

Travel Procurement

July 2021

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Travel Procurement

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By World Travel Protection's Frank Harrison

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Diversity Rising

Moving into the third quarter of 2021, many companies are learning to live and operate in parallel with the coronavirus epidemic. Return-to-travel strategies are often about people management—and working with different levels of trust and confidence among employees about how to get back to business travel safely and efficiently (read tech editor Adam Perrotta's interview with Tripism's Adam Kerr on page 10). For a significant number of companies, however, the return to travel will go beyond safety and efficiency. In the year-and-a-half since the Covid-19 shutdown, the corporate community has experienced an awakening of sorts around the issue of diversity, equity and inclusion—and this includes matters of travel procurement.

More than 30 percent of buyers responding to a BTN survey last fall, identified diversity, equity and inclusion issues as a factor that would shape their corporate travel programs moving forward. Speaking on a series of virtual symposiums hosted by the BTN Group, Travel Procurement's parent brand, business travelers, business travel buyers and business travel suppliers gathered to discuss the rising influence these issues are playing in the industry today.

More companies are asking suppliers about diversity among their executive set, what programs they have to train managers and promote a diverse workforce internally and also about community engagement and their investment in matters that promote social and financial equity—even outside of their own businesses.

While these practices aren't necessarily new, most panelists at the symposium agreed they have taken on increased profile and urgency in the wake of the George Floyd killing in the United States—as well as increased authenticity in the effort to provide diverse suppliers with more access to the opportunities that come from being preferred corporate travel suppliers. In Travel Procurement's cover story this quarter, you'll find out more about why and how companies are bringing diversity strategy into their travel procurement practices. Check it out on page 16.

Market Watch

As business and meetings travel gains more momentum, lodging editor Donna M. Airoidi has been watching market dynamics closely. Pent-up demand for meetings venues already is driving compression through 2022 and likely will push rates at least as high as 2019 and, in some markets, higher. Even with transient business travel, buyers are already seeing certain markets bounce back to pre-pandemic rates. Read those stories and some predictions from hotel rate tracking tech firm Tripbam, starting on page 11.

In ground transportation, associate editor Dawit Habtemariam foretells the potential waves Didi might make were it to introduce operations in the U.S. market. It's recent initial public offering looks like a fundraising strategy, but the Chinese ride-hailing platform is a powerhouse that motivated Uber to leave Didi's home market in 2016. That said, Uber already made money from the Didi IPO, given that it left the Chinese market but took a 20 percent stake in the company. What's Didi's next move? The industry discusses options on page 14.



Enjoy this issue,

Editorial Director, BTN Group

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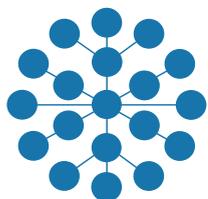
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AIR TRAVEL

Delta Air Lines Ready for 'Surge' as Corp. Travel Outlook Improves.

Delta Air Lines executives now expect corporate travel demand by September will recover to more than half of pre-pandemic levels, and their optimism in long-term recovery prospects for the segment is increasing. As of June, corporate travel volume had risen to about 40 percent of its 2019 level, Delta CEO Ed Bastian said, up from about 20 percent at the end of the first quarter. By September, Delta projects corporate travel volume will recover to between 55 percent and 60 percent of 2019 levels. "The surge is coming," Bastian said. Delta reported \$5.3 billion in passenger revenue during the second quarter, slightly more than half of levels in the second quarter of 2019. Excluding federal relief aid unrealized gains on investments and third-party refinery sales, the carrier had a net loss of \$678 million in the quarter, compared with an adjusted net income of \$1.5 billion in the second quarter of 2019.

Southwest EVP Jordan to Succeed Kelly as CEO in 2022. Longtime Southwest Airlines chairman and CEO Gary Kelly next year will step down as chief executive officer, and Southwest EVP of corporate services Robert Jordan will succeed him. Southwest's CEO since 2004 and a Southwest employee for 35 years, Kelly officially will leave his role on Feb. 1, 2022, and become the executive chairman of Southwest's board of directors. He intends to stay in that position at least through 2026, subject to the board's annual elections, according to William Cunningham, the lead director for Southwest's board. Jordan has been with Southwest nearly as long as Kelly, having joined the airline in 1988 and served in numerous executive positions over the subsequent decades, including VP of procurement, VP of technology, SVP of enterprise spend management and chief commercial officer.

Korean Air, Asiana Merger Moves Forward After Bank Approval. Korean Air's acquisition of Asiana Airlines continues to move forward following approval of its post-merger integration plan by the Korean Development bank. The carriers had submitted the integration plan to the bank, which is Asiana's main creditor and which is helping to fund the acquisition, in March. The merger still requires antitrust approval from regulators in South Korea, China, the European Union, Japan and the United States, according to Korean Air. Korean Air said it expects the integration, which will create the world's 15th largest airline measured by kilometers per passenger, to be completed in 2024.

WestJet CEO Sims to Retire in December. WestJet president and CEO Ed Sims will retire at the end of this year, the carrier announced. Sims has worked with WestJet since 2017 and served as CEO since 2018, when he took over from retiring president and CEO Gregg Saretsky. Sims "was a critical part" of investment firm Onex Corp.'s acquisition of WestJet, which closed at the end of 2019 and took the carrier private, Onex senior managing director Tawfiq Popatia said. Sims will continue in a senior advisory role focused on aviation and aerospace with Onex following his retirement and will return to New Zealand. WestJet's board of directors has begun a search to find Sims' replacement.

TRAVEL MANAGEMENT COS.

TravelPerk Nabs U.K.'s Click Travel.

TravelPerk has acquired U.K.-based travel management company Click Travel, its third acquisition in the past year, its first of another TMC and its largest to date. TravelPerk declined to disclose terms of the deal, which includes Click Travel's proprietary tech employee base and book of business. When TravelPerk in April announced its \$160 million Series D raise, it vowed to be "aggressive" and signaled further acquisitions. Like TravelPerk, Click Travel is a corporate travel agency that has built its business around homegrown technology in areas of booking, supplier content management and data reporting. Click Travel also dabbled in turnkey travel management offerings for small companies with subscription pricing and a "freemium" hook. Click Travel CEO James McLean cited a "natural cultural fit between our two companies."

MEETINGS

Bizzabo Buys Two Tech Cos., Its First Acquisitions.

Event technology company Bizzabo has acquired two tech companies, the first acquisitions in its history. The deals come about six months after the company raised \$138 million in a Series E round, noting then that it planned to use the funds to expand its hybrid events platform. Bizzabo announced the acquisition of X.ai, an artificial intelligence scheduling tool that automates parts of meetings by generating compatible times to meet across time zones, sending follow-ups and managing cancellations. Bizzabo also acquired Whalebone, a Swedish tech startup that through its two services—Crowd Amplification and Crowd Visualization—"enhances the experience between speakers and their audiences to humanize digital interactions," according to the company. Financial terms of the deals were undisclosed.

L ODGING

ESA Shareholders OK Purchase Offer. Extended Stay America shareholders voted in favor of the purchase of the company by Blackstone Real Estate Partners and Starwood Capital for \$20.50 per share. Blackstone and Starwood had been in and out of negotiations to purchase the company since 2017. Their initial offer of \$19.50 per share offered in March was opposed by some shareholders, including Tarsadia Capital, two board members and at least one industry advisory firm, ISS. Blackstone and Starwood then increased their offer to \$20.50 per share, which was enough to win the approval of the two board members and ISS.

Choice Tightens Cancellation Policies, Following Other Hotel Cos. The days of eased cancellation policies for hotels are coming to an end. Choice Hotels announced that guests who cancel new reservations will be required to do so at least 48 hours prior to their scheduled arrival. New reservations made by registered Choice Privileges members will require 24 hours of advance notice for cancellations. The move comes after most other major hotel companies returned to traditional cancellation requirements, in which they often charge the guest for one night plus tax for cancellations after the allotted timeframe.

Oyo Raises \$660M in Term Loan B Funding. India-based hotel company Oyo Rooms has raised \$660 million from global institutional investors in term loan B funding. Oyo will use the funds to retire its past debts, strengthen its balance sheet and invest in product technology, among other business purposes, according to the company. Oyo has raised about \$4.1 billion in 18 funding rounds from 23 investors, according to its Crunchbase profile. The company operates in 80 countries with more than 43,000 hotels and 150,000 vacation homes, according to Oyo's website.

Radisson Names Buoy Chief Commercial Officer. Radisson Hotel Group Americas has appointed former Extended Stay America executive Tom Buoy as EVP and chief commercial officer. Buoy also joined Radisson's executive committee. Buoy most recently served as president and CEO of his own consulting business. Prior, he held leadership roles at ESA, Morgans Hotel Group (formerly Ian Schrager Hotels) and Accor.

G ROUND TRANSPORTATION

Hertz Completes Chapter 11 Restructuring Process. Hertz Global Holdings has completed its Chapter 11 restructuring process, the car rental company announced. Hertz's Chapter 11 exit plan was approved by a U.S. bankruptcy court on June 10. Hertz filed for bankruptcy in May 2020. Among the plan's features, Hertz will eliminate over \$5 billion of debt, including all of Hertz Europe's corporate debt. Hertz also will receive more than \$2.2 billion of global liquidity and emerge with a \$2.8 billion line of credit consisting of at least \$1.3 billion of term loans and a revolving loan facility, and an approximately \$7 billion asset-backed vehicle financing facility, both "on favorable terms," the company said in a statement. Hertz also now has a new board of directors.

Avis Budget Group Settles U.S. Gov't Overcharging Allegations for \$10M. Avis Budget Group has agreed to pay \$10.1 million to resolve allegations that it violated the False Claims Act by fraudulently overcharging the U.S. government for rental services, the Department of Justice announced. The government alleged Avis Budget knowingly falsely billed and received payment between Jan. 1, 2014, and Dec. 31, 2019, from the U.S. Department of Defense



of Travel Management Office for unallowable supplemental charges to car rentals, including collision damage waiver and loss damage waiver insurance;

supplemental liability coverage and additional liability insurance; personal accident insurance; personal effects coverage and personal effects protection; and late turn-in fees. In addition, some of the fees charged already were included in the rental rate, according to DOJ. "The claims settled by this agreement are allegations only, and there has been no determination of liability," the DOJ said in a statement on its website. Avis Budget in a statement said, "We are pleased to have signed an agreement reflecting our work to address issues raised by the U.S. government."

BUSINESS TRAVEL BY THE NUMBERS

HOTEL

CBRE'S U.S. LODGING FORECAST

	OCCUPANCY	ADR	REVPAR
2019	67%	\$132.93	\$89.05
2020	41.7%	\$103.05	\$42.96
2021*	50.5%	\$107.44	\$54.30
2022*	56.3%	\$119.66	\$67.36
2023*	61%	\$126.82	\$77.33
2024*	64.1%	\$137.29	\$87.95
2025*	65.7%	\$141.07	\$92.64

* Projected

A post-vaccine surge U.S. leisure travel demand has raised suppliers' and analysts' hopes for industry recovery, but pre-pandemic levels of hotel occupancy remain a ways off, as new supply helps keep hotels on average less full than in 2019, though that might not translate into discounted rates. Meanwhile, while the hotel industry has begun to recover, revenue per available room has varied substantially by location, with urban and airport properties still well shy of pre-pandemic levels.

Sources: CBRE Hotels Research, Kalibri Labs

LOOKING BACK AT ADR: CHANGE VS. 2019

AMERICAS	EUROPE	ASIA/PACIFIC	MIDDLE EAST & AFRICA
March -19.5%	March -27.6%	March -24.8%	March -9.1%
April -15.4%	April -24.7%	April -19.8%	April -6.1%
May -10.3%	May -17.0%	May -11.6%	May -5.2%

LOOKING BACK AT OCCUPANCY: CHANGE VS. 2019

AMERICAS	EUROPE	ASIA/PACIFIC	MIDDLE EAST & AFRICA
March -23.3%	March -61.6%	March -25.3%	March -31.4%
April -18.7%	April -64.2%	April -23.9%	April -34.9%
May -16.8%	May -57.9%	May -25.2%	May -11.6%

Source: STR

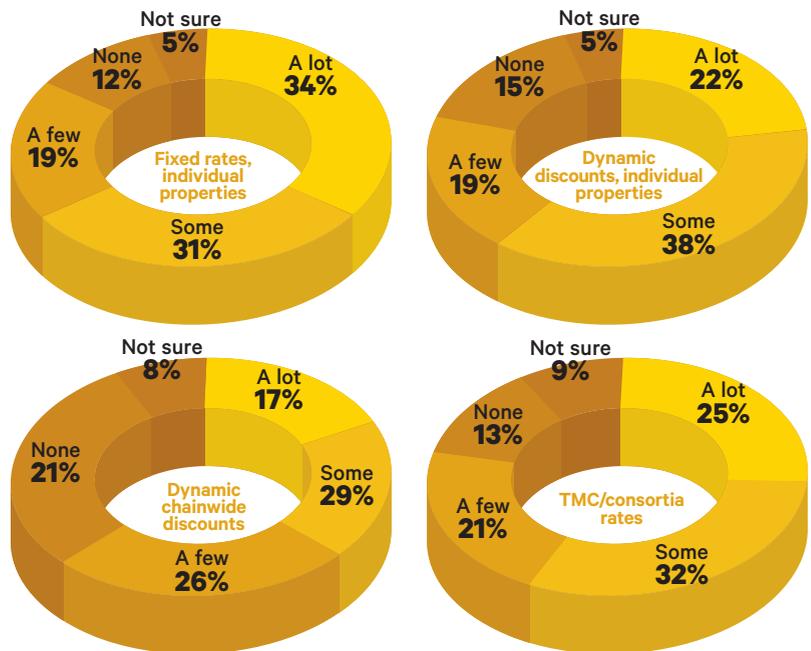
U.S. HOTEL REVENUE PER AVAILABLE ROOM BY SEGMENT

HOTEL TYPE	MAY 2021	MAY 2019	CHANGE
URBAN	\$72.04	\$149.80	-52%
SUBURBAN	\$62.81	\$79.21	-21%
AIRPORT	\$61.89	\$92.67	-33%
INTERSTATE	\$54.53	\$54.59	0%
RESORT	\$118.08	\$119.64	-1%
SMALL METRO/TOWN	\$62.96	\$62.33	1%

Sources: STR, American Lodging & Hotel Association

Most corporate hotel programs include a range of rate discount types, with fixed rate discounts at individual properties seemingly the most prevalent in 2021 but with other types of hotel discounting well-represented. How that might change in 2022 isn't clear, but senior financial executives on the whole are bullish that business travel will begin to return next year, if it hasn't already. Meanwhile, average U.S. airfares have begun to rebound, and have increased month over month in each month of 2021 so far.

TYPES OF HOTEL DISCOUNTS IN CORP. PROGRAMS, 2021



Source: Global Business Travel Association June 7-12 survey of 336 member business travel buyers and procurement professionals

AIR

AVERAGE U.S. ROUND-TRIP TICKET PRICE

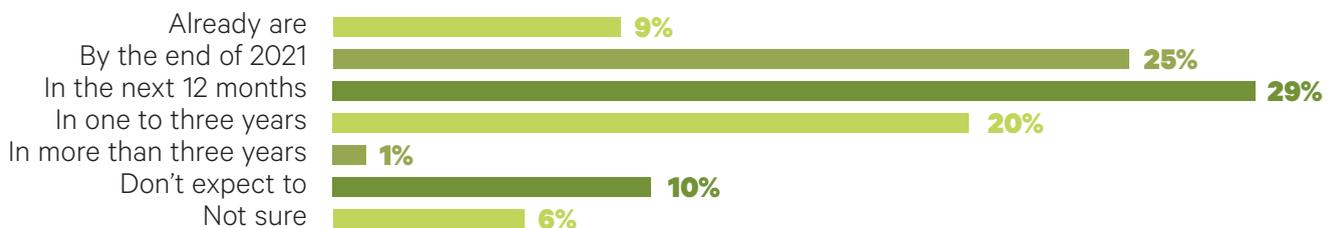
	2021	2020	YOY CHANGE
JUNE	\$454	\$374	21%
MAY	\$432	\$353	22%
APRIL	\$404	\$336	20%
MARCH	\$382	\$377	1%
FEBRUARY	\$346	\$488	-29%
JANUARY	\$335	\$478	-30%

Source: ARC

RECOVERY

SR. EXEC PROJECTIONS ON TRAVEL'S RETURN

When will your company travel at pre-pandemic levels?



Source: Association of International Certified Professional Accountants April 27-May 24 survey of 770 CEOs, CFOs, "controllers and other senior-level CPAs who hold executive and senior management accounting roles"

Can Tripism Build a Better Travel Intranet?

First piloted six years ago to serve as the corporate travel intranet for Microsoft, Tripism since has expanded into a travel planning and engagement provider. The platform enables travelers to share reviews and destination information with colleagues while providing a channel for suppliers to communicate directly to travelers. Tripism founder and CEO Adam Kerr recently spoke with Travel Procurement's Adam Perrotta to discuss connecting travelers with each other and with suppliers. An edited transcript follows.

With very little travel during the past 16 months, what were Tripism's priorities? What enhancements did you make?

The first priority was survival. Tripism is a tech platform above all, which means we're not reliant on high-touch customer interactions. We focused on providing Covid safety information in context so travelers didn't need to look for an additional source of information. We worked hard alongside supplier partners to bring their Covid safety information directly to travelers. We continued to focus on taking the load off our clients' in-house teams by organizing and presenting key data through the Tripism platform in a more efficient, cost-effective way than can be achieved with high-touch TMC-type processes.

How do you think travelers' post-Covid demands will change, particularly in terms of what Tripism could provide by serving as a travel intranet?

Business travel has not gone away. In fact, our customers are telling us that the need to reconnect in person with customers, suppliers and partners is greater than ever. Tripism presents information in context, so the information I need as traveler for traveling to New York for example, is easy to access: preferred hotels, Covid information, colleagues' recommendations and feedback on Covid safety protocols. The reality on the ground is what matters to travelers, and Tripism complements the information provided by travel suppliers with from-the-field reports made by business travelers for business travelers.

What about travel managers? With corporate duty of care widely expected to be emphasized heavily post-pandemic, how are you helping them fulfill that responsibility?

The complexity of information to be communicated to travelers, and the rate at which this information needs to be updated, has never been greater. Company intranets no longer are able to do that, and it's frustrating for travelers when the information that they need is scattered across multiple tools and sources, which makes it difficult and time-consuming to find and [potentially] missed altogether.

So Tripism is using technology to bring in information and personalized content from multiple sources and partners. We make sense of the information and present highly specific, relevant and personalized information to travelers. We're doing that on mul-

TRIPISM FOUNDER AND CEO ADAM KERR TALKS:

- Growth amid Covid-19
- Stakeholders' changing post-pandemic demands
- Tripism's exploration of third-party partnership opportunities



"The complexity of information to be communicated to travelers, and the rate at which this information needs to be updated, has never been greater. Company intranets no longer are able to do that."

iple levels. Examples would be where we work with the customer's existing duty-of-care provider and bring this information to the traveler in context. We're working with the supplier partners to present the important information to travelers, and we're providing information at property level, highlighting Covid-safe hotels to travelers.

So now travel teams have a new superpower; by driving a step change in increased traveler engagement by using Tripism, and by the new ability to have personalized information from multiple sources, travel teams are confident they can fulfill their duty-of-care obligations.

Tripism recently partnered with BCD Travel to offer new functionality around the integration of traveler data between the two platforms. What does this offer to clients and travelers?

There are two key pieces to the partnership. First, Tripism is now able to access the BCD partner APIs, which will enable a smoother review and feedback process within Tripism for BCD customers. Tripism can access previous trip data and ask travelers for a review or feedback on their flight or hotel stay. Customers have the option to use Tripism to ask additional survey questions; right now most are specific Covid safety questions like what safe travel provisions are in place. Secondly, as a [BCD marketplace] Solution-Source partner, the BCD teams are introducing Tripism to their existing clients. ■

Corp. Hotel Rates Could Hit 2019 Levels by Year-End



Business travel volume in June was about 30 percent of 2019 levels, and average daily hotel rates remained lower as well but were increasing, according to Tripbam's second-quarter market report. Global market hotel rates were up 10 percent month over month and are on pace to reach 2019 levels before year-end if they continue on that trajectory, according to Tripbam.

For travel buyers, "now is the time to hustle and get deals in place, or you could have a real challenge later this year," said Tripbam founder and CEO Steve Reynolds during a June 24 webinar reviewing the report's results. "I would say no later than the first quarter of next year, 2019 rates are here. In several markets, we're seeing rates higher than 2019."

Tripbam pulled hotel rate data for the report on June 20 and used a 12-month running average. For monthly comparisons, it used the prior 30-day

period and the same period in 2019. Tripbam filtered out new clients and used only those that were in its system in 2019, to ensure a like-for-like comparison. The report data also is based on corporate transient bookings only, not leisure or group.

According to the report, the best available rate for June was down 29 percent from the same period in 2019, and booked rates were down 27 percent, but that is "changing rapidly." Global corporate booked rates rose 8 percent month over month.

"The trend line is steep, which means rates are going up, and I don't see anything in sight that will slow that down," Reynolds said. "It's another indication that revenue managers at hotels feel able to keep rates up because occupancy is getting higher."

Rate volatility was down from 18 percent in Tripbam's first-quarter report to 16 percent. The historical volatility average is 10 percent to 12 percent, Reynolds said, predicting

it would "mellow out" around the fourth quarter of this year.

Tripbam in its prior report suggested corporate travelers were moving down hotel tiers, based on the makeup of the workforce that continued to travel during the pandemic, but that trend started to change during the second quarter.

"We're seeing a trend starting in January where 2.5- and 3-star markets were dropping and 4- and 5-star [bookings] are picking back up," Reynolds said.

When asked what the upcoming requests-for-proposals season will look like, Reynolds projected a climate like that of 2019, "because hoteliers are more motivated to negotiate deals with you rather than just you rolling over, because those 2019 discounts will start to be acceptable. They will provide value [to buyers] in the second half of the year, quite a bit of value in 2022."

The company expected to start the beta test of its expansion into air solutions this month, said Tripbam VP of air solutions Tim Nichols, industry data veteran and former EY global supplier leader for travel, meetings and events.

"We're excited to venture into the air category," Nichols said, adding that Tripbam intends to offer air reshopping, auditing, and benchmarking by the end of the year. "Sourcing will come in 2022." ■

"Now is the time to hustle and get deals in place, or you could have a real challenge later this year."

STEVE REYNOLDS
TRIPBAM

Demand for Mtg. Space Could Trigger 2022 'Compression'

It hasn't taken long after the rollout of Covid-19 vaccines for industry experts to start using the word "compression" when referring to negotiations for future in-person meetings. With travel restrictions eased, travel demand picking up and planners signing contracts for future events, finding available space soon could become a difficult and costly endeavor.

"People are starting to become really concerned about compression," Strategic Event Procurement founder Therese Jardin said last month during a roundtable session she moderated for an Event Leadership Institute online conference. "The events that didn't get canceled for 2022 are still on the books, and then all of the 2020 and 2021 rebooks are getting pushed forward. It's going to be super-important to get negotiations and space-hunting done now, or you may find yourself not able to get what you need when you need it."

ITA Group event solutions director Erica White agreed that compression soon will be in full swing. "It's going to be happening in 2022," she said. "It's busy, and it's not just group, it's because of the individual traveler. Demand is just so high. Rates are through the roof, and places are busy. [Venues] don't have

to be as flexible to get those groups in."

Some believe compression will happen even sooner. The first and second quarters of 2022 "absolutely are tight, and we are beginning to see that come to bear also in late quarter three, early quarter four [of 2021]," said VP of the Americas for American Express Meetings & Events Linda McNairy. "It's starting to show signs, because the acceleration of demand is causing both the rebooking of meetings that were put on the shelf during the Covid period as well as [the] meetings canceled completely. But now people are returning to meetings, and the intersection of all that is driving this compression."

McNairy added that even though some larger meetings are happening, meetings taking place generally are smaller because of the space requirements of Covid-related precautions and increased social distancing. "The ability to use space in a tricky fashion and flip a room for this or that is more difficult in this timeframe," she said.

While planners continue to source fewer meetings for the summer and early fall compared with pre-pandemic levels, "it's a lot better environment for meeting in August, September, October than three months ago," said Cvent

senior director of analytics Jeffrey Emenecker. "Planners are getting more comfortable having meetings late summer and into fall. It will be for smaller meetings, 100 people or less, but they are saying we can meet this year, we don't have to wait until next year."

Data and Rates

Cvent also has seen an increase in sourcing activity for the first quarter of 2021, more than would be typical during this timeframe, Emenecker added, based on data he collected in mid-June. "It's hard for us to tease out how much is meeting space intensive, ... but [the sourcing] is about 3 to 4 percentage points higher than is typical. There is more demand going forward for that period. That is an indicator."

With higher demand, increased rates will follow. "What's interesting in the rates we are seeing now and comparing them to 2019 rates, where we see the biggest year-over-year changes in a positive direction is for Q1 of next year," Emenecker said. Normally, he added, typical price inflation would increase in a straight line, but "here we're definitely seeing a spike for Q1 of next year, where the most bullish the hotels are feeling in terms of how much they can increase rates for 2022 over what they were doing back in 2019 for 2020

"It's going to be super-important to get negotiations and space-hunting done now, or you may find yourself not able to get what you need when you need it."

**THERESE
JARDIN**
STRATEGIC
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PROCUREMENT



dates. That would certainly be another indicator.”

McNairy confirmed that she is seeing a similar pattern. “Booking a year ago, it was a buyer’s market. Everyone was so anxious to have the business coming back,” she said. “With the compression, the sharp increase in demand, rates are becoming less and less competitive and returning more toward 2019 levels at a pretty rapid pace.”

Location, Location, Location

As with the real estate axiom, location matters. States like Florida and Texas might have benefitted in site selection from dropping Covid-related restrictions before most other states, but that’s hard

to prove, and with “more and more areas lifting restrictions and hitting better vaccination levels across the country, it is leveling off a little more,” McNairy said.

“Florida and Texas opened up so fast,” Emenecker said. “Florida was exploding from a group perspective in April and May. Surely that had something to do with loosening restrictions faster. But it’s also the time of year we are talking about, and those naturally would be places that people would want to meet at in the spring. It’s a conflating of things, not just the relaxing of mask mandates and stuff.”

When compared with pre-Covid times, Cvent data showed Southern California, Hawaii, Texas, Florida and

the Caribbean now performing well, Emenecker said. “Those markets have been popping.” But over the prior few months, Chicago, New York and Boston have started to show signs of recovery too, he said.

Cvent also has noticed a burst of corporate meetings demand. “There was a pretty significant shift in the past six to eight weeks,” Emenecker said last month. “Related to that is the share of business to full-service hotels coming back. For quite a while, there was an over-indexing to lower-cost brand scales. Now we’re getting back to upper-upscale, luxury, full-service. They’re making a comeback relative to some of the lower-cost brands.” ◀

Could Didi Shake Up the U.S. Ride-Hailing Market?

The \$4.4 billion China-based ride-hailing firm Didi raised in its initial public offering on June 30 could help support its goal of growth in more foreign markets, possibly including the United States. If Didi enters the U.S., some analysts suspect ride-hail prices could fall but wait times could worsen.

In a U.S. Securities and Exchange Commission filing, Didi indicated it plans to “enter new markets strategically.” The company has not specified any markets where it plans to expand. Outside of China, Didi operates in 14 countries across Africa, the Asia-Pacific region, Europe and Latin America.

An entry from Didi into the U.S. would challenge the giant American ride-hail providers Uber and Lyft on their own turf. That would be a tall order in the best of times, but Didi also would face a new hurdle in 2021: a shortage of drivers available for hire.

“It makes no sense to me why you would enter the U.S. market when Uber and Lyft and all chauffeur-driven vehicle companies are currently desperately looking for drivers,” DK Consulting Group CEO David Kilduff said.

Uber and Lyft have offered “millions” in incentives to lure drivers back to their platforms, said Gridwise co-

founder and CEO Ryan Green. Didi would have to pay a high price to be competitive for the small supply of drivers, according to Kilduff.

“You think Didi is going to pay that much more money?” Kilduff said. “If they are, that means their prices will have to go up and/or have absolutely no profitability, which will result in massive losses, which long-term is not going to be good” for a public company, he said.

In addition, Didi’s ability to afford such incentives could be hampered by recent regulatory actions in China, where 93 percent of Didi’s mobility service revenue was generated in 2020. On July 2, China’s Cyberspace Administration launched a cybersecurity review of Didi and banned the company from accepting new users in China, stating the company was collecting users’ personal data in violation of domestic laws and regulations. On July 4, the regulator ordered mobile app stores to stop offering Didi’s main app in China. On July 9, the regulator expanded the ban to include 25 more apps operated by Didi.

Regardless of affordability, the incentives offered by Uber and Lyft have had limited success, according to Green. “A lot of those drivers who were more active in ride-hailing have converted

over to delivery and maybe making a little less from a wage standpoint but a lot more convenience that they have from that or the ability to not deal with passengers,” Green said.

Although likely unhelpful today due to their murky legality, Didi might have a long-term advantage in its autonomous vehicle development. Didi has invested in its autonomous vehicle division since 2016, while both Uber and Lyft each have sold their autonomous vehicle divisions.

“It could be a long-term advantage because they will have full vertical ownership of the technology in addition to the consumer service that they provide as well,” Green said. “They’ll still have to go through all the regulatory hurdles.” In a U.S. Securities and Exchange Commission filing, the ride-hail provider indicated it expects the commercialization of autonomous driving to accelerate.

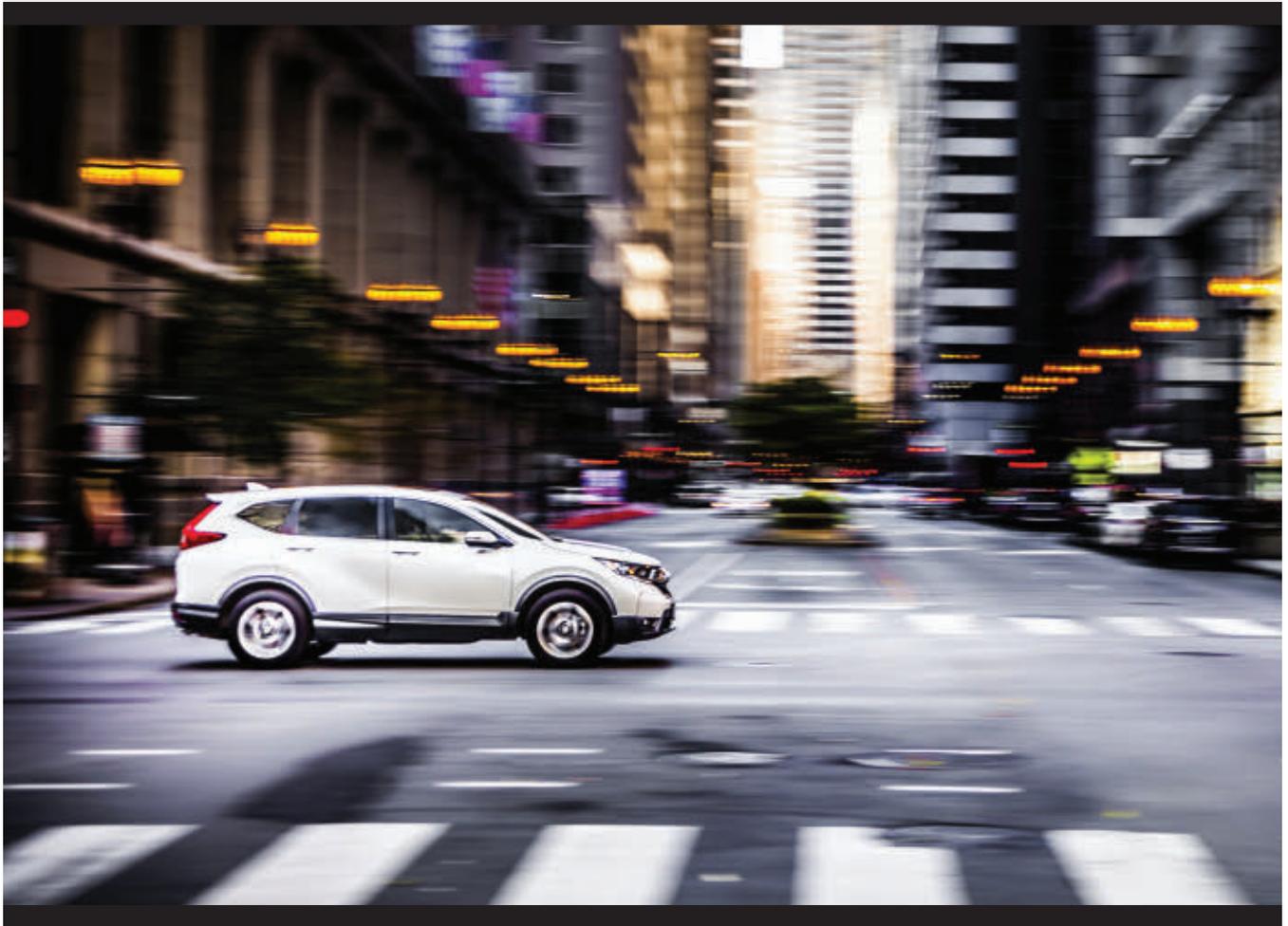
At the moment, however, riders are facing higher prices and longer wait times. “We have seen a rise in rideshare prices,” Green said.

“Right now, Uber and Lyft are doing horrible with [customer service] because they are gouging people with surge pricing, and the drivers aren’t showing up, and it’s hard to get a driver,” Kilduff said.

Didi’s entry could lead

“It makes no sense to me why you would enter the U.S. market when Uber and Lyft and all chauffeur-driven vehicle companies are currently desperately looking for drivers.”

DAVID KILDUFF
DK CONSULTING
GROUP



to lower prices, Green said. “An entry of a prominent service like Didi is immediately bringing prices down, in addition to other economic factors that start to compress consumer prices as well,” Green said.

Whether wait times would improve is uncertain, according to Green. A new competitor would cause more fragmentation of the existing driver supply. “[Drivers] can be actively signed up on Uber, Lyft and Didi, but if they have only Lyft on at a given time, then that’s going to hurt the wait times on Uber and Didi,” Green said. “It’s all going to come down to driver supply behaviors and how well the platforms can ensure that the online time of drivers is as

engaged as possible relative to other services.”

The U.S.: Not China

Didi famously pushed Uber out of China after a bitter price war and became the country’s dominant ride-hail operator. In Uber and Lyft’s home market, it must overcome some hurdles, including a potential perception of data sharing between Chinese firms and the Chinese government.

“There’s going to be a certain amount of corporate customers that aren’t going to travel on Didi because their companies are not comfortable with a Chinese-based firm knowing their travel data,” Kilduff said. Didi’s Enterprise Solutions division services

corporates.

In the past year, analysts and the U.S. government have questioned relationships between some Chinese tech firms and the Chinese government. “When you think of consumer apps like TikTok or business apps like Zoom, [they have had] pretty negative PR when it comes down to the perceived aspects of sharing data with the Chinese government,” Green said. “Even then, they’ve been able to overcome those hurdles due to the value they provide consumers.” One potential entry point for Didi to gain a foothold in the U.S. could be Chinese visitors. However, the U.S. currently restricts travel to and from China due to the Covid-19 pandemic. ■



SOURCING DIVERSITY IN THE TRAVEL SUPPLY CHAIN

SOURCING DIVERSE PREFERRED SUPPLIERS FOR MANAGED TRAVEL ISN'T A NEW IDEA. WHAT IS NEW, ACCORDING TO A NUMBER OF TRAVEL BUYERS AND SUPPLIERS, IS THE AUTHENTICITY IN THE EFFORT TO MAKE IT HAPPEN. BY ELIZABETH WEST

Rising awareness among business leaders of systemic racism and the personal, social and economic challenges faced by racial minorities and LGBTQ+, disabled and other marginalized communities has led companies to reassess their commitment to diversity in their sourcing practices—and that includes travel.

About 32 percent of travel buyers surveyed in BTN's 2020 State of the Industry Report said race, equity and inclusion issues would shape the way they configured their programs as the industry emerges from its pandemic-induced shutdown.

"We've fielded diversity questions in [requests for proposals] for years," Southwest Airlines senior director of B2B strategy and services Rob Brown said during a recent BTN Group diversity, equity and inclusion-focused virtual conference. But, he added, the most recent conversations have had a different tenor. "[They aren't] just checking a box. They are more sustainable and have [the] shelf life to drive real change."

The Travel and Meetings Society, a group originally formed in the wake of the Covid-19 crisis to serve as a leadership organization to guide buyers and suppliers back into business travel with new industry standards, established a diversity, equity and inclusion committee early. The co-chair of the TAMS committee, Fidelity International director of global travel, meetings and ground transportation Carol Fergus, also serves on the more recently formed DE&I committee of the Global Business Travel Association.

In an interview with Travel Procurement portfolio mate BTN late last year, Fergus identified diverse sourcing as a key lever in driving more diversity through the managed travel industry.

"[You have to] ask suppliers the questions, look at recruitment and training programs and look beyond the security manager and the front desk reception and the [server at the] café," she said. "You have to look into offices and [at] the sales

teams and executives. Don't tell me the company is diverse until I can see those levels of the company." Plus, she added, the onus is on travel buyers to expand the scope of their procurement efforts to include diverse companies when they can and support the development of diverse candidates.

"We need to take the time to see those potential partners and figure out where they fit into the mix," she said. "It's not about awarding business just because they fit a certain profile but opening up the search to those who might not obviously be a fit but then vetting them on a level playing field given what they bring to the table."

WHY DIVERSIFY TRAVEL?

According to a June 2020 Harvard Business Review report, diverse supply chains "broaden the pool of potential suppliers and promote competition in the supply base, which can improve product quality and drive down costs." The report also suggested that supply chain diversity offers businesses more agility, with diverse organizations ready to pivot quickly in uncertain times.

For business travel, however, much of what is delivered by partners goes beyond product and into service, and how business travelers are treated while representing their organizations away from the home office.

During the BTN Group's recent symposium series on DE&I in business travel, a number of business travelers who identify as Black, Asian-American, LGBTQ+ or have physical or mental disabilities discussed negative experiences—including a lack of physical access to products and services and concerns about their personal safety—while traveling on business. The audience heard from Black travelers who were questioned about sitting in their premium-class airline seats, meeting attendees who were challenged to access buffet-style meals during all-day conferences and LGBTQ+ travelers who were publicly embarrassed by hotel front desk employees. Sourcing diversity at the highest levels of an organization and ensuring preferred suppliers have a diversity strategy that cascades from the top all the way down to frontline workers can help mitigate product and service delivery issues and better support the travelers who drive business and revenue to their organizations.

Finding this in travel supplier partners is critical because the workforce, in general, only is getting more diverse. In 2020, 37 percent of working-age adults identified as minorities, according to a study by startup and technology company recruitment specialist BuiltIn. What's more, by 2044 groups traditionally seen as 'minorities' will reach majority status in the U.S. population, a shift that also will impact diversity in the workplace.

But the discussion of diversity in the workplace—and the need to shift the travel-buying mindset to contemplate these issues—needs to happen now if companies want to win the best employees and support them while on the road.

In a 2020 survey from Glassdoor, 76 percent of job seekers said a diverse workforce is an important factor when evaluating companies and job offers. An LGBTQ+ employee posted on Facebook that he had long scrutinized employee handbooks and companies' financial support for political, social and religious organizations to understand how working for a particular employer would support his day-to-day well-being, since his local political and social environment did not feature strong advocacy for LGBTQ+ equality. Seventy-nine percent of LGBTQ+ job seekers had similar strategies, according to Glassdoor. Eighty percent of Black and Hispanic job seekers said diverse workforces were an important factor when evaluating companies and job offers. These are people and dynamics travel buyers need to consider when partnering with suppliers.

HOW TO DIVERSIFY TRAVEL SOURCING

Shaka Senghor is the head of diversity, equality and inclusion for TMC plat-

form TripActions. He talked to a BTN Group audience in June about the company's culture of diversity. "It's really a top-down approach. Having executive buy-in and lean-in is really important," he said. "To really do an effective job at DE&I and make sure that people are included and make sure that things are distributed equitably, you have to be proximate to your customers. You have to be proximate to the communities you serve and the communities you care about, as well as the issues. We provide services, traveling experiences. And it affects a broad swath of diverse users, each of whom may feel differently or even vulnerable in traveling to new locations."

Senghor said one issue TripActions recently has considered was the requirement for business travelers to sometimes front their own money for a business trip. For some travelers, in some communities, that is a hardship that could hold them back from job advancement. It's a challenge that the global pandemic exacerbated in some communities, in particular, he said, and one that TripActions wants to help eliminate.

"The global pandemic really revealed a lot of things to us and one of those things was that as a global community, we're all in the same storm, but not all of us are in the same boat," he said.

These are the types of insights that diverse leadership and diverse suppliers can bring to the table, and the travel supplier community is taking note. In recent months, major suppliers like American Airlines, Delta Air Lines and JetBlue have named chief diversity officers or chief 'people' officers for their companies—a move that signals each company's commitment to this issue.

Ellen Moens, senior manager of administration at humanitarian organization Care, said the existence of that type of senior role is one of the criteria she currently uses in RFPs to understand the in-

"It's not just what the supplier can do for us but also what we can do for the supplier. We like to include diverse voices at the table."

DISCOVERY'S
ANITRA
KING

tentionality behind diversity efforts within travel supplier candidates. She also asks about employee training around diversity and inclusion, including employees with managerial responsibilities, and asks each supplier to share “demonstrable commitments to principles of diversity, inclusion and community involvement.”

Southwest’s Brown said a lot of the current conversation with corporate clients around diversity and inclusion centers on this kind of cultural alignment and intentionality between partners. “A company may have an initiative and a goal they would like to move forward with [and] they want to partner with an airline or maybe even other partners in the travel space that align with those objectives ... because this is the way to make real change ... and not just check a box.”

Visa corporate travel manager for the Americas Frankie Crisostomo considers the value of those types of questions and alignments when vetting suppliers, but also digs into the diversity of her suppliers’ supply chains—in what is considered a tier-two sourcing strategy. “We actively follow a ... tier-two initiative with the goal to increase opportunities for diverse suppliers,” she said. “We ask our tier-one suppliers to provide metrics around who they work with in terms of diverse suppliers.”

A number of travel suppliers have supplier diversity strategies. Avis Budget Group is among an elite group of companies on the Billion Dollar Roundtable, which requires \$1 billion in annual spend with diverse suppliers to qualify as a candidate. United Airlines senior supplier diversity business management lead Rona Fourte acknowledged the importance of this type of supplier vetting for corporate travel buyers. In terms of United’s efforts, she said the airline has diversity language in all contracts with its own suppliers, but when critical suppliers don’t meet those criteria, United takes the time to educate them and push them toward more diversity practices—and that includes vetting the candidates own supply chain. “We walk the non-diverse suppliers through completion of a participation plan so we can access the flow-down criteria and how they’re measuring their supply chain as well for DEI and inclusive practices,” she said.

GETTING MORE STRATEGIC

A tier-two strategy, which recognizes diversity in a partner supply chain, is predicated on the universe of certified diverse suppliers. The United States recognizes 10 categories of minority and women-owned business certifications (see sidebar). These designations offer travel buyers a good place to start their search for direct supplier candidates that might fit their travel purchasing requirements. Some major players in corporate travel, like women-owned business enterprises Omega World Travel and ATG, are among them. Others, however, like Dallas-based Campbell Travel always has been veteran-owned, but never applied for certification. President Teri Goins said she is currently exploring how to become certified.

Anitra King, who directs global supplier performance and innovation—including diverse sourcing innovation—for Discovery also spoke at a recent DE&I conference hosted by the BTN Group. She emphasized the importance of certification as “a really important goal for diverse companies” and as a tool that provides context and authentication for diverse sourcing efforts out of the gate. But, she said, the unique situation of diverse suppliers—often, they are smaller and have more limited resources—may limit the bandwidth needed to get that certification. As part of her innovation strategy for Discovery, King casts the sourcing net wider, allowing candidates to self-declare diversity even if they are not certified.

“As we’re taking in prospective suppliers, we just ask the question, ‘Do you identify as diverse based on the U.S. definition?’” she said, adding that the company now is focused on the U.S. but is looking at designations in many

of their markets to roll out similar programs. “We want to encourage [these companies] to engage with us, because even if you don’t have a certification, Discovery might be able to help get that certification, whether it’s a matter of finances or a matter of time or just understanding the process of acquiring a certification.”

King, who previously procured travel for Honeywell and Advanced Micro Devices, said the collaboration piece of Discovery’s sourcing program is key. “It’s not just what the supplier can do for us but also what we can do for the supplier. We use the same approach for any category, so travel is the same. We like to include diverse voices at the table ... and open the door for different life experiences, business experiences and ideas.”

ETHICAL & OTHER CHALLENGES

Getting leadership buy-in is always critical to success. Travel buyers should look for diversity leadership within their own companies and go to them for advice on first steps or to access existing diversity and procurement structures that may not be known to them but could motivate senior executives to move toward incremental improvement in travel sourcing diversity.

It might not be easy, said PredictX vice president of customer success Maria Chevalier, who has a history as a travel buyer, including at Johnson & Johnson, which long has held a seat on the Billion Dollar Roundtable. “There’s so much that needs to be done to help small businesses and diverse businesses get in the door. They cannot compete with large-cap companies on price,” she said. “But if you look at economic and job growth over the last several years, it came from these segments. So not only should we do this because it’s the right thing to do ... but also it is the heart-beat of driving economic growth.”

According to the U.S. Census Bureau’s 2016 Annual Survey of



Pictured, from top: Carol Fergus, Rob Brown, Shaka Senghor, Frankie Crisostomo, Rona Fourte, Teri Goins, Anitra King, Maria Chevalier (not pictured: Ellen Moens)

Entrepreneurs, there are 1.05 million U.S. minority-owned businesses, employing 8.7 million workers. The National Minority Supplier Diversity Council estimates minority-owned businesses generate \$400 billion in annual economic output and \$49 billion in annual tax revenue. Recognition in elite membership groups like the Billion Dollar Roundtable could motivate large companies to do more.

Chevalier warned about unethical practices from companies shooting for diversity metrics as a status symbol. She cited—but did not name—companies that tried to leverage all the travel spend through their TMCs as part of their spending with women- and minority-owned businesses, when only charges and fees imposed by a TMC would qualify as diverse spend. “There’s a right way and a not-so-right way to achieve [recognition], so it starts with looking at company culture and priorities. If you look at their senior leadership team and they all look the same, I think you have the answer to your question,” she advised.

The diversity sourcing panel at the BTN Group DE&I event agreed, however, that times are changing when it comes to motivations around diverse spending.

“From my perspective being in or around diversity procurement for the last 25 years, the new spotlight on it feels much more authentic. It feels like organization are finally getting the message and they want to create programs for the right reasons,” said King. “For Discovery, diversity procurement was always part of our plan, but about a year ago, we got a really big boost [in terms of social awareness around these issues]. We said to ourselves, ‘Let’s reimagine this program.’ It’s not just about collecting data points and spin numbers. It’s not about certificates our executives might be hoping for. This is really about doing the work and making a difference.”

ACRONYM	DESIGNATION	DEFINITION
8A	Minority Owned & Economically Disadvantaged Business	The 8(a) Business Development Program is a business assistance program for small, disadvantaged businesses. The 8(a) Program offers a broad scope of assistance to firms that are owned and controlled at least 51% by socially and economically disadvantaged individuals.
DBE	Disadvantaged Business Enterprise	A DBE is a for-profit small business concerns where socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations.
EDWOSB	Economically Disadvantaged Women-Owned Small Business	An EDWOSB is a small business concern that is at least 51 percent directly and unconditionally owned and controlled by one or more women who are citizens (born or naturalized) of the United States and who are economically disadvantaged.
LGBT	Lesbian, Gay, Bisexual, & Transgender-Owned	An LGBT business is at least 51% owned and controlled by an LGBT individual(s) of U.S. citizenship.
MBE	Minority Owned & Economically Disadvantaged Business	An MBE is an American designation for businesses which are at least 51% owned, operated and controlled on a daily basis by one or more (in combination) American citizens of an ethnic minority and/or gender (e.g. woman-owned) and/or military veteran classifications.
SC-SDB	Self-Certified Small Disadvantaged Business	An SC-SDB is owned and operated at least 51% by one or more disadvantaged persons. The disadvantaged person must be both socially and economically disadvantaged and the organization as a whole must be designated small by SBA standards to be eligible as an SDB.
SDVET	Service Disabled Veteran-Owned Business	An SDVET business must meet the requirements as a Small Business. It must be at least 51% owned by one or more service disabled veterans of one of the United States military branches.
VET	Veteran-Owned Business	A VET business must meet the requirements as a Small Business. It must be at least 51% owned by one or more veterans of one of the United States military branches.
WBE	Women Business Enterprise	A WBE is defined as a business concern that is at least 51% owned by one or more women and whose management and daily business operations are controlled by one or more of these owners.
WOSB	Women-Owned Small Business	A WOSB is a small business concern that is at least 51% directly and unconditionally owned and controlled by one or more women who are citizens (born or naturalized) of the United States.

Note: Definitions are based on United States standards. Source: Anitra King, Discovery director of global supplier performance & innovation

Covid's Impact on Socio-Economic Instability

The days of grabbing your passport and a carry-on bag, breezing through airport security and meeting up with colleagues in the boarding area are over, at least for the moment. But that's not the only thing Covid-19 has changed for travel.

Travelers flying in the next few months will be among the first visitors to many countries after a year of Covid lockdowns. There may be some confusion for these early pioneers concerning both the rules of traveling and locally enforced legislation, but a less obvious—and equally important—consequence of Covid are changes to a destination's socio-economic profile.

Has the World Changed?

Business travelers visiting new destinations or returning to old haunts could be faced with heightened risk considerations, particularly in the 'Global South'. One concern is a high unemployment rate among local populations and therefore a rise in criminal acts stemming from desperation.

With fewer tourists, the likelihood of business travelers becoming targets of opportunistic criminal acts has increased. In jurisdictions where law enforcement effectiveness is less disciplined, officials can be susceptible to corruption too.

It is not enough for travelers to understand the local law; they also need to be aware of the 'spirit' applied to rules by local law enforcement and government security forces in conflict-prone destinations, whether culturally motivated or the specific targeting of minorities.

Those countries that have been badly affected by Covid may be less inclined to forgive a traveler if they are slow to adapt to local rules, or even resent the presence of a foreign traveler during a security lockdown. Worse still, international NGOs and media organizations have documented government security force actions that could be considered human rights violations in some destinations, with reported incidences of murder and physical assaults under the guise of Covid police controls.

Crime is Immune to Covid

Travel restrictions and closed borders have not limited organized criminal activity; one could say crime has been immune to Covid. Shuttered borders and travel restrictions have allowed criminals to find new opportunities while security forces concentrate on lockdowns.

The emergence in Nicaragua of the MS-13 gang distributing aid and medical support in areas void of government security is an example of criminals using the pandemic to extend their control. In Mexico, drug cartels have expanded their presence to control some popular resort destinations by exploiting the high numbers of unemployed tourism workers.

Cybercrime also has increased significantly over the last year, capitalizing on Covid confusion. Criminals have been producing official-looking websites, messages and emails designed to procure personal data. Travelers will need to protect their information and confirm a request's legitimacy.

For example, many jurisdic-

tions require travelers to accept a pandemic tracking app using a QR code. They should only receive this during arrival at a border entry point or registering at a trusted venue such as a hotel. Scanning a false QR code can compromise a device and personal data.

Adaptability and Flexibility

Travel will always be an essential part of NGO program delivery, academic life, and general business activity for many organizations. They all have a duty of care to educate their business travelers about changes to their destination before they travel, to be able to locate them at all times, to monitor and act on global events as they occur, and to communicate regularly to inform them of any risks.

More than ever before, travelers need to be resilient. Organizations need to ensure proper screening protocols are in place before, during and after trips to support the traveler's physical and mental well-being.

As vaccination programs gain momentum, restrictions ease and more travel bubbles are established, we expect to see a steady increase in travel. While countries still will be reeling from the economic impacts of Covid, security and border forces will be adjusting to new regulatory landscapes, and local communities will be coping with the aftermath of loss and uncertainty.

While organizations consider the resumption of business trips, they should be mindful of the fact that it is not normally the journey that presents the biggest risk, but the destination itself. ♦



FRANK HARRISON is World Travel Protection's regional security director for the United Kingdom and North America.