

BTN

BUSINESS TRAVEL NEWS

MAY 30, 2016

SME

Small & Midsize Enterprise Travel Management Report

2016

- ➔ How your job & travel program strategies compare with other SMEs
- ➔ Globalization & travel risk management for SMEs
- ➔ Supplier negotiations are never easy, but opportunities are out there


avis budget group

Avis
Budget
Zipcar
Payless
Apex

Sponsored
in part by

DELTA
SKYBONUS[®]

starwood
Hotels and
Resorts



With three ways to
go, we'll make sure you
get there.

Different travelers have different needs. You need the flexibility to meet all of them. That's why we offer a portfolio of world-class brands, such as Avis, Budget and Zipcar. For highly customized travel options that leave travelers satisfied and budgets unbroken..

[AvisBudget.com/TP](https://www.AvisBudget.com/TP)

avis budget group

Avis
Budget
Zipcar
Payless
Apex

BTNGROUP

DAVID MEYER

Editorial Director
646.380.6246
dmeyer@thebtngroup.com

ELIZABETH WEST

Editor-in-Chief
732.494.1955
ewest@thebtngroup.com

JAY BOEHMER

Editor-in-Chief, *The Beat*
646.380.6249
jboehmer@thebtngroup.com

AMANDA METCALF

Managing Editor
646.380.6248
ametcalf@thebtngroup.com

MICHAEL B. BAKER

Senior Editor, Transportation
646.380.6250
mbaker@thebtngroup.com

JOANN DELUNA

Associate Editor, Payment & Expense
646.380.6268
jdeluna@thebtngroup.com

JULIE SICKEL

Associate Editor, Lodging
646.380.6264
jsickel@thebtngroup.com

JENNIFER RUF

Contributing Art Director

MICHELE GARTH

Production Manager
201.902.1930
mgarth@ntmlc.com

LISA GONZALES

Production Specialist
201.902.1927
lgonzales@ntmlc.com

GAYLE GRAIZZARO

Production Specialist
201.902.1914
ggraizzaro@ntmlc.com

KWAFO ANOFF

Director of Circulation
201.901.2103
kanoff@ntmlc.com

SUBSCRIPTION SERVICES

Tel: 800.869.6882
Fax: 866.658.6156
btn@kmpsgroup.com
Business Travel News
PO Box 47655
Plymouth, MN 55447

BTN EDITORIAL & SALES OFFICES

116 W. 32nd St., 14th Floor
New York, NY 10001



100 Lighting Way, 2nd Floor
Secaucus, NJ 07094
www.northstartravelgroup.com

© All Rights Reserved

SME

Small & Midsize Enterprise Travel Management Report

2016

8

SME Travel Buyers: Who They Are, What They Manage & How

Take a look at how your job description, policy plans and management tools compare with other small and midsize enterprise travel programs.

14

SMEs Find New Reasons to Globalize

The rising quality of data and a push to incorporate risk management into managed travel programs mean that globalizing has become more feasible for SMEs.

20

Risk Management: Getting Started

The cost of scaling up and a lack of understanding of what constitutes duty of care hold SME travel managers back from implementing risk management, but practices can range from emergency assistance provisions to traveler tracking to tech-heavy sophistication.

24

SMEs Are Finding Better Deals Across Most Supplier Categories

SMEs' contracts with their hotel suppliers came out less favorably than last year, though SME travel buyers' current contracts with air, car rental, corporate card and travel management suppliers fared the same or better than the last cycle.

FIND DAILY NEWS UPDATES AND MORE AT BusinessTravelNews.com

May 30, 2016 Issue 801 Vol. 33, No. 8

Business Travel News (USPS 0728-870, ISSN 8750-3670) is published monthly except semi-monthly in March, April, May, August, September and October by Northstar Travel Media, LLC, 100 Lighting Way, Secaucus, NJ 07094 (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, LLC. Copyright © 2016 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 Business Travel News, P.O. Box 47655, Plymouth, MN 55447; by phone at (800) 869-6882; fax at (866) 658-6156; e-mail at btn@kmpsgroup.com; or www.businesstravelnews.com/subscribe. POSTMASTER: Send change of address to Business Travel News, P.O. Box 47655, Plymouth, MN 55447. Printed in the USA.



avis budget group

Avis
Budget
Zipcar
Payless
Apex



Dear *BTN* Readers,

We understand the growth trajectory of small and medium-sized businesses (SMB) because at Avis Budget Group, all of our brands have experienced it. Avis Car Rental and Budget Car Rental both began as small businesses launched by entrepreneurs with a vision of opportunity. Avis was created to

meet the unserved demand for rental cars at airports, while Budget was founded on the premise of a clear and compelling value proposition: Five dollars per day, five cents per mile. And, of course, Zipcar and Payless Car Rental have similar origins as entrepreneurial success stories.

The small and midmarket business segment is very important to Avis Budget Group. As with many SMBs, travel is critical to fulfilling their entrepreneurial visions and each of our Avis, Budget, Zipcar and Payless brands are uniquely serving emerging companies with best-in-class products and services.

SMBs are considered by many to be the growth engine of the American economy. So we are pleased to sponsor this special issue of *Business Travel News*, which offers insights and benchmarks that should prove valuable for travel managers and corporate executives who wish to adopt best practices.

Suppliers like us use this data to ensure that our programs and services for SMBs continue to meet their evolving needs, including contracted rates, discounts, preferred membership programs and technology solutions. Avis Budget Group looks forward to working with you to grow your business, travel and our partnerships.

Yours sincerely,

Joseph Ferraro
President, Americas
Avis Budget Group

KEEP CLIMBING



Dear Travel Professional,

Travel plays an important role in growing businesses of all sizes, especially today when opportunities span the globe. At Delta Air Lines, we recognize that small and mid-sized businesses must make smart decisions when it comes to balancing the benefits of business travel with the necessity of spending wisely.

This makes having a well-managed travel strategy key in this constantly growing, global economy.

That's where SkyBonus® comes in. Delta's business loyalty program maximizes travel budgets while improving the business travel experience. SkyBonus is the choice for some of the fastest growing businesses, offering them a global network and the flexibility they need to take advantage of new opportunities. Once you enroll, your company earns points with every eligible flight. Plus, you'll have access to an extensive network through our joint venture partnerships with Air France, KLM, Alitalia, Virgin Atlantic and Virgin Australia, so you can reach your goals, wherever they are found.

As businesses like yours move boldly forward, SkyBonus is with you on the journey. We're honored SkyBonus has been named Best Small Business Airline Loyalty Program the past two years in the *Travel Weekly* Magellan Awards, but we're not finished. We plan to continue developing industry-leading solutions that empower businesses, big and small.

Delta is proud to sponsor this special SME-focused issue of *Business Travel News*. We hope you find this research valuable as you take your business to new heights.

Warm Regards,

Kristen Shovlin
Vice President—Sales Operations and Development
Delta Air Lines

sponsor welcome letter

starwood

Hotels and
Resorts



Dear Travel Partner,

There is no question that small and midsize businesses are more vital than ever to the travel industry—poised for even greater opportunity ahead. For Starwood Hotels & Resorts, this market not only drives a substantial portion of our business, but also remains a key area of focus as we identify new ways to deliver a superior experience.

Not long ago, our industry eclipsed a billion international travelers annually, and since, that figure has shown no signs of slowing. Small and midsize businesses have played a significant role as they continue to grow their networks, learn to work differently, and explore opportunities in new places around the world. Our job as travel partners is to help companies navigate that evolving landscape. At Starwood, we pride ourselves on growing with customers and aligning our resources with where and how they do business.

Starwood teams across every brand are excited to continue taking those steps together. That includes expanding our global footprint, investing in innovative programming, and delivering more value and rewards. A great example of that is our SPG Business program. Created specifically with the small and midsize market in mind, SPG Business helps customers more quickly realize discounted rates and benefits when they book our hotels.

We are privileged to be sponsoring this important edition of *Business Travel News*. Starwood has long relied on its insights and data, helping us develop and personalize solutions that make all the difference to our customers and travelers. We're certain that you too will take advantage of *BTN*'s invaluable research.

As always, thank you for your business and your continued partnership.

Warm Regards,

Peter Foreman
Vice President, Global Corporate Sales
Starwood Hotels & Resorts Worldwide

BTNGROUP

LOUIS MAGLIARO

Vice President and Group Publisher
973.769.0028
lmagliaro@thebtngroup.com

ANTHONY CARNEVALE

Associate Publisher
201.902.1976
acarnevale@thebtngroup.com

EDIE GARFINKLE

Advertising Director
805.389.6836
egarfinkle@thebtngroup.com

LINDSAY STRAUB

Regional Sales Manager
646.380.6274
lstraub@thebtngroup.com

DEBBIE ANDERSON

Hawaii
808.739.2200
debbieanderson@dmhawaii.com

MICHIKO KAWANO

Japan
+81-3-3661-6138
kawano-pbi@gol.com

JUAN MARTINEZ DUGAY

PALOMA MARTINEZ
Mexico, (011) 52-55 2122-3900
jmdugay@towmar.com,
pmartinez@towmar.com

LAVENDER TAN

Singapore
(65) 9752 8613
lavtan@singnet.com.sg

MARY ANN MCNULTY

Director of Content Solutions
630.519.4510
mmculty@thebtngroup.com

DANIELLE ZABORSKI

List Rental/Postal Information
MeritDirect, 914.368.1090
dzaborski@meritdirect.com

MARIZA MOREIRA

Group Design Manager
201.902.1965
mmoreira@ntmlc.com

BRETT PETILLO

Reprints and Copyright Permission
877.652.5295
bpetillo@wrightsmedia.com

MAX BZDYK

Marketing, Events and Sales Assistant
201.902.1924
mbzdyk@ntmlc.com



100 Lighting Way
Secaucus, NJ 07094
www.northstartravelgroup.com

Chairman and Chief Executive Officer

Thomas L. Kemp

Senior Vice President, Human Resources

Janine L. Bavoso

Chief Financial Officer

Lisa Cohen

Senior Vice President, Product Development and Production

Roberta Muller

President, Travel Group

Robert G. Sullivan

Vice President, Marketing Solutions

Michelle Rosenberg

Executive Vice President, Digital Media

Thomas Cintorino

Executive Vice President and Group Publisher

David Blansfield

Vice President, Content Licensing

Sheila Rice

Senior Vice President and Editorial Director

Lori Cioffi

Vice President, IT Infrastructure and Operations

Richard Mastropietro

Senior Vice President and Editorial Director

Arnie Weissmann

Vice President, Database Products

Elizabeth Koesser

“SOMETIMES THE NEXT BIG BREAK IS THREE TIME ZONES AWAY.”

— Michael Kark, VP of International Licensed Business at Shake Shack, SkyBonus member since 2012

SkyBonus makes it easier for your company to take advantage of opportunities, offering the flexibility you need to respond quickly to new developments. Eligible companies can earn an additional 5,000 points when they enroll by December 31, 2016 and an employee flies within 60 days of enrollment. Use promo code **BTN2016** and enroll today for free at **DELTA.COM/SKYBONUS**.

SHAKE  SHACK

 DELTA
SKYBONUS®

Bonus Offer: To qualify for this promotion, companies must be based in U.S., Canada, or Mexico with a valid Federal Tax ID or VAT number, enroll by December 31, 2016 at delta.com/skybonus using Promotion Code BTN2016 and purchase and fly on a qualifying flight within 60 days after enrollment. Bonus points may be earned once and will be credited automatically to the account associated with the ticket issued and flown. Qualifying flights include tickets and flight numbers validated on Delta (ticket number begins with "006"), Air France ("057"), KLM ("074"), or Alitalia ("055"). Eligible dollars are defined as base fares (selling fare, net of all taxes and fees) plus carrier-imposed surcharges, prorated per flight segment, and rounded down to the nearest whole number. Exclusions may apply. Companies with a Delta, Air France, KLM or Alitalia Preferred Carrier Agreement, travel agencies, and other sellers of travel are not eligible for SkyBonus. Subject to change or withdrawal without notice. All SkyBonus program rules apply and are available at delta.com/skybonus. Taxes and fees for award travel are the responsibility of the passenger and must be paid at the time the ticket is booked.

Delta Air Lines

Delta Air Lines is committed to making business travel easier, smoother and ultimately more successful for both large corporations and for small to mid-sized enterprises like yours. We're honored to have been rated the top airline by the readers of *Business Travel News* for an unprecedented five years in a row and will continue to work hard to provide everything businesses need to excel.



Supporting Your Business on the Ground

From newly remodeled Delta Sky Club® lounges in SFO and LAX, to 2016 upgrades in ATL, LGA and SEA, Delta never stops investing in airport facilities to give customers the best possible experience. We're dedicating more than \$770 million to refreshing interiors in our fleet of 800+ aircraft, adding power at every seat, adjustable headrests and more.

The unmatched Delta Sales Support team is available 24/7 to meet the unique needs of your business, while our nearly 80,000 employees worldwide are totally focused on you—so you can focus on the destination. Delta Edge™, a suite of

beyond-contract services for Corporate Sales Agreements, offers transparency, control and innovation you won't get from another airline partner¹.

Empowering Your Business in the Air

Delta consistently leads the way in flight completion, on-time performance and fewest mishandled baggage reports². Along with our Delta Connection® carriers, we fly to 330 destinations in 61 countries on six continents, and our joint venture partnerships with Air France, KLM, Alitalia, Virgin Atlantic and Virgin Australia make it a breeze to journey overseas.

From our 180-degree flat-bed seats

to regionally tailored chef-curated meals, Delta One™ is sure to elevate the journey. With Delta Comfort+™, your travelers enjoy perks like extra legroom and Sky Priority® boarding access. Whether you need to be productive or kick back and relax, we've got you covered. We're constantly expanding our Wi-Fi bandwidth for faster downloads and streaming³, plus Delta Studio™ offers an industry-leading suite of free onboard entertainment.

At Delta, everything we do is centered around getting your employees where they need to be, safely, on time and in comfort. That's how we're building our business around the needs of yours.



Delta SkyBonus®: Taking Your Business to New Heights

Delta goes the extra mile to meet the travel needs of small to mid-sized companies with our SkyBonus business loyalty program. Your business can take advantage of new opportunities, while earning points toward travel rewards like upgrades, Delta Sky Club memberships and reward tickets.

- There's no cost to enroll.
- Points can be earned on all eligible Delta, Air France, KLM and Alitalia flights⁴.

- Even better, employees continue to earn their miles in the SkyMiles® program while they help your company earn SkyBonus points.
- In addition, our most loyal companies qualify for SkyBonus Elite, which delivers benefits like point bonuses, quarterly Sky Partner™ reports, enhanced availability flight certificates and priority servicing by SkyBonus representatives.

Learn more and enroll today at delta.com/skybonus.

¹ Delta Edge is available to customers with a valid Delta Corporate Sales Agreement.

² Based on DOT Air Travel Consumer February 2016 Report statistics for January to December 2015. On-time arrivals based on domestic mainline flights flown and completion rate based on domestic mainline flights scheduled, compared to U.S. global airlines American Airlines/US Airways and United Airlines.

³ Wi-Fi may be up to 20 times faster when compared to current ground-based systems. Wi-Fi is available on select flights. For additional details and terms and conditions, visit delta.com/wifi.

⁴ Air France, KLM and Alitalia earning and redemption only available to companies in North America.

KEEP CLIMBING



SME Travel Buyers: Who They Are, What They Manage & How

BY ELIZABETH WEST

Business Travel News' annual Small & Midsize Enterprise Travel Management Report examines travel programs with up to \$12 million in annual United States-originating air volume. In rough terms, this equates to \$1 million to \$24 million in total business travel volume, including hotel, car, meals and other ancillary travel spend.

Travel managers heading these programs face different challenges than their large-market counterparts. For the smallest among them—in *BTN's* terms, that's annual U.S.-originating air volume of less than \$2 million—they can face challenges as basic as getting on the supplier radar for discounts and benefits. For the largest SMEs—those with \$10 million to \$12 million in annual U.S.-based air volume—they may be looking to take next steps into program globalization or innovating with emerging travel management technologies.

TIME FOR MANAGING TRAVEL

Sometimes the challenge of managing travel in the SME market comes down to the amount of time available to perform the task. Only 31 percent were fully dedicated resources, while 44 spent less than half their time managing travel.

Yet, the vast majority assumed significant responsibilities: 82 percent set travel policy, 84 percent managed transient travel and/or meetings costs and 76 percent negotiated transient rates.

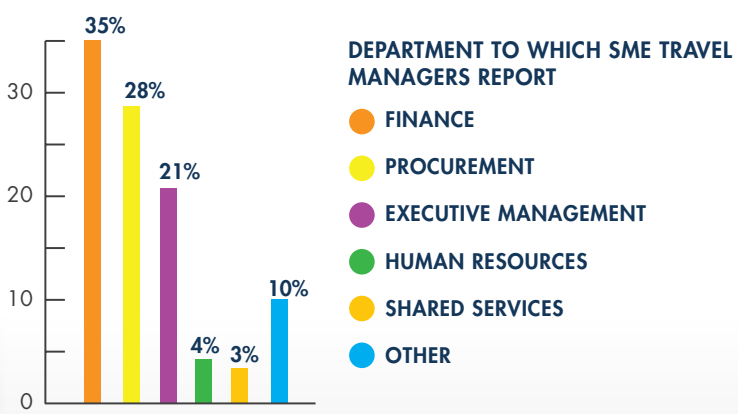
It stands to reason that the depth of responsibility, particularly with rate negotiations, would align with each travel program's spend level, but *BTN* data showed no relationship there. Many survey respondents with total travel spend—including air, hotel, car, meal and other ancillaries—of less than \$2 million reported that rate negotiations were central to their travel management responsibilities. Others, even with spend levels much higher, took a pass on preferred-rate agreements.

How travel was positioned within the company was more telling. For respondents who reported through procurement, 93 percent took on rate negotiations with suppliers. That compared with 77 percent of SME travel buyers who reported through finance and just 63 percent who reported through all other channels.

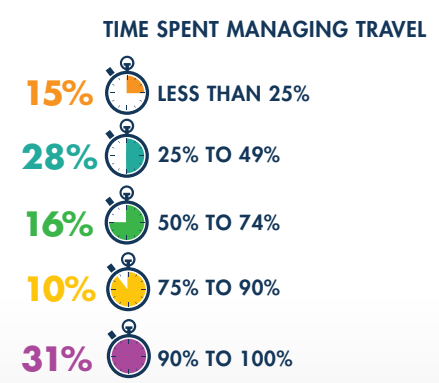
TRAVEL POLICY STRATEGIES

Survey data suggested that travel buyers were spending a fair amount of time rethinking travel policy in 2015 and 2016, particularly in terms of driving compliance to the booking channel.

NO STANDARD REPORTING HIERARCHY



TRAVEL MANAGEMENT: JUST A FRACTION OF THE SME JOB



BTN survey of travel managers with up to \$12 million in annual United States-based air volume, conducted March 3-April 28, 2016

Starwood Hotels & Resorts

Starwood Hotels & Resorts Worldwide, Inc. is one of the leading hotel and leisure companies in the world with nearly 1,300 properties in some 100 countries. Distinguished by lifestyle concepts, design leadership, and innovation, our renowned global brands include: St. Regis®, The Luxury Collection®, W®, Westin®, Le Méridien®, Sheraton®, Tribute Portfolio™, Four Points® by Sheraton, Aloft®, Element®, along with an expanded partnership with Design Hotels™.



Rich Rewards

More luxury, more destinations means more ways to get the rewards you want, when you want them. Starwood Preferred Guest, (SPG®) gives travelers the richest elite benefits in the industry, including the opportunity to achieve Gold or Platinum status for life. Other benefits include:

- Free Night Awards: Redeem for stays without blackout dates starting at just 2,000 Starpoints®.
- SPG® MomentsSM: Your Starpoints give you VIP access like no other to sporting events, culinary experiences,

concerts and more.

- Must-have Mobile Apps: Travel smarter with the SPG Apps for iPad, iPhone and Android™.

Taking Care of Our Community

Global Citizenship has become a cornerstone of our business, as we address critical issues such as human rights, climate change, conservation, and community development. We have made great progress in areas such as energy, water and greenhouse gas (GHG) emissions, while laying the foundation in new areas such as our supply chain.

Difference Matters

At Starwood we seek out differences and strive for variety in every aspect of our business. As a global company that represents eleven distinct lifestyle brands, our goal is to bring an authentic global experience to each guest by utilizing insights and perspectives from our diverse associate, supplier and owner bases.

For more information, visit
www.starwoodhotels.com

starwood
Hotels and
Resorts

spg.business



Driving Value For Small and Mid-sized Business

Fueled by the power of SPG®, SPG Business is designed exclusively for today's fast-growing small and mid-sized enterprise customer. With SPG Business, we now offer the fastest way to begin earning benefits in comparison to any other hotel company.

SPG Business provides easy, measureable benefits for companies, including:

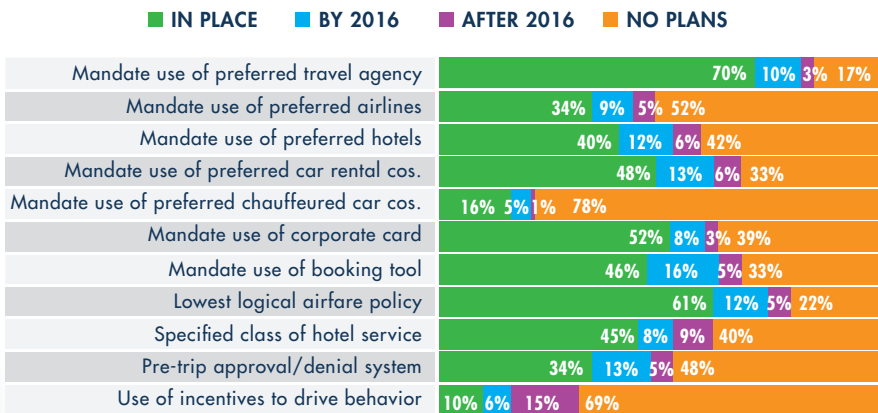
- Up to 7% off Best Available Rates (BAR)
- Streamlined tracking and online

account-management tools

- Sales support and service
- Gifting of SPG® elite status
- Corporate Preferred Guest® benefits for employees

With SPG Business, we are providing a truly unique means for small and mid-sized customers to tap into our network, explore more destinations than ever, and save more, sooner.

CHANGES ON THE HORIZON FOR POLICY FUNDAMENTALS



BTN survey of travel managers with up to \$12 million in annual United States-based air volume, conducted March 3-April 28, 2016

BTN's respondent set changes every year, but still there was a considerable jump since 2015 in companies mandating use of a preferred travel agency. Last year, 56 percent of companies had such a policy in place at the start of the year and 11 percent intended to mandate the agency channel during the year for a total of 67 percent. With 2015 in the rearview mirror, the numbers show a larger mandate; 70 percent of SME travel programs require booking through the agency channel and 10 percent more plan to do so this year.

The focus on driving travelers through the travel management company correlates with a prominent trend in open-ended responses regarding goals for 2015 and 2016: travel risk management. "We are placing more focus on duty of care and travel policy-compliant booking through our TMC," noted one survey respondent. "We now receive travel alerts in real time from our agency, [and] our travelers receive country-specific information for international travel," wrote another. While few buyers implemented third-party security partners, many SMEs relied on their TMCs to support travel risk management. For full coverage of TRM, see page 20.

SME travel buyers had additional reasons to revisit policies. Several cited "complete rewrites" to expand, clarify and ensure that travel policy "is more in line with what the traveler is experiencing." Case in point: A number of buyers were grappling with policy for the sharing economy. Given that 87 percent of SME programs are reimbursing travelers for Uber and Lyft and 43 percent for Airbnb, it may be hard to retreat substantially as they formalize policies.

Several other buyers reported they want to broaden the scope of their policies and get more strategic in corporate globalization efforts or incorporating company acquisitions into their programs. For more on this trend, see page 14.

COST CONTROL VS. PROGRAM EXPANSION

The SME market is growing its travel programs. This year's survey respondents averaged \$4 million in United States-originating air volume in 2014 and \$4.1 million in 2015. They

projected it to pass \$4.2 million in 2016. But averages can be deceiving. More than 60 percent expected air spend to grow in 2016. Among expanding programs, the average growth rate was 10 percent for those under \$2 million in air spend and 12 percent for midsize programs, between \$2 million and \$12 million in air spend.

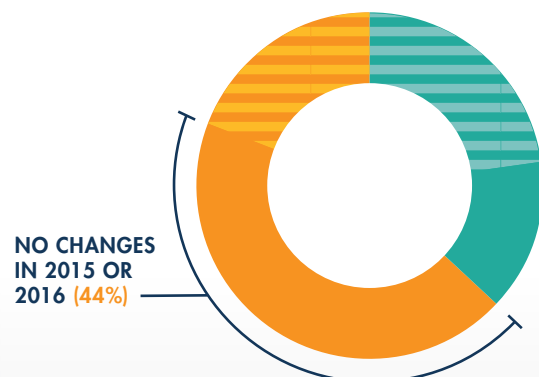
Asked about goals for their travel programs over the last 12 months, SME travel buyers in programs of all sizes cited the perennial search for cost savings. Strategy details differed. Efforts ranged from "going full Airbnb and Uber" to driving more com-

pliance to preferred suppliers. The No. 1 strategy, however, was a good old-fashioned focus on supplier negotiations.

After multiyear growth spurts, companies that did go after negotiated-rate programs reported more aggressive efforts for 2016, particularly with airlines. One of the fastest-growing programs in the survey reported success renegotiating "all airline contracts and adding three additional carriers." Yet a much smaller program with \$1.6 million in U.S. air volume renegotiated its air contracts, as well, after pegging 21 percent growth in

MAJORITY CITE POLICY REVISIONS

- MADE CHANGES IN 2015 (37%)
- ALSO WILL MAKE CHANGES IN 2016 (23%)
- MADE NO CHANGES IN 2015 (63%)
- BUT WILL MAKE CHANGES IN 2016 (19%)



BTN survey of travel managers with up to \$12 million in annual United States-based air volume, conducted March 3-April 28, 2016

Avis Budget Group

Avis and Budget offer big benefits to small and mid-sized companies.

Many of the world's most successful businesses started as small or mid-sized companies. Avis Budget Group understands that the travel needs of small and medium-sized businesses (SMB) can vary significantly from those of Fortune 500 companies. Our relationships with clients are often measured in decades, and we are proud to have served as a growth partner to clients that have moved from small to medium and from medium to large, adjusting our services and products along the way to serve their evolving travel program requirements.

SMBs benefit from a variety of offerings from Avis and Budget that help reduce travel expenses, while providing services to optimize your employees' productivity.

Low Rates and Discounts

Your Avis Worldwide Discount number (AWD) or Budget Corporate Discount number (BCD) offer attractive rates around the world. You'll never pay more than your discounted rental rate, and you can save up to 30% on all rentals. Our flexible rate program gives you the option to choose from your discounted rental rate or the lowest promotional rate, when available.

Dedicated Account Team

Benefit from a dedicated team that provides your company with account support such as billing options, informative webi-



nars, live chat service, account management and reservation assistance.

Company Rewards

Avis and Budget add value to your travel program while helping reduce your travel costs. Avis Car Rental provides SMB customers with one Rental Reward Day for every 15 qualifying rental days and, as Avis Preferred® members, travelers can also opt-in to earn Avis Preferred Points. Points can be redeemed for complimentary rental days (with no blackout dates), upgrades and optional products (like GPS). Budget Car Rental provides SMB customers with \$3 in earned credits on every qualifying rental day adding value to your travel program while helping reduce your travel costs.

Traveler Benefits

Complimentary membership enrollment in Avis Preferred or Budget Fastbreak® allows your travelers to skip the counter and the paperwork at many locations and go straight to their cars. Travelers can manage travel preferences, save profile information and stay ahead of the crowd. Plus, Avis travelers can take advantage of services such as Avis Preferred Select & Go with vehicle upgrades and car choices.

Billing Options

Whether it is the car you choose or the way you pay, Avis and Budget give you billing options to fit your business. Travelers can

choose to present a major credit card at time of rental or you can choose to open an Avis or Budget Express Billing account, which allows your company to have rentals billed directly to your corporate credit card account.

Strong Partner

Avis Budget Group is also proud to help promote minority- and women-owned businesses, which are often SMBs, to help create a level playing field for access to our procurement opportunities. Avis Budget has been honored for world-class supplier diversity programs that reduce barriers and drive growth for Women's Business Enterprises for 16 consecutive years.

Avis Budget Group today operates in approximately 180 countries around the world, providing global coverage including growth markets such as China and India. For SMB travelers, this means more options to choose from with Avis, Budget, Zipcar and Payless, greater convenience, and the promise that no matter where in the world your business takes you, you can be assured of receiving the very best quality vehicles, service and support.

For more information, contact us at avisbudget.com/btn

avis budget group

Avis
Budget
Zipcar
Payless
Apex

air volume over two years. A buyer with \$3.5 million in 2015 air volume saved “\$400,000 with agreements and waivers.”

This differs from their large-market counterparts, many of which have reached equilibrium in their agreements, thanks to mature procurement efforts. The midmarket still has room to make its procurement efforts more mature. Coming to the table with data that shows a growing program is a good way to start.

TOOLS FOR MANAGING TRAVEL

This year, SME travel managers reported higher travel technology usage than ever. Adoption of corporate online booking tools has reached more than three-quarters of the market if you include those companies that were implementing at the time of the survey. Less than 10 percent of respondents had no plans to introduce a booking tool. Expense tool adoption showed a similar trajectory, with 71 percent of respondent companies currently using or implementing a third-party online expense system.

The increased availability of technology scaled to the needs of the small and midmarket has been key to OBT and expense tool adoption. Long-term cost savings associated with automating the booking and expense processes provide a strategic advantage. These kinds of adoption numbers, however, imply that online booking and expense tools have become a traveler expectation regardless of the size of the program.

That’s good news for travel managers who ultimately need to leverage data from these systems as the backbone of supplier negotiations and, often, of traveler behavior management.

Advancement here can help drive changes that will benefit the program overall.

THE BOTTOM LINE

Small and midsize travel buyers are unlikely to realize the deep supplier discounts that their large-market counterparts enjoy, but managing traveler behaviors and effectively leveraging the purchasing power they do have can make a big difference to their organizations—and to their travelers.

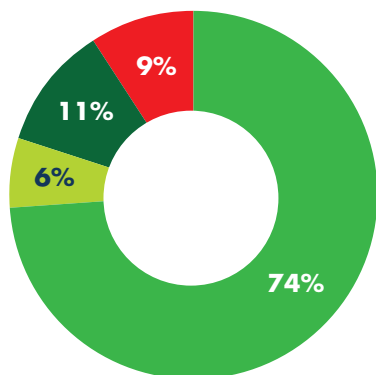
One survey respondent wrapped up possibilities in the SME market overall, citing accomplishments in 2015: “We changed TMCs, had a smooth transition, lowered average ticket cost for both domestic and international flights, conducted ... online booking tool training for over 400 travelers, met our airline contract goals and generally had a great year managing our travel!”

METHODOLOGY

Business Travel News’ 2016 SME report includes a survey designed to examine the travel management strategies and opinions of small and midsize travel buyers, defined for the purposes of this survey as working for organizations with annual United States-originating air spend of up to \$12 million. From March 3, 2016, to April 28, 2016, BTN fielded a SurveyMonkey online survey link to appropriate members of The BTN Group Research Council and qualified subscribers of BTN Group publications, including BTN and Travel Procurement. In-depth interviews of more than a dozen SME travel buyer and supplier executives also inform this report.

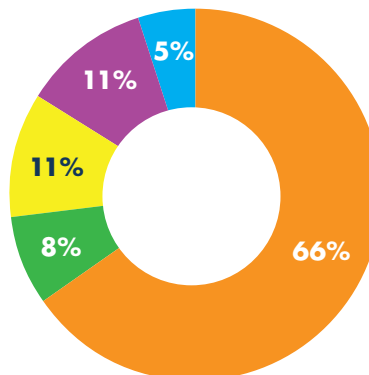
ONLINE BOOKING & EXPENSE TOOLS SATURATE SME MARKET

OBT ADOPTION



- USE A COMPANY-APPROVED OBT
- IN THE PROCESS OF IMPLEMENTING AN OBT
- WILL SELECT AN OBT IN THE NEXT 18 MONTHS
- HAVE NO PLANS TO USE AN OBT

EXPENSE PROCESS



- USE A COMPANY-PURCHASED OR -LICENSED SYSTEM
- USE AN INTERNALLY DEVELOPED SYSTEM
- IN THE PROCESS OF IMPLEMENTING AN ONLINE EXPENSE SYSTEM
- WILL SELECT A SYSTEM IN THE NEXT 18 MONTHS
- HAVE NO PLANS TO USE ONLINE EXPENSE

BTN survey of travel managers with up to \$12 million in annual United States-based air volume, conducted March 3-April 28, 2016

UNITED



A STAR ALLIANCE MEMBER 



on-time arrival.
guaranteed.

Introducing the United® Global Performance Commitment, our industry-leading promise that we will get you and your team where they need to be, on time, across our entire network. We're committed to delivering a best-in-class operation and we've invested in the product, planes and people to do so. If we fail to meet our performance goals, we'll compensate eligible corporate accounts accordingly. To learn more about the United Global Performance Commitment, visit united.com/performancecommitment.

fly the friendly skies®

SMEs Find New Reasons to Globalize

BY JULIE SICKEL

Globalization. It's a buzzword that's gotten traction in recent years in the travel industry as suppliers and corporates reach more countries and markets around the world than ever before. But globalizing a travel program up to now has been a strategy mostly reserved for larger companies, leaving small and midsize enterprises out of the conversation.

While large programs may have the time, money and resources to globalize, SMEs have a more difficult time justifying the cost of consolidating travel services worldwide. Now, however, SMEs are finding a new value proposition thanks to the improved data and risk management opportunities that come with globalization.

"We have a lot of current customers that fit into that SME [category], and while they may have had, or do have, global locations and global business, not until the last year or two has globalization become a major initiative for them," said Travel and Transport vice president of account management April Wheeler. "I am seeing, probably on about a weekly basis, customers anywhere from \$500,000 spend in the U.S. and maybe they have a couple million globally all the way up to a couple million in the U.S. and 4, 5, 6 million globally—they're asking now about ... how do we globalize?"

Christopherson Business Travel CEO Mike Cameron also has seen more interest in globalization from SME clients, and he attributes the shift largely to companies' desire to improve duty of care in light of recent world events. One SME client with an office in Brussels asked Christopherson to present a globalization strategy, "100 percent precipitated by the Belgium attacks," according to Cameron. "Their CEO wanted to know where all of their travelers are at any given time. When the Belgium attacks happened, the CEO felt the urgency to do all he could do to protect his employees."

Christopherson is a BCD Travel affiliate and so the two agencies work together to support programs looking to globalize.

Recently, BCD Travel added resources to its affiliates program to support smaller TMCs like Christopherson, which now have a growing base of clients looking to globalize.

Another driver of globalization among SMEs, according to BCD senior vice president of global business solutions Juan Perez, is the valuable data that comes with consolidation. "SMEs sometimes think that if they consolidate, they can get better deals, but really what they have is more visibility into their program than they've ever had before," Perez said. "They can figure out, 'Are we expanding into markets, therefore we have to help our company expand into those markets?' Or, 'Are we doing product launches here and maybe we need to support that?'"

Just because more SMEs are looking to globalize, however, doesn't mean it's the best solution for every company. "More and more companies are looking for it and expecting it," Perez said, "but they still have to be grounded about why they want to do it. I always like to tie what a travel department is doing back to

how it's going to help the company reach its goals."

Some companies, Wheeler said, might find they can still serve their objectives in other ways. For example, if the company wants duty of care and risk management, some SMEs might be better served to work with providers like iJet and International SOS to track travelers and feed the data back into their program and TMCs.

Travel and Transport COO Tim Fleming said companies should be mindful of the difference between globalization and Americanization. "In some scenarios, some customers want to dictate everything from the U.S. headquarters because those are really Americanized programs where they're trying to replicate what happens in the U.S. around the world," he said. "You don't want to Americanize a program and force something that actually provides less service to travelers than they might get locally, based on the customs of that country."

"While [SMEs] may have ... global locations and global business, not until the last year or two has globalization become a major initiative for them."

— Travel and Transport's April Wheeler



Wherever Life Takes You, Best Western Is There.®

At every Best Western®, travelers will find people who care about their business needs. They will discover amenities to stay productive on the road, including free high-speed Internet* and breakfast available at all locations. With more than 4,100 hotels worldwide**, finding the right hotel for business is now easier than ever.



GDS code: BW
bestwestern.com | 1-800-WESTERN

*Some amenities not available at all locations. **Numbers are approximate and can fluctuate. Best Western and Best Western marks are service marks or registered service marks of Best Western International, Inc. ©2016 Best Western International, Inc. All rights reserved. Each Best Western® branded hotel is independently owned and operated.

FORMULATE A GLOBALIZATION PLAN

When FTI Consulting global travel manager Lucy Mosca took on her current role as the company's first travel manager back in March 2015, she knew she wanted to focus on duty of care and streamlining information in the midmarket travel program.

She decided to consolidate globally with BCD, which already managed travel for the company in North America, Hong Kong and Australia. FTI recently completed implementation in Brazil and is in the process in the rest of Latin America. Mosca started with Latin America because board members there approached her about it after a small presentation she'd made. She saw the interest there as an opportunity to roll out BCD in the region and use it as an example for others.

FTI also has rolled out iJet as its risk management company across the travel program. "Since we implemented iJet, we've had much more high-level discussions within the company," Mosca said. "More of the countries want to be implemented [with the travel management company] sooner rather than later."

While Mosca's experience provides one example of a small and midmarket enterprise beginning the globalization process, TMC service providers emphasize that there's no one-size-fits-all solution, regardless of the size of the program. "Every one's a custom evaluation and a custom implementation," Cameron said. Some things he considers when evaluating a program for globalization include: travel volume; transactions; technology being used; the number of travelers in every country; the type of travel employees do within those countries, whether it's domestic, regional or international; the current TMC service configuration; and potential cultural and language barriers. "We also look at whether the client's goals are cost driven, service driven or risk management driven," Cameron said.

This early process is key to figuring out how and if a globalized program should be implemented. "It's just really important to be prepared and do the discovery and ask the questions ahead of time because there's a lot to think about and there's a lot to consider before jumping into the globalization," Wheeler said. "Sometimes I find that's when we get into it with our contacts. They haven't really thought through the whole downline process and how important it is to ask and do the downline discovery internally."

Once the big questions are answered, corporates and their partners need to figure out the implementation strategy that makes the most sense for their company. "Come up with a plan for how you want to roll out your implementation schedule," Mosca advised. "Is it going to be by region or by the country with the most travelers? I've been hitting it more regionally because I can do a couple small countries at the same time in a region as long as the languages are the same."

TMCs also may advise programs to use hubs for countries with low volumes of travelers or low spend. "We do

SME Globalization: Program Elements to Consider

SMEs should first consider the strategic goals of a globalization effort. Are they cost driven, service driven or risk management driven? From a tactical standpoint, also consider the following:

- Number of travelers per market
- Travel volume per market
- Transactions
- Technology in place
- Type of travel originating from the market: domestic, regional, international
- Current TMC service configuration
- Potential cultural and language barriers

that in Europe, where a hub country handles two, three or four other countries," Cameron said.

Other areas that globalizing programs need to consider include online booking tools, expense and payment cards. In some regions, using a single OBT, expense or card provider makes sense, but in others a single supplier for anything is unfeasible. "Online booking can be more efficient and less expensive in some cases, but that's not always the case in every single market," Wheeler said. "What the tools have as far as content or the ease of use or cultural fit doesn't always work everywhere."

Mosca said OBTs can actually add time to the early implementation process, as well, because they necessitate more training for travelers who have never used them.

PREPARE FOR THE OBSTACLES

One of the biggest globalization obstacles for SMEs is the lack of resources available. "In a small company, there's a lot of work involved with globalizing a program, and many of the larger customers—they have multiple people managing travel within that corporate that can help," Fleming said. "In many cases within the SME market, you have somebody that travel is just part of their responsibility and they do a lot of other things. Getting the time necessary from the company standpoint, not only just from travel management but also from IT resources to a lot of the other resources required to make that globalization happen—it's more difficult for the smaller customers."

SMEs also can encounter a lack of support from travelers or from higher-up officials in the company. "One of the biggest problems we find is this being driven somewhere where they don't have buy-in from everybody else," Perez said.

"SME's sometimes think that if they consolidate, they can get better deals. But really what they have is more visibility into their program than they've ever had before."

— BCD Travel senior vice president of global business solutions Juan Perez

Wheeler recommends engaging with local stakeholders whenever possible to clear the hurdle. “If that resource is not in place on a local level you can run into a lot of roadblocks along the way. You need somebody within the corporation at a local level that has bought into the fact that you’re going to be globalizing and they understand, they support it and they make sure that there is that buy-in.”

Mosca said implementing iJet and educating travelers about duty of care has helped her garner support for globalization, but she still needs to educate travelers about areas that are more difficult to grasp. “I’m trying to explain and educate them on the transaction fee—that it’s the cost of doing business and the company acknowledges that and it’s fine, that’s why they’re backing that process going forward and that it’s not just so the agency can make money.”

Buyers also have to consider cultural factors and be prepared to run into barriers at first. “As we all know, travel is such a personal thing,” Fleming said. “There are generally relationships that exist in local markets [and] you really have to make sure that you identify what the value of globalizing the program is because I’m not certain I see any cases where there hasn’t been some resistance from global

Working Around Obstacles

- Forge internal partnerships – Globalization requires IT work, human resources, legal and liaising with lots of stakeholders.
- Get broad buy-in – There’s almost always local resistance to program globalization. Strong executive buy-in and a local champion is key.
- Examine local market relationships – Established local relationships are powerful. Explore what is good about the local services and figure out how to incorporate it.
- Make a major commitment – Be ready for off-hour calls and meetings in multiple languages.

markets based on relationships that generally exist.”

For SMEs that do take on globalization, Mosca also had some more clear-cut advice: Prepare for a lot of off-hour calls and some in different languages. ■

A Network of Solutions, Advancing Travel Payment

ITINERARY-LEVEL DATA — REDUCE COSTS

INCREASE CORPORATE LOYALTY

Learn more, visit UATP.COM
marketing@uatp.com

UATP[®]

>> SUPPLIER FOCUS

Southwest Airlines®



Celebrating 45 years of service with continued expansion of our breadth of service and frequency in our top markets, forward brand momentum, and a new Business Development Department.

Southwest Airlines continues to differentiate itself from other carriers by providing exemplary Customer Service delivered by our 50,000 Employees to more than 100 million Customers annually. Southwest proudly operates a network of 97 destinations across the United States and seven additional countries with recently announced routes to Liberia, Costa Rica and Long Beach, California. We're taking TransfparencySM on a world tour with the continuing thread of hospitality.

>> Transfparency

Southwest provides everyday low fares, a simple fare structure, reusable travel funds,¹ and no hidden fees. That's Transfparency. Southwest Airlines fares are priced as one way tickets, allowing ease and flexibility when booking multi-city, circle trips, and more. Business travelers experience Bags Fly Free^{®2} and no change fees³ when your schedule alters.

>> Business Development & Corporate Partnerships

A recent reorganization moves our Corporate Sales Team into the newly formed Business Development Department. Southwest values our business travel partners and understands the importance of evolving to meet the changing needs of business travelers and corporate partners. Whether managing a multi-million dollar business travel program for a Fortune 500 company or making purchasing decisions for a single office start-up, Southwest Airlines' suite of business travel products, programs, and the dedicated Sales Team can help meet your business travel goals.

>> SWABIZ™

Southwest's free online corporate booking and management tool provides access to our everyday low fares with no transaction fees. SWABIZ allows Travel Managers the ability to track and manage their Southwest Airlines transactions with ease through real time

reports available at the click of a button. Only SWABIZ Customers have access to exclusive business travel promotions. For qualified accounts, Southwest offers a SWABIZ Meeting program to help our partners manage their large meetings while lowering travel costs.

>> Business Travel Experience

Southwest provides a suite of distribution solutions to meet the unique booking needs of our corporate partners, and a streamlined in-airport experience for travelers. Business Select[®] fares guarantee an A1-A15 boarding position, extra Rapid Rewards[™] points, a free drink (premium or alcohol) inflight on day of travel and access to our Priority Security and Check-in lanes.⁴ EarlyBird[®] offers automatic flight checkin and assigns you a boarding position 12 hours before general boarding becomes available. Your travelers can also purchase gate-to-gate Wi-Fi onboard⁵, allowing them to be productive while on the go. We also offer a selection of free, live TV channels that can be streamed via personal device.⁶

Southwest hires People who have a Servant's Heart so your experience every step of the way, from collaborating with our Corporate Sales team to your travelers' in-flight experience, should be hospitable, thoughtful, and memorable from beginning to end.



For more information, visit southwest.com/corporatetravel

Southwest®
Corporate Travel

¹ As long as flight is changed and cancelled 10 minutes prior to scheduled departure; ² First and second checked bags, size and weight limitations apply; ³ Fare differences may apply; ⁴ At participating locations; ⁵ On Wi-Fi-equipped plane; ⁶ Requires Wi-Fi-enabled device (802.11a/b/g or n) with an Internet browser and Wi-Fi-equipped plane.

Save the day and your bottomline.

At Southwest®, our Corporate Travel Team has you covered. They'll create a custom agreement that suits your company's needs with great benefits like low fares and no change fees*. Now you can stop stressing over travel budgets and feel confident you're getting the value you want. Visit [Southwest.com/corporatetravel](https://www.southwest.com/corporatetravel) for more information.

Southwest®
Corporate Travel

*Fare difference may apply.



Risk Management: Getting Started

BY JOANN DELUNA

Following the Paris terrorist attacks last November, the number of small and midsize enterprises asking BCD Travel about duty of care and risk management offerings spiked 50 percent, said senior vice president and BCD Travel Affiliates head Kathy Bedell.

Business Travel News' 2016 Small & Midsize Enterprises survey revealed that 40 percent of SME travel managers had risk management programs at the end of 2015. Not too far behind, though, 30 percent have no plans to implement such a program.

Considering 6,000 travel disruptions occurred in 2015, according to travel risk management and security firm iJet, why aren't more companies implementing programs that will allow them to assist travelers during emergency situations?

Cost is one likely factor. A basic duty-of-care program from a third party that provides travel managers with travel alerts would cost about \$10,000 a year, Bedell estimated. Most companies say it's worth it to keep travelers safe, but SMEs might find it difficult to budget the amount.

There's also a difference between a duty-of-care program and an emergency-assistance service. While emergency assistance may make some travel managers feel prepared, traveler-tracking capability doesn't come along with it. "During Paris and the explosions in Brussels, [companies] found that they couldn't

account for their people. ... They found that they actually needed a program," said International SOS regional security manager for the Americas Matt Bradley.

So what can SMEs do to track and protect travelers?

Have a plan and follow the mantra, "Prepare, monitor and respond," said iJet vice president of global operations for travel risk management George Taylor. "Bigger companies may have more money, but throwing money at the problem isn't always the solution. If you don't have a plan, policy or methodology around action ... all that technology is a bunch of noise. It's like having the news and a television show on: You're getting a lot of information, but what are you going to do with it?"

STAY IN TOUCH

Travel data experts like to throw around the phrase, "You don't know what you don't know." To find out, companies can take an assessment like the Global Business Travel Association's, which identifies weaknesses and improves existing risk management plans or helps develop them. "It determines where the real liabilities are and what the next steps should be," said Bedell, who was part of the committee that worked on the module.

Among the most common SME vulnerabilities, she said, are not consolidating with one travel management company and

Travel Risk Management Low-Tech Basics

- Designate someone to lead risk management and appoint a team. Include departments like finance and HR.
- Create a plan, which includes a communication protocol for emergencies, such as checking in through email, text or a phone call when unexpected events happen. The plan also can include a checklist of what to do before, during and after an event occurs.
- Rehearse the plan with travelers.
- Ensure travelers book trips through designated booking tools or have them send booking details to the travel management company to help keep track of them through itinerary data.
- Before they travel, educate employees on the risks of their destinations.

STATUS, MEET YOUR MATCH.

When you switch to a business rental solution from Enterprise and National, you don't have to sacrifice your hard-earned status with another brand. We'll match your standing within the tiers of National's Emerald Club[®], so you never have to take a step back.



Visit www.drivealliance.com/BTN
or call 1-877-439-4504 to learn more.



not managing all of the company's travel. Either makes it more difficult to track employees.

Next, designate a person to own the risk management initiative and develop a team, Taylor suggested. This person and team will implement and update the program and serve as the contact people, as well as sell the initiative to C-level management and to employees. Bedell encourages companies to recruit representatives from finance and human resources, as well as a security department if one exists. Companies also should reach out to their travel management companies, as TMCs have resources, contacts, information and suggestions they can share, Bedell added.

Establish a plan that includes a communication protocol for emergencies. This can be as basic as having the travel manager reach out to potentially affected travelers or having travelers call, text or email to check-in when things go wrong or at designated times from high-risk locations, Taylor suggested. More sophisticated options include mobile apps with one-touch check-ins or panic buttons. The point is to communicate and account for travelers and help those in need as quickly as possible.

Part of the plan can include monitoring specific areas and sending threat levels to travelers. "It doesn't cost much to do that," Taylor said. "These are fairly simple, low-tech things they can do."

"If you don't have a plan, policy or methodology around action ... all that technology is a bunch of noise. It's like having the news and a television show on: You're getting a lot of information, but what are you going to do with it?"

—iJet's George Taylor

PLAN AHEAD

For iRobot Corp., traveler safety begins long before an employee leaves on a trip with "pre-deployment preparation," according to corporate travel manager Shelby LeMaire. The riskier the destination, the more pre-trip approvals and protocols with which travelers need to comply. This includes employee education on the risks they may encounter specific to a destination. "You're not going to eliminate risk completely, but the goal is to

minimize any risk that's associated with an incident by educating our travelers," LeMaire said.

She also developed a response plan for specific, potential incidents. "We put a lot of thought into what we need to do as a company so we can react more efficiently and go through mock trials, as well," LeMaire said.

STAY ON THEIR TRAIL

A BTN Monitor survey that included 130 corporate SME travel buyers conducted in January showed that 55 percent use TMC itinerary data to track travelers. However, this method relies on employees to book travel through designated booking channels or forward information for travel booked outside those channels, including last-minute changes.

Regardless of size, companies struggle to capture this data. Still, travelers' whereabouts is the foundation of a risk management program, and SMEs need to capture as

Is Duty of Care Overrated?

Dan Ruch has a problem with the concept of duty of care. "Frankly, duty of care is a perceived issue but not a real issue," the CEO of gamification travel management startup Rocketrip said. "Travel managers believe that duty of care is a more important part of their role than it actually is."

He said the concept has been used as a "largely overhyped sales tactic" to keep "the old guard of incumbents relevant." By incumbents, he meant travel management companies and suppliers who fear Airbnb, Rocketrip and new booking channels like Concur's TripLink. Hiding behind the duty-of-care premise to avoid such suppliers has delayed innovation in the industry and forced

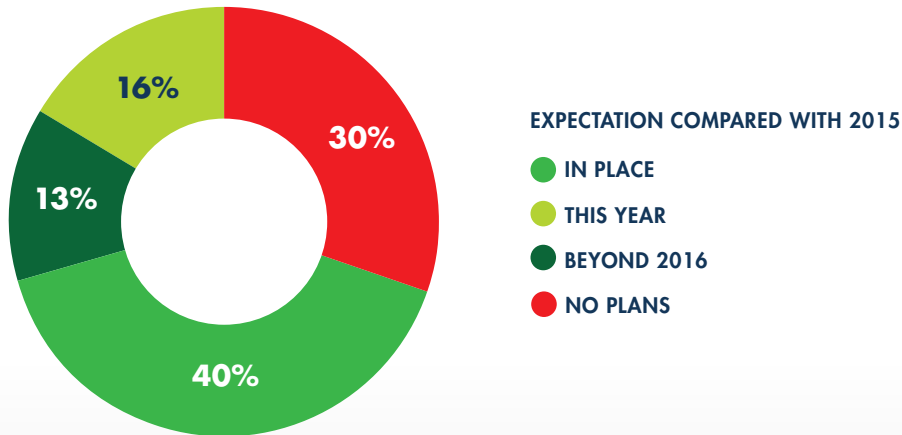
travelers to use "subpar" booking channels, he said.

Rocketrip helps corporations incentivize their travelers to spend less, which can mean travelers stay in hotels outside the travel program or even at a friend's house, theoretically making travelers harder to track than those who stay with preferred suppliers. But the company's smaller clients have "a more flexible approach" to employee tracking, Ruch said, and as long as an employee sends his or her travel information to Rocketrip, the company can send those trip details to a travel risk management firm. "That's sufficient and they don't need to be proactively alerted by a duty-of-care

provider," he explained. "For them, it's more about having the information of where employees are so if [there is] an [adverse] event, the companies have the information to deal with it."

Ruch also said companies should trust their employees to get themselves out of sticky situations by calling the supplier or TMC to rebook. "We're assuming our travelers don't have brains," he said. "Our travelers are very sophisticated, thoughtful individuals, and they can operate just fine on their own. They do it all the time in their personal lives, so why are we assuming that when they're traveling for work, they don't know how to travel on their own?"

69% OF SMES HAVE RISK MANAGEMENT PROGRAMS OR PLAN THEM



BTN survey of travel managers with up to \$12 million in annual United States-based air volume, conducted March 3-April 28, 2016

much of this data as possible.

TMCs also can help companies monitor potentially threatening events worldwide and call up reports noting which travelers may be affected when an event happens. Corporations could track events on their own by visiting a slew of government and news sites, but that is time consuming. As a low-cost, time-saving solution, Taylor suggested a 24/7 hotline through a travel risk management firm.

BTN's January poll also found that 30 percent of SME travel buyers use credit card data to track travelers. Not all SMEs issue corporate cards, but for those that have access, card swipes can help identify a traveler's last known location.

"During Paris and the explosions in Brussels, [companies] found that they couldn't account for their people ... They found that they actually needed a program."

International SOS's Matt Bradley

GPS, meanwhile, offers near-real-time tracking. Interest and adoption has grown 10 percent over the past two years, according to iJet. BTN found that 11 percent of SME travel buyers use GPS tracking tools and an additional 15 percent are considering it for at least a limited deployment for high-risk markets or for certain types of travelers. GPS tracking, however, relies on employees to keep a tracking app on at all times. On a philosophical level, this fact may push privacy boundaries.

On a practical level, constantly pulling in GPS signals will devour battery life. This means a back-up data source like TMC itinerary data is still important. ■

Duty of Care Isn't Just for Crossborder Travel

Shelby LeMaire, corporate travel manager for iRobot Corp.—which has primary offices in the United States, Asia and Europe, plus satellite offices throughout the world—is redefining which travelers its risk management program is meant to protect.

The program it implemented four years ago has focused on the 300 employees who travel internationally.

"The industry has always focused on international travel, as in the past that was the greater risk," LeMaire said. Now, though, iRobot's concept of duty of care is evolving to include domestic travelers. "Because we still need to fulfill a duty of requirement to our travelers traveling domestically, we are putting protocols in place this year to help protect

and mitigate travel risk regardless of where the employee is traveling, whether homeland, domestic U.S., inter-Asia or inter-Europe."

LeMaire is in a good spot to broaden her risk management program, considering the company's 97 percent booking compliance provides solid information on where employees are traveling.

SMEs Are Finding Better Deals Across Most Supplier Categories

BY MICHAEL B. BAKER

Small and midsize enterprises have strengthened their negotiating position across most supplier categories over the past year.

More than a third of buyers in *Business Travel News'* SME survey said both their air and their car rental agreements have turned more favorable over the past year. The vast majority of the rest said their agreements at least were as favorable as the prior year, and only a handful said pricing had worsened.

Lodging is a different story. While a quarter of buyers said hotel pricing had improved year over year, 37 percent said it had gotten worse.

Opportunities exist across all categories, however. Even without the volume of large corporate travel programs, SMEs remain attractive prospects for travel suppliers, according to Olivier Benoit, senior director and air practice area leader for BCD Travel consulting unit Advito.

"The SME segment has shown a double-digit growth rate [in carriers' revenue] for the past 10 years," Benoit said, noting that growth has ranged from 10 percent to more than 30 percent annually over that period, while revenue growth across the broader business travel industry has trended between negative-5 percent and 5 percent. "It is less volatile than a key account or a global account. It's also more resilient in case of a global crisis because it's less exposed and [less] concentrated on the global economy."

SMEs' potential growth remains a selling point, as well. After all, today's startup could be tomorrow's

Google, and suppliers know that trusted partners could be taken along for the ride.

Even so, the desire to win SME business does not always translate to investment from all categories of suppliers, said Yon Abad, senior director of Carlson Wagonlit Travel's Solutions Group in the Americas. It's still not uncommon for some suppliers to have one account manager with 200 clients, making careful strategy all the more important.

AIRLINE OPPORTUNITIES REMAIN

On paper, 2016 looks like it would have been a difficult year for SMEs to find favorable pricing with airlines. American Airlines completed its switchover of US Airways to American's reservations system last October, after years of consolidation by U.S. airlines. The mergers continue this year, pending approval of Alaska Airlines and Virgin America's union.

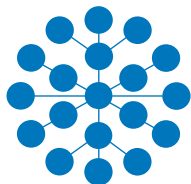
U.S. airlines are raking in record profits amid better cost control and low fuel prices. Yet they still are struggling to gain traction with fares in many markets, thanks to competition from low-cost carriers and other carriers that are growing their networks.

Nearly half of buyers in *BTN's* survey negotiated with airlines directly, and Abad said the general air spend threshold needed for corporate travel buyers to get a foot in the door has not gone up amid consolidation. Travel patterns and the company's service requirements—a high business class volume versus economy class travel, for

"The SME segment has shown a double-digit growth rate [in airline revenue] for the past 10 years. It is less volatile than a key account or a global account. It's also more resilient in case of a global crisis because it's less exposed and [less] concentrated on the global economy."

—BCD Advito's Olivier Benoit

3rd
annual



innovate

for the advancement of business travel

Brought to you by the publishers of Business Travel News and Travel Procurement, Innovate combines cutting-edge buyer education, travel supplier innovation and industry networking for corporate travel and procurement professionals.

Join 300 of your peers and business travel's most influential thinkers, leaders, innovators.

PARTICIPATE IN A SERIES OF THINK TANKS OVER TWO DAYS

- * Data Privacy & Sharing
- * Traveler Engagement/Behavior
- * Yield Management Yin Yang
- * Sharing Economy Policy
- * End-to-End Integration

REGISTER TODAY

September 27-28, 2016

New York Marriott Marquis
New York City

PLUS!

THE INNOVATOR LAB SHOWCASE

Featuring up to twelve presentations of cutting-edge products, technologies and services developed by travel suppliers to address industry challenges and support managed business travel or business travelers.

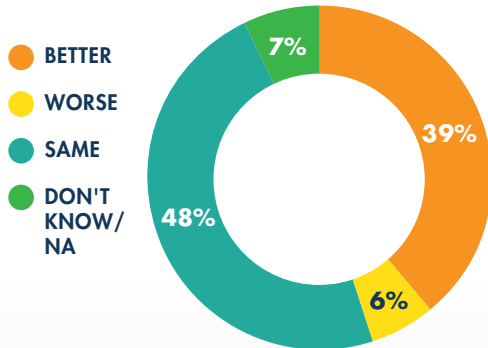
Early Bird Registration
through
July 15, 2016

BTNIinnovate.com

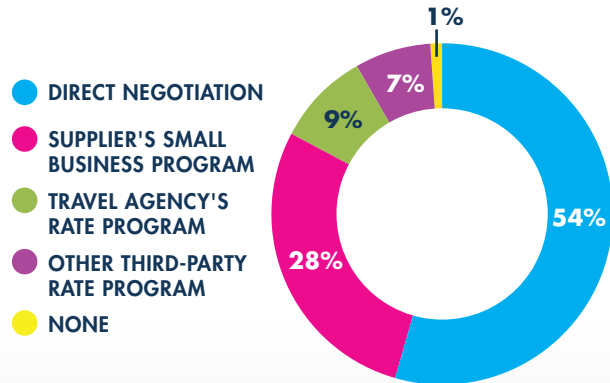
BTNGROUP
CONFERENCES

AIRLINES & SMEs

CURRENT PRICING AGREEMENTS VS. PREVIOUS AGREEMENTS



PRIMARY APPROACH TO GETTING DISCOUNTS



BTN survey of travel managers with up to \$12 million in annual United States-based air volume, conducted March 3-April 28, 2016. Pricing changes are based on each SME's relationship with its largest U.S. air supplier.

example—remain more important than sheer volume for procuring those deals. “SMEs need to provide something of interest to the airline in terms of yield,” Abad said. “If you are a company based in Houston [where the energy sector has suffered] or have business on routes where they have seen strong decreases in volume, chances are they’ll be looking for more business.”

When travel patterns allow it, low-cost and alternative carriers still can provide a good value proposition for SMEs. Former DocuSign global travel and card manager Rick Wakida found Alaska and Virgin America “a little hungrier” to win SME business in San Francisco and Seattle.

And SME buyers have options outside of contracts, too. DocuSign’s volume was not sufficient to get Wakida even a conversation with Delta Air Lines for a corporate contract, but he was able to get an agreement with the Delta-Virgin Australia alliance. Virgin Australia’s service matched DocuSign’s travel patterns, and travel buyers’ agreements with carrier alliances and joint ventures generally come with less of a volume requirement, albeit also with less lucrative discounts, he said. “We had a legacy JV and were able to contract with a couple of the low-cost carriers to fill the top markets and some other markets,” Wakida said. “For the rest, we had the lowest published fare at the time of booking, but even the large programs have a certain amount of that.”

More SME buyers in *BTN*’s survey, more than a quarter, used small-business programs as their primary approach to savings for airlines than for any other supplier category. In most cases, these programs center around earning points and rewards for corporations.

They draw buyers because they generally are free, allow for simple online management and require no changes in booking methods or extensive knowledge of airline pricing, Benoit said.

Wakida said: “It should be a no-brainer. If you can’t get any type of agreement with a carrier that has an equity program, you should be enrolled in that program. All the majors have them, and no company can escape using the majors, so you might as well accrue points on them.”

Still, using those points can be a challenge, he cautioned. Some travelers, for example, might balk at being booked on rewards tickets, as it prevents them from earning miles for their own frequent-flyer memberships. As such, many SMEs look at ways to turn such programs into benefits and incentives for employees: offering lounge access, buying flights for employee prizes or even offering them as bereavement benefits, Wakida said.

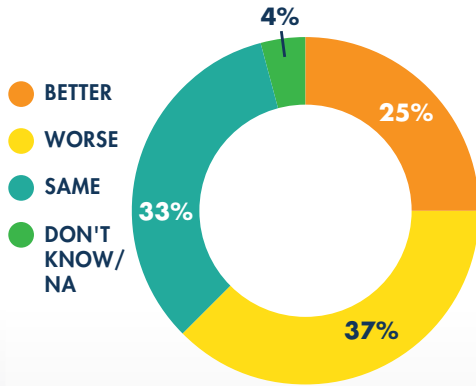
An air supplier’s SME program can save companies between 3 percent and 5 percent per year, Benoit said. Advito advises that administration of such a program becomes worth it once a company reaches \$50,000 in spend on that carrier.

HOTELS RAISE PRICE OF ENTRY

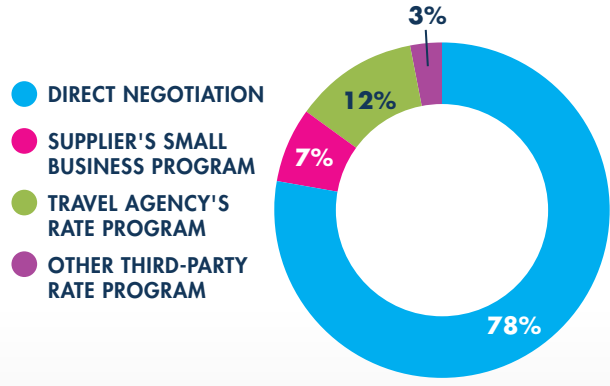
While hotels present the biggest pricing challenges for SME buyers, they also form the supplier category with which buyers work the closest. More than three-quarters of SME buyers negotiate directly with hotel suppliers, according to *BTN*’s SME survey. That’s more than negotiate directly with any other kind of supplier. Looking forward,

HOTELS & SMEs

CURRENT PRICING AGREEMENTS VS. PREVIOUS AGREEMENTS



PRIMARY APPROACH TO GETTING DISCOUNTS



BTN survey of travel managers with up to \$12 million in annual United States-based air volume, conducted March 3-April 28, 2016. Pricing changes are based on each SME's relationship with its largest U.S. lodging supplier.

those negotiations could get even more challenging.

Hotels in the United States have been riding the wave of a seller's market for several years, particularly in such cities as San Francisco, where rates are rising quickly amid limited supply growth. At the same time, mergers are ramping up, including InterContinental Hotels Group's acquisition of Kimpton, Accor's acquisition of Fairmont and, biggest of all, Marriott International's acquisition of Starwood. The latter could present a different landscape for the formerly fragmented industry; in some major markets, more than half the corporate-quality hotel supply could consolidate under the united company's control, Abad said.

Even though those deals are not closed, many major hotel brands are increasing the volume buyers need to spend to get pricing agreements, he added. "The seller's market is here to stay, and rates are going to increase, as they have in the past two years. Some destinations have a very high threshold, and even though many companies do business in the region, very few have access to corporate rates."

Wakida, whose results with hotels in the past negotiating season ranged from "neutral to less favorable"

than the year before, has seen suppliers demand more spend in Paris and Dublin, in particular. Some of the larger chains no longer were interested in negotiating for a room-night volume as they had in previous years or would offer rates only without last-room availability, he said. Boutique and independent hotels offer a way around those obstacles, according to Wakida. "If you're a Sheraton, you expect X amount of business to provide a negotiated rate, but for a boutique or independent, hotel, the same amount of volume might make you one of their top 10 clients," he said. "That gives you more negotiating power."

Adito principal and vice president Bob Brindley said SMEs should negotiate fixed rates at individual hotels where they have at least 100 room nights per year. Chainwide discounts can help SME buyers fill in elsewhere. However, major global chains typically require \$500,000 to more than

\$1.5 million in annual spend for chainwide-deals, putting them out of reach for many SME buyers. "In these cases, booking best-available rates through the preferred travel management company is the best bet to obtain the best pricing and receive a rebate of commissions that will partially offset the TMC expense," Brindley said.

"The seller's market is here to stay, and [hotel] rates are going to increase, as they have in the past two years. Some destinations have a very high threshold, and even though many companies do business in the region, very few have access to corporate rates."

—CWT Solutions Group's Yon Abad

Only 7 percent of buyers in the *BTN* survey said small-business programs form their primary approach with hotels. Those programs are not as prevalent within the hotel sector as they are on the air side, as hotels target travelers through loyalty rewards programs and, more recently, by offering benefits or discounts to loyalty program members who book direct, Brindley said. Those discounts generally are less or equal to commissions available by booking best available rates through TMC partners, he added.

There is one silver lining for SMEs in this persistent seller's market, Abad said. Even buyers at the mercy of published hotel rates can mitigate them via last-minute hotel deals from such apps as Hotel Tonight, rate-shopping technology like tripBAM and, should policy permit, Airbnb. "There's so much technology available at little to no cost, so from a management perspective, we've never been in a better place to find savings," he said.

CAR RENTAL PRICING STAGNANT

At the end of 2015, car rental chief executives singled out SMEs as an area where they thought they could push up pricing. Since, though, they haven't gotten traction in rate hikes at all.

Despite industry consolidation over the past several years, each of the three major car rental companies has kept its brands distinct, so the industry remains competitive. The industry also still is trying to balance inventory with demand, and until they do, fleet saturation will continue to stifle pricing growth.

And while car rental executives see ridesharing services like Uber and Lyft more as competitors to taxis than to the car rental industry, those services have eaten away some of car rentals' share, as well, Abad said.

Seventy percent of SME buyers surveyed engage in direct negotiations with car rental suppliers, and Abad said they face a conducive environment for favorable negotiations: "It's a very difficult environment for [the car rental industry], and we can say, because of all the threats and mutation going on, it's a buyer's market. There's an opportunity for SMEs if they manage this category."

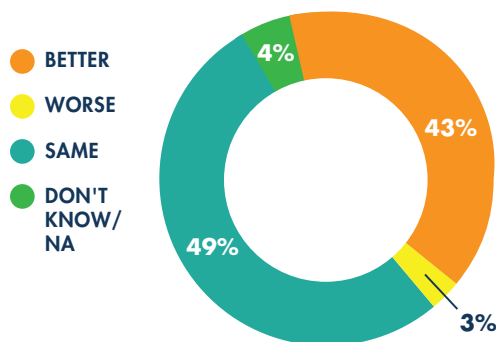
"It's a very difficult environment for [the car rental industry], and we can say, because of all the threats and mutation going on, it's a buyer's market. There's an opportunity for SMEs if they manage this category."

—CWT Solutions Group's Yon Abad

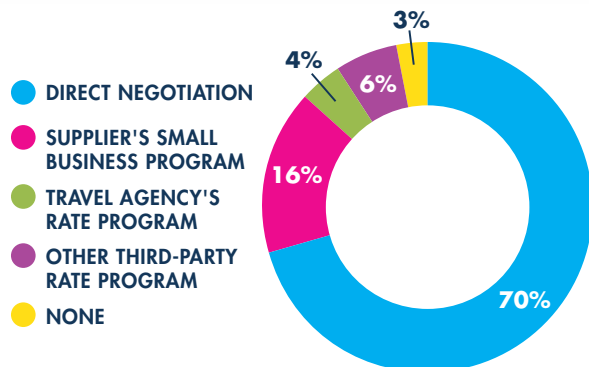
For some smaller companies, car rental is such a small piece of the program that management is not a high priority. Wakida said ground transportation accounted for about \$2 million in spending in his program, and car rental made up only about \$100,000 of that, insufficient volume for a contract. Trip-planning technology, now more accessible, also helps companies evaluate when other options,

CAR RENTAL COMPANIES & SMEs

CURRENT PRICING AGREEMENTS VS. PREVIOUS AGREEMENTS



PRIMARY APPROACH TO GETTING DISCOUNTS



BTN survey of travel managers with up to \$12 million in annual United States-based air volume, conducted March 3-April 28, 2016. Pricing changes are based on each SME's relationship with its largest U.S. car rental supplier.



TRAVEL MANAGER OF THE YEAR

JULY 19, 2016
6:30 PM – 8:30 PM

THE WESTIN DENVER DOWNTOWN

Business Travel News invites corporate travel buyers to attend its 32nd annual reception as the coveted Travel Manager of the Year award is presented. Also announced during the reception are the 2016 Best Practitioners for their industry accomplishments and innovations.

**Space is
Limited,
Register
Now!**

**Don't miss this exclusive
gathering of the industry's
elite corporate travel
professionals!**

BTNGroupConferences.com/TMOY

PRESENTED BY

BTN
BUSINESS TRAVEL NEWS

SPONSORED BY



GLOBAL BUSINESS TRAVEL



MasterCard

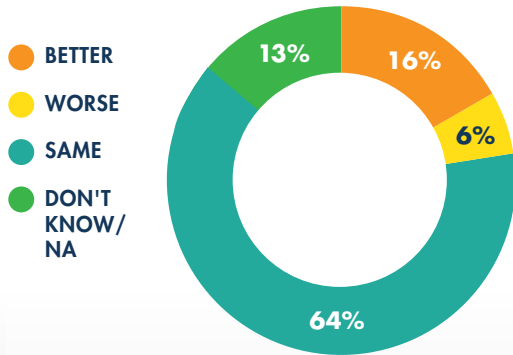


A STAR ALLIANCE MEMBER

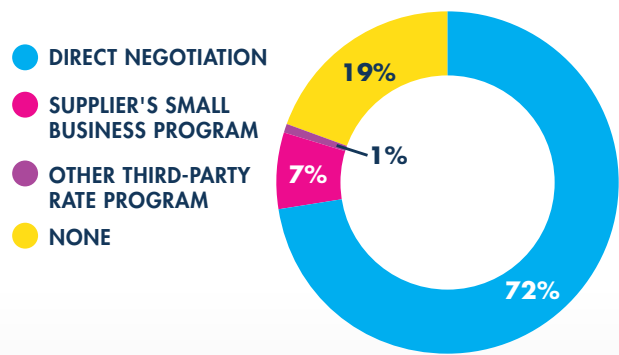
WESTIN
HOTELS & RESORTS

CORPORATE CARDS & SMEs

CURRENT PRICING AGREEMENTS VS. PREVIOUS AGREEMENTS



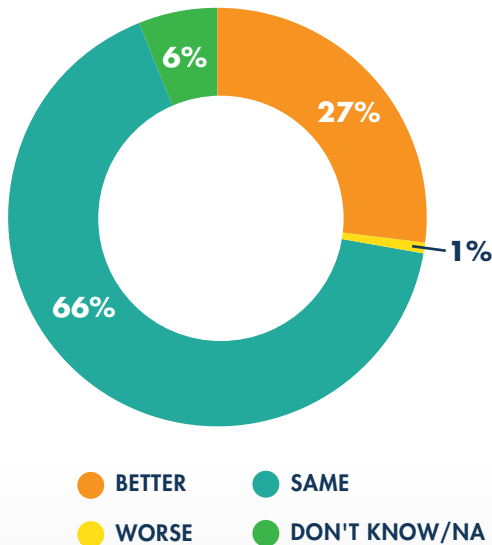
PRIMARY APPROACH TO GETTING DISCOUNTS



BTN survey of travel managers with up to \$12 million in annual United States-based air volume, conducted March 3-April 28, 2016. Pricing changes are based on each SME's relationship with its U.S. corporate card supplier.

TRAVEL AGENTS & SMEs

CURRENT PRICING AGREEMENTS VS. PREVIOUS AGREEMENTS



BTN survey of travel managers with up to \$12 million in annual United States-based air volume, conducted March 3-April 28, 2016. Pricing changes are based on each SME's relationship with its largest U.S. travel agency.

including public transportation, would be more feasible than car rental, Abad said.

PAYMENT

Almost three-quarters of the SMEs BTN surveyed negotiate directly with suppliers for corporate card programs, which have a low barrier to entry for companies that want to use them.

In general, there is no spending minimum for setting up a corporate card program, so setting them up can make sense even for companies with as little as \$25,000 in spending per year or as few as five travelers, said Mario Kriebel, vice president of commercial payment solutions for BCD Travel. Implementation still presents challenges, however, including employee credit checks and ensuring that fees don't outweigh benefits, he said.

Some bank issuers market directly to smaller business with specialized programs that include such benefits as longer payment terms and travel-related insurance packages, Kriebel said. Only 9 percent of SME buyers in BTN's survey said such programs were their primary approach to their card programs.

Use of personal credit cards is still a prevalent approach among SMEs, and that presents its own set of challenges, Kriebel said. "Travelers generally like that setup, because they earn a lot of miles or points using their private credit cards," he said. "One drawback is that it provides the company no management information system data to control expenses. Another is that the reimbursement process can be heavy, especially if a company has international travelers." ■

2016
**SMALL &
MIDMARKET**
**Travel Management and
Purchasing Practices**

**WEDNESDAY
JULY 13, 2016**
1pm ET /10am PT

Business Travel News' annual **Small & Midmarket Travel Program Report** focuses on programs that have between **\$500,000 and \$12 million in U.S.-booked air volume.**

In this webinar, SME travel buyers will find out about policy trends, compliance rates and tech strategies for like-sized programs. Expert SME practitioners will offer on-the-ground advice about negotiations and a deep dive into SME travel program globalization and risk management strategies. Most important: Bring your SME program questions to this session, and we'll get them answered.

Join *BTN* and cosponsors Avis Budget Group, Delta Air Lines and Starwood Hotels & Resorts for the presentation. Register today!



LUCY MOSCA
Global Travel Manager
FTI Consulting



DAN SCHWARTZ
Global Travel Manager
Allegion



RICK WAKIDA
SME Travel Program
Specialist

TOPICS COVERED INCLUDE:

- **Highlights from the latest *BTN* research on policy trends, compliance, tech implementations and more**
- **Supplier negotiation opportunities and limitations**
- **Case Study: SME Travel Program Globalization**
- **Case Study: SME Travel Risk Management**

REGISTER at www.BusinessTravelNews.com/Webinars

PRESENTED BY
BTN
BUSINESS TRAVEL NEWS

SPONSORED BY

avis budget group
Avis
Budget
Zipcar
Payless
Apex

DELTA
SKYBONUS

starwood
Hotels and
Resorts

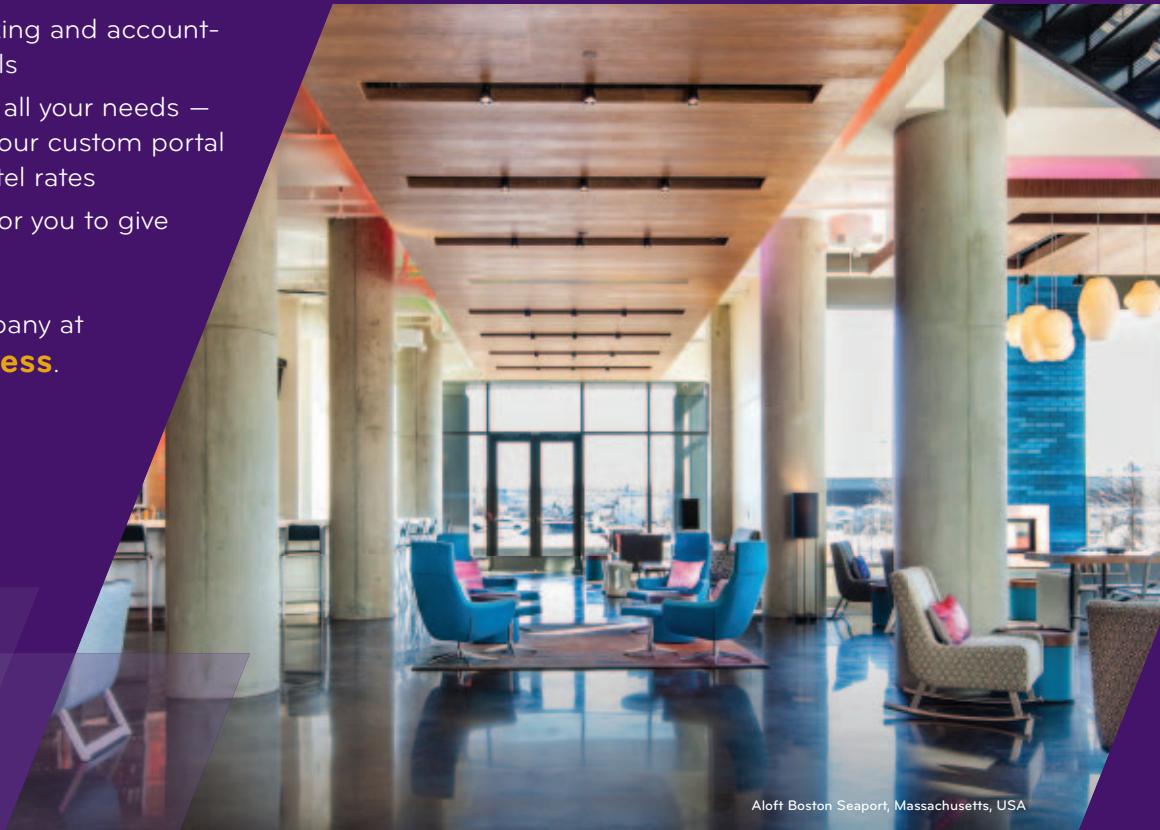
Good for business*

ENJOY SPECIAL RATES AND BENEFITS EXCLUSIVELY FOR YOUR SMALL TO MIDSIZED BUSINESS.

Book more. Save more. Your company may be eligible for discounted rates at more than 1,300 Starwood hotels and resorts worldwide. That's in addition to the great SPG® benefits your travelers receive. Register today and your company will enjoy benefits that get better the more you book with us.

- Up to 7% off Best Available Rates*
- Streamlined tracking and account-management tools
- Sales support for all your needs – from navigating your custom portal to negotiating hotel rates
- SPG elite status for you to give to employees

Register your company at spg.com/business.



Aloft Boston Seaport, Massachusetts, USA

*Best Available Rate is defined in the terms and conditions as the Lowest Unrestricted Retail Rate.

More Luxury. More Destinations.



WESTIN



Le MERIDIEN



TRIBUTE PORTFOLIO



View complete terms and conditions at spg.com/business.

©2016 Starwood Hotels & Resorts Worldwide, Inc. All Rights Reserved. Starpoints, SPG, Preferred Guest, Sheraton, Westin, St. Regis, The Luxury Collection, W, Le Méridien, Tribute Portfolio, Element, Aloft, Four Points and their respective logos are the trademarks of Starwood Hotels & Resorts Worldwide, Inc., or its affiliates. Design Hotels is a trademark of Design Hotels.