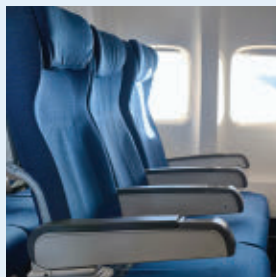


BTN

BUSINESS TRAVEL NEWS



TRANSPORTATION

American's preferred seats will be free for corporate travelers; plus combinable fares & airlines' investments in security checkpoints.

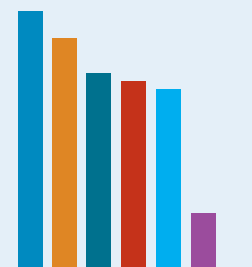
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GLOBAL

Two years later than planned, Concur rolls out Expenselt in the United Kingdom; plus, Concur's Europe-based revenue doubled in 2015.

PAGE 30



WHAT THE TRAVELER THINKS

Business travelers use more sharing economy services than just Uber, Lyft & Airbnb.

PAGE 32

FEATURE



FULL STORY ON PG 8

BY MICHAEL B. BAKER

2ND ANNUAL

BTN Car Rental Survey & Report

As it did last year, National emerged as the car rental company with which corporate travel buyers are most pleased. National, Avis and Hertz scored higher, on a scale from one to five, than they did in 2015, while Enterprise maintained its healthy 4.29 rating. That means travel buyers are more satisfied with their car rental suppliers than they were last year. Still, market share is not likely to shift. And while travel buyers aren't unsatisfied with their chauffeured providers, there's a gap between the importance buyers place on factors like negotiating pricing and on how satisfied they are with their preferred providers' ability to deliver.

Why Vista Equity's Marketo Acquisition Matters

BY ELIZABETH WEST

Vista Equity Partners, the private equity firm that owns meetings and travel management technology provider Lanyon and that agreed in April to acquire meetings tech leader Cvent, has agreed to acquire marketing automation firm Marketo for \$1.79 billion. Here's why it matters to event managers.

Attendee-engagement wars have reached a fever pitch among meetings technology providers. Mobile meetings app startups like Bizzabo, DoubleDutch and Quick-Mobile have challenged what the industry might consider old guard technology providers like Cvent, Lanyon and Etouches by introducing modern mobile user interfaces and focusing on the social and sharing aspects of onsite attendee engagement rather than on event operations management.

The value of mobile and onsite event technology has not been lost on the established players.

Cvent was the first of the majors to invest in a mobile-focused events company, acquiring CrowdCompass in 2012. Lanyon followed, acquiring GenieMobile in December 2014, and Etouches made its mobile move just last year, acquiring TapCrowd in July.

Cvent president of worldwide sales and marketing Chuck Ghoo-rah told *BTN* in October that the meetings tech leader was shifting its strategy: "We are moving squarely into onsite event technology: our mobile apps, social walls, polling, etc. It used to be that event tech was all back-office operations; it's great but a thankless job. When the C-level sees the interaction now possible and they see how meetings professionals are connecting the brands with clients and partners, they get excited and they want to fund it more."

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4 | On the Record



Delta senior vice president of global sales **Bob Somers** talks about the carrier's Operational Performance Commitment & what's next.

"Our intent [was] to get the performance [data] in the hands of the customers and make sure they understand how important it is. ... It's an important piece of the purchase behavior and also caused the industry to step up."

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BUSINESS TRAVEL NEWS



EVERY DAY YOU MAKE A
COMMITMENT
TO YOUR TRAVELERS.



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EVERY MINUTE WE MAKE AN OPERATIONAL PERFORMANCE COMMITMENT™ TO YOU.

When we launched the industry's first Operational Performance Commitment, we pledged to deliver superior service or compensate you for your inconvenience. In order to continue improving, we depend on your feedback. As a result, we are pleased to announce an expansion of our commitment to you. Yet another way we're building our business around the needs of yours.

Expanded to international and regional flights

Wherever your business travels, we commit to more on-time arrivals and less cancellations than our U.S.-based global competitors*.

Includes both controllable and uncontrollable events

No matter the reason for a delay or cancellation, we stand behind our commitment to outperform our competition.

Fewest mishandled bags

Delta also commits to a lower domestic mishandled baggage rate than our U.S.-based global competitors*.

Industry-leading performance, no matter who's measuring

In order to better serve you and expand our commitment, we've added FlightStats data as our source of completion and arrival metrics.

Compensation that has real value

Your company will receive compensation good toward future flights and passenger services, not just ancillary purchases, if our performance falls behind that of the other U.S.-based global carriers*.

To learn more, talk to your Delta Sales Account Executive or visit DELTA.COM/EDGE.



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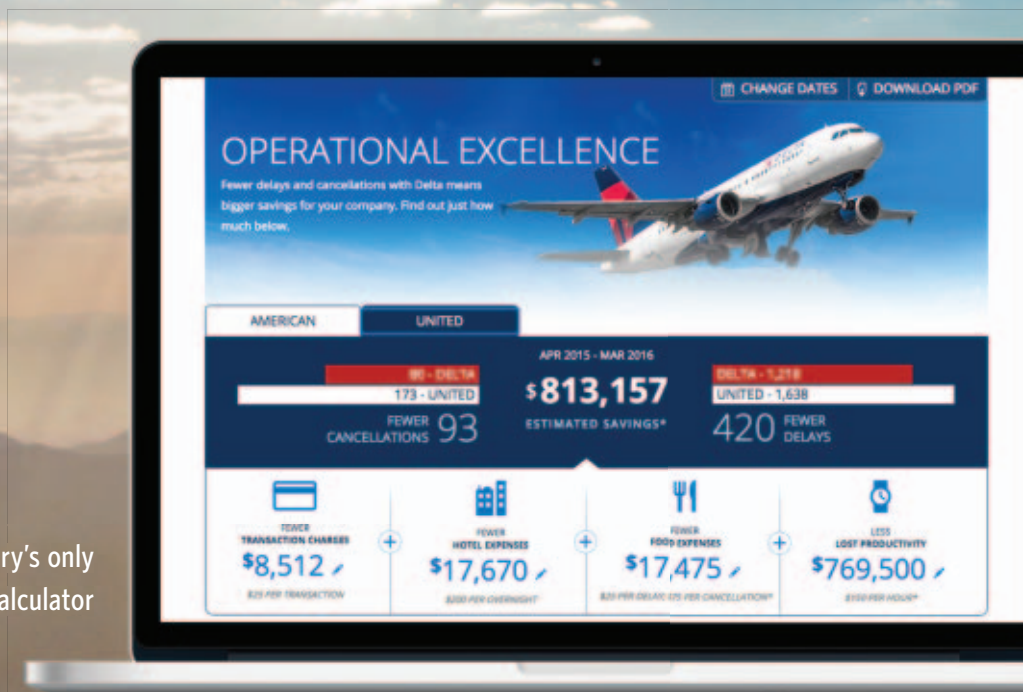


*U.S.-based global competitors refers to United Airlines and American Airlines. Terms and conditions apply; see http://www.delta.com/content/www/en_US/corporate-travel/corporate-travel-management/ctm-terms.html. Mishandled baggage statistics based on the DOT's Mishandled Baggage Report for the full measurement period.

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Save both when you fly with Delta. By comparing different carriers, our new customizable Operational Excellence Calculator clearly demonstrates the cost savings of Delta's on-time arrivals and fewer cancellations. Just another way we're building our business around the needs of yours.

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Introducing the industry's only
Operational Excellence Calculator

KEEP CLIMBING



Screenshot depicts a sample account for explanatory purposes only. The data displayed does not reflect actual data. The value of the "Estimated Savings" would vary based on actual account numbers. The value associated with "Transaction Charges," "Hotel Expenses," "Food Expenses" and "Lost Productivity" are customizable variables based on account preferences.



Concur Plans Integration with Microsoft Office

BY JAY BOEHMER

Concur is working with Microsoft on a prototype to integrate travel and expense features into Office 365's Outlook calendar and email applications. The corporate booking integration is in the mold of concepts Microsoft has worked on with Amadeus and others.

The project's design resides within Concur Labs, a small, roughly year-old unit dedicated to what vice president John Dietz called "skunk works" projects. "Concur Labs is all about prototyping and building integrations with other products," he said.

Citing Microsoft CEO Satya Nadella, Concur chief product officer Barry Padgett noted in a company blog post that 70 million business professionals a month use Microsoft Office 365. Meanwhile, "more than 40 million business professionals are registered users of Concur travel and expense management solutions," wrote Padgett. Given those commanding market positions, there is plenty of overlap, including Microsoft itself, which uses multiple booking systems globally. Those include Concur Travel and Amadeus e-Travel.

Concur's expense integration with Outlook would recognize email receipts, which users can verify and submit as expenses. The booking integration, meanwhile, is an add-on to the Microsoft Office 365 calendar. The system would pop up a Concur pane pre-populated with calendar details so users could book without jumping outside of Outlook. "We're trying to take all the context that we can take from your meeting request," said Dietz. "For a lot of business travelers, the genesis of booking a trip starts when that meeting ends up on the calendar."

Indeed, a calendar entry can hold plenty of pertinent details: The address of the meeting indicates the trip destination, and the date and time indicate the schedule. The traveler's home airport, as logged in his or her profile, shows the trip origin. With that information, Concur can search for air, car and hotel and return policy-compliant options.

Dietz said expense integration could go into client beta as soon as this summer and will be part of Concur's core offering on an opt-in basis. "We've already shown it to several key customers," he said. Booking will take longer and "will probably come out in stages, where we'll iterate to perfect it over time."

Asked whether the tool will include a door-to-door booking option, Dietz replied that the Concur feature is not set up to do so. He added, however, that "it's not outside the realm of possibilities" since the product is still in development.

How Expense Will Work

When a user receives an e-receipt in Outlook, Concur will automatically recognize it as a receipt and pre-populate transaction information into an integrated expense form within the email display. The user will verify or adjust details before clicking a button to send the expense item to the associated Concur Expense user account. Once stored, the user still must log in to the Concur Expense platform to attach each item to the appropriate report.

Previous Calendar Integrations

Concur is not the first to bring booking integration to the calendar. In fact, Microsoft and SAP, before the latter bought Concur, launched a similar initiative through their joint Duet offering nearly a decade ago. More recently, Amadeus has worked with Microsoft's travel management team on Outlook booking integration, and they plan to commercialize the offering. KDS Neo also has integrated with Microsoft Outlook to extract booking information.

Microsoft global travel and venue group lead Eric Bailey has been a booster of calendar-based booking for years. As of last summer, Amadeus was working toward the

"We're trying to take all the context that we can take from your meeting request. ... The genesis of booking a trip starts when that meeting ends up on the calendar."

—CONCUR'S JOHN DIETZ

How Booking Will Work

The Outlook booking feature accesses the user's home base and recognizes when a business meeting is scheduled elsewhere. Concur then displays three to five policy-compliant options for each air, hotel and car rental, all with flight and itinerary details based on the meeting's date, time and location. Similar to Concur's mobile booking tool, the feature will leverage data from the traveler's previous business trips and past-trip data from colleagues in order to return the most relevant options. To see all supplier options, users can launch the full Concur booking tool.

commercial launch of its Outlook integration, which had been targeted for this year.

Outside the managed travel space, metasearch operator Hipmunk launched calendar and email integration with Google last year. During Phocuswright's conference in November, CEO Adam Goldstein called the Hello Hipmunk system "a virtual personal travel assistant powered by advanced artificial intelligence that can understand and infer your travel needs without you ever having to run a search."

—Additional reporting by JoAnn DeLuna

Delta Will Scale Back Capacity to Boost Revenue

BY MICHAEL B. BAKER

Delta Air Lines is trimming its capacity growth plans for the fourth quarter, targeting "underperforming" markets in the United States, Latin America and Asia/Pacific.

It's cutting a percentage point of the capacity growth it had planned in order "to address rising fuel prices and improve our unit revenue trajectory," the carrier said. While U.S. airlines have enjoyed strong profits over the past several quarters, revenue growth per available seat mile generally has been weak.

From Delta's corporate clients, it has

trailed demand growth. Revenue from health care-related customers has totaled 2 percent this year, while media customers have contributed 1 percent so far this year; meanwhile, both sectors' ticket volumes have grown 5 percent. For financial services clients, ticket volume has grown 3 percent while revenue has decreased 4 percent.

Within the United States, Delta will cut fourth-quarter capacity growth to 2.5 percent above the fourth quarter of 2015. Capacity growth will moderate during the second and third quarters of 2016, as well. It

grew 5.4 percent year over year in the first quarter, but Delta plans to increase it 4.5 percent in the second quarter and just 4 percent in the third quarter.

Delta projects international capacity will flatten or decrease year over year in the second half of 2016. On transatlantic routes, where American carriers face steep competition from Middle East carriers and ultra-low-cost carriers, Delta will keep capacity flat in the winter. It plans to cut winter capacity on transpacific routes 15 percent year over year and will reduce capacity on routes to Latin America in the second half of this year. ■

Bob Somers on Delta's Operational Guarantee

It's been almost a year since Delta Air Lines launched its Operational Performance Commitment, in which the carrier pledges to its corporate contracted clients that it will keep its performance levels above at least one of its two major competitors. Not only has United Airlines since announced a similar guarantee, but Delta also has broadened its promise to more than domestic mainline flights and has added uncontrollable delays and cancellations (see page 14). Meanwhile, Delta's corporate customers have begun using the performance data the carrier provides on a regular basis as a new resource for their own reporting. Senior vice president of global sales Bob Somers told *BTN* Delta has seen customer growth directly related to that product.

WHAT'S HAPPENED IN THE NINE MONTHS SINCE YOU INTRODUCED THE GUARANTEE?

We were thrilled with the response we got, from our customer base and the industry. We played the rest of the year making sure customers understood what we were offering and began the process that every month they knew how we were performing. It certainly sent the right message to our customers and has an effect on purchase behavior. The data we give them every month, which is [U.S. Department of Transportation] data and how we stack up against our competition, is used in varying degrees. We have some companies that go straight to the CEO. Some publicize it to their travelers. It's something that's introduced not only [into] an RFP process and a [quarterly business review] process but the constant monitoring of the value of relationships.

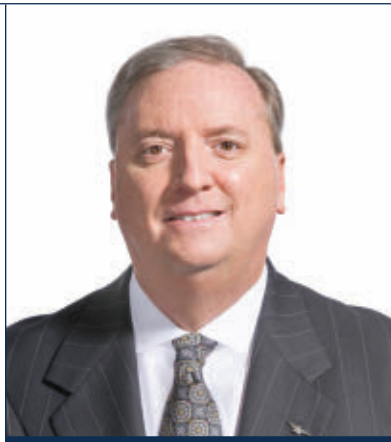
That was our intent: to get the performance in the hands of the customers and make sure they understand how important it is. We listen to the customers and make sure what they want to see us do next. I can say unequivocally that business was given to us because of it.

IN WHAT WAY?

It's in terms of us winning business and getting a bigger share of the pie and customers realizing they trust Delta and see value in our performance. It's varying degrees, all the way from very impactful on a decision why Delta was given the share all the way to making sure it's part of their regular dialogue in terms of the value of the contract. It's an important piece of the purchase behavior and also caused the industry to step up.

WHAT ROLE DOES DELTA'S SALES TEAM HAVE IN PRODUCT ENHANCEMENTS AND INITIATIVES?

Anything we do to improve our competitive advantage is a benefit to a seller. We have to make sure we're involved in the process. We have to do that through customer feedback. This company is amazing at asking questions about what our customers would like to see and making sure they're part of the pro-



Delta senior vice president of global sales Bob Somers discusses:

- **The Operational Performance Commitment has brought in clients**
- **Next focus: corporate contract simplification**
- **Two new apps for TMCs**

cess as we develop or enhance products. In the sales world, "beyond contract value" is our mantra, where we sell more than a contract or a discount. All the investment we make onboard—that's table stakes for what we sell.

From our part, think back to 2014 when we launched Delta Edge, which was and still is industry leading. That was huge, and every time we turn around, we're adding value to that suite of reporting. We've taken that to the next level of how do we recognize them not only for their metal credentials but also by their relation to us as a corporation. We introduced Corporate Priority, when we can recognize a customer first in the kiosk to thank them for their business and mention their company's name because it sends the right message, and we spun a lot off that. Last year, [we added] priority boarding, with which corporate customers [who are SkyMiles members] board in Zone 1, which is a tremendous benefit. There are other things we will roll out focusing on the travel managers and on the corporations.

HOW HAS EDGE EVOLVED SINCE ITS LAUNCH?

Edge started with companies asking: "We think we're paying a ton of money in bag fees, but we don't have the answer." As we've developed technology and used funding to determine the questions the customers are asking us, it became much larger than that. We have the performance information, which remains the baseline of everything we do, but what other information can we provide to understand how wide and deep our relationship is? Companies seek value and quality information. I've seen it in presentations to CFOs and CEOs as it relates to not just a cost-effectiveness rate or savings as associated with a discount but the pieces that provide value, whether it be the number of frequent-flyers and bag savings, whether it be waivers and favors given or performance information.

"I can say unequivocally that business was given to us because of [the Operational Guarantee]."

WHAT ABOUT THE TRAVEL MANAGEMENT COMPANY SIDE?

We've launched recently two new on-demand apps, one that provides travel exceptions and another that provides preferred seats, and so we're working with the agencies to deliver to them through the Delta Professional travel agency website. Those applications continue to provide 24/7 support of the travel management companies booking their own business and business on behalf of our corporations and allow us to use technology and the investments we've made in technology to advance the self-service opportunities for our agency partners.

WHAT OTHER PRIORITIES DO YOU HAVE NOW?

We're focusing on contract simplification, the No. 1 request of corporations around the world, both organically and with our partners outside of the United States. ■

Business moves fast. Our transition teams move faster.

We know transitioning might sound hard. That's why we've made it so easy. Transitioning to Avis Budget Group means having a devoted staff at your disposal, along with road-tested processes and technology. The result is a journey that's seamless, simple and remarkably smooth.

AvisBudget.com/BTN

avis budget group

Avis
Budget
Zipcar
Payless
Apex

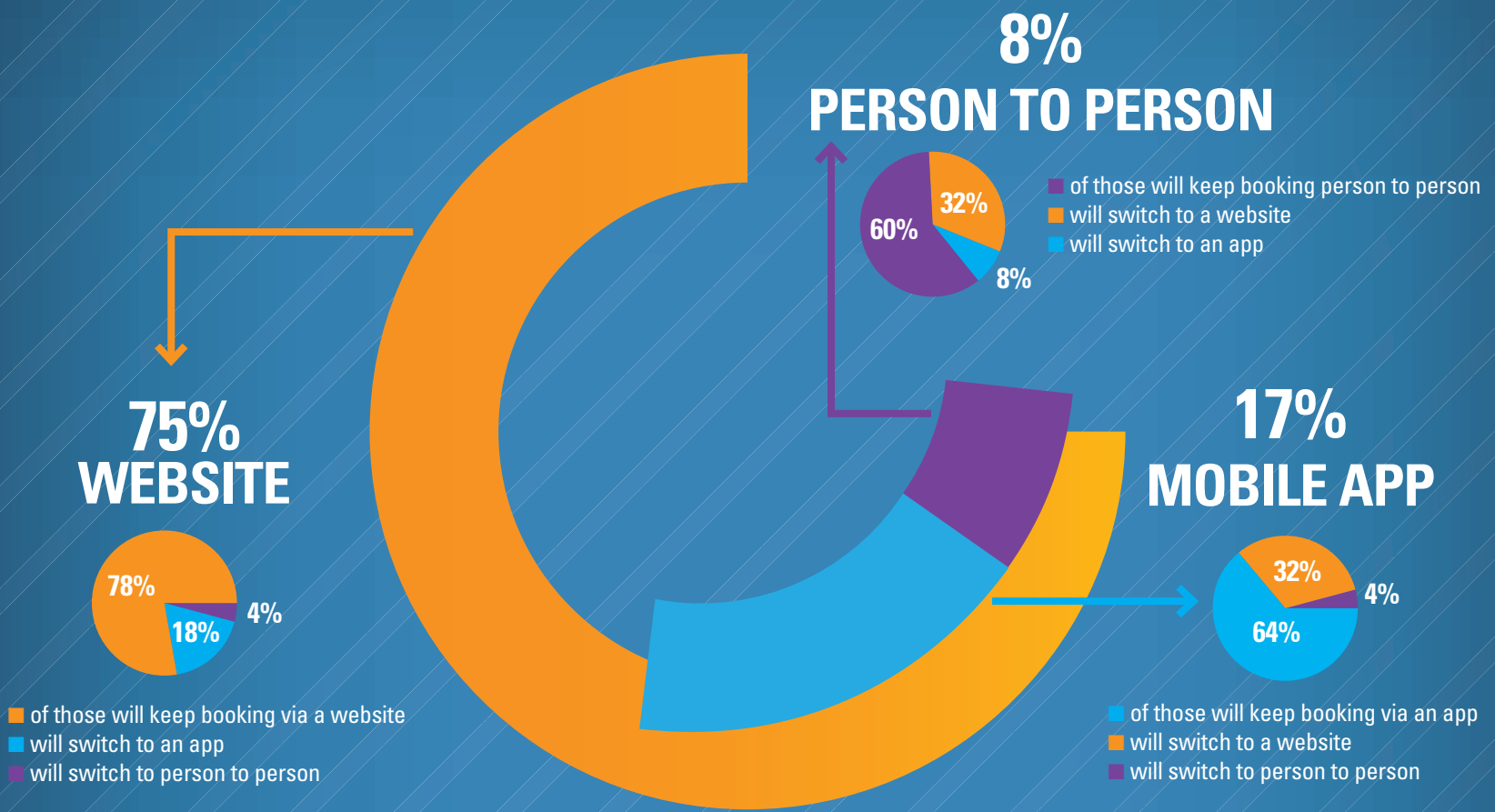




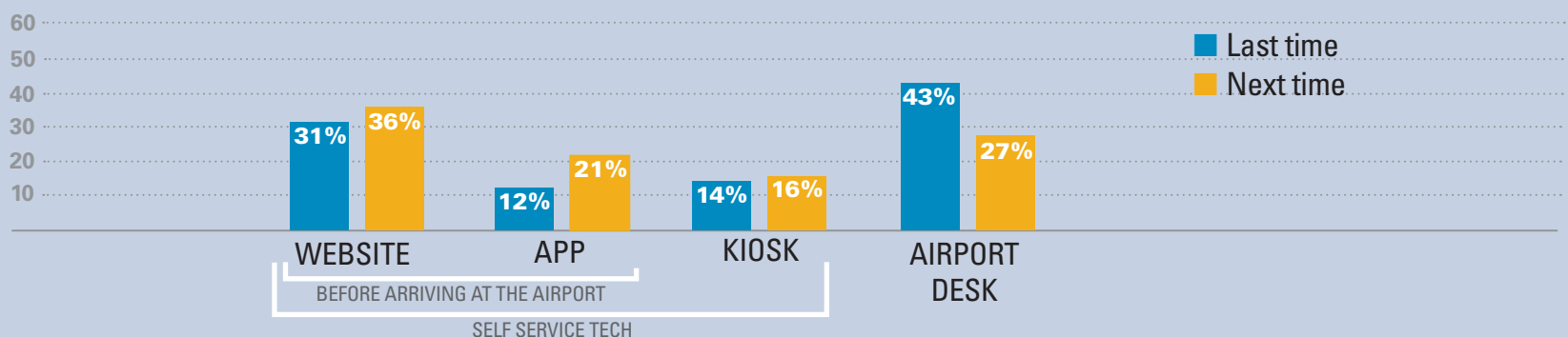
The Inevitability of Self-Service Air Travel Technology

Once travelers sample self-service technology for air travel—booking on a website, checking in on an app, checking bags—they’re unlikely to go back to interacting with people. For example, 91 percent of those who used self-service tech to check in will continue to do so, according to a recent survey from SITA, which builds technology for airports and airlines. That survey included the general traveler population, but if employees are getting a taste for this tech in their personal travel, it stands to reason they won’t want to revert to person-to-person interaction, such as calling a travel agent, for their business trips, and thus it’s worth watching what they’re up to.

HOW PEOPLE BUY PLANE TICKETS



HOW PEOPLE CHECK IN



Source: SITA survey, conducted during the first quarter of 2016, of 9,216 respondents from the Americas, Asia, Europe, the Middle East and Africa, representing three-quarters of global passenger traffic

A IS FOR AHH ✦ **B** IS FOR BEDDING BY
SAKS FIFTH AVENUE ✦ **C** IS FOR CHERRY
ON TOP OF THE NUTS ON TOP OF THE
WHIPPED CREAM ON TOP OF THE CARAMEL
ON TOP OF THE ICE CREAM UNLESS
YOU JUST WANT THE CHERRY ✦ **D** IS FOR
DOWNTIME, DAYDREAMS, AND DOODLES
E IS FOR EVERY SEAT'S AN AISLE SEAT
F IS FOR FLIGHTS OF WINE ✦ **G** IS FOR
GRACIOUSNESS GENEROUSLY GIVE ✦ **H** IS
FOR HANDS-ON SERVICE WHEN YOU WANT
IT, HANDS-OFF WHEN YOU DON'T ✦ **I** IS
FOR INBOX, IGNORE IF YOU CHOOSE ✦ **J** IS
FOR JUST ASK AND YOU SHALL RECEIVE
K IS FOR KICKING BACK WITH A GOOD
FLICK ✦ **L** IS FOR LOUNGES DEDICATED TO
BUSINESS CLASS ✦ **M** IS FOR MMM...
A NEW MENU EVERY SEASON ✦ **N** IS FOR
NICE HOT SHOWERS IN LOUNGES ✦ **O** IS FOR
OUT LIKE A LIGHT ✦ **P** IS FOR PJS, PILLOWS,
AND PRIVACY, PLEASE ✦ **Q** IS FOR QUIET
WITH NOISE-REDUCING HEADPHONES
R IS FOR RECHARGED AND READY ✦ **S** IS
FOR SEE YOU IN THE MORNING ✦ **T** IS
FOR TITO'S VODKA ON THE ROCKS WITH
A TWIST ✦ **U** IS FOR UP FOR BUSINESS
OR LEISURE ✦ **V** IS FOR VACATION AT
35,000 FEET ✦ **W** IS FOR WIDECRREEN
HD ENTERTAINMENT ✦ **X** IS FOR XO MY
MEMORY FOAM PILLOW ✦ **Y** IS FOR YES,
I'LL HAVE A NIGHTCAP ✦ **Z** IS FOR ZZZ

UNITED ✦ ✦ ✦
POLARIS
business class

The business class experience redesigned from AHH to ZZZ.

National Wins Again

Buyer satisfaction with car rental suppliers improves

By Michael B. Baker



What Travel Buyers Think of Car Rental Companies

On a scale of 1 (poor) to 5 (excellent)

| | | |
|---|------------|------|
| 1 | National | 4.39 |
| 2 | Enterprise | 4.29 |
| 3 | Avis | 4.03 |
| 4 | Hertz | 3.91 |

Source: BTN survey of 202 travel buyers, conducted between March 22 and April 27, 2016

Takeaways

- All four suppliers ranked in the same order as in 2015.
- National, Avis & Hertz improved on their 2015 scores.
- Overall satisfaction with the car rental industry rose.
- Buyers were happier with each brand's pricing this year.
- Each brand's lowest-scoring category was negotiating services and amenities.
- Large corporate accounts are unlikely to change preferred suppliers.

Travel buyers rated National Car Rental as the most cooperative, responsive and value-providing car rental supplier for the second year in a row, and overall satisfaction with the industry is on the rise, as well, according to *Business Travel News'* second annual Car Rental Survey.

National outscored its competitors in all seven criteria on which buyers rated their car rental suppliers, repeating its top-ranking performance from the inaugural survey. The other brands' performances also were consistent with last year: National's sister brand Enterprise Rent-A-Car came in second, followed by Avis Car Rental and Hertz.

National, Avis and Hertz all had higher overall scores compared with the 2015 survey, and while Enterprise's overall score did not change, it improved in five of seven criteria. Another positive sign for the industry: Large corporate accounts show little interest in shifting away from their preferred supplier, regardless of which company it is, said Abrams Consulting Group president Neil Abrams. "With the top 500 travel-spending companies across the three major [car rental companies], there's about a 97 or 98 percent retention rate. There is very little migration, which suggests satisfaction with the relationship. If you're not happy, why would you stay?"

Still, in some ways, car rental has become a "dis-satisfier," he said, meaning people pay less attention when things are going well but start paying attention when service begins to deteriorate.

To that end, communication and problem resolution stood out as differentiating factors to buyers. When asked what their preferred car rental suppliers had done to improve their relationships, travel buyers most frequently cited consistent communication from their account representatives. One buyer, for example, praised Hertz for its face-to-face quarterly reviews: "These are important to take the time to deeply review my program, usage, extra charges and anything that stands out. I value the time we spend together to learn more about Hertz and to get to know each other, which leads to a great working relationship."

Hertz senior vice president of North America sales Dave Myrick said this praise reflected the 2015 reorganization and refinement of the company's sales structure, which has allowed the sales team to spend more time with customers. With a large-scale fleet refresh also completed last year, it was a transitional year for the company, he said. "We realigned territories to make sure customers had the best talent aligned with them. We continue to invest in sales force training and are getting deeper and wider with customers."

Avis customers praised its "great customer support team that is responsive and empowered to make quick decisions," as well as its reporting tool. Avis Budget Group senior vice president of sales Beth Kinerk noted that Avis had focused on data to help buyers with compliance, including aid for avoiding charges for unnecessary ancillary fees or vehicle types.

National and Enterprise both fill key sales positions internally, which brings "consistency and continuity," Enterprise Holdings vice president Brad Carr said. The company "tries to push to the customer rather than wait for the travel manager to have to pull." It also keeps corporate customers informed of regulations and other changes on a

How They Ranked In ...

On a scale of 1 (poor) to 5 (excellent)

| | Negotiating Pricing | Negotiating Services & Amenities | Clean, Well-Serviced Cars | Quick & Effective Complaint Resolution | Communication with Buyers About Changes | Relationship with Account Managers & Sales Reps | Worth of Service Vs. Rates, Fees & Charges |
|-------------------|---------------------|----------------------------------|---------------------------|--|---|---|--|
| National | 4.44 | 4.10 | 4.51 | 4.52 | 4.33 | 4.43 | 4.38 |
| Enterprise | 4.37 | 4.07 | 4.31 | 4.42 | 4.13 | 4.38 | 4.32 |
| Avis | 3.96 | 3.82 | 4.24 | 4.15 | 4.04 | 4.03 | 4.00 |
| Hertz | 3.89 | 3.55 | 4.18 | 4.02 | 3.92 | 3.92 | 4.00 |

Source: BTN survey of 202 travel buyers, conducted between March 22 and April 27, 2016

global scale as the brands increase their footprints and deal more with global travel programs, Carr added.

National and Enterprise cover 70 percent of Berry Plastics' increasingly global car rental program, and corporate purchasing manager Patrick Fairchild said the brands' quarterly business reviews provide sufficient information without overcommunication. "I have no bad stories with National/Enterprise," Fairchild said. "They've come in with a very robust core trust agreement and provide the lowest rates I can see."

Each of the four brands improved on its 2015 score for negotiating transient pricing. For National and Enterprise, however, those scores were among their highest; for Hertz and Avis, they were among the lowest.

As the car rental industry has struggled to gain pricing traction over the last year, National and Enterprise are in a better position to offer corporate discounts than their competitors, DK Consulting CEO Dave Kilduff said. Thanks in part to better fleet management, their costs per rental are lower than their competitors. They have "the best margins in the business," Abrams noted. Enterprise Holdings reported that its U.S. on-airport car rental revenue for the fiscal year ending July 31 rose more than 10 percent year over year, and the Enterprise brand alone has boosted its airport market share from less than 29 percent in 2007 to more than 36 percent, according to the company. "To be competitive against Enterprise Holdings, it's much more difficult for the others to come in at the same price," Kilduff said. "[Enterprise/National] is picking up market share, which is a good strategy. They're very competitive, plus it puts financial pressure on their competitors."

Car rental suppliers have been looking for other ways to differentiate themselves to corporate buyers, particularly on the technology side. Hertz, for example, has evolved its mobile alerts to Gold Plus members not only to show travelers where to pick up their vehicles but also to give them vehicle options in case their travel needs have changed, said vice president of customer experience Stuart Benzal. Avis Budget, meanwhile, has developed mobile apps, alerts and e-receipts while concentrating on "a high level of customer service, whether travelers are interacting with one of our employees or bypassing the counter and heading directly to their vehicles," Kinerk said.

Negotiating amenities and services, however, still appears to be a challenge; travel buyers rated this factor lowest for every car rental brand. While ancillary services—including GPS, program membership benefits, refueling prices and insurance coverage—all are negotiable, they require clout, Kilduff said, and can be a challenge for smaller accounts.

"Pricing is easy because a company is either willing to accept it or not," Abrams said. "Service is a much more in-depth, nuanced position because whether it's insurance, upgrades or something else, a buyer has to weigh that against price and ultimately determine the value proposition." ■

"Pricing is easy because a company is either willing to accept it or not. Service is a much more in-depth, nuanced position because ... a buyer has to weigh that against price and ultimately determine the value proposition."

—Abrams Consulting Group's Neil Abrams

What the Suppliers Have Been Working On

Hertz's Dave Myrick: "We realigned territories to make sure customers had the best talent aligned with them. "We continue to invest in sales force training and are getting deeper and wider with customers."

Avis' Beth Kinerk: Avis focused on data to help buyers with compliance, including aid for avoiding charges for unnecessary ancillary fees or vehicle types.

DK Consulting's Dave Kilduff: "[Enterprise/National] is picking up market share, which is a good strategy. They're very competitive, plus it puts financial pressure on their competitors."

METHODOLOGY From March 22 to April 27, 2016, BTN surveyed travel manager and buyer members of the BTN Research Council and a randomly selected subset of qualified subscribers of *Business Travel News* and *Travel Procurement*. Of the 202 respondents, 18.3 percent spent less than \$1 million United States-booked air volume in 2015, 45.5 percent spent \$1 million to \$12 million and 36.1 percent spent more. Equation Research hosted the survey and tabulated the results. Respondents graded only those car rental companies with which they had negotiated contracts or booked meaningful amounts of business in the past year. Respondents ranked 11 brands in seven attributes on a scale of one (poor) to five (excellent). BTN averaged scores in each category to create an overall score for each car rental company. Seven brands that did not reach a minimum usage threshold were disqualified from the survey. Participants who offered no response for a particular category or brand were not included in that average rating. A subset of the Car Rental Survey respondents also answered questions about their chauffeured providers; those results appear on page 10.

Chauffeured Pricing: The Gap Between Buyers' Satisfaction & How Important They Find It

By Michael B. Baker



"A lot of our travelers are choosing to use Uber Black [over chauffeured service] due to the lower cost for a similar product. I would prefer to use our current company for these services, so I would love to see similar pricing."

—Travel buyer respondent to BTN's survey

Pricing pressure from ridesharing competitors is cutting into corporate travel buyers' satisfaction with chauffeured suppliers, even though buyers rank safety and security at the top of their priorities.

In a survey conducted alongside BTN's 2016 Car Rental Survey, buyers named licensing, problem resolution and insurance as the most critical components of their chauffeured programs. Those also were the three areas in which buyers were most satisfied with their preferred chauffeured suppliers, though complaint/problem resolution lagged behind the other two. Buyers' emphasis on those areas is not surprising, as they tie into a company's liability for employee safety, DK Consulting CEO Dave Kilduff said. "When choosing ground transportation, your first choice should be safety, proper background checks, drug and alcohol testing, proper liability, making sure the vehicles are safe and the drivers have good training," He said. "You're covered and you're safe; you can't do more than that."

The greatest differential between importance and buyer satisfaction, however, appeared in pricing: a half-point gap for each negotiating transient pricing and overall price/value. Sharing economy suppliers like Uber and Lyft were a clear factor, as several buyers cited those services' lower prices. "A lot of our travelers are choosing to use Uber Black due to the lower cost for a similar product," one buyer said. "I would prefer to use our current company for these services, so I would love to see similar pricing." Kilduff countered that duty-of-care considerations like FBI background checks for drivers contribute to that extra cost: "You have to pay for safety." He also said the price differential isn't that big between high-tier ridesharing services and chauffeured suppliers, not to mention surge pricing.

BTN found a smaller gap between the importance of and satisfaction with ease of booking chauffeured services. Buyers wanted suppliers to improve technology not just for bookings but also for other areas, such as billing and reporting. One lamented that it "still seems very much mired in a 1970s paper mindset."

While large suppliers like Carey International have invested in technology, including new apps and websites, the industry remains quite fragmented with small suppliers that do not have the budgets for large-scale investments. Even larger companies often use affiliates that might have separate technology platforms, Kilduff said. "They're far behind rental cars, which is a much smoother booking process because they're all on one system," he said. "Much more is being done manually on the limo side, and when things are done manually, breakdowns can happen."

Some travel managers told BTN their travelers' use of ridesharing services has ticked up slightly over the past year, while others reported larger increases, including some that said executives were using ridesharing in lieu of black cars

and that they are looking to add such services to their managed programs. Meanwhile, there are still holdouts. "We are still leery of the legality of these services, and we have duty-of-care concerns due to the gaps in their insurance and inability to properly vet drivers," one buyer said. "However, employees do use them, despite restrictions."

Kilduff said those who are not putting in policies around ridesharing are doing so at their own peril. "This is the most ignored category because it's hard to manage properly and a lot of corporations are not willing to mandate it, but it's something you have to do to protect people in a corporation," he said. "It's like herding kittens, but you need to herd them." ■

Importance-Satisfaction Gap

How important chauffeured transportation suppliers measure up to travel buyers' needs

On a scale of 1 (very unimportant/very unsatisfied) to 5 (very important/very satisfied)

| | Importance | Gap | Satisfaction |
|------------------------------------|------------|-------|--------------|
| Licensing of drivers | 4.5 | -0.07 | 4.43 |
| Complaint/problem resolution | 4.46 | -0.23 | 4.23 |
| Insurance for drivers | 4.44 | 0.07 | 4.51 |
| Ease of booking | 4.39 | -0.24 | 4.15 |
| Price/value | 4.27 | -0.5 | 3.77 |
| Flexibility in negotiating pricing | 4.1 | -0.51 | 3.59 |
| Payment terms for network partners | 3.76 | 0.28 | 4.04 |

Source: BTN survey, conducted between March 22 and April 27, 2016; importance ratings are based on 105 responses, and satisfaction ratings are based on 88 responses.



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American Will Make Preferred Seats Free for Corporate Travelers

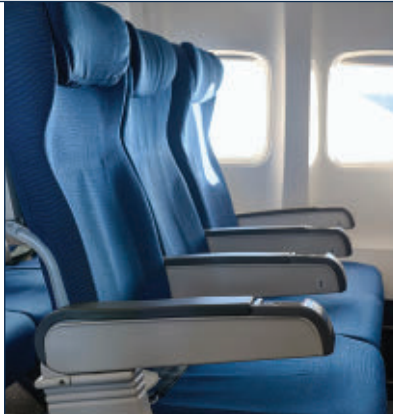
BY AMANDA METCALF

All those seats that frequent-flyers can access for free—American Airlines plans to make them free to corporate customers.

American eastern sales division managing director Jim Carter told *BTN* that corporate customers will be able to access preferred seats—those aisle, window and forward-cabin seats that are upsold to layperson customers when they reach the seat-map page during the booking process—at no cost. This nod to corporates does not extend to American’s Main Cabin Extra seats, which offer extra pitch and legroom and typically occupy the first three or four rows of the main cabin.

According to American Airlines managing director of distribution and data commercialization Cory Garner, the change is part of a larger strategy of extending to all travelers access to American Airlines products and services that have not been available in the global distribution system.

Corporate traveler access to preferred seating content will be powered by the same technology that sits behind American’s SalesLink website, a site that travel agencies have used for several years to access high-touch corporate services and benefits. Garner explains: “It will be a standalone website separate from AA.com, corporate online booking tools and SalesLink, but it will borrow from SalesLink technology on the back end to make the seat assignment



Avoiding the Middle Seat

Preferred seats may be the only way ...

U.S. CARRIERS’ GLOBAL LOAD FACTOR

| | |
|------|-------|
| 2005 | 77.6% |
| 2015 | 83.8% |

AMERICAN AIRLINES’ GLOBAL LOAD FACTOR

| | |
|------|-------|
| 2005 | 78.6% |
| 2015 | 83.6% |

“The expectation from our [corporate] customers is that [preferred seats] ought to be included in the seat assignment, and we agree.”

AMERICAN AIRLINES’ JIM CARTER

functionality available to individual travelers.”

Exactly how the separate website would link to the various channels where individual corporate travelers book their tickets was not immediately clear. Garner said American plans to work with corporate accounts to ensure they know where to find the website and how best to refer their travelers to it once it is available this summer. He added that American Airlines’ eventual goal is to be the first carrier to offer free preferred seating to corporate accounts through its website and mobile app, as well as through online booking tools and GDS channels. The latter two, he said, would be powered by the airline’s New Distribution Capability technology, *i.e.*, its direct-connect API.

That said, free preferred seating for corporates is a separate initiative from the paid seating initiatives underway with GDS providers via American’s direct-connect API. Garner said Sabre is up and running with that connection, Amadeus is rolling out next and Travelport is farther back in the process. As far as American Airlines’ overall strategy, though, Garner said the two initiatives are related. “It’s all part of our effort to get more customized products directly into the hands of our customers.”

Why American Is Doing It

Carter acknowledged that any passenger with status already can access preferred seats for free, and yet, “it’s startling how many corporates don’t have status,” he said. And on American Airlines flights, those who don’t have frequent-flyer status and who don’t buy preferred seats don’t receive a seat assignment until they check in, he said. Considering U.S. carriers’ global load factor has risen from 77.6 percent in 2005 to 83.8 percent in 2015 and American’s has risen from 78.6 percent to 83.6 percent over the past 10 years, according to the U.S. Bureau of Transportation Statistics, reserving preferred seats may be the only way for main-cabin corporate customers to avoid the dreaded middle seat.

Despite all those packed planes and thus no trouble selling preferred seats, American claims simply to be giving corporates what already is theirs. “The expectation from our [corporate] customers is that [preferred seats] ought to be included in the seat assignment, and we agree,” Carter said. ■

Judge Denies Request to Halt Airlines’ Combinable-Fare Practices

BY JAY BOEHMER

A federal district judge in California denied a preliminary injunction that would have stopped airlines, as travel agent plaintiffs had requested, from pricing multicurrency fares at a price “greater than the sum of the combined non-refundable one-way fares for each leg of a passenger’s flight.”

The judge’s order is a temporary victory for defendants American Airlines, Delta Air Lines and United Airlines, which continue to fight the lawsuit and are seeking its dismissal. In court filings, the airlines already have blasted the plaintiffs’ arguments and countered key allegations.

Though the litigation continues,

the airlines have tweaked fare rules to diminish severe price differentials for multicurrency tickets. Since first spotting price discrepancies in March, agencies have confirmed that adjustments have been made to minimize differences between one-way fares and combined multicurrency fares for the same journey. Even so, differences persist, especially for one-way bargain fares. ■



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Delta Adds to Operations Performance Commitment

Delta Air Lines is expanding the performance metrics that it promises to meet or otherwise compensate corporate customers.

Last year, the carrier guaranteed corporate customers compensation should Delta's controllable on-time and cancellation performance for mainline domestic flights, on an annual basis, fall below that of both American Airlines and United Airlines. Beginning June 10, Delta will add international and regional flight performance. That aligns the scope of Delta's Operational Performance Commitment with promises made by United Airlines, which in December launched its own guarantee that includes its full network.

Delta also will include uncontrollable delays and cancellations, as well as U.S. Department of Transportation mishandled baggage complaints, in the commitment, according to the carrier.

In addition, it has developed a calculator for corporate customers to quantify the savings of using Delta versus other carriers based on operational performance. Delta will update the tool monthly with performance metrics and provide client-specific data. "You can now model and quantify the cost savings for your company by estimating meal expenses, hotel stays and other service charges, based on the number of average delays and cancellations experienced on other airlines," according to Delta senior vice president of global sales Bob Somers.

New Baggage-Scanning Technology

Here's one way Delta will facilitate its baggage-handling promise. This summer, Delta Air Lines will replace hand-scanned barcodes on checked luggage tags at 84 airport stations with radio wave scanner technology to improve luggage handling, said senior vice president of airport customer service and cargo operations Bill Lentsch.

The carrier has been testing radio frequency identification baggage-tracking technology in Baltimore and next month will begin installing it at belt loaders at Delta's hubs and other locations, covering 85 to 90 percent of the carrier's total bag volume, Lentsch said. The technology employs scanners to read embedded chips in luggage tags. This makes the job less laborious for luggage handlers and automatically can catch

"[Delta's new baggage-scanning technology] is much more efficient, a safer environment and we get a good scan on 99.9-plus percent of bags."

—DELTA'S BILL LENTSCH

improperly loaded luggage, such as bags belonging to passengers who missed a connecting flight. "It's much more efficient, a safer environment and we get a good scan on 99.9-plus percent of bags," Lentsch said.

Delta is investing \$50 million in the technology and plans eventually to track bags on all mainline and Delta Connection flights. The carrier also is setting up interactive tracking for passengers to monitor their bags through Delta's mobile app. ■

United's Two Big Service Changes

United Airlines will end service between Houston and Lagos, Nigeria, the carrier's only route to Africa, after June 30. Meanwhile, at the beginning of June, it launched the only direct flight between North America and Singapore.

The carrier sent a note to employees saying the Lagos route "has been underperforming financially for several years." United continued to invest in it in deference to Houston-based corporate customers. The downturn in the oil industry, however, has depleted Nigeria's foreign exchange reserves. "Since last fall, we have not been able to repatriate revenue sold locally in Nigerian currency, and therefore we had to essentially suspend these sales, which makes the route unsustainable," according to United spokesman Jonathan Guerin. "About half of the revenue generated by the route comes from [a] Nigeria point-of-sale." United customers can reach Lagos via Star Alliance partner Lufthansa. Delta Air Lines will become the only major U.S. carrier to offer nonstop service to Africa.

On June 1, meanwhile, United Airlines began daily direct service between San Francisco and Singapore, the only direct flight from North America to that city and the longest flight offered by a U.S. carrier. United vice chairman and chief revenue officer Jim Compton said the service would be of particular interest to the technology, energy and financial corporate travel sectors, as the flight shaves about four hours off one-stop service. United will discontinue flights between Tokyo's Narita International Airport and Singapore but will continue daily service between Hong Kong and Singapore. ■

Airlines Invest in Security Speed

U.S. carriers are supplying extra staffing and resources to alleviate growing security lines in advance of the summer travel season, as lengthening security checkpoint lines cause headaches across the country.

American Airlines, Delta Air Lines and United Airlines have announced they will spend as much as \$4 million each to supplement staff at select U.S. airports, including their respective headquarters hubs. These employees will assist the U.S. Transportation Security Administration in nonsecurity roles, such as managing lines and replenishing the bins in which travelers place personal belongings.

In addition, carriers are reconfiguring some checkpoints. Delta, for example, invested \$1 million in two redesigned checkpoint lanes that opened this week at Hartsfield-Jackson Atlanta International Airport. United, meanwhile, has redesigned checkpoints at Chicago's O'Hare International Airport, is consolidating three checkpoints at Newark Liberty International Airport into one and constructing a new checkpoint at Los Angeles International Airport.

The investments come as airlines face potential diminishing demand as a result of long security lines. A U.S. Travel Association survey of 2,500 Americans planning to fly this summer found that more than one-fifth were considering delaying trips or traveling by alternative means to avoid security snarls, the organization reported. ■

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Blacklane CEO Jens Wohltorf on Chauffeured's Tech & Distribution Challenges

When launching Blacklane in 2012, CEO and co-founder Jens Wohltorf sought to address chauffeured transportation fragmentation and booking. Not counting markets like China, 70 percent of the industry is made up of small suppliers with only a handful of cars in their fleet. Thanks in part to resulting barriers to innovation, the industry still relies heavily on nonautomated processes for booking, he said, noting that about 40 percent of reservations by unmanaged business travelers are made over the phone. Wohltorf has sought to create a global marketplace for these suppliers with online booking capabilities and connections to global distribution systems, travel management companies and travel buyers.

HOW HAS BLACKLANE GROWN?

We launched in Berlin and quickly covered Germany, then extended over Europe. In 2013, we extended into the U.S., by far now our biggest market. Now, we are present in 50 countries, 200 cities. We're about to launch 50 to 70 new markets in [Asia/Pacific] in the summer.

HOW DO YOU DECIDE WHAT SUPPLIERS TO AGGREGATE?

We connect different customer groups: individuals, business travelers, enterprise customers and customers like airlines and OTAs. On the other side, we aggregate that 70 percent of the [chauffeured] market, the super-small ones. By now, we have thousands of those in our network. New York is definitely in the top five of our global cities, and we have hundreds of cars on the street that we onboard. We never contract with individuals. It must be a legal entity that's holding licenses, insurance and all the necessary paperwork to comply with regulations. The cars and drivers have to comply with our standards, which are quite rigid. [Then] we train them on our systems. They get our technology and the driver apps in the car. We are not forcing anything in their schedule. We are basically offering a bucket of open offers.

HOW DOES PRICING WORK?

You always pay the same price, no matter whether you ride on a Monday morning or Wednesday afternoon. We need to take this into account—peak and low times—so if you book an economy class ride to JFK for \$60, we are then asking into our network who has capacity and is able to fulfill this ride for \$30. In many cases, they have to pick up one of their customers at the airport and they have to go there empty, so why not pick up a Blacklane customer? If they are not reacting, we raise the price points until someone thinks it's valuable enough and it fits into their schedule. We can utilize our margin in order to dispatch to the right price points, but also it allows us a unique thing, which is a booking guarantee.

WHAT'S YOUR DISTRIBUTION STRATEGY?

We have integrated Blacklane into Amadeus, which sets the base for everything around flights. We are PNR-connected to Amadeus customers. When they place



BLACKLANE CEO JENS WOHLTORF DISCUSSES:

- Asia/Pacific growth
- GDS integration
- New economy class offering
- Long-haul trips

a flight booking, origin and destination can be added with just a check box. You are picked up from home, delivered to the airport and picked up again. All systems and drivers are connected to flight-tracking tools, so the traveler has peace of mind relying on [the fact that] we'll be there without any additional cost. [Co-founder and chief technology officer Frank Steuer added that Blacklane also is in discussion with Sabre, Travelport and "ground-transportation-specific booking tools."]

DO YOU CONNECT WITH CORPORATE TRAVEL BUYERS?

Amadeus itself isn't enough. Amex GBT or Carlson Wagonlit wouldn't make sure we are automatically covering everything, so you have to have direct connections with the enterprises, the business themselves—whether they book in our corporate portal functionality or they activate it in the booking tool so that it's the preferred service provider. People think of black car service and think of Carey price points and C-level executive staff transportation rather than the vast majority, which is the middle management that has limited-taxi-rate policies. We are beating taxi rates, especially with the economy class offering. Initially, we tested economy class in Asia and Latin America to make sure the procedures are working and everything is in place. Recently, we launched Paris, New York and London. Munich is coming next, and we are planning to cover the globe with our 200-plus cities.

ARE YOU IN CONCUR'S TRIPLINK?

Not yet, but we're talking to them. We've integrated into TripCase, so there you can book us everywhere, and there are a bunch of other management applications.

WHAT CORPORATE BUSINESS ARE YOU TARGETING?

Typically, our strength is everything that the customers value: reliability, convenience, trust, duty of care and price certainty. They certainly don't value it when you travel around the block in a cab or an Uber. The longer you sit in the car, the higher you value these attributes, which is what we're looking to more and more beyond airport transfers. Those still are our sweet spot, but it's to build upon it and look deeper from city-to-city transportation, actually competing with short-haul flights or

"These are mom-and-pop shops with one or two cars and the entrepreneur behind the wheel. They have no chance to innovate or bring scale to the table for marketing, sales or integration with online travel agencies or airlines."

long-haul bus service. You have a door-to-door experience and don't need to go to an airport or through security checkpoints.

HAVE THOSE KINDS OF BOOKINGS GROWN?

We launched a pilot in Germany between five cities. Between Hamburg and Berlin, you have about 200 miles of travel. People realize there's a market to be made, especially if you're traveling with colleagues. You can share the costs among the passengers traveling, and it's a huge savings, even over Amtrak. Even from an urban area into the suburban area, where you're 50 to 100 miles outside the city border where a lot of industry sits. ■



Senior-Level Employees Are Most Frequent Expense Fraud Offenders

Executives and upper management account for more incidents of expense reimbursement fraud than any other type of employee, according to a new study from the Association of Certified Fraud Examiners.

Top executives account for about 24 percent of reimbursement fraud, according to the survey, for which certified fraud examiners from 114 different countries submitted details of 2,410 cases that they investigated between January 2014 and October 2015. The finding about top executives is similar to that of ACFE's 2014 Global Fraud Study.

"The correlation between authority and loss most likely occurs because high-level fraudsters tend to have greater access to their organizations' assets than lower-level employees, as well as a better ability to evade or override anti-fraud controls," according to the report.

Accounting department employees were the second-most likely category to commit expense reimbursement fraud, as they account for about 16 percent of incidents, according to the report.

As in past years, the biennial survey is "not intended to gauge the absolute trends in overall occurrence of fraud," explained ACFE director of research Andi McNeal. Instead, it is designed to

Biggest Offenders

Top executives

24%

Accounting employees

16%

examine "the details of a sample of fraud cases during a particular period."

Global expense reimbursement fraud accounted for 14 percent of all cases of "occupational fraud" reviewed by ACFE and represented a median loss of \$40,000. The association defined occupational fraud as "the use of one's occupation for personal enrichment through deliberate misuse or misapplication of the employing organization's resources or assets." In the United States, the association surveyed 1,038 fraud cases, 16 percent of which were expense reimbursement fraud.

Expense reimbursement fraud was most common in the technology sector, where it occurred in 27 percent of cases examined. Reimbursement fraud appeared on 25 percent of cases in the religious charities and social services sector, while manufacturing saw it in 22.9 percent of cases, construction saw it in 20.9 percent, and it occurred in 20.1 percent of health care cases.

Small businesses, those with less than 100 employees, had a higher incidence of expense reimbursement fraud (16.7 percent) than other firms (13.9 percent). Small companies "not only incur losses as large as bigger organizations, they typically have fewer resources with which to combat this threat," according to the report. "The combination of these factors leaves small businesses particularly vulnerable to occupational fraud."

Expense reimbursement fraud lasted a median of two years before companies detected it, according to the survey, which noted that "the longer an occupational fraud scheme goes undetected, the greater losses tend to be." ■

Expense Fraud Costs Companies \$2,400 a Year Per Rogue Employee

The vast majority of business travelers surveyed in February by Chrome River, 94 percent, claimed to be honest about their travel expense reimbursements. That's the good news. The bad news: The 6 percent who admitted to defrauding employers each claimed on average \$2,448 in false expenses per year. The expense management provider surveyed 1,072 business travelers who have taken more than three trips a year.

The most common way for travelers to defraud employers was to pass off personal purchases as business travel expenses, a tactic used by 45 percent of rogue respondents. Overclaiming mileage and tip expense were the next most frequent fraud methods, used by 35 percent and 29 percent of rogue respondents, respectively. About 10 percent of offending respondents have submitted receipts for canceled events, trips or returned items.

Criminal Profile

Who are these fraudsters? The most frequent offenders, 14 percent, were employees who held senior vice president or C-level positions other than the CEO spot. About 73 percent of the perpetrators were male, and their average age was 46. "Expense fraud also has a tendency to be committed by those who an organization would typically trust the most," according to the report.

Blue-collar workers represented 10 percent of those who reported committing expense fraud.

Fighting Fraud

Of travelers who admitted to submitting false expenses, 76 percent used manual expense processes, while 24 percent used automated expense reporting systems. "It's just much easier to trick the system with manual expense submission," a Chrome River spokesperson told *BTN*.

Though automated expense reporting processes can catch duplicate expense items more easily, they're not foolproof. If collusion exists between the submitter and approver, then the approver won't act on the red flags, the spokesperson explained. Also, companies that don't establish business rules are susceptible to efforts to work around the system, he added.

"An expense automation platform tool can cut the [fraud] instances down dramatically," according to the spokesperson, "but quite a lot of this is providing approvers with the tools they need to detect fraudulent claims, and there also needs to be some kind of process put in place for audits." ■



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PICTURED FROM LEFT: Roadmap CEO & Co-Founder Jeroen van Velzen, BTN Group Editorial Director David Meyer, Roadmap CCO & Co-Founder Koen Bavinck, BTN Group Editor-in-Chief Elizabeth West, Roadmap CMO & Co-Founder Markus Emmer.



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2015 ATTENDEES SPEAK OUT...

A lot of travel know-how and sharing in one place.

- Timothy O'Kronley, Procurement Manager, Dechert LLP

What an awesome event—truly the best conference from a content perspective I have been to in a very long time. It was great being around such creative, strategic and collaborative people for two days.

- Robert Jacobsen, Senior Manager, Travel, Expense, Card, T-Mobile US

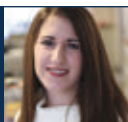
This was my first BTN Innovate conference and I am glad that I attended. I learned from others, shared my knowledge and made new contacts. Thank you for all the effort that went into arranging a successful conference.

- Ellen Moens, Manager, Travel and Administrative Services, CARE

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U.S. Hotel Occupancy Hits Peak of Cycle

The end of the good times is near for U.S. hotels, according to CBRE Hotels' 2016 Trends in the Hotel Industry report. A survey of 2015 year-end statements from thousands of U.S. hotels suggests occupancy and revenue growth are slowing while operating expenses are climbing.

In 2015, occupancy increased in 56.9 percent of the hotels sampled in the CBRE report, down from the more than 70 percent that saw occupancy growth in recent years. "This clearly is an indicator that hotels are approaching the top of the cycle, when occupancy is at near-capacity levels," said CBRE senior managing director Mark Woodworth in a statement. "In certain markets the negative consequences of new supply growth are being felt."

In average daily rate terms, 86.1 percent of the properties sampled managed to raise room rates during the year, and 80.5 percent also increased their revenue per available room, which grew an average 4.6 percent overall.

"In 2015, we saw continued improvement in the growth of other hotel revenue sources beyond the rental of guest rooms," Woodworth said. "During the year, food-and-beverage revenue rose by a healthy 6.6 percent, while miscellaneous income ... grew by 25.4 percent."

Operating revenue for the properties CBRE Hotels surveyed increased 5.3 percent in 2015. But that gain looks less healthy when examining total hotel expenses, which increased 4.6 percent in real terms, the greatest annual change to occur

"U.S. hotels appear to have taken a breather in 2015. However ... the industry is not out of breath."

—CBRE HOTELS' MARK WOODWORTH

during the past 20 years, according to CBRE.

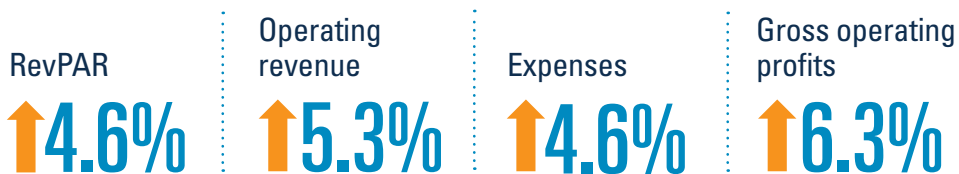
The biggest contributors to increased expenses were total labor costs and related expenses; that category grew 4.6 percent from 2014 to 2015. New legislation around minimum wage, living wage, overtime rules and joint-employment regulations added to hotelier costs in this area.

The fees that hotels pay to credit card, franchise and management companies also increased. Management fees grew 4.9 percent, franchise fees increased 6.7 percent and credit card commissions rose 7 percent. Meanwhile, hotels did see a 2.7 percent decrease in utility costs and a 3.3 percent drop in food costs due to lower energy prices.

As revenue growth still outpaced expense growth, the U.S. hotels surveyed did see gross operating profits increase 6.3 percent. "After years of achieving record levels of occupancy and double-digit growth in profits, U.S. hotels appear to have taken a breather in 2015. However, it should be noted that the industry is not out of breath," Woodworth said. "Our forecasts call for continued RevPAR growth in the near term, which should lead to persistent, albeit modest, gains in profits." ■

How U.S. Hotels Fared in 2015

Occupancy rose in 56.9% of properties. In recent years, it had topped 70%.



Source: CBRE Hotels survey of thousands of U.S. hotels' year-end statements.

Middle East & Africa Is Only Major Region Where April ADR & Occupancy Declined

Hotel occupancy and average daily rate increased in all global regions year over year during April except the Middle East and Africa, which saw declines in both metrics, according to STR.

Occupancy in the Middle East and Africa declined 2.4 percent year over year to 64.5 percent, while ADR fell 5.1 percent to \$150.37. Poor hotel performance in the Middle East, in particular, weighed on results, with ADR dropping 10.8 percent to \$174.18. Multiple hoteliers reported negative first-quarter results in the area, citing the impact of geopolitical instability, low oil prices and reduced demand in leisure markets. Northern Africa and Southern Africa fared slightly better, as ADR rose 10.4 percent to \$108.85, but occupancy still declined 4.1 percent to 55.5 percent.

In Europe, ADR increased 3.8 percent year over year in April to \$118.64, or €109.54, and occupancy rose 3.5 percent to 71.4 percent. Germany posted particularly strong increases in occupancy, 9.8 percent to 73.9 percent, and ADR, 14.4 percent to €107.98, bolstered by both a rise in tourism and continued events-driven demand. Hilton Worldwide CFO Kevin Jacobs said during the company's first-quarter earnings call that the recent terror attacks in Paris and Brussels have negatively impacted hotels in those cities but not in the region overall, where Hilton projects revenue per available room gains in the mid-single digits for the remainder of the year.

The Asia/Pacific region reported a 2 percent year-over-year increase in occupancy to 70.5 percent. ADR grew 1.5 percent to \$102.34. Malaysia, showing signs of recovery in hotel performance after a recent slump, saw occupancy increase 10.5 percent to 63.7 percent and ADR grow 0.4 percent in local currency terms. In Hong Kong, occupancy grew 4.1 percent to 87 percent and ADR increased 3.8 percent, while occupancy in Manila rose 8.9 percent to 73.8 percent and ADR went up 1.9 percent. Both benefited from the shift in business travel from March to April as a result of the early Easter holiday.

In the Americas, ADR increased 2.8 percent year over year to \$122.41 and occupancy grew 2 percent to 67.5 percent. Hotels in Central and South America, where the Zika virus still is causing concern, saw occupancy decline 1.5 percent to 56.4 percent. Top performers included both Bogotá, Colombia, where occupancy rose 8.7 percent to 60.6 percent and ADR grew 10.9 percent in local currency terms, and Buenos Aires, where occupancy grew 7.8 percent to 66 percent and ADR rose 67.9 percent in local currency terms, thanks to a lift in currency restrictions by the Argentinian government last December. ■



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CONTINUED FROM FRONT PAGE

Vista Equity Partners' Marketo Acquisition

As mobile startups predicted, social channel interactions, sharing and hyperlocal attendee-tracking data have moved to the heart of the live event strategy. Not only do event managers and marketers want the ability to capture aggregate activity data throughout the event in order to identify engagement, hot topic sessions and powerful speakers, but they also want to track activity back to individual attendees to show specific engagement rates, which ultimately can be linked to a meeting's return on investment.

Underscoring that shift, Cvent recently reconfigured its social activity feed as a launch icon in its mobile app, making that data feed immediately available to the user rather than burying it in the personal tool set.

Even so, for most event managers, it's challenging to use attendee-engagement data to enhance longer-term sales leads or track sales conversions back to specific user activities. In a white paper published in February, QuickMobile called live meetings a "black hole" in terms of attendee data and advocated for mobile event app integration with enterprise systems—the Oracles and SAPs of the world—in order to unmask the power of attendee-engagement data. QuickMobile predicted such integrations would happen this year. And so they have.

Bizzabo and DoubleDutch both announced sales and marketing automation system integrations in May. Bizzabo announced integration with Salesforce, MailChimp and project management system Slack. DoubleDutch announced integration with Marketo and Salesforce. A spokesperson for Cvent told *BTN* via email that CrowdCompass had been integrating with Salesforce and Marketo "for years."

Marketo & DoubleDutch

DoubleDutch has been particularly aggressive in marketing its new integration capabilities. In mid-May, the company declared "the end of the event tech era" and the rise of what it termed "Live Engagement Marketing." The relevancy challenge was aimed directly at established meetings tech providers with language that echoed a blog post by CEO Lawrence Coburn that openly questioned the innovation trajectories of Cvent and Lanyon, given the Vista Equity acquisitions. In his blog, Coburn cited private equity's habit of focusing on lean operations and financials at the cost of innovation.

Central to its Live Engagement Marketing push, DoubleDutch has played up its tight partnership with Marketo. The meetings app provider launched its Live Engagement platform at Marketo's Marketing Nation event in Las Vegas in May and has powered the Marketing Nation mobile app for the past two years. The DoubleDutch-Marketo integration has been the centerpiece of a seven-city marketing road show for DoubleDutch that hit New York City and Washington, D.C. in May

Largely hitching its wagon to Marketo in the innovation race, DoubleDutch may feel the sting of the Marketo acquisition announcement.

and has dates scheduled for Chicago, Toronto, Amsterdam, London and Frankfurt, Germany.

Coburn told *BTN* prior to the Live Engagement Marketing launch in Las Vegas that DoubleDutch expected to lead the event-data revolution. "I'm speaking frankly, but we've focused on this for two-and-a-half years. We've earned the right because we've built up such a huge data set. And now we can use that data set to help our customers run better programs and drive business results across their organizations," he said.

Largely hitching its wagon to Marketo in the innovation race, however, DoubleDutch may feel the sting of the Marketo acquisition announcement: Its first marketing automation partner likely will sit side-by-side in a portfolio with its older and more established rivals.

Vista Equity Acquisition Moves Toward End-to-End Solution

In a sense, Vista has paid the highest compliment to the DoubleDutch strategy, suggested meetings technology consultant Corbin Ball. "This is the whole Live Engagement Platform that DoubleDutch has been pushing," he said. "But ultimately, this is where everyone should be going in terms of integrating events into a more comprehensive business strategy. The fact that Vista Equity Partners has recognized this, too ... it's hugely significant for our market. It's a brilliant move."

Asked whether DoubleDutch—and other external partners—would now be at a disadvantage in terms of integration progress with Marketo, Ball said it would be more logical for Vista to focus resources on internal solutions before supporting outside partners. "Under the same umbrella, they can really take the time to move forward with the sales and marketing automation

All in the Vista Equity Family

First, meetings tech companies started buying companies that make mobile apps for events. Then, to make the most of the attendee-engagement data those apps gather, meetings tech companies started integrating with sales and marketing automation services. Vista's acquisition of Marketo, though, will bring the marketing automation in house.



KEY

***Meetings tech companies**

Meetings app makers

Sales & marketing automation systems

*** Vista Equity-owned companies**

..... Existing integrations

piece. It's a real sign that we are moving to a more frictionless economy by figuring out the details of how to manage data through the lifecycle."

That said, barring other meetings apps from tapping into that opportunity with Marketo would be shortsighted, Ball said. "I would be surprised if [Vista Partners] put up big barriers when the bigger picture is that you want all the other companies to be integrating, as well." ■



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Cvent's Top Meetings Destinations

Orlando, Fla., once again topped Cvent's annual list of the United States' top 50 destinations for meetings and events. The meetings technology provider analyzes activity initiated through its hotel sourcing and RFP tools to determine market leaders and this year included Europe, the Middle East and Africa as a region—it previously featured just Europe—and debuted a list for Asia/Pacific.

On the U.S. front, Chicago landed the No. 2 spot this year, behind Orlando, with Las Vegas rounding out the top three. No surprises there, as these convention cities vie for the top three spots year after year. Orlando has taken first place four of the five years Cvent has provided U.S. rankings.

Nashville, Tenn., was the only potential surprise among the top 10 U.S. meetings destinations, but those watching the industry have seen the city's meetings business skyrocket in the past three years. The Omni Nashville took the top spot among the 100 top U.S. meetings hotels that Cvent ranked in March, while Gaylord Opryland snagged the No. 2 spot on that list. Nashville has seen 3,000 rooms enter the market in the last five years, with 1,800 more in the pipeline. Average daily rate there has spiked in the past two years, as well.

Middle East & Asia Get in the Game

London grabbed the top EMEA spot, followed by Barcelona, Spain, in lockstep with Cvent's inaugural European rankings from 2015. Paris dropped just one spot to No. 4, making way for Amsterdam at No. 3. Though Cvent did not signal specific reasons for Paris' decline, one must presume that the country's terror events late last year registered as a blip in the city's perennial popularity for meetings and events, and the real dent may register in next year's list: Paris Convention Bureau executives have estimated RFP declines of 20 percent to 30 percent in January and February but now see meetings requests on the upswing.

By expanding the list's regional coverage to

United States

- 1 Orlando, Fla.
- 2 Chicago
- 3 Las Vegas
- 4 Atlanta
- 5 San Diego
- 6 New York
- 7 Washington, D.C.
- 8 Dallas
- 9 Nashville, Tenn.
- 10 New Orleans

EMEA

- 1 London
- 2 Barcelona, Spain
- 3 Amsterdam
- 4 Paris
- 5 Berlin
- 6 Rome
- 7 Frankfurt, Germany
- 8 Madrid
- 9 Brussels
- 10 Prague

Asia/Pacific

- 1 Singapore
- 2 Sydney
- 3 Kuala Lumpur, Malaysia
- 4 Bangkok
- 5 Hong Kong
- 6 Shanghai
- 7 Melbourne, Australia
- 8 Tokyo
- 9 Beijing
- 10 Seoul, South Korea

include the Middle East, Cvent recognized the ascendance of Dubai's draw for meeting groups. While Dubai didn't break the top 10, which is dominated by European powerhouse markets, it registered at No. 11, which is a strong showing for the only Middle Eastern market to break through to the mainstream. To be sure, with the exception of Dubai, opening the doors to Middle East and Africa players did little to change the market mix on the inaugural Europe list from 2015.

Cvent also released its first top 25 list for Asia/Pacific, pegging Singapore, Sydney and Kuala Lumpur, Malaysia, as the top three breakaway markets, in that order. All these markets are largely English-speaking gateway markets in the region. This leads to questions about the penetration of Cvent's regional platform and the quantity of regional data the tech company is able to collect. At the very least, it suggests that the region merits close observation as dynamic Asia/Pacific players impact the market.

For example, the Global Business Travel Association sized the Chinese meetings, incentives, conferences and exhibitions market at \$46.2 billion in 2014, pegging MICE as driving 42 percent of overall domestic business travel. The study identified top host destinations as Shanghai (27 percent), Beijing (24 percent) and Guangzhou (24 percent). Only 11 percent of MICE business originating within China was placed in Hong Kong, according to the GBTA report. The Cvent rankings showed Hong Kong outranking Shanghai, based on its own global data.

Revised figures in a report from GBTA released in April showed China edging past the United States in total business travel spending at the end of 2015 by a billion U.S. dollars, finishing the year with \$291.2 billion in spend compared to the United States' \$290.2 billion. The report also projected China's total business travel volume would leap to more than \$320 billion in 2016, more than 95 percent of that volume representing domestic business travel.

Doing the math, that comes to \$127 billion in domestic MICE business, the majority concentrated in Shanghai and Beijing. As China asserts its dominance in the market, those interested in top meetings destinations and what attracts those dollars would do well to keep a close eye on regional data. ■

Groupize Looks to Dethrone eRFP Process with EmailBids

Taking aim at the eRFP process, Groupize has introduced EmailBids. The small-meetings technology provider called EmailBids a "conversational commerce" tool that allows occasional meetings organizers to communicate with supplier hotels and share standardized bid information via email exchange rather than

logging into a third-party RFP system.

Styled after collaboration tools like Basecamp and Slack, EmailBids sends email notifications to the meeting organizer's inbox as bids for a single piece of business accumulate. The notification shows new activity, aggregated data and dash-

boards that guide decision-making. The tool allows buyers and suppliers to attach pertinent proposals, menus and contractual documents, in addition to the standardized data fields.

According to Groupize, buyers and suppliers converted 62 percent of the business they ran through EmailBids in early trials, and meetings organizers received five-times more responses to EmailBid RFPs than they did to RFPs distributed through traditional systems. Groupize attributed the response rate to simplified forms and the opportunity to interact more directly with potential busi-

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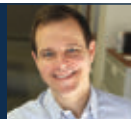


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Hold The Phone: TMCs Delve into Text & Chat

It used to be that if business travelers wanted to reach a travel agent, their only option was a phone call. Now, corporate travel agencies of all sizes are supporting multiple modes of communications, including chat and SMS texting, to help travelers plan, book and manage trips. American Express Global Business Travel, AmTrav Corporate Travel, BCD Travel, Gant Travel Management and Travel Leaders Corporate are just a handful of travel management companies that have expanded or plan to expand communications options.

“Of course American Express Global Business Travel supports phone and email,” noted senior vice president of global service delivery Joanna Macleod. Beyond those standards, however, the mega TMC supports two-way SMS texting through its Proactive Traveler Care trip-disruption service and is piloting chat in North America. A new IP telephony system and other initiatives are helping expand Amex GBT’s communications menu.

Today, BCD supports email, voice and chat “at varying levels for various clients,” said BCD Travel director of emerging technologies Miriam Moscovici. But tomorrow holds more ways for travelers to connect, as well as tighter integration across channels, more consistency and further automation, she said. Gant also is expanding, and harmonizing, the ways travelers can reach agents. By the end of July, the TMC plans to install a cloud-based communications platform that integrates email and phone systems. Powered by RingCentral, it replaces siloed systems to facilitate a more consistent experience with agents. President Patrick Linnihan expects to roll out chat capability in the next year and sees opportunities to automate chat-based travel reservations in the future.

In some cases, expanded communications methods are the antidote to app fatigue. Look at Travel Leaders Corporate. The TMC shuttered its native mobile app in favor of a two-way communications system to connect client travelers with agents via SMS, voice, email and a mobile website that supports chat. Dubbed Travel Wire, it is central to the agency’s mobile strategy.

President David Holyoke sees the system facilitating a variety of traveler-agent interactions, including disruption support and bookings, and said later iterations could layer in automation for virtual agent-like services. Having worked on Travel Wire for a couple years, Travel Leaders Corporate has moved toward “mass adoption” with clients. “The platform itself has a lot of possibilities from planning stages to obviously travel disruption and everywhere in between,” Holyoke said in February.

AmTrav also touched on app fatigue. “A lot of stuff that you see right now is an app-centric approach,” said vice president of sales and marketing Ted Perlstein. “Why make people take an extra step? Why make people download the app, open the app, use the app, update the app versus communicate with us just as you would in your everyday life.” Enter AmTrav Access, a new communications platform for

“We don’t want to dictate how our customers communicate with us. We want them to communicate with us in whatever way is most convenient for them.”

—AMTRAV’S TED PERLSTEIN

travelers to contact in-house agents 24/7 via phone, email or chat. Text support also is in the works. “Our big picture approach is: We don’t want to dictate how our customers communicate with us,” said Perlstein. “We want them to communicate with us in whatever way is most convenient for them.”

What’s Next?

“We’re now at the baseline of managing multiple types of contacts,” BCD’s Moscovici said. “We’ve already started using words like ‘omnichannel.’ I would like to propose that omnichannel isn’t actually the level that we’re searching for. We would call it something like simulchannel.” To her, that means not just supporting multiple text-based or voice-based options but handling them consistently and seamlessly. Regardless of mode, communications with agencies should be “contextually aware,” she said. “It continues this ongoing conversation related to a particular trip, which has many, many phases: starting from ideation to getting reimbursed for your trip and everything in between.” She likened the concept to Netflix, where you can start streaming a program on a tablet, continue watching it on your mobile phone and then finish it on your television—and “don’t miss a beat.”

Amex GBT’s Macleod noted that “simply offering multiple channels is not enough.” To get to something more valuable, “a fully integrated technology platform and skilled multichannel travel experts are required.” Several TMC executives noted that an ideal system requires harmony among the TMC’s telephony platform, its automated call distribution system, the traveler profile system, a customer relationship management system and others—all backed by capable agents.

As Amex GBT untangles its operations from its former parent American Express, it has shifted to its own IP telephony system. That is contributing to expanded capabilities, which also enable the agency to recognize who is calling in. “It provides new communication capabilities and, perhaps most significantly, ensures they are fully integrated,” according to Macleod. “By that I mean that the traveler has the ability to contact one of our travel experts at any time through any device on email, by phone or with chat—the experience and level of service should be seamless and consistent no matter your method of choice.” Amex GBT also is exploring click-to-chat and “click-to-arrange-call-back” via its mobile app. The TMC even plans to trial video communications, though it’s “not yet clear how popular this method might be,” she noted. ■

Which Communication Channel Works When?

American Express Global Business Travel’s Joanna Macleod noted that for simple advance bookings, travelers still elect to book online or, perhaps, email an agent. More complex plans or last-minute bookings might prompt the traveler to call. As demonstrated by Amex GBT’s Proactive Traveler Care service, texting works well for disruption and in-trip support. AmTrav’s Ted Perlstein, meanwhile, has found that live chat lends itself to international travelers who may have limited cell phone access but still have Wi-Fi connections for their smartphones.

SMS is growing in popularity for everyday interactions. According to a 2015 Pew Research Center survey of more than 3,000 U.S. adults, 97 percent used text messaging at least once in a one-week study period. But contrary to some competitors, Egencia does not see significant demand for SMS-based traveler interaction. While keeping an eye out for such demand, a spokesperson said, Egencia instead is advancing its interactive voice-response system and callback mobile feature.



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Young Travelers Book Outside Despite Faith in Policy Rates

BY JAY BOEHMER

Ever since the days of booking Microsoft's Expedia on dial-up modems, some business travelers have believed they can find better rates outside their managed programs. And for just as long, that has frustrated managed travel pros. It should come as a refreshing revelation, then, that managed travelers younger than 35 demonstrate more faith in corporate rate integrity than do their older counterparts, according to recent research from Phocuswright (which, like The BTN Group, is owned by Northstar Travel Group).

And yet those travelers still book outside the program at a higher rate than older travelers.

I Can Find It Cheaper

At BTN's recent Business Travel Tech Talk conference, several travel buyers spoke of the persistent corporate travel bugaboo that is travelers claiming to find publicly available content that beats program rates. "Only 50 percent of travelers think they're getting the best rate [through the managed program]. More than 90 percent [actually] are," said one corporate buyer from a large company. "How do you change perceptions?"

Well, perhaps the perceptions already have begun to change, according to Phocuswright's study. The research is based in part on an October 2014 survey of 520 managed travelers based in the United States. Of the respondents, 157 were younger than 35.

Of managed travelers ages 18 to 34, 67 percent said their companies' travel policies/agencies offer the same or better prices than they could find on their own. That is higher than the 56 percent rate for travelers aged 35 to 54 and the 53 percent rate for travelers 55 and older. Only 8 percent of 18- to 34-year-olds disagreed with the sentiment, compared with 19 percent of travelers between 35 and 54 and 11 percent 55 and older.

Nevertheless, respondents under 35 expressed a greater desire to book outside company-sanctioned channels.

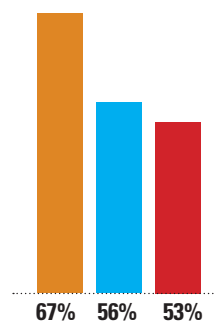
Of those under 35, 64 percent sometimes book outside their companies' policies. For travelers between 35 and 54, the rate was 48 percent; for managed travelers 55 and older, it was 29 percent.

Asked how they "typically" book travel for business trips, travelers under 35 were all over the place. Travel managers will be glad to hear that 37 percent confirmed they used their companies' travel booking websites/recommended travel agencies.

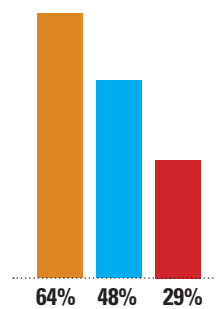
Yet, corporate-sanctioned booking mechanisms were just one of multiple booking avenues the under-35 set "typically" took.

Travelers who believe their companies' policies/agencies find the same or better prices than they could find on their own

Age 18-34 Age 35-54 Age 55+



Travelers who book outside their companies' policies



"What really differentiates them from other age groups is that a higher proportion use multiple modes of purchase," noted the study. Forty percent of respondents 34 and under used online travel agencies, and 39 percent booked on airline websites. In contrast, only 30 percent of 35- to 54-year-olds used OTAs, and 28 percent used airline websites.

"This preference for going outside policy guidelines poses an interesting conundrum for travel managers in terms of driving compliance among younger travelers, especially as they become a larger proportion of the managed traveler population," according to Phocuswright.

The study did not dig too deeply into all the possible drivers behind age-based differences in booking behaviors, nor did it approach Millennials as an anthropological curiosity. Yet, Phocuswright suggested, such behaviors from a growing subset of the corporate workforce could prompt further adoption of open booking approaches. For now, however, few travel managers are going there.

The study included another survey, conducted from April 2015 through July 2015, that asked travel managers if their companies "had implemented an open booking solution for business travelers." Only 7 percent of 159 corporate travel managers had, and 8 percent plan to do so during the following 12 months; 75 percent did not plan to.

Here's the silver lining for travel management companies: While there is booking leakage from all age sets, Phocuswright predicted that in 2017, "the TMC channel will represent 83 percent of online managed travel spend," a 1 percentage-point gain from 2014. The percentage of offline transactions also showed a gain for TMCs. ■

Business Travelers Trust Their Duty-of-Care Programs Less Than Managers Do

BY MICHAEL B. BAKER

Business travelers are more skeptical than their travel managers about the efficiency of duty-of-care programs that are in place, according to an Association of Corporate Travel Executives study of 270 travel executives and 605 business travelers. *Business Traveller* and American Express Global Business Travel helped conduct the survey.

Across six categories, the gap between travelers and managers generally spanned only one point on a 10-point scale, but ACTE executive director Greeley Koch said: "If companies think they have the greatest program, and travelers don't [agree] or don't know about them, that's a problem. There's a fear out there of lockdowns and in-flight terror incidents, and when fear's on the mind, it can

impact whether you take a trip."

Traveling to specific destinations concerned 79 percent of travelers and 75 percent of buyers. France, Turkey and Belgium topped the list. The March terrorist attacks in Brussels occurred during the course of the survey.

More than half of travelers are more anxious about travel than they were a year ago. "Business travelers are resilient and will find a way to work through anything, but we're starting to see an issue," Koch said. ■

Travelers Say They Want to Book Everything on One Platform but Don't Do So

BY JOANN DELUNA

A 40 percentage point chasm separates business travelers who say they prefer to book all travel through one platform and those who actually book on a central or corporate booking tool. A study from travel and expense management provider KDS found 74 percent prefer a single channel but only 34 percent followed through. That's fewer than the 37 percent who have booked corporate travel through supplier websites.

The discrepancy suggests that while travelers crave a single platform, they want that platform to be quality. "In order to drive compliance and adoption [of corporate booking tools], companies need to make sure the platform they are providing to employees offers at least the same convenience, user experience and choice of options that consumer-based services do," according to the report.

KDS surveyed 1,216 U.K. and U.S. business

professionals in March. For those who booked travel directly with suppliers, 49 percent said convenience was a factor. About one-third cited a wider choice of travel content, and 14 percent named lower costs.

Almost half of those who booked policy-compliant business trips spent five to 20 minutes researching and booking each business trip, whether that's a flight and hotel or train and hotel. More than a third spent 20 minutes to one hour, and 8 percent spent longer. ■

Other Interesting Facts

- 45% used an expense management tool but a similar number, 41%, used spreadsheets. Of those, 47% spent 30 to 60 minutes per expense report and 18% spent as much as two hours.
- Three-quarters of travelers kept receipts in one place like an envelope, 11% scanned or logged them online throughout the trip and 15% end up with receipts in multiple places.
- 22% rounded up between one and 10 miles for mileage reimbursement, and 24 percent inflate taxi receipts.

"Companies need to make sure the platform they are providing to employees offers at least the same convenience, user experience and choice of options that consumer-based services do."

—KDS REPORT

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Concur Rolls Out ExpenseIt in U.K. After a Two-Year Delay

BY AMON COHEN

Concur is finally rolling out its ExpenseIt app to large customers in the United Kingdom. The product translates photographed receipts into expense-claim line items, and adapting it for Europe took two years longer than expected.

ExpenseIt launched in the United States in August 2013 and has debuted subsequently in two other English-language markets: Canada and Australia. Concur said 25 percent of its clients use the app and 160,000 users have processed more than 6 million receipts since launch. Rollout in the United Kingdom, Concur's largest European market, was slated for the third quarter of 2014, but a tool that works well in the United States has taken much longer to adapt to the complexities of multinational Europe.

"We needed to perfect the optical character recognition," said Scott Torrey, Concur executive vice president and EMEA general manager. "In the U.S., receipts are fairly standardized," but not in Europe. Language is by no means the only issue. "Things like dashes and colons can confuse the technology," said Torrey, as do handwritten receipts, which remain prevalent among taxi and restaurant suppliers in several European countries, including Germany.

Concur said in a written statement to *BTN* that ExpenseIt "reads receipts in most countries and is still learning." Torrey added that launches elsewhere in Europe will follow once United Kingdom-based users are experiencing high success rates, both domestically and abroad. Getting the recognition technology right is in the mutual interest of both Concur and its customers. "If OCR doesn't do it, our office in Manila does, so that's more work for us," said Torrey.

Concur in Europe: Big Growth, Plus SAP Integration

Beyond just the ExpenseIt tool, Europe was Concur's fastest-growing region in 2015, almost doubling its 2014 revenue, according to Concur executive vice president and EMEA general manager Scott Torrey. Nearly all of that was organic, he said. While 150 staff members have joined from new parent and former competitor SAP, customers moving over from SAP won't show up on the books until 2016 and 2017.

The first-round integration of the Concur and SAP expense products is scheduled for the third-quarter of this year, and Torrey said one of the chief

ExpenseIt's Three-Year Journey

U.S. ROLLOUT IN Q3 2013

FOLLOWED BY CANADA & AUSTRALIA

UNITED KINGDOM ORIGINALLY PLANNED FOR Q3 2014

U.K. ROLLOUT IN Q2 2016

gains will be smoother integration into the wider SAP enterprise platform.

Until now, Concur has sold chiefly to customers in the United Kingdom, France, Germany, Austria, Switzerland and Benelux, but it is starting to use existing SAP offices to plant dedicated staff in the Nordics, United Arab Emirates and South Africa.

SAP ownership also has allowed Concur to sign up suppliers to TripLink, Concur's program for capturing data on bookings made through consumer channels. "We are behind in Europe in user participation but not in supplier cooperation," said Torrey. In particular, "developers are writing code right now" with several of the key suppliers in SAP's home market of Germany, including Lufthansa, Sixt, HRS, MyTaxi, Booking.com and AccorHotels. "When Concur calls a CIO of supplier.com and asks, 'Are you interested in talking?' the answer is a more consistent, 'Yes,'" said Torrey. "SAP has provided even more power behind the belief we can invest to make this happen."

"We needed to perfect the optical character recognition [to roll out ExpenseIt in Europe]. In the U.S., receipts are fairly standardized."

—CONCUR'S SCOTT TORREY

Concur continues to customize its booking tool for the European marketplace, as well. Deals to take feeds from two more rail providers are imminent, and Torrey said Concur is working on incorporating European airline fare families and setting up a virtual card payment facility. ■

American Express Global Business Travel Will Buy Finnish TMC Partner from Finnair Group

BY JAY BOEHMER

American Express Global Business Travel agreed to acquire Finnish travel management company SMT from Finnair Group. The transaction is expected to close by the end of September.

Already serving as GBT's partner in Finland, SMT operates in corporate travel management and also provides meetings and event management. With around 200 employees, SMT formed in 2013 through

the merger of "the two largest Finnish-owned business travel agencies," Area Travel Agency and Finland Travel Bureau, according to GBT.

Finnair chief commercial officer Juha Järvinen cited Finnair's strategy "to focus on its core airline business" in its decision to divest SMT. For 2015, Finnair's travel services business, including SMT, represented about 9 percent of Finnair Group's

revenue, according to the company's 2015 annual report. Its airline business represented the remainder.

Though revenue in 2015 fell 4 percent year over year for the travel services division, which also included leisure tour operator Aurinkomatkat Sun-tours, the group highlighted "sales growth and excellent profitability" for SMT last year.

In December, SMT sold its majority stake in Baltic subsidiary Estravel to an Estonia-based partner. ■

Louis Magliaro, Vice President & Group Publisher
973.769.0028 • lmagliaro@thebtngroup.com

EDITORIAL

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

PRODUCTION & CIRCULATION

Michele Garth, Production Manager
201.902.1930 • mgarth@ntmlc.com

Lisa Gonzales, Gayle Graizzaro,
Production Specialists
201.902.2000 • lgonzaless@ntmlc.com
ggraizzaro@ntmlc.com

Kwafo Anoff, Director of Circulation
201.901.2103 • kanoff@ntmlc.com

SALES

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

CONTENT SOLUTIONS

Mary Ann McNulty, Director,
Content Solutions
630.519.4510
mmculty@thebtngroup.com

MARKETING & EVENTS

Max Bzdyk, Marketing,
Events & Sales Assistant
201.902.1924 • mbzdyk@ntmlc.com

Mariza Moreira, Group Design Manager
201.902.1965 • mmoreira@ntmlc.com

LIST RENTAL

Danielle Zaborski, MeritDirect
914.368.1090 • dzaborski@meritdirect.com

REPRINTS OR COPYRIGHT PERMISSION

Brett Petillo, Wright's Media
877.652.5295 • bpetillo@wrightsmedia.com

SUBSCRIPTION SERVICES

800.869.6882 • btn@kmpsgroup.com
Business Travel News
PO Box 47655
Plymouth, MN 55447

Thomas L. Kemp
Chairman & Chief Executive Officer

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What the Traveler Thinks

Sharing Economy Is More Than Uber, Lyft & Airbnb

BY ELIZABETH WEST

Travel buyers and policy managers have sharing economy on the brain. The questions go something like this: “Is Uber safe?” “Can I or should I prevent travelers from accessing Airbnb?” “Is my expense reimbursement policy in line with my travel policy on Lyft?” and, finally, “If I close my eyes, will this all go away?”

The answer to that last question is certain. No, sharing economy vendors are not going away. And because that is the case, corporations will need to figure out the answers to those other questions—and likely a lot more.

Most travel buyers are grappling with how to approach alternatives to their traditional suppliers—mainly, hotel and ground transportation. But the sharing economy, a term whose meaning has widened to include on-demand services, offers a much broader marketplace for business travelers. In February, *Business Travel News* asked travelers who log at least four annual business trips what common sharing economy services they use while on the road. Their answers went beyond Uber, Lyft and Airbnb to food delivery services like GrubHub and Eat24 and laundry services like Washio.

A recent report from expense firm Certify noted a similar trend, with a variety of sharing economy suppliers dotting business travel expense reports. “Elsewhere in the sharing economy, companies like WeWork, GrubHub, DoorDash, Shyp and countless others are lining up to attend to the every need of the lucrative corporate travel market. These services and many more like them have also appeared in Certify SpendSmart data, but not yet at a level that would indicate a growing trend or disruption on the horizon,” the report stated.

One area Certify will continue to monitor closely is meals. “As the number one most expensed travel and entertainment category for all businesses, breakfast, lunch and dinner present a rich opportunity for any new service that can crack the code beyond the currently available dining delivery apps and options.”

The *BTN* survey showed that sharing economy meal delivery services trailed the use of ridesharing services like Uber and Lyft, but not by a huge amount. More than half of active business travelers used a service like GrubHub, Eat24 or Postmates. After the survey ended, Uber rolled out UberEATS in Chicago, Houston, Los Angeles and San Francisco in March, and it’s expanding to Atlanta, Austin, Dallas, New York, Seattle, Paris and Melbourne, Australia, giving the category some strategic and technological muscle.

Convenience costs can add up, though. A Jan. 11 *Forbes* article did a quick accounting on the marginal cost of sharing economy food delivery. Contributor Bijan Khosravi wrote: “The food part of the bill was \$32. [My son] was charged 9 percent service fee, plus \$6.50 for delivery fee, and then a 20 percent tip on top of the entire bill. Meaning, he paid \$49.86 for \$32 worth of food.” The writer opined that the marginal convenience was not worth the cost and that while many people can’t afford it, more simply won’t pay for it.

Some might argue, however, that business travelers are less cost sensitive because they ultimately don’t have to pay the fees themselves. That may be why corporate travel has become a prime target for these convenience services, and it’s where policy and

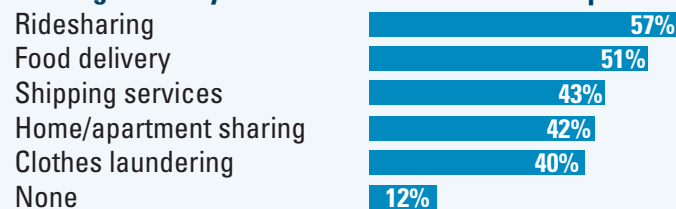
behavior management come into the picture. Of course, companies have to weigh the benefit of the convenience against traveler productivity and business success.

The fact that Certify hasn’t seen meal delivery services surge on expense reports may reflect travelers’ reticence to report this type of service—or that such expenses have been rejected. *BTN* survey respondents reported that the meal delivery category was the toughest sharing economy service to justify to their companies. Of those who had used food delivery services, 36 percent were challenged on reimbursement. That’s a 40 percent increase in reimbursement challenges compared with all other categories except home/apartment sharing services.

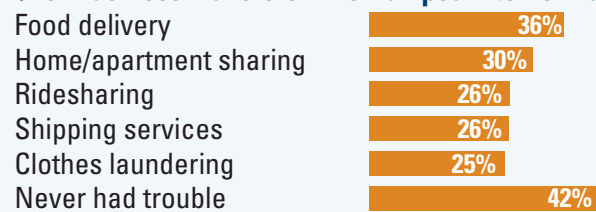
Meal delivery is just one example to watch for, but it’s an interesting one. Local parcel delivery and quick-turn laundry services also cater to business travelers. These are ancillary spend categories for sure, but it’s worth considering how they fit into an overall travel policy given that niche sharing economy markets are expanding. It’s not just cars and apartments anymore. ■

**88 percent of
BTN survey
respondents have
used at least one
sharing economy
service when
traveling on
behalf of their
companies.**

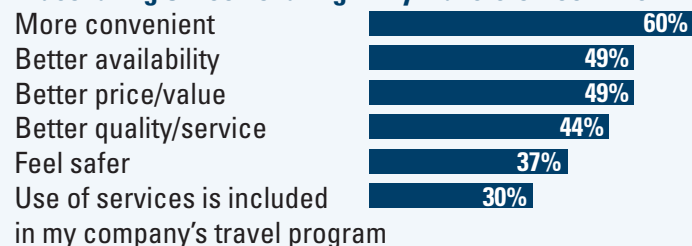
Sharing Economy Services Used on Business Trips



% of Business Travelers Who Bumped into Reimbursement Issues



Ridesharing & Roomsharing: Why Travelers Book Them



Source: *BTN* survey of 210 business travelers taking four or more business trips annually, conducted from Feb. 19 to Feb. 26, 2016.

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