savings.

There's been a lot of discussion of travel management company commercial models since the pandemic. What are your thoughts on that?

We all know what happened to the TMC model heavily dependent on transaction fees. We are still in an evolving time with the commercial model. Frosch has always been on cost-plus, [where] you really are looking at time and materials. In the end, TMCs and customers have to look at real partnerships; we thrive by putting together the right service configuration for the client. But we'll work on cost-plus, transaction or subscription—and we can move from one to the other when the need is right. I think you'll see a mix of all of this in the market; but in every client relationship Frosch has, the goal is to come up with something that is fair. ■

GBTA Looks to 2025 for Business Travel Recovery

GBTAs annual Business Travel Index has pegged 2025 as the year global business travel volume would surpass its \$1.4 trillion peak from 2019, after being felled by the Covid-19 pandemic in 2020, which the study estimates reduced global business volume by 51.5 percent versus the prior year. That's 10 times worse than business travel losses that followed 9/11 or the Great Recession in 2008. GBTA partnered with Rockport Analytics to produce the report.

GBTA research director Chris Ely said 2021 will continue to be "a year of survival" for the business travel industry, but recovery toward the back half of the year should deliver a significant boost. The study projected 21 percent growth in global business travel volumes in 2021, followed by roughly 38 percent growth in 2022, which would catapult global business travel spend back to \$1.2 trillion, but still shy of full recovery.

"That's huge growth again," said Ely about the 2022 projection. "Business travel is a key component of the economy, so as businesses are looking to dig themselves out and pursue new clients, that's when business travel kicks in."

The study predicted businesses would prioritize sales travel during the early recovery period in 2021, followed

by service and repair travel to existing customers. Internal meetings, according to the research, would be prioritized over external conferences, events and trade shows, while travel for employee training and supplier meetings would be less important, especially given virtual alternatives.

Ely underscored that "business travel is a key component of the economy," but it won't be the first mover in recovery. "Governments are pumping money into their economies," he said. That type of stimulus combined with effective vaccine distribution and inoculation programs must happen first, according to the study, and the markets that master those elements will recover business travel volumes faster. The report pointed to China and other Asia-Pacific markets as models.

Despite the challenges, GBTA interim executive director Dave Hilfman said he was optimistic about a full industry recovery. "We've seen domestic travel in China recover almost completely. We can have similar results as we make our way through this year," he said.

International travel, Hilfman acknowledged, would take longer. "We need vaccines and standard Covid testing to help open borders. I like to be action-oriented, but right now we have to have patience as vaccines roll out and we start

to get control of the virus."

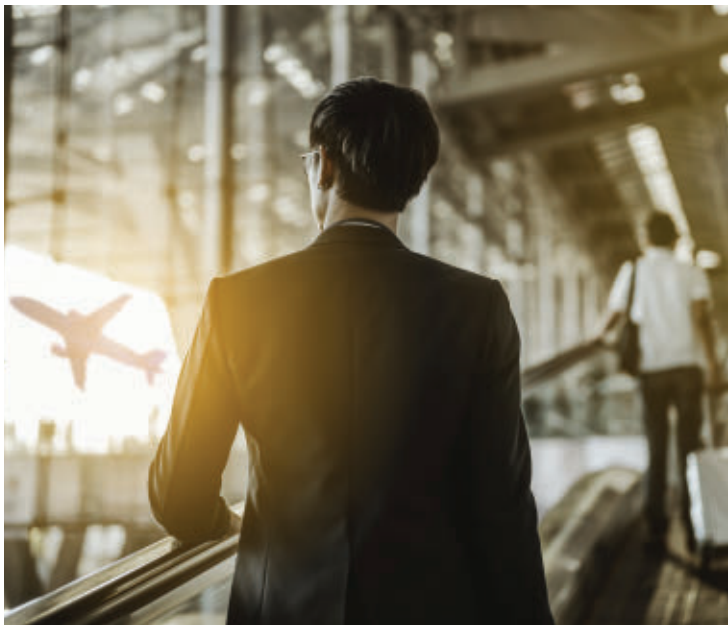
GBTA's report analyzed markets by eight factors to guide projections through 2024—the size of the economy; land mass, population and business dispersion; industry mix; technology and productivity of business travel; export dominance; physical location; infrastructure; and environmental, tax, security and health regulatory policy—and issued projections for five regions.

Asia-Pacific

Comparatively, Asia-Pacific saw less business travel decline in 2020 than most other regions, dropping 44 percent versus 60 percent declines in North America and 58 percent declines in Western Europe. Researchers also noted the region will see quicker recovery. China's early infections, followed by strong lockdowns, precipitated a comparatively speedy recovery from Covid infection rates in the second quarter. The study estimated 2020 business travel in China declined by 38 percent, buoyed by the country's historically strong domestic demand, which was largely recovered by the fourth quarter. "The hardest hit markets in the region will include those that are dependent on international business travel like Singapore, which is set to decline by 82 percent in 2020," researchers wrote.

"Business travel is a key component of the economy, so as businesses are looking to dig themselves out and pursue new clients, that's when business travel kicks in."

CHRIS ELY
GBTA



“Business travel in Hong Kong, likewise, will plummet by 84 percent in 2020.”

Europe

Western Europe: Researchers projected business travel for Western Europe to fall 58 percent from the 2019 level of \$335 billion. The region was hard-hit by the pandemic and continues to struggle with new virus variants as well as disputes regarding vaccine distribution. Another factor weighing on business travel spending in Western Europe is “the dependence of many companies and countries on intra-regional travel and economic activity. The dizzying array of country restrictions and policies from the outset of the pandemic made it very difficult for travelers to follow,” wrote the researchers. Though not cited in the report, Brexit has introduced more complexities for business travel to and from the United Kingdom, including documentation requirements that may stymie

business travel that would otherwise have recovered quickly.

Emerging Europe: Research authors separated Europe into two segments. ‘Emerging Europe,’ which includes countries like Romania, Russia, Poland, Turkey and Ukraine, saw business travel decline by 48 percent in 2020 to \$29.7 billion, recovering back to its 2019 peak of \$57.2 billion by 2024.

Latin America

Business travel volumes in Latin America already were struggling going into the pandemic, declining to \$50 billion in 2019. Political crisis in Venezuela and ongoing recessions in Argentina and Ecuador compounded with early emergence of Covid-19 in Brazil in February 2020 to weaken business travel performance in the region. However, strong domestic business travel as well as fewer travel restrictions in the region, overall, saved some business trips. Volume fell 45 percent compared with 51.5 percent globally. Research-

“We’ve seen domestic travel in China recover almost completely. We can have similar results as we make our way through this year.”

DAVE HILFMAN
GBTA

ers predicted similar drivers would help the region recover business travel volume at an average 1.4 percent growth rate annually through 2024, slightly faster than the projected -0.4 percent global pace.

Middle East and Africa

The Middle East and Africa region had strong business travel growth numbers going into 2020. The region experienced 7 percent growth in 2018. An additional 2.6 percent growth in 2019 put total business travel spend for the region at \$27 million. According to the GBTA report, 2020 business travel declines in the region were less severe than other markets, driven largely by lower Covid-19 case rates compared to North America and Europe. Researchers also cited less discretionary business travel—i.e. the business travel that was taking place was directly tied to business operations. Given those factors, researchers expected the MEA region to recover at an average annual 4.3 percent between 2019 to 2024, outperforming all other regions. Recent spread of a highly contagious Covid-19 variant in South Africa, a major business travel market for the region, could hinder that recovery pace.

North America

According to the GBTA report, business travel spending in North America hit nearly \$347 billion in 2019, with the United States accounting for more than 90 percent of that spend. The U.S., however, was hard-hit by the pandemic and cases and hospitalizations continued to rise going into 2021. Tense international

trade relations, especially with China, had already hindered business travel growth in that market. Researchers predicted North American business travel would experience the steepest declines in the world in 2020, and particularly the U.S., where the report estimated a 61 percent drop for 2020. Canada, researchers said, would see business travel fall 51 percent and Mexico a comparatively modest 44 percent decline. The report called out the role of government and the administration change in the U.S. as a catalyst for business travel recovery there, citing the likelihood of the Biden administration “to lead much more liberal trade and immigration policies” and

hopes for a cohesive public safety strategy that would include a “coordinated vaccine campaign across the U.S. and North America.”

Researchers had a tough hill to climb to assess the damage of 2020 and project volumes for 2021 and beyond. The association delayed the study’s release given the volatility in the travel environment, and the report utilized data from many additional sources to validate trends and projections, GBTA’s Ely told BTN.

“The ‘rules’ of travel—if you want to call them that—are changing on a daily basis. If you look at X as it relates to Covid, a week later it’s different,” Ely said. “Governments are scrambling to [understand

economic recovery] and plot a course, and because it’s changing so fast, you have to ask how good the info you are getting is. The good news is that we had more data sources this year than ever before. We got additional inputs on corporate travel and bookings on a global scale.”

The 2019 BTI, which was released in July prior to the GBTA convention in Chicago, projected slowing growth for the segment, but estimated total global travel spend to hit \$1.51 trillion in 2020. The Covid-19 pandemic reversed fortunes for the entire business travel industry. The current report pegged 2020 global business travel spending at \$694 billion. ■

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15. Extent and Nature of Circulation

	Avg no of Copies Each Issue During Preceding 12 months	No. Copies of Single Issue Published Nearest to Filing Date
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f. Total Distribution (Sum of 15c and e)	5,784	0
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c. Total Requested Copy distribution (Line 15f) + Requested/Paid Electronic copies (Line 16a)	11,697	9,564
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Hopes Dim For Covid-19 Liability Protection

Liability shields, which are intended to protect businesses that comply with Covid-19 health and safety regulations from coronavirus-related lawsuits, remain a controversial topic. The American Hotel & Lodging Association, the U.S. Travel Association, the Global Business Travel Association and other travel-related organizations have lobbied for the passage of such protection, and U.S. congressional Republicans tried to include liability protections in the \$900 billion December relief package. Democrats, however, argued that it could weaken protection for workers. In the end, the Republicans backed off the requirement in exchange for Democrats dropping their demand for more aid for state and local governments.

Still, several industry association and supplier executives argued for the necessity of liability protection during a January joint HVS/The Lodging Conference event.

“The thing that scares me the most is we need Congress to pass this release of liability,” said Aimbridge Hospitality executive chairman Dave Johnson, claiming that he’s spoken with executives from “top 100” corporations and “they have said they won’t publicly say this, but they won’t put their people back on the road until they get that release of liability.

ty. The correlation between the legislation being passed and business travel will be huge. We need to get that issue in the forefront to get companies back and say it’s time to travel and to do business.”

Apple Hospitality CEO Justin Knight agreed. “Liability protection is essential,” he said during the same event. “It’s not in many cases that these people who work for large companies are afraid to travel—they are doing it—it’s just that their employers are worried that given the inevitability that many of these people at some point will catch the virus, and it could happen heaven forbid on a business trip, and [the companies] could be held liable. It is something we certainly need to address.”

Federal Dispute

More than a dozen states already have begun to enact Covid liability shields, either by taking legislative action or through executive orders by governors, with several additional states considering similar actions. AHLA president and CEO Chip Rogers prefers federal protection, however, and not a patchwork of “different states where we have protection here, but you don’t have protection there,” he said. “Because then you, as a business owner, are trying to determine where people are

“The correlation between the legislation being passed and business travel will be huge. We need to get that issue in the forefront.”

DAVE JOHNSON
AIMBRIDGE
HOSPITALITY

going to travel. You don’t want to have to make that decision based on whether they are going to a state that doesn’t have protection. We need a 50-state answer to this.”

Rogers, however, doesn’t believe that will happen with the current makeup of Congress, with the Democrats now in charge of both houses. “The likelihood that Congress is going to pass liability protection was reduced significantly after the Georgia [U.S. Senate] elections,” he said. Georgia on Jan. 5 elected two Democrats to the Senate, flipping control of the chamber. “That’s not a political statement. That’s just a policy fact. Where we are is, we at AHLA will continue to push at the federal and state level.”

Some corporate travelers, though, might not feel comfortable putting themselves at risk on a business trip, by getting on an airplane or staying in a hotel, despite the new health and safety protocols nearly every hospitality company started to adopt last spring.

Around the same time, there was talk that there could be lawsuits filed against companies or suppliers if their business travelers were to contract Covid while on such a trip. However, according to statistics from the Hunton Andrews Kurth Covid-19 database, which tracks the number and category of Covid-related lawsuits filed in the United



States, transmission cases represent a very small percentage, American Association for Justice press secretary Carly Moore Sfregola wrote in an email to BTN.

Out of 8,076 Covid-related lawsuits logged as of Jan. 25, 2021, complaints regarding exposure, potential exposure or fear of exposure totaled 496, or 6.1 percent, according to a document Sfregola provided BTN from the Hunton Andrews Kurth database. Those included lawsuits related to personal injury, wrongful death, malpractice, condition of employment (such as lack of personal protective equipment or fear of exposure), and other (health, medical and miscellaneous tort).

“Corporations have attempted to capitalize off the pandemic and get long-sought legal immunity, despite the fact that the ‘wave of litigation’

they have warned about has not occurred,” Sfregola said. “Giving corporations immunity when they cut corners and endanger workers and consumers will prolong the pandemic and slow our nation’s recovery.”

Balancing Needs

It’s a fine line between the two points of view, with duty of care at the center. Workers want to feel protected, yet liability measures could encourage corporations to loosen tightened corporate travel policies, boosting the industry. For Rogers’ part, he said he is all for holding businesses accountable when there is negligence of duty.

“I think people have a misunderstanding of what these lawsuits actually look like,” Rogers told BTN during a recent call. “It’s not a case that the business owner neglected

to take even basic cleaning and safety standard considerations, and [then] a group of people get Covid. That’s not what we are talking about. There needs to be a remedy for that. We’re talking about businesses that do the right thing but fall prey to what is really a shakedown. We’ve seen this with other laws where a certain small group of plaintiff attorneys file not dozens but literally hundreds of lawsuits solely for the purpose of making an offer to make it go away. They have no intent of having lawsuits that see a day in court. It involves a letter, a threat, a phone call that says, ‘I’ll make the threat go away if you give me X amount of dollars.’ Our industry, when it is already on its knees trying to recover, should not have to put up with this. If someone actually does something wrong, they should face the consequences.” ■

Tripbam: Tier Shift Helps Hilton Take Corp. Share



Corporate hotel booking volume in late January was at about 18 percent of prior-year levels, but that number is trending up, according to a new quarterly report issued by hotel reshopping platform Tripbam. The metrics included in the report are from the company's new dashboard, made available to clients in January, which shows rate and other trends across Tripbam's aggregate hotel bookings.

The current report used data taken on Jan. 27 for the previous 30 days and compared it with prior-year figures. Tripbam found that the length of stay during the period had increased by a tad more than a day to 3.6 days, while the average number of days booked in advance declined from 14 to nine. After reaching its peak in March and April 2020, the overall cancellation rate is

back down to about 10 percent.

Findings also showed that the average star rating across all bookings has decreased by nearly half a star, indicating that the business travel taking place—usually essential travel—is occurring at lower-tier hotels compared with one year ago.

One effect of the downward shift in tiers is a drop in average price. The average 30-day market rate, or public rate, was down 41 percent year over year, from \$205 to \$120 during the report's time period. The average corporate booked rate dropped from \$175 to \$116, but the downward trend is beginning to flatten. Still, that shows Covid eroded the value of corporate programs. Using these averages, the average per-room savings went from \$30 to \$4, or from 15 percent to 3 percent.

This points to a shift in discounts and is likely due to the rollover of high static rates, travelers staying at hotels without a discount, a drop in last-room-available rates, and a shift to lower tiers with lower discount levels.

"To get [the savings percentage] back, you have to work out more property-level discounts and go dynamic, be creative and actually put in a bit more work to get it back to that 15 percent to 20 percent level," Tripbam founder and CEO Steve Reynolds said. "You can't just roll over and get a pass and let it go."

Another interesting finding was that Hilton Hotels & Resorts-branded properties had

gained 43 percent in corporate market share compared with the same period last year, while Marriott International-branded hotels decreased 22 percent.

"The fact that Hilton and Marriott are closer in overall market share than pre-Covid was surprising," Reynolds said. "Marriott had this huge lead. Now they are more equal because of the increase in essential travel and the type of hotels that are booked."

The report cites a higher preponderance of four- and five-starred properties in Marriott's portfolio than Hilton's. But Tripbam does not believe the trend will continue once non-essential travel resumes. The analysis showed Marriott, Radisson Hotel Group and Hyatt Hotels Corp. as the most affected in terms of the greatest year-over-year reductions in rates, while Hilton, InterContinental Hotels Group and Accor were less affected.

Reynolds added that booking volumes were on an upward trajectory through October, then fell back as expected during the holidays. But since then, they have started picking up again. "It'll be interesting to see if the trend continues. It all depends on the vaccine and how quickly people get back on airplanes," he said. "Maybe the second quarter could be a great quarter for us. ... If we can get back to [the October numbers], we are on the road to recovery. Then the question is, what does that path look like, and how steep will it be?" ■

"To get [the savings percentage] back, you have to work out more property-level discounts and go dynamic and be creative."

STEVE REYNOLDS
TRIPBAM



Bill and Melinda Gates
Foundation's Stephen Gheerow

TURNING TRAVEL BANKS INTO GOOD WORKS

BY MICHAEL B. BAKER

Like many organizations with managed travel programs, the Bill and Melinda Gates Foundation amid the Covid-19 pandemic found itself with an excess of unused air tickets far outweighing its travel needs for the foreseeable future. Asking for refunds, however, didn't seem to fit the spirit of partnership the foundation wanted with its suppliers, as they dealt with their own financial difficulties, including layoffs and

furloughs, said senior manager of global travel Stephen Gheerow.

“We thought about how it impacts us from a financial perspective, and it was money we had already budgeted and spent,” said Gheerow. “We didn’t want to go back to our partners and say, ‘Give us the money,’ because that would impact their financials as well.”

Working with supplier partners, Gheerow and his team were able to convert those unused tickets into charitable donations to four organizations aligning with its mission.

In all, the foundation has donated about \$140,000 in unused tickets divided evenly across four organizations to use for their own travel needs. Unused Delta Air Lines funds went to three organizations: Feeding America, a nonprofit network of more than 200 food banks across the United States; GLAAD, a media advocacy group that promotes understanding and acceptance of the LGBTQ community; and the National Center for Civil and Human Rights, an Atlanta museum dedicated to the achievements of both the U.S. civil rights movement as well as global human rights movements. Unused American Airlines funds went to Cool Effect, an organization that supports projects to reduce carbon pollution and counteract climate change.

“We thought about our culture as an organization, what we stand for and the work we do, and we went to our partners and asked to take those funds to donate to like-minded organizations that aligned with our cultural values,” Gheerow said.

MAKING IT HAPPEN

The foundation first brought its idea to Delta, with which it had the largest volume of unused tickets, to vet it and make sure it was feasible, Gheerow said. As an additional appeal, the foundation intended to select as beneficiaries organizations that shared Delta’s values as well as the foundation’s. Delta indicated it was behind the idea “100 percent,” Gheerow said.

“It was very easy for us,” said Scott Santoro, Delta VP for Los Angeles and Western sales. “The team had a good idea, and these are partnerships that have the same values as Delta.”

With Delta eagerly on board, Gheerow then sought the internal buy-in necessary for the project to move forward, starting with his own travel team.

The finance and budget team was another key partner, as Gheerow wanted to be sure that the funds being donated were not accounted for in the current year’s budget. As it turned out, as the tickets already had been expensed, the finance team considered it money spent, so there was no issue there.

The foundation’s legal team was important to ensure the legality and associated liability around the donations as well as tax implications, he said.

Gheerow consulted with the foundation’s communications group, too. “They had a lot of questions, as they wanted to run it internally and see if it aligned with any existing work and also make sure this initiative spoke to our organization’s culture,” he said.

“This is not a heavy lift on resources, so it’s not something out of reach for most organizations that have these types of tickets in their banks.”

**BILL AND MELINDA GATES FOUNDATION’S
STEPHEN GHEEROW**

That in turn helped prepare for future internal communications around the project and, eventually, external communications, as they expected suppliers would be excited to share the story with the public.

The foundation’s travel management company, CWT, also was a crucial partner, Gheerow said.

“They would be tasked with running reports and gathering information to make sure tickets were still valid, because so much was still fluid at the beginning of 2020,” he said. “Then, you also have domestic versus international, rules regarding use and validity of nonrefundable tickets and a lot of nuances in the mix. CWT helped us navigate that piece.”

For the donation, Delta waived all associated fees, such as name change fees, and the funds were given to the charity on Universal Air Travel Plan cards. UATP has facilitated charitable donations for decades, so it was simple to facilitate, UATP president and CEO Ralph Kaiser said.

With the Delta donation in place, the foundation was ready to expand on the project, Gheerow said. The team decided to focus on domestic carriers, as the bulk of its non-refundable ticket volume was on them, and American was the next to come to the table.

The environment is a big focus area for the foundation—it made carbon offsets a part of its airline contracts a few years ago—so the team wanted the next donation to be for an environmental organization. American had an established part-

nership with Cool Effect, so it was a natural choice, Gheerow said. Like Delta, American was thrilled to work with the foundation on the donation, said Kyle Mabry, who recently was promoted to VP of global sales for the carrier.

“The heroes here are really the Bill and Melinda Gates Foundation, but we’re happy to be playing a supporting role in what they are doing and facilitate this generous donation,” Mabry said.

MAKING A DIFFERENCE

Part of the vetting process in choosing the recipient organizations was confirming that they had essential travel needs, Gheerow said. As such, the donation of flight credits has the same impact as a direct cash donation, as the organizations can redirect funds they had set aside to pay for travel to instead go directly to the work they do.

“We did not get into any deep dives and stipulate how they would spend the UATP dollars, but we vetted to know they had both travel needs and a managed travel program, and that the funds would be put to use,” he said.

For Cool Effect, the funds are solving some immediate needs, said Jodi Manning, the organization’s VP and director of marketing and partnerships. Cool Effect aims to support projects that are of the highest quality, and in order to ensure that, it conducts annual site visits to review its projects, she said.

“We want to make sure both the buyer and the seller understand what is being paid and who is getting the money,”

“We go to the projects, review them, talk to the locals, talk to the management team and check on the secondary benefits and science. ... This is where the unused tickets are going to be a huge advantage for us.”

COOL
EFFECT’S
JODI
MANNING

Manning said. “We go to the projects, review them, talk to the locals, talk to the management team and check on the secondary benefits and science. We have a whole team that does that work, and this is where the unused tickets are going to be a huge advantage for us.”

In particular, one project is working to restore 157,000 hectares of peat swamp ecosystem in Indonesia. The work provides clean water, prevents peat fires and preserves the habitat for the endangered Bornean orangutan and proboscis monkey, according to Cool Effect.

The organization had been planning its annual visit to that project when the Covid-19 pandemic first hit, and it will be the first that they visit once travel resumes, Manning said.

MAKING IT GROW

As more companies over the past year have renewed social responsibility commitments amid the pandemic and social justice movements across the United States this past summer, unused tickets could be a simple source to fulfill those commitments.

The foundation already is not alone in its efforts. Deloitte recently announced it would be donating about \$1 million in its unused balances across multiple airlines both to help frontline workers reach Covid-19 hotspots and to facilitate transportation of medical suppliers and protective equipment. This includes \$90,000 in unused American Airlines credits to Team Rubicon, a nonprofit that taps military veterans to lead disaster relief efforts.

UATP’s Kaiser said that there a billions of dollars remaining in unused tickets floating about. The network is available to facilitate regardless of the original form of payment or whether a carrier is a UATP issuer, he said.

Both American’s Mabry and Delta’s Santoro said they are seeing increasing interest in donations from clients, and thanks to early adopters like the Bill and Melinda Gates Foundation, the framework is in place. “As a result of this idea, we’ve given every sales representative the ability to use it at this moment in time,” Santoro said.

Gheerow also had approached his other major domestic carriers regarding the donations idea, and while they were not able to facilitate them at that time, they were cooperative in working with the foundation on its unused funds, and at least one of them has since put a donation program in place.

Gheerow said he’d like to see it extend beyond the pandemic, as even before the myriad Covid-19 cancellations, it was fairly typical for companies to end the year with some balance of unused tickets. The U.S. carriers during the pandemic have permanently ended most change fees, which also will make it easier going forward.

Although the foundation at its heart is a charitable organization, the unused ticket donation boils down to the equivalent of about a \$140,000 charitable donation, Gheerow said.

“This is not millions of dollars in donations and is not a heavy lift on resources, so it’s not something out of reach for most organizations that have these types of tickets in their banks,” he said. “Maybe this could be a template moving forward.” ■

Tips and Takeaways for Virtual Events in 2021



The ongoing Covid-19 pandemic has forced us to relocate our professional and personal lives into online meeting rooms and other virtual environments.

Getting used to this 24/7 screen life hasn't been easy, however. More and more, the term "Zoom fatigue" is being used to describe people's simmering frustrations with the two-dimensional online meeting experience as working remotely continues for many into 2021.

These are the kinds of frustrations Cvent needed to tackle to convert our own annual Cvent Connect US and Europe customer conferences authentically and seamlessly to virtual this past fall. We overcame challenges and learned a lot along the way to hosting thousands of event and hospitality professionals, and the experience provided valuable insight that informs my tips and takeaways for planning and hosting a more engaging, impactful virtual event.

To start off, keep in mind that whatever you had planned for your in-person experience, it will not make for a simple trans-

fer to virtual—your original goals will need some reshaping.

Consider shorter, snappier content. Our planning for Cvent Connect was well underway when Covid hit the U.S., so we had to decide what needed reimagining for our virtual conferences. In transitioning we realized: shorter, snappier content must replace those longer in-person presentations. Less pressing topics should give way to the most helpful, actionable information. And success metrics and KPIs should drive your event design, specifically around engaging a virtual audience.

The data will be there, leverage it. Understanding and improving on ROI for virtual events requires a deep understanding of each attendee—before, during, and after the event. Using the Attendee Engagement Scores from our new Virtual Attendee Hub allowed us to collect data around the effectiveness of our event through session attendance, exhibitor booth visits, live Q&A and other sources. Tracking these types of data points will not only give you better insight into attendee interests,

it will also help you personalize the customer experience and direct your post-event campaigns to the most relevant audience with the right message.

And keep leveraging it. This leads me to another key callout—the rich attendee information at your fingertips lets you keep the conversation going after your event concludes. We had to move quickly when it came to lead follow-up and prioritization after Cvent Connect. We decided before the event what leads would be "sales-ready" in this virtual landscape by setting thresholds for attendee engagement scores, and we used the rich attendee insight to carry on the conversation in the most appropriate way through appointments, related content, and focused chat sessions. It bears repeating: do not forget that virtual events can deliver insight that will help you have more informed conversations once sessions wrap up!

Do not be afraid to embrace the creativity that comes with virtual! You will learn a lot—and fast. Your team will take on new roles, becoming video editors, TV producers and tech troubleshooters. But what you learn, you can apply again, and your next virtual event will be easier. The lessons learned from virtual events will show everyone that the digital transformation of events is here to stay across all event types. It may seem daunting, but when you embrace digital transformation with an open and agile mind, your events program will flourish. ■



PATRICK SMITH
is SVP and chief marketing officer of meetings management and technology company Cvent.

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