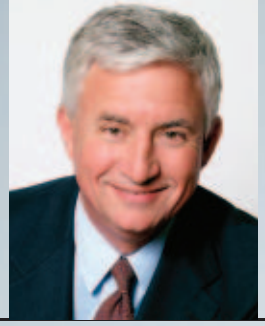
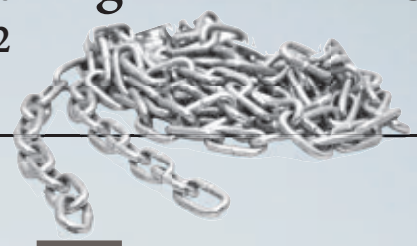
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30 Years
Business Travel News
July 28, 2014
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CAN'T BUY HAPPINESS

Higher salaries in *BTN's* 31st annual Travel Manager Salary & Attitude Survey aren't equating to a satisfied travel management workforce. Page 46



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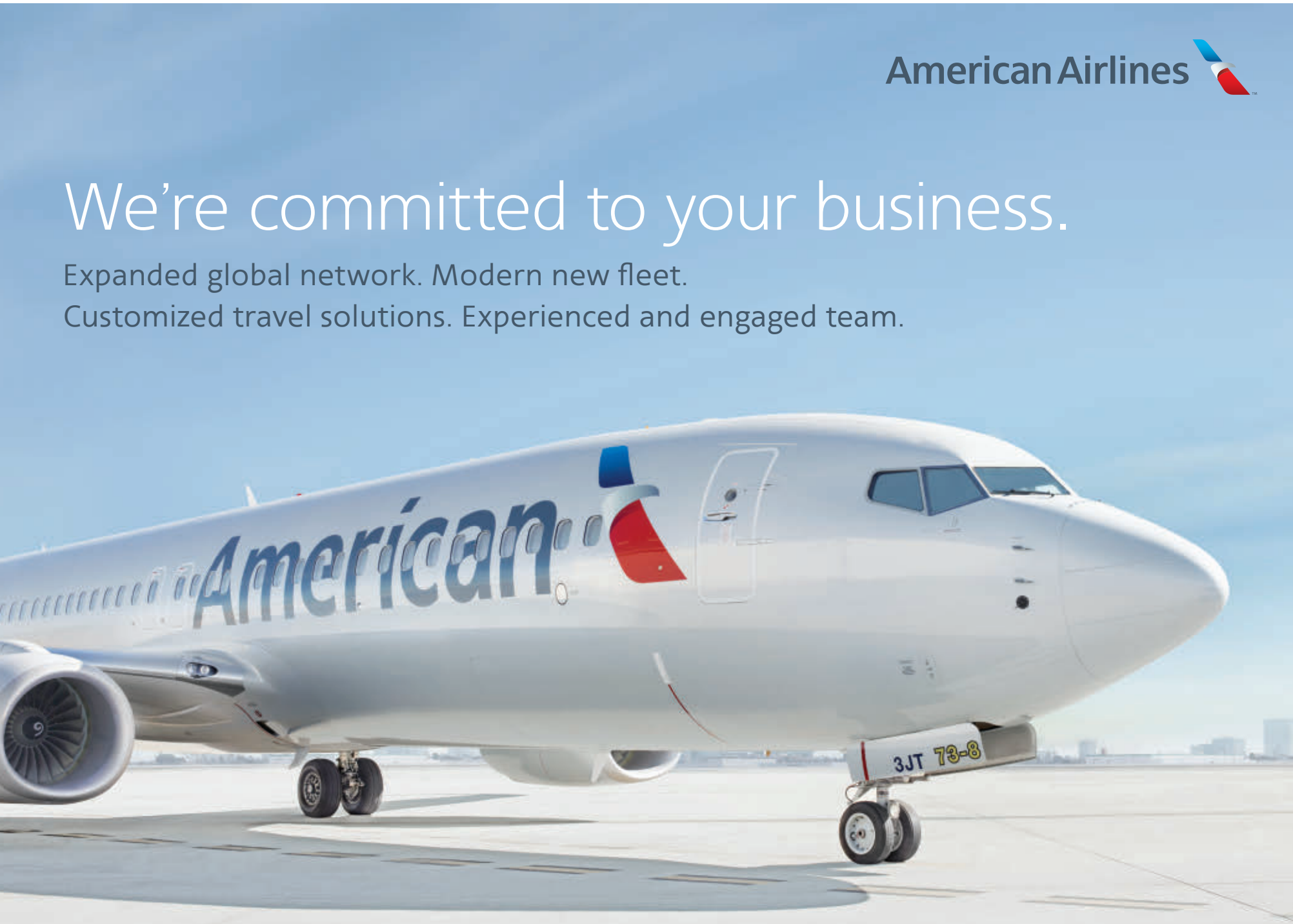
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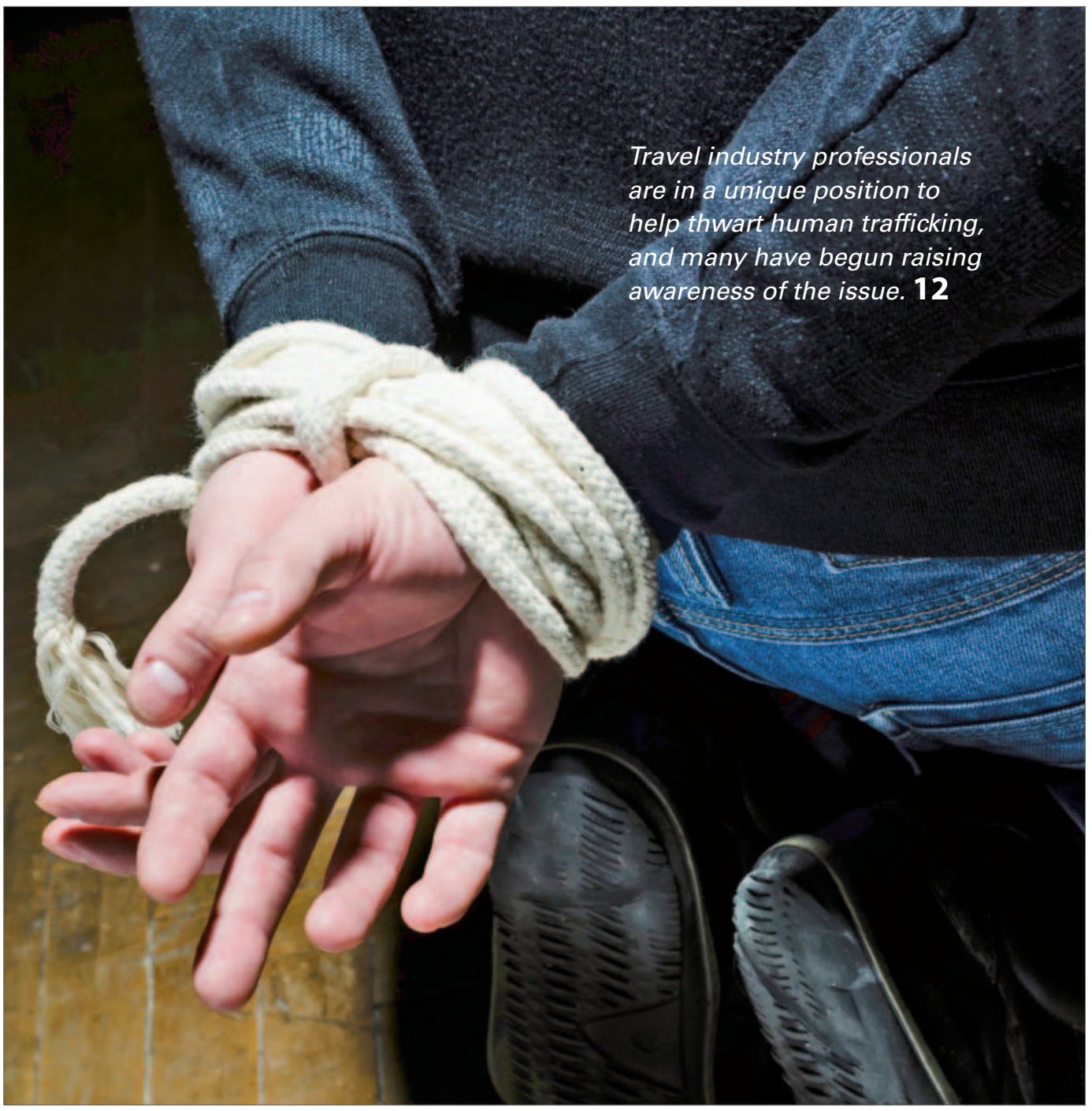
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Anderson: Carlson Deal To Acquire Rest Of CWT Won't Impact Client Pricing

BY DAVID JONAS

THE PENDING DEAL that gives Carlson Companies full ownership of Carlson Wagonlit Travel will have "no impact" on the latter's pricing, according to emailed comments to *The Beat* attributed to CWT president and CEO Doug Anderson. Carlson last month announced that JPMorgan Chase & Co. entered "a definitive agreement" to sell its interest in CWT to Carlson, completing a 20-year journey for the travel management company. The companies at press time expected the deal to close in July; terms were not disclosed.

ORGINIALLY PUBLISHED IN the beat thebeat.travel

Given the change in ownership, at least a few CWT corporate customers pondered if the travel management company would alter its pricing. "I think the changes will be minimal at first, but knowing that they don't have that financial backing anymore ... time will tell on how their contracting and pricing methodology changes," according to one, speaking on the condition of anonymity.

In his written response, Anderson asserted that "this transaction will have no impact on CWT pricing."

Anderson also wrote that Carlson's increased investment in CWT "confirms their confidence in the future of business travel. Carlson is focusing their investment strategy on their core businesses of hotels and travel." He added that the TMC expects to be "driving organic growth in key markets and considering opportunities for new partnerships and acquisition opportunities."



CWT CEO Doug Anderson

When asked about any ongoing relationships between CWT and JPMorgan following the close of the deal, Anderson wrote that the companies "continue to have commercial agreements in place for both corporate credit card and business travel services." JPMorgan uses CWT as its consolidated global travel agency, according to the 2013 edition of *BTN*'s Corporate Travel 100.

Carlson indicated that it would "partially finance" the transaction by offering $360 million of senior payment-in-kind toggle notes due in 2019.

A note from Moody's, in which the ratings firm wrote that it "anticipates that [Carlson's] liquidity profile will remain adequate following the transaction," indicated that "common equity from Carlson" also would be used to finance the proposed transaction.

Carlson Wagonlit Travel formed in 1994 when Carlson Companies combined its Carlson Travel Network with Wagonlit Travel, then owned by French hotel group Accor. In 2006, JPMorgan's private investment arm One Equity Partners and Carlson acquired from Accor its 50 percent holding in CWT. From that $465 million transaction, One Equity Partners walked away with 45 percent of the Accor stake, with Carlson taking the other 5 percent, bringing its ownership to 55 percent.

Current members of the CWT board include Chase Offers president Jeff Kinder and JPMorgan Chase & Co. managing director in Europe Shane Fitzpatrick, both of whom are expected to resign should the acquisition be completed. A company statement also indicated that Carlson board designees Laura Born (adjunct associate professor of finance at The University of Chicago Booth School of Business), Nick Shepherd (president and CEO of Carlson Restaurants) and Bill Van Brunt (Carlson executive vice president and general counsel) would resign at that time, expected to be replaced by Brad Hall (Carlson CFO), CWT's Eric van Kuik (vice president and CFO for global suppliers and products in the Netherlands) and Mark Karelse (vice president of global talent management and learning). Carlson president and CEO Trudy Rautio will remain chairman of CWT's board.

Today, CWT fields a workforce of 19,000 people across 150 countries and claims $26.9 billion in 2013 sales. With 178,000 workers around the globe, parent Carlson claims to be one of the world's largest private companies. It also owns Carlson Rezidor Hotel Group—including the Radisson and Country Inns and Suites brands—and recently agreed to sell the TGI Fridays restaurant chain, a further indication of Carlson's strategy to sharpen its focus on the core travel business.

According to Moody's, CWT in 2013 had achieved earnings before interest, taxes, depreciation and amortization of $196 million, down $53 million from the prior year due to challenging conditions in Europe, a negative impact from declining U.S. government travel and "a high level of restructuring costs taken notably in the first half of the year."

The sale by JPMorgan would be another step out of the managed travel business. Following the company's announced plan to divest One Equity Partners, another of its portfolio companies, Travel Leaders Group, underwent an ownership change. A Travel Leaders Group spokesperson told *The Beat* that in December "our senior leadership bought out OEP's stake in our company."

Clarification

The Coca-Cola Co. does not forbid the use by its business travelers of on-demand ground transportation provider Uber, according to a company spokesperson, contrary to information provided by a company representative to *BTN* and published in the June 16 edition. "We do not forbid the use of Uber or Airbnb travel services," according to an email from the spokesperson. "We support the use of our preferred vendors and travel partners in addition to emerging and convenient travel options."

Lufthansa Plans Regional, Low-Cost Growth; 'Price-Sensitive' Long-Haul Operations

The **Lufthansa Group** this month announced plans to further develop regional, low-cost and "private" but "price-sensitive" long-haul operations as part of a "Wings"-branded family. Düsseldorf-based regional Lufthansa subsidiary Eurowings from next spring will be positioned for "continental travel" using a fleet of as many as 23 **Airbus** A320 aircraft replacing the current **Bombardier** CRJ fleet. Its first base outside Germany will be in Basel, Switzerland. Meanwhile, low-cost subsidiary Germanwings starting next spring will handle more routes than it currently does and see its fleet grow to as many as 60 aircraft. The Lufthansa Group's plans for a new long-haul product for "the price-sensitive segment of private travel" may be developed unilaterally or with a partner. "For the latter option, talks are already at an advanced stage with **Turkish Airlines**," a fellow **Star Alliance** member, according to a Lufthansa statement. "In an initial phase, the new intercontinental platform is expected to operate with a fleet that will gradually be built up to seven **Boeing** 767 or Airbus A330 aircraft, with operations likely to commence in winter 2015."

Lufthansa, Air China Agree To 'Passenger Joint Venture'

Leaders of **Lufthansa** and **Air China** this month signed a memorandum of understanding to expand the carriers' partnership. According to an Air China statement, the fellow **Star Alliance** members intend to create a "passenger joint venture," starting in October 2014. Air China president and executive director Song Zhiyong indicated that the Chinese airline's "endeavor to become a global network carrier will not be successful without alliance and cooperation with our partners. The future joint venture cooperation with Lufthansa will facilitate Air China's efforts in expanding [the] international route network." Air China and Lufthansa already share codes on all flights operated by both between Germany and China.

July 28, 2014 Issue 768 Vol. 31, No. 11

Business Travel News (USPS 0728-870, ISSN 8750-3670) is published monthly except semi-monthly in March, April, May, June, September and November. by Northstar Travel Media, LLC, 100 Lighting Way, Secaucus, NJ 07094, tel. (201) 902-2000, and is distributed free of charge to qualified corporate travel buyers and travel agents specializing in business travel in the United States and Canada. The cost of a print subscription to non-qualified subscribers is $129 in the U.S.; $142 in Canada and Mexico; and $210 in other foreign locations; the cost of a digital edition subscription is $65; payable in advance in U.S. dollars. Registered for GST as Northstar Travel Media USA GST No. 264513185. Canadian GST #123397457. Periodicals postage paid at Newark, NJ, and additional mailing offices. Business Travel News is a trademark owned exclusively by Northstar Travel Media. Copyright © 2014 by Northstar Travel Media, LLC. Reproduction of this magazine, in whole or in part, is prohibited unless authorized by the publisher. Editorial and advertising offices: 100 Lighting Way, Secaucus, NJ 07094. For all circulation inquiries, including new subscriptions, renewals, cancellations, changes of address and problems with missed deliveries, contact customer service by mail at Omeda Customer Service, P.O. Box 3610, Northbrook, IL 60065-3610, by phone at (877) 705-8889; by fax at (847) 291-4816; or by email at: nbtn@omeda.com. POSTMASTER: Send change of address to Business Travel News / Circulation, P.O. Box 3610, Northbrook, IL 60065-3610 **Printed in the USA.**

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"[Our] hypothesis is that the booking experience is a contributing factor to what drives leakage today, and the proof will be in the pudding to see if the technology closes the gap."
—Carlson Wagonlit Travel senior vice president of global marketing ***Nick Vournakis*** *on what he called "40 percent leakage across the board" in corporate hotel programs and CWT's plans to soon enable travel policy-compliant hotel bookings via its CWT To Go mobile app*



"By combining our successful and established offices in Colorado, Texas and Louisiana with the strong team in place at USTravel, we will be able to further leverage buying power, internal resources, client-facing solutions and support expertise moving forward."
—Romeo Cuter*, North America CEO of Australia's Corporate Travel Management, in a statement announcing the acquisition of Alaska-based travel agency USTravel*



"To build these hotels, we need the tax subsidies and support of the city, and the city wants these hotels because they're going to drive revenue."
—Marriott International vice president of sales for the Americas ***Dave Nostrand*** *on the company's construction of large convention hotels in Austin, Houston and Chicago*

"Unfortunately we aren't quite far enough along with the reconciliation of the data among American Airlines, US Airways and our joint business partners to roll the program out for July 1 implementation. We know with any program, the data is critically important to you, so we are going to take some extra time to get it right."
—American Airlines *in a memo to U.S. travel agency accounts, noting that new agency agreements including merger partner US Airways would be delayed from July 1 to Sept. 30. AA said the agreements also will cover partners British Airways, Iberia and Japan Airlines.*

Interview: Delta, Virgin Talk JV



Frank Jahangir



Scott Davies

Launched Jan. 1, 2014, the Delta Air Lines-Virgin Atlantic joint venture coalesced further last month as Virgin assumed responsibility for both partners' sales in the United Kingdom. In the United States, Delta is taking the sales lead. *Business Travel News* contributing editor Amon Cohen spoke to **Frank Jahangir**, Delta staff vice president of sales and affairs for EMEA and India, and Virgin U.K. general sales manager **Scott Davies** about the effect of their growing partnership on U.S.-U.K. corporate agreements.

Business Travel News: **Your joint venture is the most recent between the United States and the United Kingdom. Do you contend that it differs in any way from its competitors?**
Scott Davies: We are bringing more competition where arguably it is needed. On New York-London, which we fly nine times a day, we're the only JV with front-facing flat-bed seats, all with aisle access, in business class and shared airport terminals.

BTN: **What about the agreements you are offering to corporate clients?**
Frank Jahangir: We've come together as one voice when we speak to customers. With us, there is one person negotiating on behalf of all the partners. It's a very coordinated approach when the customer comes to us because we have agreed internally what the deal will be. No airline is going to come 'round the corner and suggest other elements to it. There aren't sidebar conversations taking place.
Davies: This is the deepest level of joint-venture sharing that is legally possible—a profit-sharing venture. American Airlines/British Airways is a revenue venture. For us, all the attributable revenues are placed in the pot, as are all the associated costs, including operating costs. The risk and reward are shared equally.

BTN: **But many corporate clients believe the only type of JV is a bad JV because they limit the number of suppliers in the marketplace.**
Davies: We think we have become the most popular JV since we launched because we have introduced more competition into the U.K. market. Now we have combined strength to compete for share.
Jahangir: The corporate market was telling us it wanted more competition in the U.K. They say that, now we are here, it is giving them more choice, which neither Delta nor Virgin could have achieved separately. The pattern of being dominated by certain carriers is being broken. This is the first serious challenge on London-New York. And we are competing on our proposition. Our competitors have a business-class seat configuration that is badly out of date.

BTN: **Are you seeing any changes in the nature of deals being agreed to with customers?**
Davies: The deals are becoming more ambitious because we can provide more capacity. Customers are asking us to pitch for a larger share of their spend. What we have also started to see recently, partly in response to our JV, is that the other JVs are demanding clients give them all of their business or nothing. Before the JVs, airlines would be contracted as either a primary or a secondary carrier. Customers are asking, "Am I comfortable committing all my business to one carrier?"

BTN: **Are you going to make all-or-nothing demands as well?**
Davies: Until now we haven't been in a position to ask for everything, even though we know some competitors are. We haven't asked for that at this point. We haven't decided about that.

BTN: **Is it still possible to be able to get a Delta-only deal in Europe?**
Jahangir: There are no Delta-only deals.

BTN: **How is the U.S.-U.K. market performing?**
Davies: April was a difficult month, but overall for the year so far it has been moderate growth. U.S. companies are driving performance right now. Cabin choice is broadly the same mix as last year.

BTN: **Is there overcapacity?**
Jahangir: There has been an overall increase in capacity on transatlantic routes in 2014. A lot of it is Middle Eastern carriers being very aggressive, but underlying demand is strong, so although there are more seats out there than last year, it is not impacting us at the moment.

BTN: **Is higher demand affecting price?**
Davies: Yields are holding up.

BTN: **In May, your two airlines announced that Virgin will take over one of Delta's three daily London Heathrow-Atlanta flights, and Delta will take over one of Virgin's double-daily Heathrow-Los Angeles flights, starting Oct. 26. What was the thinking behind that move?**
Davies: It's a metal swap. In any given market, passengers tend to gravitate toward their home carrier. By Virgin taking on a slot to Atlanta, it means more U.K. customers will be interested in access with Delta beyond Atlanta.



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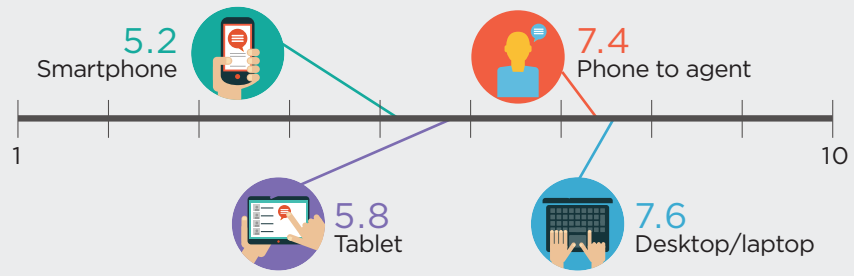
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CWT On Mobile Corporate Travel Tech

Smartphones Are Most Challenging Channel In Which To Book A Trip

Average scores* on an ascending scale of 1 (very difficult) to 10 (very easy)



* 1,698 traveler respondents

Travel App Use

Average number of travel apps on respondents'* mobile devices and actually used

Have 3.2

Use 2.2



* 1,360 traveler respondents

TMC Apps Among The Most Popular

Mobile services used*

63% Travel management company app or mobile site

43% Banking app or mobile site

31% Expense vendor app or mobile site

16% App or mobile site for meeting attendees

14% App or mobile site for meeting registration

7% Internally developed travel app

* 165 travel manager respondents

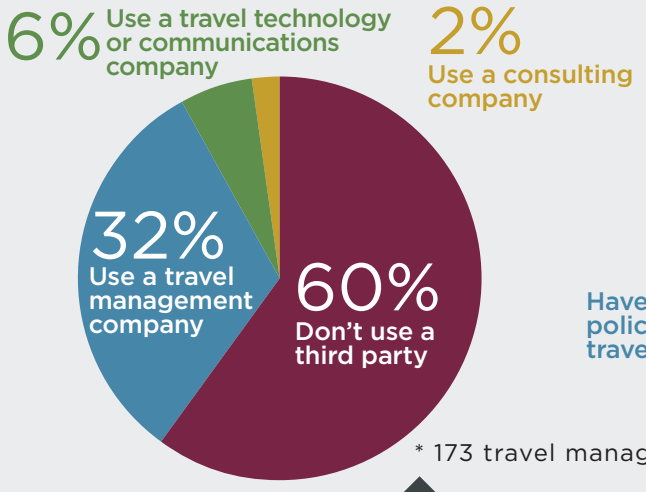
Rating The Importance Of Mobile Services

Average scores* on an ascending scale of 1 (least important) to 10 (most important)

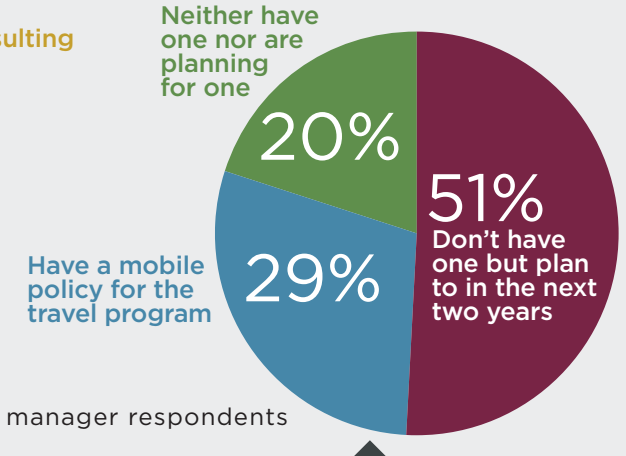
	Travelers	Travel managers
Flight status updates	8.5	9.3
Itinerary information	8.1	8.7
Flight rebooking	7.4	7.5
Travel alerts	7.3	8.4
Hotel rebooking	7.1	7.5
Flight booking	6.9	6.9
Hotel booking	6.8	7.2
Destination map/directions	6.8	7.1
En-route compliance push	6.2	7.6
Link with expense management	6.1	7.4
Trip sharing (social networks)	4.2	4.9

* 1,804 traveler and 173 travel manager respondents

Most Companies* Don't Use Outside Support For Mobile Strategies



Half* Have No Mobile Policy For Travel Program, But Expect To



* 173 travel manager respondents

Source: Carlson Wagonlit Travel's CWT Travel Management Institute December 2013–May 2014 survey of 1,804 travelers from "seven global companies" with a fairly even distribution of ages and trip frequency, hailing primarily from North America and Europe/Middle East/Africa (each representing 37 percent of the total sample); and of 173 travel managers, representing organizations from a range of industry sectors and travel spending sizes, with 52 percent located in Europe, the Middle East or Africa, and 40 percent from North America

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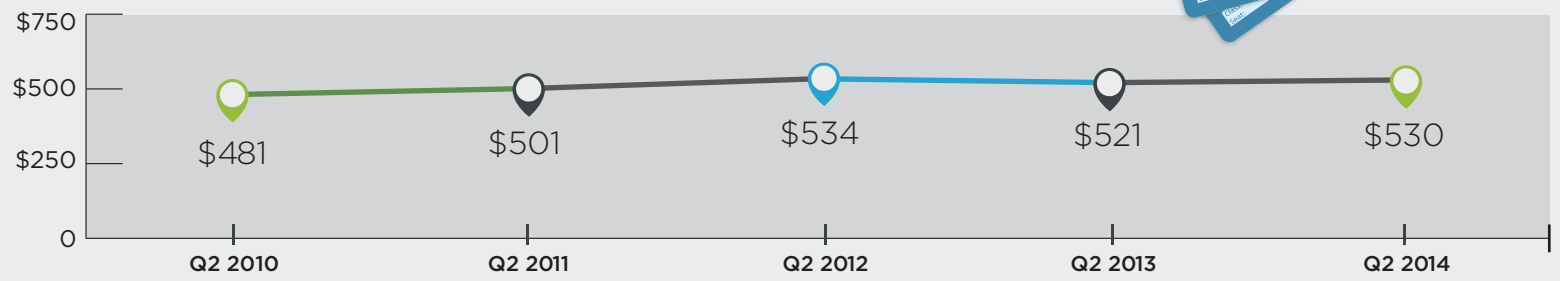
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Q2 Avg. U.S. Corp. Ticket Costs Near Five-Year High

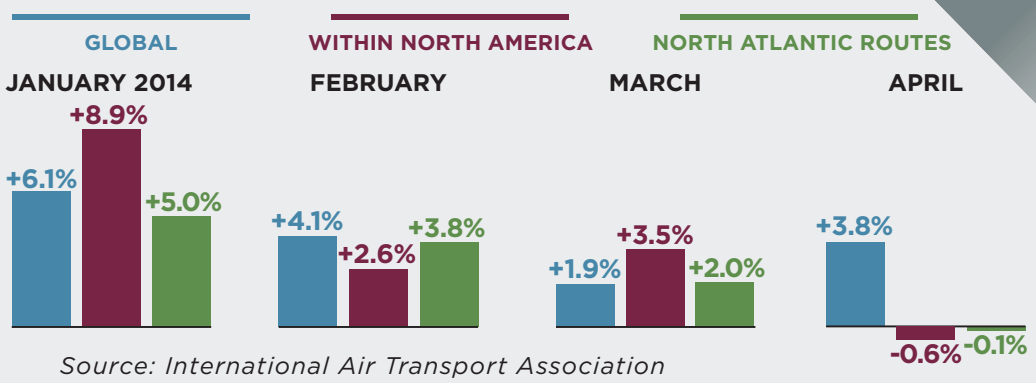
Roundtrip Domestic Tickets



Source: Prime Numbers Technology's Prime Analytics database, based on more than 4 million airline tickets booked primarily by U.S.-based corporate travel management companies

Premium Air Traffic Slowing On North American, North Atlantic Routes

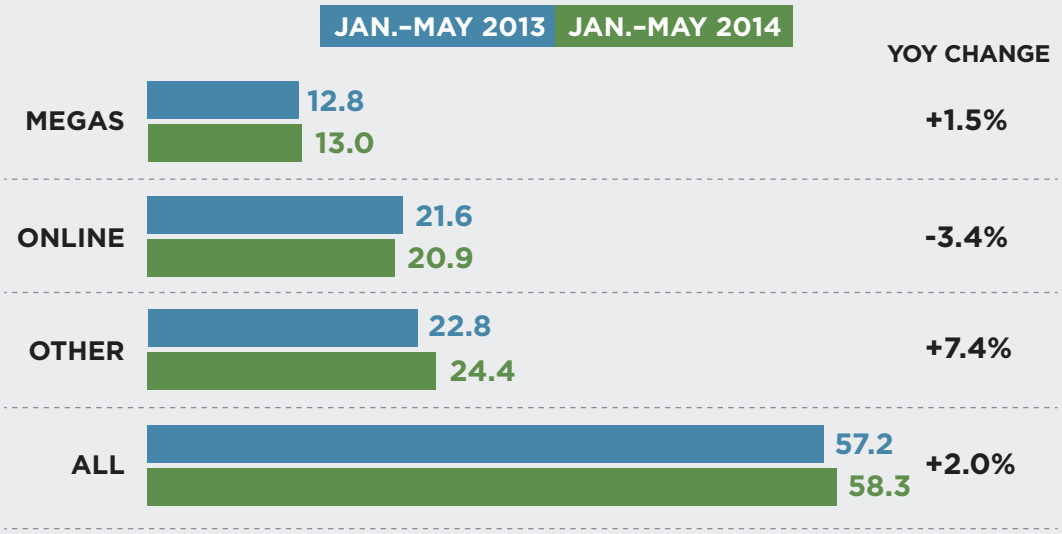
Year-Over-Year Changes In Number Of International Passengers Buying First- And Business-Class Seats



Source: International Air Transport Association

2014 U.S. Travel Agency Air Transactions

Year-To-Date Through May, By Segment, In Millions, Excluding Refunds And Exchanges



Note: "Megas" include American Express, BCD Travel, Carlson Wagonlit Travel, Expedia's Egencia, Hogg Robinson Group and Omega World Travel. "Online" includes various online travel agencies, including Orbitz for Business and BCD Travel's Travelocity Business. "Other" includes all other travel agencies whose data is processed by ARC.

Source: ARCLabs

U.S. Airlines First-Half 2014 Domestic Traffic Report

Year To Date Through June

	Traffic	Capacity
Alaska Air Group	+4.6%	+4.9%
American Airlines Group	+1.8%	+1.2%
Delta Air Lines	+4.5%	+1.7%
JetBlue Airways	+3.8%	+4.4%
Southwest Airlines	+2.0%	-0.7%
United Airlines	-0.3%	-1.2%

Notes: Traffic is measured in total scheduled revenue passenger miles and capacity is measured in total scheduled available seat miles. Domestic data for Alaska, JetBlue and Southwest include services to some non-U.S. destinations. Regional operations included where applicable.

Source: Company reports





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BREAKING BO

THE BUSINESS TRAVEL AND MEETINGS INDUSTRIES COMBAT HUMAN TRAFFICKING

By Sarah Beauchamp

During the past six years, more than 14,000 cases of human trafficking have been reported to the National Human Trafficking Resource Center hotline in the United States. Each day, people fall victim to this form of modern-day slavery, amassing to millions around the globe every year. The International Labour Organization estimates that to date more than 20.9 million people have been victims of human trafficking worldwide, of whom 5.5 million were children and 14.2 million were cases of labor exploitation.

While a slight uptick in human trafficking surrounds large events like the Super Bowl and the World Cup, the problem affects the travel, meetings and hospitality industries every day. Being in a position to help thwart human trafficking, travel industry professionals have begun raising awareness of the issue.

"I have been finding more and more with arrests of traffickers, there are a couple of things consistent in the arrest stories," explained ECPAT USA director of private sector engagement Michelle Guelbart. "For instance, the exploitation occurs in a hotel setting or the perpetrator is arrested in a hotel setting, so the hotel industry is in a unique position to [observe] traffickers and report cases to law enforcement."

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Realizing the tourism industry's potential role, ECPAT International, a global network of organizations dedicated to the protection of children from sexual exploitation, created the Tourism Child-Protection Code of Conduct, also simply known as "The Code," in 1996. When a company joins The Code, it must take six steps toward preventing human trafficking, including establishing a set policy and specific procedures against the sexual exploitation of children; providing proper training for employees in regard to children's rights, the prevention of sexual exploitation and reporting of any suspected human trafficking cases; creating a clause for all contracts that states a zero-tolerance policy of sexual exploitation; making information about human trafficking prevention available to business travelers; collaborating with stakeholders in the prevention of sexual exploitation; and reporting annually on the implementation of The Code.

"In most [human trafficking] arrests, the reason the police were called wasn't because the hotel industry or the staff saw human trafficking, it was because they saw the indicators and they reported those indicators, whether there was a violent interaction on the property, loud arguments or a suspicious person," Guelbart said. "We work with hotel properties to be able to identify [human trafficking] so it doesn't go past the front desk."

Some additional warning signs companies are told to look out for include disheveled guests, inconsistent stories between guests who enter the hotel together—confusion about why they are there or where they are coming from—individuals carrying little to no possessions when they arrive, or guests who ask for a room near an exit. "There might be a request for numerous towels, or multiple men might be coming in and out of the room," Guelbart explained. "The trafficker might not be trusting of security, and will not interact with the people that work at the hotel." Similar warning signs also can be seen in airports and on planes, she said.

Several large travel suppliers have signed The Code, including Hilton Worldwide, Waldorf Astoria Hotels & Resorts, Hampton Hotels and Delta Air Lines, which in June 2013 launched its Blue Lightning initiative, a computer training program that provides airlines with tools to help identify and report suspected incidents of human trafficking.

"One way [The Code] is successful is if companies include language in travel buyers' requests for proposals," Guelbart said. "It's important to ask suppliers, 'Do you have a human trafficking policy?' or 'Are you a member of The Code?' and say 'We'd prefer you did in order to book our event.' " Guelbart says most hotels and airlines are happy to comply, and many don't yet realize they are in a unique position to prevent human trafficking.

Once a company signs The Code, using ECPAT's resources, its employees will go through training to develop the skills needed to identify and thwart sexual exploitation on site. To date, more than 30 organizations in the United States have joined The Code, and hundreds have joined internationally. One Code member, Nix Conference and Meeting Management, even created its own organization, The Exchange Initiative, dedicated to providing resources for preventing human trafficking. The Exchange Initiative currently is developing for the National Center for Missing and Exploited Children an online database of pictures of hotel and motel rooms, to help guide groups like the Federal Bureau of Investigation and Internet Crimes Against Children if abducted children are photographed in any of those rooms.

Manufacturing company USG Corp. requests that all suppliers it works with be aware of ECPAT's Code and, if they are not, USG provides information for them. "For at least the last five years, if people aren't aware of [The Code], I introduce them to ECPAT and let ECPAT be the expert and take over the conversation," said USG senior manager of travel and food services Victoria Gutowski. "I've put [a clause about human trafficking prevention] in all of my requests for proposals, and I've added a trafficking policy to our meeting addendum." USG's addendum requires that all properties the company works with have policies regarding commercial sexual exploitation of children, and asks that they attach the policy when responding to RFPs. Gutowski added she would eventually like to begin evaluating destination management companies and convention and visitors bureaus based on their awareness of human trafficking and the prevention policies they have in place.

Some of Gutowski's industry colleagues have seen pictures of human trafficking victims online and recognized hotel rooms in the background, she explained, demonstrating the value of an image database like the one The Exchange Initiative is developing. "When I started this whole journey, a lot of people weren't aware of the issue, and now we're seeing more press around this," Gutowski said. "Initially, when I'd talk to people about this, they were incredulous and wondered how this can be happening in the United States."



Because of heightened awareness surrounding the issue of human trafficking, some buyers are demanding that suppliers become knowledgeable. "We let our suppliers know that we have an expectation and make sure that they are cognizant of it," said Maria Chevalier, an independent travel consultant and former global director of travel and meeting services at Hewlett-Packard. "It's a requirement versus an expectation, just like 'going green.' "

As far as seeing an actual decrease in human trafficking worldwide, Chevalier believes it's important not to narrowly fixate on statistics. "I say let's focus less on that, and more on us just trying to be a part of the solution," Chevalier said. "Time is wasted when you debate whether [human trafficking statistics] are higher or lower by decimal points. The reality is, it does exist, and let's focus more of our energy around solving it through education and collaboration."

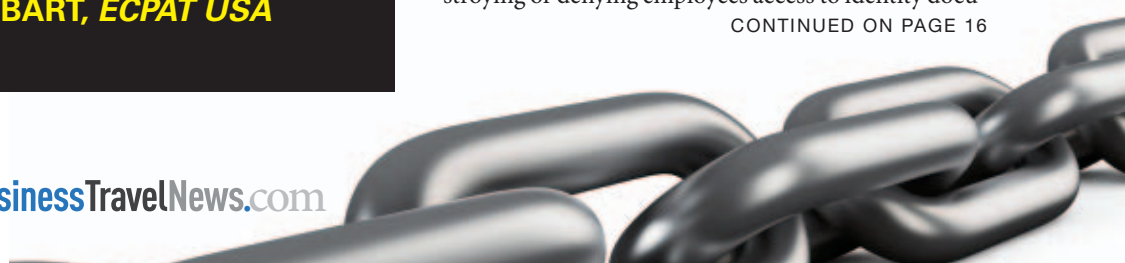
International publishing and information company Reed Elsevier includes sections on child and involuntary labor in its supplier code of conduct, modeled after the standards of the United Nations Global Compact. The company signed the UN Global Compact in 2003 and implemented the language into its supplier code around the same time. It's only become a requirement for suppliers, however, within the last two years.

"Suppliers have to sign our code of conduct before moving forward," said Reed Elsevier director of supplier corporate responsibility Terry Martin.

"We've modified [the section on child and involuntary labor] to strengthen the language around human trafficking," Martin said. "There were standards I'd become aware of in the beginning of the year concerning trafficking-related activities, including companies destroying or denying employees access to identity docu-

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> "In most arrests, the reason the police were called wasn't because the hotel saw human trafficking, it was because they saw the indicators and they reported those indicators."—**MICHELLE GUELBART, *ECPAT USA***



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> "Airlines could be transporting perpetrators and victims; travel agencies could be booking their travel. ... Therefore, everyone should be responsible for the solution."
>
> —**CHRISTINA SCOTT, *Sabre***

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ments. We strengthened the language in our contracts to say that a supplier cannot participate in those activities or treat employees that way."

For suppliers in high-risk areas, Reed Elsevier performs audits every other year, interviewing employees and examining the company's documents for proof of age of employees, as well as searching for any other evidence of involuntary labor. If a company won't return an employee's identification documents until they've worked a certain amount of time, "that's not OK with us," Martin said. "We'll force suppliers to stop those practices, and they have stopped in the past. To do business with us, they have to comply."

In addition to signing The Code and including language addressing human trafficking in RFPs, some companies are starting their own initiatives. Sabre Travel Network launched its official human trafficking prevention program, Passport to Freedom, in September 2012. "Prior to that, we started internal conversations," said Christina Scott, the program's chairperson and Sabre senior managing director of Latin America and the Caribbean supplier commerce. "It was something we knew we needed to get involved in."

Sabre then-CEO Sam Gilliland spoke to Marilyn Carlson Nelson, former chairman of travel and hospitality company Carlson Inc., and "recognized through that conversation that anyone who was involved in travel is kind of unwillingly participating in this crime," Scott said. "Airlines could be transporting perpetrators and victims; travel agencies could be booking their travel. [Sabre] could potentially have a role in the crime and not know it. Therefore, everyone should be responsible for the solution."

Scott was assigned to the Passport to Freedom project, discovered ECPAT's Code and began devising ways Sabre could "galvanize around the topic," she said.

"I'm really proud of how the program has matured over the past year and a half. It's all come to fruition through volunteer efforts, through people being interested in what it is and launching it in their own city, in their own country. It's been a total grassroots effort that's ultimately now become part of [Sabre's] DNA."

Since the launch of Passport to Freedom, 30 percent of company employees worldwide voluntarily have undergone program training. Last year, Sabre launched a program in Uruguay, and the organization also has programs in Krakow, Poland and Bangalore, India. "Sabre employees not only in the United States but around the world have discovered they are in a position to make a positive impact on the cause," Scott said. "Since so many of our customers and suppliers would ask what training for this kind of thing looked like, we went ahead and deployed that training on our website publicly, so anybody can take it."

In addition to online training for customers and suppliers, Sabre works with local and international human rights organizations, including the International Justice Mission in India and the Covenant House in New York, to help raise awareness of human trafficking prevention. "Primarily, the Covenant House deals with the homeless population, but a significant percentage of the homeless population are trafficking victims, so we try to maintain a focus on trafficking," Scott said.

The company also holds events worldwide to raise funds for nonprofits that work to prevent human trafficking. "Every event is different based on location, culture and audience," Scott said, calling one event held last year in Uruguay "a massive undertaking. They had a local musician who created a song about Passport to Freedom, and a 5k race to raise awareness, with all funds donated to local nonprofits." Sabre also worked with Mosaic Family Services in Dallas to refurbish a safe house for human trafficking victims. In the future, Sabre plans to launch a formal Passport to Freedom certificate program for industry professionals.

Last year, Sabre put together a training day at the company's headquarters in Southlake, Texas, for all law enforcement agencies in the state. "We did a full day of human trafficking awareness training," Scott said. "As a direct result of that training, just two weeks later, there was [a human trafficking victim] who was pulled off the street, rescued by a police officer, and taken to a safe house to receive counseling and treatment."

Recently, Sabre teamed with Marriott International to join the World Tourism Organization, the United Nations Office on Drugs and Crime and the United Nations Educational, Scientific and Cultural Organization to launch the campaign, "Your Actions Count—Be a Responsible Traveller," created to educate travelers about the threats of illegal trafficking, including that of humans. Sabre and Marriott will share trafficking-related alerts with their travelers and guests through internal traveler technology.

Ultimately, Sabre wants to see technology used as a "definitive instrument for thwarting [human trafficking]," Scott said, also noting that visual databases like the one Exchange Initiative is developing are "critical to determining trends."

"It can help us to find the patterns of these criminals and stop the crime before it happens," she said.

Scott hopes that Sabre can harness its existing technology, like its fraud-tracking capabilities, and repurpose it to help fight human trafficking. "Our intent is to bring together some critical thinkers in the areas of technology, travel, government and non-government, and have the conversation of how we can best make this happen."

In addition to buyers, business travel associations are beginning to get involved in the fight against human trafficking, including the Los Angeles Business Travel Association. "We're encouraging our members to sign The Code," said Jennifer Keltner, the association's director of corporate social responsibility. The GBTA chapter also is looking for ways to tie in the participation of local police and hotel groups.

"We want to bring in some closer relationships with local police and law enforcement," Keltner said. "Without hotels and law enforcement in tandem support, the programs won't be successful. We want the police to feel like they have the right partners."



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Survey: Half Of Travel Managers Are Tightening Travel Policies

BY JoANN DeLUNA



FORTY-NINE PERCENT of travel managers indicated that tightening travel policies in efforts to contain costs within their companies was "a fact of life," while an additional 24 percent expect policy-tightening to become "more relevant" to their organizations in the future, according to a new AirPlus International survey. In the United Kingdom, 64 percent of travel managers indicated policy-tightening is an "established trend."

2HM, on behalf of AirPlus, surveyed between September and November 2013 a total of 958 individuals responsible for travel management in 24 countries. AirPlus specifically broke out respondents from the United Kingdom, which included 70 travel managers.

Fifty-five percent of travel managers indicated they practice benchmarking to understand how they compare with other companies with similar travel patterns, while 21 percent expect benchmarking to become more relevant to their organizations in the future, the survey indicated. In the United Kingdom, 64 percent of travel managers benchmark costs.

Forty-two percent of surveyed travel managers have consolidated their travel programs to a regional or worldwide structure from a country-by-country arrangement, according to the survey. Managers noted economies of scale and consistent processes as benefits and reasons for their transition, according to the survey. In line with the global average, 41 percent of U.K. travel managers acknowledged consolidating their programs. "The figures could reveal that travel programs are more mature in the U.K., or simply that U.K. companies are more likely to operate international subsidiaries," the survey said.

More than half, 55 percent, of the individuals surveyed indicated they are trying to manage such additional travel costs as taxis and dining by consolidating them, the survey found. The figure is even higher in the United Kingdom, where 56 percent of travel managers said they do so. Unconsolidated supplier bases, inconsistent payment methods and a lack of centralized booking systems make managing such costs challenging, the survey claimed.

While there can be some synergies between managing travel and fleet, 37 percent of respondents said integrating fleet with travel will not become a "relevant" trend to their organizations in the future, the report concluded. However, 32 percent of the travel managers said fleet integration already happens within their companies, and an additional 20 percent expected integration to happen in the future, according to the survey.

Technology

Less than half, 43 percent, of travel managers said their organizations use corporate booking tools. The figure in the United Kingdom was even lower, 23 percent.

Calling that figure "a big surprise," AirPlus in the report noted that "there is no obvious reason why the U.K. figure is significantly lower than the Western European average of 34 percent. However, even the Western European average is lower than might have been anticipated. Booking tools are claimed to reduce travel management company transaction fees, reduce average fares and hotel rates and improve compliance control. The figure suggests booking tool providers have not yet fully won the argument."

Overall, the larger the organization, the more likely it was to use such tools. For example, only 39 percent and 43 percent of "low-" and "medium-" sized companies respectively reported using the tools, compared with 59 percent of "high spenders," according to the survey.

"Smaller companies also book online, but [allow] travelers to use public websites of their choice instead of a managed booking tool," according to the report's analysis.

Reflective of the quick rise to prominence of mobile payment technology, 35 percent of travel managers indicated the technology is used within their organizations, while an additional 31 percent said they expected the technology to become more relevant to their organizations in the future, the survey found. Thirty-three percent of U.K. travel managers said that at least some payments in their organizations are made via mobile devices, while 37 percent of respondents said the technology would become more relevant to their organizations in the future.

Thirty-six percent of travel managers said they have travel management mobile applications, used for such tasks as expense reporting or itinerary sharing, while 35 percent indicated such mobile apps will become more relevant to their organizations in the future, according to the survey. Likewise, 33 percent of U.K. respondents indicated their companies are deploying travel management mobile phone apps.

Social media technology use also is gaining adoption, as 36 percent of global respondents indicated the tools have become the norm to exchange views. "Some travel managers believe that since travelers will use social media anyway, it would be better to control the issue by creating managed in-house social media tools," according to the survey. A total of 34 percent of U.K. respondents said their travelers already are using social media for travel-related purposes.

NEWSLOG

Cvent Plans Meetings Platform Redesign

Las Vegas - **Cvent** last month announced a planned complete redesign of the meetings technology company's event-planning platform, promising improved navigation, faster applications, more customization and live editing capability.

With the new platform, dubbed The Blue Release and expected to be available in August for some customers and by October for all clients, Cvent officials said event organizers would be able to select only the elements they need to plan a particular event—for instance, speakers or food and beverage—and use drag-and-drop editing to eliminate unnecessary planning options from the dashboard. Once the elements are chosen, the platform would present a task list, informing organizers of the next steps in the plan process. Meeting managers would be able to customize the data generated, and create specific user groups within the platform.

Speaking here at Cvent's annual Corporate Meetings Summit, Cvent president of product management Pete Floros said other technological features the company expects to add during the next 18 months include more registration flexibility and the incorporation of iBeacon technology, allowing attendees to be automatically checked in to sessions or sent post-session surveys using the iBeacon GPS system.

Cvent also plans to launch a request-for-proposals "showcase," which would present meetings RFPs to a wider selection of suppliers, making it possible for venues to bid on business even if the planner did not specifically send the RFP to them; a "call for papers" feature, allowing organizers to solicit speaker or award suggestions through the event platform, and an "opportunity graph," which would combine attendee profiles with event data to provide planners with more specific information about delegates, presenting organizers with more opportunities to tailor their marketing and business strategy.

Sabre Adds Hotel Consulting

Sabre Corp. added hotel program consulting services to complement its request-for-proposals tool, the company announced this month. Sabre's consulting services include implementation management, reporting on rate trends and program negotiation. Sabre also announced new tweaks to its RFP tool, including the ability to select a location and see hotels within a certain radius, navigation and structure designed to increase a company's visibility to hotels and an update to its hotel directory.

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comfort and service for every passenger in every seat are EVA priorities.

As it introduces new aircraft with the latest amenities, every cabin gets an upgrade while travelers get the added convenience of more flights.

EVA Air introduced Wi-Fi and global mobile roaming aboard three brand-new Boeing 777-300ERs this summer. In addition to upgrading cabin design and further enhancing service amenities, the Star Alliance member also began giving passengers more flights to choose from for travel on its North America routes to Asia from Los Angeles, New York, San Francisco, Toronto and Vancouver.

EVA is using the new aircraft to upgrade the flying experience passengers enjoy and make flying more fun and comfortable in every cabin. It configured them with Royal Laurel Class business, Elite premium economy and Economy Classes and is operating them in rotation on long-haul routes with the 15 Boeing 777-300ERs that were already in its fleet.

SKY WI-FI AND MOBILITY

EVA is the first airline to fully install Panasonic's latest-generation eX3 inflight entertainment system and Global Communication Suite (GCS) and its three new 777-300ERs are the first aircraft with the system. Now, passengers can use both Wi-Fi (wireless internet services) and roaming for SMS short messages through GCS (Global Communications Services).

Passengers in all three EVA cabins can access the airline's inflight Wi-Fi with personal electronic devices that have wireless networking capabilities as soon as their aircraft reaches an altitude of 20,000 feet. They can use EVA's new inflight Wi-Fi to send and receive email, browse the web, work or check in on social networking sites with three cost options, tax included: one hour for US$11.95, three hours for $16.95 or 24 hours at US$21.95.

Passengers can also send and receive instant messages or texts on personal smartphones from their own numbers with software such as What's APP, Line or We Chat. And they can take advantage of the SMS roaming to send and receive short messages or texts.

INFLIGHT ENTERTAINMENT SYSTEM (IFE)

EVA updated and upgraded its inflight entertainment system in all three classes of service. It enlarged seat-back screens and introduced both multi-touch and HD (high-definition) capabilities. It increased screen sizes in both Elite and Economy Classes from 9 to 11.1 inches. In its top Royal Laurel cabin, it expanded screens to 16 inches and introduced remote controls with 4.1-inch video displays that enable passengers to play games and watch movies at the same time.

ALL-NEW ENTERTAINMENT SYSTEM

On EVA's all-new eX3 Star Gallery inflight entertainment system, passengers can enjoy high-quality audio and video entertainment in every seat throughout the aircraft. The airline has made it as fast and smooth to back up and fast forward on its IFE as it is for passengers to use their own personal electronic devices. Instead of the typical tap operating method, passengers can choose among recent-release movies and games using slide and touch techniques similar to multi-touch technology capabilities on iPads, Surfaces and other popular devices.

Soon, EVA will introduce electronic menus for meals and beverages and duty-free shopping so that passengers can buy favorite items from the inflight boutique during flights.

ENHANCED CABINS

EVA's new cabins feel fresh and relaxing. Inspired by views out the windows during flights, new flying environments comfortably blend function, fashion and style. Elite and Economy Class seating gives passengers more leg-rest room, individual 110v AC outlets and USB ports. Royal Laurel and Elite seats have full-grain leather headrest covers and changing mood light.

EVA is also creating a series of upgraded inflight service items that it is introducing gradually onboard all of the Boeing 777-300ERs in its fleet.

NEW NOISE-CANCELLING HEADSETS IN ROYAL LAUREL CLASS

EVA is equipping its Royal Laurel Class top cabin with new, state-of-the-art noise-cancelling headsets that have better sound quality and advanced features such as active noise cancelling that help reduce cabin noise and engine sounds. The ergonomic headsets have soft foam ear cushions and are flexible so that they comfortably fit every head shape. They also have mute buttons, making it easy to switch from movies to listening to music or having a conversation without taking them off.

PAJAMAS

EVA is enhancing its warm, homey service with pajamas for Royal Laurel Class passengers. Those in this luxurious cabin, configured in a reverse herringbone design, have room to work, relax or rest and can use convenient privacy panels to create cozy inflight cocoons. Simple and elegant, made of soft, silky fabric in dark and light brown for inbound and outbound flights, the new pajamas make long-haul trips more comfortable than ever.

RIMOWA AMENITY KITS

EVA introduced Rimowa's sought-after amenity kits for Royal Laurel Class passengers last year and they have become collectibles. For travelers on its latest 777-300ERs, the airline and Rimowa created new kits in two exclusive colors, EVA's own Crystal Green and the luxury luggage maker's classic Prosecco. It chose one color for inbound flights and the other outbound.

EVA also went to great lengths to select products for its Rimowa kits that complement the shells' colors. It chose natural lip balm and home-spa lotion products by HARNN and included lens-cleaning cloths and adjustable silk eye masks.

FIJI WATER

EVA now serves Royal Laurel Class passengers pure, natural, bottled artesian FIJI Water. Collected in Fiji, the popular water comes from rain filtered naturally through ancient volcanic rock in a rainforest. Soft and smooth, FIJI Water is infused with minerals and silica that give it a unique taste.

ALL-NATURAL ESCENTS IN ELITE AND ECONOMY CLASSES

EVA offers Escents toiletries in Elite and Economy Class lavatories, including hand wash, lotion, facial mist and aroma spray. Created in Canada from natural, plant-based ingredients and pure, ready-to-blend essential oils, EVA chose Escents products to give passengers more relaxing inflight experiences and higher quality services.

EVA HELLO KITTY JETS

EVA has put fun back in flying with Hello Kitty Jets. It introduced its first long-range Hello Kitty Jet, a Boeing 777-300ER, on the Los Angeles-Taipei route. Flight BR15 flies LAX – TPE on Thursday and Saturday and BR11 serves the route on Sunday. BR16 returns TPE – LAX on Wednesday and Friday and BR12 makes the trip on Sunday. The unmistakable aircraft is painted on both sides with characters that, in addition to the iconic Hello Kitty and Dear Daniel, include My Melody, Kuromi, Little Twin Stars, Cinnamoroll, Pompom Purin and Bad Badtz-Maru. EVA operates five shorter-range Airbus 330-200s and 300s on regional flights from Taiwan to Japan, Korea, Hong Kong, Mainland China and Guam. Each aircraft has its own unique theme, EVA Hello Kitty Hand-in-Hand, Magic, Apple, Global, Happy Music and Speed Puff Jets.

MORE FLIGHTS, ONE-STOP CONNECTIONS

EVA continues to offer more flights to Taiwan with more one-stop connections to cities throughout Mainland China and Asia than any other airline. The flights it just added on existing North American routes give travelers more choices and convenience. EVA now operates 55 weekly flights from North America — 21 from Los Angeles, seven from New York, 14 from San Francisco, five from Seattle and four each from Toronto and Vancouver.

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Cable Manufacturer Deploys KDS Neo To Complete Conversion To Online Booking

BY SARAH BEAUCHAMP

AFTER A SUCCESSFUL 2012 push online of previously offline bookings, German wire and cable supply company Leoni last year took the next step and deployed a single tool for its location in France. It was part of an effort to reduce booking fees and improve overall travel program efficiency.

Within months, nearly 90 percent of the multinational company's transactions at the French location were being booked through the KDS Neo booking tool, said Jean-Paul Magnier, Leoni's purchasing and cost optimization director in France.

The journey to that level of adoption was relatively quick, Magnier said, as only in 2012 did the division begin to "switch from offline booking to online booking." Launching a 400-traveler pilot program at the France location, Leoni began using separate online booking tools for flights and rail reservations, car rentals and hotel stays, and an application that allows senior management to approve all travel itineraries.

"During monthly meetings with [Leoni's] France Management Committee, we reviewed the performances of the company, and I used this meeting to report on the progress of using online booking tools, and the benefit of using them to reduce agency fees and average ticket prices," Magnier said.

To encourage employees to use the new tools, Leoni implemented program messenger functionality that congratulated those who achieved the "target price per destination," Magnier said, which was set in place when the booking process shifted online.

In September 2013, Leoni's France office began implementing Neo, which allows travelers and managers to "understand the total cost of each trip up front," Magnier said. Neo calculates door-to-door trip cost using actual airfares and hotel rates combined with the estimated cost of taxis and any on-site purchases.

"The tool provides full policy-driven itineraries," Magnier said, "and integrated maps of the [traveler's] destination, including street views."

Neo automatically applies filters to create itineraries that optimize travel time and are cost-efficient. "We faced resistance from people who were used to going to particular places for their flights, so we knew it was important to provide alternatives to the travelers, giving them choices." By limiting the amount of choices, KDS saves travelers



time on the decision-making process, he added.

By the end of January 2014, Leoni saw a 90 percent Neo adoption rate. "Today most employees like using Neo because it's easy to use," Magnier said.

Through the Neo mobile app, senior management can approve employees' itineraries from any mobile device. "You have to approve very fast, or you might lose the cheaper fare," Magnier said. "This is why the manager has to approve rapidly in 48 hours. This tool gives us the possibility to reach this target of 48 hours."

Magnier formed a team of employees responsible for relaying information about Neo back to their respective departments. During monthly meetings, Magnier gauges how long it's taking employees to book trips and how happy they seem to be with the tool.

Since implementing the online booking system, Magnier asserts Leoni has saved a significant amount of time and reduced per-ticket costs by about 25 percent. But because travelers still are being trained, he said it's too early to evaluate how much money has been saved overall.

GBTA Files Defamation Lawsuit Against Anonymous Sender Of 'Disparaging' Email

BY JAY BOEHMER

THE GLOBAL BUSINESS Travel Association in May filed a defamation lawsuit against an unidentified defendant who late last year anonymously emailed to GBTA employees, members and sponsors what the association described as "unsubstantiated allegations."

According to GBTA's complaint, filed May 8 in a Virginia district court, the email smeared leadership, accused the organization of "financial impropriety"—including misusing its tax-exempt status—alleged "self dealing and other improper contracts" and "asserted that various GBTA employees committed conduct that, if true, would constitute commercial fraud."

GBTA is seeking at least $500,000 in damages as well as an injunction that would prevent "Jane Doe" from "disparaging GBTA's name and/or reputation."

GBTA president and CEO Donna Kelliher in a memo to members in December 2013 acknowledged the email as it circulated among industry participants. She then wrote that "GBTA employees and some members received an anonymous email in which allegations were made in a threatening manner," according to the memo. "This email seemed to have the intent of causing disruption to our organization."

That email, obtained by *BTN*, was attributed to "a group of travel industry professional [sic] who are not happy" and the text alternates between the first-person plural and singular. The email, which includes other claims not cited in GBTA's court filing, urged the association to fire some executives, investigate various actions by leadership, review executive compensation practices, change bylaws to require majority board approval of executive salaries and take other actions.

GBTA earlier this year declined to comment on the substance of the claims amid "our investigation of this anonymous email," according to a GBTA spokesperson.

GBTA in court documents noted that it "took these allegations very seriously" and "convened a special committee" to investigate. That resulted in a February report to GBTA's board of directors, which, according to the lawsuit filing, "unambiguously dispelled the accusations contained in the December 2 email as being completely without merit." GBTA did not immediately reply to requests to share the report.

GBTA's court filing noted the defendant distributed the email to "more than fifty individuals, many of whom were members or corporate sponsors of GBTA."

The email "constituted an overt attack on GBTA and various GBTA employees," according to GBTA's complaint. "The contents of the December 2 email were false. They were unsubstantiated. And, they were allegations of fraud and other wrongdoing that constituted defamation per se under the laws of the Commonwealth of Virginia."

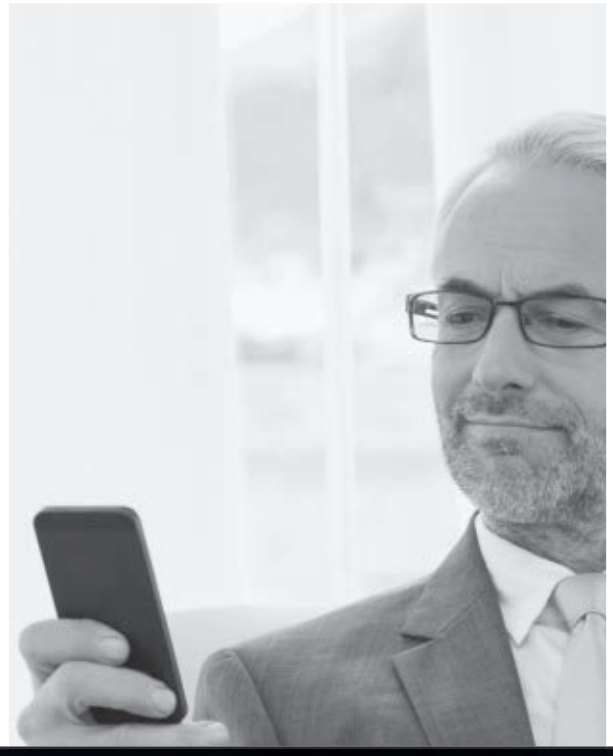
While GBTA noted that "critical (or even divisive) emails from members are to be expected" within a trade association, the court document added, "criticism that contains false statements that subject the target(s) of scorn and ridicule is unlawful."

"As a result of these false statements," according to the court filing, "GBTA has suffered and will continue to suffer damages in the form of lost revenue and damage to its reputation."

While GBTA has not identified the defendant, court documents indicated the author sent the email in question from jenniferlacy762@yahoo.com. According to the court filing, the author "failed to provide or reference any evidence substantiating his/her allegations of fiscal mismanagement, excessive compensation, violations of federal tax law and personal enrichment by GBTA executives."

In that email, the author cited a desire to "prevent retaliation" in making the decision to remain anonymous.

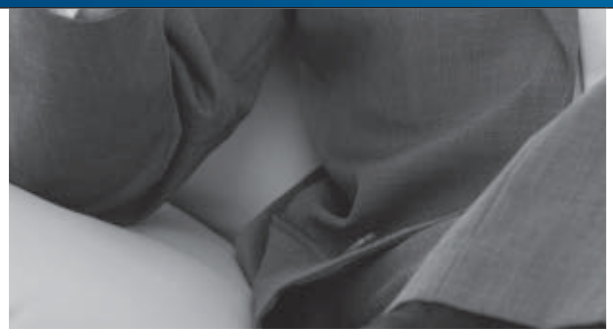
A GBTA lawyer in a memorandum accompanying the initial complaint indicated that the association "will work diligently to identify the true name of the appropriate defendant and, once known, seek a summons to serve that defendant with process."

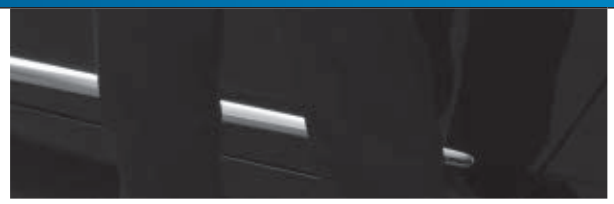


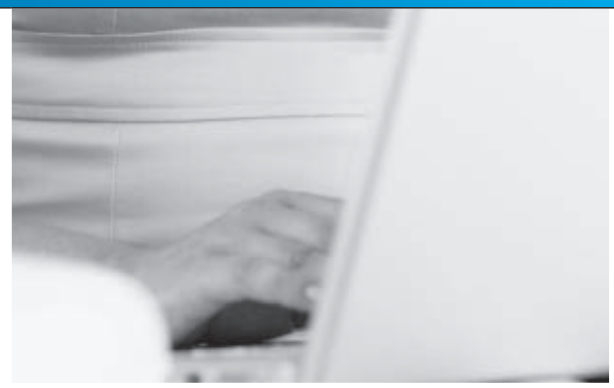




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Egencia: Geographically Diverse Corps. More Likely To Use Decentralized Booking

BY AMON COHEN



TRAVELERS AT European companies are twice as likely to handle their trip reservations through a travel arranger or central travel department as travelers in North America, according to an Egencia study. Examining 2013 itineraries for 5,190 Egencia clients in 13 countries, the study also found that companies on both sides of the Atlantic which operate in only one country have far more travelers who book through an internal arranger than those working for multinational organizations.

Egencia defined as "centralized" those companies at which more than 60 percent of reservations are made by travel arrangers or internal travel services (whether online or offline). "Decentralized" companies are those at which fewer than 40 percent of reservations are made in that fashion. Companies in between were categorized as "mixed." In Europe, 57 percent of represented companies operate a centralized model, while 14 percent are mixed and 29 percent centralized. In North America, 28 percent are centralized, while 11 percent are mixed and 61 percent decentralized.

Perhaps most strikingly, 100 percent of Egencia's represented North America-based multinational clients have a decentralized booking process, whereas 61 percent operating only in their home market are decentralized or mixed. In contrast, 70 percent of one-country Europe-based Egencia clients surveyed are centralized, though 40 percent of European multinationals centralize. "The more a company is spread out geographically, the more it decentralizes its booking, with more of the travelers booking travel for themselves," Egencia concluded.

The study also found that the average travel arranger makes 64 bookings per year—seven times more than the average traveler. Arrangers make reservations on average one day further in advance but are twice as likely to cancel the bookings they make because they lack visibility of travelers' schedules and trip imperatives. For similar reasons, arrangers buy fully flexible tickets 40 percent more often than travelers and nonrefundable tickets 50 percent less often. Egencia indicated another reason for this disparity is that travel arrangers have a greater understanding of total cost of ownership, including the cost of nonrefundable tickets that cannot be used by travelers who change their itineraries.

Egencia suggested that decentralization will increase owing to globalization and, as travelers increasingly prefer to make their own self-service decisions, consumerization. However, for companies that continue to operate a decentralized model, the Expedia-owned travel management company recommended tapping more decisively into the expertise of travel arrangers, who are "central to travel policy and optimization strategies for enterprise purchasing."

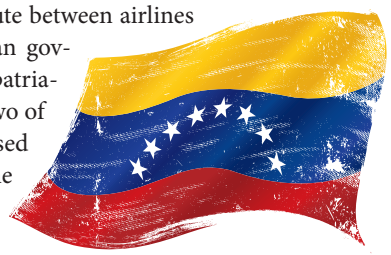
Egencia added that travel arrangers "should be involved in travel policy design because they are an important point of reference for change management, travel policy enforcement and control. Many European companies can leverage the travel arranger's expertise in travel management, purchasing techniques and the use of online booking tools to improve purchasing performance for business travel."

Other recommendations included encouraging travelers to communicate their "preferences, expectations and flexibility of plans" more effectively to arrangers and using technology to transfer itinerary information directly to travelers' electronic diaries.

U.S. Airlines Gut Venezuela Supply Amid Gov't Dispute

BY JAY BOEHMER

EFFECTIVE IN AUGUST, seat capacity operated by U.S. airlines between Venezuela and the United States will be down a staggering 75 percent year over year, according to *BTN* analysis of OAG data. Amid a dispute between airlines and the Venezuelan government over repatriation of earnings, two of the largest U.S.-based operators in the country, American Airlines and Delta Air Lines, since June took actions to slash operations.



Effective July 1, AA reduced Miami-Caracas roundtrip services from four daily operations to one, plus one additional Saturday service. The airline also halted service of five weekly Caracas-New York JFK flights and one weekly Caracas-Dallas/Ft. Worth flight, according to a notice the airline posted. The scheduled cuts initially were filed only for July, but the airline confirmed it has extended them through August. (*BTN* analysis extends AA's cuts to August, though they were not yet accounted for in data shared by OAG in early July.)

Meanwhile, Delta effective August plans to cut Atlanta-Caracas service from daily to "one day per week," the airline disclosed in July.

United Airlines, meanwhile, has reduced the number of seats it operates on the Houston-Caracas market by 23 percent year over year, but has maintained daily frequency on the route, according to OAG schedule data.

Including Venezuelan operators Avior Airlines and SBA Airlines, total capacity between the U.S. and Venezuela will be down nearly 48 percent year over year, based on a snapshot of OAG weekly schedule data filed for August.

The Venezuelan government has been "blocking the repatriation" of airline funds, according to the International Air Transport Association. The issue also extends to airline operators from other countries. "Right now, 24 airlines have $4.1 billion trapped in Venezuela by the country's government," an IATA spokesperson said mid-July.

IATA and airlines have engaged in talks with the Venezuelan government. Although IATA noted that the government has made "verbal commitments to release the blocked money," that vow, at least for now, appears hollow.

Even before the recent supply purge, Carlson Wagonlit Travel anticipated airfare growth to and from the country, reporting in its 2014 forecast that, due to the country's "high inflation rates," Venezuelan airfares would be up nearly 8 percent this year from 2013 levels.

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BCD Travel's Advito Tweaks 2014 Corporate Travel Price Forecasts

BY DAVID JONAS

BASED ON REVISED gross domestic product forecasts and varying degrees of air travel growth, BCD Travel consultancy Advito refined some of its 2014 regional airfare and hotel rate predictions. "According to the International Air Transport Association, world air travel demand grew by 5.2 percent in 2013, with strong year-over-year growth of 6.8 percent in December," Advito wrote in its report on revised corporate travel price projections, issued in mid-June. "We've seen more of the same in the early months of 2014, with robust growth set to continue, or even strengthen as we progress through the year."

Advito cited a small decline in Oxford Economics' estimated 2014 global GDP growth, to 2.8 percent from the 2.9 percent used when Advito in September 2013 initially conveyed its 2014 projections. By region, Oxford lowered GDP growth forecasts for North America, Asia, Latin America, the Middle East and Africa, and raised them for Europe and the Southwest Pacific region. "While growth in emerging markets will remain dynamic, some key countries, such as Brazil and Russia, will suffer a marked slowdown in growth," Advito added.

Regional Forecast Revisions

In North America, "demand and capacity growth remain weak, so we are largely maintaining our forecasts," Advito wrote. "Airfares in North America are holding steady." The only average airfare projection changed for the region was intercontinental economy airfares, for which Advito now expects a 1 percent year-over-year increase versus its initial prediction of no change.

For North American hotel rates, Advito now expects an average increase as high as 5 percent this year, compared to the earlier forecast of growth up to 4 percent. "Stronger market conditions have continued to provide upward momentum to hotel rates in Mexico," Advito noted.

Asia/Pacific projections were changed the most of any region. In terms of hotel pricing there, "increasing hotel capacity has coincided with a softer economic outlook," according to Advito. "This is most noticeable in India, where Advito once again predicts a fall in hotel rates." For the region overall, the average daily rate now is expected to increase 1 percent to 3 percent year over year, up from the initial 0 percent to 2 percent range.

For Asia/Pacific airfares, Advito cited "increasingly price-sensitive customers and an influx of low-cost carrier capacity" in reversing its projection for intercontinental economy fares, to 2 percent decline from 1 percent growth, and revising down growth forecasts for both regional business and economy fares (altered downward one and two percentage points, respectively to 2 percent and 3 percent).

> Oxford Economics lowered 2014 GDP growth forecasts for North America, Asia, Latin America, the Middle East and Africa, and raised them for Europe and the Southwest Pacific region.

In Latin America, Advito found that demand, while generally still strong, is showing "early signs of a loss of momentum, as fears of an economic slowdown emerge."

As such, it now anticipates that regional economy airfares will rise 3 percent on average; it previously expected them to increase about 5 percent.

For the Southwest Pacific region's intercontinental business and economy fares, Advito adjusted both downward to a 2 percent decline from the initial predictions of no change. It also now expects regional business and economy fares to fall 5 percent year over year versus earlier expectations of no change and a 1 percent decline, respectively. "With competition between Virgin Australia and Qantas intensifying, fares will fall," according to the report.

In the Middle East, citing "expansion by the Gulf carriers," Advito now projects intercontinental business fares to drop 2 percent versus the no change first forecast.

Advito did not adjust any price projections for Europe or Africa. On the former, it noted that "low-cost carriers' pursuit of corporate travelers in Europe will keep regional business fares flat." On the latter, Advito said that "expansion into Africa by Gulf carriers and Turkish Airlines will continue to depress intercontinental fares."

CEO: After Deal, Runzheimer Will Support ProcureApp's Flex, For Now

BY MICHAEL B. BAKER

RUNZHEIMER INTERNATIONAL plans to maintain ProcureApp's Flex tool as a distinct offering "at least in the short term" following its acquisition of the travel management technology supplier, Runzheimer president and CEO Greg Harper this month told *BTN*.



Runzheimer's Greg Harper

Runzheimer completed the ProcureApp acquisition this month. Financial terms were undisclosed.

Harper said the major shift with Flex, which applies corporate discounts and aggregates data when travelers book directly on supplier websites, would be in its marketing. Runzheimer typically sells directly to corporate buyers, and expects to similarly position ProcureApp's offerings, he said.

"As time goes on, you will probably see us meld the product more into B-to-B, but we will not make a lot of changes with the direction they already were headed," Harper said. "You'll see more versions and more applications of the same technology."

Harper added the tool falls in line with the direction Runzheimer already was heading with SmartTrip, a web-based system that estimates trip costs with industry benchmarks and compares against actual trip costs when travelers book. Runzheimer also develops tools for companies that wish to allow travelers to book by their preferred methods rather than through a corporate booking tool.

ProcureApp founder Phil Hammer will join Runzheimer in its product management group, according to the companies.

NEWSLOG

IATA: Premium-Class Air Growth 'Stronger'

The number of international airline passengers traveling in premium-class seats in May increased 6.5 percent year over year, according to the **International Air Transport Association**. IATA noted that the increase was "significantly stronger" than April's year-over-year growth rate of 3.8 percent and that "demand conditions appear to be picking up again, after signs of wavering during recent past months." Premium traffic on heavily traveled North Atlantic routes was up 10.3 percent year over year, IATA reported.

TravelClick: Hotel Rates Up

Overall committed occupancy at North American hotels during the next 12 months is up 3.2 percent year over year, and the average daily rate on those rooms is up 3.6 percent, according to June data from **TravelClick**. Business transient bookings for that period are up 4.4 percent with a 4.2 percent increase in ADR, and group segment occupancy is up 2.8 percent with ADR about flat year over year. TravelClick's data is based on individual reservations and group commitments at hotels in 25 major North American markets for stays between June 2014 and May 2015.

Protravel Adds Fragale

Protravel International named as president former Directravel president Patrick Fragale, effective Aug. 4, according to the travel management company. Fragale, who left Directravel—now known as **Direct Travel**—in 2013, will report to Barry Liben, CEO of Protravel parent **Travel Leaders Group**. Fragale will replace Protravel founder Priscilla Alexander, who retired in January.

Expedia To Buy Wotif

Expedia agreed to acquire Australia's **Wotif Group** in a transaction valued at A$703 million (US$658 million). In addition to numerous consumer travel sites operating in the Asia/Pacific region, Expedia would take ownership of the Arnold Travel Technology corporate booking platform, whose corporate clients in Australia and New Zealand include **BP**, **Coca-Cola**, **eBay**, **Ikea** and **Mercedes-Benz**, according to the firm's website. Wotif's tech also powers Corporate Travel Management of Australia's booking tool, U-Book.

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Forrester Research: T&E Second Most Difficult Operating Expense To Control

BY JoANN DeLUNA

WHILE NEARLY ALL of the 348 financial decision-makers surveyed in February by Forrester Research indicated their organizations use a travel and expense management system, T&E is among the most difficult of expense categories to control. Conducted on behalf of Concur, the survey of finance executives around the world, released last month, found that 24 percent view T&E as among the three most challenging operating expenses, second only to maintenance and repairs (cited by 25 percent of respondents).

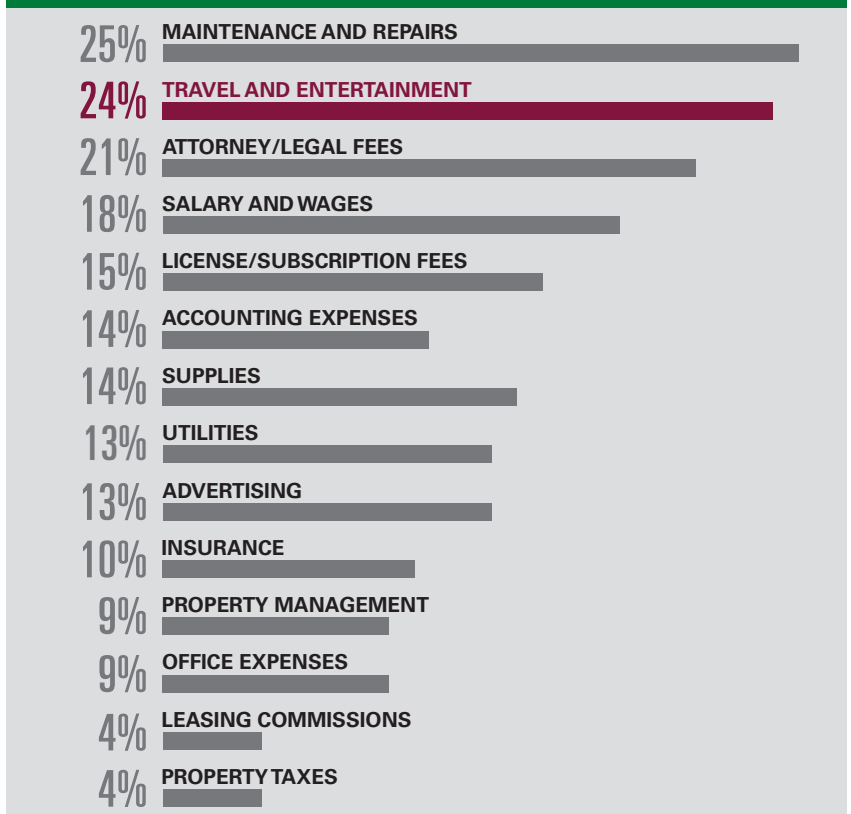
Of those with expense management systems, whether custom-built or purchased from a supplier, 80 percent indicated the tool is not automated, requiring employees to enter expenses manually, according to the report. "This is time-consuming and increasingly leads to employee dissatisfaction," according to the report's authors. "It also introduces many opportunities for data errors."

When it comes to analyzing T&E expense data, 59 percent of represented firms still rely on spreadsheets and 42 percent can't import data from other systems. "This means that these companies are not able to fully understand their external travel spending, identify opportunities for negotiated discounts with vendors, or initiate supplier consolidation," according to the report.

When asked about desired capabilities of their current T&E analytics tool, 60 percent of the 169 respondents executives indicated availability of reports and dashboards on mobile devices. That was followed by the ability to "quickly and easily modify reports" (43 percent) and the ability to import T&E-related data from other sources.

T&E Among Most Challenging Expense Categories

Percentage of Respondents Indicating Which Of Their Organizations' Operating Expense Categories Are "Most Difficult To Control



Note: Respondents were asked to indicate three operating expenses as the most difficult.

Source: Forrester Consulting February 2014 survey of 348 financial decision-makers around the world, conducted on behalf of Concur

On an ascending scale from one to five (with five being "extremely important" and one "not at all important"), 80 percent of respondents rated as a four or five an ability to identify spend falling outside of their T&E program, according to survey results.

Being able to "identify and manage preferred vendor utilization" ranked second, with 78 percent of respondents rating that aspect as a four or five on the importance scale. Benchmarking program performance—whether spend or compliance—against similar-sized companies or those within the same industry ranked third, with 77 percent indicating a four or five.

"Most firms wait for their employees to manually enter their T&E data after the expenditure is already made," the report noted. "The resulting T&E reporting process focuses on retrospective compliance and budgeting. ... Companies are not realizing the benefits of visibility into T&E spending before it occurs."

For companies to gain better insight, Forrester suggested deploying a system and processes that provide informative reports to help managers monitor and control a firm's spend; leverage tools that identify cost-saving opportunities, provide negotiated discounts and present upgrade opportunities as employees book travel; integrate data regardless of the data source, including travel management companies, corporate card, booking tools and enterprise resource planning tools; and have mobile capabilities.

Representing various industry sectors and company sizes, survey respondents were located throughout North America, Latin America, Europe and Asia/Pacific.

Survey: Most Finance Execs Project Economic Growth, More T&E Spending

BY JoANN DeLUNA

WHILE MOST NORTH America-based senior finance executives expect year-over-year local economic expansion during the next 12 months, according to a new survey, many of them also believe that ongoing regulatory and political concerns will have a "negative impact" on such growth. A total of 507 senior executives responsible for finance activities within their companies and based in North America, Asia/Australia, Europe and Latin America completed the survey in spring 2014, released last month by American Express and CFO Research, of whom 21 percent were based in North America.

About 45 percent of the U.S.-based respondents indicated that they believe improving processes will become more efficient and that reducing costs are just as important as meeting customer needs and increasing revenues. Executives around the world had similar sentiments, as 56 percent of all respondents indicated they would balance growth with profitability when it comes to "spending and investment," according to the survey.

> While 76 percent of North American respondents project economic growth in the next year, 40 percent expect regulatory changes will have a "negative impact" on growth.

"We are sticking to the plan of watching how we spend money," the authors of the report quoted a CFO of a mining company, in response to a "shaky" economic environment.

While 76 percent of North American respondents project economic growth for the next year, up from 68 percent in a similar 2013 survey, 40 percent expect regulatory changes to have a "negative impact" on growth. That figure is down 5 percentage points compared with the previous year's survey.

More than half of all respondents, 58 percent, expected their organization's business travel spending to increase during the next year, according to the survey. Respondents were more willing to spend on travel to meet current or prospective customers (29 percent) than they were on other forms of travel, including attending conferences (15 percent), meeting with suppliers (17 percent) or attending internal meetings (13 percent).

Based on the results, American Express and CFO Research concluded that large countries with stable economies, such as the United States and Germany, likely will remain more conservative in spending and investment than will other countries.

"Companies based in these countries are more likely to have been left with excess or underutilized capacity when demand shriveled during the Great Recession," the report concluded. "As the global economy picks up, it makes more sense to bring that excess production capacity back on line than to invest heavily in new capacity."

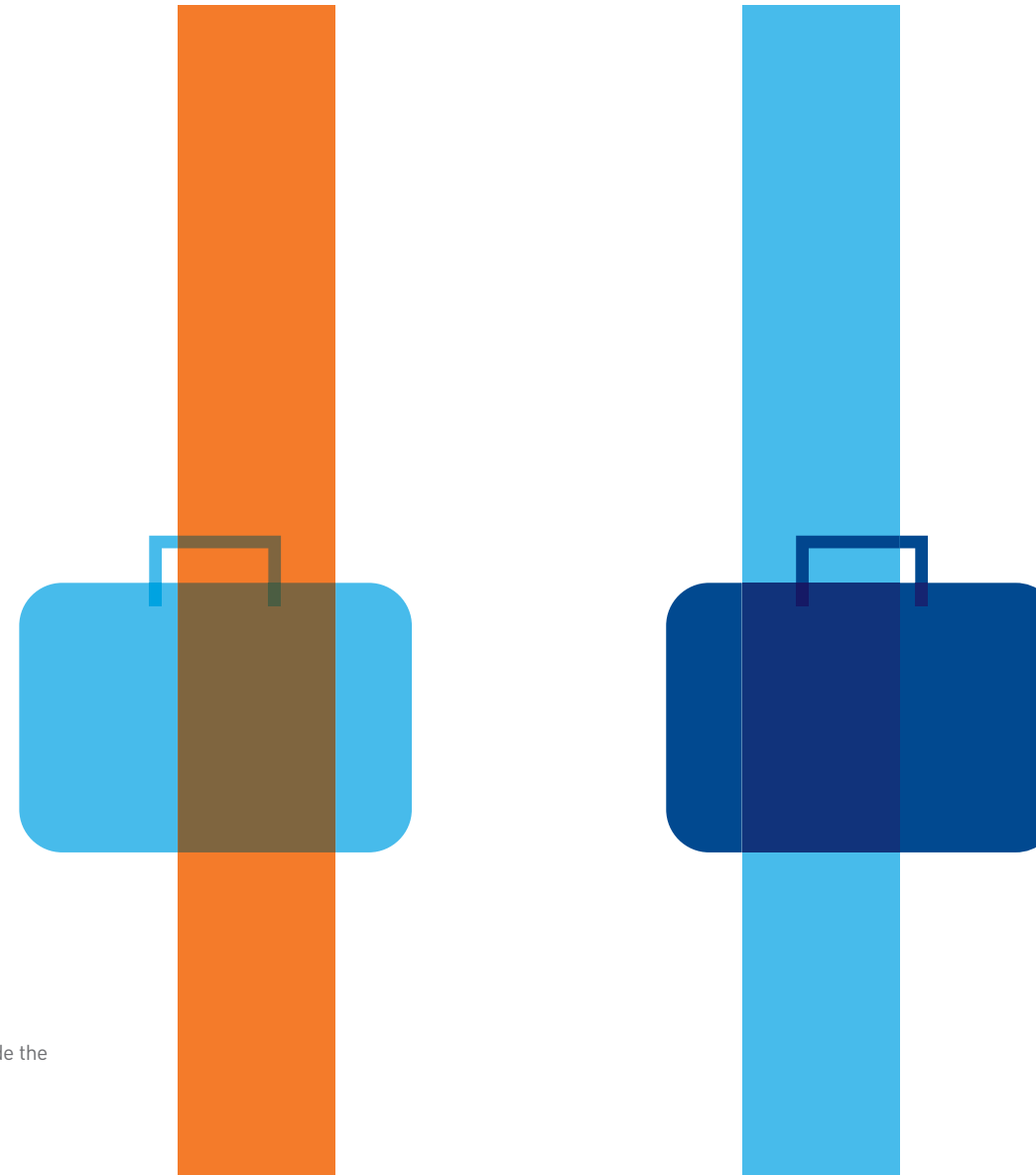
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Newark-Paris Startup Carrier La Compagnie Revives All-Premium-Class Concept

BY JAY BOEHMER

DURING A JUNE briefing in New York previewing the launch of Newark-Paris business-class airline La Compagnie, co-founder and deputy CEO Peter Luethi assured the press that they were not experiencing "déjà vu."

Yet, it's easy to get that familiar feeling after a decade that saw the arrivals and departures of such premium-oriented transatlantic brands as Eos, Maxjet, Silverjet and L'Avion, the latter of which shares some DNA with the revivalist La Compagnie.

Those operators folded, except L'Avion, which instead was purchased in 2008 and subsequently incorporated into the British Airways-owned OpenSkies. Yet, even OpenSkies, which still operates between Paris and New York, since has abandoned the all-premium-class model and now offers three classes of service.

This time, Luethi said, it's different. Casting the current era as one shaped by consolidation and deeper airline alliance cooperation, both of which have driven supply down and fares up, "We concluded that it's the right time to introduce a new sole-business-class operation over the Atlantic," Luethi said.



La Compagnie CEO Yvelin

La Compagnie is starting small. The airline brand of holding company Dreamjet Participation SAS planned to launch on July 11 between Paris Charles De Gaulle and Newark Liberty International airports "four to five" weekly services on Boeing 757-200 aircraft. However, at press time, the carrier had rescheduled that inaugural flight for July 21.

Service will feature 74 lie-flat, angled seats in a two-by-two configuration.

The airline was co-founded by L'Avion founder Frantz Yvelin and has secured €30 million in funding from dozens of European investors.

By the end of the year, the airline expects to add frequency on the route, going up to daily service, and either boost frequency further or enter other business-oriented city pairs after taking on a second Boeing 757-200 in December.

The carrier is targeting its services to the individual, "the entrepreneur" and small and midsize businesses, Luethi said.

The airline at press time planned to begin selling in the United States on July 22, but executives last month gave a preview of sample base prices. La Compagnie will offer three roundtrip fare options, ranging from a $4,600 fully flexible fare, an $1,800 restricted fare and a $2,400 mid-tier roundtrip option. The airline also will feature occasional promotional pricing, like the introductory summer-season sale at the France point of sale of €1,776 for two roundtrip tickets. (La Compagnie has received clearance to launch sales from Europe.)

Asked whether La Compagnie would negotiate discounts with corporations, Luethi replied, "We are looking at 30 to 50 percent lower bases on our airfares, so by this we are already on the level of what big corporate packages are."

Yet, Luethi later noted that "over time, there will be a package that companies that do decide to use us will be attracted to."

Luethi indicated fares would be sold through the airline's website and call center, and "we'll also obviously be available through the major GDSs." Executives indicated the airline would provide commissions to travel agencies commensurate to fare levels.

As for passengers, lounge access and two fare-inclusive checked bags will be offered to all, and onboard amenities include inflight entertainment accessible via individual Samsung Galaxy tablets, Caudalie amenity kits, inflight meal services focusing on "seasonal" ingredients and, coming this fall, wireless Internet access. The airline expects to provide a "paperless" inflight experience for passengers, with newspapers, other reading materials and entertainment options available via tablets.

While La Compagnie does not yet offer a loyalty scheme, "We are working on the frequent-flyer program," said co-founder and executive vice president of sales and marketing Jean-Charles Perino, "but let's face it: We are a very small airline; we are not offering the world."

Instead of a mileage-based scheme, the airline's program would be based on the premise that after a passenger "flies X segments," he or she would be eligible for a free roundtrip, Perino said.

Survey: Business Travelers Avoid Millions Of Trips Due To Travel Hassles

BY JoANN DeLUNA

DELAYS, CANCELLATIONS AND airline ancillary fees are the top frustrations for U.S. business travelers, according to a new survey released June 17 by the U.S. Travel Association. Business travelers on average would have taken 2.69 more domestic trips last year if the nation had a more efficient air travel system, the report claimed. In total, including both leisure and business, travelers avoided 2.41 trips last year.



The survey of 1,031 leisure and business travelers was conducted in February by independent research company ResearchNow. Travelers surveyed on average took 5.49 trips in the prior year.

"Last year Americans avoided 38 million domestic trips because of hassles in air travel. Thirty million trips avoided is 8 percent of the current demand, which is a huge figure considering the [U.S. Federal Aviation Administration] is forecasting travel to grow 2.2 percent a year for the next two decades," U.S. Travel Association president and CEO Roger Dow said during a conference call last month. "Overall, the negative impact last year was $35.7 billion, which boils down to the state of our air travel infrastructure. We need to take a hard look at our national priorities and how we can invest in our air travel system."

Half of respondents said they would have taken three or more business trips in the prior 12 months with a more efficient air travel system, while 22 percent of surveyed business travelers said they chose in the prior 12 months not to take a business trip because the air travel system problems made it seem like "more of a hassle" than it was worth, according to the survey.

Specifically, half of the business travelers surveyed chose delays and cancellations as the "most frustrating" aspect of air travel, followed by airline fees (42 percent) for such items as checked bags, flight changes and seat assignments, the survey indicated. Sixty-five percent of business traveler respondents also noted these same airline ancillary fees as having become "more frustrating" in the prior 12 months, followed by the overall cost of flying (63 percent) and flight delays and cancellations (45 percent).

Still, more than half of business travelers surveyed (56 percent) indicated their air travel hasn't been impacted and they travel the same amount as they "used or planned to," according to the survey. However, the survey indicated that 32 percent of business travelers travel less than before or than they planned to because of airline ancillary fees.

While 41 percent of business traveler respondents said it was "not that difficult" to predict accurately the full costs of flying, including ancillary fees for checked and carry on bags and seat assignments, more than half of business travelers (56 percent) said they had paid a checked bag fee that they didn't originally anticipate. Similarly, business traveler respondents also paid unanticipated fees for seat assignments (24 percent), carry-on bags (18 percent), taking a later or earlier flight even when seats were available on those flights (21 percent), flight changes (13 percent), priority boarding (13 percent) and other services (5 percent), the survey showed.

Unsurprisingly, the unintended fees for checked bags and taking earlier or later flights caused all business travelers surveyed to feel some level of frustration. Specifically, 80 percent of business traveler respondents reported feeling "very frustrated" for paying unintended carry-on fees, and 13 percent felt "somewhat frustrated," according to the survey.

To improve airline delays and cancellations, the U.S. Travel Association suggests federal investments in airport infrastructure and accelerating the deployment of the next-generation air traffic control technology, known as NextGen. However, the association claimed FAA's mismanagement and funding uncertainties have delayed development and implementation of NextGen.

"Implementation of new satellite-based air traffic control technology, called NextGen, would increase capacity by one-third, lower fuel consumption, reduce cancellations and decrease flight times," the report noted.

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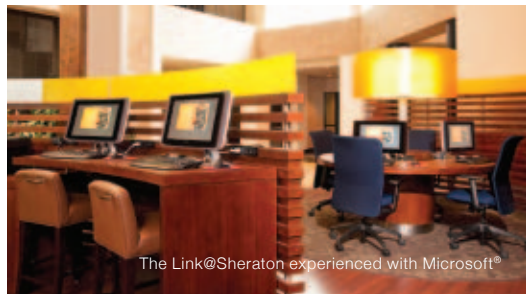
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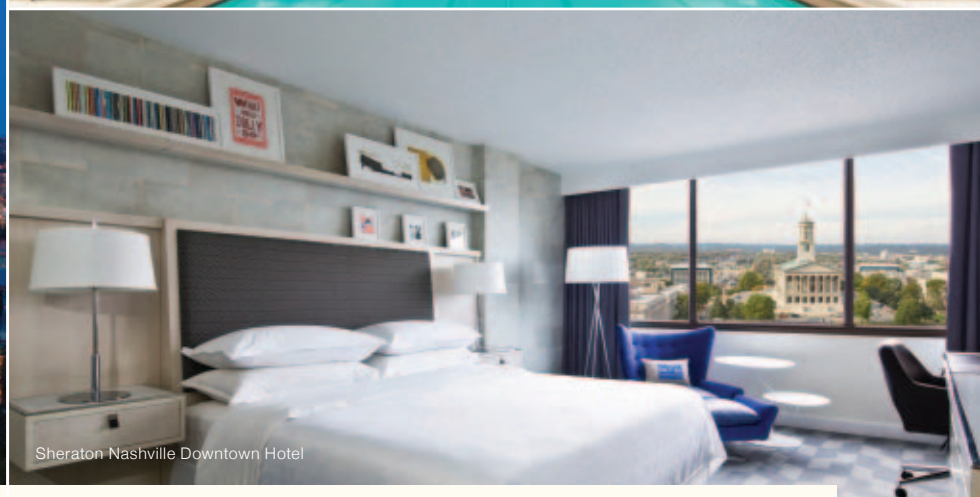
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Interview: Richfield Hospitality's Will Loughran



Denver-based hotel management company Richfield Hospitality in recent weeks promoted senior vice president of sales and revenue strategy **Will Loughran** to president of the company, a position vacant since former president Greg Mount earlier this year left to lead Red Lion Hotels Corp. Loughran's move from the revenue management side of the business to a senior leadership role is somewhat unusual for a hotel company, he said. Eventually, however, it could become the norm. "Revenue management people, by and large, often are sort of controlling and don't want to give all the information out, but there are some brilliant minds out there," he said. "It's as close as we get to the science part of our industry. For years, they've said revenue management folks eventually are going to be in leadership positions." *Business Travel News* lodging editor Michael B. Baker recently spoke to Loughran about his company's revenue management strategies and how they are affecting relationships with corporate business. An edited transcript follows.

Business Travel News: **What business travel volumes are your properties seeing?**
Will Loughran: We are coming off of our most successful quarter we've had as a company. One of the segments that led the way was the business travel segment. A lot was medical-project-driven. For the first time in at least four years, group room nights exceeded the prior year. It's all small meetings, not big convention stuff, and the year over year we saw wasn't super-sexy, but it was growth, so looking at those segments, that was huge news for us.

BTN: **How have you been attracting those smaller meetings?**
Loughran: In every hotel, you have revenue management, a director of group sales and two or three sales managers, depending on the size of the hotel. You look at that model, and you have the revenue manager handling 80 percent of the business in the hotel and this huge selling apparatus selling 20 percent, so your cost ratio is just really different. I'm not saying it's wrong or bad, but it's different. What we've gotten smarter about is really working strategically with our brand partners and trying to make sure that we're being the squeaky wheel in the environment to work with the brands, because they're getting incredible volumes of group business and are trying to distribute it across their platforms. As franchisees, we don't always manage that as efficiently as we should.

We've also put our concerted effort against our partners like Cvent, who collect group leads. We're combing quarterly, going through roll-up reports that show us the number of group leads we sent to hotels and their response rate. We're working with them on the positioning within their company, to try to improve how we look in the system. We also actually started secret shopping our guys more steadily. I get a report every month. We do a campaign to see how difficult it is to get a hold of one of our sales managers, and we've really improved how fast we can reach that client on the very first call.

BTN: **Is part of the difficulty the pure volume of requests for proposals you get from Cvent and similar suppliers?**
Loughran: It's volume, and it's that sometimes the leads come from multiple sources. A Marriott national salesperson might get the same lead that goes through Cvent and a convention and visitors bureau. The sales manager gets one and ignores the other channels. Ideally, they'd pick the lowest-cost channel. Sometimes it's our own undoing, and we have sales teams deployed in strange ways. Someone says, "I'm just the association person, and that lead was for a society." We do silly things like that, so we have to make sure that the process is being taken care of and things aren't slipping through the cracks as we discuss how people should be deployed.

BTN: **Seeing as you come from a revenue management background, what are Richfield's strategies around that?**
Loughran: We have a sister company, Sceptre, that is really a technology company. The main component of Sceptre is a reservations technology company, and that company currently is in 3,500 hotels around the world. In that environment, we also sell revenue management services to folks who want that with our reservation system, and the revenue management gets provided back into Richfield Hospitality. That's kind of our key differentiator.

BTN: **What are some things you can do with that?**
Loughran: In most revenue management systems, it's still weighted on history. We have a tool with which we actually take what consumers are saying about us online—we call it consumer sentiment—and we aggregate that into data points. Then, we take all those public rates that are out there and we juxtapose those against each other and against graphical analysis, drawing a comparison with what people are feeling about you and how you're pricing. If your customers are saying this is the greatest hotel they've ever stayed at, but you're pricing like you're number three or four, is there an opportunity to change that? The same can be true the other way around, if you're pricing like you're number one and everyone's telling you you're a solid fourth. Is there an opportunity to drive your revenue by fixing service or being more candid about your pricing?

BTN: **What of the transient RFP process?**
Loughran: The process is a little archaic. Everyone knows going in that everything about it is wrong. It doesn't often reflect seasonality in a realistic way. It needs to evolve and develop. I recall meeting with a guy that was in management in a company, and his brainchild was to come in and mandate that everyone use Priceline. He said hotel folks don't understand pricing, and I can get into that hotel for $70 and your public rate is $180, and I never want them to pay that. That's fine, but it's very inconsistent. It is imperative that we satisfy that need, but we also need to get smarter about doing it, on both sides. If you're looking at a heavily seasonal market, they may charge $70 in their low season and $320 in the high season, and it's hard to do the math for your business volumes to see $120 flat is the right price. We need to improve some of those environments.

The brands are doing a nice job of aggregating the spend and looking at the percentage discounts. The travelers, with their preferences, are driving a lot of it. If I'm a card-carrying loyal member of one hotel brand, I like to stay there and put my points to work. I don't appreciate getting pushed somewhere else. Eventually, if I have to, I do.

BTN: **What's your development strategy?**
Loughran: We're focused on third-party management contracts. Over the past several years, we've been focused on buying single hotel opportunities as we go along. Currently, we have two or three opportunities from an investment standpoint that we're looking closely at. On the management side, we're looking to attract a number of contracts. We've got the operation capacity to do it. We've got great systems and great people, so we can accommodate the hotels. We're just looking at mutual beneficial relationships. We'd like to grow to 50 hotels within the next couple of years, and right now, we're sitting at 18, so we're trying to be very aggressive.



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Interview: Langham Hospitality CEO Robert Warman



Langham Hospitality Group earlier this year hired as CEO former Ritz-Carlton executive **Robert Warman**, making him the first American chief executive for the Hong Kong-based company. Fittingly, Langham during the past few years has been bulking up its presence in North America, both with new properties and an increased sales presence. Warman recently spoke with *Business Travel News* senior editor Michael B. Baker about the company's goals for North America as well as its moves into the resort and lifestyle hotel space.

Business Travel News: **What are Langham's development goals?**

Robert Warman: In the last year, we have purchased [a property in] New York and opened in Chicago to great reviews. That's the beginning of where Langham is going. New York and Chicago were really key assets for us, because it kind of pillared us in the major markets in the United States, being in Boston, New York, Chicago and Los Angeles. It gave our luxury hotel group a footprint to build on, and we're looking at a couple more strategic opportunities today in North America as well as acquisitions for our parent company and real estate holding group. .

BTN: **Are those new properties making Langham better known in the corporate travel space?**

Warman: We're slow to do that. If you look back at the history of hotel companies, most were able to grow in one region and have 20 to 30 luxury hotels in, say, North America or Asia, and once they were well-established, they moved to other parts of the world. Over the last 10 years, the customer has become so global that a luxury brand we don't feel can grow in one region and move over. They have to grow worldwide, but that dilutes your concentration of brand awareness.

BTN: **How has your sales force been growing?**

Warman: We opened a full sales office here in North America, in New York. We have an office in London. We recently appointed someone in the Middle East. We have our Shanghai office within China that does intra-China as well as outbound China. Intra-China travel as well as China international travel is going to become extremely important. A real key to future Chinese travel is going to be corporate travel. Today it's mostly leisure that's leading China, but as China's companies begin doing business more around the world, you're going to see companies start traveling. We have our office in Hong Kong and one in Singapore. As our amount of deployed capital has become more evenly distributed around the world, so has our customer base, so we've put a lot of emphasis on increasing our deployment of our key human capital into North America.

BTN: **Where else are you growing, besides business centers?**

Warman: One of the exciting approaches that's going to change Langham a little bit is that we've decided it's time to move into the resort business under the Langham name, which we haven't up until now. We just signed our first property, a resort property in Dubai on the Palm Jumeirah. Now we are actively searching opportunities more as management, because our brand lends a lot of pizzazz to resorts and lends distribution points.

BTN: **What about brands outside of Langham?**

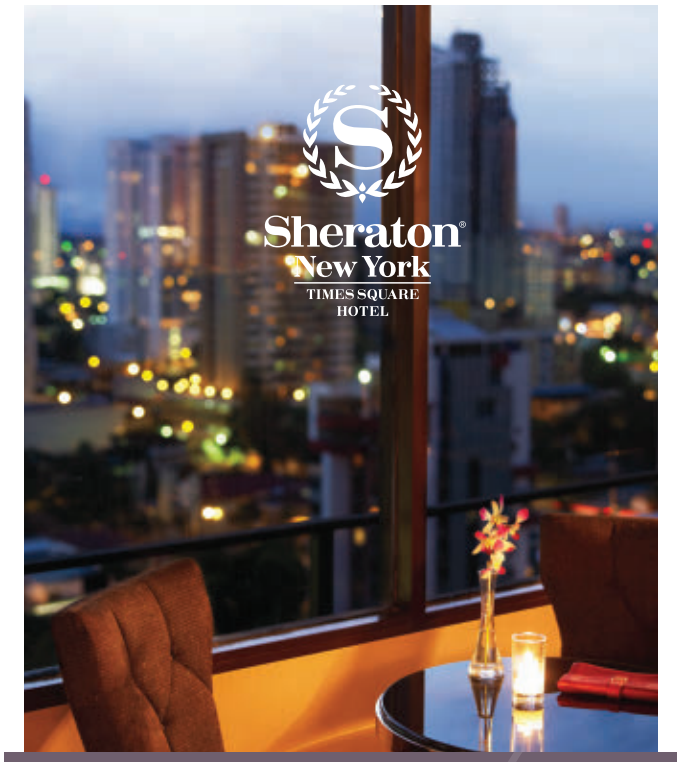
Warman: We're repositioning our Eaton Hotel brand. We're going to move that more into a lifestyle brand. Like many companies, we obviously see there's a trend of travelers that want good service and good food and beverage; they just want it in a different type of environment. We have one in Hong Kong and one in Toronto, so we'll begin repositioning that to focus its service delivery and look in a little different way than Langham. In October, we'll announce four or five, potentially. We'll potentially announce one in Bali, one in Berlin, one in Shanghai and a couple others that we're working on.

BTN: **Hotel industry sentiment is positive now regarding demand growth, but what about within the luxury segment?**

Warman: The numbers are staggering. There are a tremendous amount of markets and countries that are going to continue to travel, if you look at India, Pakistan and China. People ask about luxury and whether it's overbuilt. I worked for Ritz-Carlton, and after we had six hotels, we were told to get out of luxury. Now, it's one of the fastest-growing segments, if you look at the major companies that are in luxury.

BTN: **How is luxury adapting to travelers today?**

Warman: The customer's so different today. Thirty years ago, these markets didn't know what luxury was, and so companies came out, and in a lot of the initial luxury, it was product: marble and crystal chandeliers, Oriental carpets, 300-thread-count sheets and so forth. Now the customer understands it, and luxury is about enabling you to feel good, not creating a surrounding, and having the ability to enable you to accomplish what you want to do, whether it's to feel good or do business. It's about helping you tailor your stay to your needs. If you go to a Langham, our idea is to be very friendly. We don't want to be stuffy. We're younger and less known. The beauty of that is we have a rich history in understanding what luxury is, but we haven't built expectations in, so you'll find a warm, caring desire to serve.



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J.D. Power: North America Hotel Guest Satisfaction Hits All-Time High

BY MICHAEL B. BAKER

GUEST satisfaction with North American hotels, as measured by J.D. Power, reached a historic high this year, the company reported this month.

The firm's 2014 North American Hotel Guest Satisfaction Index Study, which tabulated responses from more than 67,000 guests who stayed at hotels in North America between May 2013 and May 2014, reported an overall satisfaction score of 784 on a 1,000-point scale, up from 777 in 2013 and the highest score since J.D. Power adopted its current methodology in 2006. Overall satisfaction was stable in the extended-stay tiers and showed "significant improvement" in all other tiers, according to the firm.

Satisfaction scores combine guests' ratings on seven factors: reservations, the check-in and checkout process, rooms, food and beverage services, hotel services, hotel facilities and cost and fees.

Brand Results

Four Seasons Hotels and Resorts earned the highest overall score, 886, in the luxury tier. Marriott International's Ritz-Carlton brand (879) and Hilton Worldwide's Waldorf Astoria Hotels & Resorts collection (854) also scored above the tier's average score. Grand Hyatt/Park Hyatt Hotels (831), W Hotels (830) and Loews Hotels & Resorts (827) scored lowest in the tier.

In the upper upscale tier, Kimpton Hotels scored the highest (847) for the second year in a row, followed closely by Omni Hotels & Resorts (843). Other high-scoring upper upscale brands included Hilton's Embassy Suites (830), Marriott Hotels & Resorts (830) and Marriott's Renaissance brand (828). Wyndham Hotels and Resorts (805) and Sheraton Hotels & Resorts (795) trailed the tier.

Hilton Garden Inn (836), InterContinental Hotels Group's Hotel Indigo (835) and Hyatt Place (832) earned the highest scores in the upscale segment.

The bottom brands in the tier included Radisson (794), Crowne Plaza (791), Coast Hotels (784) and Four Points by Sheraton (778).

In the full-service midscale segment, IHG's Holiday Inn brand (793) earned the highest score for the fourth consecutive year and was almost 40 points higher than any other brand in the category. Wyndham's Ramada/Ramada Plaza (723) and Howard Johnson (721) brands scored lowest in the tier.

Midscale hotels had the largest year-over-year improvement in their average score, according to J.D. Power, and Drury Hotels (855) earned the top score in the tier for its ninth consecutive year. Other high-scoring midprice hotels included Hilton's Hampton Inn & Suites (835), IHG's Holiday Inn Express (816) and Marriott's Fairfield Inn & Suites (815). The lowest-scoring midprice brands included Baymont Inn & Suites (750), Quality (748) and Ramada Limited (726).

In the extended-stay tiers, Hilton's Homewood Suites brand (843) earned the top score among upscale brands for the second year in a row, and IHG's Candlewood Suites (804) was the top-rated midscale brand, followed closely by Marriott's TownePlace Suites (802) and Wyndham's Hawthorn Suites (797). IHG's Staybridge Suites (832) was the lowest-scoring upscale extended-stay brand, though only 11 points separated the top and bottom brands in the tier. Extended Stay America (722) earned the lowest score in the midscale tier.

Red Lion Readies New Upscale Hotel Brand

BY MICHAEL B. BAKER

RED LION Hotels Corp. plans to launch later this year a new higher-tier brand as part of a plan to aggressively grow its portfolio, particularly outside of the West Coast.

The company expects to announce in the fall a brand of "slightly above three- or three-and-a-half-star, upscale hotels" to complement its midprice Red Lion Hotels and Red Lion Inn & Suites brand, Red Lion executive vice president and chief marketing officer Bill Linehan told *BTN*. The company is working on deals so that a few such hotels will be open or in the process of repositioning to the new brand when it is officially announced, he said, adding that those deals are "not exclusive to the West Coast."

At the same time, Red Lion through its own investment intends to expand its existing brands outside of the West Coast, including through acquisitions and more aggressive franchising efforts. The company last month brought in a new senior vice president and chief franchise officer, Brian Quinn, to lead the latter.

Red Lion recently completed the final components of a new revenue-generating platform that pulls together "about a dozen best-in-class technologies," including a reservations system, a new Internet-booking engine, a new revenue management system and a new customer relationship management system, Linehan said. Having the platform in place will allow the company to be "more nimble" as it expands, he said.

"As we get into markets in the East and have larger hotels, all this will support our franchise efforts," Quinn said. "Once we get ramped up, we can have more program fees and royalties, and that will allow us to do more exciting things with the platform."



DOJ: T&E Merchants 'Especially Vulnerable' To Anticompetitive Effects Of Amex's Anti-Steering Rules

BY JoANN DeLUNA

New York - During the first trial day in the U.S. Justice Department's antitrust suit against American Express, DOJ lawyer Craig Conrath reiterated one of the plaintiff's complaints that merchants who depend heavily on business travelers paying with corporate cards are "especially vulnerable" to the card network's anti-steering rules and "face substantially higher pricing from American Express." The trial began July 7 here in federal court.

In the suit filed in 2010, DOJ challenges practices among card networks that prohibit merchants from using incentives to encourage consumers to use cheaper forms of payment. Visa and MasterCard settled with DOJ, agreeing to "allow merchants to offer discounts, incentives and information to consumers to encourage the use of payment methods that are less costly," according to DOJ. Amex argues that its merchant agreements "protect card members against discrimination and disruption at the point of sale."

In his opening statements, Conrath attempted to develop a case proving the T&E market is a "separate relevant market" consisting of general purpose credit and charge cards, in which Amex "can charge different prices to different customers for the same services," according to a pre-trial memorandum filed June 20 by DOJ. "Amex charges different prices for its GPCC card network services to merchants in different industries—that is, Amex price-discriminates."

Conrath also tried to demonstrate that Amex has "market power" and has used it to control pricing, "exclude competition" and "force purchasers to do something they otherwise wouldn't do in a regular competitive market." Amex cards represent more than 60 percent of all corporate card sales volume, according to documents filed by DOJ.

As evidence of Amex's market power, Conrath presented to the court company documents previously used during presentations to negotiate pricing with American Airlines, Alaska Airlines, Continental Airlines and Southwest Airlines, among others.

Alaska: 'Couldn't Do Anything'

Alaska Airlines managing director of revenue accounting Kevin Thiel, the plaintiff's first witness, described a 2008 meeting with Amex to negotiate a rate increase resulting in the "single largest rate increase we've ever seen, and we couldn't do anything about it."



The increase eventually was negotiated to be applied incrementally during a two-year period, effective Jan. 1, 2009, but the specifics were redacted.

Amex in its 2008 presentation of documents to Alaska showed that it represented 59 percent of the airline's 2007 corporate card volume. Amex also noted that 86 percent of Amex cardholders (based on an Amex study) would fly only on airlines that accept Amex cards.

If Alaska chose not to pay Amex's increased rate and therefore not accept Amex cards, Thiel said, "passengers could migrate to Delta," which competes on some Alaska routes. "That would be very damaging."

Amex also noted to Alaska that 21 percent of Amex corporate cardholders are required by their employers to use Amex cards. Thiel said the carrier "could likely lose the business" of those companies if it didn't accept Amex.

"We can't afford to drop Amex," Thiel told the court. "There's too much at risk. We're forced to pay the increases."

Although Alaska has its own co-branded Visa card with Bank of America, which Thiel said is a "lower-cost payment method," the carrier is prohibited by its Amex agreement from suggesting to customers this form of payment.

Amex's Defense

In opening remarks, Amex's lawyers argued that the government is attempting to move competition to the point of sale, which is a "critical place of vulnerability" for the card network. As most Amex cardholders also carry MasterCard and Visa cards, Amex lawyer Evan Chesler said it would be "easy" for merchants to insist consumers use competitor cards.

"What would happen if every time American Express cardmembers presented their cards and were told, 'You're going to hurt our business and my family if I use your Amex card?' " Chesler asked. "Without welcome acceptance, the rest of the value proposition has only marginal value.

"If such steering were pervasive, it might force American Express to charge lower merchant discount fees and disable its ability to branch out to other markets," he added.

Chesler also noted that there are 55 million Amex cards in the United States—far fewer than MasterCard and Visa cards in circulation—accepted by 6 million merchants, compared with the combined 9 million accepting merchants for its two largest competitors.

Amex also attempted to build a case regarding the threat from debit cards, which increasingly are used to pay for travel. Amex doesn't have one.

Amex also argued its share of T&E charge volume (26.4 percent of purchase volume in 2013, according to documents) has decreased over the years.

Chesler also noted that Amex's T&E net merchant discount rates between 2002 and 2010 decreased "significantly" to 2.48 percent from 2.6 percent.

Survey: Companies In 2013 Averaged 69 Percent Of Travel Spend On Corporate Cards

BY JoANN DeLUNA

While nearly all travel managers in a new survey indicated they have a corporate card program in place, and more than a quarter noted a great majority of their organization's travel spending is paid with the card, both those percentages are notably lower at smaller companies, according to a survey released this month.

The survey of 242 travel managers, conducted in April by the Global Business Travel Association and sponsored by payment system provider TSYS, showed that companies on average paid for 69 percent of their 2013 travel spend using a corporate card. Twenty-six percent of travel managers said their companies paid for 90 percent or more of travel spend on corporate cards, while 31 percent paid for 75 percent to 89 percent of their travel spend on cards, according to the survey.

"Unsurprisingly, on average, a larger percentage of travel spend is paid for with a corporate card among companies with high spend, compared to medium- and low-spend respondents," according to the authors of the survey.

Travel managers working for high-spending companies, which represented a quarter of respondents, were defined as companies spending more than $30 million on travel. Medium-spending companies, representing 45 percent of respondents, spent between $5 million and $30 million, while low spenders (27 percent) were classified as companies spending less than $5 million on travel.

While 29 percent of travel managers from low-spending companies and 28 percent from medium-spending companies said their firms paid for 90 percent or more of travel spend, compared with only 20 percent of high-spending firms, according to the survey, the percentage of respondent firms with at least three-quarters of their travel spending on the card was much higher among high-spending companies (67 percent) than midsize (58 percent) or low-spending ones (42 percent).

Of the corporate card program aspects travel managers would most like to see improved, "controls and compliance" and "incentive/rebate programs" each were named by 39 percent of respondents. "Process efficiency" and "merchant acceptance" followed, each with 33 percent of travel managers citing a wish for improvement.



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United's Slater: Concur TripLink Move About Revenue, Not Costs

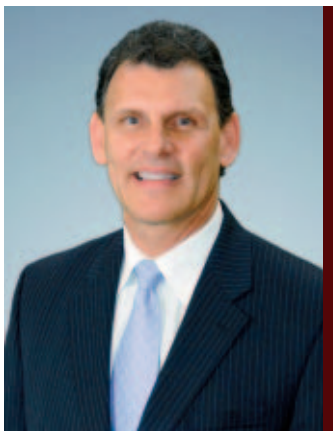
BY DAVID JONAS

UNITED AIRLINES' decision to participate in Concur's TripLink open-booking service stemmed primarily from customer requests and provides the airline opportunities to better market ancillary products to United loyalists, according to John Slater, the carrier's vice president of sales.

Concur this month announced that it would facilitate United direct bookings via the TripLink open-booking platform. The companies will work to enable mutual customers to book on united.com. "Through TripLink, corporate travelers will be able to link their Concur and MileagePlus profiles to receive their company's corporate benefits when booking directly with United," according to a Concur statement.

"This is not a cost-saving initiative for us in any way, shape or form," Slater said when asked about potential distribution savings from direct transactions via united.com, though he declined to discuss commercial terms of the Concur arrangement. "We have been getting inquiries from our customer base over the past couple of years about linking to us directly for their corporate bookings. We didn't really have a way to facilitate that."

Sentiments on the topic from United's corporate clients vary, he said, as some want to empower travelers to book independently, some are interested in managing leakage and some simply want a direct connection. "Others say, 'Absolutely not, it doesn't work for me and my business model. At some point in the future I may have an interest, but now I don't.' "



"Will that cause some channel conflict? We recognize that it does, and it will make some third parties uncomfortable. But we are trying to facilitate the ability to get our products to market with everyone."

—UNITED AIRLINES' JOHN SLATER

TMCs, too, have reacted in different ways when United presented plans. "Some have some obvious skepticism," Slater acknowledged. "Some recognize that it is an evolution in travel procurement, and others have said that 'my customers aren't pushing me to do anything here, so I am not willing to make any fundamental moves until I see that there's a real groundswell.' "

And what of global distribution system operators, any pushback there? "I don't know that they are overly threatened by it at this point," Slater replied. "We are continuing to co-develop with them as well. We want to be on as many shelves and in front of as many corporate eyeballs as we can. If customers are electing to go in this direction, we want to make sure we're there. Will that cause some channel conflict? We recognize that it does, and it will make some third parties uncomfortable. But we are trying to facilitate the ability to get our products to market with everyone."

He said United must invest to equip customer-contact centers charged with supporting TripLink bookings, including training, new tools and all pertinent traveler and itinerary information. The airline also is working with Concur to develop the interface and authentication linked to United Mileage Plus account numbers. Slater said that effort would take four or five months, and that TripLink bookings could be flowing via united.com by early 2015.

Concur for a while has been talking up its efforts to add suppliers to TripLink, and has noted progress in discussing the concept with airlines. United, though, is the first carrier publicly to commit. Other committed suppliers include Marriott International, Starwood Hotels and Resorts and Avis Budget Group.

Hotel Distribution Costs Poised To Reshape Pricing, Loyalty Strategies

BY MICHAEL B. BAKER

AS RISING DISTRIBUTION costs eat away a larger piece of hotels' profits, many hotels in the near future may be forced to rethink their models for pricing and loyalty programs.

ORGINIALLY PUBLISHED IN the beat thebeat.travel

Speaking last month on a panel at the New York University International Hospitality Industry Investment Conference, Kalibri Labs CEO Cindy Estis Green said that between 2009 and 2012, customer acquisition costs for U.S. hotels increased at twice the rate of revenue growth. In the 1980s, distribution costs accounted for about 5 percent to 7 percent of room revenue; now, it's 15 percent to 25 percent, "and it's rising fast," she said.

Duetto Research CEO Patrick Bosworth added that while it would stand to reason that distribution costs should increase during times of recession, they should decrease as the economy recovers. Instead, those costs have continued to grow even as occupancy and room rates increase.

"The fact that it accelerated means something unusual is going on," Bosworth said. "If you would assume that trend would continue and it would accelerate in the next recession, then it could lead to a number of hotel companies in an unfortunate situation where they can't fill the hotel profitably to cover their basic expenses."



Kalibri's Cindy Estis Green

It's not that the cost of such channels as online travel agencies has increased. Expedia global partner group senior vice president Melissa Maher, for example, noted that her company's commission rates during the past few years have dropped as the company has "taken a different approach when trying to align compensation and demand, looking into smarter deals with our partners."

Those costs, however, are applying to a larger swath of a hotel's business, Green said. At the same time, even direct bookings often originate from other channels—like metasearch or social networks—that carry a distribution cost.

The hotel industry will have to become fully automated to truly compare different channels by cost of acquisition on a daily basis, although the industry "is not there yet," Green said. As that happens, the industry will have to move away from the best-available-rate model, upon which different fixed-percentage discounts are applied, Bosworth said.

"Now, the only option to slow down [a discounted] channel is to shut it off," he said. "One of the things we recommend is to get away from BAR rate and delink that value proposition, yielding those net rates into parity with the BAR rate but leaving it open."

Loews Hotels & Resorts senior vice president of e-commerce and distribution Chi Man Chan added that hoteliers would assess not only the cost of the channel but also the cost of retaining business from the channel.

"We need to go deeper in the costs," he said. "The world is moving into optimized pricing, including the cost and demand coming and the optimal price at which you want to sell."

Hotels should rethink, for example, the way they treat guests who book through OTAs, Bosworth said. Often such guests are given the worst rooms and few perks and are excluded from earning loyalty points. That gives guests little incentive to return, he said.

"Hotels should treat OTAs as a true acquisition channel, giving them a reason to book direct in the future," Bosworth said. "Their costs are very reasonable if you're acquiring a customer; they're expensive if you're acquiring room nights."

As such, hotels will need to redesign loyalty programs, eschewing points-based programs that provide benefits only to corporate road warriors or other frequent travelers, he added.

Red Lion Hotels Corp. is taking that route. The company recently changed its system to "get rid of the point system and provide immediate recognition," Red Lion executive vice president and chief marketing officer Bill Linehan said. The idea is to make rewards instantly gratifying rather than something travelers save up for—"building a relationship as opposed to a currency exchange," he added.

Amex Launches Business Travel JV, Adds Execs

BY CHRIS DAVIS

AMERICAN EXPRESS completed the establishment of a business travel joint venture and added executives to its management team, the company announced this month.

Plans for the new American Express Global Business Travel, a joint venture between American Express and an investor group led by Certares, were announced in September 2013. The investor group, which includes Qatar Holding and funds managed by BlackRock, Macquarie Capital and Certares itself, according to American Express, has committed $900 million for a 50 percent stake in the joint venture.

In a July 1 memo to employees from Stephen Squeri, group president for Amex's Global Corporate Services unit (which had included business travel management), wrote that the new JV "will keep its close ties with American Express," including use of the brand, connections with the corporate payments business and the presence of "several" Amex senior executives on the new entity's board of directors.

Joining American Express Global Business Travel president and CEO Bill Glenn and chairman Greg O'Hara are new chief administrative officer Pat Bourke and CFO Norma Corio, among other executives, the company announced.

Bourke, a former Worldspan and Travelport executive who most recently served as a partner in Blackstone's private equity group, will focus on "centralizing key organizational operations and ensuring a seamless exit from the transitional services agreements that are currently in place" between American Express Global Business Travel and American Express, according to a company statement. Corio is a former JPMorgan Chase & Co. executive who most recently served as co-president and a managing director of restructuring firm Miller Buckfire.

Glenn, named CEO in January, told *The Beat* in March that technology would serve as a target of new investment for the company, a stance he reiterated in a statement.

"We now have even greater resources that the marketplace requires to not only stay ahead of the curve, but to create the curve," Glenn said in the statement. "For American Express Global Business Travel, technology is an area of investment, expertise and innovation, meeting the needs of the traveler and also offering control and transparency to the travel manager or meeting professional. Our immense data repository will deliver even greater value to our customers and partners."



Interview: Adelman Travel President Steve Cline



Adelman Travel recently laid out a strategy to transform its corporate travel division into a "management solutions company" centered on consulting and new technologies. *The Beat*'s David Jonas recently spoke with Adelman president and COO **Steve Cline** about that transformation, as well as customer needs, the travel management company's front- and back-office tools and its relationship with Concur. Excerpts follow.

David Jonas: **Talk a little about the impetus to reposition yourselves as a management solutions company.**
Steve Cline: The TMC model has progressed over time through technology and account management. We are all going to be creating technology, new products and services. A lot of TMCs out there are very creative. However, we feel that the anchor to this is the people and the account management structure, and how you manage the products and services that you create and deploy. Analyzing the customers, what their primary needs are, what they are trying to accomplish in their travel program, because some of those items they are trying to accomplish spin off into other objectives like employee productivity, as an example. In cases like that, it may be, "What is the best means of fulfilling that business transaction?" In our case it can get to be more specific; it might be based on the type of business transaction it is: Is it with a customer or fellow employee to improve employee productivity? Is it a better solution to be on a videoconference as opposed to going to the airport, getting on a flight, getting a rental car, getting a hotel, etc., losing time and productivity to complete that same transaction if there is a better or similar way to do that? That's one example.

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Jonas: **Whether hand-holding for companies without mature travel programs or lending additional expertise to those that do, how much of this consultation starts as early as the bid process?**
Cline: Almost all of it does now, though it goes without saying that once you get a new customer sometimes there may be management changes, or your customer acquires another company or enters a new market, and that requires new strategies. So there certainly are proactive things occurring after you get a piece of business. In the sales process, where instead of talking about products and services and how those address certain strategic objectives, now we flip-flop it and talk about the core strategic objectives that a potential customer may or may not have—duty of care, cost avoidance, etc.—and if they have interest in those. And generally they do. Sometimes when you are talking about products or services, and discussing later what it leads to, it tends to get less interest, as opposed to asking if their company is trying to achieve one of these objectives within the travel program. When they say yes to particular items, we walk them through how they'll accomplish those high-level objectives with management, service and product, leading to ROI, etc.

On the customer side, for the majority it's still very tactical in terms of coming to us with a few items they'd like to address.

Jonas: **Regarding procurement oversight, talk about the challenge and opportunity in getting those folks to understand the value of a TMC.**
Cline: If our customers don't know everything, that's fine. That's not their business. We take that as an opportunity to educate on the services of travel management. That's our objective. I sit on a committee of chief operating officers, and you'd be surprised that once you get outside of the travel managers or the procurement managers directly involved in travel management, how little knowledge there is about what the TMC community has to offer. It's very eye-opening.

Jonas: **On an ongoing basis, what are the most important KPIs and other metrics that you monitor for clients?**
Cline: In the past four or five years, there still has been a heavy focus on reducing cost, but a little more broad than "can you look at my air or hotel?" Now it's about taking a look at total trip cost, which leads into some of the other things we are doing with our business relationships, such as with Concur—taking a look at the entire expense of a trip and helping our customers manage that.

Jonas: **Regarding Adelman's Global Gateway, which has been around for a few years, how does it work and how is it being used?**
Cline: It's a back office. It gives us the ability to create point-of-sale information with our agency partners, which seems to be extremely successful with bilateral or trilateral programs where we are working together on a global deal. So the information is in our back office and our partners' back office simultaneously. That gives us the opportunity to offer the same products on a larger scale, including pre-trip approval.

It's a tool that helps us consult more effectively with our customers who are considering multinational configurations. Over the years we have seen a lot of different configurations when it comes to managing global travel programs and this gives us another option. Many companies may have 60 or 70 percent of their share in North America, including Canada and then the U.K. or another country being the third- or fourth-largest market, and then everything really drops off after that. So we actively consult with our customers considering multinational programs—because there are costs to that—to see if the ROI is worth doing all 20 countries, for example. Or would we look at the top markets, deploy the Global Gateway, and reduce their costs for data consolidation and get 90 percent of the data, and come up with some other solution for their smaller markets where they may only have a few travelers?

Jonas: **That's technology you built, but in general, what's the approach in terms of buying or building?**
Cline: We build if we can't manage and support the product as effectively as we would like. But for many relationships, like with the online [booking tool] providers, those work out well for us. Another example of where we have created our own is the online reporting tool. Because reporting changes so rapidly, that gives us the ability to not have to go to a third party as we're getting feedback from customers on changes they want. We can do it much quicker.

Jonas: **How are TMC requests for proposals changing?**
Cline: We tend to see more change in the global bids, because previously they pretty much were created as templates off the U.S. bids. One area where the customers are getting more educated is on multinational consolidations because of the complexities, dealing with multiple cultures and how you go about successfully executing a global bid, as far as the number of people involved and/or who is involved. It is very difficult to have everyone on the committee within the U.S. dictate a global decision. It doesn't tend to work that way. So we are seeing much more sophistication on the customer end now, where they are getting the appropriate people involved. Customer information requirements now tend to be more in-country specific as opposed to more general questions being asked.

On the domestic side, they tend to drag on forever. You get a lot of people involved. Particularly in the market we play in, procurement has been involved in these bids for a long time now.

There is not a lot of room anymore on agency fees; suppliers haven't changed much recently so that revenue hasn't changed that much. It's been difficult for corporations to make a decision, particularly if they report through procurement because the travel management companies have become a commodity, unfortunately, over the years; they just look at the fees paid to the TMC. That's the reason we are doing some of the things we are doing, to help the customer focus on the bigger picture, which is what they are spending on T&E and how it's managed. It's also hard to get consensus when you have a large group of people who are part of a travel committee, which then extends your RFP process, which can go from 90 days to 18 months in some cases.

Rocketrip Claims Expense Integration

BY DAVID JONAS

ALTHOUGH ROCKETRIP initially was positioned as an alternative to travel management companies, its early customers are using the new travel management and employee rewards platform in conjunction with their designated TMCs. Rocketrip also now is integrating with expense management systems, according to founder Dan Ruch.

Rocketrip, which this month announced $3 million in Series A-1 financing, applies algorithms to industry data and corporate travel policies to create a "budget" for a given trip. When booking on the open market or via an approved TMC, employees of enrolled companies earn points for beating the budget, which then can be redeemed at various retailers or via prepaid gift cards.

To close the loop, "We either have built integrations or are building integrations with all the major expense management system providers," Ruch claimed without naming any.



Rocketrip's Dan Ruch

"When we receive information from the employee, we can push that data into their expense management system," Ruch explained. "When that expense is approved for reimbursement, we can approve and activate the reward in our system." That, he said, speeds up employees' submission of expense reports because they want to quickly bank earned points.

On the front end, though Rocketrip was born as a substitute to booking with agencies, "we found that Rocketrip is very powerful when used right alongside a TMC," Ruch said.

He said those customers "effectively use Rocketrip to push employees into or out of their corporate system." On the former, clients could configure Rocketrip so it rewards only employees who beat budgets when booking through the TMC. But organizations may instead prefer to make TMC bookings optional, which would reduce transaction fees.

For travelers, the process begins by logging into the Rocketrip portal, inputting trip dates and locations (as well as whatever combination of airlines, hotels, car rentals and rail they expect to need) and receiving a budget. They then book in the open market or through the required channel and forward the receipt to Rocketrip. Once employees' relevant expenses are approved, Rocketrip adds points earned to their accounts.

Whatever employees save based on the budget for a trip, 50 percent is converted to points and awarded to the traveler, 40 percent is savings realized by the client organization and the remaining 10 percent goes to Rocketrip. Rocketrip earns no money when employees use the system to book a trip that is over budget.

Results

Rocketrip, which targets companies with 100 to 2,000 employees, is publicizing the results of a 90-day pilot by news and opinion network TheBlaze. That company has about 200 employees who take about 1,000 trips in total each year. Ruch said TheBlaze has been an American Express Business Travel customer, uses a corporate booking tool and, with a "fully managed" program, "struggles with compliance like everyone else."

Based on 240 bookings, the pilot produced savings of 29 percent, including 42 percent on flights. It also led to big increases in the percentages of flights booked 14 and 21 days in advance.



Serko Finds Wider Appeal For 'Mass-Booking' Function

BY DAVID JONAS

SERKO HAS BEEN BUSY. The New Zealand-based corporate travel and expense system provider has claimed serious inroads in the Asia/Pacific region and a slowly growing global presence via an alliance with nuTravel and KDS.

ORGINIALLY PUBLISHED IN the beat thebeat.travel

This year it secured a patent in the United States for a touchless, end-to-end vision of expense management using near-field communication, acquired Australian expense firm Incharge and launched an initial public offering in New Zealand. It's also been building out the Serko Online booking tool with some nifty features, including a "mass booking" module that has raised some eyebrows.

That module began as a solution built specifically for mining companies and others in the energy sector handling crew rotations, but it's also of interest to companies in other sectors, universities, government agencies and those managing group travel.

"It's something that a company in Australia put to us as a challenge," said Serko CEO Darrin Grafton in an interview this month with *The Beat*. "We invested about NZ$3 million (US$2.6 million) into the technology, and we do have patents related to this technology in the OBT space."

The idea is to enable travel administrators simultaneously and quickly to book flight and hotel arrangements for hundreds of employees—especially "fly-in-fly-out" oil, gas and mining crews heading to remote areas—rather than rely on tedious, manual processes and/or a travel agency that may charge fees for each booking.

The Serko Online Mass Booking Module uses a "custom Excel or ERP generated input file ... containing all the travelers' information and itinerary requirements as the primary input," according to company information. "Each booking can be assigned a unique cost code, which allows accurate on-billing and easy reconciliation." The module also accommodates travel policy application for each booking.

"The technology is able to pretty much sell out an airline flight in three seconds using the cloud," Grafton explained. "It can move 150 to 3,000 people via connections through [roster management system providers] like INX."

Perth-based INX Software in February announced a Serko partnership through which the companies offer software called TMX. Rather than INX sending to a client's TMC a flight manifest that the TMC would use to issue tickets, INX software now automatically can synchronize with traveler profiles stored in the Serko Online booking tool, apply the TMX module used to capture information from the manifest and send it to a global distribution system via Serko's OBT for automatic booking.

"We realized that if mining is doing rotations of flights and hotels, maybe the same thing can be used for sporting tours and people doing conferences," Grafton said. So last September Serko changed the module's name from FIFO Roster to Mass Booking. "Then universities and other companies started using it, and now the TMCs are starting to use it for their internal groups, and we have had interest from airlines to use for groups. It has gone from something we built specifically for the fly-in-fly-out energy and resource sector to a piece of technology that is wide-reaching across the meetings and incentives area as well."



> "It has gone from something we built specifically for the fly-in-fly-out energy and resource sector to a piece of technology that is wide-reaching across the meetings and incentives area as well."
>
> —SERKO CEO DARRIN GRAFTON

Plugging In To Partners

Through its Mundi alliance partner nuTravel, Serko is pursuing mining clients in the United States, Grafton said. That alliance, which also includes KDS and is meant to provide an alternative to the global online booking tools by linking the three systems, "is a model that we knew would take a couple of years to get the strength of the brand working, and that is now starting to occur," he added.

Grafton said Serko is "probably seeing more of the movement than the other two parties have. We have seen travel agency groups like Flight Centre working with Mundi both in Asia and in Europe. Corporations that have selected Serko in the Asia region are now looking at our Mundi partners in Europe and the United States."

He explained that central administrative functions have been established "in part," including capabilities to transmit traveler profile and policy information.

Meanwhile, when asked how Serko Online differs from competing tools, Grafton suggested that "being built for the cloud from day one is a huge advantage in its agility to adapt to the market changes." He also noted that Serko fairly quickly can connect to travel suppliers not listed in the major GDSs.

"We're not requiring any other third-party company to provide that hookup for us," Grafton said. "With some U.S. providers that aggregate low-cost content, you pay a fee up to US$4 per flight segment to actually book. We don't have that cost, so our pricing model can be slightly different because we own our own technology framework."

Looking Ahead

Serko during the coming six to 12 months plans to continue linking the Incharge expense system with its booking tool. "Upcoming releases will have one look and feel across the applications and seamless integration," Grafton said. "Workflow and authorization processes are starting to be closely together."

The company also intends to release new mobile technology with an eye on designing it so "you have one piece of technology in your hand that covers travel and expense."

And that relates to the just-received U.S. patent related to NFC technology. Grafton said the vision is "very close" to becoming a reality.

"In New Zealand, the banks and the telcos got together to update the whole of the country's framework to support tap-and-go technology at a country level," he explained. "One company, TSM, is actually going to start rolling that framework out in quarter four of this year. We are looking to leverage that to release the first tap-and-go technology via a mobile [device] that does expense management. One of the reasons we did the IPO was to bring the patent to life, to make sure we can deliver on our patent a lot quicker than we could before."

NEWSLOG

Amadeus Integrates With SAP Cloud for Travel

Amadeus will offer clients and resellers a cloud-based and "end-to-end" solution for online booking, expense and mobile capabilities through a new integration with **SAP** Cloud for Travel, the company announced last month. SAP's earlier travel expense versions integrated with Amadeus and **GetThere**. SAP in 2012 had planned to integrate its Travel OnDemand product with Amadeus e-Travel and travel booking and expense system provider **iFAO** by the end of that year. Amadeus since has agreed to purchase iFAO, though officials have not said if or how iFAO's tools would be integrated with those of Amadeus.

Separately, Amadeus last month announced it would integrate e-commerce payment management firm **CyberSource**'s fraud prevention solution with its payment platform.

JetBlue Adds 'Auto-Check-In'

JetBlue Airways this month activated "automatic check-in" for those customers booked in its premium-economy seats. The airline announced that such customers 24 hours before scheduled flight departure will receive via email a boarding pass that can be printed or displayed on mobile devices using JetBlue's iOS or Android apps. The airline said it would expand eligibility in 2015 beyond those in its "Even More Space" seats.

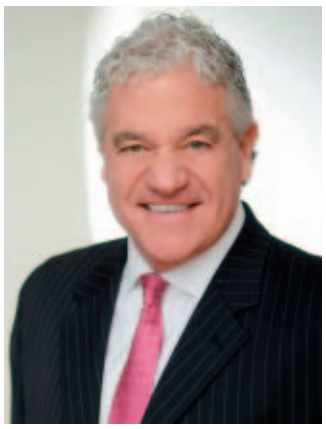
QuickMobile Measures ROI

QuickMobile unveiled a new analytics platform designed to measure event return on investment in real time, the meetings mobile technology company announced last month. With the new platform, according to QuickMobile, meeting managers can track event performance, ROI and granular information on attendees, including social media activity, as the event happens.

ECommission Solutions Adds BI Platform

BY DAVID JONAS

COMMISSION RECOVERY and reconciliation specialist eCommission Solutions is joining a growing list of industry firms launching business intelligence platforms. "I didn't recognize the value of all the types of data we're sitting on," said ECS founder and CEO Paul Hoffmann. "We have focused on commission recovery, which is very valuable because it's about the money, but we've come to understand that it's not just about the money; it's about the data."



ECS CEO Paul Hoffman

Designed to address "the struggles agencies face organizing and interpreting big data from millions of evolving bookings from disparate sources," Hoffman said the ECS Business Intelligence Platform leverages the company's vast data warehouse. ECS this month intends to begin a three-month beta test before making the product available to all customers, primarily travel agencies and ARC-accredited Corporate Travel Departments. According to a spokesperson, the "basic reporting package" will be included in all ECS contracts while an "advanced" version with additional features will incur an added fee.

The focus is outside the airline realm: hotels, car rentals, travel insurance and "anything that has revenue associated with it for agencies to either make those accommodations or collect commissionable information," Hoffman explained. "Through ARC, travel agencies can have an audit trail to the penny as it relates to airline tickets," but for other travel components, "the traveler is settling directly with the vendor—when they check out of a hotel or settle up with the rental car company—so there's no clear precise audit trail. We take consumed data and paid data and put it all together."

That's not to say that the air travel data isn't collected. It's important to know, for example, if a traveler took a flight and didn't return until at least the next day, pointing to the likelihood of a hotel stay. That can lead to metrics on hotel attachment rates and incremental revenue opportunities for agencies, "but at this point we are not tracking the financial or accounting information [of air travel] because there are a lot of other companies that do that," Hoffman said.

Agency users can drill down into specific client metrics and individual agent performance, view executive dashboards and customize reports. They also can use the information to analyze client travel patterns and policy compliance.

Access is furnished through web services, bringing users into their partition of the ECS data repository. Hoffmann explained that the repository is fed by four data sources: proprietary technology called Snapshot that collects GDS booking data at the point of sale, travel agency back-office accounting information, consolidated payment data from hotels (which may include hard copies of checks) or third parties involved in consolidating such data, and responses from hotels when ECS identifies a booking for which no commission payment has been made to the agency.

New business intelligence systems also have been or are being developed by Cornerstone Information Systems, BCD Travel, Carlson Wagonlit Travel, Concur, Travel Leaders Corporate (for meetings) and Australia's Corporate Travel Management.





CAN'T BUY HAPPINESS

Higher Salaries Not Equating To A Satisfied Travel Management Workforce

By David Jonas

Travel management and procurement salaries are up again this year, with an average annual increase higher than in 2013 and higher than overall workforce compensation growth recently measured by the U.S. Bureau of Labor Statistics. Yet more than four in 10 respondents to *BTN*'s 31st annual Travel Manager Salary & Attitude Survey aren't satisfied with their salary relative to their responsibilities, and nearly three in 10 feel their efforts within their organizations aren't well-recognized. Perhaps that's because they're being asked to take on ever more responsibilities.

First, the bottom-line results: Across all 248 respondents, including those with varying job titles and functions, from a wide range of industry sectors and company sizes, average total compensation for 2014 is $108,311. That's up 4.3 percent from respondents' average 2013 total compensation. Among the four subsets based on job titles that had sufficient samples, travel directors' total compensation is highest at $157,690, up 3.5 percent. Among travel managers and supervisors, the largest of those subsets, the average is $105,787, up 4.1 percent.

The familiar differences by company size and gender again were very apparent (including the typical disparity in the survey's respondent make-up, in which women this year represented nearly 70 percent of those polled). The gap between the average total compensation for men ($121,044) and women ($99,587) was 22 percent, marginally narrower than the gap derived from last year's respondent sample. But for 2014, women on average reported a 4.1 percent compensation increase versus last year, while men on average enjoyed a 4.6 percent increase. Perhaps that's one reason why nearly half of all women surveyed said they felt their salary is low for the job they are asked to do, compared with about a third of male respondents who said they felt that way. But based on respondents' commentary, there's more to it.

'DOING MORE WITH LESS'

Across the entire survey base, 14 percent indicated that within the past two years they began to manage,

CONTINUED ON PAGE 49

2014 TRAVEL MANAGER SALARY & ATTITUDE SURVEY



Compensation

Average Total Compensation Package

Includes Salary, Bonuses And Incentives, As Of Jan. 1 Of Listed Year

BY TITLE	2014	2013	CHANGE
Travel specialists/advisors/coordinators/analysts/buyers	$70,355	$67,035	+5.0%
Travel managers/supervisors	$105,787	$101,659	+4.1%
Purchasing, procurement and sourcing executives	$128,440	$120,972	+6.2%
Travel directors	$157,690	$152,398	+3.5%
All*	$108,311	$103,885	+4.3%
BY GENDER			
Female	$99,587	$95,686	+4.1%
Male	$121,044	$115,577	+4.6%
BY ORGANIZATION SPEND**			
Under $2 million	$81,899	$79,330	+3.2%
$2 million to $12 million	$97,106	$92,843	+4.6%
$13 million to $20 million	$128,638	$124,417	+3.4%
More than $20 million	$124,644	$118,920	+4.8%

** Sample includes 248 respondents who provided total compensation figures for both this year and last year, including 90 travel managers and supervisors; 36 purchasing, procurement and sourcing executives; 25 travel specialists, advisors, coordinators, analysts and buyers; 21 travel directors; 9 vice presidents; 6 owners, presidents, CEOs, CFOs or COOs; 4 meetings management professionals; and 57 other respondents involved in travel and/or meetings management and/or procurement who did not specify their titles.*

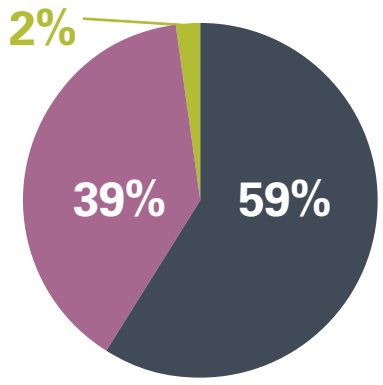
*** Annual spending on all airline tickets purchased at U.S. points of sale; includes salary information from 177 respondents who indicated their organization's annual U.S.-booked air volume*

How Do You Feel About Your Job Responsibilities Relative To Your Salary?

	SALARY LOW	EQUITABLE/FAIR EXCHANGE	PAID WELL
All	*44%	43%	13%
Female	49%	40%	11%
Male	32%	50%	18%
BY ANNUAL U.S.-BOOKED AIR VOLUME			
Under $2 million	53%	30%	17%
$2 million to $12 million	45%	44%	11%
$13 million to $20 million	38%	52%	10%
More than $20 million	39%	48%	13%

** 241 respondents*

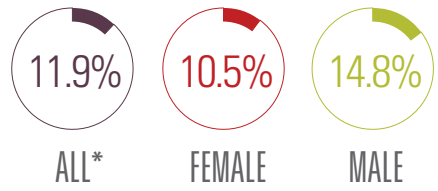
Expectations For Travel Management/Procurement Professionals' Salaries In The Coming Year



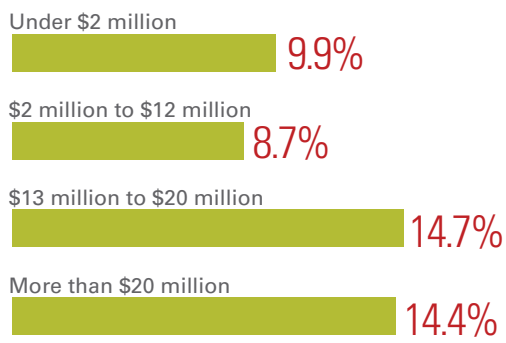
** 173 respondents*

Bonuses And Incentives

As A Percentage Of Current Total Compensation Package

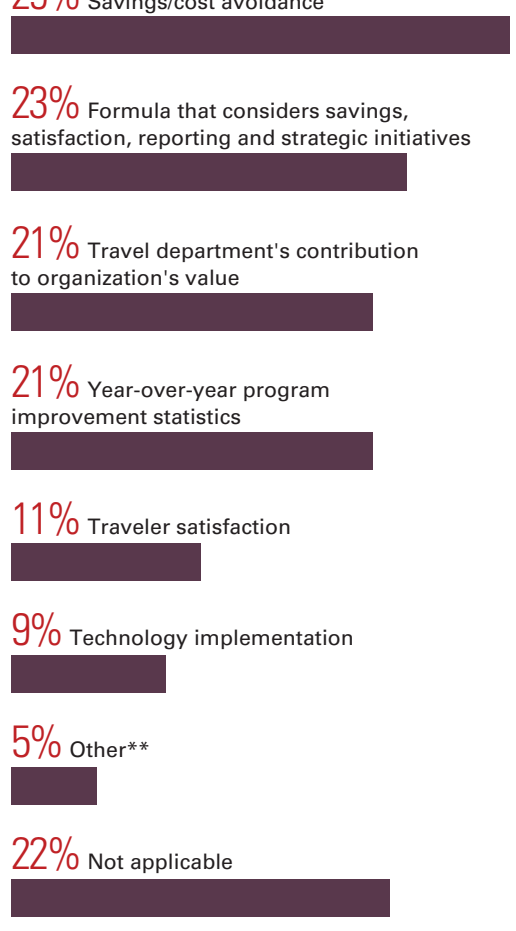


By annual U.S.-booked air volume



** Based on the 166 respondents who indicated they receive a bonus or other incentives as part of their total compensation*

Types Of Performance To Which Compensation Is Tied*



** Respondents were instructed to select all that apply; 248 respondents provided responses*

*** Included overall company performance, net profit of conferences and process improvements*

2014 TRAVEL MANAGER SALARY & ATTITUDE SURVEY



On The Job

Time Spent On Travel Management/Procurement

	<25%	25% – 49%	50% – 74%	75% – 99%	100%
All*	24%	15%	22%	15%	24%
BY ANNUAL U.S.-BOOKED AIR VOLUME					
Under $2 million	28%	26%	5%	18%	23%
$2 million to $12 million	23%	10%	25%	13%	28%
$13 million to $20 million	6%	19%	25%	19%	31%
More than $20 million	28%	14%	30%	12%	16%

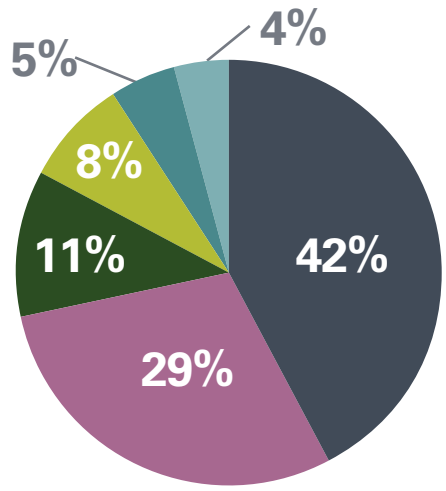
** 158 respondents*

How Do You Feel About Your Recognition Within Your Organization For Your On-The-Job Efforts?

	NOT WELL RECOGNIZED	ADEQUATELY RECOGNIZED	VERY WELL RECOGNIZED
All*	29%	49%	22%
Female	27%	47%	26%
Male	32%	54%	14%
BY ANNUAL U.S.-BOOKED AIR VOLUME			
Under $2 million	20%	52%	27%
$2 million to $12 million	24%	48%	27%
$13 million to $20 million	43%	43%	14%
More than $20 million	36%	50%	14%

** 171 respondents*

Personal Expectations For Two Years From Now



Tasks And Responsibilities

Percentage Of All Respondents Involved (Managing, Negotiating, Selecting Or Supervising)*

	HAVE MANAGED FOR 2+ YEARS	BEGAN TO MANAGE LESS THAN 2 YEARS AGO	TOTAL CURRENTLY MANAGING	DON'T MANAGE, BUT EXPECT TO IN NEXT 2 YEARS	NEITHER MANAGE NOR EXPECT TO
Lodging	84%	14%	98%	1%	2%
Air travel	83%	8%	91%	2%	7%
Car rental	81%	9%	90%	1%	9%
Online booking	74%	12%	86%	4%	10%
Travel agency	78%	6%	84%	3%	13%
Travel policy creation and enforcement	72%	7%	78%	6%	15%
Corporate intranet travel site	67%	9%	76%	7%	17%
Traveler advisories	61%	10%	71%	6%	23%
Chauffeured car services	58%	7%	63%	4%	31%
GDS selection	48%	4%	52%	3%	45%
Traveler tracking software	44%	8%	52%	11%	37%
T&E charge card programs	42%	9%	51%	4%	45%
Meeting planning/logistics	41%	9%	50%	15%	35%
Travel data warehouse	41%	8%	49%	8%	44%
Traveler security	38%	10%	48%	12%	40%
Airport parking	41%	6%	47%	10%	43%
Rail	36%	9%	45%	4%	51%
Strategic meetings management	31%	11%	42%	21%	36%
Online expense reporting	24%	7%	31%	10%	59%
Procurement card programs	23%	6%	30%	9%	62%
Corporate housing and relocation	23%	7%	30%	9%	61%
Traveler insurance	21%	4%	25%	6%	69%
Mobility technology/services	18%	7%	25%	14%	61%
Incentive planning	15%	7%	22%	8%	71%
Business aircraft/charter	18%	3%	21%	7%	72%
Corporate car fleet/leasing	13%	6%	19%	4%	77%
Leisure travel for employees	17%	2%	19%	3%	78%
Mobile phone contracts	15%	1%	16%	3%	81%
Videoconferencing	14%	2%	16%	7%	77%

** 162 respondents*

2014 TRAVEL MANAGER SALARY & ATTITUDE SURVEY



CONTINUED FROM PAGE 46

negotiate or supervise aspects of their organizations' lodging program. In those same two years, 12 percent indicated they picked up responsibilities related to online booking and 11 percent cited new strategic meetings management tasks.

Travel advisories and travel security each are areas in which 10 percent of respondents now are involved but weren't two years ago. Other new travel management or procurement duties among respondents relate to car rental, T&E charge card programs, meeting planning/logistics, rail and corporate travel intranet sites (each cited by 9 percent), as well as air travel and travel data warehouses (each 8 percent).

When asked about the biggest changes in their jobs during the past year, those respondents offering replies overwhelmingly were negative, or at least alluded to more challenges. Several noted new responsibilities and increased workloads, with specific mentions of globalized travel programs, meeting planning and conference attendance management, a corporate card program, relocation and fleet management and several more mentions of new non-travel tasks, including property management.

One respondent noted "more complicated contracting challenges and pricing decisions," while another wrote that "the amount of paperwork and administrative tasks has increased."

Some of those polled also referenced such internal challenges as "less support," "working with consultants who do not know travel" and "new bosses who haven't managed a travel department before." One respondent indicated that "senior management has changed and devalued the role of managed travel."

Wrote another: "I report into purchasing/operations, and one major issue is providing the right (substantiated) metrics to demonstrate value to my position with my direct upper management; other divisions recognize the value so it's very political. Every activity has to be quantifiable. I believe I should be reporting into another division that recognizes savings, cost containment and traveler comfort as added value to the entire company, not just the division."

Yet another respondent summed up the sentiments of many: "Doing more with less."

Put it all together and this year's respondent base isn't overly thrilled. Thirteen percent of all respondents (11 percent of women and 18 percent of men) said they are paid well for their responsibilities. Those at smaller-spending companies (less than $2 million annual U.S.-booked air volume) were slightly more likely to say as much (17 percent), than those working at larger spenders. Respondents representing organizations spending between $13 million and $20 million annually on U.S.-booked air travel are, in relative terms, the least put off: 38 percent believe their salary is low for their responsibilities (the smallest of any subsets based on spending) and 52 percent believe it's equitable (the largest among subsets).

Respondents at smaller-spending companies, however, are more likely to feel that their efforts are very well-recognized: Twenty-seven percent of all those at companies with U.S.-booked air volumes of $12 million and less indicated as much, compared with 14 percent of all those from organizations spending more.

Despite levels of dissatisfaction, respondents' aggregate increase in total compensation of 4.3 percent outpaced last year's measured 3.8 percent average increase. Meanwhile, the U.S. Bureau of Labor Statistics for the 12 months through the first quarter of 2014 reported overall compensation growth of 1.7 percent for private workers, 1.8 percent for civilian workers and 1.9 percent for state and local government workers.

BONUS POINTS

For the travel management and procurement crowd, bonuses and incentives account for about 12 percent of total average compensation, according to survey results. That number generally was lower among those working at smaller-spending organizations compared

CONTINUED ON PAGE 51



"The right room, the right price, free Wi-Fi, a real kitchen... They just get it."

– Food Network™ Host Sunny Anderson

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A kitchen, a great price, the hotel that's just right.℠



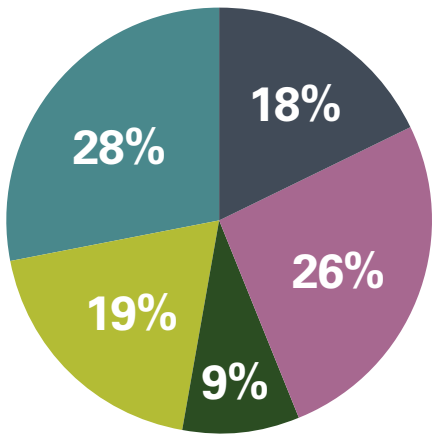
2014 TRAVEL MANAGER SALARY & ATTITUDE SURVEY



Respondent Demographics

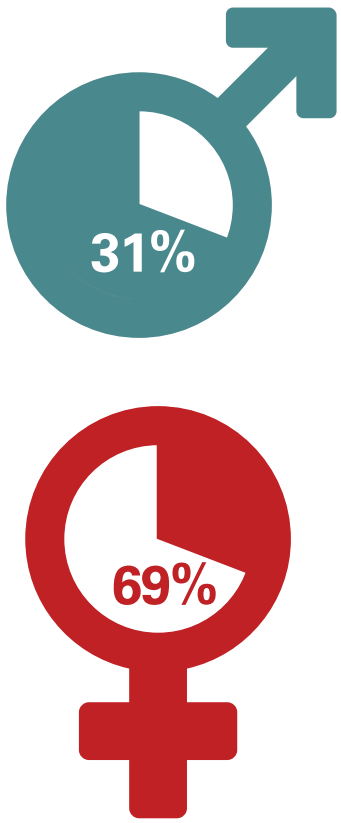
Organization Size

Based On 2013 Spending For All U.S.-Booked Airline Tickets



** 248 respondents*

Gender



** 248 respondents*

Industry Certifications*

- 7% Global Travel Professional
- 7% Certified Corporate Travel Executives
- 7% Certified Purchasing Manager
- 5% Global Leadership Professional
- 5% Corporate Travel Expert
- 2% Certified Travel Professional
- 2% Certified Meeting Professional
- 5% Other
- 60% None

** Respondents were instructed to select all that apply; 151 respondents*

2014 Travel Manager Salary & Attitude Survey Methodology

Business Travel News' 31st annual Travel Manager Salary & Attitude Survey measures compensation and analyzes perceptions among corporate travel professionals. It compares current salaries to the previous year, determines how compensation is derived and shares sentiments from those buying and managing corporate travel.

For the 2014 edition, invitation emails were sent to all qualified subscribers (those with travel manager, travel buyer or related titles) of *Business Travel News* and *Travel Procurement,* as well as members of The BTN Group's Research Council. Qualified respondents indicated they are involved in some way in travel and/or meetings management and/or procurement.

A total of 248 qualified respondents (69 percent female, 31 percent male) sufficiently completed an online survey questionnaire, though not every respondent answered every question. Those who provided a job title comprised 90 travel managers and supervisors; 36 purchasing, procurement and sourcing executives; 25 travel specialists, advisors, coordinators, analysts and buyers; 21 travel directors; nine vice presidents; six owners, presidents, CEOs, CFOs or COOs; four meetings management professionals; and 57 other respondents involved in travel and/or meetings management and/or procurement who did not specify their titles.



Of those indicating how much of their work time is spent on travel management or procurement, about 24 percent said 100 percent. More than six in 10 respondents said they spend at least half their time on travel management.

Polled travel professionals represented organizations from a broad sampling of industry sectors. Among represented organizations, 18 percent had annual U.S.-booked air travel expenditures of less than $2 million, 26 percent had such expenditures of between $2 million and $12 million, 9 percent had between $13 million and $20 million, 19 percent had more than $20 million and 28 percent did not specify.

BTN used SurveyMonkey to collect and tabulate responses.



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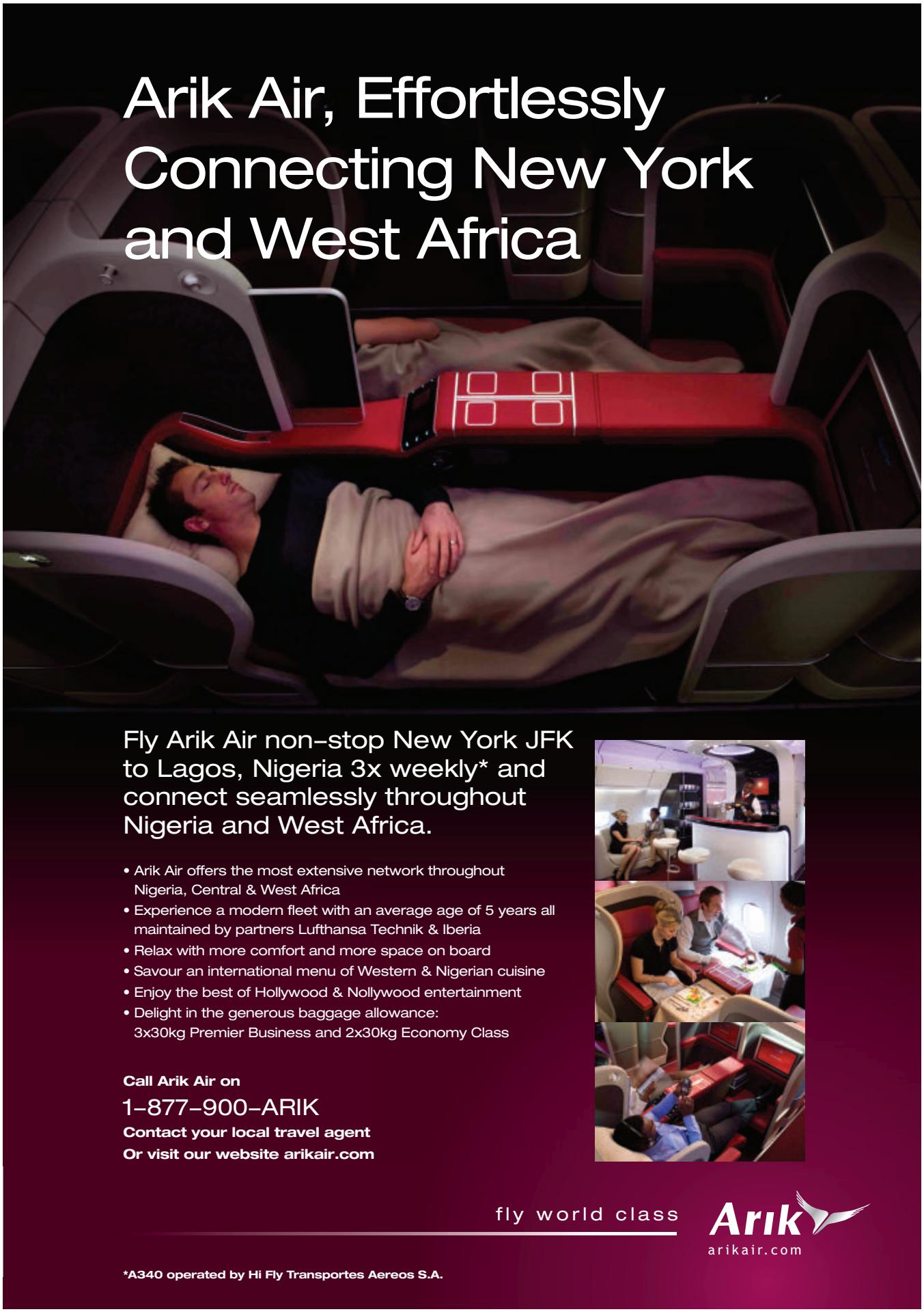
with peers at larger spenders, and lower for women (11 percent) than men (15 percent).

Similarly, more women (48 percent) than men (30 percent) indicated that they receive no bonus, incentive or stock options based on how well their department performs. Across both genders, the likelihood of such performance-based compensation boosters increases along with the size of company spend.

Of the polled travel professionals who do earn incentives, they do so most frequently due to savings/cost avoidance (cited by 29 percent of survey respondents). That's followed by some formula that considers savings, satisfaction, reporting and strategic initiatives (23 percent), the travel department's contribution to the organization's value (21 percent) and year-over-year program improvement statistics (21 percent). Traveler satisfaction ranked lower on the list, with good performance in that area earning incentives for 11 percent of respondents.

ADDITIONAL FINDINGS

- If travel management professionals aren't happy with their salaries, at least the overwhelming majority expect them to stay the same in the coming year (59 percent) or increase (39 percent).
- Looking two years ahead, about three-quarters of respondents expect to be employed by their current employers (with most of these anticipating they'll have the same or a more advanced travel-related position, and very few expecting to move into a largely non-travel position). About 20 percent think they will be working elsewhere.
- The proportion of *BTN* survey respondents holding industry certifications continues to dwindle. This year, 60 percent indicated they have no such certifications, up from 57 percent last year. The Global Business Travel Association's Global Travel Professional designation, its Certified Corporate Travel Executive designation and the Institute of Supply Management's Certified Purchasing Manager certification were the most cited, each at 7 percent. No other certification received more than a 5 percent response rate.
- Several areas tangential to travel management—some of which are gaining prominence within some managed travel programs—remain the domain of few respondents. At least six in 10 said they neither are now involved in nor expect within two years to be involved in procurement card programs, corporate housing and relocation, traveler insurance and mobility technology/services. At least seven in 10 said as much for incentive planning, business aircraft or charter, corporate car fleet or leasing, leisure travel for employees, mobile phone contracts and videoconferencing.



LETTER

A Distributed Managed-Travel Model Can Make Sense



BY KEVIN MITCHELL
FOUNDER AND CHAIRMAN
BUSINESS TRAVEL COALITION

First published in The Beat *and then in the June 16 issue of* Business Travel News, *Amon Cohen's article on the topic of regional versus global travel management company arrangements raised some eyebrows around the industry and prompted this letter from Business Travel Coalition founder and chairman Kevin Mitchell.*

In response to Amon Cohen's excellent analysis, "TMC Services: From Regional To Global And Now Back Again," I offer the additional perspective regarding what can be termed a "centralized" versus a "distributed model" for modern managed-travel programs.

When U.S. airline industry deregulation moved forward in 1978, many large corporations pursued a strategy of consolidating to one national travel agency. That eventually morphed into today's travel management company. The goal was to bring some control to an exceedingly complex, if not somewhat dysfunctional airline distribution system.

Since the early 1990s, this national strategy has evolved into "globalizing" with one mega travel management company. A strong case has been made for centralized oversight of a corporation's worldwide travel activities. However, it is not clear if centralizing to one TMC, for all global services provided, produces justifiable incremental benefits for a large corporate, university or government managed-travel program. Indeed, such a strategy can deprive travel departments of the expertise, relationships and problem-solving resources of best-in-class regional agencies and TMCs around the world.

The promises of nationalization and then globalization included quality travel data consolidation, superior customer service and lower airfares via larger TMCs' purchasing leverage.

Some travel departments, however, have not been satisfied with either the results of national consolidation or globalization efforts. Today they 1) look to third parties for expert data consolidation, 2) experience uneven global customer service levels from some mega TMCs and 3) leverage their purchasing volumes and expertise in negotiating airline and other supplier contracts.

Moreover, local corporate field-office managers are often unimpressed with the benefits of globalization and can be resistant to such programs. They sometimes see beneficial local supplier deals canceled, often feel that cultural business practices from the home office are forced upon them, and where problem solving was once a relatively simple process, it can become bureaucratic. It is exceedingly important to the success of a globalized managed-travel program that local managers buy into and actively support such a program.

What true quantifiable value, for example, is there in service standards being determined for a travel agency "affiliate" in Vitória, Brazil by a mega TMC based in the United States? Furthermore, how could a homogenized American approach to travel service standards across various regions of the world and cultures be expected to be workable?

Communications, data parsing, the Internet and other emerging technologies will continue to be the enablers of new ways of solving travel industry problems.

There is a technology-enabled viable alternative to globalization as it is currently conceptualized and practiced. Low-cost structures, personalized service for the business traveler, responsiveness to management needs and good technology have always been the hallmarks of regional TMCs in the United States and around the world, and are what many corporations want.

A single TMC can be tasked with coordinating a global travel management strategy that includes regional travel agencies run by service-oriented entrepreneurs who are 1) expert in local markets, 2) low-cost producers and 3) able to drive superior value for an overall program.

Communications, data parsing, the Internet and other emerging technologies will continue to be the enablers of new ways of solving travel industry problems and driving beneficial change. Travel managers and senior executives considering a global travel program should consider the benefits and drawbacks of both a "centralized" and "distributed model."

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