VOLUME 33 | SEPTEMBER 5, 2016 WWW.BUSINESSTRAVELNEWS.COM

BTN

BUSINESS TRAVEL NEWS



STRATEGIC MEETINGS MANAGEMENT

Smart SMM is evolving beyond savings to broader data sets, globalization & marketing automation.

PAGE 17



MANAGEMENT

One Marriott's Bruce Rohr joins a panel of experts discussing safety & security concerns for LGBTQ business travelers.

PAGE 50



DATA HUB

Energy markets are hurting. They're taking local hotel occupancy & RevPAR down with them.

PAGE 6

FEATURE

BY JULIE SICKEL



BTN's 2016 Hotel Survey

Service Is Back in Fashion

Modern design, facilities and technology matter, but travel buyers also made service a pivotal factor in this year's survey about the hotel brands they value most. Across hotel tiers, *BTN* identified a focus on muscular Wi-Fi—yes—but also on intensive service initiatives. That goes particularly for the luxury segment, which must be the best if that's what it's going to charge for. In that category, Ritz-Carlton topped this year's survey results. Westin and Marriott tied for upper-upscale while Crowne Plaza led upscale hotels. Hampton by Hilton won in upper-midprice and La Quinta in midprice, while Residence Inn took the top spot in upscale extended stay and Extended Stay America led in midscale extended stay.

FULL STORY ON PG 26

Amex GBT Acquires KDS

BY ELIZABETH WEST

After industry speculation, American Express Global Business Travel tied the knot with France-based travel and expense technology firm KDS, calling it "part of a broader investment strategy by GBT to develop an industry-leading suite of traveler-centric online and digital services, sitting on top of the company's core technology platform for business travelers."

Rumors of a potential KDS acquisition began months ago but revived the week prior to the Aug. 30 acquisition announcement when Amex GBT announced that Doug Anderson, former Carlson Wagonlit Travel CEO, had taken the chief executive role vacated by Bill Glenn in April *(see "Amex GBT's Future According to New CEO Doug Anderson" on page 36)*.

CWT and KDS established in 2014 what KDS CEO Dean Forbes characterized at the time as "much more than just a distribution partnership." It focused on KDS's Neo, the tech company's door-to-door booking technology. Amex GBT looks to focus on Neo as the game-changer technology, as well. The press statement said Neo is "KDS' leading product." KDS offers a Neo Expense companion, as well.

The company has won regard for its user experience and has gained TMC partners that compete with Amex GBT, most notably CWT, which now holds a minor stake in KDS. KDS also has partnerships with BCD Travel and Travel and Transport, among other agencies in North America. It has made efforts in recent years to break into the United States, but Forbes acknowledged that KDS has taken a "slow and cautious" trek.

Just as Forbes suggested KDS would continue to support current

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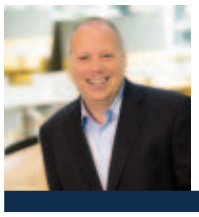
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Marriott International global officer of brand management & global sales Brian King talks about the company's work with corporate partners.

"The hotel business is about micromarkets. Each individual hotel is a micromarket on its own. Those particular hotels are going to use the pricing practices that make the most sense in that micromarket."

CROWNE PLAZA HOTELS & RESORTS
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BUSINESS TRAVEL NEWS

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EU Data Protection Compliance Options

BY AMON COHEN

Keeping compliant with the European Union's tough personal data privacy laws used to be straightforward. The EU exercises stricter data privacy laws than the United States. That's why it also has rules ensuring that transfers of data about its citizens across the Atlantic must comply with its more stringent standards. Meanwhile, many of the corporate travel industry's dominant service providers, and thus their primary data servers, are based in the United States. They import data about individuals—including names, employers, where the employees travel and credit card details—from Europe on a daily basis and under a framework called Safe Harbor, U.S. companies could declare that they are transferring data in a compliant manner.

But it was hard to check whether they really were following the rules, and Safe Harbor died in October 2015 when the European Court of Justice invalidated the framework because of that lack of oversight. The ruling also questioned whether any transfer of data to the United States could be considered compliant, considering Edward Snowden's 2013 revelations that the U.S. government has routine access to corporate electronic records.

Around 4,500 U.S. companies were signed up to Safe Harbor, the invalidation of which left them potentially in breach of European privacy laws if they continued to store EU citizens' personal data in the United States.

In July 2016, though, the European Commission approved a successor to Safe Harbor called Privacy Shield. It gives EU member states' data privacy authorities the oversight Safe Harbor lacked over U.S. companies that commit to it. Privacy Shield also includes the appointment of a dedicated U.S. ombudsman to handle complaints, tighter assurances from the U.S. government that it will limit the bulk collection of data from U.S. companies and new requirements of those businesses that self-certify, including deleting personal data when no longer necessary.

Only one name from the travel sector, travel management company World Travel, appeared on the debut list of 35 companies self-certifying for Privacy Shield; it was certified Aug. 12. "To join the Privacy Shield Framework, a U.S.-based organization will be required to self-certify to the Department of Commerce … and publicly commit to comply with the Framework's requirements," the Privacy Shield website stated. "While joining the Privacy Shield Framework is voluntary, once an eligible organization makes the public commitment to comply ... the commitment will become enforceable under U.S. law."

But is Privacy Shield the best way for United States-based service providers to meet European data requirements? The jury is out.

There are at least two other options for transferring data, both of which have become more prevalent since the European Court of Justice decision. One is inserting model, or standard, contractual clauses, into contracts to guarantee that service providers treat transferred data in compliance with the EU Data Protection Directive. The other is Binding Corporate Rules. According to a statement from Kasey Chappelle, American Express Global Business Travel chief privacy officer and vice president for commercial compliance, this option requires "companies to gain the approval of all relevant EU data protection authorities for a set of binding internal rules governing how data will be collected, processed, used and shared, ensuring adequate protections no matter where in the corporate family the information is transferred."

Leading United States-based service providers delivered different answers about how they're handling data, and some companies simply don't want to discuss Privacy Shield. Carlson Wagonlit Travel declined to comment. Concur did not respond. Sabre and Travelport ducked questions about Privacy Shield, but Sabre said it remains "compliant with EU data protection requirements, including, among other things, our use of model clauses where appropriate." Travelport favors the same route. "Travelport's data transfers from the [European Economic Area] to the United States are conducted under the EU model contracts," it commented. "These model contracts establish a data-transfer mechanism recognized by the European Commission as complying with EU law."

Two companies willing to put their heads above the parapet were Amex GBT and BCD Travel. Both expressed skepticism about Privacy Shield and retain their faith in alternative mechanisms. "We don't plan to certify for Privacy Shield at this time because the Binding Corporate Rules we operate under provide for international transfers in a much stronger and, at this point, less uncertain way," according to Chappelle's statement. "We're the only TMC to operate under Binding Corporate Rules, which applies more broadly and currently enjoys more legal certainty. Unlike Privacy Shield, Binding Corporate Rules are reviewed and approved by each relevant EU data protection authority. Filing for Privacy Shield certification would at best duplicate the protections currently

U.S. Companies' Data Protection Pickle

4,500 U.S. companies were signed up to Safe Harbor.

The European Court of Justice invalidated Safe Harbor in October 2015.

The European Commission approved a replacement, Privacy Shield, in July 2016.

One travel company, World Travel, has self-certified for Privacy Shield.

And now the travel industry is weighing its options:

- Privacy Shield
- model contractual clauses
- binding corporate rules

provided by the BCRs, and at worst could conflict with them."

She added: "We're already starting to hear about planned legal challenges [to Privacy Shield] and questions from data protection authorities. I wouldn't advise dispensing with backup transfer mechanisms just yet, given the amount of uncertainty around its validity," said Chappelle.

Taking a similar line, BCD Travel executive vice president for technology, products and innovation Russ Howell said: "After careful review of the EU-U.S. Privacy Shield, we hold the view that it is still uncertain whether it will present a reliable and long-term basis for data transfers from the EU to the U.S. Therefore, at this time, BCD Travel does not intend to certify under the Privacy Shield Framework."

BCD is obtaining Binding Corporate Rules approvals from EU data protection authorities, a process which takes more than 12 months. Howell said: "Our overall data protection strategy will be to continue to rely on the following key data transfer mechanisms since Safe Harbor was invalidated: Binding Corporate Rules, model clauses, robust contractual clauses and other data transfer and consent agreements. We will also comply with the new General Data Protection Regulation enacted in April, which we believe will be more impactful than the Privacy Shield." The regulation, which particularly favors Binding Corporate Rules for data transfers to locations outside the EU, will apply starting May 25, 2018, and is a more robust successor to the European Data Protection Directive. Fines for noncompliance will be up to €20 million or 4 percent of annual worldwide turnover.

Other corporate travel figures believe Privacy Shield is the way to go. While agreeing "there is still some legal uncertainty about it," Hans-Ingo Biehl, executive director of German travel buyers association VDR said: "Our legal adviser is telling us that every corporate which has partners that transfer data to the United States must check whether transfers are taking place and make sure they are handled under Privacy Shield in the future. If they don't do that, they should not be allowed to transfer to the United States. It is still unclear if Binding Corprate Rules or model contractual clauses will continue to be accepted. Everyone is waiting for the Article 29 group to comment on this."

The influential Article 29 Working Party represents national data protection authorities. Its most recent public utterance on United States-bound data transfers, made on July 26, listed several grievances about Privacy Shield and warned: "The first ... annual review [in July 2017] will be a key moment for the robustness and efficiency of the Privacy Shield mechanism to be further assessed." The statement added that the same review "may also impact transfer tools such as Binding Corporate Rules and Standard Contractual Clauses."

Biehl added that the most reliable solution would be for service providers to store their data in Europe, especially following a July U.S. appeals court decision that barred the U.S. government from compelling Microsoft to hand over email stored in an EU country, in this case, Ireland.

World Travel is offering customers a choice among Privacy Shield, model contractual clauses and, if neither is appropriate, customized contractual language.

Sharing her opinion, World Travel executive vice president and corporate counsel Maribeth Minella said she expects the validity of Privacy Shield to be challenged legally but nevertheless considers it effective both legally and as a promoter of good practice: "If you go to the root of Snowden and the Schrems [European Court of Justice] decision, that was largely geared to the issue of government surveillance. The [Privacy Shield] Framework makes the next best effort at closing the gap on that issue. The language of Privacy Shield can appear very generic, but you have to put very practical measures in place. I tell our staff that in Europe, data privacy is very much a right and you have to figure out how to honor that in a B2B context." As a practical example, Minella said e-mailing an Excel spreadsheet containing personal data without protections like encryption and passwords would be unacceptable.

She added: "[Privacy Shield certification] is the right thing to do for our clients. We have to represent that we have adequate ways of ensuring data privacy for our clients, not just in the EU but across the business. We have custody of individuals' personal data, and we have to treat it in the right way. Knowing what that is in the U.S. is difficult because there is no uniform privacy law. The [Privacy Shield] framework gives us an opportunity to do that."

She predicted that U.S. service providers will hear a lot more from clients about Privacy Shield. "A very easy RFP question would be: 'Have you elected to go on the framework? If you haven't, please explain why.' There's nothing wrong with electing not to, but you need to explain that," she said.



What Privacy Shield Does That Safe Harbor Didn't

EU member states' data protection authorities have oversight over companies that self-ceritfy.

A U.S. ombudsman will handle complaints.

The U.S. government will limit its bulk collection of data from U.S. companies.

Businesses that self-certify will delete personal data when it's no longer necessary to hold it, among other requirements.

United & American Exec Changes Signs of Succession Plans?

United's surprise appointment of American Airlines president Scott Kirby as its own president "completes a total revamp of United's management," Cowen and Co. said in a research note. American, meanwhile, promoted COO Robert Isom to president.

Isom's new role puts him in charge of revenue, as well as operations, which he already oversaw. In its own note, Wolfe Research called Isom "a talent that American's board was afraid to lose."

An American statement referenced internal discussions that had been going on before Kirby's departure: "The company concluded it would not be able to retain its existing executive team in their current roles for an extended period. As a result, the board chose to proactively establish a team and structure that will best serve American for the longer-term future." Cowen and Co. said the succession plan American was putting in place "may have favored [Isom] over [Kirby]." Additionally, American Airlines Doug Parker remains popular with his board and does not appear interested in vacating his post anytime soon.

United CEO Oscar Munoz, meanwhile, has received kudos from the analyst community. He has overseen a period of operational improvement, despite being sidelined by a heart attack and transplant shortly after his September appointment. Cowen and Co. said, "Given concerns over [Munoz's] health, the potential for [Kirby] to eventually be his successor is a real one," although *The Wall Street Journal* also cited an unnamed source saying Kirby's appointment "isn't a predetermined path toward the top job at United."

Kirby's appointment, along with other recent executive appointments, have brought to United "a bunch of new, untainted and opinionated talent armed with a working knowledge of the competition," according to Wolfe Research. While analysts regarded Kirby's appointment as a coup for United, Parker dispelled any appearance of enmity at his departure from American. "We would not be where we are today without his leadership," Parker said of Kirby in a statement. "The more than 100,000 team members of American Airlines, most notably me, will be forever grateful to Scott."

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2015 ANNUAL AIRLINE SURVEY

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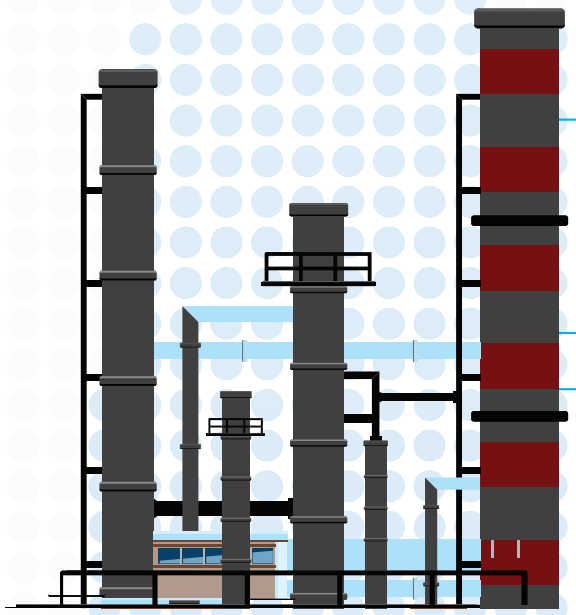
DELTA SKYTEAM

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RevPAR in Energy Markets

Oil prices were nearly sliced in half from 2014 to 2015. The decline has continued in 2016, and hotel RevPAR in the Middle East is along for the ride, according to STR data. “Since many of the key cities in the Middle East rely heavily on corporate travel for events and conventions, it is not strange to see overall profitability declines partially as a result of the drop in oil price,” said STR Middle East and Africa area director Philip Wooller. “When you couple that with strong supply growth in the majority of these markets, the downward trend is amplified.” Hotel performance in other energy cities around the world also is hurting, according to STR figures, though the United States’ most prominent energy market, Houston, has fared relatively well.

AS OIL PRICES PLUMMET ...

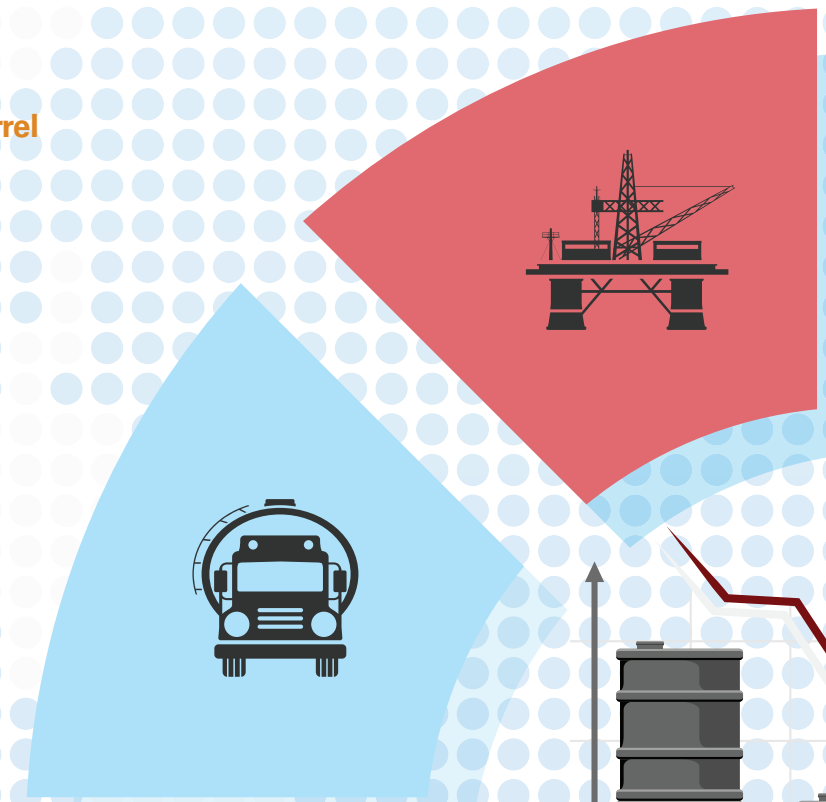


OPEC Crude Oil Average Price Per Barrel

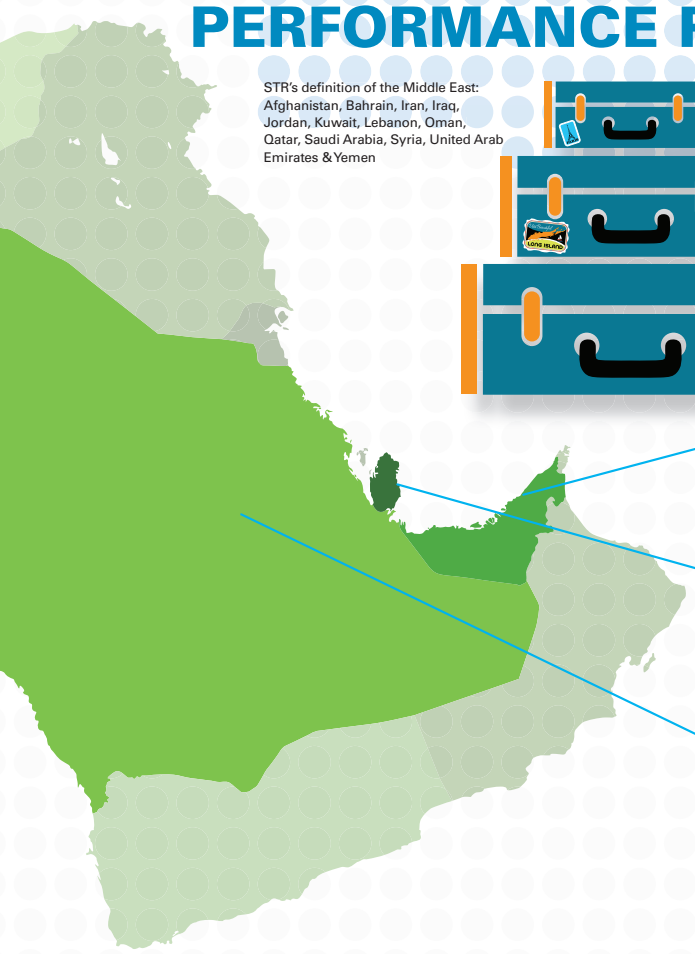
2014 $96.29

2015 $49.99

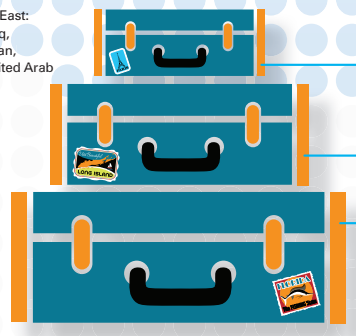
2016 $36.13
(first half monthly average)



... MIDDLE EAST HOTEL PERFORMANCE FOLLOWS.



STR’s definition of the Middle East: Afghanistan, Bahrain, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates & Yemen



RevPAR

2014 $134.37

2015 $127.65

2016 $120.78
(first half) ***Down 10% YOY***

Dubai

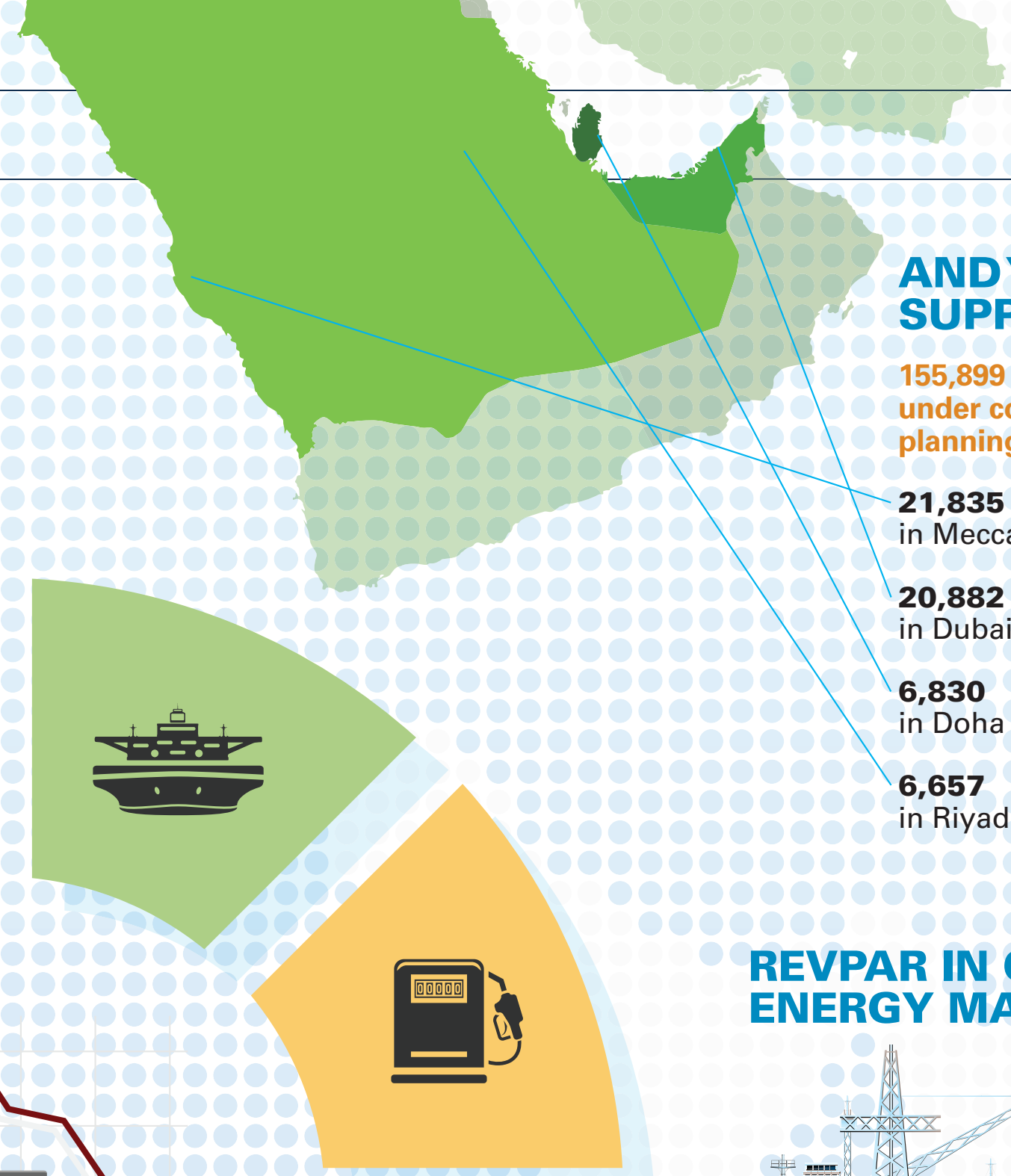
2014 $184.87
2015 $166.66
2016 $159.53
(first half) ***Down 13.4% YOY***

Doha

2014 $86.44
2015 $81.48
2016 $69.14
(first half) ***Down 23.7% YOY***

Riyadh

2014 $138.40
2015 $135.10
2016 $126.94
(first half) ***Down 18% YOY***



AND YET, MIDDLE EAST SUPPLY KEEPS COMING.

155,899 hotel rooms are under construction or in planning, including:

21,835
in Mecca

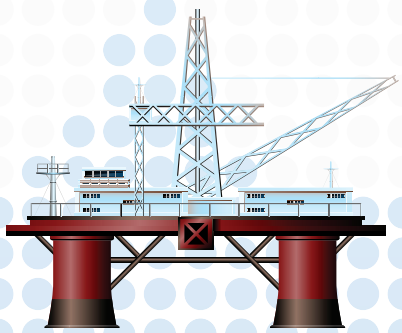
20,882
in Dubai

6,830
in Doha

6,657
in Riyadh



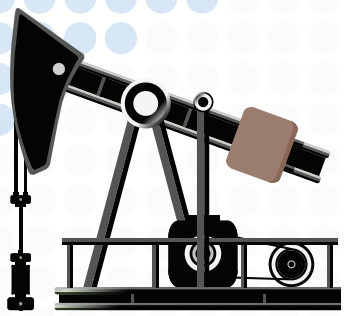
REVPAR IN OTHER ENERGY MARKETS



Houston
2014 $76.94
2015 $74.48
2016 $72.81
(first half) ***Down 8.8% YOY***



Calgary
2014 $101.78
2015 $77.33
2016 $60.83
(first half) ***Down 24.5% YOY***



Rio de Janeiro
2014 $161.09
2015 $82.29
2016 $68.38
(first half) ***Down 26.3% YOY***

Brian King on Marriott's Corporate Business

Marriott International may be in a waiting period for final approval on its merger with Starwood Hotels & Resorts, but it hasn't slowed down or put its plans on hold. The company is working with corporate partners, expanding its Marriott Modern renovation program and developing the Delta Hotels and Resorts brand in the United States. Marriott International global officer of brand management and global sales Brian King spoke with *BTN*.



Marriott's Brian King talks:

- The state of business travel
- Deploying Marriott Modern
- Expanding the Delta brand

I KNOW IT'S EARLY DAYS IN THE RFP SEASON, BUT HOW ARE GROUP AND TRANSIENT CORPORATE DEMAND LOOKING FROM YOUR SIDE OF THE TABLE?

We continue to [go after group business], and that's been an initiative of ours for quite a while. On the transient side, demand has still been pretty good. People were cautious about this year, and that cautious approach was the right approach. It's actually materialized fairly well, more on the positive side than the negative side, frankly. There is a lot of apprehension about global business travel today because of the recent [terrorist attacks], and people are cautious about when and where they're deploying their workforce and how they do it the right, meaningful way. But I do think there's a lot of resilience in business travel. We're definitely in the Golden Age of business travel. You've got countries with huge emerging markets that are on the road. When you think about the globalization of business, you can't sit at your desk and really understand, whether you're doing a call with your top customer or visiting your associate or manufacturing facility. You can't manage from your desk in a global economy; you have to be out in the marketplace.

MARRIOTT'S EXECUTIVES HAVE MENTIONED MULTIPLE TIMES ON EARNINGS CALLS THE COMPANY'S SUCCESS WITH "REDUCING SPECIAL CORPORATE BUSINESS." IS THAT STILL SOMETHING MARRIOTT IS TRYING TO DO?

What we do, what is very different is: The hotel business is about micromarkets. Each individual hotel is a micromarket on its own. Those particular hotels are going to use the pricing practices that make the most sense in that micromarket. There are certain accounts that might have more global distribution than others. Then there are very local targeted accounts that just service one or two hotels in a market, and they have a relationship with those hotels directly. What we're trying to do is find the fair balance of trade between what the hotels need to do to satisfy, frankly, the ownership responsibilities [and] at the same time take great care of customers in a way that's meaningful to them and the appropriate cost to do that. We take the long view on pricing. There will be ups and there will be downs. As long as we're working together through this, over time the partnerships will continue to be strong.

ARE YOU SEEING A SHIFT IN THE INDUSTRIES YOU'RE SERVING?

Obviously oil and gas has been challenged. There's been a bit of a reset in that vertical. Pharmaceutical and government continue to be really strong. High-tech continues to grow and almost feels recession proof. Professional services has been on fire … growing by leaps and bounds. A lot of those companies have a very young workforce, as well, so making sure our company has this Millennial mindset has been important to us, as well.

HAVE YOU FIELDED ANY COMPLAINTS FROM TRAVEL MANAGERS ABOUT MARRIOTT'S NEW LOYALTY MEMBER DIRECT BOOKING DISCOUNTS?

The truth: If you're a true volume buyer for Marriott, you're going to have a discount that's much more than 2 percent. Our Marriott Reward member rates are only 2 percent, weekdays. It really has not proven to be an issue, and I've not received one single phone call about it.

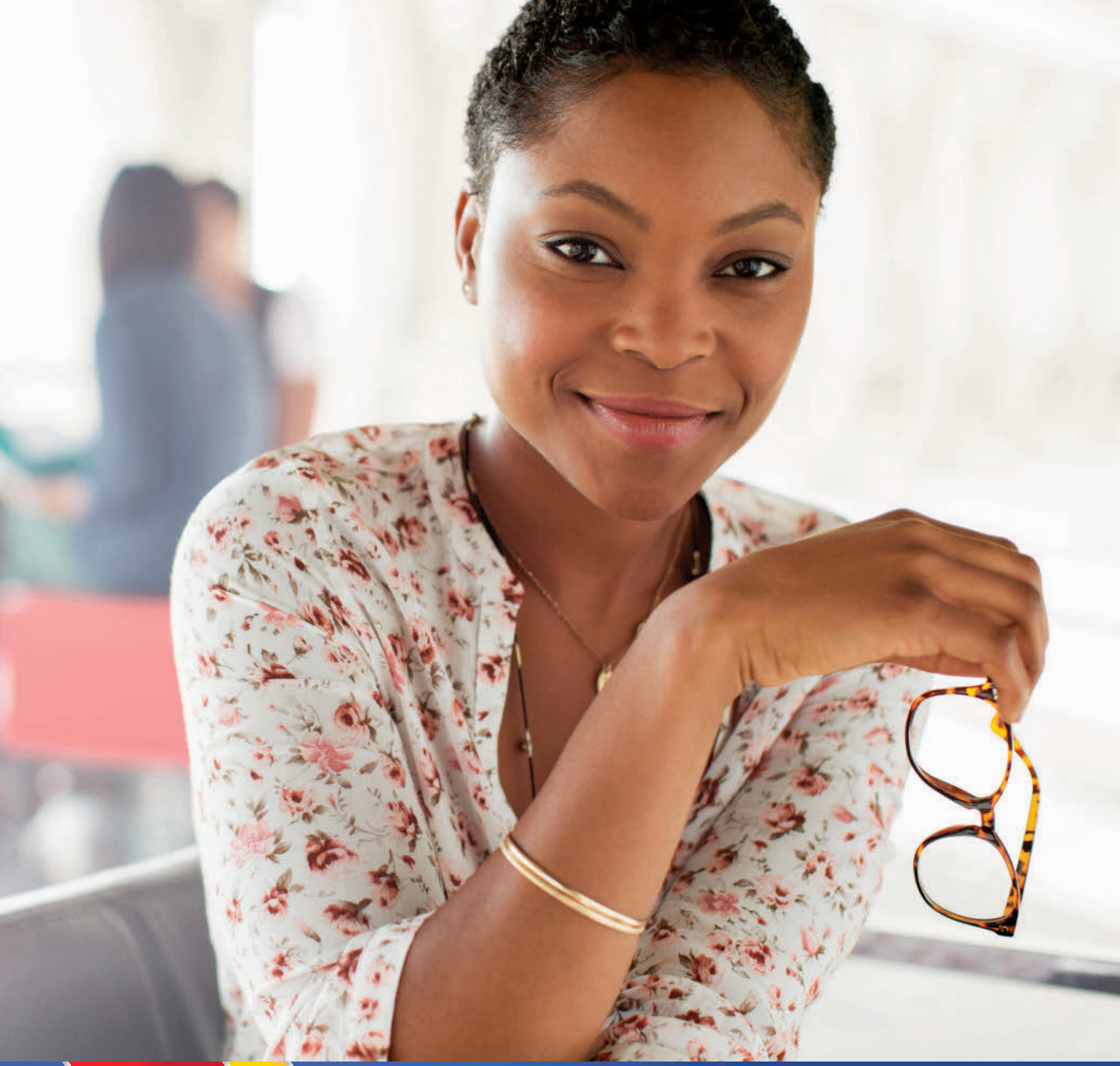
WHAT'S HAPPENING WITH THE MARRIOTT MODERN RENOVATION PROGRAM FOR THE MARRIOTT HOTELS BRAND?

We're rolling them out. If you think about the chain itself, we really stepped back and said, "What does the future really look like for this chain?" It's our premier chain; the first lodging chain that we had is our signature brand Marriott Hotels. We interviewed over 6,000 customers, and we have focus groups around the world. One of the main things that we learned was the way our room was currently designed—it was too, believe it or not, work focused. One traveler said to me, "I don't need a room that has a bed and a desk. It felt like an office with a bed." We heard that loud and clear. So how do you take a room—we're not rebuilding the entire hotel—redesign it for the modern traveler, modern aesthetic? Get rid of the big clunky furniture, the giant armoire with six drawers. No one used that. They're living out of the roller boards. Design around the way these customers are really traveling. We've slimmed down a lot of the [furniture]. We're working on putting hard surface flooring in the rooms. Seventy-five percent of all the rooms will have [just] showers. That's a big investment that we're removing bathtubs. Business travelers don't take baths; they take showers. It's just that simple. There are also large television entertainment centers with Netflix.

"There is a lot of apprehension about global business travel today because of the recent [terrorist attacks], and people are cautious about when and where they're deploying their workforce and how they do it the right, meaningful way."

MARRIOTT ACQUIRED CANADIAN HOTEL BRAND DELTA HOTELS AND RESORTS A LITTLE OVER A YEAR AGO. WHERE DOES THE BRAND STAND?

We are fully deployed with all of our systems and infrastructure with Delta. We're building these platforms at scale, but they have their own brand personality along the way. Our first Delta in the United States opened in December in Orlando, and we have more than a handful in the pipeline. It's been a great acquisition for us. We always had really good north-to-south distribution, but across Canada, East-West, we didn't have that distribution, so it's helped us lock up the entire country.



Spending less means going further.

At Southwest,® we like the *R* in *ROI*. Maybe that's why so many companies keep coming back to us to help with their travel needs. By working with Southwest Corporate Travel, we'll create a custom agreement that suits your company's needs. And with great benefits like low fares and no change fees,* we'll help your company go to even more places. Visit **Southwest.com/corporatetravel** for more information.

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*Fare difference may apply.

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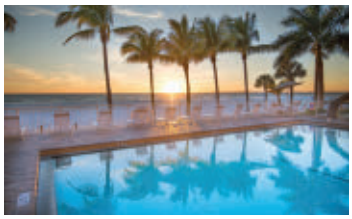


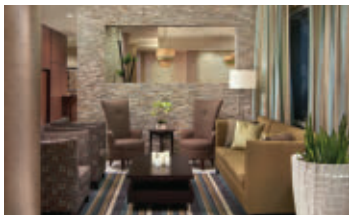


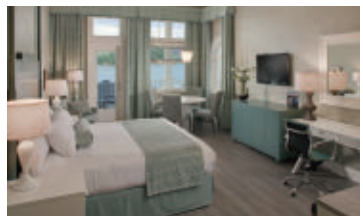
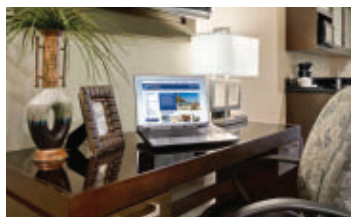




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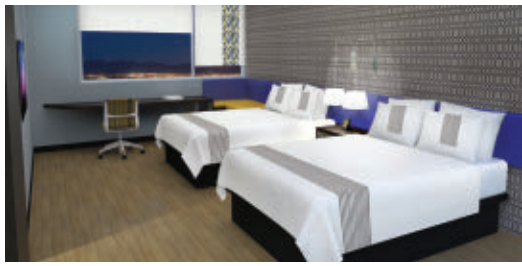




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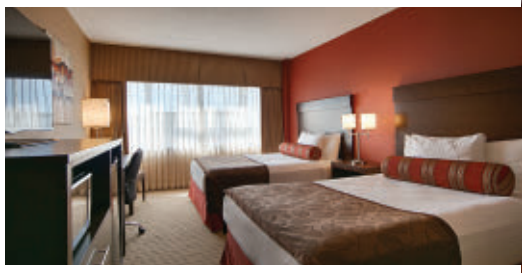
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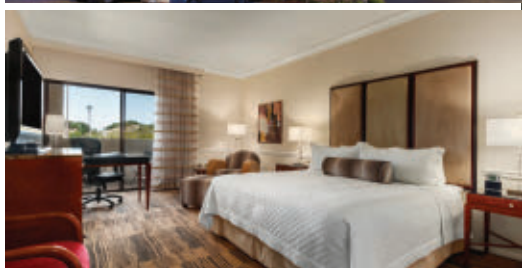


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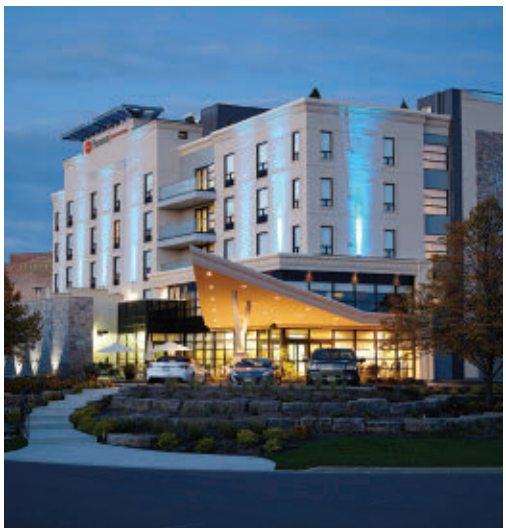






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Scaling an SME Corporate Card Program

BY JOANN DELUNA

At some point, small and midsize enterprises reach a level of revenue and spend that compels them to implement a corporate card program for the first time or expand their existing card programs. So when is the right time for an SME to scale its corporate card program? And what should companies keep in mind?

Informatica, which has almost 80 offices around the world, spends $8 million a year on United States-booked air volume. Its global T&E totals $30 million. And it's expanding its Bank of America program from less than 100 cards, mostly issued in the United States, to as many as 1,200 cards globally, about 700 in the United States, according to global travel manager Rick Wakida.

The data integration and software company uses a one-card program in which an employee puts travel, purchasing and meetings on one card. "If you think about a small company, people are traveling and buying goods and services, so it's logical that it tends to be a one card-type of solution [rather than] a bespoke travel card or bespoke purchasing card solution," said Kevin Phalen, Bank of America head of global card and comprehensive payables for global transaction services.

"If you think about a small company, people are traveling and buying goods and services, so ... it tends to be a one card-type of solution [rather than] a bespoke travel card or bespoke purchasing card solution."

—BANK OF AMERICA'S KEVIN PHALEN

Don't Forget Spend Reporting

As businesses expand, their spend reporting needs also mature, said Kevin Phalen, head of global card and comprehensive payables for global transaction services for Bank of America. While many companies may not be ready to implement a robust expense management tool like Concur, they could implement their card network or issuer's proprietary tool reporting tool to gain more visibility on their employees' spending.

LIABILITY SHIFTS

Because small companies' liability rides on the creditworthiness of the business owner, according to Phalen, small businesses tend toward individual liability cards, as opposed to corporate liability ones. "But as the company starts to grow and they bring in more team members, the [new team members] don't want to have a personal impact on their credit based on the company purchasing and travel card," he said. "Once the company starts approaching the $1 million line [for spend], we see a shift … from individual liability to corporate liability" for one cards.

Informatica, meanwhile, already had a corporate liability policy. As it grew, the company actually considered switching to individual liability but decided against it. "If you have individual liability, you may have people who may not qualify, and then the company ends up guaranteeing it anyway," Wakida said. Corporate liability "is administratively easier, and we want to minimize the impact to the employee."

REWARDS VS. REBATES

As companies grow and expand their card programs, Phalen said the focus moves from rewards for individuals to rebates for their companies. The shift tends to happen when companies reach between $3 million and $5 million in travel and purchasing spend.



Informatica's new card program also will boost the rebates the company gets from its card provider. The leap from less than 100 cards to more than 1,100 will move a significant amount of company spend into the card program. And Informatica's upcoming switch from an individual-pay model to corporate pay means the card balances will be paid much faster. "Speed of pay and total spend are the two main factors in calculating rebate," Wakida said.

A corporate-pay configuration, however, also raises the question of how an employee will repay the company if the employee charges a personal expense to his or her company card. Right now, Informatica's policy is for the cardholder to pay the card issuer. "The best practice is for the company to make the payment and the employee pays the company back," Wakida said. Eventually, his program will make the switch, but the existing policy will stay in place for now in order to expedite the rollout of the new card program.

In addition, Informatica will give employees the option to sign up for a rewards program to increase program adoption, though employees will be responsible for the annual fee. "It's basically to appease employees, get the buy-in and reduce resistance to changing to a form of payment," Wakida said.

GLOBALIZATION

The biggest challenge Wakida foresees in revamping Informatica's card program is issuing cards outside the United States. The process will require separate applications and documentation from each country. Adding to the complication, if an issuing bank doesn't issue cards in a particular country, it has to partner with a local bank, an additional relationship to manage. "If we're looking at 16 countries, that's 16 different agreements and documentation [sets] that include border resolutions and a bunch of other stuff," Wakida said.

Informatica eventually decided to implement the new card program in phases, starting with the United States. "Once we get to 16 countries, maybe we'll do another phase of smaller countries," he said. In some countries, Informatica first will have to move its locations over to Concur Expense to align with the broader company's expense system. Then the card program and expense system can integrate completely. In still other countries, like India, Informatica has to start from scratch by introducing a card policy. ◀

The SMM Evolution

While many companies are still just getting on board with strategic meetings management, experienced practitioners are maturing the practice beyond sourcing and savings.

- SMEs Take On SMM
- Bridging the Divide: Meetings & Travel Management
- Globalizing Meetings Management
- Meetings Apps, CRM, Marketing: Why It Matters

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The SMM Evolution

BY ELIZABETH WEST

The Global Business Travel Association rolled out its strategic meetings management model 12 years ago. As the organization readies a third version for debut in the upcoming days to reflect new maturity in the practice, many companies surveyed in *BTN's* 2016 Strategic Meetings Management study are stuck in first or second gear.

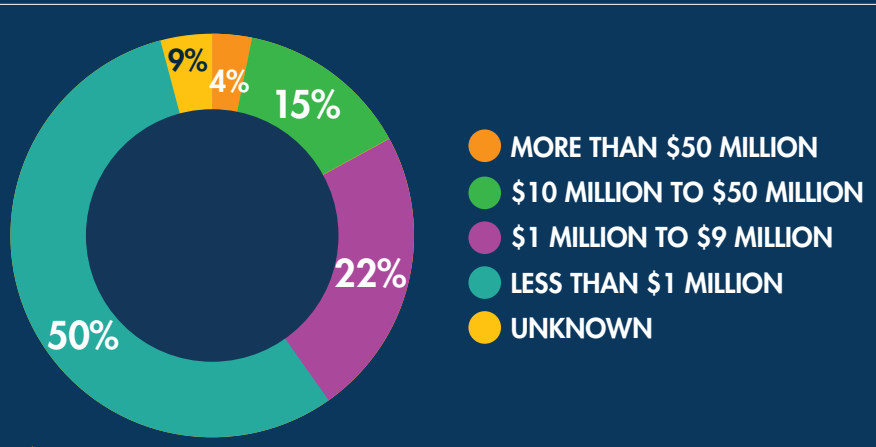
Those who start and end strategic meetings management under the governance of travel management may view the meetings policies and processes around venue sourcing and contract signing authority as the end game of the initiative. There's a lot to be said for implementing those facets of SMM. The risks tend to be lower and the returns are tangible in terms of savings and efficiencies. Pros are quick to recognize that value.

"The venue sourcing piece is like the second cousin of travel management," said vice president of Carlson Wagonlit Meetings & Events Tony Wagner. "It allows [the SMM leader] to show value and exhibit some data control. Those aspects of SMM are in clear alignment with procurement, and [they allow] corporate executives to see good financial control internally. That's a win."

The *BTN* survey showed many companies leaning heavily on the venue sourcing and contracting aspects of SMM but not yet digging deeper to realize additional benefits. It was a sticking point that continued from last year, when the *BTN* survey showed a spike in procurement's involvement in meetings, as well as a significant move among respondents to lock down contract signing authority to gain visibility into meetings activity but also to mitigate financial and legal risks. That trend line is holding fairly steady.

What's missing in *BTN*'s numbers is a clearer reflection of a more mature trajectory: the deeper dive that the most effective programs are taking—thinking beyond savings to react intelligently to the market—to support corporate duty of care and to align programs with

ANNUAL MEETINGS SPEND PROFILE



BTN's 2016 respondent mix managed fewer meetings dollars on average than the respondents in 2015. With a higher concentration of smaller meetings programs, BTN saw fewer signs of mature meetings programs in this year's meetings management survey. That said, a higher concentration of smaller meetings programs suggests that strategic meetings management practices are filtering deeper into the midmarket.

revenue generation. Overall, to step outside of a strictly sourcing mind-set.

One reason for that gap may be buried in the survey demographics. This year, *BTN* saw a larger percentage of smaller and midsize volume meeting buyers responding to our strategic meetings management survey. That, in itself, however, reflects a trend in the market. As midsize buyers enter the space, we may be seeing the next wave of meetings management adoption.

These buyers will start in the same way their peers did: with sourcing, contract governance and select technology adoption. That said, maturity may come faster for this new wave than it did for the first- and second-movers in the space. A level of program maturity that once took six or eight years to achieve from concerted SMM efforts, may now take just two to four years, given more complete technology stacks, available integrations and an evolution toward better business alignment in the meetings management space overall.

In this report, *BTN* will explore that shift across four vectors:

1) The convergence of travel and meetings management
2) Meetings globalization and duty of care
3) Strategic meetings management and marketing
4) Small and midsize programs adopt SMM

All of this, however, is informed by market dynamics.

The Market

BTN's 2016 Strategic Meetings Management study showed an increase in meetings spend for full-year 2015 over 2014, with 42 percent of survey respondents reporting higher meetings spend for that year and a 14 percent average increase among that set. Just 14 percent of respondents overall noted decreased meetings spend for 2015—but with a larger drop, at 17 percent. Weighting both sides for the trend, the needle swung toward higher spend volumes for 2015

Respondents projected roughly the same effect for 2016. Thirty-six percent reported a trajectory toward increased spend over 2015, with an average increase of 13 percent. Only 10 percent said their company's meeting spend would drop in 2016, pegging the average decline at 15 percent.

Rising meetings costs in 2016 have not been entirely a matter of hotel rates, according to the *BTN* study. Nearly two-thirds of survey respondents said their group hotel rates were "about the same" as in 2015. Those rates were nearing peak last year with high demand and comparatively low inventory in some major markets. One-fifth of survey respondents reported higher group rates in 2016, while 17 percent managed to reduce their room rates this year.

If pressure on hotel rates saw even a small reprieve in 2016, it's likely to be short lived.

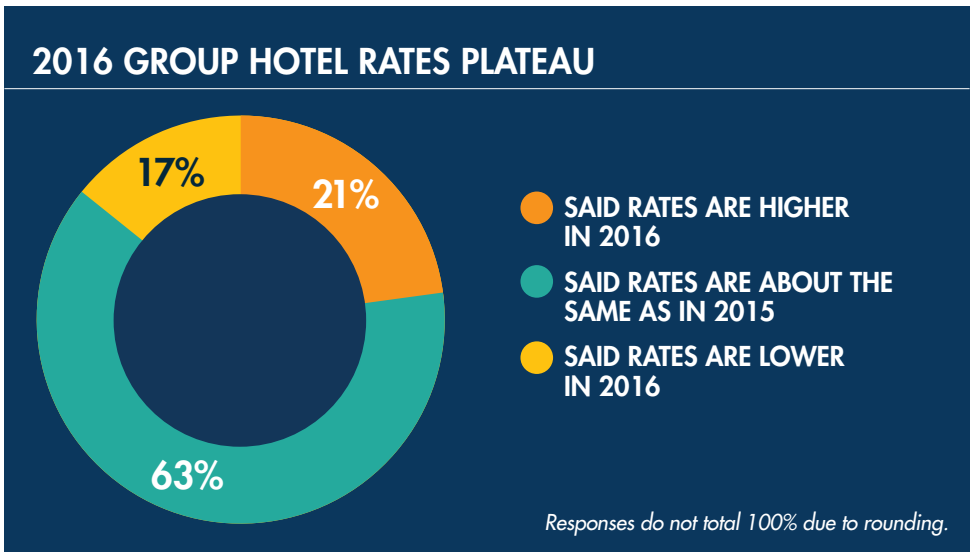
Hotel Consolidation Motivates Spend Management

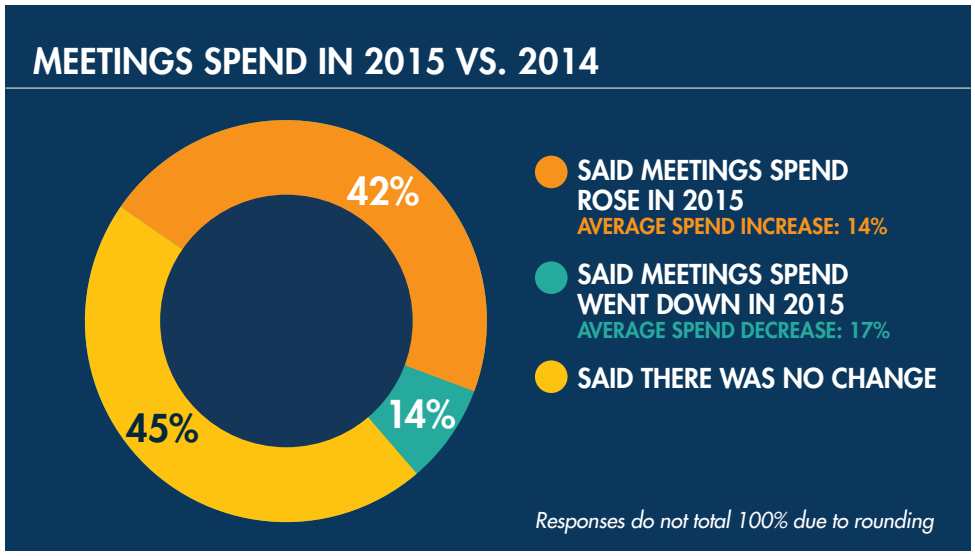
The hotel merger and acquisition environment is looming large for meetings and travel management. Marriott and Starwood announced their planned merger last November and finalized the proposal in late March after a last-minute challenge by Chinese investment consortium Anbang. If consummated as planned—Chinese regulatory approval has delayed its expected closing this summer—the Marriott-Starwood deal will create the largest hotel company in the world with a total of 30 brands.

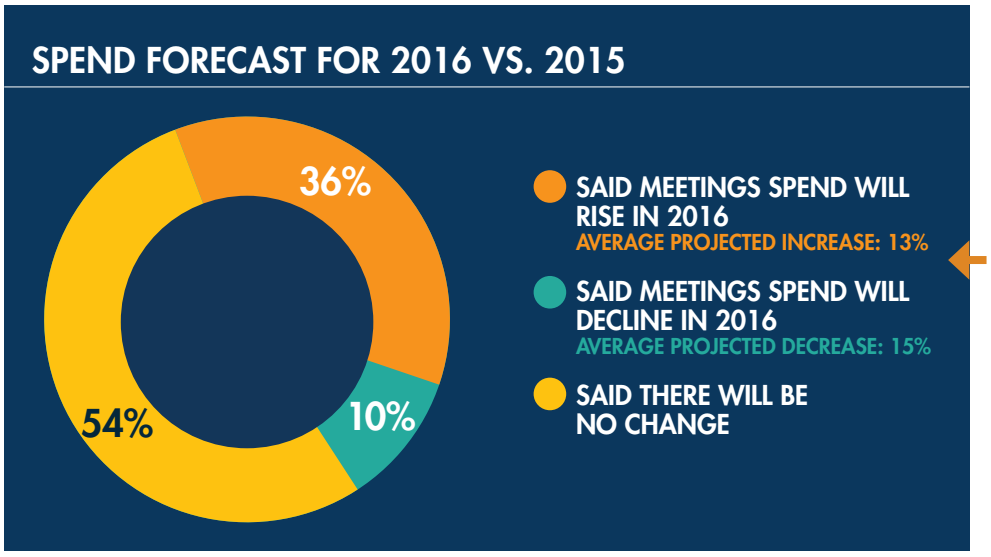
A Carlson Wagonlit Travel report released in June showed that in 14 of the 20 cities worldwide where CWT transient travel clients spent the most, the combined portfolios of Marriott and Starwood would represent 30 percent or more of corporate room nights. In Minneapolis, the worst-case scenario in the study, that number would rise to 50 percent after the merger.

That type of market dominance has motivated corporates to look closely at how to improve their volume positions. Plus, it's not just Marriott-Starwood. Smaller deals like Accor's acquisition of FRHI hotels, which closed in July, will continue, while the Mar-Star deal has put pressure on larger brands like Hilton, Hyatt and IHG to go big to compete.

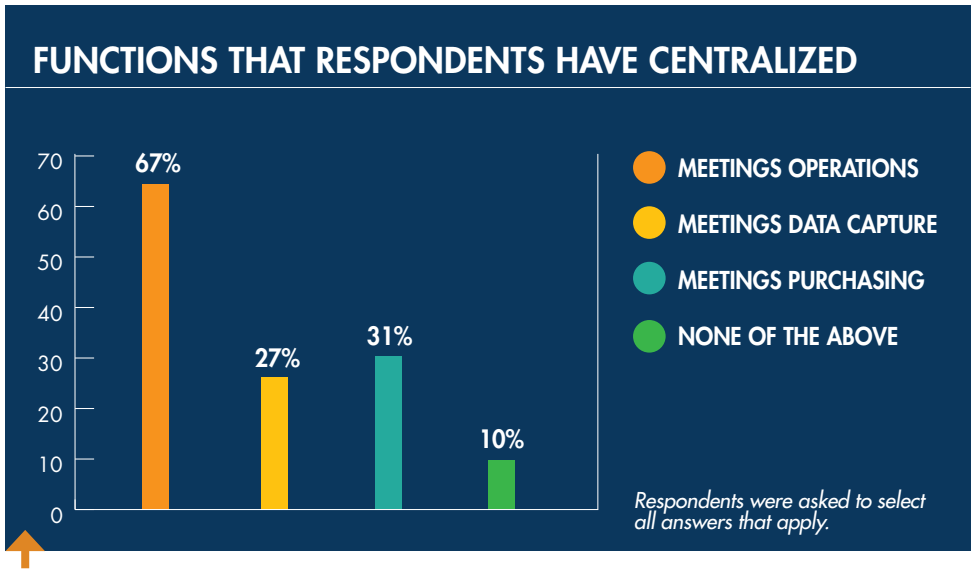
At the end of the day, though, there could be some interesting opportunities for meetings buyers despite pressures from consolidation, according to Wagner. "The hotel market is still pretty fragmented," he said. "Companies may have opportunities to do deals with hotel management companies and ownership groups in key markets, and there is of-







Meetings costs are on the rise. It's not just the hotel room rates driving up costs. In fact, room rates are plateauing in many markets, albeit at a high mark. Rather, meeting demand remains high. Couple that with a shortage of meeting space and hotels are charging for ballroom and conference room use, which once upon a time came free of charge if the planner booked a large enough room block. Food and beverage prices are up, and so is audiovisual. Negotiating these types of costs in advance along with the room rate is a smart move.



Centralized meetings operations, i.e., the planning function, is nothing new. Many corporations have a meetings department, but it's the percentage of meetings whose logistics funnel through a centralized department or, at minimum, whose meetings data is exposed to a centralized department that shapes the visibility achieved through SMM. Case in point: Just over a quarter of respondents have centralized data while not event one-third have truly centralized meetings purchasing.

ten flexibility in where you deploy the meeting and the market that you choose."

They'll need data and a purchasing strategy to convert those opportunities. Among BTN's survey respondents, under one-third had brought the purchasing function under central management; just a quarter were pulling the data together.

Travel & Meetings Merge

"People are getting nervous because of the Marriott-Starwood merger," said Jill Huffman, Cardinal Health senior manager of global travel management and meetings management. Though Huffman began to merge Cardinal's travel and meetings programs prior to the megamerger announcement last fall, she gets frequent calls from industry peers to ask how she did it. "At first they want to talk about travel management, but almost every time they end up talking to me about meetings," she said.

According to American Express Meetings & Events senior vice president and general manager Issa Jouaneh, "The M&A environment on the supply side is driving companies to [improve] visibility into overall spend to inform their supplier negotiations. We are certainly seeing more interest in leveraging transient and meetings spend."

CWT Meetings & Events' Wagner said he sees the same. "How to leverage [total] meetings and transient volume is the biggest consulting practice growth that we have."

Gaining that joint visibility relies on execution of the basics: implementing strategic meetings management and travel management consistently. Jouaneh said that even those in the implementation process can reap some rewards, though. "We've seen suppliers open to a partnership approach with companies that have a clear understanding and the ability influence business to preferreds."

Wagner cautioned, however, that it doesn't happen overnight. "You aren't going to launch the SMM in June, have the RFP go out in October and get results in 2017. You need more data."

Monica Dickenson, head of meetings and events for global biotech company Shire, started with internal partnerships and new policies when she implemented her SMM program last year at Baxalta, a program that will be cloned under Shire since the combination of the two companies was completed this June.

Policy directs all meeting organizers to initiate business through Dickenson's centralized meetings group. Should meeting organizers bypass the centralized group, Dickenson has established check points with legal, finance, procurement and travel management to identify that business and pass it back to the central group.

Consider This: Certified Meetings Partners

Monica Dickenson, head of meetings and events for global biotech company Shire, implemented a strategic meetings management program over the course of 12 months at her former organization Baxalta, which combined with Shire in June. Shire is looking to Dickenson to clone that SMM program for the newly integrated enterprise. Dickenson takes a unique approach to her preferred supplier partners, certifying them through an intensive training program in all things Shire. She spoke with *BTN* about why she developed the program.

WHAT SUPPLIERS ARE TARGETED FOR CERTIFICATION?

Currently, it's designed for third-party meeting organizers. As a combined organization, we had a lot of third-party suppliers managing our meetings, but for the centralized [meetings services] group, we only had three preferred third-party meetings management companies. We wanted to make sure that the market share was coming through the central program for meeting planning services because we know these three suppliers are 100 percent dedicated to this type of service. Not to mention we can guarantee lower pricing. Still, I wanted to figure out how to elevate our suppliers over those other "preferred" suppliers. So I [proposed] certifying our third parties and writing it into the meetings policy to support our efforts in controlling the market share and resources in this category.

WHAT DOES CERTIFICATION ENTAIL?

We have 30 standard operating procedures, two meetings and compliance technology tools, service level agreements with key performance indicators and, in addition to the meetings policy, we have several interdependent policies like transient travel and expense that intersect with our meetings policy. Our third parties are trained on the same policies, technologies, processes as our internal meetings team. Whether the [meeting owner] works with someone internally or a third party, they get the same level of service. Via the policy, our central meetings department controls whether the meeting owner will work with an internal person or a third-party provider, but a lot of the time, they can't tell the difference.

WHY WOULD ANYONE WORK WITH A NON-CERTIFIED PARTNER?

Because we are pharma, meetings include a significant amount of content. There are companies out there that specialize in content and they say to our meeting organizers, "Hey, we'll bundle our services and do the content and the meeting planning services and you can work with one person." From a customer perspective, that sounds great. In some cases it could be great, and the meetings department is open to looking at this as a solution, but it has to be right for the business. We also wanted to work with meeting owners to educate them on the services already available to them. We can offer them the same service model, so the meeting owner still has one contact while being more cost effective.

WOULD YOU CONSIDER TAKING THIS CERTIFICATION PROGRAM BEYOND THIRD-PARTY MEETING ORGANIZERS, SAY, TO HOTEL PARTNERS?

Absolutely. I've worked very closely with many of the national sales organizations that we have today, not just with Shire, but throughout my career. I do appreciate the value of those partnerships. We want our hotel partners to understand our business and who owns the relationship. I want to make sure the hotels, down to the property level, have enough awareness that if a meeting organizer comes to them independently, before they issue a contract, it is OK to alert us. This is beneficial to both Shire and the hotels.

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Survey Methodology

Business Travel News conducted an online survey of travel and meetings professionals from June 2016 to July 2016. Invitations to participate were distributed to subscribers of BTN Group publications and newsletters, as well as to select subscribers of *Meetings & Conventions*, a fellow Northstar Travel Group publication. The research was sponsored in part by Delta Air Lines. A total of 243 respondents qualified by indicating they have decision-making responsibility for at least one critical meetings management function. Not all respondents answered all questions. Unless otherwise noted, data displayed in this report has been rounded to the nearest whole number.

She has partnered closely with travel management not only to identify purchase orders for noncompliant meetings but also to tap into transient hotel deals where possible. "We break down the transient program to identify preferred properties that are appropriate for meetings," she said. "If we need to bring on a new supplier, we also work closely with the travel group on combined RFPs."

Still, Dickenson would like to work more effectively with travel management by creating a "freestanding" group hotel program and coming together with travel management for joint business reviews with suppliers to truly leverage the volume of each other's programs. "That's one of the next items on my road map," she said. She also wants to integrate registration and booking technologies to increase control of the booking and data pathways. "I see a lot of potential there," she said.

Huffman took a different approach when she implemented SMM at Cardinal Health. With transient data in hand, she's transformed Cardinals' negotiating position by breaking down the silos between the two programs.

"Especially when we go out to the Marriotts and Hiltons of the world, the total combined volume has been very effective for the RFP process," she said. And not just for savings. With visibility into travelers' needs on both a transient and meetings basis, Huffman has negotiating some innovative inclusions to avoid unexpected charges.

"We've found that many of our transient travelers actually have a need for conference space," said Huffman. "So when we source for transient, we look for a level where our travelers can get up to two hours of free conference space."

Meetings Globalization: Maturing into Duty of Care

Huffman's approach to SMM was informed by another factor that has influenced recent SMM implementations: globalization.

"We see this in a few verticals right now," said Wagner, who added that many companies need to move quickly with this process. "Pharmaceutical and healthcare because of the need to regulate, new technology companies because they want to get that big marketing bang fast and also in the energy sector because it's [a depressed market] right now and they see an opportunity to optimize."

The push for globalization at Cardinal Health was initially a regulatory play. "Cardinal had acquired Cordis, which held a lot of congresses in Europe, and we needed to ensure that we had the right governance in place," Huffman said. She had gone to the United States-based meetings team, which decided to step back from globalization in Phase 1. So Huffman started the implementation independently with Europe and Asia-Pacific. With those regions up and running, the United States-based team has seen the positive effects and has raised a hand to be included in the global program.

Beyond regulatory compliance, a huge part of that positive effect has been on duty of care.

"With a globalized program that includes both transient travel and meetings, there are no silos in spend or duty of care," said Huffman. "I can bring in the [data] feed from transient travel, but I also have the ability to work with our third-party [meetings company] that we use for Europe and the Americas and bring that data into our security system. In Asia we have multiple third-party providers that I pull into our system," said Huffman.

"This gives us a lot of visibility around group air or if we have a program where we need to bring in security detail proactively. We have access to all of that."

Attaining duty-of-care visibility has become a priority for many multinational companies, according to Wagner. Controlling the data plays a big role, here, making a meetings management strategy critical to success.

As an industry, though, Wagner said meetings and events need to think even bigger. "Managing safety and security used to be [knowing] who was on airplanes. It's not airplanes anymore. It's not even safety and security in hotels," he said. "We are seeing great demand for duty of care in terms of travelers but also for those attending locally. If there are smaller meetings couched within a bigger event, do we know who's there? We need to get our arms around that."

Duty of care comes at a cost. An SMM program predicated on savings as the primary success metric may struggle to come terms with that. "There is no ROI for companies doing a 25-person meeting to care about safety and security," said Wagner. "I think there will be some shaking out of that. Companies have to decide to prioritize."

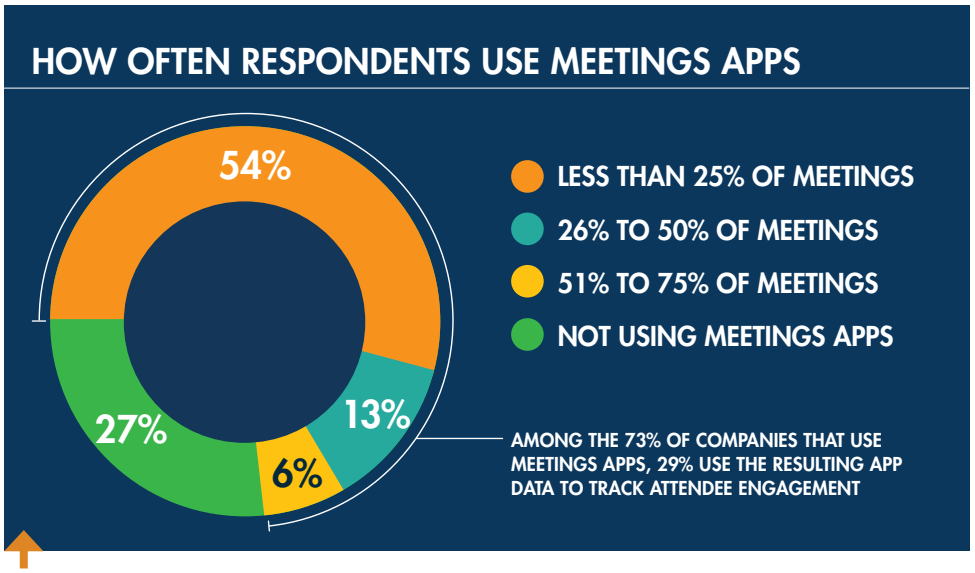
SMM Meets Marketing

Taking a step back from meetings and looking at how companies measure results, they don't start with operational savings. They start with topline revenue. So is there a better metric than savings for measuring meetings management efforts, one that supports that topline strategy?

American Express Meetings & Events' Jouaneh said the whole picture is starting to change. "Our clients are looking at SMM as a tool kit to support strategic business objectives," he said. "[They are looking for] innovation in working with internal stakeholders to create flexibility in solutions and service configurations. They want to balance traditional tenets of savings, visibility and control with delivering on the attendee experience."

Mobile meetings apps have become a huge part of that drive to engage with the attendee—and establish touchpoints that go beyond the live event, said Jouaneh. "There is a clear shift to mobile applications to empower attendee engagement, pre-, during- and post-event, and there is more desire for insights into how live meetings are driving business outcomes."

BTN's Strategic Meetings Management Survey reflected that shift—to an extent. Similar to the results



Mobile meetings apps are the next emerging technology. Though they have not permeated the majority of meetings, 73 percent of respondents have adopted apps for some meetings. That's more than those who reported using attendee registration technology.

of last year's survey, respondents deployed online registration at higher rates than any other traditional meetings technology tool. Sixty-three percent said they used them as part of their core technology stack. Asked whether they had ever used a mobile meetings app, however, 73 percent said, "yes," but only for a fraction of their programs. They are eager to test the waters.

That result brings up a new question about meetings management and technology adoption. Will mobile apps become the new gateway technology for delivering meetings data? And what does that mean for meetings management?

According to Wagner, it portends a larger shift toward marketing and overall revenue generation as the focal point of meetings management.

"When you look at SMM and marketing, there wasn't a lot of data to pull out [until now]," he said. "The attendee registration piece—[meeting organizers] just look at it as a way to automate the task of planning the meeting." As mobile technologies have gotten better and smarter, the data they generate has become more valuable.

"The data set you can get with the mobile app—you can see how long attendees stayed in the session, you can track how they were using the app features during the session to engage with the content or not to engage," Wagner continued. "Before now, we didn't have access to this data, and it definitely wasn't making it back to the [customer relationship management systems], the Marketos and Eloquas of the world. Now that we have the tools and the data, SMM is going to evolve. It's always been a good value proposition, with good savings and efficiencies. That's all good stuff. But companies have meetings to grow the topline."

Small & Midsize Adopt SMM

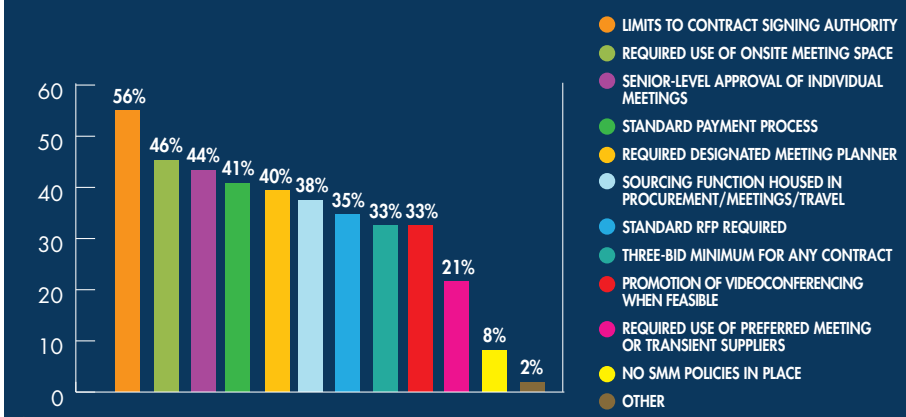
As mature programs push the SMM practice forward, smaller and midsize programs are reaping the benefits of lowered barriers to entry. The *BTN* survey showed a larger percentage of small and midsize programs working toward SMM than ever before.

For the smallest programs, perhaps those with fewer than 50 meetings annually that largely surround a headquarters city, certain practices of SMM should apply. Companies clearly benefit from a risk and liability perspective once they limit contract signing authority. Online registration, another widely used facet of SMM among survey respondents with smaller programs, can offer a task management benefit for any program. It becomes questionable, however, whether tracking data for volume sourcing purposes is worth the effort, according to Wagner. In the midmarket, though, it starts to make sense.

"In the midmarket, SMM is trickling down," he said. "They start purely in the venue sourcing space, and for many of [these companies] sourcing equates to SMM. It can be a no-cost model through a commission-based provider."

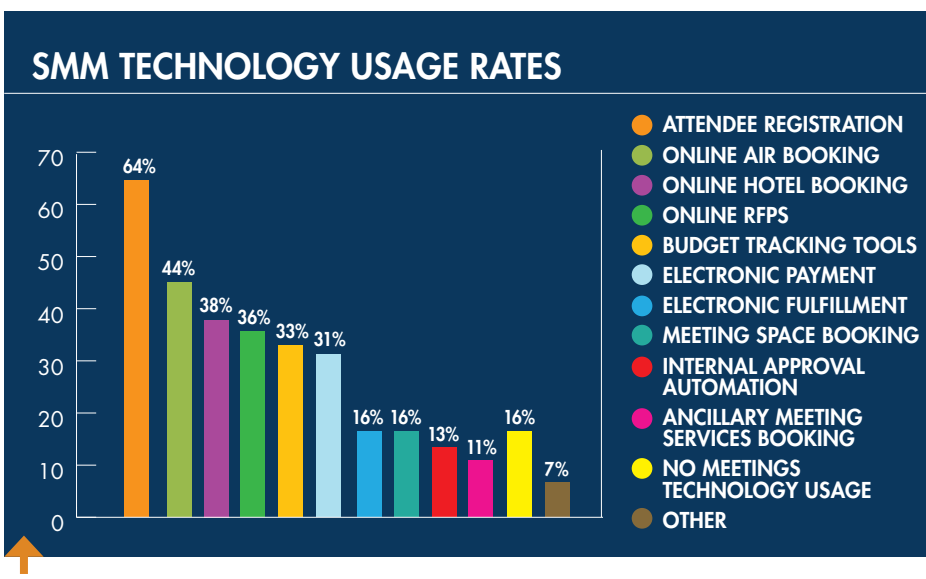
Whether the corporate meetings strategy will extend beyond sourcing is a toss-up in the midmarket, but Wagner thinks they should take a long, hard look at the opportunities. "If they learn the market and expose that to their teams, they'll realize much more quickly than their SMM predecessors that their work can drive revenue. Once they see this, they'll approach SMM much differently than they might have four years ago."

SMM POLICIES RESPONDENTS HAVE IN PLACE



There's no sense initiating SMM if policy and engagement aren't in place to drive effective compliance. While 83 percent of respondents had preferred suppliers in place for meetings, for example, they drove less than half of their meetings through those partners.

SMM TECHNOLOGY USAGE RATES



With smaller budgets represented in this year's survey results, it's not a surprise to see technology usage down. That said, respondents used attendee registration technology and online air booking as much as the year before. Process and budget management technology usage, however, dropped slightly. Just 36 percent used online RFPs in 2015, compared to 40 percent the year before. Electronic payment dropped 7 percentage points. Automation of internal approvals was cut in half, though high-demand and a seller's market also could have affected usage.

Can't Mandate Meetings Policy? Look at Payment Process

Jill Huffman, senior manager of global travel and meetings for Cardinal Health, needed to figure out how to manage meetings without a mandated policy. Enter payment. Limiting access to the purse strings proved an elegant solution. Here's what she did.

HOW DID YOU GET YOUR HANDS ON MEETINGS PAYMENT?

Fairly early in the process, I took over the governance of the meetings card. I worked with finance to put limits on the payment vehicles so that any meetings payment request would have to come back through my process.

WHAT KIND OF LIMITS?

There were three types of payment: travel cards, procurement cards and meetings cards. I restricted the merchant codes on these cards so that travel cards could only pay for air, hotel and car expenses up to $10,000 and could only pay those categories. Procurement cards were the opposite: air, hotel and car are restricted categories that cannot be charged on a P-card. Meetings cards, however, are configured specifically for meetings and they have to come through my process to get one.

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American Airlines

BTN'S 2016 HOTEL SURVEY

SERVICE IS BACK IN FASHION

Brands across the hotel industry are racing to modernize their products and technology to stay competitive. Yet, corporate travel buyers in *BTN's* 2016 Hotel Survey rewarded brands that not only embraced modernity but also turned their attention back to a bedrock principal of hospitality: service.

BTN's **survey ranked brands across seven tiers. Of last year's winners, only one brand returned to the top: Starwood Hotels & Resorts' Westin brand, which this year shared the No. 1 spot in the upper-upscale tier in a tie with Marriott International's flagship Marriott brand.**

For the third consecutive year, Marriott International had the strongest performance among multibrand hotel companies, as Ritz-Carlton, Marriott, Fairfield Inn and Residence Inn ranked in the top three in their tiers. InterContinental Hotels Group and Hilton Worldwide each had three brands finish in the top three of their respective tiers, while Starwood, Hyatt Hotels Corp. and Best Western Hotels & Resorts each had two.

Combining the Present & the Past

High-speed Internet has become table stakes for hoteliers, and it's showing in where the industry is allocating its money. Bjorn Hanson, a clinical professor at the New York University School of Professional Studies Tisch Center for Hospitality and Tourism, said spending on Wi-Fi upgrades could prove to be one of the largest capital expenditure costs for hotels in 2016. Top finishers Ritz-Carlton, Crowne Plaza and Best Western mentioned Wi-Fi as a brand improvement or emphasis during recent years.

An emerging theme among many of the best-performing brands this year, though, was an increase in service initiatives. Fairmont Hotels & Resorts, for instance, updated its Service Promise training program, introduced in 2006, and required every Fairmont colleague, from general managers to bell hops to kitchen staff, to go through the program. Hilton's Homewood Suites, which came in second in the upscale extended-stay segment, revamped its "I Am Sales" program, which encourages every level of the hotel staff to feel like they're part of the sales team and to be "outrageously pleasing our guests" or OPOG, according to Adrian Kurre, global head for Homewood Suites and Home2Suites by Hilton.

While these new initiatives may seem like a return to the old way of doing business, they're more a symptom of a world in which online reviews can make or break a brand. "When you please a customer, you're encouraging them to talk about us on social media, talk about us to their friends, to return to one of our hotels the next time they have an opportunity," Kurre said.

Nikhil Nath, founder and CEO of global hotel software management company Knowcross, said something like a 1-point increase in a property's TripAdvisor score can lead to a double-digit bump in revenue. That's high stakes indeed for an industry that's on its way down from its peak in the current business cycle.

According to STR, every chain scale segment, aside from independent hotels, saw a drop-off in occupancy from January to July. Average daily rate is still growing between 1.8 percent and 3.6 percent, depending on the segment, but those declines in occupancy, when taken with a supply growth rate of 1.5 percent that's outpacing 1.4 percent demand growth, indicate future weakness for hotels. For buyers, that means more negotiating power in the seasons ahead than they've had in recent years.

Read on for detailed reports on each hotel tier.

BY JULIE SICKEL





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Ritz-Carlton Tops Luxury Tier

If the stakes are high across the hotel industry to deliver service and keep up with shifts in guest preferences, no segment feels that pressure more than the luxury tier. The top luxury brands in *BTN's* 2016 Hotel Survey found that balance, embracing technological enhancements and modern aesthetic standards and delivering on personalized service.

Ritz-Carlton took the No.1 spot among luxury brands in this year's *BTN* survey and also finished first in J.D. Power's 2016 North America Hotel Guest Satisfaction Study. "Once you establish yourself as a luxury brand that's going to deliver and execute on service, then you have to not only deliver on expectations but exceed them," said Ritz-Carlton vice president of sales John Harper.

Ritz-Carlton performed well in consistency, physical appearance and in-room personal amenities. Harper said it has completed renovations around the world. The Ritz-Carlton, San Francisco, for instance, just gave a face-lift to its rooms, meeting spaces and lobby to meet "modern standards of luxury."

The brand also received high marks for ease of arranging group travel and meetings, its meetings facilities and its corporate rate programs. Harper said the brand in recent years has emphasized engagement with meeting planners and meeting attendees, as well as technology. "Technology has become so critical to the success of events that you have to continue to evolve and advance your tech—and that means being smarter with the sales process and the [meetings and conference] process—and then when they're on the property the customer having the confidence in our ability to execute," Harper said. "The expectation in the luxury space is that you're the best at it and that you get it."

Second place Fairmont Hotels & Resorts finds itself among the top three luxury brands for the first time since 2010. It earned top marks for sales staff, data quality, public business amenities, in-room business amenities and price/value relationship.

Fairmont, known for iconic properties, has to modernize while preserving hotels' historical integrity. It's a challenge vice president Jane Mackie said the brand has embraced, renovating about 75 percent of its portfolio in recent years and integrating modern business needs in the process.

"Wi-Fi is probably the No. 1 thing that we've addressed over the last 24 months," she said. "But it's also having more data ports. Fairmont Royal York, for example, where we have 1,325 keys, is about the equivalent of three New York City blocks and 20 stories high, so obviously we need more data ports. Just buying more bandwidth in one section of the building is not going to feed and provide enough access to the extreme ends of the building."

The brand also addressed tech amenities in the guest rooms, putting in "what we think is the right number of electrical plugs in the right places … and then adding another 20 or 30 percent more plugs, because you can never have too many."

Fairmont has also revamped its Service Promise training, particularly as it relates to working with corporates. "The training focuses on four key things: understand, anticipate, engage and deliver, which sounds very simple," Mackie said. "But ... it's making sure … we have all of the data available to share with them, [that] we've already pulled it together, taken the time to understand and interpret it for the customer and then anticipate what their needs may be."

In key markets where it lacks a presence, Fairmont expects steady growth thanks to parent company FRHI's recent merger with AccorHotels.

Hotels in the luxury tier received the highest scores in *BTN's* survey, but the tier's U.S. revenue per available room growth from January through July was the weakest of any segment, up just 1 percent versus 3 percent for the industry overall, according to STR. The mild RevPAR growth is partly the result of a drop-off in occupancy, which fell 0.7 percent year over year to 75.7 percent. Luxury hotels make up only 4.6 percent of the total U.S. hotel rooms under construction in the United States, according to STR, yet the segment is still running into the same issue as other industry segments: supply growth outpacing demand growth.

LUXURY

	RITZ-CARLTON	Fairmont	Four Seasons	JW Marriott	Grand Hyatt	Average
Sales Staff	5.34	**5.37**	5.35	5.05	5.24	**5.27**
Consistency	**5.35**	5.09	5.13	4.97	5.00	**5.11**
Arranging Group Travel/Meetings	**5.29**	5.28	5.09	5.02	5.00	**5.13**
Meetings Facilities	**5.50**	5.36	5.15	5.24	5.27	**5.30**
Corporate Rate Programs	**4.88**	5.04	4.86	4.70	4.67	**4.83**
Data Quality	5.21	**5.22**	5.07	4.95	4.81	**5.05**
Helpful & Courteous Service	5.53	5.50	**5.60**	5.26	5.22	**5.42**
Physical Appearance	**5.66**	5.54	5.65	5.35	5.39	**5.52**
Public Business Amenities	5.52	**5.59**	5.57	5.32	5.36	**5.47**
In-Room Business Amenities	5.48	**5.52**	5.50	5.28	5.14	**5.38**
Personal Amenities	**5.52**	5.50	5.49	5.24	5.11	**5.37**
Price/Value Relationship	5.27	**5.46**	5.26	5.28	5.10	**5.27**
Total	**5.38**	**5.37**	**5.31**	**5.14**	**5.11**	—

Westin, Marriott & Crowne Plaza Lead Upscale

The upper-upscale segment proved to be the most competitive tier in this year's survey. Starwood Hotels & Resorts' Westin brand tied for first place with future bedfellow Marriott Hotels, while Hyatt Hotels Corp.'s flagship Hyatt brand finished just 0.01 points behind to snag third. Still, the top scores for each criteria were spread across several brands beyond the top three.

In the upscale tier, InterContinental Hotels Group's Crowne Plaza Hotels & Resorts brand moved from eighth place last year to first place this year, securing the highest scores in nine of the 12 criteria. Second place Hilton Garden Inn also moved up significantly, jumping from last year's sixth place. The upper-upscale and upscale tiers showed the largest year-over-year increases in scores, as the lowest-scoring brand in each tier in 2016 nearly matched or bested the top scores from 2015.

Bjorn Hanson, a clinical professor at the New York University School of Professional Studies Tisch Center for Hospitality and Tourism, suggested the rise from last year could be the result of a record amount of spending by the U.S. lodging industry on capital expenditures in 2015, particularly within the upper-upscale and upscale segments. According to Hanson, spending in the upper-upscale space focused on items that had been deferred from 2009 to 2014 and on property upgrades to meet brand standards and keep up with competition from the upscale and upper-midprice tiers. Spending in the upscale segment, meanwhile, contributed to noticeable changes in lobby spaces, fitness centers, breakfast areas and high-speed Internet capacity.

Westin, which also placed first last year, shifted its brand identity from renewal to wellness, moving from soft pastels to bold colors and active imagery on its room keys, menus and marketing materials. It earned the highest scores for meetings facilities, corporate rate programs and data quality.

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As part of its meetings initiatives, Westin enhanced its Tangent workspace offering, now available at almost 60 locations globally. Tangent features videoconferencing and Steelcase's Media:scape furniture and technology setups. Brian Povinelli, Starwood senior vice president and global brand leader for Westin and Le Meridien, said Phase 2 will bring Bluetooth connectivity.

Building on its running concierge program for groups and meetings guests, Westin introduced "sweatworking" happy hour runs in June. It also added other fitness concierges, such as the surfing concierge at The Westin Los Angeles Airport and the hiking concierge at The Westin Bear Mountain Golf Resort & Spa, Victoria in British Columbia. "We're introducing more experiential opportunities for our group business that not only reinforce our positioning as a brand in the wellness space but really get to what we're hearing meeting planners and corporate accounts are looking for," Povinelli said.

Marriott, which took the No. 1 spot in *BTN's* 2014 survey and third place in last year's, garnered the highest scores for sales staff, data quality and in-room amenities, both business and personal. This past year, the brand focused on appealing to modern travelers, both through its guest room update program, Marriott Modern, and through app enhancements like digital check-in, service chat and alerts that notify guests when their rooms are ready.

"Making sure that a holistic full-service hotel experience is being delivered to our guests in a very compelling, exciting and modern way is a huge focus for the brand," said Matthew Carroll, vice president and global brand manager for Marriott Hotels. The Marriott Modern renovations introduce updates to the guest rooms like hardwood floors and multipurpose work surfaces. The brand has also focused on enhancing its food and beverage offerings and modernizing public spaces.

Year-to-date average daily rate for the upper-upscale segment as of the end of July increased 2.3 percent year over year to $179.62, while occupancy dipped 0.3 percent, according to STR. Though pure upper-upscale occupancy was high at 75.5 percent, supply growth for the segment, 1.5 percent, overtook demand growth, 1.2 percent, which means occupancy could continue to drop off in the months or years ahead.

Upscale

"Business travel is changing, and we're evolving the brand, the products, the services that we offer to meet those changing needs," said Eric Lent, vice president of the Americas for Holiday Inn and Crowne Plaza.

The brand shifted its focus to connectivity, productivity and wellness for its guests in 2015. IHG Connect, for example, enables a single Internet sign-on process that follows guests from property to property. The brand also multiplied bandwidth. In-room, the brand enhanced device-charging capabilities and introduced a wellness dining menu. It also has increased the sales staff that's devoted to corporate sales in order to be more responsive to requests for proposals. In June, IHG announced it would invest $200 million in Crowne Plaza in the Americas to further appeal to business travelers.

Upscale's No. 2, Hilton Garden Inn, too, is enhancing its product for business travelers, which are 70 percent of its guests, according to senior vice president and global brand head of Hilton Garden Inn John Greenleaf.

"Hilton Garden Inn feels like a full-service hotel," Hanson said of the brand. "There's a restaurant, [so] there's a place to go that isn't just hanging out in a lobby."

The brand has capitalized on Hilton Worldwide's digital initiatives, including loyalty member discounts, free Wi-FI and digital check-in and room selection. Hilton Garden Inn also will push out a prototype for the Garden Market with expanded food and beverage options. Additionally, the brand is enjoying a healthy level of growth, having just opened its 700th hotel and boasting a pipeline of more than 250 signed deals.

The upscale segment has seen a boom in supply in recent years. As of July, it accounted for the largest share of U.S. hotel rooms under construction, 34.7 percent, according to STR, and supply growth outpaced demand growth for the first half of the year. ■

UPPER-UPSCALE

	MARRIOTT	WESTIN	Hyatt	Inter-Continental	Hyatt Regency	Hilton	Radisson Blu	Sheraton	Average
Sales Staff	**4.92**	5.03	4.86	4.89	4.91	4.82	4.80	4.84	**4.88**
Consistency	4.85	4.87	**4.90**	4.87	4.89	4.72	4.77	4.70	**4.82**
Arranging Group Travel/Meetings	4.75	4.83	4.83	**4.93**	4.78	4.74	4.82	4.78	**4.81**
Meetings Facilities	4.90	**5.09**	4.89	5.03	4.92	4.84	4.87	4.84	**4.92**
Corporate Rate Programs	4.54	**4.79**	4.71	4.67	4.62	4.62	4.66	4.70	**4.66**
Data Quality	**4.80**	**4.80**	4.68	4.62	4.62	4.63	4.70	4.77	**4.70**
Helpful & Courteous Service	5.14	5.05	**5.16**	5.00	4.97	4.95	5.06	4.88	**5.03**
Physical Appearance	5.13	4.96	**5.09**	4.95	5.03	5.06	4.97	4.78	**5.00**
Public Business Amenities	5.14	5.06	5.04	4.95	4.97	**5.07**	4.85	4.82	**4.99**
In-Room Business Amenities	**5.06**	4.96	5.04	4.91	4.94	4.96	4.94	4.78	**4.95**
Personal Amenities	**5.13**	4.96	5.05	4.93	4.94	4.97	4.94	4.87	**4.98**
Price/Value Relationship	5.04	4.98	**5.07**	4.96	4.94	5.00	4.91	4.89	**4.98**
Total	**4.95**	**4.95**	**4.94**	**4.89**	**4.88**	**4.86**	**4.86**	**4.81**	—

UPSCALE

	CROWNE PLAZA	Hilton Garden Inn	Four Points	Hyatt Place	Embassy Suites	Courtyard by Marriott	Double-Tree	Radisson	Average
Sales Staff	**4.88**	4.80	4.86	4.72	4.61	4.74	4.75	4.65	**4.75**
Consistency	4.79	4.76	4.63	**4.81**	4.66	4.59	4.67	4.57	**4.68**
Arranging Group Travel/Meetings	**4.76**	4.72	4.61	4.64	4.66	4.47	4.70	4.58	**4.64**
Meetings Facilities	**4.78**	4.53	4.57	4.61	4.63	4.44	4.76	4.67	**4.62**
Corporate Rate Programs	**4.87**	4.72	4.68	4.78	4.67	4.60	4.70	4.55	**4.70**
Data Quality	4.75	4.70	4.81	**4.84**	4.57	4.63	4.57	4.70	**4.70**
Helpful & Courteous Service	**4.87**	4.79	4.83	4.79	4.79	4.86	4.65	4.65	**4.78**
Physical Appearance	**4.83**	4.72	4.54	4.76	4.68	4.71	4.62	4.39	**4.65**
Public Business Amenities	**4.83**	4.72	4.71	4.64	4.61	4.72	4.64	4.58	**4.68**
In-Room Business Amenities	**4.85**	4.78	4.68	4.56	4.67	4.66	4.59	4.52	**4.66**
Personal Amenities	4.76	4.71	**4.79**	4.59	4.67	4.63	4.54	4.41	**4.64**
Price/Value Relationship	**4.93**	4.85	4.73	4.69	4.73	4.78	4.61	4.60	**4.74**
Total	**4.83**	**4.73**	**4.70**	**4.70**	**4.66**	**4.65**	**4.65**	**4.57**	**4.69**

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Hampton by Hilton & La Quinta Top Upper-Midprice & Midprice

Strong service isn't reserved solely for the luxury and upscale tiers. This year's top upper-midprice and midprice brands also placed a high priority on educating hotel staff on improving the guest experience. In the upper-midprice tier, Hampton by Hilton moved up the ranks from third place to first and Marriott International's Fairfield Inn & Suites climbed from seventh place to second. In spite of improvements from those brands, however, the overall scores for the segment fell from 2015, as No. 1 Hampton received 4.53 points against last year's top score of 4.70 from Best Western Plus.

Scores did improve in the midprice segment, where La Quinta Inns & Suites moved from second place in 2015 to first place this year and Best Western rose from third place to second place.

Hampton altered its brand identity during the past year by adding "by Hilton" to its moniker. It's a change that has led to a rise in new guests in the United States, said Phil Cordell, Hilton Worldwide global head for focused service and Hampton brand management. "Hampton has a very strong reputation and following among Hampton loyalists, but there are significant opportunities for continuing to move customers from brand to brand based on their business needs," Cordell said. Nonmembers of Hilton HHonors may not have known the brand before, but since the company added 'by Hilton' to the name, the brand has received more U.S. business.

The brand earned the highest scores for sales staff, consistency, corporate rate programs and price/value relationship. Cordell said that reflects efforts to improve sales team operations. "We noticed sometimes our management and sales staff is a bit more lean and they're focused on doing a lot of things, so over the past year or so, we've implemented a number of enhancements to try to encourage them to be more responsive to leads and [requests for proposals]." Hampton also has embraced more group business, particularly in urban-core markets like Manhattan, where Hampton has 10 hotels.

Hampton continually invests in Internet bandwidth at its properties and is on track to implement Hilton's direct-to-room Digital Key through the HHonors app in 2017.

Fairfield Inn earned the tier's highest score for helpful and courteous service. It was the second in the Marriott International family to launch the Shaping Service program. Senior vice president of select-service and extended-stay brands Janis Milham said that within the Marriott family, the brand's service scores are behind only Residence Inn, which won the upscale extended-stay segment in *BTN's* survey. Milham added that the brand has experienced success with its 100 percent-guarantee program, launched a little over three years ago.

Fairfield Inn also garnered top marks for physical appearance, public business amenities and in-room amenities, both business and personal. Milham said the brand is 90 percent current on its renovations and is reaching critical mass with its Generation 4 prototype, which promotes flexibility for property developers and offers modern, smart-spaces for travelers. "Between the renovations and the new prototype, that's what's contributing to a lot of the great product scores," Milham said.

The brand launched mobile check-in through the Marriott Rewards app last year and is slated to implement mobile service requests, already available at full-service Marriott hotels, during the fourth quarter of 2016.

Last year's upper-midprice victor, Best Western Plus, in third place this year, still earned the highest scores for ease of arranging group travel and meetings and for meetings facilities. "Previously, buyers didn't see Best Western as a possibility for group business," said Wendy Ferrill, vice president of worldwide sales. "Now we're really out in front of that buyer to talk to them about the solutions we can provide, and it's truly changing their point of view in terms of placing groups in the midmarket. A lot of times,

MIDPRICE

	LA QUINTA	Best Western	Ibis	Average
Sales Staff	4.38	**4.46**	4.31	4.38
Consistency	4.28	**4.36**	4.17	4.27
Arranging Group Travel/Meetings	4.16	**4.22**	4.03	4.14
Meetings Facilities	3.97	**4.15**	3.90	4.01
Corporate Rate Programs	**4.44**	4.39	4.09	4.31
Data Quality	4.25	4.30	**4.44**	4.33
Helpful & Courteous Service	4.43	**4.53**	4.27	4.41
Physical Appearance	**4.39**	4.31	4.19	4.30
Public Business Amenities	**4.32**	4.20	4.12	4.21
In-Room Business Amenities	**4.33**	4.17	4.15	4.22
Personal Amenities	**4.33**	4.04	4.12	4.16
Price/Value Relationship	**4.50**	4.28	4.15	4.31
Total	**4.32**	**4.28**	**4.16**	—

UPPER-MIDPRICE

	HAMPTON BY HILTON	Fairfield Inn	Best Western Plus	Comfort Inn	Holiday Inn Express	Holiday Inn	Average
Sales Staff	**4.71**	4.63	4.62	4.39	4.61	4.55	4.59
Consistency	**4.63**	4.40	4.57	4.55	4.45	4.45	4.51
Arranging Group Travel/Meetings	4.49	4.43	**4.52**	4.45	4.24	4.20	4.39
Meetings Facilities	4.19	4.25	**4.50**	4.14	4.03	4.15	4.21
Corporate Rate Programs	**4.63**	4.60	4.61	4.32	4.55	4.47	4.53
Data Quality	4.40	4.45	**4.55**	4.50	4.39	4.35	4.44
Helpful & Courteous Service	4.74	**4.76**	4.66	4.75	4.50	4.44	4.64
Physical Appearance	4.60	**4.65**	4.49	4.42	4.34	4.42	4.49
Public Business Amenities	4.46	**4.57**	4.53	4.32	4.30	4.31	4.41
In-Room Business Amenities	4.49	**4.53**	4.30	4.32	4.28	4.27	4.37
Personal Amenities	4.37	**4.47**	4.30	4.26	4.17	4.12	4.28
Price/Value Relationship	**4.67**	4.55	4.45	4.52	4.45	4.39	4.50
Total	**4.53**	**4.52**	**4.51**	**4.41**	**4.36**	**4.34**	—

you don't need a big ballroom. In many of our hotels we can certainly provide that, but many times it's rooms only and we can direct them to those hotels that have more meeting space."

The brand also got the highest score for data quality, an ongoing focus for all Best Western brands, Ferrill said. "We know that data drives the decision and they need that information to be successful," she said. "We have invested a lot in our data, and everyone from our CEO to our technology team to worldwide sales has been involved in how we look at that differently."

Upper-midprice makes up 32.4 percent of rooms under construction in the United States, according to July figures from STR. While the segment attracts investors for its low development costs, supply growth was higher than demand growth from January to July and occupancy declined 0.3 percent year over year.

Midprice

La Quinta received the highest scores in midprice for corporate rate programs, physical appearance, public business amenities, in-room business amenities, personal amenities and price/value relationship.

The brand is in the early stages of several initiatives, including driving consistency in its product and in the delivery of an outstanding guest experience, as well as investing in points of differentiation from its competitors, CEO Keith Cline said during the company's most recent earnings call. Beginning this year, La Quinta will invest $60 to $70 million to renovate 50 of its properties. The brand has 238 hotels in its pipeline and is focused on new properties in high-barrier-to-entry urban markets.

Second place Best Western scored highest for sales staff, consistency, ease of arranging group travel and meetings, meetings facilities and helpful and courteous service. This spring, Best Western Hotels & Resorts launched virtual reality for all its brands, allowing travel buyers to view individual properties. "A lot of times, [buyers] are not able to come and site the hotels anymore," Ferrill said, "so that virtual reality application has been very beneficial because they see the experience they're going to have at the property. Frankly, they see how lovely it is."

Ferrill said the Best Western team has and will continue to focus on customization rather than programmatic RFPs "because every buyer has a different need."

From January to July, the average daily rate for midprice increased 2.6 percent year over year to $85.74, according to STR. Occupancy decreased 0.8 percent year over year to 60.2 percent, the second-highest drop-off of any tier tracked by STR.

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Residence Inn & Extended Stay America Lead Extended-Stay Tiers

Marriott's Residence Inn brand reclaimed the top spot in *BTN's* 2016 Hotel Survey upscale extended-stay tier after falling from first to second place in 2015. In the midprice extended-stay segment, Extended Stay America overtook InterContinental Hotels Group's Candlewood Suites to win.

Extended-stay brands are following the rest of the hotel industry by focusing on updated property designs, enhanced communications and technology and open, communal spaces in lobbies, according to Mark Skinner, partner in extended-stay research firm The Highland Group.

"Obviously the buzzword is 'Millennials,' but a lot of what is being designed suits other people, as well: lighter colors, more lighting and natural light, more hardwood floors."

Residence Inn, which also came in second place in this year's J.D Power North American Hotel Guest Satisfaction Study, certainly fits that model. The brand in recent years has launched new lobby designs, has updated room amenities and has introduced programs like Residence Inn Mix, a three-nights-a-week social that incorporates local food and beverages.

The brand earned the top scores in its segment in *BTN's* survey for in-room business amenities and in-room personal amenities. "If you think about those scores, I think they're largely pointing to our full kitchens, our grocery shopping service, the way that we communicate with our guests about the social aspects that they can engage in," said Marriott senior vice president of select service and extended-stay brands Janis Milham. "It's doing more of the same as in recent years, but we continue to deliver those things consistently and really well."

This summer, Residence Inn upgraded its breakfast offerings and launched RI Runs, a partnership with Under Armour Connected Fitness that provides customized running routes near Residence Inn properties. Guests can access the program through UnderArmour's MapMyFitness app. During the fourth quarter of 2016, Milham said, Marriott will begin rolling out mobile service requests to its extended-stay and select-service brands. They're already available at full-service properties through the Marriott mobile app. In 2017, Residence Inn also will launch a new decor package for properties getting upgrades and for new ones. The brand has over 220 hotels in its pipeline. "We're setting the table for another great year next year," Milham said.

IHG's Staybridge Suites and Hilton Worldwide's Homewood Suites tied for second place in the upscale extended-stay segment. Staybridge earned top marks for sales staff, data quality, helpful and courteous service and physical appearance. This year, Staybridge has continued to focus on its Urban Guest Room Design, according to Jennifer Gribble, vice president of Holiday Inn Express, Staybridge Suites and Candlewood Suites for the Americas. The design, unveiled last October, features modern amenities like mobile desks, built-in shelving and storage and separate dining and work areas. The brand is growing, too, with 128 hotels in its pipeline.

Homewood Suites received the highest score for consistency, corporate rate programs, public business amenities and price/value relationship. Homewood has completed renovations through its Take Flight program at about 20 percent of its properties. The property-upgrade initiative, launched in 2013, provides modern social spaces like outdoor kitchens and fire pits.

"So far, Take Flight has been an absolute success," said Adrian Kurre, global head for Homewood Suites and Home2Suites by Hilton. "Once the hotel gets back open and guests experience that lobby and the public areas with all the things that we've done, it's been absolutely wonderful. We look to be making an even stronger statement over the next couple of years as we complete the rest of the brand."

Kurre said Homewood has more than 140 hotels in its pipeline and its entire portfolio will be new or completely refreshed by the end of 2018 or early 2019.

Midprice Extended Stay

Extended Stay America, meanwhile, is garnering praise in the midprice segment for its own revitalization efforts. The brand finds itself at No. 1 for the first time since 2005. It earned the highest scores for corporate rate programs, data quality, physical appearance and in-room personal amenities.

The brand is completing a years-long renovation effort, with 80 percent of its 629 properties finished and renovations expected to wrap in 2017. According to chief marketing officer Thomas Seddon, the company's TripAdvisor property ratings have increased as much as 1.5 points following renovations.

Beyond property improvements, ESA in the past year has introduced a new revenue management system; reorganized its sales team, focusing more on the corporate segment; and launched its Extended Perks loyalty pro-

UPSCALE EXTENDED-STAY

	RESIDENCE INN	Homewood Suites	Staybridge Suites	Average
Sales Staff	5.00	4.84	**5.23**	5.02
Consistency	4.77	**4.94**	4.82	4.84
Corporate Rate Programs	4.55	**4.81**	4.64	4.66
Data Quality	4.76	4.60	**5.00**	4.79
Helpful & Courteous Service	4.95	4.88	**5.00**	4.94
Physical Appearance	5.00	5.00	**5.08**	5.03
Public Business Amenities	4.85	**4.93**	4.70	4.83
In-Room Business Amenities	**5.00**	4.93	4.70	4.88
Personal Amenities	**5.05**	4.93	4.80	4.93
Price/Value Relationship	4.86	**4.87**	4.73	4.82
Total	**4.88**	**4.87**	**4.87**	—

MIDSCALE EXTENDED-STAY

	EXTENDED STAY AMERICA	Candlewood Suites	Average
Sales Staff	4.60	**4.73**	4.66
Consistency	4.29	**4.40**	4.34
Corporate Rate Programs	**4.71**	4.30	4.51
Data Quality	**4.50**	4.44	4.47
Helpful & Courteous Service	4.50	**4.56**	4.53
Physical Appearance	**4.50**	4.30	4.40
Public Business Amenities	**4.46**	4.11	4.29
In-Room Business Amenities	4.31	**4.33**	4.32
Personal Amenities	**4.31**	4.11	4.21
Price/Value Relationship	4.62	**4.80**	4.71
Total	**4.48**	**4.41**	—

gram, all under the helm of new CEO Gerardo Lopez. "It feels like we have experienced more positive change in the last 12 months than we have in the last 20 years," Seddon said.

In June, the brand also announced ESA 2.0, a five-year strategic plan to build new hotels for the first time in almost a decade and open the company up to franchisors for the first time ever. With the new properties, ESA will introduce fresh design featuring open-concept lobbies with social spaces and mobile room furniture and amenities.

Rounding out the segment in second place, Candlewood Suites scored highest for sales staff, consistency, helpful and courteous service, in-room business amenities and price/value relationship. Gribble said both Candlewood and Staybridge have continued to score extremely well in service through IHG's internal metrics, and positive online property reviews have cited some staff members by name. The brand currently has 103 hotels in its pipeline.

The extended-stay space overall is experiencing a supply boom. At the midyear point of 2016 more than 40,000 extended-stay hotel rooms were under construction in the United States, a high-water mark not seen at any midyear or year-end point for at least 17 years, according to The Highland Group. Midyear supply levels across all extended-stay segments grew 5 percent from 2015 to 2016, while demand for the same period grew only 4.8 percent, contributing to a 1.2 percent decrease in occupancy year over year. "With the level of supply coming in, it will need a significant uptick in demand growth in '17 for occupancy not to fall further," Skinner said.

Nevertheless, extended-stay hotels have increased average room rates by 4.9 percent during the first half of the year to $96.40. And revenue per available room is expected to outpace that of the hotel industry overall for 2016.

METHODOLOGY For its annual Hotel Survey, *BTN* emailed readers who are responsible for corporate hotel-buying decisions, and 316 participated in an online survey to rate the hotels with which they have conducted business in the past year. They rated the brands on as many as 12 attributes on an ascending scale from one to six. *BTN* reported results only for hotel tiers and brands with significant respondent usage. The survey bases hotel-tier divisions on price-point data provided by STR Global and on industry knowledge of how buyers relate with specific brands.





DISTRIBUTION EDITOR JAY BOEHMER

Amex GBT's Future According to New CEO Doug Anderson

When Doug Anderson departed Carlson Wagonlit Travel as CEO in April, the travel management company announced he was "leaving to pursue other opportunities." As it turns out, the opportunity he landed was as CEO of CWT's megarival American Express Global Business Travel. He started Aug. 22

Anderson said Amex GBT's desire is "to grow the business north of market growth" by way of organic means, acquisitions, technology investments and further geographic expansion. "I've observed GBT as a competitor for quite some time—in fact, for nine years plus," said Anderson. "I've long admired the company, and I really saw the company start to evolve when the joint venture was created and the separation started to take place."

The deal to establish that joint venture, in which investors led by Certares put in $900 million for a 50 percent stake in the TMC, closed in the summer of 2014. GBT has since worked to untangle its operations from its former parent—and now half owner—American Express. "Our infrastructure transformation is nearing completion and our M&A activity is ramping up quickly," Amex GBT chairman Greg O'Hara said. "We are making and will continue to make sweeping technology investments to support our customers' ever evolving requirements."

Anderson wouldn't detail acquisition plans, but he sees opportunity to "expand geographically in markets that are strategically important and are growing and developing where we don't have full ownership and control today." Those would primarily be markets outside the United States.

"This business is becoming all about technology. … Sometimes the speed to market doesn't come from building that technology; it comes from partnership or acquiring and integrating."

—AMEX GBT CEO DOUG ANDERSON

In addition to agency M&A, Anderson touched on "strategic technology acquisitions and/or partnership investments." He said: "This business is becoming all about technology. With high levels of online adoption, travelers are looking for smart mobile technology and clients are looking for us to integrate technology on their behalf. There's plenty of opportunity for us to do that. Sometimes the speed to market doesn't come from building that technology; it comes from partnership or acquiring and integrating."

Amex GBT has been contemplating a proprietary booking tool play, including the possibility of buying one. And on Aug. 30, it announced its acquisition of KDS *(see the story below)*.

Over the years, there has even been Amex-CWT merger speculation. Asked if he views his former TMC as a potential merger target or competitor, he commented, "I view CWT and Amex GBT going forward as strong, capable competitors that will make each other better."

CWT in April replaced Anderson with Travelport vet Kurt Ekert. Just days later, former Amex GBT president and CEO Bill Glenn stepped down but stayed on as a board member, as O'Hara stepped in as interim CEO. Asked if he knew he was bound for Amex GBT at the time of his departure from CWT, Anderson said, "No."

Anderson said he was attracted to Amex GBT by "the opportunity and the appetite to invest in the business and the appetite to really accelerate the investment in innovation and technology." ◀

CONTINUED FROM FRONT PAGE

Amex GBT Acquires KDS

customers and agency partners, Amex GBT indicated it would continue to support other online booking systems.

Amex GBT chief commercial and technology officer Philippe Chereque said the goal was to bring together "an industry-leading online solution and travel management company to create the first seamless end-to-end experience centered on the modern business traveler. This will also enable us to provide GBT customers with a proprietary door-to-door online booking tool supported by our new technology infrastructure."

Forbes said, "We look forward to leveraging the support and assets that GBT will provide us to better serve GBT customers, whilst also continuing to serve our existing customers and partners with great products and services." Amex GBT and KDS expect the deal to close in the fourth quarter. Terms of the deal were not disclosed.

Meanwhile, Jay Boehmer, editor-in-chief of The BTN Group's *The Beat*, spoke with Amex GBT vice president of the digital traveler Evan Konwiser. "It's a little too early to give the full picture," he said. "We have some innings to play before we're there." More of their conversation follows:

THE BEAT: WHAT WILL AMEX GBT DO WITH KDS? THE ANNOUNCEMENT SIGNALED AN "END-TO-END" PROPOSITION.

Konwiser: Consolidating the online and offline for some clients into one seamless experience and under one ownership is going to accomplish a lot of what we set out to do. It certainly is going to drive a lot of benefit to our customers. There's a lot of obvious opportunity just by putting them together. Longer term, we want to help KDS accelerate what they're so great at, which is the user experience, the traveler experience and innovating. This gives us an incredible team and an incredible existing product asset with which to do that. We've talked about our technology road map and strategy. We see KDS as an incredible partner with which to accelerate that.

NOW THAT YOU BRING IN BOOKING AND EXPENSE, WHAT COMPONENTS OF AN END-TO-END SOLUTION IS GBT SITTING ON?

We're really focused on the travel piece. That's what we know, it's what we do and it's where a TMC drives value. For us, it's about the right offer in the right market. We'll focus on travel. KDS will continue to sell their expense product, but that's not, for us, necessarily an area where we're promoting the end-to-end at this point.

HOW QUICKLY DO YOU ANTICIPATE KDS BUILDING OUT PROPRIETARY SOLUTIONS FOR GBT?

We'll have to see how that evolves over time. We have a road map that includes a lot of proprietary technology that GBT has been building and continues to build. Step One would be making sure that KDS as an [online booking tool] is linked into all those things. By the way, we're going to all of our other OBT partners and asking them to integrate as part of that experience, as well. That's not something necessarily that will be limited to KDS. We think with our ability to prioritize with [KDS], it will be perhaps a faster and more seamless integration. But a handful of our other OBT partners have been really engaged in that process, as well.

HOW DOES KDS FIT INTO THE GBT MOBILE APPLICATION?

Those plans are not mature enough to share at this point. Right now, we're focused on getting the deal to close and doing it quickly. Then, obviously, there's some basic integration that has to happen to make them part of the GBT family. There's a lot of planning that has to happen in the next quarter that's going to help us determine that road map. What we're looking at right now is just an incredible [KDS] team that we're looking at expanding and the existing, really strong product assets that already have a really robust road map. KDS already has its road map planned for the next bunch of quarters on all the things they're doing with the travel experience. We can't wait to see some of those developments and help accelerate them.

HAVE YOU IDENTIFIED THE MARKET SEGMENT, IN TERMS OF SIZE, KDS IS MOST APPLICABLE IN?

KDS today has clients at all levels. They have midmarket clients, they have very large clients, they have clients just in one market and they have clients across European markets. They even have some clients that are using it in Asia/Pacific and the U.S., though that's smaller.

We have middle-market and smaller clients, as well as a lot of global clients that are interested in engaging with us on what that traveler experience could and should be—and that TMCs are not delivering today. We think we could have a really compelling answer up and down the value chain. There's a lot of work that needs to be done to determine our go-to-market approach.

HAVE YOU IDENTIFIED THE PIECES AMEX GBT WILL INVEST IN WITH KDS? FOR EXAMPLE, IS KDS SUFFICIENTLY GLOBAL?

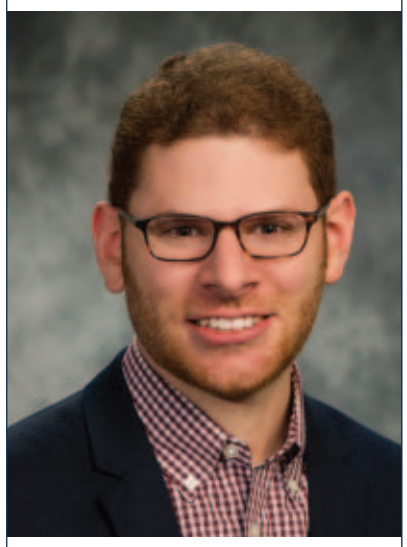
Regions and markets is an interesting topic. We're in an investigation phase on a lot of those things right now, and we'll have to see how that plays out and how that investment is made. KDS has been a leader in the traveler experience since they launched Neo. They've expanded and put the pedal to the metal in their focus on the traveler experience. For us, we've been really focused on that. Having a partner on the online side, on the digital side, to work with on that is exciting for us. Continued focus on the travel experience and bringing offline into that—making it a seamless experience and creating consistent online/offline servicing—is really powerful to us.

HOW WILL KDS BE OPERATED WITHIN GBT?

They become a wholly owned subsidiary and they operate independently as part of the GBT family.

WILL GBT KEEP THE ENTIRE KDS TEAM?

Yeah, absolutely. The team was a really important part of the equation for us. It's a fantastic team and they've accomplished so much. We bought the full package, not just the code and not just the people. It's the code and the people together and the potential to not just keep on doing what they're doing but further accelerate it. All of that needs to stay intact and to be run independently as much as possible in order to protect the magic that they do. GBT, while we have done incredible work on building our product and technology teams over the past 18 months, we always knew that in order to accomplish our goals and compete in the marketplace from a traveler experience perspective the way we need to, we knew we'd have to acquire an entrepreneurial, progressive technology-oriented team. Protecting that team and giving them horsepower without disturbing their culture is of utmost priority.



"We bought the full package, not just the code and the people."

—AMEX GBT'S EVAN KONWISER

After Scaling Up & Integrating, CTM Says It Has 'Arrived' in U.S.

BY JAY BOEHMER

After a slow first half of its fiscal year in the United States, Australia-based travel management company Corporate Travel Management got a boost from its Montrose Travel acquisition, client wins and a stabilization after spending declines from energy clients. For the 12 months ending June 30, CTM reported, total transaction value in North America rose 41 percent year over year to A$867 million during its fiscal year. CTM got a lift from its Montrose acquisition, closed Jan. 1. The results, however, did not include CTM's acquisition of Boston-area TMC Travizon, completed on July 1. "We had a cracking second half," managing director Jamie Pherous told investors.

"There is no doubt now we've got the right shape, the right size and the scale to put the afterburners on now," he said. "We're run-rating at over A$1 billion [in transaction value] now as we speak."

BTN's 2016 TMC Survey & Report showed that for the 2015 calendar year, CTM's U.S. sales volume fell nearly 2 percent year over year, as total transactions tumbled 0.5 percent from 2014. The company attributed that to a decline in energy-client activity. For the fiscal year, CTM reported that energy-client spending in the U.S. fell US$45 million. Further, CTM last year slowed sales efforts through October to focus on integrating acquired agencies.

CTM decided to "forego profit because we're looking long term," said Pherous. "We knew, long term, that America would be a cornerstone of our business ... and we had to get that business in a state that was scalable for high growth." Since resuming sales activity, he said, "we are winning clients" in the United States.

CTM is "continuing to actively look at further accretive acquisitions" in the U.S., it noted in a statement. Pherous said CTM would look to buy "where we have either a geographic gap, scale gap or an opportunity gap." CTM also is eyeing further acquisitions in Europe.

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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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> A lot of travel know-how and sharing in one place.
>
> *- Timothy O'Kronley, Procurement Manager, Dechert LLP*

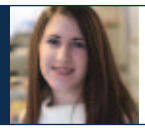
> What an awesome event—truly the best conference from a content perspective I have been to in a very long time. It was great being around such creative, strategic and collaborative people for two days.
>
> *- Robert Jacobsen, Senior Manager, Travel, Expense, Card, T-Mobile US*

> 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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LODGING EDITOR JULIE SICKEL

Are Hotels' Direct Booking Loyalty Discounts Stealing Business from OTAs

Hotel loyalty member discount rates are taking booking share away from online travel agencies—at least that's what hoteliers would have you believe.

In second-quarter earnings calls, Hilton Worldwide, Marriott International, InterContinental Hotels Group and Hyatt Hotels Corp. talked up the rise in bookings through their direct online and mobile channels that has resulted from special loyalty member discounts for booking direct.

Hilton Worldwide, the first among U.S. hotel companies to enact member rates in February, added 2.4 million members to its loyalty program during the second quarter, an enrollment uptick of 80 percent year over year, according to CEO Christopher Nassetta. But more important, Nassetta said guests are shifting business away from the OTAs, with revenue growth from its direct Web channels outpacing OTAs "by a factor of nearly five" during the quarter.

It's still early days for the other brands, as Marriott, IHG, Hyatt and Choice Hotels International trail months behind Hilton, but those CEOs were encouraged by the results of their own initiatives. "We're driving material increases in revenue contribution for both new and existing IHG Rewards Club Members," said IHG CEO Richard Solomons. "Since the launch of Your Rate, we're seeing a material two-point shift in growth rate to direct Web from OTA." TravelClick senior industry analyst John Hach said he is "definitely seeing an uptick" in bookings that take advantage of the discount for loyalty members who book direct.

"OTA share is not declining. We're seeing brand.com bookings grow, but we're also seeing OTA bookings grow and GDS bookings grow."

—TRAVELCLICK'S JOHN HACH

TravelClick began tracking the broader category of all bookings that have loyalty program numbers attached about three years ago in its examination of reservations data across 35,000 participating hotels and hotel chains. As of three years ago, about 55 percent of hotel bookings had loyalty numbers attached. Now, that number is just under 60 percent, and TravelClick saw a single-digit percentage uptick in those bookings in the first and second quarters this year.

That kind of short-term growth in loyalty program member bookings, as well as the shift in share that hoteliers are touting, should mean that OTAs are seeing a drop-off in growth. So far, though, the numbers are pretty mild.

During the second quarter, transient bookings increased 3.3 percent year over year through OTA channels and 6 percent through direct online brand channels, according to TravelClick's North American Distribution Review. Sure, hotel direct growth online outpaced OTA growth, but that seems less impressive considering GDS transient booking growth outpaced both with a 7.4 percent year-over-year increase.

"When we look overall, OTA share is not declining," Hach said. "We're seeing brand.com bookings grow, but we're also seeing OTA bookings grow and GDS bookings grow." During the second quarter of 2015, direct online brand channels captured 27.5 percent of transient bookings and OTAs captured 16 percent. A year later, share looks similar, with direct brand channels grabbing 28.9 percent of transient bookings and OTAs taking 17.2 percent. GDSs' share also grew from 19.9 percent of transient bookings in the second quarter of last year to 20.4 percent of transient bookings in the second quarter this year.

Hach said TravelClick is seeing declines in the share of central reservation office and direct-to-hotel bookings by way of walk-ups and phone calls, something he attributes to the "mobile revolution."

GSA Lodging Per Diems Increase Slightly

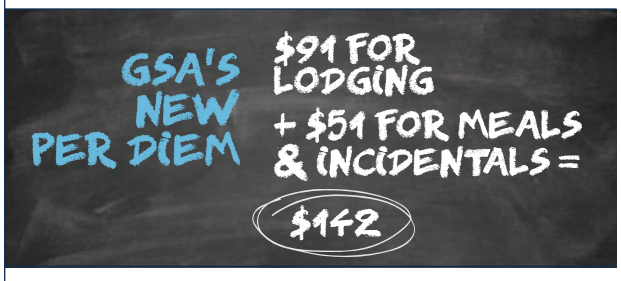
The General Services Administration per diem for fiscal year 2017 will increase to $142 from $140 last year. The new rate will go into effect on Oct. 1, 2016, and includes $91 for lodging, which accounted for the $2 year-over-year increase, and $51 for meals and incidental expenses.

The GSA sets per diems annually for the 48 states and 2,600 counties in the continental United States. Its lodging rates are based on local costs of midprice hotels and constitute the maximum allowances that federal employees can be reimbursed for expenses incurred while on official travel. GSA allows for higher-than-standard per diems in about 350 markets.

Nonstandard areas where per diems for lodging will rise in fiscal year 2017 include San Francisco, Los Angeles, New York City, Chicago, Dallas, Atlanta and Orlando. The per diem in Miami, however, will drop an average $8 year over year come Oct. 1.

The GSA also will form an interagency working group to redraw boundaries to meet federal agencies' missions for fiscal year 2018, evaluating large metro areas that encompass multiple counties, as well as areas where the per diem that applies to a city should not apply to the surrounding counties, according to GSA administrator Denise Turner Roth.

The American Hotel & Lodging Association commended GSA on the measure. "Government travel is incredibly important to the hotel industry, generating thousands of jobs and billions in travel spending that supports communities around the country," AH&LA senior vice president of government affairs Vanessa Sinders said in a statement. "Since



the government per-diem rates are often used as a guide by other organizations in setting their travel standards, it is imperative that we strive to ensure fair and reasonable rates are established."

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TRANSPORTATION EDITOR MICHAEL B. BAKER

Air France-KLM VP Eric Caron on Working with Corporates

As with Europe overall, Air France-KLM has taken a hit in revenue following terrorist attacks and political unrest in Europe this year. Even so, Eric Caron, whom Air France-KLM named vice president and U.S. general manager earlier this year, told *BTN* that corporate travel demand on a global scale has remained resilient. He also spoke of the investment the carriers are making to further boost corporate market share.

WHAT'S YOUR CORPORATE DEMAND OUTLOOK?

Caron: It's been pretty OK. Europe is very different from one country to another. France as a destination has been suffering in the last two months because of the security and the social environment. The power of our network is that we can sell all destinations, so if we see weakness in terms of booking in France, we can sell more Spain and Italy. Globally, the corporate segment is doing well. We have some pressure on the yield and the average value, which is mainly driven by the capacity and supply balance. In 2016, there has been an increase of capacity between the U.S. and Europe, around 10 percent, and the demand has grown around 3 or 4 percent, so immediately you have pressure on fares so you decrease your fares to stimulate demand further. It's not only for Air France-KLM; it's the JV and the competitors.

WHERE ARE YOU SEEING GROWTH?

Caron: Last year, if you look at the oil and energy sector, it was down in double digits. But all in all, we had a slightly positive corporate revenue evolution, meaning we've been able to compensate for the decrease of oil and energy in other sectors like pharmaceutical or banking. Now, with Brexit, we are not sure what that's going to be. There are also some sectors of activity that are more dynamic, like all the IT, which is why we've invested in the West Coast of the U.S. We have added more flights out of San Francisco. We've put more capacity on Los Angeles. It's growing and demand is growing, and we've been quite successful in catching our fair share.

WHAT ARE YOUR OTHER STRATEGIES TO GAIN MARKET SHARE?

Caron: The investment that Air France-KLM has put in the product over the last three years has been enormous. It's not only the seats. There's the lounge investment in Paris and Amsterdam, the renovation of the lounges we have all over the world. If you look at Skytrax results, in three years Air France has gained 26 places and almost 15 for KLM. We believe that it is really the way to go because we have to differentiate from the competition, especially when you have more competition from low-cost airlines and other legacy carriers. It's part of our strategy to bring the product level to the higher standards. We have all invested in the gastronomy in working with famous chefs—Daniel Boulud in the U.S.—and world-class sommeliers for wine. When we discuss with corporate clients, they are happy, and we measure our performance in term of market share and knowledge.



Air France-KLM vice president & U.S. general manager Eric Caron discusses:

- Effects of terrorism on European demand
- Elevating product standards
- Sustainability initiatives

"You can fly from Denver to somewhere in Europe via Amsterdam and come back via Paris or Atlanta. No other airline has reached the level of integration we have reached."

IS NEW BUSINESS COMING FROM EXISTING CLIENTS OR FROM ADDING NEW ONES?

Caron: It's really the two in parallel. When we have existing clients, we want to grow with them and increase market share. We have also a set of [prospective clients] which is why you have different programs for our corporates, depending on the size. We have [Delta corporate loyalty program SkyBonus through a joint venture with the carrier] or the corporate agreements or multinational agreements, and it's based on how much business you bring. And we can give in return some discounts and additional services.

WHAT ROLE DOES YOUR PARTNERSHIP WITH DELTA AIR LINES PLAY?

Caron: For the U.S. market, the partnership with Delta is really crucial. [With the partnership], you can offer to your customers all destinations in the U.S. and Europe, and you can fly Air France, KLM, Delta, Alitalia or whatever and combine. You can fly from Denver to somewhere in Europe via Amsterdam and come back via Paris or Atlanta. No other airline has reached the level of integration we have reached. When we go and meet a corporate customer or travel agent, it's only one face [to the market]. We [lay out the] different values and products, [but] it's the same goal in terms of products and excellence.

WHAT OTHER RECENT INITIATIVES ARE YOU TOUTING TO CORPORATE CLIENTS?

Caron: On Air France, we have launched what we call Night Service. Basically, the concept is: The flight from New York to Paris is pretty short, so if you leave at 9 in the evening, by the time you have your dinner on board and get to sleep, then you have three or four hours to sleep and then you arrive in Paris. Now, we've been offering on the last two flights out of JFK the possibility for the customers traveling business class and La Première [private suites] to have their dinner in the lounge. It's exactly the same meal they would have onboard, but they can have it in the lounge, have the same wine lists, and when they get on board, after takeoff they can go to sleep and have a proper night.

WHAT ARE YOU DOING AROUND SUSTAINABILITY?

Caron: We have a lot of initiatives, like recycling the uniforms of the cabin crew to make the carpets of the KLM aircraft. We also have a lot of investment in the fleet to have more fuel efficiency. We already have biofuel flights in Europe between Oslo and Amsterdam and between Paris and Toulouse. There will be a biofuel flight [to] the U.S., and we will announce that as of September. ■

Latam Envisions Broader Global Corporate Sales

One year into its single, merged brand, Latam Airlines Group hopes to become a bigger player on a global scale, both by extending its own international reach and by forming new joint ventures that could be approved by the end of this year. While South American carriers Lan and Tam have been merged and offering joint corporate contracts since 2012, they operated as separate brands until last year and only this spring began to appear in passenger-facing forms, including new uniforms and livery. Some integration remains to be done, including next year's switch of Tam from the Amadeus reservation system to Sabre's, which already houses Lan's reservations, said Pablo Chiozza, Latam senior vice president of North America and the Caribbean.

Meanwhile, now that it covers South America with a single carrier, Latam is looking to broaden its coverage, he said. In May, it began service between Lima and Washington, D.C., its fifth destination in the United States, and it's boosting service between Miami and Buenos Aires this year, he said. The carrier also will begin service between Lima and Barcelona in December and between São Paulo and Johannesburg in October, making it the only Latin American airline group with regular service to Africa. Additionally, it is adding regional flights, such as connections between secondary cities in Argentina and Lima.

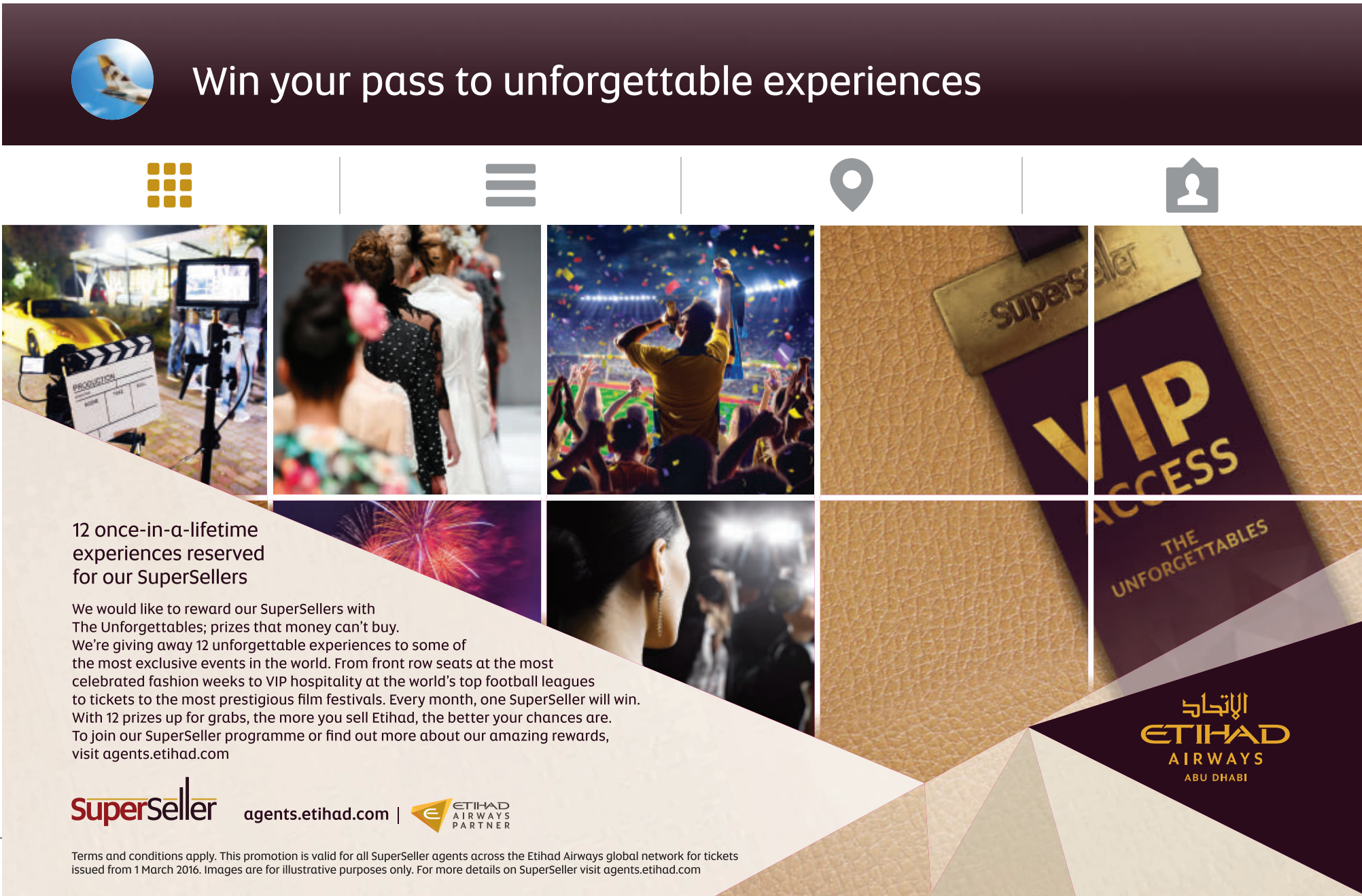
"Argentina changed its government last year, and since then, corporate travelers are resuming their trips to Argentina and we're seeing a spike there. Peru and Chile are stable."

—LATAM'S PABLO CHIOZZA

Within South America, corporate travel demand is "stable and healthy," at least within the Spanish-speaking countries, Chiozza said. Economic woes are still stifling demand to Brazil, and the carrier already has announced plans to cut capacity between the United States and Brazil 35 percent year over year in the second half of 2016. Even so, Chiozza said corporate travel demand in Brazil has stabilized after its decline last year.

Beyond its own expansion, Latam is banking on pending joint ventures with American Airlines, as well as British Airways and Iberia, both part of International Airlines Group, to boost Latam's presence in global corporate programs. Both joint ventures were announced at the beginning of the year. At the time, approvals were expected to come in a year to 18 months, so either agreement could get the green light by the end of this year. The American Airlines joint venture will apply only to those countries with which the United States has Open Skies agreements, including Colombia, Chile, Peru and Brazil, pending ratification from Brazil's congress.

Qatar Airways, meanwhile, will invest $613 million to acquire as much as 10 percent of Latam's shares, pending Latam shareholder approval in September. Chiozza said that was a positive sign. "When someone just announced their own company profit records and are investing in our company, that says a lot about the opportunity they are seeing in us," he said.





TRANSPORTATION EDITOR MICHAEL B. BAKER

China Southern Will Broaden Corporate Biz

Although China Southern Airlines has significantly grown corporate business over the past few years, the segment remains a small portion of its business, something the carrier intends to change.

Since launching its first business travel program in 2003, China Southern has grown business travel sales to $1 billion, and it grew 27 percent in 2015, senior vice president of sales Li Dongliang said. It had 40 global corporate contracts in 2015, accounting for about $40 million in sales.

Despite that growth, those large corporate account sales comprise only 2 percent of corporate revenue, according to Li. The carrier expects to grow that this year, through both new and existing accounts, corporate sales project manager Siyang Wang said. The goal is to raise corporate accounts to 3 percent of revenue in 2016.

That still is only a fraction of where the carrier would like to be, and it aims to reach more than 100 corporate accounts in the next five years, Siyang said. "I don't think this proportion is enough compared with advanced airlines such as Delta or KLM, where their proportion may be closer to 30 percent or 40 percent," Li said. "China Southern has much to do in the future to get a similar result in terms of corporate sales."

While China's corporate travel growth will be one avenue—China passed the United States as the biggest business travel spender last year and remains one of the fastest-growing business travel markets in the world, according to the Global Business Travel Association—the carrier also seeks to broaden its recognition among travel buyers outside China.

As one strategy, China Southern will promote the size of its network. It operates more than 670 aircraft, the fifth-largest fleet in the world, and its passenger volume is the largest in Asia, according to Li. The carrier also has seen significant international growth over the past few years, he said. When it began service to Australia in 2009, for example, it flew only seven weekly flights to Melbourne and Sydney. Now, it operates 60 flights a week to Australia and New Zealand, according to vice president of marketing Yunna Liu.

The carrier plans to add Toronto to its North American service in December, Li said. It will join Los Angeles, San Francisco, Vancouver and New York. Codeshares with Delta Air Lines, WestJet and Virgin America expand its network to 66 destinations in the region, he said. Similarly, codeshares with Air France, KLM, Aeroflot and Czech Airlines expand its network beyond its routes to London, Amsterdam, Paris, Rome, Moscow, Frankfurt, Istanbul and St. Petersburg, according to Li.

As another selling point to corporate clients, China Southern also touts its safety record, Li said. In 2012, the carrier was the first to receive the Civil Aviation Administration of China's Blue Sky Diamond Flight Safety Award, after logging 10 million hours of safe flight operations over nearly a decade. It reached more than 15 million hours by the end of last year, according to the carrier.

"I don't think [the 2 percent of revenue that comes from global corporate accounts] is enough compared with advanced airlines such as Delta or KLM, where their proportion may be closer to 30 percent or 40 percent. China Southern has much to do in the future to get a similar result in terms of corporate sales."

—CHINA SOUTHERN'S LI DONGLIANG

Building on $1 Billion in Business Travel Sales

2015	GOAL
Global corporate accounts contributed 2% of revenue	3% in 2016
40 global corporate accounts	100 in 2020

Delta Will Cancel Three Narita Routes

This fall, Delta Air Lines will end service on three routes from Tokyo's Narita Airport, including service from New York's John F. Kennedy International Airport, citing a competitive disadvantage resulting from the U.S. Department of Transportation's July decision on new daytime slots at the closer-in Haneda Airport.

While Delta received two of those five slots, shifting its nighttime service from Los Angeles and gaining a new route from Minneapolis, it also lacks a Japanese joint-venture partner to supplement its service, while United Airlines and American Airlines have partnerships with ANA and Japan Airlines, respectively. As such, Delta's position in the market is "significantly weakened," Asia/Pacific senior vice president Vinay Dube said on a Delta blog.

"Delta has long held that the U.S. government should insist that the Tokyo Haneda Airport be fully opened for competition, like all other international airports in countries with which the United States has Open Skies agreements," according to Dube. "By forcing Delta to maintain a split operation in Tokyo with operations at both [Haneda] and [Narita], valuable traffic will be syphoned away from Delta's remaining [Narita] flights to competitors' more convenient [Haneda] flights."

Besides the JFK route, Delta also will cancel service between Narita and each Osaka and Bangkok, although all canceled routes are covered by at least one of Delta's codeshare partners, Dube said. Delta will continue its other service at Narita, including to Seattle, Portland, Detroit, Atlanta, Shanghai, Taipei, Singapore and Manila.

The DOT could finalize its approval of the Haneda daytime flights as early as this fall.

"Delta has long held that the U.S. government should insist that the Tokyo Haneda Airport be fully opened for competition."

—DELTA AIR LINES' VINAY DUBE

United Loosens Agent Rebooking Parameters

United Airlines has eased restrictions on travel agency partners that are rebooking on behalf of their clients in the event of schedule changes or irregular operations, bringing their rebooking capabilities more in line with what United's reservation team is able to do.

Previously, when a flight's schedule changed, agents could rebook restricted, or nonrefundable, flights to only four booking classes above the original booking's fare class, United senior manager of sales communications and policies Brian Miller said. Now, agents can rebook in any class up to M, which is full-fare refundable economy. Air carriers have dozens of classes, but the new rule now allows many more scenarios in which an agent can, for example, rebook a deep discount economy ticket for a discount economy ticket.

The new policy also makes timing around rebooking less restrictive. Previously, agents could rebook only when the original flight moved by an hour or more. Now, the threshold has dropped to 30 minutes. Agents also can rebook when a schedule change makes a flight leave earlier; previously, they could rebook only when a flight moved to a later departure time, according to Miller.

Additionally, agents rebooking after a schedule change previously could rebook only for one day earlier or two days later; now they can rebook for seven days earlier or seven days later. That change "better reflects the network," which offers many routes that fly less than once a day and high load factors. The new rules enable rebooking without trimming a day or more from a trip, Miller said.

In addition, agents now can change origins and destinations within a 100-mile radius. Previously, they were restricted to rebooking at the original origin and destination, he said.

Also, for flights delayed less than two hours, United had required agents to have a weather waiver in order to rebook. Agents now can service any disruption of an hour or longer, even when they are not caused by weather.





PAYMENT & EXPENSE EDITOR JOANN DELUNA

Kelly Services Implements AirPlus Virtual Cards to Relieve a Painful Payment Process

Kelly Services global travel manager Paula Flowers' corporate card was shut down for suspected fraud six times from 2011 to 2013. Travelers at the temporary staffing agency who didn't have their own corporate cards—including infrequent travelers, contractors, temporary employees and recruits—booked flights on a central business travel account. But Flowers was using her own corporate card for their hotels. On any given night, as many as 60 hotel room nights were on her card.

Kelly Services has workers traveling anywhere their clients need them. "Things change all the time," said Flowers, and only about 20 percent of the hotels the company uses in a year are part of its hotel program. Direct billing would require Kelly Services to apply for credit at each vendor so it could pay later through invoice. Instead, third-party billing to Flowers' card seemed expedient.

Pre-Trip Pain

The process had its own convolutions, though. When nontraditional travelers called preferred agency Carlson Wagonlit Travel to book a hotel, the agency would use Flowers' card, call to ask the hotel to fax a blank credit card authorization form to the travel agency, manually fill out the traveler details and Flowers' billing information and then fax it to Flowers to sign. Flowers would then fax the form back to the hotel. "It was a very labor-intensive process just to get the booking part done," she said. Plus, about a third of the time, the fax confirmations were missing by the time the traveler arrived for check-in, Flowers said. CWT worked as a backstop on that issue by calling the hotels to ensure the fax was on file.

Post-Trip Gaps

About 300 trips worth of hotel charges hit Flowers' card per month, and none of it included traveler names or any identifying data. The bill often would name the hotel chain, but any given chain could have multiple properties in one city, and various Kelly Services travelers could be staying at them. Advanced bookings that fell outside the billing cycle—for example, a deposit charged in May for a trip occurring in September—also made reconciliation tricky. "It would be nothing to literally spend two weeks going back and forth trying to analyze, figure out and allocate those transactions properly," Flowers added.



SNAPSHOT

Organization: Kelly Services

Industry: Temporary staffing & workforce solutions

Headquarters: Troy, Mich.

Annual Air, Hotel, Car & Dining Spend: $15 million

Challenge: Booking and reconciling hotel payments for nontraditional travelers on her own corporate card left global travel manager Paula Flowers filling out cumbersome paperwork on the front end and dedicating 20 percent of her time to clarifying opaque payment data on the back end—not to mention her card getting shut down for suspected fraud.

Approach: Flowers, Carlson Wagonlit Travel and AirPlus mapped out a virtual card strategy and then involved Kelly Services' internal IT and accounting departments to make sure the solution would streamline accounting's work, as well.

Solution: Flowers' card isn't getting shut down, stranding travelers. And hotel billing reconciliation has dropped to 15 minutes a month.

The Final Straw

Flowers endured this tedium for about five years, but when the card started getting shut down, the picture got grim. It was all hands on deck at CWT. "They had to find out who was using my corporate card that night, then reach out to those hotels and provide another credit card so those people wouldn't have trip interruptions or undue stress," Flowers said. "It was quite the challenge."

That began in 2011, and in 2012, she learned about AirPlus virtual payments. "This was something really new in the industry that a lot of people hadn't heard of at the time," Flowers said.

Flowers, AirPlus and CWT met to determine how to move forward. The group identified what data Kelly Services and CWT needed to provide so AirPlus could process the payments and what data AirPlus and CWT could provide to help Kelly Services reconcile the transactions. Flowers then brought in her company's IT and accounting departments to develop an Excel report that would eliminate the need to enter the 300 monthly transactions into the accounting system manually. "It was a collaboration between CWT, AirPlus and the different internal units so that it wasn't just streamlined for me but also for the accounting department," Flowers said.

Kelly Services launched the AirPlus virtual card solution for hotels in January 2013. The virtual cards pay for room and tax, which are predetermined, and allow a 10 percent cushion for unexpected taxes and fees that may not be listed in the global distribution system. Travelers pay separately for additional charges like food and expense them later.

"It's a huge solution for us," said Flowers. Though virtual cards still require fax confirmations, even the misplaced fax issue has improved dramatically. "It's still a fax," she said, "but the numbers have just dropped."

Now, when Flowers gets the AirPlus statement, she pulls up the Excel report as a check. Generally, the report is 100 percent complete, she said, or perhaps five out of 300 transactions are in question and it takes her no more than 15 minutes to account for the charges. "Then it's done. I email the electronic document to our accounting department and they can pay the bill," she said. ◀

"It [was] nothing to literally spend two weeks going back and forth trying to analyze, figure out and allocate those transactions properly."

—KELLY SERVICES' PAULA FLOWERS

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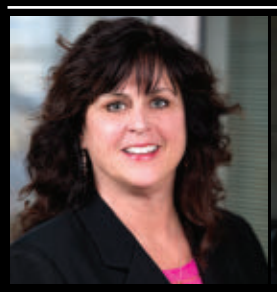
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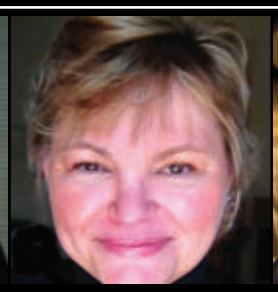
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OMEGA WORLD TRAVEL



EDITED BY AMANDA METCALF

Hertz Pricing Declined Year-Over-Year in Q2

BY MICHAEL B. BAKER

Hertz Global Holdings' revenue declined 2 percent year over year to $2.3 billion during the second quarter amid "softness" in corporate rental volume.

During an earnings call, CFO Tom Kennedy said "an unfavorable shift in customer mix," including tepid corporate demand and more off-airport rentals, contributed. U.S. revenue declined 2 percent to $1.6 billion, and international revenue declined 3 percent to $540 million.

U.S. transaction days increased 6 percent, but revenue per day, an indication of pricing, declined 8 percent. President and CEO John Tague said in July that U.S. pricing near the end of the quarter was a "sharp improvement versus our April performance, and we've seen continuing improvement in July." During the second quarter, Hertz renewed 96 percent of the corporate agreements that were up for renewal, and two-thirds of those were renewed at flat or higher pricing, he added.

For international rentals, transaction days were flat year over year, and revenue per day declined 2 percent.

Hertz reported a net loss of $43 million for the quarter, compared with a $36 million profit in the second quarter of 2015. The company was hit with $20 million in unexpected charges in its international business, largely from insurance-related charges. Hertz has been pushing down its costs, in part through improved fleet management, and overall costs per transaction day declined 6 percent in the quarter, according to Tague.

"We expect to see better outcomes in the second half of 2016 and accelerated progress in 2017," he said.

"We expect to see better outcomes in the second half of 2016 and accelerated progress in 2017."

—HERTZ GLOBAL HOLDINGS CEO JOHN TAGUE

Avis Budget Commercial Rates Decrease

BY MICHAEL B. BAKER

Avis Budget Group increased revenue 3 percent year over year during the second quarter due to higher rental volume and pricing, although volume and pricing was down for the car rental company's commercial accounts.

In the Americas, Avis Budget grew revenue 2 percent year over year to $1.6 billion, and the average daily rental cost was up 1 percent to $40.25 despite a hit from currency exchange rates. Avis Budget president and CFO David Wyshner said the revenue growth stemmed from a 3 percent increase in leisure rental days even as commercial rental volume declined 1 percent. In constant currency, commercial pricing declined 1 percent as leisure pricing increased 3 percent, he said.

The company pushed up overall pricing through aggressive fleet management, reducing the number of cars in weaker markets and selling off excess fleet, CEO Larry De Shon said. The stable used-car market resulted "in industry fleet levels that felt tighter than they've been in quite some time, which gives us optimism for the remainder of the year," he said.

Pricing also benefited from Avis Budget's yield management system, which enables the company to "adjust millions of rates several times per day in response to changes and opportunities we see in the marketplace," De Shon added.

Although commercial volume was down during the second quarter, the company had a more than 99 percent commercial-account retention rate during the quarter and added some new accounts, he said.

Outside the Americas, revenue increased 5 percent year over year to $650 million. Both commercial and leisure volumes were up, and commercial business growth was particularly strong in Spain, Italy and Germany, De Shon said. International pricing declined 4 percent to $31.76 per rental day.

The company reported a net income of $36 million for the quarter, down from $143 million in the second quarter of 2015.

EU Interchange Caps Dampen AirPlus Earnings

BY JOANN DELUNA

Germany-based payment provider AirPlus International's adjusted earnings before interest and taxes decreased 30.5 percent to €20.2 million ($22.4 million) year over year for the first half of 2016. The decrease owed to lower interchange fees, according to Lufthansa, which owns AirPlus. Before adjustments, earnings before interest and taxes increased 93.1 percent, thanks to "the disposal of equity investments."

In December 2015, the European Union capped interchange fees for certain credit card types at 0.3 percent. The regulation excluded company-pay corporate cards but left to interpretation at the country level whether the cap would apply to individual-pay corporate cards.

AirPlus acted on the broad interpretation in Germany. The card company announced last year that it would impose a transaction fee plus an annual negotiable fee on individual-pay cards to make up the interchange shortfall. But those fees did not go into effect until April of this year, according to Lufthansa, after AirPlus rolled out the Travel Expense Card in its home country.

In the meantime, U.K. regulators announced in April that the interchange fee cap would apply to individual-pay corporate cards there, too. AirPlus told *BTN* at the time that it plans to introduce the Travel Expense Card in that market sometime this year.

Lufthansa attributed the decrease in AirPlus' adjusted earnings before interest and taxes to lower interchange fees.

Amex GCS Billings Rose in Q2, but Large Corporates Are Tough

BY JOANN DELUNA

Card-billed business for American Express Global Commercial Services, the division that houses corporate cards, increased 4 percent year over year in the second quarter to $104.3 billion. Despite the increase, CFO Jeff Campbell told analysts during an earnings call that corporate clients continue to be a "tough segment" for the payment network.

While net income for GCS—which includes small business services, merchant financing products and foreign exchange services—increased 5 percent year over year for the quarter to $576 million, year-to-date net income decreased 1 percent. Cards in force decreased 9 percent year over year to 13.4 million, down from 14.7 million.

"The wild card is in the largest corporate clients, [which] is not particularly a growth segment for us and that continues to be a tough segment," Campbell said. "I don't think there are many of the Fortune 500 who are going on calls like we're having right now and talking about growing their T&E budgets."

He also noted, "Lower gas and airline ticket prices remained headwinds across our U.S. businesses."

Additionally, he said the loss of its Costco co-branded card portfolio to Citi in June "had a significant impact on our U.S. results, as well as on the performance of our [U.S. consumer services] and GCS segments." Campbell had explained during the first-quarter earnings call that the Costco loss affects Amex GCS's small business volume.

"The wild card is in the largest corporate clients [which] is not particularly a growth segment for us and that continues to be a tough segment."

—AMEX CFO JEFF CAMPBELL

Amex companywide net income increased 37 percent to $2 billion year over year in the second quarter. This included a $1.1 billion gain from the Costco card portfolio and a $232 million restructuring charge related to the company's efforts to reduce expenses.

Amex's discount rate, the rate merchants pay to accept Amex cards, continued to decline in the second quarter, by 6 percent year over year, due to expansion of the OptBlue program and merchant negotiations including interchange fee caps in Europe as in the last quarter, according to Campbell. "We do expect to see a much smaller drop in the reported discount rate during the second half of the year due to the end of the Costco relationship," Campbell said.

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EDITED BY AMANDA METCALF

LGBTQ Traveler Safety & Security

Sometimes it's easier not to talk about it.

That goes for LGBTQ people but also for their employers. A company that hides behind a blanket corporate policy that "everyone is equal" is simply avoiding the subject—because one-size-fits-all does not fit everyone well, especially in terms of traveler safety and security. True support for a diverse workforce can occur only when policymakers, decision-makers, managers and employees talk openly and frankly about what each individual needs in order to do their job safely.

***BTN* decided to talk about it. Managing editor Amanda Metcalf gathered travel stakeholders, LGBTQ stakeholders and some who are both.**

SHEAH, YOU MANAGE CUMMINS' TRAVEL SECURITY AND CRISIS RESPONSE PROGRAMS, AND THE COMPANY PROACTIVELY SUPPORTS LGBTQ EMPLOYEES AS PART OF THOSE EFFORTS. WHAT PROMPTED THAT ATTENTION?

Cummins' Sheah Hilton: We are a global corporation with multiple businesses that design, manufacture, distribute and service diesel and natural gas engines and related technologies. We have travelers, expats and employees all over the world. All of our security services tie back to diversity being one of Cummins' key values. Our approach is encouraging diversity so that we get a more well-rounded workforce. Since we have customers all around the world, we have to ensure that employees feel secure and confident in the support they will receive while traveling to support the business or working on assignment away from their home.

WHEN AND HOW HAS YOUR DEPARTMENT BEEN CALLED TO ACTION FOR LGBTQ TRAVELERS?

Hilton: We've actually had a few cases, not a problem at all but just helping employees with concerns that they have prior to travel, typically. We're available 24/7. We have a bank of operators, and then we work with iJET to supply various intelligence products for employees. We had one where a woman was applying for a visa to go to India, and she didn't know how to respond to some of the spouse questions. We were able to support with doing some of the research to understand how that process should work for her.

This is a little bit less around travel, but the Twin Cities Pride Festival was occurring about a week after the Orlando shooting. We had some employees who coordinated our booth and volunteers to run it who just voiced some concern. Proactively, we worked with the Cummins event coordinators to have a plan in place of how they could reach out to us if they needed emergency support.

SO EMPLOYEES CAN COME TO YOU WITH QUESTIONS OR CONCERNS, BUT HOW DO YOU PROTECT EMPLOYEES WHO HAVE NOT APPROACHED YOU? YOU CAN'T TRACK SEXUAL ORIENTATION OR GENDER IDENTIFICATION, RIGHT? OR ASK PEOPLE TO IDENTIFY.



"It's really hard to put into a policy, but you ... have a policy that really reinforces to employees that you will support them if they run into issues."

—SHEAH HILTON
RESPONSE CENTER MANAGER FOR CUMMINS' GLOBAL SECURITY TEAM



"It becomes a lot more expensive ... to respond when you don't have procedures in place."

—MORNÉ DU PREEZ
IJET SENIOR RISK PROGRAM MANAGER

Hilton: regardless of what form of diversity we're talking about, especially when we're looking at travel, our No. 1 goal—and this is on our policy, as well—is to make sure that the traveler is comfortable with the situation [and] if they are not, that they have the option and the right to choose not to take a trip. So where we help balance that is giving the employee as much information and resources as possible so that they can make a decision that they feel most comfortable with.

We try to provide the information upfront so no one has to disclose to us anything that they maybe don't want to share. We provide the LGBT security assessment rating in all of our documentation. We provide a lot of upfront LGBT and other diversity resources so that people can go seek it out versus having to ask us and give out some of that information that may be private to them. It's an optional disclosure that way, but we can still answer a lot of their questions.

IJet's Morné du Preez: You know, organizations need to have a proactive approach to their travel programs in consideration. Are you looking at including risk assessment, communication and training for the LGBTQ community? These are things that organizations need to do. It's information that needs to be gathered and monitored and updated frequently to determine how that situation is developing in the cities and countries that the travelers are traveling to. Having documented policy around that to include all travelers, which obviously includes the LGBTQ community, and then making sure that we're communicating, that we're offering advice and training if needed or on-demand type training if somebody says, "Hey, you know, I'm traveling to this country, and I don't feel comfortable. What can I do to make myself more aware of the situations and create that safer environment?"

HAVE ANY OF YOU WORKED WITH ANYONE WHO HAS ACTIVELY SAID, "I DON'T WANT TO GO ON THIS TRIP OR TO THIS DESTINATION?"

Hilton: At Cummins, we have had situations or a request to maybe delay travel. I don't think that any of the cases was related specifically to LGBT concern. We've always had other issues where, given the current risk environment, they made that decision.

Consularcare's Mike Jones: It's not necessarily LGBT related, but we had a quite high-level director from the Tata Group who was traveling from St. Petersburg back to London. She was taken aside by an FSB agent, which is the [successor to the] KGB, and was taken into a room and questioned for about five hours. This was a female, and, you know, she was left very, very shaken. They asked questions relating to her visa and the travel arrangements. Unfortunately, Tata used a dodgy visa company that they didn't know was dodgy. She then went to the British embassy, and they basically said to her, "Sorry, madam, you need to go to the Russian embassy." The Russian embassy effectively passed it back to the U.K, so she was caught between a rock and a hard place. The second time she went, she got shut in a room in Moscow. Then, she was given a letter, and they basically said that she needed to come back to answer several more questions.

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EDITED BY AMANDA METCALF

She needed to travel quite frequently to Russia from London, and she just said to her employer, "I can't do this. I don't know what to do." Then, she contacted us as a last resort. Eventually, we got her name taken off the list. We work specifically on individual cases in the event that they are either incarcerated or there's an issue abroad where governments tend to wash their hands.

BRUCE, HAVE YOU AT MARRIOTT HAD TO DEAL WITH ANYONE WHO FELT INSECURE OR THREATENED?

Marriott's Bruce Rohr: I've seen it almost a little bit opposite of the question: Our managers at our hotel in Cairo were told that they are kind of a safe haven for the LGBT community, whether that's expats or travelers going through Cairo, because the hotel developed a reputation for being a safe place and that spread through word of mouth. I personally can tell you I was asked to go on a trip to the Middle East a few years ago and had to have some really thorough conversations with my leadership team because one of the countries I was going to was Saudi Arabia and I was absolutely concerned about what that meant for me.

HOW DID IT PLAY OUT, IF YOU DON'T MIND ME ASKING?

Rohr: I mean, I'm not going to lie. This is really hard for me to admit, but I definitely kept myself closeted within that country because my safety and security trumped my need to be out.

CAN OR SHOULD A COMPANY DECLINE TO SEND TRAVELERS OF ANY PARTICULAR DEMOGRAPHIC SOMEWHERE BASED ON THE COMPANY'S OWN CONCERNS ABOUT SECURITY?

Human Rights Campaign's Deena Fidas: This is such a good question. It's frankly one that a lot of companies are grappling with. What HRC talks to businesses about is that fundamentally, the center of the decision-making process would be the self-determination of an employee. There are a lot of demographic groups that will face challenges. For example, someone who depends on a wheelchair for mobility may not want to be relocated to Rome. Are we talking quality of life? Are we talking about a literal inability to get around town? Similarly, a gay man [might agree] to go to a hardship post. That's not that dissimilar from other career choices that people make. With room for some exceptions, it should not be the unilateral decision of the company to say, "You know what? You're LGBT," unless there's really concrete evidence as to why that poses an imminent threat to that person's safety or standing.

Hilton: It's that willingness to have a really frank conversation with the security professionals, the employee, their manager and make sure that if they have concerns, they're fully informed to be able to make a decision. Then, if they choose to go on a trip where there could be potentially higher risks or take an expat assignment, it's assessing: Are there steps that [the company] can take to reduce their risk? Can we coordinate a car service? Can we locate you in a particular neighborhood that has additional safety features? It's having flexibility to fit the needs of each individual traveler.



"This is really hard for me to admit, but I definitely kept myself closeted within that country because my safety and security trumped my need to be out."

—BRUCE ROHR
GLOBAL BRAND MANAGEMENT SENIOR DIRECTOR FOR MARRIOTT'S TOWNEPLACE SUITES & MARRIOTT EXECUTIVE APARTMENTS

CHAIRPERSON OF ONE MARRIOTT, A NETWORK FOR LGBT & ALLY ASSOCIATES



"She was taken aside by an FSB agent, which is the [successor to the] KGB, and was taken into a room and questioned for about five hours. This was a female, and, you know, she was left very, very shaken."

—MIKE JONES
CONSULARCARE CO-FOUNDER

DEENA, WHAT ELSE IS HRC NOTICING IN ITS WORK WITH CORPORATIONS?

Fidas: We are seeing a heightened sense of awareness, but also the other side of that coin: challenge around transgender mobility. And while there are some options, if you will, available to for example a gay man or a lesbian woman to not to be out, there are some unique legal challenges with respect to visas, gender markers on passports, documentation that would be prohibited in terms of a transgender person simply saying, "Oh, well, I'll just be closeted."

Part of this work is really just opening up the line of communication between HR, those in management and the individual employee to be able to explain precisely what the challenges are or whether they were more cultural or those are actually physical safety.

IT SOUNDS LIKE THE IDEAL OF OPTIMIZING TRAVEL PROGRAMS—BY GETTING HR, SECURITY, FINANCE, OPERATIONS AND OTHERS TO WORK TOGETHER—GRADUATES FROM AN ASPIRATION TO A NECESSITY IN ORDER TO TRULY ENSURE THE SECURITY OF LGBTQ TRAVELERS AND EXPATS.

Hilton: That's true for us. We have built, in each of our major regions, a crisis-response structure, a cross-functional team who's trained in how to respond in various situations. In order to really thoroughly support an employee, you have to be able to reach out on the ground to security, HR, help and safety, maybe even legal, and have all of those relationships be really strong. A lot of times, if something does happen where you need to provide extra support for a traveling employee, it happens very quickly. Maybe you're talking about making decisions about spend or where to move someone, and having everyone at the table at one time really helps that process move along.

SO HOW SHOULD TRAVEL MANAGERS INCORPORATE ALL THIS INTO TRAVEL POLICY? WHAT LEGAL PROTECTIONS DO BUSINESS TRAVELERS HAVE BASED ON WHERE THEY LIVE OR WHERE THEIR COMPANY IS BASED?

Hilton: Each country really varies. You need to work very closely with your legal team. Because we want to encourage that diversity and support a wide range of employees and encourage that movement of people, we provide a lot of support to travelers. We've got a medical vendor that we support. In terms of legal support, it can really vary based on the country laws. It's really hard to put into a policy, but at least in my opinion, you provide as much support as you possibly can and have a policy that really reinforces to employees that you will support them if they run into issues while they're doing business for you.

TRAVEL POLICIES OFTEN READ AS AN ASSIGNMENT LIST OF RESPONSIBILITIES. THE COMPANY PROMISES TO DO X, AND THE TRAVELER IS OBLIGATED OR RESPONSIBLE TO DO Y. BUT LGBTQ SAFETY AND SECURITY POLICY REALLY SKEWS TOWARD THE COMPANY. THERE'S NOT MUCH YOU CAN ASK OF THE TRAVELERS THEMSELVES.

Du Preez: It becomes voluntary. We recommend that organizations have a travel risk management policy—separate [from the] travel policy that gives you initial guidance on things such as the hotels,








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ground transportation and medical support. Then you can offer additional advice and guidance to the LGBT community, saying, "This is completely voluntary. This is made available to you by the organization: additional training or resources that you can use prior to your travel or during your travel." In addition, you would have your business travel insurance and, as Sheah had mentioned, work very closely with your legal team. Several clients that we work with have protocols in place and have relationships with local legal resources, [as well].

Rohr: I recently was asked to speak to Lockheed Martin's global LGBT Leadership Forum not necessarily because they don't have the policies in place—this is probably a fair statement of many travel managers: It's more about awareness. Especially if we're talking a long-term assignment and you want to encourage someone to go for that assignment overseas into a place where it's not LGBT friendly, knowing those implications and having that awareness. We still have a long ways to go within the travel industry, especially for travel managers to fully understand that perspective.

FOR A COMPANY TO REALLY FEEL LIKE IT'S DOING AS MUCH AS IT CAN WITH A RISK MANAGEMENT PROGRAM—FOR ALL TRAVELERS—THE PRICE TAG CAN BE PRETTY HEFTY, NO?

Du Preez: It can be [but] you also have to look at what happens if things go bad and you haven't planned and put a program in place. It becomes a lot more expensive on the back end to respond when you don't have procedures in place than paying for a plan upfront and being proactive.



"It should not be the unilateral decision of the company to say, "You know what? You're LGBT," unless there's really concrete evidence as to why that poses an imminent threat to that person's safety or standing."

—DEENA FIDAS
WORKPLACE EQUALITY PROGRAM DIRECTOR FOR THE HUMAN RIGHTS CAMPAIGN

COULD SMALL COMPANIES WITH LIMITED BUDGETS AND LEGAL RESOURCES BE AFRAID TO TAKE SMALL STEPS TOWARD SERVING THEIR LGBTQ TRAVELERS AND THEN FACE LIABILITY FOR AN INCOMPLETE PROGRAM, FOR LACK OF A BETTER TERM?

Du Preez: Yeah, I think it's really hard. What organizations need to do is at least start somewhere. Start small and be able to show that you're taking the initiative to put a program in place. For example, iJET has the Travel Risk Management Maturity Model. We evaluate programs across 10 key process areas, and we kind of give them a gap analysis of where to put their focus so they can at least spend the budget they have on fixing the critical areas, bringing them up to par. Then, you can start focusing on the more detailed issues. And very targeted. You look at where specifically you're doing business so that you're only paying attention to those critical regions, that you're not just throwing a blanket program in place.

SO SHEAH, DO YOU FEEL CUMMINS' PROACTIVE OUTREACH AND AGGRESSIVE POLICY HAVE HEADED OFF TROUBLESOME SCENARIOS FOR TRAVELERS? HAS IT MADE A TANGIBLE DIFFERENCE?

Hilton: When employees know that they can come to you with whatever concerns they have and that your intentions are to create a safe environment for them, that allows a lot of things to come to the table that you may not have known about had they been hesitant to share that information. I would definitely say yes: Having these plans and programs in place has made a big difference in our ability to prevent crises on the back end. ■

Mobile Strategy Vs. Mobile Adoption

JOANN DELUNA

The corporate travel industry has been slow to adopt mobile technology, and when companies do, they still don't have cohesive mobile travel strategies, according to a survey of 231 United States-based travel managers and interviews with 16 travel managers from the United States and Europe. The Global Business Travel Association and Carlson Wagonlit Travel conducted the research in April and May.

Sixty-nine percent of respondents do not have a mobile travel strategy in place, though within the past year, 54 percent had at least endorsed a mobile app, such as those from travel management companies, expense management providers and security risk management firms. One travel manager for a consulting firm said of their program, "There are probably many elements [of a mobile strategy] in place, but I would not say we have a plan on how they all work together."

While nearly 49 percent do not know when they will adopt a mobile strategy, 21 percent plan to implement one within the next year and 24 percent will do so within two years, according to the survey.

The most common reasons for wanting to adopt a mobile travel strategy are increasing traveler engagement (78 percent) and increasing compliance (55 percent). Those interviewed also cited communicating with travelers, collecting feedback, offering support and providing pre-trip destination information.

Implementing a mobile strategy, however, is difficult. IT security topped the list of challenges for 41 percent of travel managers, followed by personal devices used for work (32 percent) and the high number of decision-makers it would take to approve a strategy (21 percent).

"Mobile technology is a change everyone has seen coming for almost a decade. Even though its effects on the corporate travel industry were imminent, the industry has not kept up with the fast adoption of this technology," the report stated. "This has created an environment where travelers [believe] they can handle it all on their own." To bring travelers back into the program, the report suggested focusing a mobile travel program strategy on simplifying the traveler experience. ■

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When Does Extra Airport Security Make Travel Less Secure?

BY JIM HUTTON

Long security checkpoint lines are not only tedious; they also may be dangerous for business travelers. While authorities have strengthened security to prevent atrocities onboard aircraft, attackers have adapted to targeting the areas before security checks, sometimes referred to as a "soft target" given the large number of travelers present in one area.

Metal detectors, bag searches or restricted movement like we see at government buildings and military installations are antithetical to the open flow of people, goods and services in a society with free commerce. You're not going to see these things at shopping malls and other public places, but transportation systems are different.

Airports are a mix of both public and secured areas, and attackers have identified this vulnerability as one ripe for its symbolic impact, which paralyzes movement, but also for the opportunity for mass casualties, the visual impact and the ability to claim credit. We have seen all of this recently in Brussels and Istanbul.

The natural response from European countries has been to tighten airport security, which could only lengthen security lines, leaving people waiting longer at these vulnerable airport spots.

How can corporations better protect their travelers?

A lot of violence has been seen in developed markets lately, which garners attention because these have been heralded as "safe nations" that didn't seem to require a lot of risk management planning. Corporations need to reassess risk estimations and encourage travelers to take some responsibility for their own safety. No matter where they are traveling, business travelers need strong situational awareness.

Understand the Security Environment: The sending organization has a duty-of-care responsibility to protect its travelers. The organization must understand the security threat level, foreseeable risks and the environment to which it's sending travelers, including departure areas. The company also needs to provide training to travelers if they're going to an area or a market that requires an in-depth security assessment.

Be Adaptable: People have routines. Frequent travelers have itineraries, clients and destinations they visit regularly. It's important, however, for travelers to take a fresh look at how they prepare for and approach travel. This includes allowing enough time to accommodate delays that result from enhanced security screenings. It also includes considering travel basics, like packing to be nimble and understanding the time needed to navigate the terminals, to ensure they can move efficiently to a secure area should the need arise.

Expedite Processes: Travelers should always have proper documentation in order before traveling. Ensuring passports are valid can help expedite movement through the airport, as can programs that facilitate quicker immigration, customs and security screenings like TSA Pre-Check and Global Entry. All of these should be considered far in advance of departure.

Establish Communication Paths: The sending organization should have a mechanism to communicate with travelers quickly and concisely in the event of an emergency. A welfare check is the most basic and desirable resolution, but organizations must also be prepared to give guidance and/or deliver on-the-ground assistance to travelers in a crisis.

Of course there are cost implications for all these processes, and corporate travel managers need to justify their choices. If they're going to set certain polices and conditions around employee travel, those must be grounded in a good understanding of the security landscape so the policy is flexible and fungible to reflect rapid shifts in the environment or a "different kind of normal" from country A to country B.

Corporate travel managers should look at travel patterns, travel frequency and business destinations, and then map that against the corporation's exposure level and traveler population. The organization can then make choices around smart investments to protect people moving through those markets. Clearly, these safety programs benefit outbound travelers, but it becomes a conversation not just about security, but also about convenience and time management. At the end of the day, that benefits everyone involved.



On Call International chief security officer Jim Hutton

Attackers have identified airports' mix of public and secured areas as ripe for symbolic impact and an opportunity for mass casualties and visual impact, as in Brussels and Istanbul.

Bleisure-Traveler Safety

Many progressive organizations are building into their training and awareness programs core skills, competencies and behaviors for the leisure parts of their itineraries. It's not terribly difficult to leverage a well-grounded travel management process to incorporate safety aspects for both portions of a trip.

There's also an advantage for the organization. When you think about good places to work, one of those things that resonates with employees, especially Millennials, is: "Wow, they're willing to provide this oversight and training for me even though I'm on my own time." It's a form of non-cash engagement for employers to build into their total compensation mentality: Doing the right thing for their staffs.

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